for farmers
the total feed business

ANNUAL REPORT 2017

This annual report, including the financial statements, is a translation of the original Dutch text. In case of any difference in interpretation between the translation and the original Dutch text, the latter shall prevail.

FORWARD-LOOKING STATEMENTS

This document could contain forward-looking statements, which, rather than referring to historical facts, refer to the Executive Board's expectations based on current insights and assumptions which are subject to known and unknown risks and uncertainties, and may cause the actual results, presentations or events to differ materially from the statements in this annual report. Many of these risks and uncertainties are linked to factors over which ForFarmers has no control and/or which it is unable to accurately estimate, such as the effect of general economic or political circumstances, pressure from competition, price development and the availability of raw materials, animal diseases, ForFarmers' dependence on transport by third parties, changes in consumer preferences, the ability to successfully integrate businesses that have been taken over and the expected synergy to be realised, interest-rate and currency fluctuations, changes in tax rates, changes in legislation, the conduct of regulatory bodies and the weather. Forward-looking statements in this document can also relate to ForFarmers' capital and liquidity positions in certain specific scenarios. Forward-looking statements can include—but are not limited to statements that include—words such as 'will', 'intended', 'expected', 'based on', 'focused on', 'plans', 'estimate' and words with similar meanings. These statements relate to or can have an effect on circumstances that will occur in the future, such as ForFarmers' future financial results and business plans, or its strategy. ForFarmers accepts no obligation or responsibility whatsoever to update forward-looking statements contained in this document, irrespective of whether they reflect new information, future events or otherwise, subject to ForFarmers' legal obligation to do so.

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RESULTS

Revenue
€ x million

2,219

Gross profit
€ x million

419.8

Operating profit (EBIT)
€ x million

74.0

Underlying EBITDA
€ x million

101.4

Earnings per share
€

0.56

**RJ = Dutch GAAP (Dutch Accounting Standards)*

RESULTS	2017	2016
Consolidated statement of profit or loss (€ million)		
Revenue	2,218.7	2.109.0
Gross profit	419.8	407.4
Operating profit (EBIT)	74.0	67.8
Underlying[1] operating profit (EBIT)	75.8	67.6
Operating profit before depreciation and amortization (EBITDA)	101.6	93.9
Underlying[1] EBITDA	101.4	93.6
Profit for the year	59.3	53.8
Consolidation statement of financial position per 31 December (€ million)		
Equity	409.9	429.0
Balance sheet total	787.3	776.3
Average capital employed[2]	417.0	415.4
Net debt position	-67.1	-61.5
Cash flow (€ million)		
Net cash from operating activities	116.6	81.4
Acquisition/disposals of subsidiaries	-0.5	-18.2
Acquisition of property, plant and equipment and intangible assets	-38.0	-33.7
Ratio's		
Underlying* EBITDA as % of gross profit	24.2%	23.0%
Return on average capital employed (ROACE)[3]	24.3%	22.5%
Solvency ratio (equity divided by total assets)	52.1%	55.3%
Key data per share (€)		
Earnings per share	0.56	0.50
Dividend per share[4]	0.30	0.24
Share price at year-end	10.44	6.65
Other key figures per 31 December		
Number of outstanding shares (million)	100.8	106.2
Market capitalisation (€ million) on 31 December	1,052.3	706.1
Number of employees (in Fte's)	2,325	2,273

[1] *'Underlying' means excluding incidental items*
[2] *Based on 12 months average; see Note 27 of the financial statements*
[3] *ROACE means underlying EBITDA divided by the average capital employed; see Note 27 of the financial statements*
[4] *For calculation of dividend per share, see Note 47 of the financial statements*

Facts and figures

ForFarmers

#1
in Europe

>25,000
customers

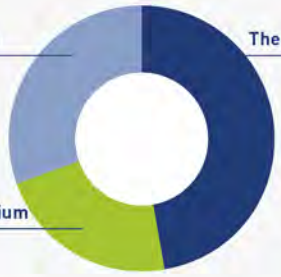
2,325
FTE (fulltime-equivalent)

34
production facilities

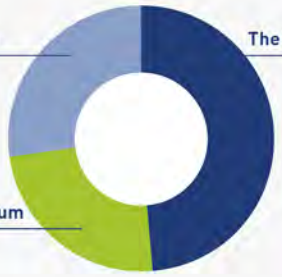
Subject to approval competion authorities

PER CLUSTER

Volume Total Feed 2017
tons x 1,000



Revenue 2017[1]
€ x million



[1] Excluding €67 million Group eliminations
[2] Cluster The Netherlands is including Pavo Belgium, Pavo Germany and Vleuten-Steijn Germany

CEO STATEMENT

CEO statement

Market conditions for our customers in general were better in 2017 than in the previous year. Many customers reverted to buying performance feeds again to improve their on-farm returns. We were able to respond effectively with our Total Feed solutions, which led to satisfying results.

Long-term value creation

In 2017, our Horizon 2020 strategy once again proved to be a good foundation for long-term value creation, for our customers and for ForFarmers, helping us to realise our 'For the Future of Farming' mission. We work side-by-side with our customers to improve both their success and that of the sector as a whole.

Our customers are continuously confronted with new challenges. Which is exactly why our nutritionists and specialists continuously work to further improve our Total Feed solutions for our customers: feed concepts that come with bespoke advice and tools. We help them achieve better on-farm returns with a healthy herd and greater efficiency. For example, during the year under review we were able to help our dairy cattle customers in the Netherlands with adapted feed solutions. This, as one of the phosphate reduction measures.

The combination of feed that is tailored to the customer's needs and data analysis is becoming increasingly important for the entire sector. Scale is key to being able to offer this. What is more, the past year showed us once again just how important our production and logistics (supply chain) activities are. Because regardless of how good our feed and our advice is, we do have to be able to deliver it to the customer on time. This proved to be a problem in the United Kingdom in particular. The reliability of our services there has now been restored.

Partly thanks to our cooperative roots, we are acutely aware of the importance of maintaining good relations with our customers. To the extent, in fact, that we have launched a 'Farming for non-farmers' training for new colleagues especially in staff positions who do not have a background in farming.

Our team

The huge effort by our employees enables us to achieve our ambition and realise our commitment to our customers and shareholders. We devote a lot of time, money and attention to internal training to make our employees even better able to help our customers and further enhance the quality of our team. In this respect, scale and international in-house expertise are important pillars. For example, I look back with pride at the introduction of NOVA, the new concept for sows. Developed by our own Nutrition Innovation Centre (NIC) it was tested simultaneously by around 40 pig farmers in four countries. Our new colleagues from the acquired company Vleuten-Steijn also contributed significant knowledge and experience to the development of this concept.

Training, innovation, knowledge sharing and sustainability efforts make us increasingly attractive as employer to both current and future employees. This is borne out by the fact that the number of internal promotions increased again in 2017 and that we managed to attract considerably more people with less help from external agencies.

In 2017, Iain Gardner stepped down from the Executive Committee and as COO of ForFarmers United Kingdom. In

the last years, Iain has worked to put ForFarmers more strongly on the map there, for which I wish to express sincerest thanks on behalf of my colleagues and myself. We are pleased that our colleague in the Executive Committee, Steven Read, will take over his position from 2018. He was the natural and logical candidate to become COO of ForFarmers UK. This in light of his broad experience, the successful implementation of changes in the ForFarmers organisation and the fact that he was previously part of the senior management team in the United Kingdom for many years. We are presently looking for a suitable successor for Steven in the role of Supply Chain Director.

Our social responsibility

We are acutely aware of our position in society. As a feed company we have an important role in ensuring an adequate supply of animal protein in a world with strong population growth.

ForFarmers has both the opportunity and the duty to make use of scarce raw materials in the most sustainable manner in the production of feed. Just like our customers, we operate in (relatively) densely populated areas with a lot of social pressure in terms of liveability and the environment. Which is why reducing our CO^2 footprint, and where possible that of the parties in our value chain, is one of our most important sustainability objectives.

We focus on various fronts on diminishing the use of energy in our production and logistics. At the same time, we want to safeguard the quality and reliability of our feed supply. At times this can leave us facing dilemmas, about which we communicate openly. For example, we placed a new extruder machine in the factory in Lochem in the eastern Netherlands. This machine uses more energy but sees to a higher quality feed, which in turn leads to improved feed conversion and consequently less use of raw materials and consequently a lower carbon footprint in the whole value chain.

We are seeing society in general and consumers in particular placing ever-increasing emphasis on the origin of food, quality, animal health and welfare. We play a pioneering role in Belgium and in the United Kingdom by focusing on topics such as antimicrobial resistance (AMR) at meetings we organise to demonstrate to livestock farmers that animals can be kept healthy without medication being added to their feed.

Our mission and sustainability objectives are compatible with four of the UN Sustainable Development Goals, and we report on these in this annual report.

The health and safety of our employees is very important to us – on our own sites, in transit and at customers on-farm. In the past year we have seen safety awareness increase, but at the same time we recognise that there are further steps that we could and should take. Notwithstanding all the measures taken, accidents still can occur in exceptional circumstances. At the beginning of 2018 we sadly lost a colleague due to a fatal incident.

Results for our customers and shareholders

I started this statement by mentioning that our customers generally regained some financial leeway in 2017. In many cases they used this to buy performance feeds and to improve the technical results on-farm, in collaboration with our advisers. This proved to be succesfull.

In 2017 we achieved satisfactory results for our shareholders. We have achieved this whilst preserving our traditional core value: improving returns on farm. We are mainly proud of the organic increase in gross profit. This reflects the added value that customers attribute to our concepts, partly thanks to the efforts of our advisers.

The organisations in the Netherlands, Germany and Belgium made a significant contribution to the improvement. ForFarmers in the United Kingdom was faced with both difficult market conditions and organisational challenges. In the mean time we see the first positive results of the measures we have taken.

The constant focus on efficient working practices, our One ForFarmers programme, helped us achieve a rise in EBITDA and a decrease in working capital. This was supported by the contribution from Vleuten-Steijn, which we acquired in late 2016. The results mean that we are once again able to distribute an increasing dividend to our shareholders as well as making the desired investments as part of our Horizon 2020 strategy.

Looking back on the first full year of ForFarmers' listing on Euronext Amsterdam I note that the share's trading volume has risen sharply.

I am also extremely pleased that we have announced the acquisition of the poultry feed company Tasomix in Poland

in early 2018. We herewith further extend our leading position in Europe and enhance our base with a fifth core country. A country that is, moreover, the largest poultry producer in Europe and has an above average growth. We expect to be able to close this transaction before the end of May, after approval of the authorities.

Governance

The good cooperation between the Executive Committee and the Supervisory Board once again contributed to the results achieved in 2017.

At the upcoming Annual General Meeting of Shareholders in April 2018 Jan Eggink will step down as Chairman and member of the Supervisory Board. Jan Eggink has been of great importance to ForFarmers during a period of historical decisions and important steps for the Company. His contribution to the creation and implementation of the strategy of ForFarmers and to securing the good relationship between the Company and the FromFarmers Cooperative and its members has been an essential one. On behalf of my colleagues and myself, I wish to expressly thank him for this.

I look back with pride on a year in which ForFarmers has once again strengthened the foundation for continued growth, For the Future of Farming. We would not have been able to achieve this without the tremendous effort and dedication of all our employees. I thank them heartily for this, on behalf of both myself and my fellow Executive Committee members. I also wish to thank our customers, shareholders, suppliers and other stakeholders for the trust they have placed in us. Together with all colleagues within ForFarmers, we work hard at living up to this trust every day.

Lochem, 12 March 2018

Yoram Knoop, CEO ForFarmers N.V.

FORFARMERS IN FOCUS

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Business Profile

ForFarmers is a feed company operating internationally and offering complete, innovative and sustainable feed solutions for livestock farming and organic livestock farming. ForFarmers works '**For the Future of Farming**': for the continuity of the farming business and for a financially healthy sector that will play a sustainable role in society for many generations to come. In the Netherlands, ForFarmers has already been operational for over a hundred years. Since 2005, the Company has expanded its activities in Germany and Belgium through, amongst others, the takeover of Hendrix UTD, and in the United Kingdom through the takeover of BOCM PAULS, companies which also have a rich history that goes back to the end of the 19th century. Through this expansion of activities, a unique combination of knowledge and experience has been created, which is used to support farmers in the realisation of their business objectives. ForFarmers chooses to work side by side with customers and strategic partners. This leads to healthier livestock, greater efficiency and therefore better returns on the farm. This is achieved by offering customised and Total Feed solutions. The targeted approach is delivered by specialist expert advisors, who have access to innovative resources to monitor and analyse results.

In order to continuously raise knowledge, products and tools to a higher level, ForFarmers invests a lot in research. This is done by the ForFarmers Nutrition Innovation Centre (NIC). The NIC works, among other things, on improving the technical performance of feed, e.g. feed efficiency and optimal growth of the animal, and developing innovative nutritional solutions that contribute to good animal health.

The NIC also focuses on further development of sustainability of products and of livestock farming. This occurs in close cooperation with renowned research institutes, universities and strategic partners.

ForFarmers employs 2,325 employees (FTEs) and has production facilities in the Netherlands, Belgium, Germany and the United Kingdom. The head office is based in Lochem (the Netherlands). In 2017, the Total Feed volume was 9.6 million tonnes, and the annual turnover amounted to € 2.2 billion. Gross profit was € 419.8 million.

Sustainable business

Due to population growth and increasing economic prosperity, the demand for animal protein such as meat, eggs and dairy products is expected to increase over the coming decades. The challenge is to produce this increasing amount of food sustainably and to minimise the use of raw materials and natural resources such as energy, land and water.

Given its position in the value chain, the feed industry plays an important role in making the production of meat, egg and dairy products sustainable. ForFarmers therefore considers sustainability to be an integral and unequivocal part of its business. It is ForFarmers' ambition to stay ahead of the field in terms of sustainability in particular in terms of the use of raw materials, production, logistics, and development and supply of efficient feed solutions for healthy livestock. In this way, the Company intends to contribute to commercially profitable and sustainable food production.

Vision, mission and core values

Vision

ForFarmers intends to be the leading feed company in the European market and neighbouring regions (Europe+). ForFarmers achieves this by offering cost-effective and sustainable Total Feed solutions to farmers so that they can produce high-quality meat, eggs and dairy products.

Mission

ForFarmers' mission 'For the Future of Farming' demonstrates its confidence in the future of the agricultural sector. The Company makes every effort to ensure the continuity of the farming business. ForFarmers is convinced that it can contribute to a financially healthy agricultural sector. This is a sector that offers opportunities for the long term and that will play a role in society for many generations to come. ForFarmers—as the European market leader in the feed industry—does not only have the chance, but also the obligation, to deliver a substantial contribution to a more efficient and sustainable production of meat, eggs and dairy.

Three pillars

ForFarmers works side by side with customers to realise the long-term success of individual farming businesses and that of the agricultural sector as a whole. ForFarmers does so on the basis of three pillars:

Results: Targeted planning, monitoring and analysis of the results of the farming business.

Team: Guidance from specialist expert advisors.

Products: Use of tailored and Total Feed solutions.

Core values

The following core values form the sustainable essence of the Company's business culture.

Ambition

ForFarmers continuously aims to improve and pursue results at an ever-higher level, both on farm and within its own organisation. This requires clear leadership and a perfectly attuned team. Recruiting, developing and retaining the best people and motivating them to perform increasingly better are all crucial aspects of this, as is giving trust and autonomy.

Sustainability

ForFarmers regards sustainability as an integral and natural part of its business. Acting responsibly with regard to the use of natural resources and scarce raw materials, reducing impact on the environment, and contributing to animal welfare are all logical outcomes of this. ForFarmers accordingly helps resolve sustainability issues that go hand-in-hand with producing more food for a growing world population. In its day-to-day work, ForFarmers has a long-term vision, based on trust and transparency. In this respect, the Company adheres to local rules and procedures and takes its environment into account.

Partnership

The activities of ForFarmers are entirely focused on providing the best possible support to its customers. Co-operation forms the basis for this, with customers and suppliers as well as with strategic partners in various sectors who—like ForFarmers—want to be part of the solution. In these relationships, sustainability also comes first.

