Annual report 2014

FirstFarms A/S
CVR: 28 31 25 04
Registered office: Billund

Summary

2014: EBIT-result as expected in FirstFarms

- In 2014, FirstFarms realised a turnover of DKK 125.0 million, an EBIT-result of DKK 19.2 million and a pre-tax result of DKK 11.5 million.
- The result is significantly improved compared to 2013, and the EBIT-result corresponds to the announced expectation.
- The harvest yields in Romania were better than expected, and the same were the spring crops in Slovakia. The maize harvest in Slovakia corresponded more or less to the expectation.
- The prices on grain and oilseeds were in 2014 lower than expected at the beginning of the year. FirstFarms had entered agreements to sell part of the harvest during the spring, and it toned down the effect of the price decrease.
- The milk price in 2014 was significantly lower than expected at the beginning of the year, and it has been decreasing during 2014. Milk production per cow was higher than originally expected. The result in the milk production was in total lower than expected, but significantly better than in 2013.
- In 2014, FirstFarms realised a positive cash flow from main activities of DKK 4.4 million.

2015 Expectations

In 2015, FirstFarms expects an EBIT-result of DKK 6-11 million.

Content

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

Financial highlights and key ratios

Financial highlights for the Group DKK 1,000	**2014**	**2013**	**2012**	**2011**	**2010**
Net turnover	125,008	114,127	108,080	129,331	85,130
Gross profit/loss	22,862	21,405	-15,110	29,695	10,210
Profit/loss from primary operations	19,172	11,172	-27,668	17,088	-7,932
Net financial items	-7,673	-6,674	-6,847	-6,327	-3,994
Pre-tax result	11,499	4,498	-34,515	10,761	-11,926
Net profit	8,827	2,791	-27,435	9,003	-9,268
Non-current assets	393,584	390,977	388,706	401,149	414,400
Current assets	112,264	96,803	78,250	95,791	80,754
Total assets	505,848	487,780	466,956	496,940	495,154
Share capital	47,122	47,122	47,122	47,122	47,122
Equity	326,730	320,819	318,407	347,995	340,884
Non-current liabilities	96,985	89,843	42,641	44,365	52,936
Current liabilities	80,133	77,118	105,908	104,580	101,334
Cash flow from primary operation	4,382	18,302	1,972	18,501	19,847
Cash flow from operating activities	-3,785	9,329	-4,700	10,143	15,853
Cash flow from investment, net	-6,341	-16,414	-3,906	-13,771	-41,407
Of which for investment in tangible assets	-49,375	-28,106	-13,230	-14,445	-33,576
Cash flow from financing	2,593	30,733	2,147	1,662	-10,481
Total cash flow	-12,745	23,648	-6,459	-1,966	-36,035
Key ratios for the Group					
Gross margin	18.2	18.8	-14.0	23.0	12.0
Operating margin	15.3	9.8	-25.6	13.2	-9.3
Solvency ratio	65	66	68	70	69
Earnings per share, DKK	1.87	0.59	-5.82	1.91	-1.97
Diluted earnings per share, DKK	1.50	0.47	-5.82	1.91	-1.97
Return on shareholders' equity	2.7	0.9	-8.2	2.6	-2.7
Average number of employees	204	198	203	206	205

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

FirstFarms has in 2014 stabilised and improved the operation by implementation of determined action plans. In 2014, there is thus created a more satisfactory foundation for further growth and development from FirstFarms' business model.

The available funds have been significantly strengthened in 2014. This has enabled larger activity in regards to expansion through purchases or mergers, investments etc. The work continues on a further strengthening of the available funds and thus the company's strategic options.

In 2014, FirstFarms realised a turnover of DKK 125.0 million (2013: DKK 114.1 million), an EBIT result of DKK 19.2 million (2013: DKK 11.2 million) and a pre-tax result of DKK 11.5 million (2013: DKK 4.5 million).

The result is positively influenced by high milk price in the first half of 2014 and improved efficiency in the milk production. At the same time, the result is positively influenced by satisfactory yields in both Slovakia and Romania. The prices on crops have been decreasing during the year, which however are partly compensated by agreements of sale in the spring 2014, before the falling prices on crops.

In 2014, FirstFarms has started up a new cultivation area in West Romania, where FirstFarms owns 1,600 hectares of agricultural land. In 2014, a total for 2,000 hectares have here been operated and further expansions of the area are expected.

In December 2013 and January 2014, new lease contracts were entered with a total area of 1,300 hectares in Slovakia. It has increased the cultivated area in Slovakia from 8,000 hectares to 9,300 hectares in 2014.

The increased operating area has in 2014 entailed a positive, but overall, minor contribution to net profit.

At the end of 2014, approx. 6,800 hectares have been seeded (2013: 6,650 hectares), and the crops have overwintered satisfactory.

In 2014, FirstFarms has sold 1,788 hectares of land in East Romania, which was not part of FirstFarms' long-term land strategy. Compared to the present portfolio of land in ownership, it is only marginal areas which are not cultivated by FirstFarms. At the same time, the land portfolio is still expected to be operated by FirstFarms within the present business model. The present platform in the field production will thus be basis for the future growth. The sale in East Romania has positively affected the result of the year before tax by DKK 6.5 million.

At the end of 2014, the last part of the herd with diagnosed mycoplasma[1)] was cleared and the herd is again evaluated to be on a satisfactory health level. A continuous screening is carried out of the herd, which is expanded regularly and currently only with own young animals.

The management considers the result as acceptable. At the same time, the result is considered to be a significant step towards a satisfactory return of invested capital.

FirstFarms is working with growth within the frames in our business model illustrated in figure 1 on the next page.

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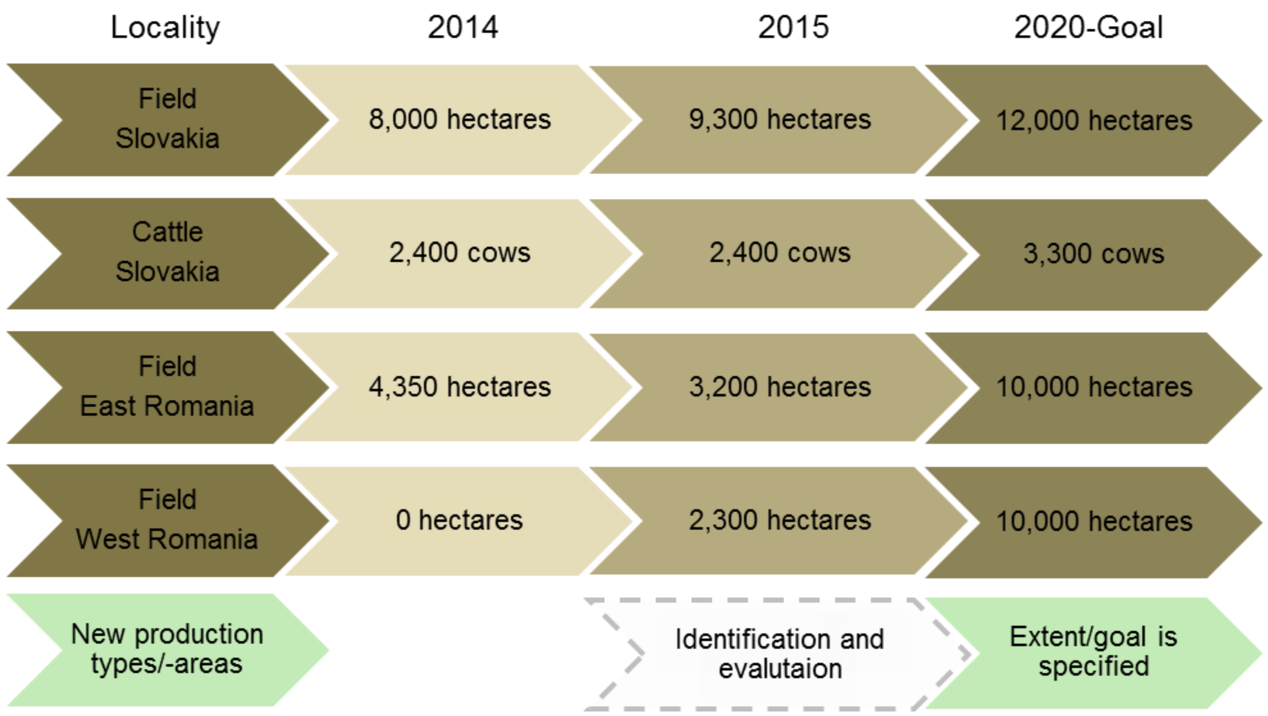
[1] Mycoplasma Bovis (MB) is a bacteria-like organism that is transmitted by direct contact from one animal to another. Infection occurs primarily through snot and saliva. This means through feed, water troughs, milking of the cow and through milk.

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.

Figure 1 – Goals

Plant production/-areas etc., Milk production and New production types/areas:



The long-term goals for the field production in FirstFarms are 2 operation centers of each 10,000 hectares in East and West Romania, respectively; a total of 20,000 (operation in 2014/2015 is 5,500 hectares) and 12,000 hectares in Slovakia (operation in 2014/2015 is 9,300 hectares).

FirstFarms focuses on improving the compactation in present areas and expansion in areas with potential good compactation and high quality land close to present operation centers. FirstFarms has an average field size of 20 hectares in West Romania, 22.5 hectares in Slovakia and 43.5 hectares in East Romania. Increasing the field size creates good operating economy.

FirstFarms' main focus is to operate and develop agricultural areas and not ultimately own these, although ownership is a possibility that is also applied. Expansion of the field production will be done by rent contracts on agricultural land, as land lease with the present market conditions is estimated to have largest revenue potential in the operation. Land is bought in present areas, in case it improves the possibilities for compacting of our land and FirstFarms' future rent or purchase of land or land lease contracts.

The goal for the animal production is an expected running expansion up to 3,300 cows. We are running a maintenance strategy, until we again can create a balance in the earning capacity through satisfactory milk prices.

FirstFarms can be characterised as a modern knowledge company. Business foundation, back ground and market conditions are shown in figure 2. In figure 3, FirstFarms' business model and key roles are illustrated.

Figure 2 – Business foundation, back ground and market conditions

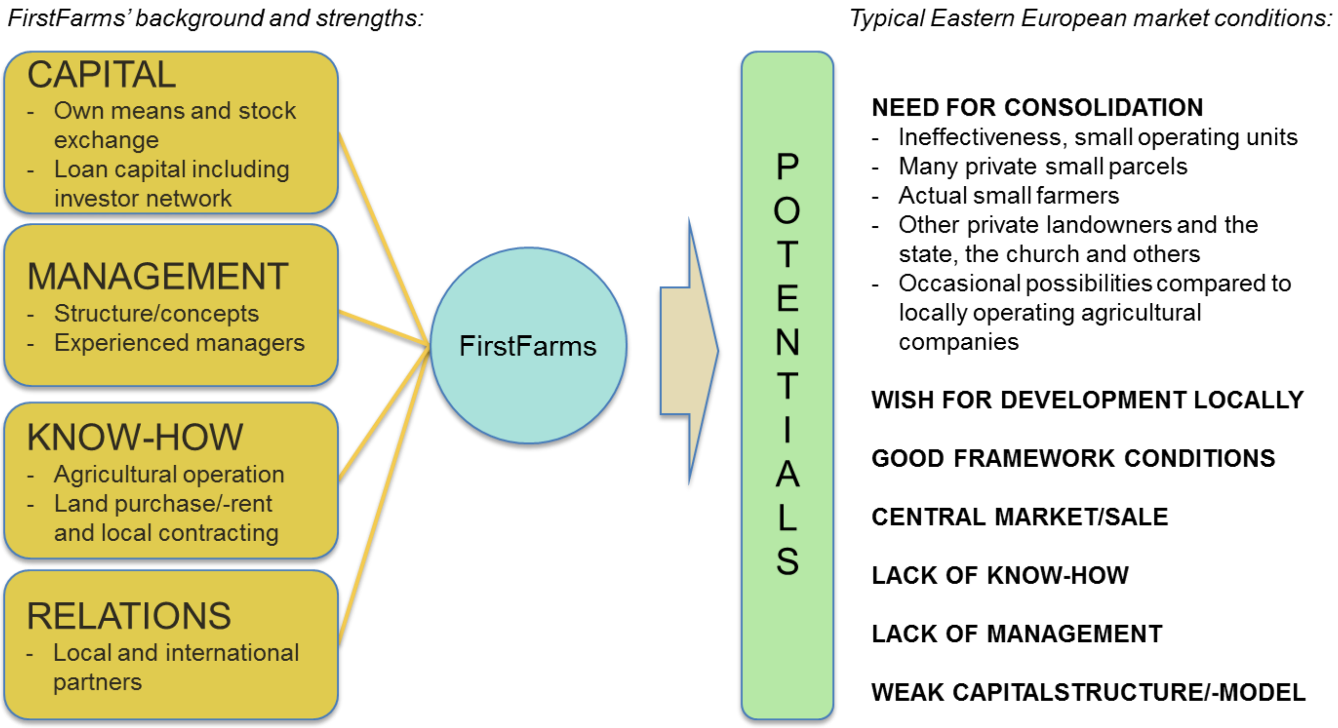
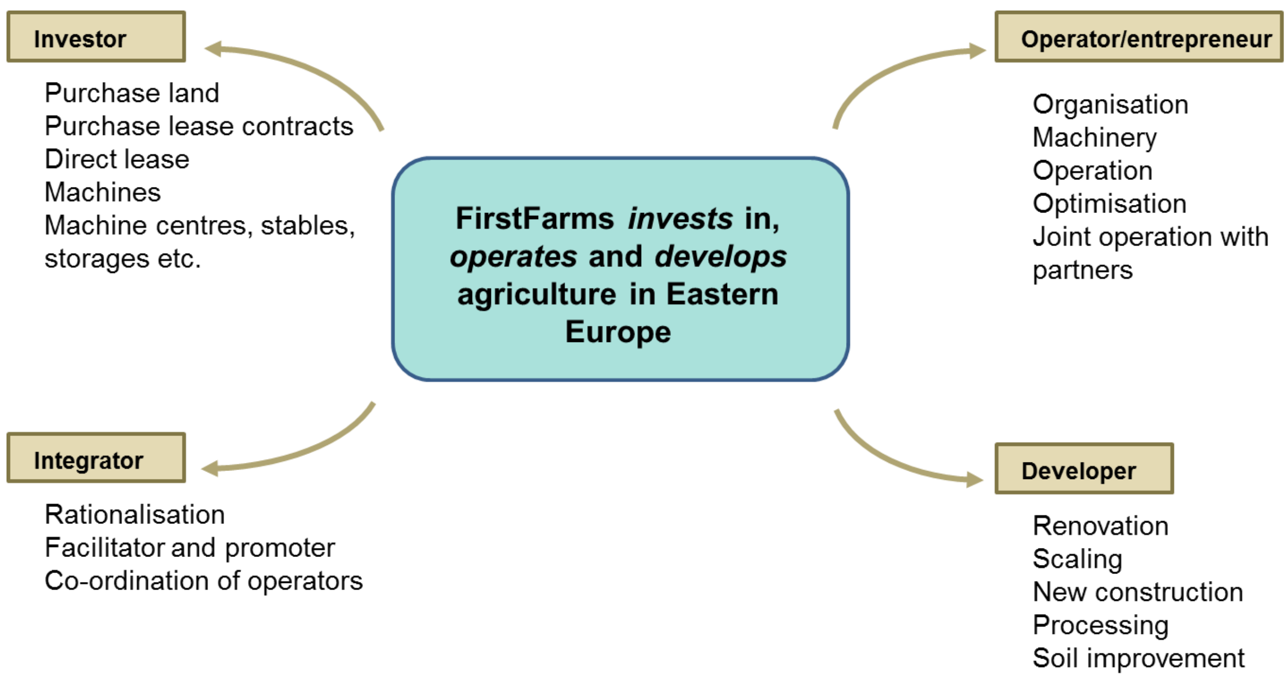


Figure 3 – Business model and key roles



Field production
The prices on grain and oilseed peaked in the first half of 2014 and decreased drastic in the second half of 2014. FirstFarms had chosen to sell a part of the harvest in 2013 and in the spring 2014, and it hedged that the price drop was not fully passed on to the crop prices in Slovakia. FirstFarms expects that the prices in 2015 will correspond to the prices in the spring 2014 and is therefore expected to be at a satisfactory level.

FirstFarms realised a satisfactory harvest in Romania in 2014. In Slovakia, FirstFarms realised a satisfactory harvest for rape, wheat and beets, whereas the maize harvest was on a lower level due to a long drought period over the summer.

In the growth season 2014/2015, all winter crops in Slovakia and Romania are well-established, and there has been satisfactory amounts of rain until the end of 2014. A satisfactory yield is therefore expected in the field production in 2015, as long as we get acceptable growth conditions in spring and summer in 2015.

Milk production
In 2014, FirstFarms has produced 24.2 million kg milk compared to 21.2 million kg in 2013, and in 2015 a production of 23.3 million kg is expected. In 2014, the production per cow has increased to 9,730 kg from 9,237 kg in 2013. In 2015, a production per cow is expected to be on par with 2014. To reduce costs, it has been chosen to change the number of milkings per day from 3 to 2, which can entail a little lower production.

The milk price increased at the beginning of 2014 and decreased drastic at the end of 2014, and it has been in the range of DKK 2.22 to DKK 3.00. The average sales price in 2014 has constituted DKK 2.61 per kg compared to DKK 2.63 per kg in 2013.

In 2014, FirstFarms has sold milk to four different buyers. Sale is partly made directly to the dairies and partly through middlemen. As from mid 2014, in regards to achieve a stable sale and milk price, FirstFarms has entered a long-term agreement with the German dairy group Fude + Serrahn Milchprodukte GmbH & Co. KG. The agreement provides stability on the sales side and with contract conditions, which ensure settlement on German market terms.

A low milk price is expected in 2015 on basis of the present market conditions for milk products and with a budgeted average settled milk price of DKK 2.24 per kg in 2015.

Figure 4 – Mission

The listed FirstFarms invests in, operates and develops agriculture in Eastern Europe

Grants
FirstFarms receives EU-grant to the milk production in Slovakia. The grant in 2014 is DKK 3.6 million.

Hectare grant is given for cultivating of the land in both Slovakia and Romania. The EU-grants are expected to increase on basis of the new frames from EU.

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 30.7 million in 2014.

Balance and cash flow
In 2014, the return on FirstFarms' equity was 2.7 percent compared to 0.9 percent in 2013.

Cash flow from primary operation constitutes DKK 4.4 million in 2014 compared to DKK 18 million in 2013.

Investments
In 2014, FirstFarms has carried out maintenance- and profitability improving investments in existing operating systems. Land has been sold from the areas, which are not in FirstFarms' strategy for the future, and in smaller scale land has been purchased in our focus areas.

In East Romania, towards harvest 2014, 5,000 m2 storage- and machine barns, 10,000 m2 concrete platform and weighbridge and office were build and renovated. Everything has been in satisfactory and full function in 2014 and contributed to an improved profitability in the operation.

In 2015, it is expected to be invested in a crop center in Slovakia, which will be partly finished for the harvest 2015. Also here, maintenance- and profitability improving investments will be done in operating equipment. In addition, there will be further invested in land and land lease contracts as part of the future goal.

Interest-bearing debt
The interest-bearing debt in FirstFarms is DKK 118.4 million and corresponds to 36 percent of the equity and 23 percent of the balance sum.

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.

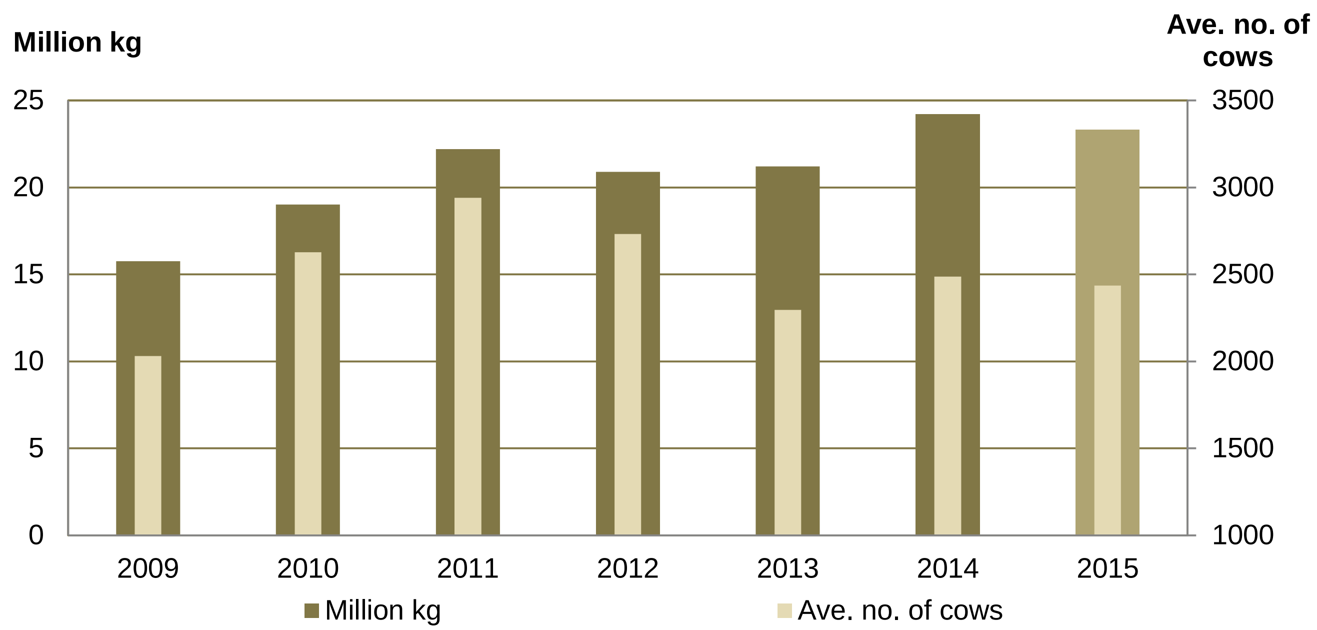
During 2014, the RON has decreased approx. 0.5 percent compared to DKK.

The negative adjustment of the exchange rate has given a decrease in the company's equity of DKK 0.9 million.

Slovakia

Milk production
The milk production has increased by 3.0 million kg in 2014 compared to 2013. Thus 24.2 million kg of milk was delivered from FirstFarms in 2014. In average, 9,730 kg milk per cows was delivered in 2014.