Total Feed Business

(Compound) Feed	Specialties	DML	Crop & other
- Compound Feed - Blends - Concentrates	- Young Animal Feed - Farm minerals - Additives - Transition products	- Dry co-products - Moist co-products - Liquid feed	- Silage additives - Seeds - Crop protection - Fertilisers - Forage - Bedding
Advice and tools			

Farming businesses in Europe are growing and have to deal with increasing interest in sustainable production, food safety, and animal welfare. Consequently, the need for feed solutions and on-farm support is ever changing.

Feed, advice and resources

ForFarmers has traditionally been successful in the development and production of compound feed and complementary feed for livestock farmers. The Company's core business is to deliver innovative Total Feed solutions, comprising feed and other products, specialist advice and tools. With this Total Feed approach, ForFarmers can align products and advice throughout the entire production cycle on farm. This gives customers an all-round solution in line with their business objectives, feeding system and business circumstances. This in turn provides for a better return on farm, healthier animals, increased efficiency and a reduced workload for customers.

ForFarmers' product portfolio comprises, amongst others, compound feed, feed for young animals and specialist feeds, moist co-products, individual raw materials, seeds and fertilisers. Advisory services encompass all aspects relevant to customers, ranging from feed and livestock farming to business development. Tools include programmes, products and services that farmers can use to set business objectives, and monitor and benchmark results.

For some specific products—like premixes, specialities, additives and seeds—ForFarmers works with strategic partners that specialise in these products. For instance, ForFarmers' has a strategic partnership with Nutreco for specialties such as feed for young animals, with Denkavit for calf milk replacer formulas, with Agrifirm for the purchase of artificial fertilisers, pesticides and seeds, and with Chr. Hansen for silage additives. As advisor on farm, ForFarmers has good—often long-standing—relationships with farmers, which is an advantage for strategic partners.

Organisation

ForFarmers has its registered office in Lochem (the Netherlands).

In order to be able to implement the Horizon 2020 strategy well, it is important to have a transparent organisation. It must strike the right balance between entrepreneurship in the local markets and the right use of the knowledge, values and experience available within the ForFarmers organisation.

In order to best serve the market, ForFarmers has three operational clusters. These are divided geographically and headed up by the COOs. The clusters are: The Netherlands, Germany/Belgium and the United Kingdom.

Operational activities generally take place locally to optimally meet customers' requirements in the region in question.

All activities organised at group level are connected to the clusters by means of a matrix organisation. These include HR (Human Resources), Innovation, Marketing, Communication, Sustainability, Commercial Excellence, Corporate Affairs, Controlling/Finance, Mergers & Acquisitions, IT, Investor Relations, Legal Affairs, Risk Management, Health & Safety and the activities of Supply Chain. These activities serve the entire ForFarmers Group and are managed by the Director Strategy & Organisation, the CFO and the Director Supply Chain. The principle for these activities is that they should be centralised as much as possible, in line with the One ForFarmers approach. With this approach, ForFarmers aims to further professionalise the organisation, to work in a uniform manner and to optimally leverage the economies of scale.

Composition of the Executive Board and the Executive Committee

From left to right: Stijn Steendijk, Arnout Traas, Yoram Knoop, Jan Potijk, Steven Read, Adrie van der Ven

The Executive Committee of ForFarmers is composed of the Executive Board and the other Directors. Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO) make up the Executive Board.

Executive Board

Yoram Knoop
CEO (Chief Executive Officer)

Yoram Knoop (1969, Dutch nationality) has been employed by ForFarmers since November 2013 and has been CEO of ForFarmers N.V. since 1 January 2014 (at the time ForFarmers B.V.). As Chairman of the Executive Committee, he is ultimately responsible for all strategic and operational affairs. His current contract runs for a period of four years until the AGM in 2018. It will be renewable for another term of four years. On account of his position, he is a member of the European Feed Manufacturers' Federation (FEFAC) Steering Group. Before Yoram Knoop joined ForFarmers, he was Managing Director of one Cargill's operating companies, which focuses on producing premixes for, amongst others, feed companies. Yoram Knoop has an MBA in business administration. He has over 25 years of experience in commercial, operational and general management positions in the Netherlands, United Kingdom and United States, at stock-listed, private and private-equity companies (Provimi, Quest, Owens Corning).

Arnout Traas
CFO (Chief Financial Officer)

Arnout Traas (1959, Dutch nationality) has been employed by ForFarmers as CFO since August 2011. He oversees the departments Controlling/Finance, Information Technology, Legal Affairs, Risk Management, Mergers & Acquisitions, and Investor Relations. In the Annual General Meeting of 15 April 2016, a term of four years was attached to his appointment. His mandate ends at the end of the Annual General Meeting of 2020. His appointment can then be renewed for a term of four years.

Arnout Traas is a registered auditor and worked for FrieslandCampina before joining ForFarmers, in the disciplines M&A and finance. Prior to this, he built up extensive experience in all financial disciplines, in both stock listed and private companies (amongst which Vendex, Mars and Arthur Anderson).

Jan Potijk
COO (Director)
Jan Potijk (1958, Dutch nationality) started his career with (the predecessors of) ForFarmers in August 1983, and has been a member of the Executive Committee since July 2000. In his current role as Director (COO), he is responsible for ForFarmers in the Netherlands and for the companies Vleuten-Steijn, Pavo and Reudink. In the Annual General Meeting of 15 April 2016, a term of three years was attached to his appointment. His mandate ends at the end of the Annual General Meeting of 2019. His appointment can then be renewed for a term of four years.

Jan Potijk started working at (the predecessors of) ForFarmers over 30 years ago, immediately after having graduated from the Agricultural Polytechnic, and became a member of the board at a very young age. He was intensely involved in the transition of the Company, from a regional cooperative to an international organisation. Jan Potijk knows the agricultural sector well, as he was raised on a mixed farm.

Executive Committee members

Steven Read
COO (Director)
Steven Read (1963, British nationality) has been employed by the legal predecessor of ForFarmers in the United Kingdom since September 1986, by ForFarmers since July 2012, and a member of the Executive Committee since July 2014. Until the end of 2017, he was responsible, as Director Supply Chain, for Purchasing, Formulation, Production and Logistics. As of 1 January 2018, he is responsible for the activities of ForFarmers in the United Kingdom. The responsibilities for Supply Chain are temporarily taken over as of 1 January 2018 by the other members of the Executive Committee. Steven Read's employment contract is permanent.

Steven Read was raised on a dairy farm in the United Kingdom. After having studied Agriculture, specialising in animal nutrition, he started at Pauls Agriculture, which was later (as part of BOCM PAULS) acquired by ForFarmers. He has held both commercial and general management positions, managed multiple change projects and was directly involved in the sale of BOCM PAULS to ForFarmers.

Stijn Steendijk
Director Strategy & Organisation
Stijn Steendijk (1969, Dutch nationality) started with ForFarmers in July 2014 as Director Strategy & Organisation. He is responsible for Marketing, Commercial Excellence, Communications, Corporate Affairs, Sustainability, the Nutrition Innovation Centre (NIC) and Human Resources (HR). His employment contract is permanent.

Stijn Steendijk studied business administration. During 25 years, he has held positions in commerce, HR and general management at, amongst others, L'Oréal, Unilever and Provimi. He has extensive experience in large-scale international change programmes, and was involved in the sale of the feed company Provimi to Cargill.

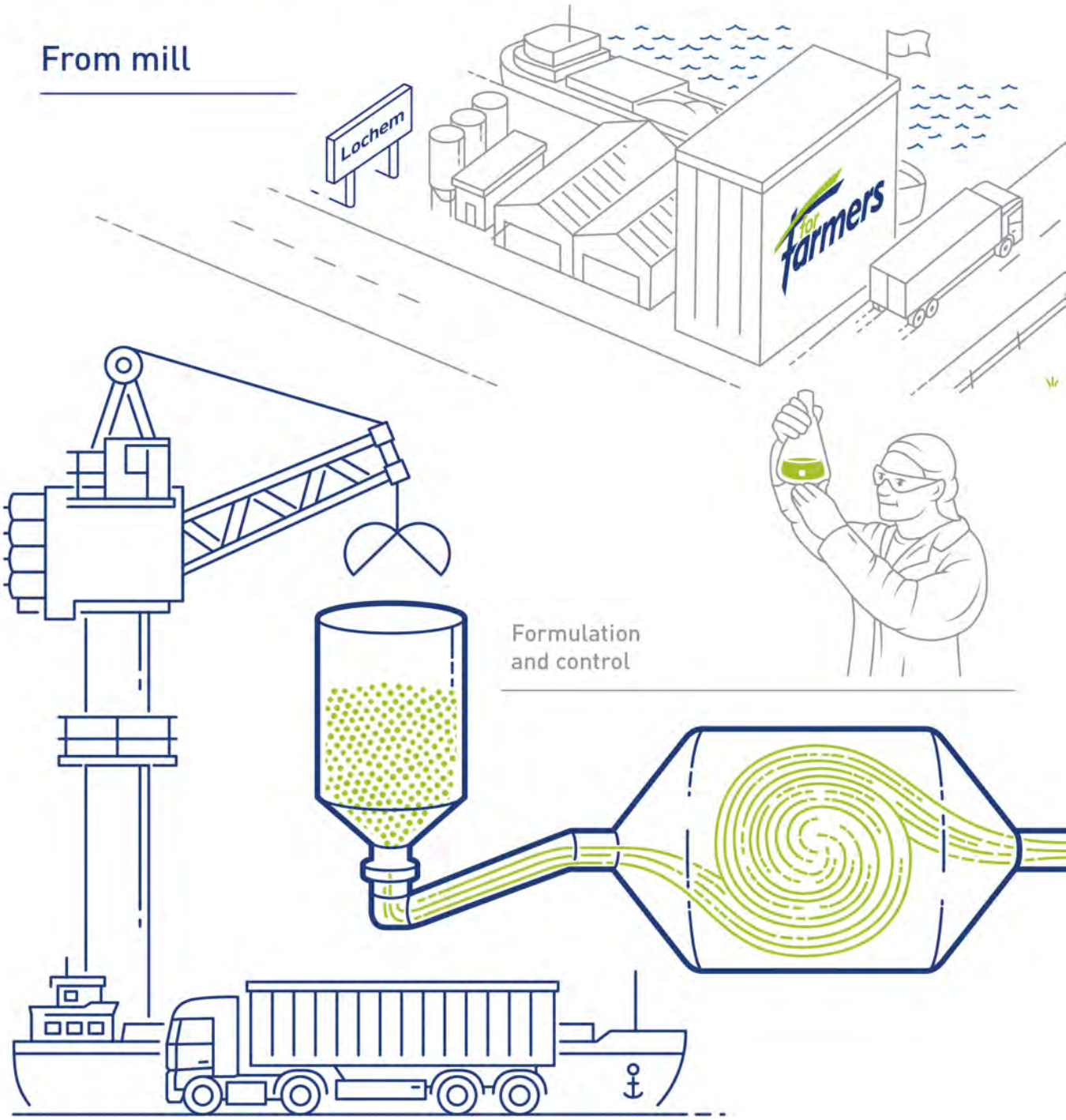
Adrie van der Ven
COO (Director)
Adrie van der Ven (1963, Dutch nationality) has been employed by ForFarmers as a Director (COO) since 1 February 2016. He is responsible for ForFarmers' activities in Germany and Belgium and for further international expansion of ForFarmers in new regions. His employment contract is permanent.

Prior to joining ForFarmers, Adrie van der Ven held (international) management positions at Louis Dreyfus, Nutreco and Cargill, all organisations that are active in the agricultural sector. He has studied business economics and has significant experience in M&A as managing partner of a private investment company.

Director Supply Chain
The Director Supply Chain is responsible for Purchasing, Formulation, Production and Logistics, including transport and programs for improving operational activities, technology, health & safety, and for the quality program. A successor is currently being sought externally for Steven Read who fulfilled this role until the end of 2017.

How does a feed mill work?

From mill



LOCHEM

2 unloading installations for cargo ships, loading capacity approx. **150T/hour** each

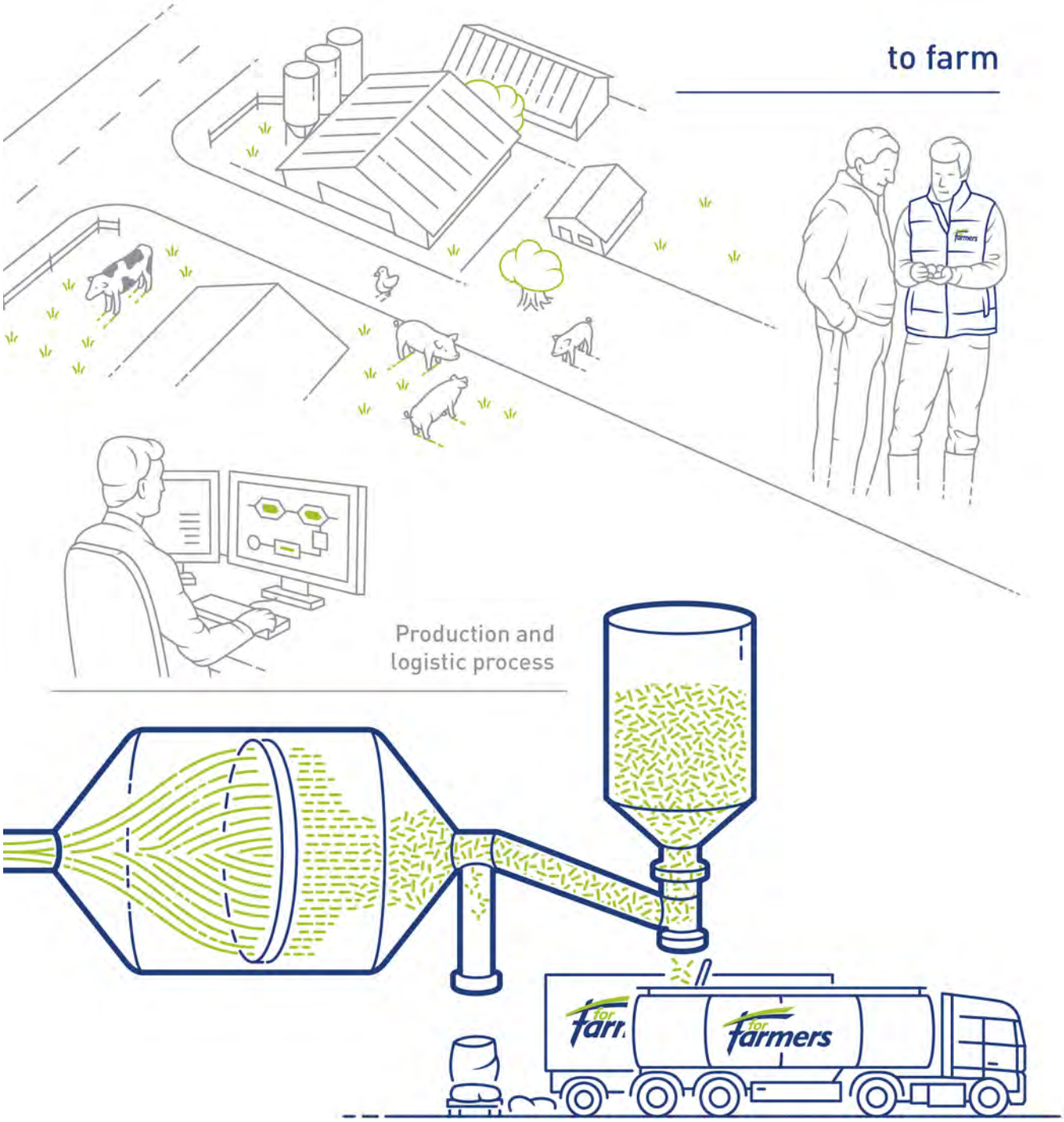
UNLOADING

4 cargo ships/day (**500T** to max. **2,500T**/ship)

Processing of approx. **75 different raw materials**: grains, co-products of oil production (soy, rapeseed and sunflower), salt, amino acids etc.

WEEKLY MANUFACTURIN

Approx. **7kT grains** (wheat, ba
Approx. **4kT co-products** huma
(corn distillers, sugar, soy,
rape seed expeller etc.)
Approx. **0.5kT vitamins, miner**



G

ley, corn)
n food

als etc.

WEEKLY SUPPLY

approx. **550 – 600 different products** to pig farmers

PRODUCT FORMS

flour, pellets in various sizes (**2.2 mm**, **3.0 mm** and **4.0 mm grain** and **crumbs**).

Daily transport to pig farmers: approx. **60 – 70 tankers**

From warehouse Lochem: approx. **10 curtain siders** to various farmers

The ForFarmers share

ForFarmers highlights for investors

- #1 Total Feed solutions provider to farmers in Europe+ with leading positions
- Active in resilient markets with growth opportunities
- Central position in value chain: access to farm gate
- Focussed strategy to further enhance and expand business: Horizon 2020
- Clear and proven M&A strategy to drive further expansion
- Sustainability is a vital element in business model
- Attractive financial performance and profile

The ForFarmers share

On 24 May 2016, the share of ForFarmers N.V. was listed on Euronext Amsterdam under the symbol 'FFARM'. Since 19 September 2016, ForFarmers is included in Euronext Amsterdam's AScX index, and since May 2017, in the MSCI Netherlands index.

The Company's issued share capital as at 31 December 2017 amounts to €1,062,610.41. This is divided into 106,261,040 issued ordinary shares and one priority share, each with a nominal value of €0.01. Coöperatie FromFarmers U.A. holds the priority share.

On 31 December 2017, ForFarmers held 5,469,292 ordinary shares following the share buy-back programme that began on 2 May 2017. ForFarmers has registered its substantial participating interest in its own shares with AFM (3% and 5% threshold based on the number of issued ordinary shares).

Share information

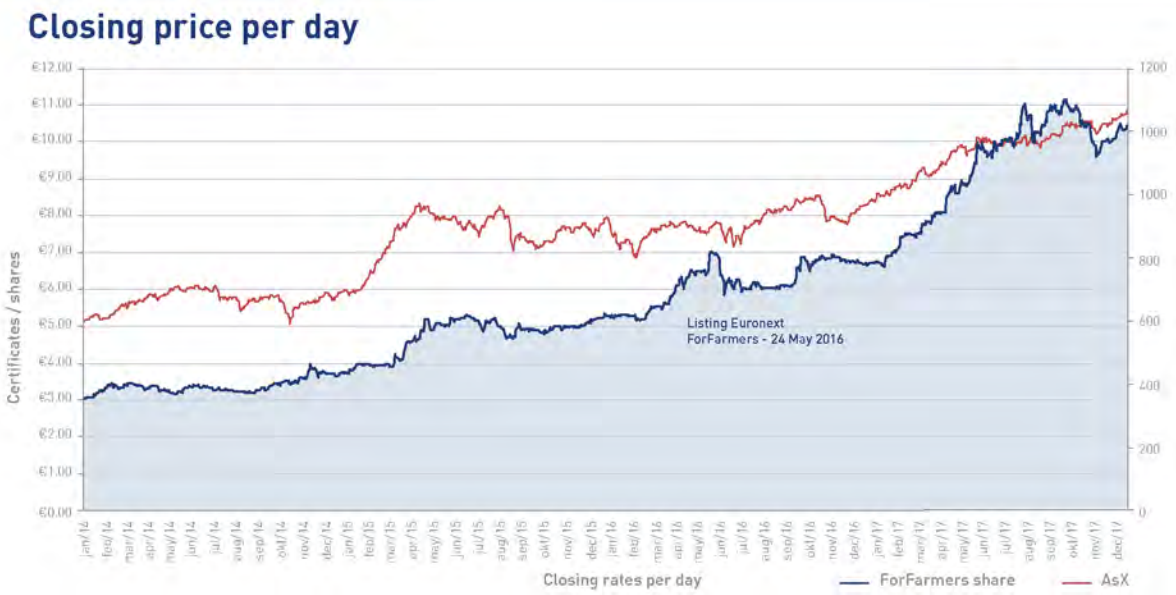
In euro	2017	2016
Earnings per share	0.56	0.50
Dividend	0.30	0.24
Number of ordinary shares outstanding (x 1 million) as of 31 December	100.8	106.2
Market capitalisation (€ million) on 31 December	1,052.3	706.1
Highest price	11.16	7.03
Lowest price	6.61	5.17
Closing price	10.44	6.65

[1] *Earnings per share is calculated based on the weighted average of the number of outstanding ordinary shares. In 2017, this number was 104,077,496 (2016: 106,150,160).*

[2] *Dividend is calculated based on the number of outstanding ordinary shares as of 31 December.*

[3] *Market capitalisation is calculated on the number of outstanding ordinary shares per 31 December.*

[4] *Price until 24 May 2016 relates to the price on the trading platform. From 24 May 2016 it is the price on Euronext Amsterdam.*



Dividend policy

ForFarmers aims to distribute dividend, taking into consideration long-term value creation and a healthy financial structure to execute its strategy. The dividend policy of ForFarmers is to pay out between 40% and 50% of the profit after taxes (the result after tax attributable to the shareholders of the Company) excluding non-recurring effects.

2017 dividend proposal

The proposal to distribute a dividend of €0.30 per share of a nominal value of €0.01 (2016: €0.24) shall be submitted to the General Meeting of Shareholders of 26 April 2018. This corresponds with a pay-out ratio of 50% of the result after tax and excluding non-recurring effects and means an increase in dividend of 25%. The aforementioned proposal has been approved by the Supervisory Board.

Notification of capital interests

On 31 December 2017, the following shareholders with a substantial participating interest (>3%) are registered with the AFM in accordance with the notification requirement pursuant to the Financial Supervision Act ('Wft' in Dutch).

Interest

	Interest
Coöperatie FromFarmers U.A. (direct en indirect)	49.99%
Stichting Beheer- en Administratiekantoor ForFarmers	9.69%
APG Asset Management N.V.	6.71%
Kempen Capital Management N.V.	5.27%
ForFarmers N.V. (due to share buy-back programme)	5.02%
JP Morgan Asset Management Holdings Inc	3.01%

* based on 106,183,461 issued ordinary shares

Specification of shares

As at 31 December 2017, Coöperatie FromFarmers (hereinafter: the 'Cooperative') has a direct capital interest (based on the number of issued ordinary shares) of 17.4%, for which there is no connection to a participation account, and an indirect interest of 31.8%, for which the Cooperative has issued participation accounts to individual members. These members may at any time decide for themselves to convert their participation account, or part thereof, into depositary receipts, make a transfer to investment accounts, or sell on Euronext Amsterdam.

As at 31 December 2017, the Cooperative could give voting instructions for 52,295,509 (certificates of) shares and additionally could give voting instructions for 8,189,422 depositary receipts, which were held by Stichting Beheer- en Administratiekantoor ForFarmers and for which voting rights had not been requested. Taking into consideration the effect of the share buy-back programme, the Cooperative held a voting interest of 60.0% (based on the number of outstanding ordinary shares) as at 31 December 2017.

The Cooperative also holds the priority share as long as certain conditions are adhered to as laid down in the Articles of Association.
This is clarified in the table below.

Shares / Depositary receipts

	Shares / depositary receipts 31 December 2017	Capital intrest	Shares / depositary receipts 31 December 2016	Capital interest
Total of ordinary shares outstanding	106,261,040	100.00%	106,261,040	100.00%
Held by ForFarmers	5,469,292	5.15%	77,580	0.07%
Number of ordinary shares outstanding	**100,791,748**	**94.85%**	**106,183,460**	**99.93%**
Shares Coöperatie FromFarmers U.A. (Direct)	18,498,469	17.41%	22,097,857	20.80%
Participation accounts of members (Indirect)	33,797,040	31.80%	34,460,032	32.43%
Coöperatie FromFarmers U.A.	**52,295,509**	**49.21%**	**56,557,889**	**53.23%**
Depositary receipts of members	5,582,503	5.25%	6,436,342	6.06%
Depositary receipts in lock-up	1,445,655	1.36%	1,398,424	1.32%
Depositary receipts other holders[1]	1,161,264	1.10%	4,967,900	4.68%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**8,189,422**	**7.71%**	**12,802,666**	**12.06%**
Shareholders (external)	40,306,817	37.93%	36,822,905	34.64%
Total of ordinary shares outstanding	**100,791,748**	**94.85%**	**106,183,460**	**99.93%**

(1) These concern (former) employees of ForFarmers for whose depositary receipts of shares no lock-up exists (anymore) and third parties which did not (yet) convert their depositary receipts into shares.

Share buy-back programme

In the General Meeting of Shareholders of 26 April 2017, an authorisation was requested and granted to begin a share buy-back programme with a maximum term of 18 months for (a) an amount between €40 million and €60 million and (b) on behalf of employee participation plans in 2017. The reason for the share buy-back was, among other things, to make ForFarmers' balance sheet more efficient. In the press release with respect to the half-year results for 2017, ForFarmers stated that it would use the full authorisation of €60 million for the share buy-back.

ForFarmers purchased 5,747,993 of its own (ordinary) shares in the period between 2 May 2017 and 31 December 2017. Accordingly, the Company bought 5.1% of its own issued ordinary shares. The shares were purchased at an average price of €9.86 per share, for a total of €56,664,525. Of the shares bought, 358,465 shares are for the employee participation plan; for the Executive Committee and senior managers, and for other employees.

Trading volume

One of the reasons for the public listing on Euronext Amsterdam was to increase the share's liquidity. The average trading volume in ForFarmers depositary receipts on the trading platform prior to listing on Euronext Amsterdam in May 2016 came to around 40,000 a day. Over the course of 2017, the trading volume in ForFarmers shares increased to an average of around 218,000 a day.

Liquidity provider

In its role as liquidity provider, ABN AMRO had the obligation, between 2 January 2017 and 29 December 2017, to support trading in ordinary shares of ForFarmers on Euronext Amsterdam by issuing permanent purchase and sale orders. As a liquidity provider, ABN AMRO operates fully autonomously of the Company and must comply with the directives of the AFM. ForFarmers has extended the contract with ABN AMRO by one year.

General Meeting of Shareholders

The General Meeting of Shareholders will be held on 26 April 2018 in Laren (Gelderland, the Netherlands).

Financial calendar

29-03-2018	Registration date General Meeting of Shareholders
26-04-2018	General Meeting of Shareholders
30-04-2018	Ex-dividend listing
02-05-2018	Registration date for those entitled to a dividend
03-05-2018	Q1 2018 Trading update
09-05-2018	Dividend payment
16-08-2018	Publication of half-year figures 2018
01-11-2018	Q3 2018 Trading update
13-03-2019	Publication annual results and annual report 2018
26-04-2019	General Meeting of Shareholders

The company is established in Lochem (the Netherlands) and registered in the companies register of the Chamber of Commerce under the number 08159661.

Investor Relations

ForFarmers values a good and open relationship with its (potential) shareholders, depositary receipt holders, investors, analysts and other financial stakeholders (hereinafter 'Investors'). ForFarmers aims to give Investors clear, accurate and prompt information on developments within ForFarmers.

ForFarmers provides information through press releases, annual reports, (Q1 and Q3) trading updates and presentations to properly and best inform Investors. All information is available via the corporate website. The Company also organises audio webcasts to present the annual and half-year results, visits (potential) shareholdersand during roadshows and participates in conferences that banks organise for investors. All information that is shared with Investors is based on public information. The rules are also provided in the Policy regarding bilateral contact with shareholders. Because of the major participating interest of the Cooperative FromFarmers U.A. in ForFarmers, there is a relationship agreement established between these parties.

Contacts with Investors

Over the course of the financial year, ForFarmers has undertaken many Investor Relations activities. On 12 April 2017, ForFarmers organised its first Investor/Analyst day with the theme: 'A day in the life of ForFarmers'. 10 investors and 9 analysts took part. Aside from the presentations, which were given by members of the Executive Committee and specialists, a visit was also organised to a ForFarmers customer.

During the financial year, over 100 meetings were held in 16 different cities with fund managers. The CEO or the CFO took part in these meetings accompanied by the Director Investor Relations. This took place during 11 roadshows and 6 conferences organised by banks for investors. The cities visited were primarily important financial centres including Amsterdam, London, New York, Frankfurt and Paris. In the bilateral contacts with Investors, the aforementioned policy was always observed.

In 2017, members of the Executive Board of ForFarmers attended meetings of the member council and the annual FromFarmers Cooperative members meeting. The exchange of information at these meetings takes place under the conditions of the aforementioned policy.

Finally, there is the Annual General Meeting of Shareholders, which can be attended by all shareholders, depositary receipt holders and members of FromFarmers who hold a participation account with FromFarmers.

Disclosure

The supply of information to Investors takes place in conformity with the Dutch Financial Supervision Act (Wft) and the European Market Abuse Regulation. ForFarmers informs its Investors of relevant developments promptly, simultaneously and fully by means of a press release that is also posted on the corporate website and submitted to the AFM.

The Executive Committee assesses, in consultation with the Compliance Officer and the Disclosure Committee, whether and when information is price-sensitive and whether a disclosure obligation applies thereto.

Independent analyst reports

ForFarmers was followed by 6 financial analysts during 2017. ABN AMRO, the Idea-driven Equities Analyses Company, KBC, Kempen, Kepler Cheuvreux and NIBC Markets all published analyst reports about ForFarmers. Alongside the full reports, periodic updates also appear.

Historical development

ForFarmers has developed from a local compound feed cooperative in the east of the Netherlands into the market leader in the European feed industry. The rich history of the Company goes back to 1896, the year of incorporation of one of the legal predecessors of ForFarmers. In the decades that followed, the Company expanded through like-for-like growth, mergers, and acquisitions. The key activities of the cooperative were the purchase of raw materials and the production of feed for the affiliated members. In 2005, the name was changed to ForFarmers, in line with international growth ambitions.

Separating ForFarmers the Company, and FromFarmers the Cooperative, as preparation for international expansion

In order to grow internationally, the Cooperative was split in the cooperative FromFarmers and the company ForFarmers in 2007. In that year the 'equity on name' (EON) registration process was also started. Since then, the Cooperative goes by the name of Coöperatie FromFarmers U.A. Through the EON process, 82.6% of the Cooperative's assets were credited to participation accounts of members of the Cooperative over a period of 10 years. The last credits of this kind took place in 2017 and the Cooperative, as a result, directly holds 17.4% of the issued (certificates of) shares of ForFarmers. As at 31 December 2017, the members of the Cooperative together held an indirect interest of 31.8% in ForFarmers. These members with a participation account may at any time decide for themselves to convert (a part of) their participation account into depositary receipts, make a transfer to investment accounts, or sell on Euronext Amsterdam.

2017

- Sector organisation fully implemented in the clusters, supported by CRM system
- Launch of new sow concept NOVA across 4 countries
- Historically high capital investments compensated by reduction of working capital
- Various small acquisitions/divestments (Wilde Agricultures (UK), announcement DML partnership with Baks (NL) and divestment arable client portfolio to CZAV (NL)
- Start of strategic partnership with Chr. Hansen for specialties (in NL)
- Introduction United Nations Sustainable Development Goals, underpinning sustainability goals of ForFarmers
- Share buy-back programme executed for approximately 90% of the authorised amount of €60 million

2016

- Listing of ordinary shares of ForFarmers N.V. on Euronext Amsterdam - 24 May
- Acquisition and integration of Vleuten-Steijn Voeders B.V.
- Employee participation plan 2016 (participation 15%)
- Executive Committee scaled down (from 8 to 7 members) and responsibility new regions allocated to 1 member
- Start of specie-specific Academies (ruminant, swine and poultry)
- Roll-out of SAP-CRM system in the United Kingdom
- Start of Total Feed Support in the Netherlands
- Start of construction of new factory in Exeter (United Kingdom)

2015

- Acquisition and integration of Countrywide Farmers and launch of the plant segment in the United Kingdom
- Employee participation plan for all employees launched
- Sustainability strategy fine-tuned

2014

- Introduction Horizon 2020 and One ForFarmers
- Start strategic partnership with Nutreco and Agrifirm (the Netherlands)

2013 Finalising integration ForFarmers and Hendrix

2012
- Acquisition Hendrix (the Netherlands, Germany and Belgium) and BOCM PAULS (United Kingdom)
- Sale of majority interest of Cefetra

2007
- Start of Equity on Name, the cooperative is given the name FromFarmers
- Acquisition of BM (Germany)

2006 Acquisition of Bela (Germany) and sale of non-core activities Esbro and Plukon

2005 Introduction of new name ForFarmers

2003 New focus on core: compound feed and commodities

2000 Merger ABC and CTA to ABCTA

1896-2000 Multiple mergers, which ultimately led to the Cooperatives ABC and CTA

1896 Incorporation of Cooperative 'Welbegrepen Eigenbelang'

REPORT OF THE EXECUTIVE BOARD

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Strategy Horizon 2020

ForFarmers dedicates itself to the continuity of the farming business and a financially sound sector with its mission 'For the Future of Farming'. ForFarmers works side by side with customers to safeguard the long-term value creation of individual farming businesses and that of the sector as a whole in a sustainable way.