Figure 5 – Development in FirstFarms' sale of milk in Slovakia



Source: FirstFarms

The production per cow has increased during 2014 and at the end of 2014 it was close to a satisfactory level, even though FirstFarms still strives towards and expects an increase in 2015. The stock of milking cows was at the end of 2014 2,311 compared to 2,358 at the end of 2013.

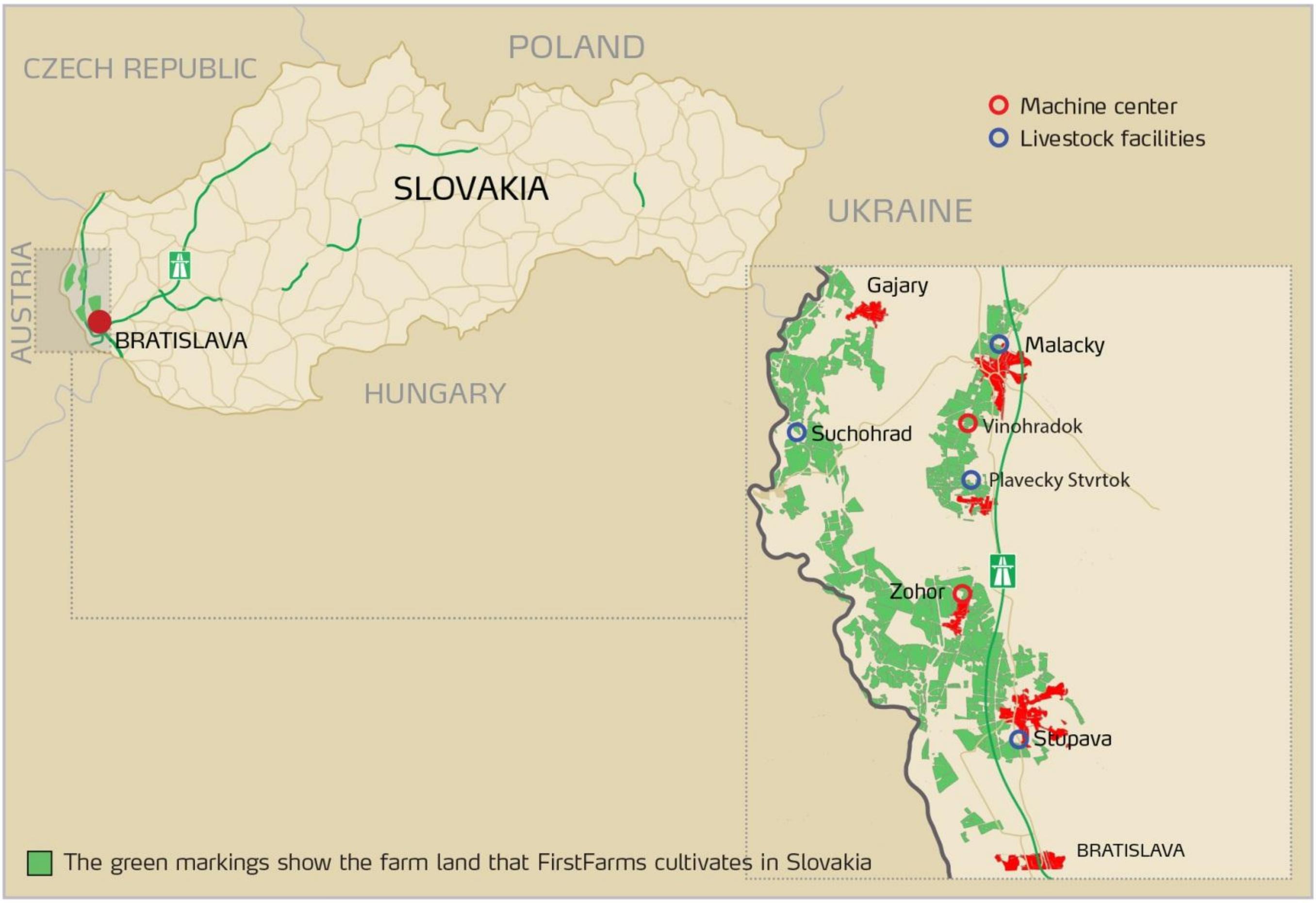
In 2015, a total delivery of 23.3 million kg milk is expected from FirstFarms, which is a decrease of 4 percent. This is due to a reduction in the herd as the herd was cleared for mycoplasma at the end of 2014.

Field production
In 2014, the harvest in Slovakia was satisfactory for wheat, rape and beets and acceptable for maize, which was negatively influenced by a very drought period in the growth season.

Land
In 2014, approx. 9,300 hectares of land was cultivated in Slovakia, of which FirstFarms owns 527 hectares. FirstFarms has only to a limited extent traded agricultural land in Slovakia in 2014.

It is FirstFarms' opinion, that the land price in Slovakia in 2014 has been constant.

Figure 6 – 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. 10,100 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. 20 percent 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 2015, the total cultivated area in Romania is expected to be 5,500 hectares compared to 6,350 hectares in 2014.

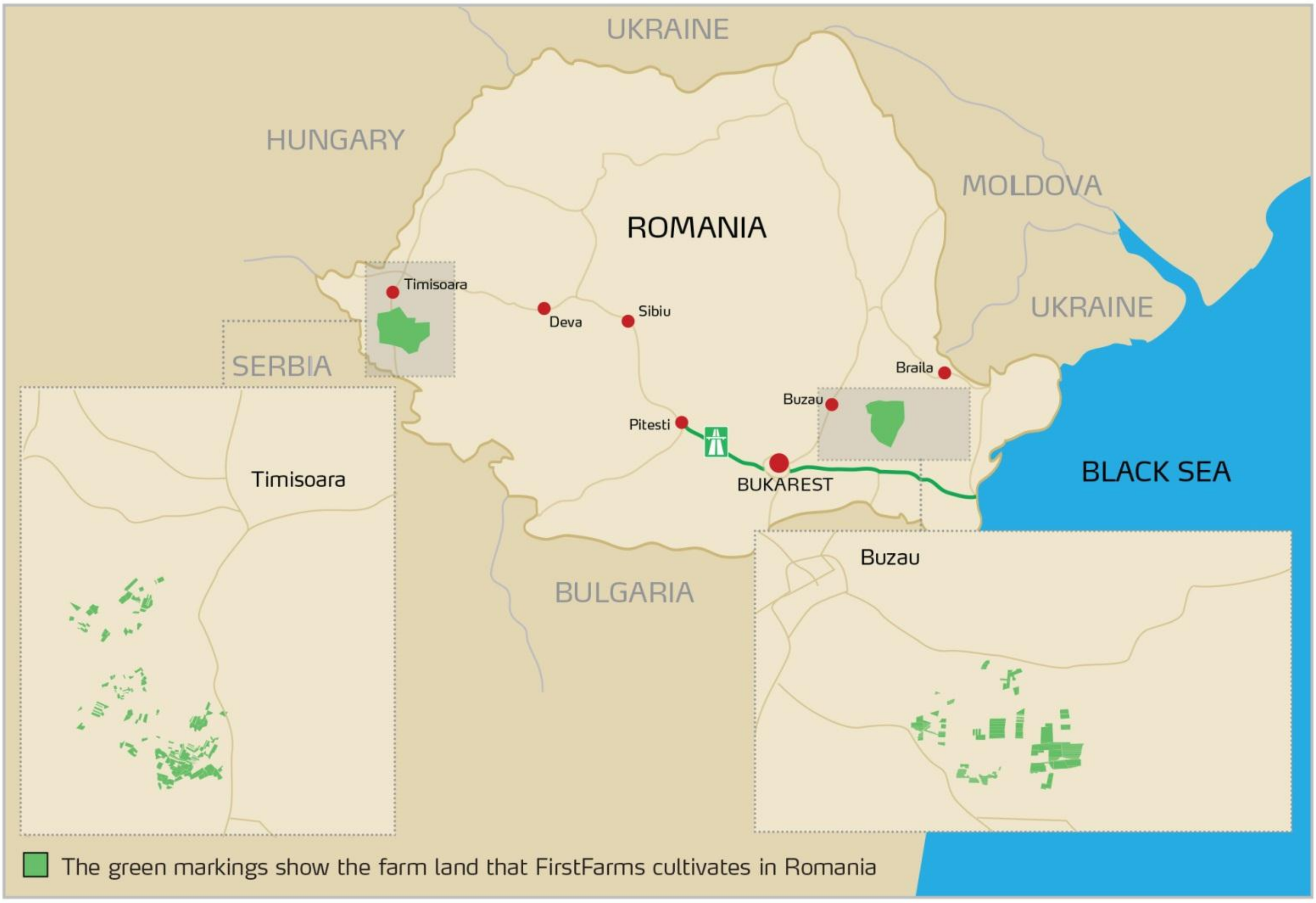
Field production – East
The harvest in East Romania has been very satisfactory, but the realised sales prices have been lower than expected at the beginning of the year. The higher yields have more than compensated for the lower sales prices.

In 2014, 4,350 hectares were cultivated and the area is in 2015 expected to be reduced to 3,200 hectares due to sale of land carried out in 2014. Yield is expected to be higher, as the average operating economy per hectare is significantly improved by the sale of land.

The sprout in the autumn 2014 has been satisfactory.

Field production – West
In 2014, FirstFarms started cultivation of the land in West Romania. The area is the land of 1,600 hectares that the company owns near Timisoara. At the same time, FirstFarms expects to expand the cultivated area with leased land. The total cultivated area is expected to be 2,300 hectares in 2015 and will continuously be expanded further.

Figure 7 – FirstFarms in Romania



Land
In 2014, FirstFarms has worked on compacting the owned land in the cultivation areas. FirstFarms has sold the main part of the land in peripheral areas in Buzau, whereas land has been bought in the core area. At the end of 2014, FirstFarms owns 5,094 hectares of land in Romania, of which the significant part is in land book.

Trend in land prices
It is FirstFarms' assessment that the land prices in Romania in 2014 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 the land prices and the development in the land prices.

At the turn of the year 2014/2015, 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 132 million compared to a booked value of DKK 89 million.

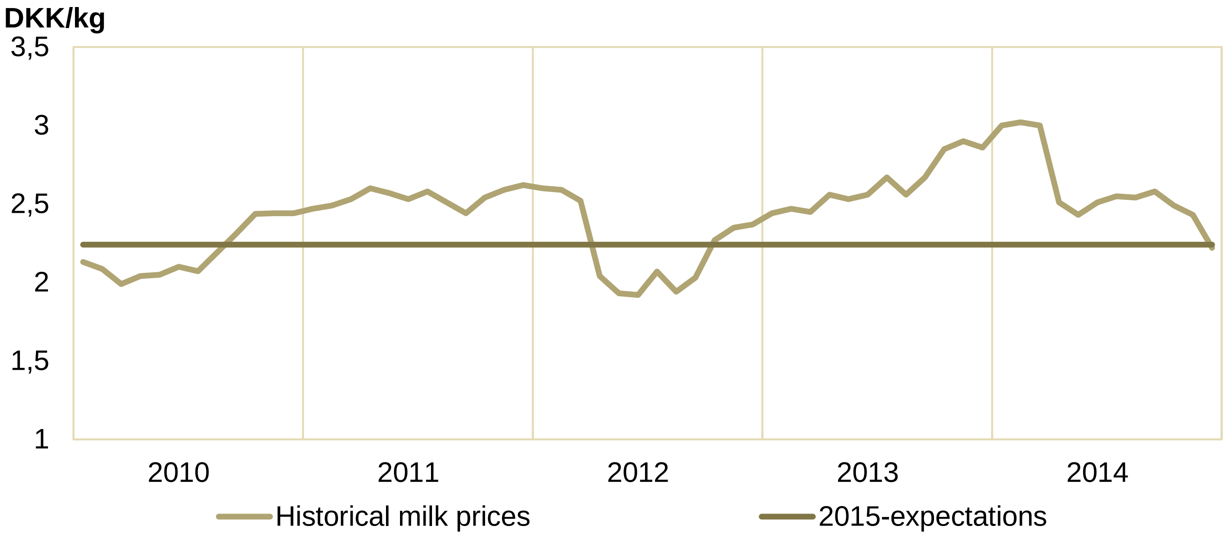
Expectations for 2015

In 2015, FirstFarms expects an EBIT-result of DKK 6-11 million.