ForFarmers aims to be the go-to leader in the animal feed business in Europe and surrounding regions. It does so by offering its Total Feed solutions on-farm, which enable farmers to produce high-quality meat, milk and eggs. The cost-effective and sustainable feed solutions of ForFarmers help livestock farmers optimise their business in terms of profitability, feed safety and operational convenience. This makes ForFarmers an essential link in the food chain.

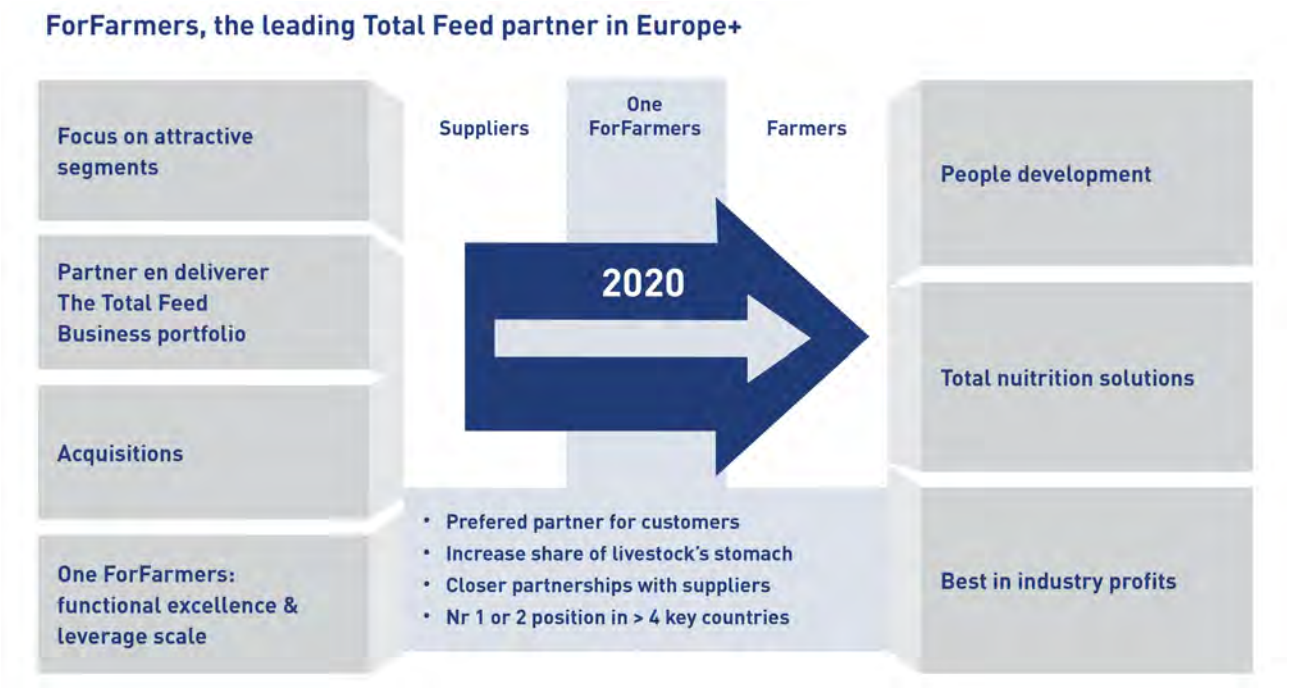
Strong starting point: on-farm access

Over the years ForFarmers has built up strong and trusted relationships with its customers. Specialists play the leading role in this, working with colleagues in marketing, nutritionists and the ForFarmers Nutrition Innovation Centre (NIC) to translate the farmer's requirements into ever better solutions.

Sustainability: integral to how we think and operate

Given its position in the feed value chain, the feed industry has an important role to play in solving sustainability issues. Global population growth and rising prosperity are pushing up demand for animal protein. In the manufacture of these products increasing attention is being focused, in more affluent countries, on caring for the environment and for human and animal wellbeing .

And so ForFarmers considers it a matter of course that sustainability is an integral part of its business operations. This concerns the use of scarce raw materials, the impact on the environment, consideration for people and society, and respecting animal welfare. ForFarmers wants to lead the feed industry in terms of sustainability, particularly as regards the use of raw materials, production, logistics, and efficient and more animal-friendly feed concepts. ForFarmers further tightened its sustainability strategy in 2017.



Horizon 2020 strategy

In order to realise its 'For the Future of Farming' mission ForFarmers has set out its strategic course for the next few years in the Horizon 2020 strategy. The main pillars of this strategy are:

1. Focus on attractive segments
2. Work with partners to offer a Total Feed business portfolio
3. Acquisitions
4. One ForFarmers: functional excellence and leveraging economies of scale

The four pillars of the Horizon 2020 strategy

1. Focus on attractive segments

ForFarmers gears its nutritional knowledge and its range of products and services to the size and stage of development of its customers' businesses. Large agricultural businesses with many employees and companies that use milk robots and apply the very latest technologies need different products and advice than small companies or companies that focus on a niche market, such as for instance organic feed.

To enable the Company to provide these different groups of customers with the best possible service, customer segmentation is an important aspect of its market approach and this has been implemented in all its operating countries. This approach relies on an effective customer relationship management (CRM) system; implementation of the 'One' system started in the United Kingdom in 2016 and was put to use in the other countries during 2017.

In addition ForFarmers has set up marketing organisations dedicated to species. Three specialist teams, focusing on the ruminant, swine and poultry sectors, propose marketing strategies and implementation plans for each country, setting out the appropriate approach for each segment. The marketing organisations work closely together with the specialists of the Nutrition Innovation Centre and the advisers who actually visit the farmers. This approach is under constant development through initiatives such as the specie-specific Academies (ruminant, swine and poultry).

2. Work with partners to offer a Total Feed business portfolio

ForFarmers delivers Total Feed solutions that meet the needs of individual livestock farmers and their specific business objectives and feeding systems. In addition to compound feed products our portfolio includes specialist feed for young animals, individual raw materials, co-products, grass and maize seed, and fertilisers.

ForFarmers has a highly targeted approach: to deliver on-farm solutions to the customer. For those products which ForFarmers does not manufacture itself, the Company has

chosen for strategic partnerships with parties that can make a key contribution to the Total Feed approach and therefore for the customer. A good example of this is the international partnership with Nutreco, formed in 2014. It enables the partners to share knowledge in the area of micro-ingredients and achieve major economies of scale through the joint purchasing of these products. ForFarmers and Nutreco have also joined forces in the area of research, which has resulted in new feed concepts such as VIDA and NOVA.

The strategic partnership between the ForFarmers forage department and Agrifirm – focused on the purchase of fertilisers, seeds and crop protection products for livestock farmers who wish to grow some of their own feed in the Netherlands – has improved the position on the purchasing side. ForFarmers wants to expand its forage activities as part of the Total Feed solution.

The Total Feed Support desk was set up as a one-stop-shop for all Total Feed products and applications to make things easier for customers. It involves ForFarmers Customer Service in the Netherlands and the commercial teams of ForFarmers DML (single feeds and co-products) working together as a single team. The result is better service for customers and improved internal efficiency. Total Feed Support was initiated in the Netherlands in 2016. The overall implementation in terms of systems and processes is on track and is expected to take another year or so. Preparations for implementation are now also underway in the other clusters.

3. Acquisitions

The focus on attractive segments, strategic partnerships and the Total Feed business are the pillars that support organic growth at ForFarmers. ForFarmers aims for a number 1 or number 2 position in all regions where it is active, both through organic growth and through acquisitions. This allows the best leverage of economies of scale.

In terms of acquisition opportunities ForFarmers focuses on the four core countries and on new regions within or bordering Europe (Europe+). Takeovers in the existing core countries allow operational efficiencies to be realised where the acquired companies are located in the same region.

Where acquisitions are made in new regions, the quality of the management is considered, as well as the company's market position and reputation. To get a picture of potential acquisition candidates and to ensure an effective and efficient takeover process, ForFarmers has a Mergers & Acquisitions team, which works closely with the Executive Committee and the cluster managers.

It is very important to ForFarmers that acquired companies are rapidly integrated into the organisation. Consequently, the acquisitions of HST Feeds Ltd. (2014), Wheyfeed Ltd. (2014), and the feed & forage activities of Countrywide Farmers (2015) are already fully integrated into ForFarmers UK. The integration of Dutch company Vleuten-Steijn Voeders, acquired in October 2016, was completed by May 2017. In light of Vleuten-Steijn's strong position in a niche market, the brand is retained for the time being and linked to the ForFarmers brand. In 2017, Wilde Agriculture was acquired in the United Kingdom, a small dealer with which ForFarmers already did business. Furthermore, the sale of the arable activities (not being related to animal feed) to CZAV in the Netherlands was announced, as was the strategic cooperation with Baks. The partnership with Baks relates to moist feeds for the swine sector particularly. ForFarmers acquires the customer portfolio from Baks and, vice versa, Baks takes over the relating logistical activities from ForFarmers. Both transactions (CZAV and Baks) have been effectuated in February 2018.

4. One ForFarmers: professionalisation and leveraging economies of scale

The One ForFarmers approach is aimed at sharing and

utilising internal knowledge, further professionalisation of the organisation, a uniform way of working and optimum leverage of economies of scale. This approach is made possible through the matrix organisational structure, whereby central departments provide services and support to the country organisations. The impact of this is noticeable in all layers of the organisation. The main results are:

- The 'One' customer relationship management (CRM) system was rolled out in the Netherlands, Germany and Belgium in 2017, having already been implemented in the United Kingdom in 2016.
- The purchasing organisation has been adapted: from 1 January 2017 it is managed across the countries by category specialists to allow even better leveraging of the economies of scale as a single organisation.
- In the United Kingdom a new central office was completed in Bury St. Edmunds, in which a number of regional sites have been brought together. This involved an investment of £4 million. Various support departments have been relocated to the new office, enabling them to work together more efficiently.
- The Continental financial back office activities were centralised in 2017, to allow for more efficient (co-)operation.
- ForFarmers develops tools that customers can use to set their business objectives and monitor their results, for example the 'manage@farm' tools, which include the Agroscoop monitoring program. The success of programs such as these partly depends on the availability and disclosure of data relating to the farming business. In the Netherlands it is common practice for livestock farmers to disclose data for consultancy purposes and many ForFarmers customers use Agroscoop. In the United Kingdom the chain made an important step in terms of data disclosure during the year under review. By leveraging the knowledge and experience gained in the Netherlands, but also in Germany and Belgium, progress has also been made in developing Agroscoop in the United Kingdom. This development is done with partners.

Horizon 2020 result fields

Implementing Horizon 2020 will enable ForFarmers to actively strengthen its position in the feed chain through closer cooperation with customers and strategic partners in the supply industries as well as a greater share of the total (feed) portfolio used by customers. This translates into concrete results for customers and farmers, and greater added value for ForFarmers.

Employees: personal development

The implementation of Horizon 2020 increases the opportunities and growth potential for ForFarmers employees. ForFarmers structurally invests in the professional and personal development of its employees. In 2017 many employees once again took part in management and professional training courses; you can read about this in greater detail in the Human Resources chapter. Furthermore, the Management Conference XL took place in July 2017. The conference, which brings together 250 ForFarmers managers, is held once every three years. Its interactive nature encourages participants to take part actively as much as possible rather than just listen. Over 95% of those who attended said their participation had been a valuable investment of their time.

Customers: total animal feed solutions

With its Total Feed approach ForFarmers provides integrated solutions comprising feed and other products, associated advisory services and tools to help set customers' business objectives and monitor their results. This approach enables ForFarmers to coordinate products and advice across the on-farm production cycle, providing customers with all-round solutions to suit their feeding system and business circumstances. ForFarmers maintains a constant dialogue with its customers, both on-farm and for example through sounding board groups and conferences. In this way the Company ensures that it

keeps up with the changing needs and requirements of customers at all times.

Examples of all-round and other feed solutions include:

- In November 2017, a new concept for sows was launched named NOVA. The NOVA products provide a higher milk production per sow, more piglets per litter, a higher weaning weight per piglet and a longer lifespan for sows. The concept was tested successfully on thousands of sows and piglets at the same time at around 40 selected pig farmers in the various countries where ForFarmers operates. The development and rollout of NOVA showcases the One ForFarmers approach: the sharing of knowledge for better returns both on-farm and for ForFarmers.

- Beginning 2017, a strategic partnership was formed with Chr. Hansen, resulting in the introduction of the silage additive SiloSolve©FC in the Netherlands, as part of the forage concept Terra+. By using SiloSolve©FC, losses due to conservation and heat are diminished by 40% to 60%, leading to a substantial feed profit for the farmer.

- Feed2Milk, the ForFarmers approach to dairy cattle feed, combines knowledge gained in various countries. The effectiveness of the feed and the animal's nutrient requirement are used to calculate the optimum ration. The concept was extended to the United Kingdom in 2017, with initial results at dairy farms being more than encouraging.
- The Vitality score was introduced in the Netherlands as part of the VITA approach for dairy cows. This score indicates the resistance of calves and presents a plan of approach for improving their vitality.

- Split feeding enables laying hens to be fed according to their need. This results in a higher feed efficiency and optimises the quality of the egg (shell).

- Forza Neonatal has been developed especially for very young chicks. For the first 24 to 36 hours after hatching, in systems in which chicks have direct access to feed, water and light. In this period of their life, chicks need specific energy to stay warm. Forza Neonatal improves the correct balance and levels of amino acids, in combination with the use of specifically selected well digestible sources of proteins and fats. This, among others, stimulates a healthy development of the gastrointestinal tract.

Profitability among the best in the sector

In 2017 underlying EBITDA increased 8.3% to €101.4 million. At constant exchange rates underlying EBITDA rose 10.1%. The underlying EBITDA/gross profit ratio improved from 23.0% in 2016 to 24.2% in 2017. Earnings per share rose from €0.50 in 2016 to €0.56 in 2017 (+12.0%).

The proposed dividend for 2017 is €0.30 per ordinary share (based on 100.8 million outstanding shares) which is 25% higher than the dividend (€0.24) in 2016. Based on the closing share price at 31 December 2017 of €10.44 this equates to a dividend yield of 2.9%.

Horizon 2020 in perspective: an analysis of ForFarmers and its markets

ForFarmers' Horizon 2020 strategy focuses on long-term value creation especially for farmers and shareholders. The Company deems it important to be able to timely and adequately respond to market developments. In this light, stakeholder dialogues are significant. Internal analyses are also important, in order to identify strengths and weaknesses of the organisation as well as signifying the opportunities and threats in and from the market (the 'SWOT' analysis).

The SWOT-analysis is presented below:

SWOT-analysis

	Positive	Negative
Internal	**STRENGHTS** · Full focus on Total Feed solutions on farm · Leveraging scale: internal academies, in-house Nutrition Innovation Centre · Solid financial position	**WEAKNESSES** · Total Feed portfolio not yet complete in all countries · Market positions in Germany and Belgium not yet optimal · Imbalance of the contribution of the various clusters
External	**OPPORTUNITIES** · In consolidating markets: increasing demand for client specific, data driven, supporting solutions · Increasing (environmental) legislation requires innovative feed solutions · Growing interest in quality and provenance of food	**THREATS** · Increasing interest in diminishing meat consumption · Environmental-impact and animal diseases

Market Developments

Farmers are active in markets on which they have on the whole little to no influence on the prices of the end product. These prices nevertheless do have a great impact on their results. This was also the case in 2017. Milk, meat and egg prices recovered considerably in 2017. The sharp rise in swine prices towards the end of 2016 levelled off during 2017, but historically speaking, the prices are still relatively high. As a result, livestock farmers have seen their returns improve in 2017.

This improvement in returns is a welcome development given that with ever-stricter European legislation in the area of environment and animal welfare, they still face great challenges. ForFarmers supports farmers with sustainable Total Feed solutions and advice which allows them to further improve their profits.

General

With a growing world population and increasing prosperity in many places, demand for animal protein grows. At the same time, more attention is focused in the more prosperous countries on the effects on the environment and the wellbeing of humans and animals when in the manufacture of animal protein. Given the position in the value chain, the – mainly in the Western countries operating - animal feed industry plays an important role in solving sustainability issues in the meat-, egg- and dairy-product-production process. Sustainability is therefore an integral and natural element of ForFarmers' business operations. This entails aspects such as making the best possible use of scarce raw materials, minimising the impact on the environment, attention to people and society, and promoting animal welfare. ForFarmers aims to be the leader in policy with regard to sustainability in the feed industry, particularly in the use of raw materials, production & logistics, and feed concepts aimed at efficiency and animal welfare.

Raw materials market

The most important raw materials that ForFarmers purchases are types of grain such as maize, wheat and barley, and plant sources of protein such as soy, rape meal, and sunflower meal. In addition, high fibre raw materials are an important category, including co-products from the starch and oilseed processing industries, and products originating from the milling of grains. Other categories are fats and oils, and the so-called feed additives such as amino acids, vitamins and minerals.

Grain and oilseed harvests were good worldwide in 2017, leading to prices falling in the second half of the year. There is also a whole range of factors that influence raw material prices, such as production costs, storage, transport (water levels in rivers) and energy. For instance, as a result of a fire at a supplier of vitamins (in Germany), a shortage of important feed ingredients vitamin A and E arose, leading to higher prices. But also those who speculate on the futures markets and on foreign currency fluctuations influence the price development of raw materials. Raw material costs form a considerable part of the cost of feed, and changes in these costs are passed on to customers. The purchasing process and composition of raw materials in feed (formulation) is therefore an important activity for ForFarmers.

The purchase of raw materials can be broken down into micro ingredients (such as amino acids and minerals) and macro ingredients (raw material groups such as grains, plant proteins, high-fibre raw materials and vegetable oils). In the purchase of micro ingredients and premixes, ForFarmers takes advantage of economies of scale by concentrating these purchases as much as possible with its strategic partner Nutreco. In the purchase of macro ingredients, ForFarmers focuses especially on the efficiency of the purchasing process and the optimisation of the feed composition with the desired nutritional content.

Farmers

The increase in scale and professionalism of the agricultural sector continues undiminished. This is the answer of livestock farmers on their rising costs due to increased pressure from retailers on the prices of their products, and the growing influx of laws and regulations, especially directed towards animal welfare and the environment. The agricultural business is getting more complex by the day and that leads to an increasing need for integrated solutions and for proper monitoring of technical and financial results. The amount of data gathered from animals and farms is strongly growing. ForFarmers encourages customers to structurally monitor and make use of these data. For this, the Company offers programmes that translate data into usable management information, allowing the livestock farmer to optimise production processes and increase returns. The rising digitalisation of the sector opens up new opportunities to connect data on a massive scale and to use it for valuable analyses. These can again form the basis for improvements to the business process. This is used a lot in arable farming, generally referred to as 'Precision Farming'. ForFarmers also expects this to accelerate in livestock farming and increasingly focuses on keeping its knowledge in this field up-to-date and translating this into ever-better service to customers.

In the markets in which ForFarmers' customers are active, a range of trends can be detected. Under the influence of further globalisation and increasing prosperity in emerging markets, international trade in agricultural products is on the increase. This makes for a more varied export trade pattern that makes countries less dependent on one or several trade partners. In addition, interest is growing in Western Europe for sustainable local and regional products. This creates plenty of initiatives focused on a specific consumer segment in the local market.

Brexit will probably also have an impact on international trade, but it is still unclear what its consequences will be on the agricultural sector in Western Europe.

Ruminant sector

Milk production in the Netherlands and the United Kingdom was stable in 2017, while in Belgium and Germany there was slight growth. In 2017, milk prices recovered considerably after a sharp drop in 2016. This is primarily attributable to the initially decreasing production in Europe and a worldwide growing demand for dairy products, especially from China. For the dairy sector in northwest Europe, which holds a very strong export position and a high-added-value product portfolio, this offers good prospects for the future. Because of the abolition of milk quota, the sector does however need to take into account ongoing volatility in the dairy market. In the Netherlands, the dairy sector also has to take into consideration the phosphate ceiling as determined by the EU.

Swine sector

After a stable first quarter in 2017, swine prices rose quickly in the second quarter, partly under the influence of tight internal EU supply and growing export to countries outside the EU. Over the course of the year, production in the EU recovered and the demand from China dropped. This resulted in a destination needing to be sought on the internal market for a lot of EU pork. Partly as a result of this development, prices fell back to early-2017 levels in autumn. The British swine sector can only provide for approximately 60% of local demand. Because of the fall in the Pound sterling, the necessary imports, from Europe in particular, have become more costly. Growth in this sector, in which ForFarmers has a good market position, does therefore seem tangible. In the short- to mid-term, growth is expected in exports to Asia, especially to Japan, Korea and the Philippines. Stricter environmental legislation in China is expected to shrink production capacity there. This offers possible opportunities for EU pork in the more keenly priced segment.

Poultry sector

In general, a growing preference can be seen–especially in Western Europe–for poultry, coupled with a falling

demand for pork. However, the poultry sector, particularly in the Netherlands and Germany, is faced with extensive legislation and initiatives for animal health and welfare. On the one hand, these developments entail additional costs, but on the other hand, the considerable growth in demand for animal-friendlier meat generates a lot of opportunities. In the layer poultry sector, the increase in the life span of laying hens, and consequently in the laying period, is one of the main points for attention. The number of countries imposing a prohibition on beak trimming is also on the rise.

Although welfare concepts have become the new standard in the Netherlands, conventional production remains standard in other European countries and for export. In this area, most of the competition comes from Poland and Ukraine.

In 2017, the layer and layer parent stock sector suffered in several European countries–including the Netherlands and Belgium–from the Fipronil affair. This led to major problems for affected farms, a temporary sharp dip in the number of layers and an increase in egg prices because of reduced supply. This imbalance in the layers sector is expected to be restored in 2018 .

Goats sector

Goat farmers in the Netherlands are in a favourable position; there is ample demand for their products and a good price is paid for them. This also applies to goat farmers in the other countries in which ForFarmers is active, even though the scale of the goat sector is limited outside the Netherlands. ForFarmers supports Dutch farmers with a dedicated team and has been very successful in this market with the Capri concept (feed approach) for goats.

Biological (Organic) sector

The biological (organic) sector continues to professionalise and grow. Because of increased attention for animal welfare and interest in the provenance of food, more consumers are prepared to pay a higher price for organic products. Returns are therefore good for organic livestock farmers. However, compared to conventional livestock farming it still remains a niche market.The limited supply of organic raw materials, however, is increasingly a point of attention.

ForFarmers is a leader in the organic market in Europe, operating under the name of Reudink. ForFarmers has a specialised factory for the production of organic feeds, which also engages in toll manufacturing for third parties.

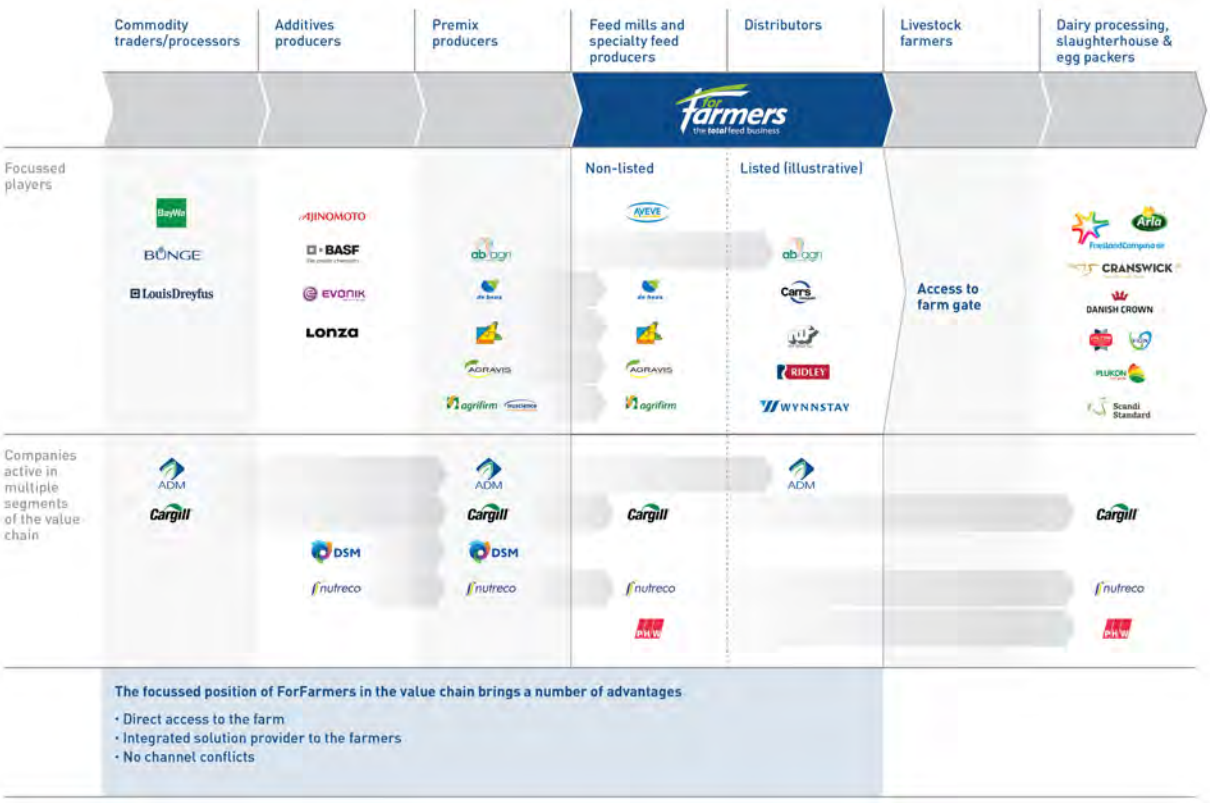
Horse sector

In the past years, the equestrian sport and sector in Belgium, Germany and the Netherlands has grown thanks to the healthy economy. Since a number of years, horse breeding is on the rise again and equestrian centres experience a growing influx of (recreational) young and elderly riders. Retail is also seeing its revenues increasing and trade in horses is flourishing. Sport federations are experiencing a drop in membership, however.

The fast growing group of recreational horse owners has a large preference for feed without grains, molasses and without genetically modified ingredients. Additionally, an increasing interest is noticeable within the equestrian sport for data driven solutions that enable rations to be better tuned to the health, well-being and performance of the animal. Pavo, the brand under which ForFarmers serves the horse sector, responds to these trends.

Compound feed industry

The Total Feed portfolio of ForFarmers consists of all sorts of feed, from compound feed to individual raw materials, and silage additives for forage. Because farming businesses are tending to get bigger, there is an increasing interest in 'home-mixing'. The ForFarmers approach of offering total feed solutions fits in well with this. From an international perspective the compound feed market is very fragmented. Consolidation is taking place in all markets. In the Netherlands, ForFarmers, Agrifirm and de Heus hold a joint market share of around 60%, whilst the remaining 40% is divided over approximately 85



other feed producers. In the United Kingdom, the three largest feed companies hold a combined market share of approximately 35%. These include AB Agri, ForFarmers and Mole Valley Partners. In addition, there are some 150 smaller players active in the British market. The largest feed companies in Belgium (Aveve, VandenAvenne, ForFarmers) together make up around 35% of the market, which has some 50 players. In other European countries, more fragmentation can be seen, such as in Germany where Agravis, DTC, Bröring and ForFarmers are important feed companies (approximately 30% market share combined). Additionally, there are around 300 smaller competitors in Germany. Feed companies are often owned by a cooperative or a family. ForFarmers fully concentrates on delivering (feed) solutions on farm and leaves the production of premixes to other players in the chain. Furthermore, there are competitors that are active throughout (parts of) the complete value chain. From a geographical perspective, ForFarmers focuses on Europe+ markets (Europe and its bordering regions), whilst a number of direct competitors have a broader geographical scope.

The European market is consolidating. Scale and focus is crucial to continue to stay ahead of the competition. This also applies to ForFarmers, which focuses–with the One ForFarmers efficiency programme–on making optimal use of economies of scale by, among other things, investing in innovation, knowledge development and versatile feed solutions. As part of this programme, projects are also embarked upon and executed in a range of fields, such as supply chain, administrative departments, and marketing in order to work as cost-efficiently as possible. Furthermore, ForFarmers focuses on acquiring feed companies in order to optimise its market positions.

Government

Legislation

Legislation and regulations with respect to sustainability and the environment have seen a lot of developments at a European level. However, national governments often adopt or implement these at different speeds. The anticipated ban on pig castration as of 1 January 2018 is still being debated because a number of countries are not yet ready for this. In the EU, the focus lies largely on reducing antibiotic use and improving animal welfare. Different countries run at different speeds in this area too. In Germany and the Netherlands, for several years already

antibiotics are no longer added to feed and Belgium has in the meantime introduced more stringent rules in this respect. In 2017, the United Kingdom started registering antibiotic use at a national level and there is currently a sector-specific approach being worked on to limit their use. Specific goals have been set per sector, in most cases for the period up to 2020. Thanks to the experience that ForFarmers has built up in these countries that are ahead on these measures, the Company has an advantage in terms of guiding farmers in the countries that follow.

The European Food Safety Authority (EFSA) has recommended a ban with a maximum transition period of five years, on veterinary feed with zinc oxide as an active ingredient. All veterinary feed permitted for sale in the EU that contain zinc oxide must be taken off the market by 2022. In the Netherlands, this ban will come into force by May 2018. Proposals regarding the maximum content of copper in animal feed are pending approval. These measures will, in EFSA's opinion, lead to less harm to the environment. EFSA also expects the reduction of copper levels to contribute to a reduction in antibiotic resistance. The European Commission is also currently reflecting on regulating the use of animal proteins in animal feed. The use of pork protein in poultry feed and of chicken protein in swine feed could potentially be allowed again in time subject to certain conditions. Additionally, there is a proposal underway to allow the use of insect protein in feed for non-ruminants.

After the abolition of milk quotas in 2015, and the subsequent increase in milk production, the Dutch government decided to introduce a system of phosphate rights as of 2018. The Dutch dairy chain (dairy industry, feed companies, LTO, consultancy organisations and the government) decided on a joint approach to achieve phosphate reduction. This set of measures, in force as of 1 March 2017, is aimed at three pillars: subsidies for livestock farmers that stop (the 'stop settlement'), levies for keeping too many animals and a reduction in phosphor levels in compound feed. In the meantime, the goals as regards the number of animals and phosphate reduction have been attained, the permitted deviation to the European norm, the derogation, for 2017 is assured, and an important condition has been met to maintain this scheme for 2018-2021.

Rules and regulations with respect to settlement policies for the agricultural sector in Germany and the Netherlands have–on the back of petitions from citizens–become so strict that in some places it is nigh on impossible to build barns on new sites or to expand new sites, unless old locations are being taken down.

More responsibility for the agricultural sector

Generally, the onus for successful business is increasingly on the agricultural sector. In some areas in Germany, for instance, the feed industry is required to organise the supervision of its own sector. Many farmers are against this given the effort this requires. In the Netherlands, the dairy industry is firmly organised and FrieslandCampina, which processes 80% of milk in the Netherlands, is the market leader. In Belgium, Germany and the United Kingdom, the processing industry is more fragmented, and any governance there is, is the responsibility of the retail sector as well as the processing industry.

In 2017, ForFarmers joined the Action Plan to Revitalise Pig Farming by the Dutch Association of Pig Farmers (Producenten Organisatie Varkenshouderij - POV). A number of partners have now got together to work on the implementation of this Action Plan.

Retail

The influence of retail in the food-production chain remains very high. Their influence differs per country, however. In general, retailers are great proponents of cost-savings and further efficiency in the supply chain. Supermarkets also have increasing numbers of products on their shelves that are produced as part of specific concepts. A growing number of supermarket chains in the Netherlands, for instance, sell only eggs and poultry meat produced as part of concepts with additional attention for animal welfare. These requirements do not apply–or apply to a lesser extent–for export markets, which is where around two-thirds of Dutch production goes. There are many different initiatives in the swine sector, often regional initiatives, that stand out for sustainability and animal welfare. This is still a relatively small–but nonetheless growing–section of the market. Increasingly, specific concepts are preferred over mass propositions. In order for many of these concepts to come about, cooperation is often opted for with a limited number of partners in the chain. Thanks to its strong position in the market and good contacts with all relevant parties, ForFarmers is well-placed in this field.