Milk production and price
In 2015, FirstFarms expects to deliver 23.3 million kg milk. The milk production per cow is evaluated to be on a satisfactory level, whereas the number of cows is not on full capacity in 2015 after reduction in connection with clearance of the herd. The number of cows decreased at the end of 2014 and is expected to increase toward the end of 2015. 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 2.24 per kg milk is expected in 2015.

Figure 8 – Development in milk price



Source: FirstFarms

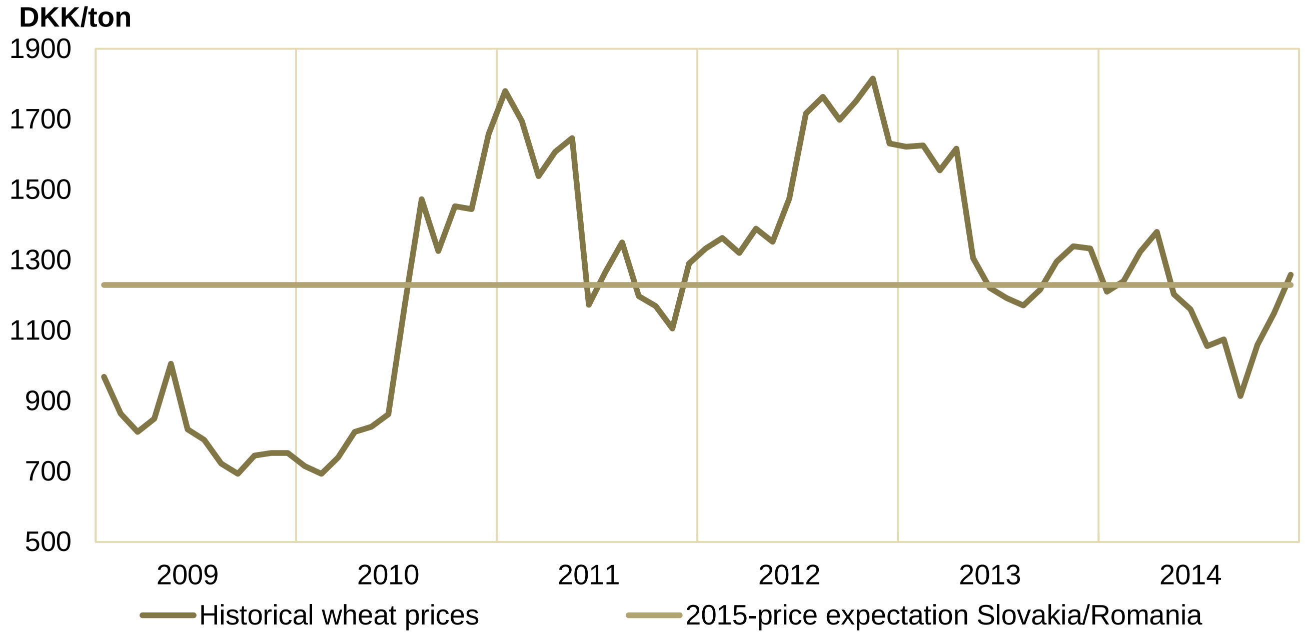
Production and prices on crops
In 2015, the prices on crops are expected to be on par with FirstFarms' realised prices for 2014.

In 2015, the settlement prices for grain (wheat, rye, maize and barley) are expected in the level of DKK 850 – 1,250 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 2,100 – 2,600 per tonne.

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

Figure 9 – Development in wheat price

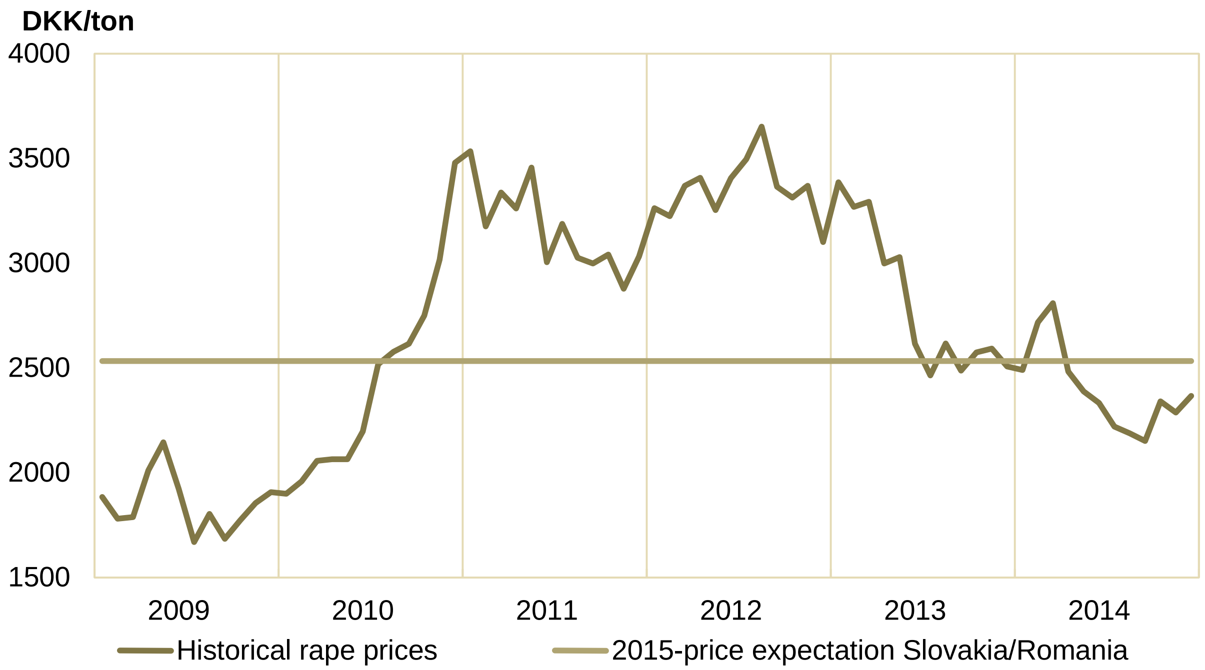


Source: Matif (adjusted to local market conditions)

Figure 10 – Development in maize price

Source: Matif (adjusted to local market conditions)

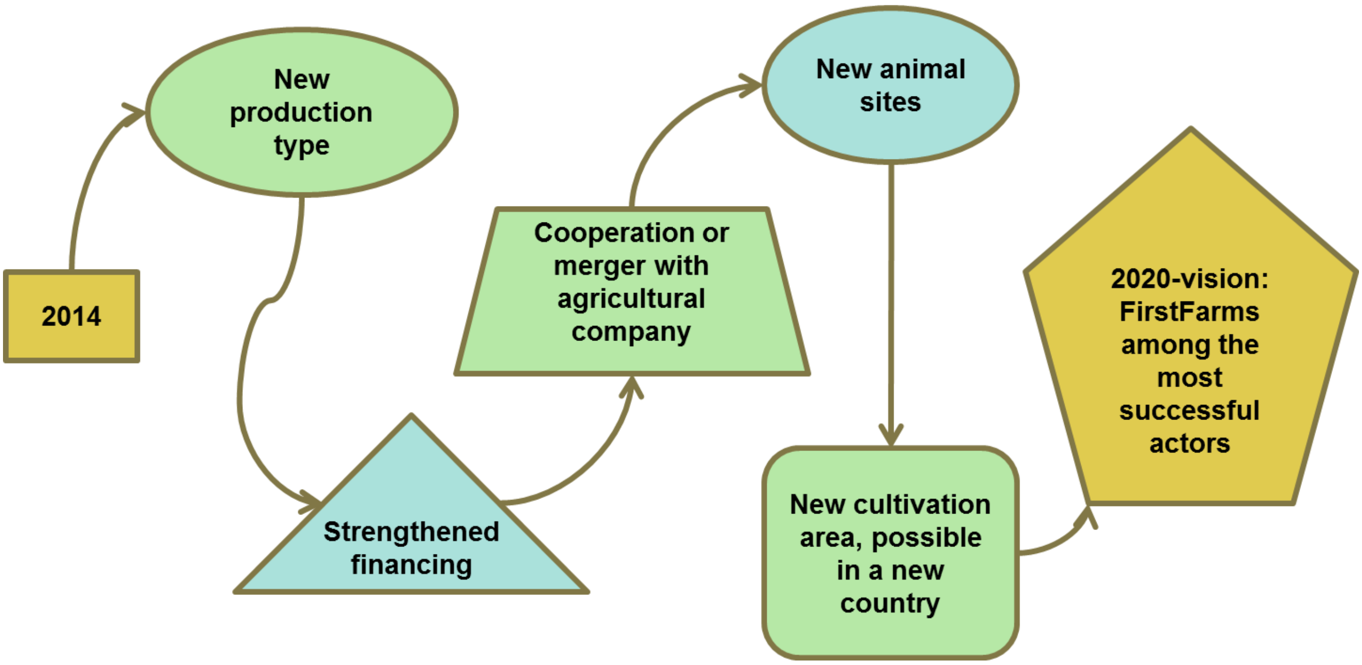
Figure 11 – Development in rape price



Source: Matif (adjusted to local market conditions)

Below in figure 12, FirstFarms' vision towards the year 2020 is described. The timeline and activities are not prioritised or determined and must therefore only be seen as a possible frame for FirstFarms' development towards becoming one the most successful actors in the business.

Figure 12 – Vision



Cash flow
In 2013, FirstFarms was provided with proceeds of DKK 50 million from convertible bonds. This has allowed both certain activity expansions and utilisation of attractive investments opportunities in respect of operation optimisation etc. and also created a significant financial flexibility in the daily operation. Together with a satisfactory cash generation through normal operation, it has provided FirstFarms a satisfactory cash resource in 2014.

In 2015, a cash resource is build up for a possible settlement of the owners of the convertible bond in March 2016, in case they do not wish a conversion into shares in FirstFarms.

FirstFarms is working on models for increase of the available funds including possibilities for a new issuance of bonds.

An acceptable cash flow from the operation is expected in 2015 despite unsatisfactory market situation for agricultural products in general. Primarily investments are carried out of maintenance- and profitability improving character or with short repayment period.

FirstFarms has entered agreements with banks in Slovakia, Romania and Denmark. There are substantial free credit facilities on the credit lines in 2015.

Investments
The investments in 2015 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 expand own storage capacity for sales crops in Slovakia by building a crop center with possibility for cleaning, drying and storage.

Machine strategies for Slovakia, East and West Romania and master plan for the animal production for the coming five years have been prepared, including investment- and action plans, which support the visions for FirstFarms.

Below in figure 13, FirstFarms' values are described; these are a essential part of the business culture.