Consumers

In Northwest Europe, there is growing interest in the quality and provenance of food products. There is a general–but also politically driven–interest in health. Price and simplicity however continue to be important factors. Specific preferences are on the rise, such as for organic food and local products. In addition, there is increasing interest in non-genetically modified food, especially in Germany. This also has an impact on the Dutch market, albeit still limited to dairy companies that make products for the German market. ForFarmers plays a proactive role in several pilots in this area. This broad range of shifting and changing needs and requirements culminates in an ever-increasing fluctuation in the demand for foodstuffs. ForFarmers responds to this with concepts and advice.

Food prices have risen sharply over the last few years and farmers have also profited from this. Over the longer term, total consumption of animal protein remains stable to slightly growing. A growing preference can however be seen for poultry, coupled with a falling demand for pork. There is also a growing number of people who for various reasons eat less meat. This stimulates developments in the area of alternative sources of protein such as plant protein, insects and cultured meat. Although demand for these alternatives is still low compared with the demand for animal protein, it will only continue to develop. This is expected to manifest itself faster in Europe than in most other regions.

Trends in the chain

Feed industry

- Highly fragmented
- Gradual consolidation due to need for economies of scale and efficiency
- Increasing demand from farmers for performance feeds

Processing industry

- Market fragmentation varies by country
- Pressure on margins has eased somewhat, but the call for scale and efficiency remains
- Increasingly engaged in sustainability concepts

Retail

- Consolidation/increase of scale leads to more buying power
- Influencing consumer and industry re sustainability and health
- Heavily influenced by NGOs
- Strong position of discounters

Consumers

- More attention for sustainability, animal welfare and health; price does still remain an important factor
- Growing attention for food provenance
- Concerns about the use of antimicrobials in livestock farming

More initiatives for mutual cooperation in the chain, focused on more added value (concepts) and/or efficiency

Financial and operational review 2017, Dividend proposal, Outlook 2018

Consolidated key figures

In millions of euro (unless indicated otherwise)	2017	2016	Total change in %	Currency	Acquisition [5]	Like-for-like [6]
Total Feed volume (x 1.000 ton)	9,556.4	9,258.5	3.2%		2.2%	1.0%
Compound feed	6,727.8	6,359.4	5.8%		3.7%	2.1%
Revenue	2,218.7	2,109.0	5.2%	-1.9%	2.9%	4.2%
Gross profit	419.8	407.4	3.0%	-2.1%	0.9%	4.2%
Operating expenses	-346.8	-343.5	1.0%	-2.2%	0.2%	3.0%
EBITDA[1]	101.6	93.9	8.2%	-1.8%	3.7%	6.3%
Underlying EBITDA[2]	**101.4**	**93.6**	**8.3%**	**-1.8%**	**3.7%**	**6.4%**
Operating profit	74.0	67.8	9.1%	-1.5%	4.3%	6.3%
Profit attributable to shareholders of the Company	58.6	53.3	9.9%			
Net cash from operating activities	116.6	81.4	43.2%			
Underlying EBITDA / Gross profit	24.2%	23.0%				
ROACE[3]	24.3%	22.5%				
Basic earnings per share (x €1)	0.56	0.50	12.0%			

	31 December 2017	31 December 2016
Equity	409.9	429.0
Solvency[4]	52.1%	55.3%

(1) EBITDA is operating profit before depreciation and amortization.
(2) Underlying means excluding incidental items.
(3) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.
(4) Solvency ratio is equity divided by total assets.
(5) Relates to the net impact of acquisitions/divestments
(6) Like for like is the change excluding acquisitions and divestments and currency impact.
General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

Review 2017

Highlights of ForFarmers 2017 results:

- Total Feed volume: up 3.2% to 9.6m tonnes, through organic growth and mainly the Vleuten-Steijn acquisition;
- Compound feed volume: up 5.8% to 6.7m tonnes, due to farmers buying more performance feed;
- Gross profit: up 3.0% to €419,8 million, driven by 4.2% like-for-like growth and including a negative currency translation effect;
- Underlying EBITDA: up 8.3% to €101.4 million (10.1% growth at constant currencies) on sound like-for-like growth;
- Basic earnings per share: up 12% to €0.56, on improved net profit and due to share buy-back;
- Working capital improvements (€50.7 million) underpinning enhanced cash generation.

The following (YoY) analysis first considers the full year consolidated results, followed by more detailed analyses of the individual clusters.

The table below presents an overview of the YoY changes (in absolute amounts and in percentages) in the first half, second half and whole of 2017. Important developments in the second half of 2017 are explained.

Movements core parameters 2017 vs. 2016

In millions of euro (unless indicated otherwise)		Total		Currency		Acquisition		Like for like[1]	
Total Feed volume (x 1.000 ton)	HY1	162.3	3.6%			117.3	2.6%	45.0	1.0%
(x 1.000 ton)	HY2	135.6	2.9%			86.0	1.8%	49.6	1.1%
	FY	297.9	3.2%			203.3	2.2%	94.6	1.0%
Compound feed	HY1	194.6	6.2%			150.3	4.8%	44.3	1.4%
(x 1.000 ton)	HY2	173.8	5.4%			82.3	2.6%	91.5	2.8%
	FY	368.4	5.8%			232.6	3.7%	135.8	2.1%
Gross profit	HY1	0.8	0.4%	-6.7	-3.2%	1.6	0.8%	5.9	2.8%
	HY2	11.6	5.8%	-1.9	-0.9%	2.0	1.0%	11.5	5.7%
	FY	12.4	3.0%	-8.6	-2.1%	3.6	0.9%	17.4	4.2%
Operating expenses	HY1	7.0	-4.0%	5.9	-3.4%	0.1	-0.1%	1.0	-0.5%
	HY2	-10.3	6.2%	1.8	-1.0%	-0.8	0.5%	-11.3	6.7%
	FY	-3.3	1.0%	7.7	-2.2%	-0.7	0.2%	-10.3	3.0%
Underlying EBITDA	HY1	5.4	11.7%	-1.4	-3.1%	2.0	4.3%	4.8	10.5%
	HY2	2.4	5.1%	-0.3	-0.6%	1.5	3.0%	1.2	2.7%
	FY	7.8	8.3%	-1.7	-1.8%	3.5	3.7%	6.0	6.4%

(1) Like for like is the change excluding acquisition and divestments and currency impact.

Total **volume Total Feed** increased by 3.2% to 9.6 million tonnes in 2017, with 2.2% growth resulting from the net effect of acquisitions and divestments and 1.0% like-for-like growth. Volume growth was particularly strong in the clusters the Netherlands and Germany/Belgium, which reported growth of 3.8% and 5.0% respectively. In the United Kingdom, Total Feed volume decreased by 2.0% for the full year; the volume decline was 3.9% in the first half of the year, whilst the volume development was stable in the second half (compared to the year before).

The increase in **compound feed volume** was 5.8%. The net effect of acquisitions/divestments was 3.7%. This was mainly attributable to Vleuten-Steijn (the pig feed company in the Netherlands and Germany that was acquired in October 2016) and by the divestments made in the United Kingdom (Wheyfeed transport and Leafield). Like-for-like volume growth for compound feed amounted to 2.1%. Thanks to enhanced milk, swine and poultry prices, the financial situation for farmers in Europe generally improved in 2017. Volume growth in (higher value-add) compound feed was consequently larger than growth in Total Feed, which includes lower added value products as co-products (dry, moist and liquid).

Total revenue increased by €109.7 million (5.2%) to €2,218.7 million. Revenue was impacted by a negative currency translation effect of the weak Pound sterling of €40.7 million (-1.9%). Net growth from acquisitions/divestments was 2.9%. Like-for-like revenue growth was 4.2%, because of volume growth and higher

raw material prices (mainly in the United Kingdom) which are passed on to customers.

Gross profit increased by 3.0% to €419.8 million. Strong like-for-like growth of 4.2% and a net contribution from acquisitions/divestments (0.9%) was offset by a negative currency translation effect (-2.1%). The increase in gross profit was due to like-for-like volume growth in the clusters the Netherlands and Germany/Belgium, which more than compensated for the like-for-like loss in volume in the United Kingdom. The improved product mix – i.e. more compound feed and specialties – and the contribution from the strategic partnerships also helped push gross profit higher. Furthermore, gross profit increased to cover higher energy/fuel prices.

Total **operating expenses** increased by €3.3 million (1.0%). Currency translation of the Pound sterling into euro resulted in operating expenses being lower by €7.7 million (-2.2%). Acquisitions (Vleuten-Steijn and Wilde Agriculture) and divestments (Wheyfeed transport and Leafield) added a net €0.7 million (0.2%) to expenses.

On a like-for-like basis, operating expenses rose by €10.3 million (3.0%). Operating expenses in 2017 included an incidental impairment of €1.9 million with respect to a UK factory location. 2016 included an incidental reorganisation charge of €1.9 million for the United Kingdom. The increase in operating expenses were due to volume growth in the Netherlands and Germany/Belgium, and higher energy costs in all clusters. The expenses were positively influenced by a (net) release from the allowance for bad debts of €1.6 million (2016: net addition of €0.9 million) due to the improved financial position of customers in all clusters and improved management of accounts receivable.

Depreciation and amortisation increased, due to an increase in capital investments and the mentioned incidental impairment (€1.9 million). The extension of the depreciation term (as of 1 January 2017) of property, plant and equipment (particularly plants and machinery) following the periodic assessment of the expected economic life of these assets had a positive effect of -€2.4 million.

In millions of euro	2017	2016	Δ	Δ%
EBITDA	**101.6**	**93.9**	**7.7**	**8.2%**
Gain on sale of investments and assets held for sale	-0.4	-2.2	1.8	
Restructuring cost	0.2	1.9	-1.7	
Underlying EBITDA[1]	**101.4**	**93.6**	**7.8**	**8.3%**
FX effect	1.7		1.7	
Underlying EBITDA, at constant currencies[1]	103.1	93.6	9.5	10.1%
Operating profit (EBIT)	74.0	67.8	6.2	9.1%

(1) 'Underlying EBITDA' means EBITDA excluding incidental items
General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

EBITDA increased by 8.2% to €101.6 million. The negative currency translation effect of the weaker Pound sterling was 1.8%. The net contribution from acquisitions/divestments was 3.7%. Like-for-like growth was 6.3%. One-off restructuring costs (€0.2 million) included incidental expenses related to the introduction of a shared service center on the Continent. In 2016, a €1.9 million restructuring charge was taken in relation to ForFarmers United Kingdom.

Underlying EBITDA at constant currencies increased by 10.1% to €103.1 million. Acquisitions /divestments (net) contributed 3.7%. The like-for-like increase (6.4%) was driven by volume growth in the Netherlands and Germany/Belgium. This increase was 10.5% in the first half of the year and 2.7% in the second half of 2017.

The underlying EBITDA /gross profit ratio increased from 23.0% in 2016 to 24.2% in 2017.

Net finance expenses were lower, mainly due to lower interest costs regarding the pension liability in the United Kingdom following an additional payment into the closed fund at the beginning of the reporting year. This additional payment was agreed in return for the pension trustees agreeing to change the inflation definition for aforementioned liability from the higher RPI (retail price index) to the lower CPI (consumer price index).

The contribution from the German joint venture HaBeMa increased by 0.2% to €3.9 million thanks to trading volumes growing slightly in 2017.

The effective tax rate in 2017 was 22.7% (2016: 22.3%). The increase is because a relatively larger part of the results was realised in the Netherlands. In 2016 a larger deferred tax asset was formed for losses carried forward than in 2017.

Profit attributable to shareholders of the Company increased by €5.3 million (9.9%), to €58.6 million.
Basic earnings per share increased by 12.0% due to the increase in net profit and the impact of the share buy-back programme. Basic earnings per share is calculated based on the weighted average number of ordinary shares outstanding. In 2016 this equalled 106,150,160 compared to 104,077,496 in 2017 (as a result of the share buy-back).

ForFarmers Group had 2,325 employees at 31 December 2017, presented in full time equivalents (FTEs), 2.3% more than at 31 December 2016 (2,273). Mainly because of volume growth, amongst others, in the clusters the Netherlands and Germany/Belgium, there was an increase of 52 FTEs.

Capital structure

Group Equity as at 31 December 2017 amounted to €409.9 million; €19.1 million lower than a year earlier. The 2017 result of €59.3 million was added to Group Equity, while the amount distributed in dividends (€26.7 million) and a net amount of €53.7 million mainly relating to the share buy-back programme (as announced on 2 May 2017) were subtracted. Other Comprehensive Income, a positive amount of €2.1 million net of tax, mainly comprised two elements: the negative currency translation effect relating to the investment in the United Kingdom, and an addition to the pension liability as a result of the change in relating interest rate assumptions in the United Kingdom.

Solvency declined from 55.3% at end 2016 to 52.1% as at 31 December 2017. The ratio underlying EBITDA divided by 12-month average capital employed ('ROACE') increased from 22.5% in 2016 to 24.3% in 2017. The same ratio based on EBIT increased from 16.3% in 2016 to 18.2% in 2017.

The net balance of available cash and cash equivalents minus the bank loans and borrowings (long and short term) amounted to €67.1 million at end 2017 (end 2016: €61.5 million). The net increase of the positive balance was mainly attributable to realised EBITDA (€101.6 million) and the improvement in working capital, partially offset by capital investments, the share buy-back and dividend distribution. Furthermore, an additional payment (€11.7 million) was made into the closed pension fund in the United Kingdom at the beginning of the reporting year.

Working capital decreased substantially from €119.9 million (end of 2016) to €69.2 million at the end of 2017. As a result of the procurement optimisation process payment terms with suppliers were extended. In addition, constant focus on accounts receivable management and the improvement in the financial situation of our customers contributed to a decrease in accounts receivable. This is also demonstrated by the reduction in the percentage of overdue receivables: 14.9% at year-end 2017 compared to 18.6% at year-end 2016.

At the beginning of 2017, ForFarmers announced the intention to increase capital investment to approximately €40 million to €45 million in both 2017 and 2018, compared to historically investing some €25 million annually, in line with depreciation. In 2017, capital investments made in property, plant and equipment increased by 20.9% to €38.2 million. The increase is largely due to the investment of £10 million in the construction of a new factory in Exeter and £4 million in a new central office in Bury St Edmunds (both in the United Kingdom). Other investments in 2017 mainly consist of a new process control system, renovation of bulk silos, trucks and the replacement of a grinder in the Netherlands.

Results and developments per cluster

2017

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	4,538,548	2,111,171	2,906,659	-	9,556,378
Revenue	**1,117,112**	**546,542**	**622,398**	**-67,392**	**2,218,660**
Gross profit	**221,714**	**75,919**	**121,301**	**906**	**419,840**
Other operating income	412	211	338	-	961
Operating expenses	-154,106	-63,919	-116,290	-12,464	-346,779
Operating profit	**68,020**	**12,211**	**5,349**	**-11,558**	**74,022**
Gain on sale of investments and assets held for sale	-115	-	-248	-	-363
Restructuring cost / Impairment non-current assets	-	160	1,932	-	2,092
Incidental items	**-115**	**160**	**1,684**	**-**	**1,729**
Underlying operating profit[1]	**67,905**	**12,371**	**7,033**	**-11,558**	**75,751**
Depreciation and amortisation[2]	7,491	3,276	11,546	3,382	25,695
Underlying EBITDA[1]	**75,396**	**15,647**	**18,579**	**-8,176**	**101,446**
Underlying EBITDA / Gross profit[1]	34.0%	20.6%	15.3%		24.2%
ROACE[3]	**49.1%**	**18.3%**	**10.5%**	**-6.3%**	**24.3%**

(1) Underlying means excluding incidental items
(2) Excluding impairment non-current assets
(3) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

2016

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	4,282,620	2,009,255	2,966,672	-	9,258,547
Segment revenue	**1,019,072**	**522,285**	**630,704**	**-63,099**	**2,108,962**
Gross profit	**201,555**	**69,901**	**134,654**	**1,262**	**407,372**
Other operating income	1,557	1,017	1,271	104	3,949
Operating expenses	-144,762	-60,471	-121,165	-17,090	-343,488
Operating profit	**58,350**	**10,447**	**14,760**	**-15,724**	**67,833**
Gain on sale of investments and assets held for sale	-1,003 [1]	-	-1,152	-	-2,155
Restructuring cost / Impairment non-current assets	-	-	1,887	-	1,887
Incidental items	**-1,003**	**-**	**735**	**-**	**-268**
Underlying operating profit[2]	**57,347**	**10,447**	**15,495**	**-15,724**	**67,565**
Depreciation and amortisation[3]	8,550	4,035	10,712	2,747	26,044
Underlying EBITDA[2]	**65,897**	**14,482**	**26,207**	**-12,977**	**93,609**
Underlying EBITDA / Gross profit[2]	32.7%	20.7%	19.5%		23.0%
ROACE[4]	**45.4%**	**15.2%**	**14.2%**	**-11.8%**	**22.5%**

(1) Mainly relates to the sale of Oss
(2) Underlying means excluding incidental items
(3) Excluding impairment non-current assets
(4) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

General market developments

Generally speaking, the financial situation of farmers was better in 2017 than in 2016. Dairy farmers benefitted from rising milk prices. Milk prices started to decline towards the end of 2017, albeit they are still at a historic above average level. The strong demand from China for pig products combined with reduced EU production (in 2016) led to an increase in pig prices until the second half of 2017.