Figure 13 – Values

- Growth – scale the business with better bottom line
- Seriousness – not details 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 fertiliser) 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. Bad weather conditions can also have a negative impact on the productivity in the animal production as cattle i.e. 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 a large part of the land, which the company cultivates in Romania. Through a number of years considerable purchases of agricultural land have been made, primarily by foreign investors

In both Slovakia and Romania, changes have been made in the legislation regarding purchase of land, so that the land shall be offered with pre-emptive rights for the farmers in the area.

In 2014, FirstFarms has purchased 90 hectares and sold 1,788 hectares.

Lease of land
All land not owned by FirstFarms is cultivated based on land lease contracts. In Slovakia the company has leased approx. 8,800 hectares of land, whereas approx. 1,300 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.


Tractor in Slovakia

Development in land prices
FirstFarms owns 527 hectares of land in Slovakia and in Romania the company owns 5,094 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.

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 within agricultural operations and even though FirstFarms observes legislation and rules in force, there is no absolute 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 have for a period of years been subordinated quota regulation in the milk production, which determined a national limit for the amount of milk each EU country may produce. The quota is discontinued 31 March 2015 and the value of the quota is depreciated up to this date.

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.

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 FirstFarms' local management 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 2014, FirstFarms had 3,280 shareholders. The majority is Danish investors, whereas 93 shareholders are registered outside Denmark. As per 31 December 2014, the name register share in the company's owner book was 95.10 percent. Only 1 shareholder owns more than 5 percent of the share capital.

Shareholders	No. of shares (pcs.)	Capital (%)
Henrik Hougaard	579,905	12.3
Other registered shareholders	3,903,335	82.8
Non-registered shareholders	229,001	4.9
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 on 30 April 2014, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2014. 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 60,000 share options corresponding to nominal DKK 600,000.

Furthermore, the Board of Directors is authorised to in the period until 28 April 2016, in one or more stages, to issue up to 1,500,000 shares corresponding to nominal DKK 15,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase must be effected at market price – with or without pre-emption rights for the Company's shareholders.

In 2013, FirstFarms issued convertible bonds at a total of 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. In case bond owner wish to convert the outstanding amount according to this bond with effect from 4 January 2016 at 5 p.m. Danish time, notice hereof shall be given to FirstFarms at the latest one week after release of FirstFarms' interim financial report for Q3 2015.

Shareholdings of Management and Board of Directors

As on 31 December 2014 the Management and the Board of Directors of FirstFarms A/S held, direct or indirect, nominally 636,062 shares which are divided as follows:

Name	No. of shares
Henrik Hougaard	579,905 pcs.
Jens Bolding Jensen	10,097 pcs.
Bent Juul Jensen	3,600 pcs.
Asbjørn Børsting	14,575 pcs.
Anders H. Nørgaard	27,885 pcs.

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

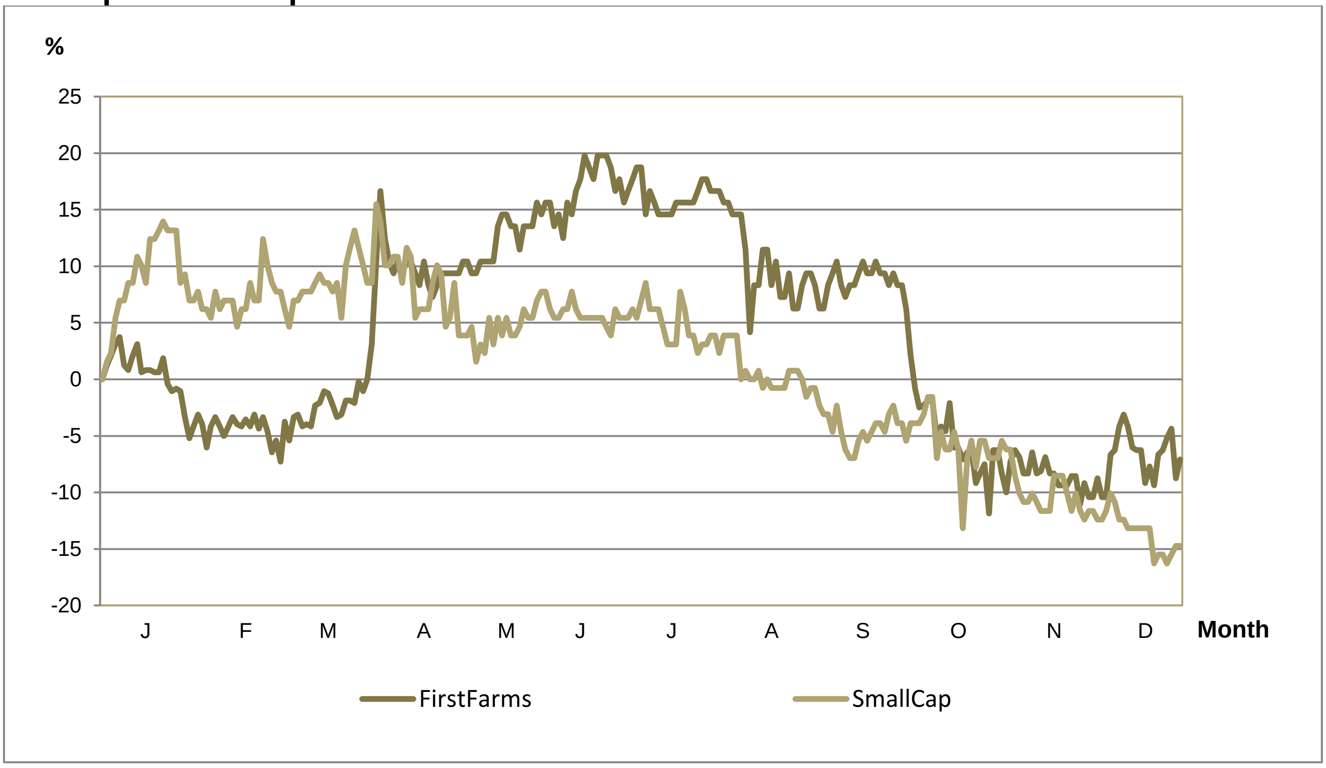
Dividend

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 2014 the share price was 48.00 and the FirstFarms share closed at price 44.60 at 30 December 2014. At the end of the year the market value was DKK 210.2 million and the share price decreased by 7 percent. In the same period the Danish smallcap-index, in which the FirstFarms share is traded, decreased by 15 percent. In 2014, the average share turnover was DKK 244,286 per business day.

Share price development 2014



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 2015	
26 March 2015	Annual report 2014
21 April 2015	Annual general meeting
18 May 2015	Interim financial report for 1 January – 31 March 2015
27 August 2015	Interim financial report for 1 January – 30 June 2015
26 November 2015	Interim financial report for 1 January – 30 September 2015

Annual general meeting

FirstFarms' annual general meeting is held on Tuesday 21 April 2015 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 2014

Date	Number	Announcement
23 January 2014	1	Increase of cultivation activities in Romania and Slovakia
25 March 2014	2	Annual report 2013
27 March 2014	3	Report on insiders trade with FirstFarms A/S' shares
7 April 2014	4	Notice to convene the annual general meeting in FirstFarms A/S
30 April 2014	5	Progress of annual general meeting in FirstFarms A/S
27 May 2014	6	Interim financial report for 1 January – 31 March 2014 for FirstFarms A/S
4 June 2014	7	Report on insiders trade with FirstFarms A/S' shares
11 June 2014	8	Report on insiders trade with FirstFarms A/S' shares
11 June 2014	9	Report on insiders trade with FirstFarms A/S' shares
26 August 2014	10	Interim financial report for 1 January – 30 June 2014 for FirstFarms A/S
28 August 2014	11	Report on insiders trade with FirstFarms A/S' shares
25 November 2014	12	Interim financial report for 1 January – 30 September 2014 for FirstFarms A/S
25 November 2014	13	Financial calendar 2015 for FirstFarms A/S
1 December 2014	14	Report on insiders trade with FirstFarms A/S' shares
1 December 2014	15	Report on insiders trade with FirstFarms A/S' shares
3 December 2014	16	Report on insiders trade with FirstFarms A/S' shares
16 December 2014	17	Report on insiders trade with FirstFarms A/S' shares
22 December 2014	18	Report on insiders trade with FirstFarms A/S' shares

Published company announcements in 2015

Date	Number	Announcement
26 March 2015	1	Annual report 2014

Expected company announcements in 2015

Date	Number	Announcement
21 April 2015		Annual general meeting
18 May 2015		Interim financial report for 1 January – 31 March 2015
27 August 2015		Interim financial report for 1 January – 30 June 2015
26 November 2015		Interim financial report for 1 January – 30 September 2015

The Board's other management tasks

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
Jens Bolding Jensen *Born 1963, entered 2013*	BPI A/S Westcon ApS	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 Vision Properties A/S Schou Republic A/S Out-Net A/S Outnet Direct A/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*		
Asbjørn Børsting *Født 1955, indtrådt 2014*	DAKOFO (per 1.5.2015) NKB Invest 101 ApS	DLF-Trifolium A/S Crop Innovation Denmark *(BF)* Danæg Holding A/S Danæg amba Grøngas A/S Karl Pedersen og Hustrus Industrifond

CH = Chairman of the Board

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

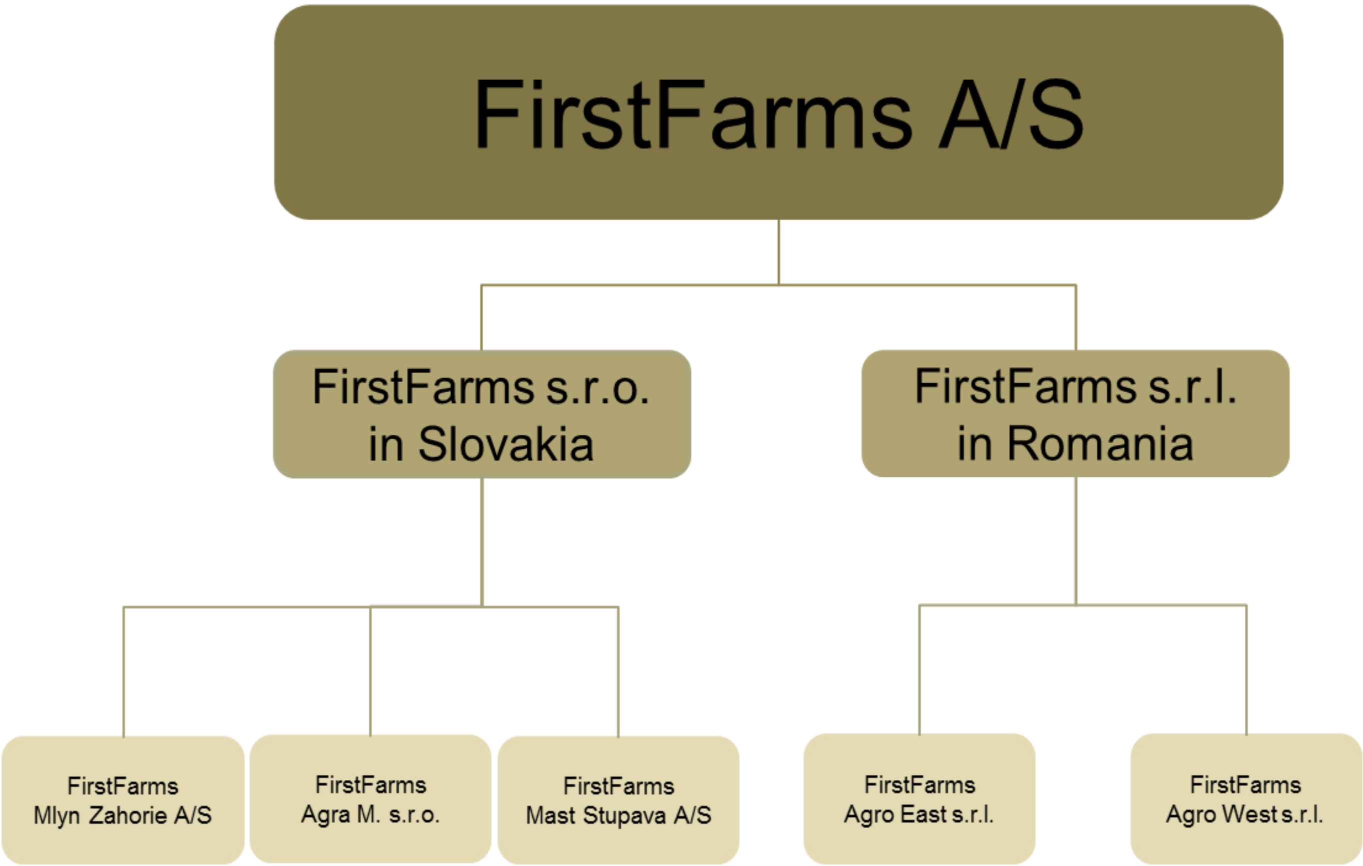
Board of Directors
Henrik Hougaard (Chairman)
Jens Bolding Jensen
John Chr. Aasted
Bent Juul Jensen
Asbjørn Børsting