Prices then started to decline as the EU swine herd increased. Most pig farmers are still able to maintain positive margins.

The poultry sector had to deal with outbreaks of bird flu and, especially in the Netherlands, the fipronil affair. On average, prices for poultry products showed a (slight) upward trend in 2017.

Cluster the Netherlands

In thousands of euro	2017	2016	Δ%
Total Feed volume (in tons)	4,538,548	4,282,620	6.0%
Revenue	**1,117,112**	**1,019,072**	
Gross profit	**221,714**	**201,555**	**10.0%**
Other operating income	412	1,557	
Operating expenses	-154,106	-144,762	
Operating profit	**68,020**	**58,350**	**16.6%**
Gain on sale of investments and assets held for sale	-115	-1,003[1]	
Restructuring cost / Impairment non-current assets	-	-	
Incidental items	**-115**	**-**	
Underlying operating profit[2]	**67,905**	**57,347**	
Depreciation and amortisation[3]	7,491	8,550	
Underlying EBITDA[2]	**75,396**	**65,897**	**14.4%**
Underlying EBITDA / Gross profit[2]	34.0%	32.7%	
ROACE[4]	**49.1%**	**45.4%**	

(1) Mainly relates to the sale of Oss
(2) Underlying means excluding incidental items
(3) Excluding impairment non-current assets
(4) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and Sector developments

Since the beginning of 2017, dairy farmers needed to take measures to comply with the phosphate ceiling determined by the EU for the Netherlands. Feed companies reduced the amount of phosphate in feed, the government paid compensation to dairy farmers who decided to stop farming and farmers reduced their herd sizes by approximately 10%. Subsequently farmers started to focus on increasing the milk production per cow, also driven by the relatively high milk price.

The fipronil affair impacted some individual layer farmers significantly in the third quarter of 2017. Farmers were temporarily banned from selling their eggs. After the ban was lifted, consumers were initially reluctant to eat eggs. Egg consumption and export returned to normal levels in the fourth quarter.

Results

Total Feed volume sold in the cluster the Netherlands increased by 6.0% to 4.5 million tonnes. Vleuten-Steijn (acquired end of 2016) contributed 5.3% growth. Like-for-like growth amounted to 0.7%. Farmers were focusing on technical results, resulting in substantially higher growth in compound feed volume than in Total Feed. Dairy farmers, for instance, focused on optimising production per individual cow by using compound performance feeds.

Total Feed and compound feed volumes were higher in the swine sector. This is fully attributable to the(nine months) acquisition effect of Vleuten-Steijn. Like-for-like, volume in the swine sector decreased marginally. In the poultry sector, both in the layer and the broiler segment, volumes increased due to gaining new customers.
Reudink, the biological (organic) feed company, reported significant growth of over 20%, attributable to all species.

Gross profit increased by €20.2 million (10.0%) to €221.7 million. Higher volumes, the acquisition effect of Vleuten-Steijn, and better margins due to more performance feed and better formulation (optimum use of ingredients in feed) were the reason for this increase.

Furthermore, strategic partnerships contributed to gross profit improvement, including the new partnership with Chr. Hansen for silage additives (forage).

Other operating income decreased in comparison to 2016, when the sale of land in Oss was reported.

Operating expenses increased by 6.5%. This was due to an increase in volume related production and logistics costs, growth of the sales and production organisation, and the acquisition effect of Vleuten-Steijn. Production costs per tonne decreased despite higher energy costs. Due to consistent implementation of allocation of overhead costs, these were €2.2 million higher for the cluster the Netherlands than in 2016.

Underlying EBITDA increased by 14.4% to €75.4 million. All sectors, Reudink and Pavo contributed to this increase. The underlying EBITDA/gross profit ratio improved to 34.0% (2016: 32.7%).

ROACE increased from 45.4% in 2016 to 49.1% in 2017. EBITDA improved and capital employed decreased as the increase in capital investments were more than compensated by the reduction in working capital.

Cluster Germany / Belgium

In thousands of euro	2017	2016	Δ%
Total Feed volume (in tons)	2,111,171	2,009,255	5.1%
Revenue	**546,542**	**522,285**	
Gross profit	**75,919**	**69,901**	**8.6%**
Other operating income	211	1,017	
Operating expenses	-63,919	-60,471	
Operating profit	**12,211**	**10,447**	**16.9%**
Gain on sale of investments and assets held for sale	-	-	
Restructuring cost / Impairment non-current assets	160	-	
Incidental items	**160**	**-**	
Underlying operating profit[1]	**12,371**	**10,447**	
Depreciation and amortisation[2]	3,276	4,035	
Underlying EBITDA[1]	**15,647**	**14,482**	**8.0%**
Underlying EBITDA / Gross profit[1]	20.6%	20.7%	
ROACE[3]	**18.3%**	**15.2%**	

(1) Underlying means excluding incidental items
(2) Excluding impairment non-current assets
(3) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and sector developments

In Germany there is a noticeable increase in public interest in environmental protection measures and animal welfare. We see that the use of regionally grown raw materials is being promoted, with a specific focus on soy. There is also growing pressure on feed companies to use raw materials that are non-GMO. This strong focus on sustainability has consequences for farmers. For example, pig farmers are forced to reduce nitrate and phosphate levels in slurry/manure because of the fertilizer ordinance, which was approved in the first quarter of 2017. Overall, it is becoming increasingly difficult for farmers to build new stables or expand their businesses.
In Belgium, the importance of reducing medication in feed is gaining traction. ForFarmers is active in organising meetings to demonstrate the possibilities and benefits of medication-free feed.

Results

Total Feed volume for the Germany/Belgium cluster increased (like-for-like) by 5.1% to 2.1 million tonnes. In the ruminant sector, volume increased following the strengthening of the sales organisation and the addition of a new dealer.
Volume in the swine sector also increased thanks to a new dealer and new customers. In the poultry sector, volume sold to layer farmers grew because of increased market share. Volume sold to broiler farmers also increased. Growth in compound feed was higher than in Total Feed, although growth tapered off slightly in the second half of the year. Gross profit increased by €6.0 million (8.6%) because of volume increase, better formulation and better product mix with more specialties. In addition, there was a higher contribution from strategic partnerships in the second half of the year.
Total operating expenses increased by €3.4 million (5.6%). Manufacturing and logistics costs increased (mostly volume-driven but also due to higher energy costs and lower subsidies under the German EEG Renewable Engery Act) and higher costs were incurred to strengthen the sales organisation for volume growth. Overhead cost allocation was equal to 2016.

Underlying EBITDA increased by €1.2 million to €15.6 million (8.0%). The underlying EBITDA/gross profit ratio fell marginally to 20.6% (2016: 20.7%).
ROACE increased from 15.2% in 2016 to 18.3% in 2017 due to higher EBITDA and lower working capital.

Cluster the United Kingdom

In thousands of euro	2017	2016	Δ%
Total Feed volume (in tons)	2,906,659	2,966,672	-2.0%
Revenue	**622,398**	**630,704**	
Gross profit	**121,301**	**134,654**	**-9.9%**
Other operating income	338	1,271	
Operating expenses	-116,290	-121,165	
Operating profit	**5,349**	**14,760**	**-63.8%**
Gain on sale of investments and assets held for sale	-248	-1,152	
Restructuring cost / Impairment non-current assets	1,932	1,887	
Incidental items	**1,684**	**735**	
Underlying operating profit[1]	**7,033**	**15,495**	
Depreciation and amortisation[2]	11,546	10,712	
Underlying EBITDA[1]	**18,579**	**26,207**	**-29.1%**
Underlying EBITDA / Gross profit[1]	15.3%	19.5%	
ROACE[3]	**10.5%**	**14.2%**	

(1) Underlying means excluding incidental items
(2) Excluding impairment non-current assets
(3) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and sector developments

Brexit continues to influence all aspects of the agricultural business.

In 2017, the ruminant and swine sectors benefitted from rising milk and pig prices. Ruminant and swine herd sizes started to recover from the dire situation in 2016 and the financial situation of farmers improved. From the second half of the year, farmers started focusing on enabling better returns on farm, and consequently reverted to using performance feed. The consolidation of larger players in the market continued particularly in the swine sector, leading to new market dynamics.

Results

Total Feed volume in the United Kingdom cluster decreased by 2.0% to 2.9 million tonnes. Most of the decline was recorded in the first half of the Year, with volume recovering in the second half. Excluding the net effect of acquisitions/divestments, the like-for-like annual decrease was 1.2%. The volume decline for compound feed was less pronounced than for Total Feed, with compound feed seeing volume growth in the second half of the year.

Market dynamics affected volume development in the ruminant sector negatively. The introduction of Feed2Milk in the dairy sector is looking promising, however.

Volumes in the swine sector increased, particularly in the second half of the year as herd sizes grew. There was a marginal increase in volume sold to the poultry sector.

Gross profit decreased by €13.4 million (-9.9%), of which €8.6 million was attributable to negative currency translation. Farmers increasingly reverted to buying performance feed and specialties. The larger share of volume of 'XL customer' contracts in the swine sector, which have lower value add, offset this positive development. Initial steps have been taken to improve the relevant commercial proposition.

Operating expenses decreased by €4.9 million (4.0%). The currency translation impact amounted to lower operating expenses by €7.7 million. Temporary higher third party logistics costs negatively affected operating expenses. This was due to a higher than usual turnover of drivers, and the fact that it was difficult to recruit new drivers in time. This was due to many non-UK drivers having left the United Kingdom because of concerns around Brexit. Measures were also taken in the second half of 2017 which have led to much enhanced customer service levels. This serves as an important enabler for supply chain optimisation.

Depreciation and amortisation costs were higher, due to the investment in the new mill in Exeter, which is now operational. The increase also includes an impairment cost of €1.9 million relating to one of the factories. Overhead costs that were allocated to the cluster in a consistent manner were €2.2 million higher than in 2016.

Underlying EBITDA decreased by 29.1% to €18.6 million. The underlying EBITDA/gross profit ratio decreased to 15.3% from 19.5% in 2016.

The lower EBITDA and the slight delay in realising the savings from the supply chain optimisation plans, reduced the headroom between the recoverable amount and carrying amount regarding the goodwill impairment test for the United Kingdom.

ROACE decreased from 14.2% (2016) to 10.5% in 2017 because of the lower EBITDA and a rise in assets due to the investment in the factory in Exeter and the office in Bury St Edmunds.

Central and support expenses

In thousands of euro	2017	2016	Δ%
Gross profit	**906**	**1,262**	**-28.2%**
Other operating income	-	104	
Operating expenses	-12,464	-17,090	
Operating profit	**-11,558**	**-15,724**	**-26.5%**
Gain on sale of investments and assets held for sale	-	-	
Restructuring cost / Impairment non-current assets	-	-	
Incidental items	**-**	**-**	
Underlying operating profit[1]	**-11,558**	**-15,724**	
Depreciation and amortisation[2]	3,382	2,747	
Underlying EBITDA[1]	**-8,176**	**-12,977**	**-37.0%**
ROACE[3]	**-6.3%**	**-11.8%**	

(1) Underlying means excluding incidental items
(2) Excluding impairment non-current assets
(3) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Central operating expenses decreased after allocation of overhead expenses to the operational clusters. Taking into consideration that total overhead allocation in 2017 was higher by €4.4 million (cluster the Netherlands and the United Kingdom) than in 2016, central and support expenses decreased by €0.3 million. In 2016, one-off expenses of €1.5 million for the listing on Euronext Amsterdam were included.

Dividend proposal

ForFarmers aims to distribute dividend, taking into consideration long-term value creation and a healthy financial structure to execute its strategy. The dividend policy of ForFarmers is to pay out between 40% and 50% of the profit after taxes (the result after tax attributable to the shareholders of the Company) excluding non-recurring items. In 2017 this profit amounted to €60.3 million. Based on the healthy financial position of the Company, a pay-out ratio of 50% is proposed, which equates to a proposed dividend of €0.30 per ordinary share (based on 100.8 million outstanding shares) which is 25% higher than the dividend of €0.24 in 2016. The annual accounts will be submitted for adoption at the Annual General Meeting on 26 April 2018. The dividend is payable on 9 May 2018.

Outlook for 2018

The long-term prospects for the agricultural sector in northwest Europe remain positive. Demand for animal protein continues to grow on the back of a growing world population and increasing prosperity. At the same time, the more prosperous countries focus more on the environment and the wellbeing of humans and animals when manufacturing these products. Sustainability is therefore an integral and natural element of the business operations of ForFarmers. Farmers face increasing regulatory obligations and consequently cost increases.

The ruminant sector overall is expected to show a slight growth. There is growing consumer interest in non-GMO foodstuffs, dairy produce from Europe (provenance) and organic (biological) food. This has direct consequences for dairy farmers and for ForFarmers. For instance, ForFarmers recently announced to reopen a mill in the Netherlands, to produce non-GMO feed. Due to the decrease of herd sizes in the Netherlands following the implementation of the phosphate measures, the dairy sector in the Netherlands is expected to contract marginally in 2018. In the other countries of operation, ForFarmers expects the ruminant sector to continue to strengthen. Demand for data driven solutions is increasing. ForFarmers is actively involved in developing the UK sector version of 'Agroscoop' to enable farmers to monitor their technical performance and thus help them to improve their returns.

Consumers, particularly in western Europe, eat slightly less pig meat. In addition, there is an increasing interest in local produce, welfare concepts (e.g. Beter Leven),the use of non-GMO raw materials, and phasing out the use of medication in feed. Farmers are demanding more data driven solutions in order to optimise their results. This affects the swine sector on many levels, both negatively and positively. The large increase in export of pig meat to particularly China, which started at the beginning of 2017, has begun to taper off. This, combined with the increase in the EU pig herd is forcing pig prices down, albeit to levels that are still profitable for farmers. The consolidation trend among pig farmers is continuing, particularly in the United Kingdom. These developments require ForFarmers to sharpen its commercial proposition for XL customers with the first steps already having been taken. ForFarmers expects that pig farmers in the United Kingdom (UK) will expand their herds. There is a clear opportunity for them as the UK is not self-sufficient in pig meat and imports to the UK have become more expensive since the Brexit referendum.

The outlook for the poultry sector is positive, as consumers are increasingly turning to chicken meat and eggs as a price friendly and healthy alternative to other protein types. In North Western Europe, poultry farmers face a growing number of environmental regulations that hamper expansion, whereas in Eastern European countries, such as in Poland, they can grow without too many restrictions. Particularly in the Netherlands, animal welfare concepts (e.g. free range and organic) are growing.

Milk prices and pig meat prices have started to taper off, when compared to mid-2017, but are on average still at historically good levels. Prices for broilers have also started to decline since the end of 2017. Egg prices are presently at a historically high level.

ForFarmers continues to optimise its organisation and processes, in line with its Horizon 2020 strategy. ForFarmers is accordingly investing in projects to improve its supply chain efficiency and in IT solutions. ForFarmers strives to keep growth in the number of FTEs and related costs lower than growth in volume. This does not take into consideration any impact from potential acquisitions.

The rollout of the supply chain optimisation plans in the United Kingdom, as announced at the presentation of the 2016 results, has suffered a slight delay. The progress hereof will be considered in the annual impairment test. In the latter half of 2017, all attention in the United Kingdom was focused on improving service reliability. The full focus is currently on realising the previously announced £5 million savings in operating expenses in 2020 (compared to 2016).