Management
Anders H. Nørgaard

Auditors
Ernst & Young P/S
Værkmestergade 25
DK-8100 Aarhus C.
CVR: 30 70 02 28

Annual general meeting
The annual general meeting is held on Tuesday 21 April 2015 at 3.00 p.m. at Jysk Landbrugsrådgivning, Majsmarken 1, DK-7190 Billund

Group structure



All subsidiaries are 100 percent owned by the FirstFarms Group.

Statement for corporate social responsibility

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.


The administration in East Romania

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 3 years that at least one board member must be a woman. In 2014, one member of the Board of Directors was replaced and it was assessed that the selected candidate was the best qualified in regards to experience etc.

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

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

http://www.firstfarms.com/investor-relations/firstfarms-corporate-governance/corporate-governance-annual-report-2014/.

Below is an excerpt from the statement.

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.

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 2014, FirstFarms' Board of Directors has held 6 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.

Wheat harvest in West Romania

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. 23. Furthermore, reference is made to corporate governance, which can be seen or downloaded on the company's website.

Management statements

Management statement

Today the Board of Directors and the Management have discussed and approved the annual report for 2014 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 2014 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 2014.

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 26 March 2015

Management

Anders H. Nørgaard
CEO

Board of Directors

Henrik Hougaard
Chairman

Jens Bolding Jensen

Asbjørn Børsting

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 2014. 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 2014 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 2014 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, 26 March 2015

Ernst & Young P/S
Godkendt revisionspartnerselskab

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

Income statement

DKK 1,000	Note	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Net turnover	3,4	125,008	114,127	250	250
Value adjustments of biological assets	5	13,407	18,511	0	0
Production costs	6	-146,245	-132,349	0	0
Grants	7	30,692	21,405	0	0
Gross profit/loss		**22,862**	**21,694**	**250**	**250**
Other operating income	8	7,445	365	0	0
Administration costs	6	-10,295	-10,442	-6,433	-5,191
Other operating costs	9	-840	-445	0	0
EBIT-result		**19,172**	**11,172**	**-6,183**	**-4,941**
Financial income	10	80	76	5,864	5,715
Financial costs	11	-7,753	-6,750	-4,078	-2,879
Pre-tax result		**11,499**	**4,498**	**-4,397**	**-2,105**
Tax on net profit	12	-2,672	-1,707	1,007	187
Net profit		**8,827**	**2,791**	**-3,390**	**-1,918**
Earnings per share	13	1.87	0.59	-	-
Diluted earnings per share	13	1.50	0.47	-	-

Total income statement

DKK 1,000	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Net profit	8,827	2,791	-3,390	-1,918
Other total income				
Items that can be reclassified to the income statement:				
- Exchange rate adjustments by conversion of foreign units	-916	-806	0	0
- Tax of other total income	0	0	0	0
Other total income after tax	**-916**	**-806**	**0**	**0**
Total income	**7,911**	**1,985**	**-3,390**	**-1,918**

Balance sheet

DKK 1,000	Note	Group 2014	Group 2013	Parent company 2014	Parent company 2013
ASSETS					
Non-current assets					
Intangible assets	14				
Goodwill		16,026	16,060	0	0
Land lease contracts		6,413	1,127	0	0
Milk quota		490	2,452	0	0
Total intangible assets		**22,929**	**19,639**	**0**	**0**
Tangible assets	15				
Land and buildings		253,469	254,969	0	0
Plant and machinery		78,076	65,782	0	0
Fixtures and fittings, tools and equipment		1,183	1,982	119	162
Assets under construction and prepayments		2,002	9,163	0	0
Total tangible assets		**334,730**	**331,896**	**119**	**162**
Biological assets	5				
Basic herd		23,230	23,704	0	0
Total biological assets		**23,230**	**23,704**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	16	0	0	249,174	249,174
Amount owed by affiliated companies	18	0	0	204,217	198,358
Deferred tax asset	20	12,695	15,738	0	0
Total other non-current assets		**12,695**	**15,738**	**453,391**	**447,532**
Total non-current assets		**393,584**	**390,977**	**453,510**	**447,694**
Current assets					
Inventories	17	40,024	27,637	0	0
Biological assets -breeding and crops	5	38,905	37,335	0	0
Receivables	18	7,733	9,677	0	0
Other receivables	7,18	18,008	6,091	408	243
Accruals an deferred expenses		2,488	2,206	33	44
Cash at bank and in hand	28	5,106	13,857	1,782	11,317
Total current assets		**112,264**	**96,803**	**2,223**	**11,604**
TOTAL ASSETS		**505,848**	**487,780**	**455,733**	**459,298**

DKK 1,000	Note	Group		Parent company	
		2014	**2013**	**2014**	**2013**
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		-21,474	-20,558	0	0
Transferred result		-121,020	-129,847	-73,271	-69,879
Proposed dividend		0	0	0	0
Total equity		**328,730**	**320,819**	**397,953**	**401,345**
Liabilities					
Non-current liabilities					
Deferred tax	20	9,315	10,467	5,457	6,464
Credit institutions	22	38,021	30,007	0	0
Convertible bonds	21	49,649	49,369	49,649	49,369
Total non-current liabilities		**96,985**	**89,843**	**55,106**	**55,833**
Current liabilities					
Credit institutions	22	35,510	31,504	0	0
Trade payables and other payables	23	30,202	30,009	2,674	2,120
Corporation tax	24	411	604	0	0
Accruals and deferred income	7	14,010	15,001	0	0
Total current liabilities		**80,133**	**77,118**	**2,674**	**2,120**
Total liabilities		**177,118**	**166,961**	**57,780**	**57,953**
TOTAL EQUITY AND LIABILITIES		**505,848**	**487,780**	**455,733**	**459,298**

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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 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. conversion 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**
Equity 1 January 2014	**47,122**	**424,102**	**-20,558**	**-129,847**	**0**	**320,819**
Total income 2014						
Net profit	0	0	0	8,827	0	8,827
Other total income						
Exchange rate adjustment re. conversion of foreign currency	0	0	-916	0	0	-916
Tax of other total income	0	0	0	0	0	0
Other total income	**0**	**0**	**-916**	**0**	**0**	**-916**
Total income	**0**	**0**	**-916**	**8,827**	**0**	**7,911**
Transactions with owners						
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**
Equity 31 December 2014	**47,122**	**424,102**	**-21,474**	**-121,020**	**0**	**328,730**

Parent company DKK 1,000	**Share capital**	**Reserve for decrease of share capital**	**Transferred result**	**Proposed dividend**	**Total**
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**
Equity 1 January 2014	**47,122**	**424,102**	**-69,879**	**0**	**401,345**
Total income 2014					
Net profit	0	0	-3,390	0	-3,390
Other total income	0	0	0	0	0
Total income	**0**	**0**	**-3,390**	**0**	**-3,390**
Transactions with owners					
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Equity 31 December 2014	**47,122**	**424,102**	**-73,269**	**0**	**397,955**

Cash flow statement

DKK 1,000	Note	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Pre-tax result		11,499	4,498	-4,397	-2,105
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation and impairment	6	22,039	17,121	43	44
Reversal of profit, sale of non-current assets	8,9	-7,443	251	0	0
Value adjustment of biological assets	5	-3,635	-3,227	0	0
Financial income	10	-80	-76	-5,864	-5,715
Financial costs	11	7,753	6,750	4,078	2,879
Cash generated from operations (operating activities) before changes in working capital		**30,133**	**25,317**	**-6,140**	**-4,897**
Changes in working capital	26	-25,751	-7,015	400	-55
Cash flow from main activities		**4,382**	**18,302**	**-5,740**	**-4,952**
Interest received		80	76	0	0
Interest paid		-7,145	-6,726	-3,145	-2,855
Paid corporation tax	24	-1,102	-2,323	0	0
Cash flow from operating activities		**-3,785**	**9,329**	**-8,885**	**-7,807**
Acquisition and sale of biological assets, net	5	4,849	5,077	0	0
Disposal of material assets, paid		33,860	7,742	0	0
Acquisition of intangible assets		-6,282	-1,127	0	0
Acquisition of tangible assets	27	-38,768	-28,106	0	0
Cash flow from investing activities		**-16,974**	**-16,414**	**0**	**0**
Proceeds from loans	27	2,593	30,733	0	32,890
Loan to affiliated businesses		0	0	-650	-11,735
Cash flow from financing activities		**2,593**	**30,733**	**-650**	**21,155**
Cash flow of the year		**-12,745**	**23,648**	**-9,535**	**13,348**
Available, at the beginning		-17,647	-41,347	11,317	-2,031
Exchange rate adjustment of available		-12	52	0	0
Available at closing	28	**-30,404**	**-17,647**	**1,782**	**11,317**
Available at closing is recognised as follows:					
Available funds		5,106	13,857	1,782	11,317
Current bank debts		-35,510	-31,504	0	0
Available at closing		**-30,404**	**-17,647**	**1,782**	**11,317**

Notes

1. Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2014 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2014 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 26 March 2015 discussed and approved the annual report for 2014 of FirstFarms A/S. The annual report is presented to FirstFarms A/S' shareholders for approval on the annual general meeting 21 April 2015.

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 2014.

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.

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.

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 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.


Wheat in Slovakia

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 on individual basis.

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.

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.

Special reserve for share capital decrease
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.

Fair value measurement
FirstFarms uses the fair value concept for recognition of biological assets and for recognition of the value of financial instruments.

The fair value is defined as the price that can be obtained by selling an assets or payable for transferring a liability in an ordinary transaction on a market with independent parties. Fair value is based on a primary market.

There are three levels of the fair value hierarchy for estimating the value:
1. Statement from fair value in a similar market
2. Statement by accepted valuation methods based on observable market information
3. Statement from generally accepted valuation methods and reasonable estimates.

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.

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 62.1 million as per 31 December 2014 (2013: 61.0 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

2014 DKK 1,000	**Romanian activities**	**Slovakian activities**	**Total report compulsory segments**
Total segment turnover	38,021	86,987	125,008
Grants	9,034	21,658	30,692
Value adjustments of biological assets	4,766	8,641	13,407
Financial income	46	34	80
Depreciations and impairments	3,204	15,841	19,045
Segment result before tax	12,738	2,758	15,496
Segment assets	152,147	351,358	503,505
Plant investments *)	21,410	27,965	49,375
Segment liabilities	99,214	224,341	323,555

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

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	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.

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

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

	Romania		**Slovakia**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Milk production	0	0	67,984	61,025
Field production	35,914	29,300	16,747	17,265
Other	2,107	3,663	2,256	2,911
Total	**38,021**	**32,963**	**86,987**	**81,201**

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	2014		2013	
	Turnover	Non-current assets	Turnover	Non-current assets
Denmark	250	453,510	250	447,694
Slovakia	86,987	271,288	81,201	264,337
Romania	38,021	122,177	32,963	126,478
Elimination	250	-453,391	-287	-447,532
Total	**125,008**	**395,584**	**114,127**	**390,977**

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

DKK 1,000	2014	2013
Turnover		
Segment turnover for report compulsory segments	125,008	114,164
Group function	250	250
Elimination of internal turnover	-250	-287
Total turnover, cp. income statement	**125,008**	**114,127**
Result		
Segment result before tax for report compulsory segments	15,496	6,034
Non-allocated result, Group function	-3,997	-1,536
Result before tax, cp. income statement	**11,499**	**4,498**
Assets		
Total assets for report compulsory segments	503,505	476,015
Other non-allocated	2,343	11,765
Total assets, cp. balance sheet	**505,848**	**487,780**
Liabilities		
Total liabilities for report compulsory segments	323,555	307,365
Elimination of debt to parent company	-204,217	-198,358
Other non-allocated liabilities	57,780	57,954
Total liabilities, cp. balance sheet	**177,118**	**166,961**

4. Turnover

DKK 1,000	Group		Parent company	
	2014	2013	2014	2013
Sale of milk	63,133	55,948	0	0
Sale of meat	4,851	5,077	0	0
Sale of corn etc.	52,661	46,529	0	0
Other turnover	4,363	6,573	250	250
Total	**125,008**	**114,127**	**250**	**250**

At the end of 2014, FirstFarms has crops on stock at a fair value of approx. DKK 5 million.

In 2014, FirstFarms sold milk for DKK 30.8 million to Fude + Serrahn Milchprodukte GmbH & Co. KG.

5. Value adjustments of biological assets

Group 2014 DKK 1,000	Basic herd [1)]	Breeding [2)]	Crops [2)]	Total
Opening	23,704	16,090	21,245	61,039
Addition	0	0	97,698	97,698
Value adjustment of the year recognised in the income statement	-7,877	11,512	9,772	13,407
Transfer	11,250	-11,250	0	0
Disposal	-3,847	-1,002	-105,068	-109,917
Exchange rate adjustment	0	0	-92	-92
Accounting value 31 December 2014	**23,230**	**15,350**	**23,555**	**62,135**

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

Non-current assets consist of a herd of 2,311 cows at the end of 2014. Breeding consist of 2,384 heifers and calves, whereas crops are the value of the sowed fields. At the end of 2014 the sowed fields mainly consist of 525 hectares of alfalfa/grass, 1,850 hectares of wheat, 600 hectares of rye and 650 hectares of rape in Slovakia. In Romania the fields consisted of 2,500 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.

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 2014. 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 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 recognised 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.

6. Costs

DKK 1,000	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Cost of sales for the period	79,319	71,107	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	440	477	440	477
Accounting committee	0	50	0	50
Wages and salaries	22,140	20,759	3,120	2,114
Defined contribution plans	269	269	269	269
Other social security costs	7,467	7,088	24	18
Other staff costs	2,787	2,817	670	416
Total staff costs	**33,103**	**31,460**	**4,523**	**3,344**

Staff costs:				
Production	27,980	26,737	0	0
Administration	5,123	4,723	4,523	3,344
Total	**33,103**	**31,460**	**4,523**	**3,344**
Average number of employees	204	198	4	3

At the end of the year, the number of employees was 204 of which 4 are sited on the headquarter in Denmark, 176 in Slovakia and 24 in Romania.

Executive Board remuneration of the parent company

DKK 1,000	2014 Board of Directors	2014 Accounting committee	2014 Management	2013 Board of Directors	2013 Accounting committee	2013 Management
Wages and salaries	440	0	1,537	477	50	1,182
Pension	0	0	120	0	0	120
Share based remuneration	0	0	0	0	0	0
Total	**440**	**0**	**1,657**	**477**	**50**	**1,302**

Warrant programme
The company has now outstanding warrants at the end of 2014.

As per 31 December 2013, the company had a total of 2,500 outstanding warrants, which gave 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. (Warrants expired January 2014).

Depreciations and impairments

DKK 1,000	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Depreciations, intangible assets	2,951	1,960	0	0
Depreciations, property, plant and equipment	19,088	15,161	43	44
Impairments, property, plant and equipment	0	0	0	0
Total depreciations and impairments	**22,039**	**17,121**	**43**	**44**
Depreciations and impairments are recognised as follows:				
Production	21,545	16,558	0	0
Administration	494	563	43	44
Total	**22,039**	**17,121**	**43**	**44**

Fee to the auditors appointed at the general meeting

Total fee to EY DKK 1,000	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Audit	278	269	278	269
Other declarations	0	16	0	16
Tax and VAT services	22	22	22	22
Other non-audit services	91	50	91	50
Total	**391**	**357**	**391**	**357**

Fees to other auditors 1.000 kr.	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Audit	307	301	0	0
Other declarations	0	0	0	0
Tax and VAT services	0	0	0	0
Other non-audit services	86	157	0	0
I alt	**393**	**458**	**0**	**0**
Total fees for auditors	**784**	**815**	**391**	**357**

7. Grants

DKK 1,000	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Grant for investments	1,070	1,924	0	0
EU hectare subsidy	25,312	17,589	0	0
Grant for milk production	3,613	1,507	0	0
Government grant etc.	697	385	0	0
Total	**30,692**	**21,405**	**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.

2014 DKK 1,000	**Hectare grant**	**Milk grant**	**Government grant**	**Investment grant etc.**	**Total**
Grants calculated in accruals	0	0	0	14,010	14,010
Period of crediting	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Grants calculated in "Other receivables"	10,011	170	0	0	10,181

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

8. Other operating income

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Profit from sale of fixed assets	7,443	174	0	0
Other secondary income	2	191	0	0
Total	**7,445**	**365**	**0**	**0**

In 2014, FirstFarms has sold land in East Romania. The sale is within FirstFarms' strategy about purchase and sale of land to optimise the operation. In 2014, the possibility came to sell a larger part, which is not in the company's future plans.

9. Other operating costs

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Loss from sale of fixed assets	0	425	0	0
Other secondary costs	840	20	0	0
Total	**840**	**445**	**0**	**0**

10. Financial income

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Interest, cash at bank and in hand	23	9	0	0
Interest income from affiliated companies	0	0	5,864	5,495
Other financial income	57	67	0	220
Total	**80**	**76**	**5,864**	**5,715**

11. Financial costs

DKK 1,000	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Interest, bank loans	3,291	3,418	66	171
Other financial costs	4,462	3,332	4,012	2,708
Total	**7,753**	**6,750**	**4,078**	**2,879**

12. Tax on net profit/loss

DKK 1,000	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Tax on net profit/loss	-2,672	-1,707	1,007	187
Tax on other total income	0	0	0	0
Total	**-2,672**	**-1,707**	**1,007**	**187**
Tax on net profit/loss is specified as:				
Current tax	-909	-2,288	0	0
Deferred tax	-1,763	581	1,007	187
Total	**-2,672**	**-1,707**	**1,007**	**187**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax (25 %)	-2,817	-1,125	1,078	520
Reduction in tax rate in Denmark and Slovakia	-101	-519	-101	-133
Other adjustments, net	246	-63	30	-200
Total	**-2,672**	**-1,707**	**1,007**	**187**
Effective tax rate	23	38	23	9

13. Earnings per share

Group DKK 1,000	**2014**	**2013**
Net profit	8,827	2,791
Number of shares	4,712,241	4,712,241
Average diluted effect of outstanding warrants	0	0
Diluted number of shares in circulation	4,712,241	4,712,241
Earnings per share (EPS)	1.87	0.59
Diluted earnings per share (EPS-D)	1.50	0.47

14. Intangible assets

Group 2014 DKK 1,000	Goodwill	Lease contracts	Milk quota	Total
Cost price 1 January	16,060	1,127	16,201	33,388
Addition	0	6,282	0	6,282
Disposal	0	0	0	0
Exchange rate adjustment	-34	-7	-3	-44
Cost price 31 December	**16,026**	**7,402**	**16,198**	**39,626**
Depreciations and impairments 1 January	0	0	-13,749	-13,749
Depreciations	0	-991	-1,960	-2,951
Impairments	0	0	0	0
Exchange rate adjustment	0	2	1	3
Depreciations and impairments 31 December	**0**	**-989**	**-15,708**	**-16,697**
Accounting value 31 December	**16,026**	**6,413**	**490**	**22,929**

FirstFarms' Management has at the end of 2014 carried out impairment test of the accounting value of goodwill 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 as of 2016. In the impairment test carried out for 2015 normal harvest yield and settlement prices are assumed as stated in the management review page 11-13. The crop prices in the coming year are assumed to be on par with the budget for 2015.

The budget is 2,800 milk-producing dairy cattle and cultivation of 9,300 hectares of land at the end of the period.

The impairment test carried out on the activities in Slovakia has shown that the capitalvalue 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 0.15 per kg will entail that the recoverable amount corresponds to the accounting value.

The parent company has no intangible assets included.

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 at the end of 2013 carried out impairment test of the accounting value of goodwill of DKK 16.0 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 included.

15. Tangible assets

Group 2014 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 2014	284,787	104,261	3,117	9,163	401,328
Addition	11,095	28,860	127	9,293	49,375
Transfer between categories	13,929	54	-90	-13,893	0
Disposal	-20,566	-19,775	-52	-2,497	-42,890
Exchange rate adjustment	-894	-437	-3	-64	-1,398
Cost price 31 December 2014	**288,351**	**112,963**	**3,099**	**2,002**	**406,415**
Depreciations and impairments 1 January 2014	-29,818	-38,479	-1,135	0	-69,432
Depreciations	-6,189	-12,111	-788	0	-19,088
Impairment	0	0	0	0	0
Disposal	979	15,518	3	0	16,500
Transfer between categories	0	0	0	0	0
Exchange rate adjustment	146	185	4	0	335
Depreciations and impairments 31 December 2014	**-34,882**	**-34,887**	**-1,916**	**0**	**-71,685**
Accounting value 31 December 2014	**253,469**	**78,076**	**1,183**	**2,002**	**334,730**
- assets held under finance lease	0	41,986	0	0	41,986
Depreciation period	15-30 years	5-10 years	3-7 years	-	-

As per 31.12.2014 security for leasing debts of DKK 17.3 million (2013: DKK 12.5 million) has been given in the respective machines (booked value DKK 18.7 million). For the bank debt in Slovakia security has been given in the large cattle site (booked value DKK 106.3 million). Furthermore, there is security in EU-grants in Slovakia.

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	-	-

Book value of purchased farm land	**2014**		**2013**	
DKK 1,000				
Farm land in Slovakia	527 hectares	12,995	473 hectares	11,401
Farm land in Romania	5.094 hectares	88,892	6,792 hectares	106,314

2014

At the turn of the year 2014/2015, 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 fair value is in the range of DKK 131 million, corresponding to an average price of approx. DKK 26,000 per hectare. The average booked value in Romania at the end of 2014 is DKK 17,448 per hectare and the average booked value in Slovakia is DKK 24,658 per hectare.

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.

Parent company 2014 DKK 1,000.	Fixtures and fittings, tools and equipment
Cost price 1 January 2014	463
Addition	0
Disposal	0
Cost price 31 December 2014	**463**
Depreciations and impairments 1 January 2014	-301
Depreciations	-43
Disposal	0
Depreciations and impairments 31 December 2014	**-344**
Accounting value 31 December 2014	**119**
- assets held under finance lease	0
Depreciation period	3-7 years

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

16. Capital shares in subsidiaries

Parent company DKKK 1,000	2014	2013
Cost price 1 January	299,486	281,682
Addition in the period	0	0
Addition by merger	0	17,804
Cost price 31 December	299,486	299,486
Impairment 1 January	50,312	47,087
Impairment in the period	0	0
Disposal by merger	0	3,225
Impairment 31 December	50,312	50,312
Accounting value 31 December	**249,174**	**249,174**

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 Agro West s.r.l.	Romania

All subsidiaries are 100 percent owned by the FirstFarms Group.

17. Inventories

	Group		Parent company	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Raw materials and other materials	17,934	14,964	0	0
Manufactured goods and commodities, grain, fodder etc.	22,090	12,673	0	0
Total	**40,024**	**27,637**	**0**	**0**
Accounting value of inventories included at fair value	22,090	12,673	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 fair value less point-of-sale costs. By a subsequent decrease in the value, the amount is included in production costs.

18. Receivables

	Group		Parent company	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Receivables from sales	7,733	9,677	0	0
Other receivables	18,008	6,091	408	243
Receivables from associated companies	0	0	204,217	198,358
Total	**25,741**	**15,768**	**204,625**	**198,601**

Impairments, contained in the receivables above, developed as follows:	**2014**	**2013**
1 January	2,205	2,156
Impairments in the year	735	107
Implemented in the year	-638	-58
Reversed	0	0
Exchange rate adjustments	-20	0
31 December	**2,282**	**2,205**

In 2014 and 2013, no securities have been received from sales.

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

DKK 1,000	**2014**	**2013**
Period of decadence:		
Up to 30 days	1,318	358
Between 30 and 90 days	145	30
Over 90 days	458	321

19. Share capital

Issued shares	**Amount (pcs.)**		**Nominal value (DKK)**	
	2014	**2013**	**2014**	**2013**
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 2014, 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 8.8 million and the parent company's result of DKK -3.4 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. 20 concerning profit and p. 15 for risk management.

The realised equity return for 2014 was 2.7 percent (2013: 0.9 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 30 April 2014, authority was given to the company to acquire up to 10 percent of the company's own shares. The authority was not used in 2014.

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 60,000 share options corresponding to DKK 600,000 and corresponding to 1.1 percent of the nominal capital.

Furthermore, the Board of Directors is authorised to, until 28 April 2016, in one or more stages, to issue up to 1,500,000 shares corresponding to nominal DKK 15,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase must be effected at market price – with or without pre-emption rights for the Company's shareholders.

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	2014	2013
Deferred tax 1 January	-5,271	-4,848
Tax recognised in the equity	0	164
Exchange rate adjustment	128	-6
Deferred tax of the year calculated in net profit/loss	1,763	-581
Deferred tax 31 December	**-3,380**	**-5,271**

How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	-12,695	-15,738
Deferred tax (liability)	9,315	10,467
Deferred tax 31 December, net	**-3,380**	**-5,271**

Deferred tax concerns:		
Intangible assets	-1,050	-1,771
Tangible assets	3,074	5,465
Biological assets	3,618	4,347
Other accounting items	-3,879	121
Deficits with right to put forward	-12,537	-21,213
Re-taxation balance	7,394	7,780
Total	**-3,380**	**-5,271**

All deferred tax assets and obligations are included in the balance sheet. The fiscal deficits concern mostly the Group's foreign activities and are included in the assumption that positive taxable income will be obtained within a period of approx. 3 years.

Change in interim differences in 2014

DKK 1,000	Balance 1/1-2014	Included in net profit/loss, net	Recognised in the equity	Exchange rate adjustments	Balance 31/12-2014
Intangible assets	-1,771	721	0	0	-1,050
Tangible assets	5,465	-2,373	0	-18	3,074
Biological assets	4,347	-729	0	0	3,618
Other accounting items	121	-4,001	0	1	-3,879
Deficits with right to put forward	-21,213	8,531	0	145	-12,537
Re-taxation balance	7,780	-386	0	0	7,394
Total	**-5,271**	**1,763**	**0**	**128**	**-3,380**

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**

Parent company DKK 1,000	**2014**	**2013**
Deferred tax 1 January	6,464	7,967
Deferred tax of the year calculated in net profit/loss	-1,007	-187
Tax recognised in the equity	0	164
Transferred at merger	0	-1,480
Deferred tax 31 December	**5,457**	**6,464**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	0	0
Deferred tax (liability)	5,457	6,464
Deferred tax 31 December, net	**5,457**	**6,464**

The deferred tax at the end of 2014 and 2013 is mainly allocation of deferred tax of re-taxation balances as a result of international joint taxation.

21. Convertible bonds

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Proceeds from issuance of convertible bonds	50,000	50,000	50,000	50,000
Fair value of right to convert at date of issuance recognised in the equity	-655	-655	-655	-655
Fair value of financial obligation at the date of issuance	**49,345**	**49,345**	**49,345**	**49,345**
Amortisation 1 January	24	0	24	0
Amortisation for the year	280	24	280	24
Accounting value of financial obligation 31 December	**49,649**	**49,369**	**49,649**	**49,369**

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:

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Non-current liabilities	38,021	30,007	0	0
Current liabilities	35,510	31,504	0	0
Total	**73,531**	**61,511**	**0**	**0**
Fair value	73,531	61,511	0	0
Nominal value	73,531	61,511	0	0
- of this fixed interest	0	0	0	0

A change in the interest with 1 percentage point will, incl. other loans, entail a change in the interest expenses of DKK 0.7 million (2013: DKK 0.6 million).

Current maturity:	2014	2013
Within 1 year	35,510	31,504
1-5 years	35,683	28,952
> 5 years	2,338	1,055
Total accounting value	**73,531**	**61,511**

The company's bank- and leasing debt is mainly placed in Slovakia and Romania. The debt in Slovakia is taken out in EUR with an average interest rate at 3-5 percent (2013: 3-5 percent). In Romania, the majority of the debt is taken out in the local currency or EUR, and the interest is 6-7 percent (2013: 6-7 percent).

In both 2014 and 2013, 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 EUR.

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

Group 2014 DKK 1,000	**Minimum-contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	6,177	677	5,500
1-5 years	12,519	768	11,751
> 5 years	0	0	0
Total	**18,696**	**1,445**	**17,251**

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**

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	**2014**	**2013**	**2014**	**2013**
Supplier debts	16,365	17,932	258	308
Other debt obligations	13,837	12,077	2,416	1,812
Total	**30,202**	**30,009**	**2,674**	**2,120**

24. Corporation tax

	Group		**Parent company**	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Corporation tax 1 January	-604	-639	0	0
Current tax of the year	-909	-2,288	0	0
Paid corporation tax	1,102	2,323	0	0
Corporation tax 31 December	**-411**	**-604**	**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
As per 31.12.2014, security for leasing debts of DKK 17.3 million (2013: DKK 12.5 million) has been given in the respective machines (booked value DKK 18.7 million). For the bank debt in Slovakia security has been given in the large cattle site (booked value DKK 106.3 million). Furthermore, there is security in EU-grants in Slovakia.

The parent company has guaranteed for the subsidiaries' debt in credit institutions with an accounting value of DKK 71.7 million (2013: DKK 61.5 million).

26. Change in working capital

	Group		Parent company	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Change in biological assets and inventories	-14,698	-5,114	0	0
Change in receivables etc.	-10,255	-861	-154	-38
Change in supplier debts, other debt obligations and accruals	-798	-1,040	554	-17
Total	**-25,751**	**-7,015**	**400**	**-55**

27. Non-cash transactions

DKK 1,000	2014	2013
Acquisition of tangible assets, cp. note 15	49,375	28,106
Of this financial leased assets	-10,607	0
Paid regarding acquisition of tangible assets	**38,768**	**28,106**
Proceeds at raising financial debt liabilities	8,014	30,733
Of this leasing debt	-10,607	0
Received at raising financial debt liabilities	**-2,593**	**30,733**

28. Cash and cash equivalents

	Group		Parent company	
DKK 1,000	**2014**	**2013**	**2014**	**2013**
Available funds	5,106	13,857	1,782	11,317
Current debt for credit institutions	-35,510	-31,504	0	0
Available 31 December	**-30,404**	**-17,647**	**1,782**	**11,317**

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 2013.

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 2015.

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 (2013: 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 0.7 million (2013: DKK 0.6 million). The convertible bond has a fixed interest and thus it 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 (2013: DKK 0.7 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 0.8 million (2013: DKK 0.7 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:

2014 DKK 1,000	**Accounting value**	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**After 5 years**
Non-derivative financial instruments					
Credit institutions and banks	56,280	62,387	32,924	26,423	3,040
Financial leasing liabilities	17,251	18,696	6,177	12,519	0
Trade payables	16,365	16,365	16,365	0	0
Loans	49,649	53,750	3,000	50,750	0
Derivative financial instruments	0	0	0	0	0
31 December 2014	**137,745**	**151,198**	**58,466**	**89,692**	**3,040**

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	17,932	17,932	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**	**140,683**	**54,239**	**85,349**	**1,095**

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

30. Operational leasing obligations

Minimum irredeemable operational leasing payments are as follows:

Group DKK 1,000	2014	2013
0-1 year	8,268	4,821
1-5 years	9,625	5,257
> 5 years	547	401
Total	**18,440**	**10,479**

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 2014 DKK 3.5 million was put to cost regarding land lease (2013: DKK 1.9 million)

Per 31 December 2014, FirstFarms has leased an area of 8,800 hectares in Slovakia, distributed on 10,100 land lease contracts with a currency of 1-15 years (2013: 7,600 hectares distributed on 8,800 land lease contracts).

In Romania leasing contracts have been entered of approx. 1,300 hectares of land to be cultivated in 2014/2015 (2013/2014: 1,150 hectares) with a currency of 1-5 years.

Furthermore, FirstFarms has entered agreement about operational leasing of machines with an annual cost of approx. DKK 3.4 million (2013: DKK 2.8 million) with a currency of 1-4 years.

The parent company has entered agreement about operational leasing with yearly contributions of DKK 0.1 million (2013: DKK 0.1 million).

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, no transactions with the Board of Directors and Management have been made in 2014.

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.

In 2014, FirstFarms A/S has invoiced group contributions etc. of DKK 0.3 million (2013: 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 2014, no essential events for the Group’s and the company’s position 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 2014, are published. None of them is expected to have significant impact on recognition and measurement at the financial reporting of FirstFarms A/S.