ForFarmers expects to invest approximately €40 million to €45 million (2017: €38.2 million) in 2018 in supply chain optimisation plans and other One ForFarmers initiatives. These investments in operational efficiency projects will support sustainable, longer-term growth of the EBITDA/gross profit ratio. At the same time, the Company will maintain its strict focus on accounts receivables management and on working capital management.

ForFarmers continues to focus on identifying suitable acquisition candidates in the existing countries as well as in new countries in Europe and the surrounding regions (Europe +), always subject to the Company's stringent take-over criteria.

As at the date of this report, ForFarmers expects to continue to have a healthy financial position. ForFarmers reiterates its guidance for the medium term of an average annual increase in underlying EBITDA in the mid-single digits at constant currencies, excluding the impact of significant acquisitions and barring unforeseen circumstances.

Subsequent events

After balance sheet date, the sale of the arable activities of ForFarmers the Netherlands to CZAV, which was announced at the beginning of December 2017, was completed. This sale concerns the non-livestock feed related products (e.g. fertilizers, crop protection products and seeds) that ForFarmers supplied to Dutch arable farmers, with annual revenues of €13 million. CZAV took over these activities and the associated storage facility on 5 February 2018. ForFarmers received €5.65 million.

The sale of these (non-livestock feed related) arable activities is fully in line with ForFarmers' strategy, that focuses specifically on the Total Feed approach for livestock farmers. ForFarmers continues to sell seeds, fertilizers and crop protection products to its customers relating to forage production on farms.

These forage related products represent an important part of the Total Feed approach and were therefore not included within this sale.

The strategic cooperation, which was announced in 2017 between ForFarmers the Netherlands and Baks, started as of 1 February 2018. This cooperation entails that ForFarmers the Netherlands has acquired from Baks Agri Foods, the sales activities of moist feedstuffs for the swine sector (especially wey products), and consequently the customer portfolio. Conversely, Baks Logistics has acquired from FF Logistics, a subsidiary of ForFarmers the Netherlands, the logistic activities (including the relevant fleet and drivers) for this product stream.

On 20 February 2018, ForFarmers announced that it had signed a share purchase agreement with the owners of the Polish company Tasomix to acquire 60% of their shares. Tasomix is a large and innovative feed company, mainly active in the poultry sector. Through this transaction, ForFarmers adds its fifth country of operation and takes another step in strengthening its position as the leading feed company in Europe. This step is in line with ForFarmers' Horizon 2020-strategy to grow both organically and through acquisitions in Europe and surrounding regions. Tasomix provides access to a European market with an above average growth rate in the attractive poultry sector. In recent years, Poland has become the largest broiler producing country in Europe, servicing the local market and exporting to mostly EU countries.

Through this transaction, ForFarmers acquires a 60% stake in a business with two operational production facilities, with a joint capacity is approximately 450kT, and one new facility, which is under construction and has a maximum capacity of approximately 350kT. Tasomix mainly produces feed for poultry farmers, but also serves the ruminant and pig farmers. The feed mill being constructed in Pionki (approx. 110 km south of Warsaw) is scheduled to open later this year. This mill is destined to manufacture feed for a dedicated poultry integrator, which is linked to the owners of Tasomix. A supply agreement has been put in place with this integrator. The mill in Pionki will also serve non-integrated poultry farmers and pig farmers.

In 2016, Tasomix sold 395kT of feed, manufactured in its two operational mills, with a revenue of PLN 429 million (currently approximately €103 million) and a normalised EBITDA of approximately PLN 34 million (currently approximately €8 million). Tasomix has 180 employees. Based on these results, Tasomix currently ranks number 4 in the Polish feed market. At closing of the transaction, ForFarmers will make a first payment of PLN 234 million (currently approximately €56 million) in cash and will receive 60% of the shares. The second payment will be made in 2021 and is dependent on achieving specified targets, relating to future operational results of the mill in Pionki. The agreement includes the possibility for ForFarmers to over time obtain the remaining shares. Closing of the agreement is expected to take place within approximately three months after today, subject to obtaining the required approval of the Polish Competition Authorities.

Human Resources

The success of the Horizon 2020 strategy is, to a high degree, determined by the commitment and performance of the employees of ForFarmers. This is why it is of great importance to attract and retain the right staff for the Organisation, and allow them to progress internally. ForFarmers therefore intensified various programmes in 2017 in order to stimulate the development of staff.

ForFarmers' social policy: focus on developing leadership and talent

The implementation of Horizon 2020 requires clear leadership from managers, and willingness to change from employees. This is why ForFarmers devotes particular attention to training for staff.

Since 2015, all managers are taking part in management training, which places an emphasis on aspects such as being able to translate the Horizon 2020 strategy to the department, financial management and commercial excellence. Attention is also devoted to skills such as giving feedback or holding recruitment interviews to identify candidates' qualities. Technical training and skills training is also developed and imparted.

The table below shows the management and technical training courses that took place in 2017. To keep knowledge and skills current, refresher sessions were first given to those who had previously taken part in the Senior Management and Potential programmes. To continuously improve its training programmes and to ensure their rollout is coordinated, a Training and Development manager was recruited in 2017.

ForFarmers has access to a broad pool of knowledge and skills thanks to its international activities. This knowledge is shared internally and employed for the benefit of customers. The ForFarmers academies have an important role to play in this. They offer modular training programmes, at a range of levels of experience for ruminant, swine and poultry specialists. The main aims of these training programmes are to improve technical knowledge, to share new developments at the Nutrition Innovation Centre (NIC) and strategic partners, and to fine-tune sales skills.

The sales organisation (advisors and specialists) plays an important role in the Horizon 2020 strategy. After all, advisors and specialists are in daily contact with customers and as a result, they are of great importance in translating the 'For the Future of Farming' mission to customers. In 2017, the sales organisation staff in all countries were assessed on the extent to which they deliver a contribution to improving the returns of their customers and to the implementation of the Horizon 2020 strategy. This was done based on knowledge and skills criteria. This provided a good overview of the areas in which there was room for development staff. These employees were then invited to take part in one or more Sales Academy modules.

In 2017, a Sales Trainee Program was started. This two-year programme exists to ensure that new talent within the sales organisation can get up to speed as quickly as possible. The programme is a very appealing aspect of ForFarmers' HR policy, both for talent from outside the organisation and for internal talent. There are currently 14 young talents in the first round of the programme, who are being trained as advisor or specialist. In addition to dealing with the necessary theory, there is particular emphasis on practical training. The trainees are assigned customers from the very first day, whom they advise under the guidance of a senior advisor. The trainees also have to complete a project in one of the other countries in which ForFarmers operates. In this way, ForFarmers uses its international network to broaden knowledge of young employees.
Through this approach, ForFarmers gives substance to professional employment practices and talent development. The motto of this programme is 'continuous development'. With the Management Programmes, the Academies, the many forms of career progression, traineeships, the opportunity to follow other (external)

Programme	Programme aim	International programme	NL	GE	BE	UK
Masterclass Senior Management	Development of personal leadership, implementing the strategy, deliver the mission 'For the Future of Farming' and coaching of colleagues	95% trained				
Potential program	Translating the strategy to practice, deliver the mission 'For the Future of Farming' and preparation for a position in Senior Management	12 potentials trained				
Management Foundation Program	Development of leadership skills, implementing the strategy, deliver the mission 'For the Future of Farming' and coaching of colleagues		30 participants	30 participants	15 participants	30 participants
Logistics Academy	Develop know-how on rules and regulations, working safe and efficiently, reduce fuel usage and improving customer relations		216	225	40	20
Sales Academy	Convey know-how and advice effectively to customers		225	50	130	150
Ruminants Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		86	50	24	70
Swine Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		113	85	20	48
Poultry Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		76	32	18	38

training courses and career interviews forming a fixed part of the annual appraisals, ForFarmers stimulates promotion among employees. In 2017, a considerable number of employees were promoted internally.

To preserve knowledge and skills for the organisation, ForFarmers places great emphasis on internal succession for key positions. The Management Teams from the country organisations regularly discuss the talents that should be considered for key positions. Available talent is discussed by HR and the Executive Committee twice a year, both at a countrywide level and internationally. For

these talents, individual development plans are established to ensure that they are ready on time for a career move. The international HR team discusses succession planning for key positions every quarter.

ForFarmers on the employment market

In 2017, ForFarmers strengthened its ties with universities, colleges and study and student associations. Seven events with universities and student associations took place in the Netherlands and three in the United Kingdom. Germany organised a successful student introduction day. In the Netherlands, on the internship selection day, interns could find out about ForFarmers in a very interactive way, and register for internships. The new 'working@ForFarmers' website (www.werkenbijforfarmers.nl) was launched in 2017 in the four countries in which ForFarmers is active. The vacancies at ForFarmers are presented on this website, and some staff members share their practical experiences.

ForFarmers positions itself as an attractive employer by means of these types of activities. The positive effect hereof can be seen from the fact that 465 new employees (340 FTEs) were recruited in 2017. Since 2017, ForFarmers in the Netherlands has its own corporate recruiter, ensuing in 78 positions being filled by ForFarmers itself (2016: 20 positions) and only 18 through external agencies (2016: 48). This has delivered a considerable cost saving. In addition, ForFarmers presents itself actively on the employment market. Social media, such as LinkedIn and Facebook, was used for this. To ForFarmers it is important to recruit employees based on skills, so irrespective of gender, age, race or religious beliefs. This forms an intrinsic part of the organisation's core values. ForFarmers traditionally operates in an environment in which the largest proportion of employees is male. In this respect, it is encouraging to see that more women are applying on vacancies. This is the result of, among others, the adjusted way in which ForFarmers now positions itself. Of the employees who started the Sales Trainee Program, 30% are women.

In the Netherlands and Belgium, some 95% of staff are covered by labour agreements. In Germany this percentage is around 12.5% and in the United Kingdom none of the employees are covered by a collective labour agreement.

Last year, 377 employees left ForFarmers for a range of reasons, including retirement, reorganisation, because of dysfunction or new external opportunities.

Future-proof HR platform implemented

One ForFarmers is an important pillar of the Horizon 2020 strategy. One ForFarmers is focused on exchanging and making the best use of internal knowledge, and further professionalising the organisation, achieving a uniform way of working and making optimal use of economies of scale. In this context, the HR system 'Workday' was implemented in 2017, which was chosen in 2016. This comprehensive project went according to plan. At the end of 2017, all managers were connected. The first reactions of the users were positive. From January 2018, all staff is connected to the system. Accordingly, the foundation has been laid for optimising the management and execution of HR processes and the documentation of agreements. Managers and employees are not only supported in standardised HR processes but also in talent management, career planning and strategic personnel planning.

Changes in the organisation

In 2017, the Finance department set up a Shared Service Centre for the Netherlands, Germany and Belgium. The previously decentralised activities relating to accounting processes (such as accounts receivable and accounts payable) now take place in one location, meaning that these can be done more effectively and efficiently. Moreover, these business-critical processes can now be controlled and conducted in a uniform manner, minimising risks. This change also offers more development and career progression opportunities for employees, because broader roles have come about which are more dynamic. The sharing of knowledge and expertise is also promoted.

In the United Kingdom, three offices were merged in the new central office at Horizon House. As a result of this merger, a number of jobs was lost. The new organisation in the United Kingdom however also offers opportunities for employees.

Staff meetings

ForFarmers regularly organises meetings where groups of employees are informed on the progress of the Horizon 2020 strategy. This is an effective way of increasing commitment from employees and sharing the mission of ForFarmers. In July and December 2017, two-day management conferences were held for the senior

management team. The Management Conference XL took place in July 2017. This conference, which brings together 250 ForFarmers managers, is held once every three years and has an interactive nature. Over 95% of those who attended found the meeting to have been valuable.

Furthermore, 32 decentral interactive staff meetings were organised in 2017 in the countries in which ForFarmers is active.

Employee engagement – 'pulse check'

ForFarmers conducted its first employee engagement survey in 2016. In 2017, there was a follow-up to this with a 'pulse check'. This provides an insight into progress made on the points to be developed. All employees could take part in the pulse check online. These results show that 88% of employees feel 'committed to very committed' to ForFarmers (2016: 77%). Around 75% of staff would recommend ForFarmers as an employer to friends or family (2016: 70%). It also unveiled that positive steps have been taken in the area of giving and receiving feedback and career opportunities and agreement, but that there is still room for improvement in these areas. Some employees continue to perceive their workload as heavy. This is responded to by reducing the number of projects that are added on to normal work and communicating more clearly about priorities. Finally, it seems that there is still room for improvement in the area of clear communication regarding everyone's individual contribution to the Horizon 2020 strategy. To give additional impetus to points for improvement, the decision was made to give all managers a number of centrally determined key goals to this for 2018.

The results of the pulse check were discussed per country and where necessary, additional improvement plans were drawn up. A more extended survey will again be conducted in 2019.

The absentee rate due to illness remained stable at 4% in the Netherlands in 2017. Both in Germany as in the United Kingdom the absentee rate fell (respectively from 4.9% to 4.4%, and from 1.8% to 1.3%). Absenteeism increased from 2.4% in 2016 to 3.4% in 2017 in Belgium.

Code of Conduct and Whistle-blower Policy

ForFarmers has a Code of Conduct, which provides a set of rules for work ethics within the Company. The code describes values that guide employees on their way of working (and working together). These values allow employees to work independently and to call each other to account with respect to misconduct. In addition to the Code of Conduct there is also a whistle-blower policy. This policy was used ten times in 2017. The matters involved are handled in accordance with a set procedure.

Employee participation plan

Since 2015, ForFarmers operates an employee participation plan for permanent employees. In 2017, employees under this plan could purchase ForFarmers shares, which may not be traded for the following three years, up to a maximum value of €5,000 per person with a discount of 13.5%. Senior management of ForFarmers could participate in a different plan. In the Netherlands, the employees received a discount directly on the shares and in the other countries, the discount was applied in the form of free shares. In 2017, almost 14% of employees participated, compared to 15% in 2016. Participants invested an average of €3,454 in 2017. In total, 25% of employees now have shares in ForFarmers (2016: 22%). The objective of the participation plan is to stimulate employees' bond with the business, enhance motivation and cement commitment. The aim is to offer this scheme on an annual basis. The Supervisory Board has to approve this and then the General Meeting of Shareholders is

asked to consent to purchasing shares for the participation plan.

Health and safety

ForFarmers wants to offer employees a safe work environment. That is why significant attention is paid to safety, monitoring and proactive identification of hazardous or potentially hazardous situations at ForFarmers' premises and at—or on the way to—customer sites. ForFarmers' approach with regard to health and safety is outlined in the section on Sustainability.

Employee representation

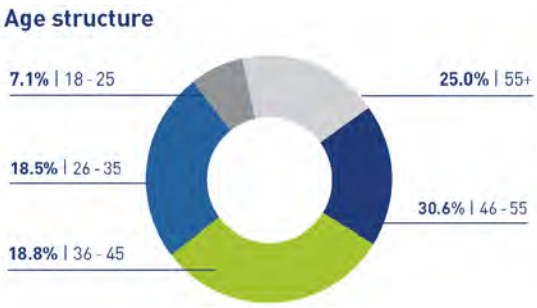
In the various countries, ForFarmers has good employee representation or formal works councils. These are involved in organisational development and also have a critical, constructive role to review situations from the perspective of the employee.

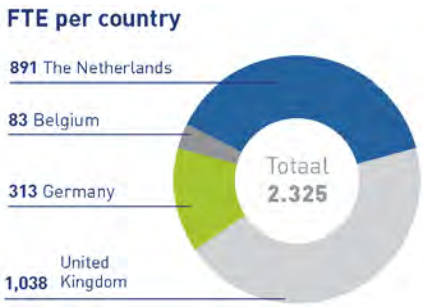
Since October 2015, ForFarmers has had a Europe-wide employee representative. In the ForFarmers European Employees Council (FFEEC), which consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom, subjects that concern several countries are discussed. In 2017, there was a meeting with the Executive Committee in which a number of subjects were discussed.

These included for instance the results of the employee engagement survey, but also in how far the culture of the organisation impacts (the improvement of) the employees' commitment. With this, the FFEEC was able to offer a substantial contribution to the Company's improvement. Among the subjects covered were the ageing workforce, recruiting new young talent and promoting succession in key positions.

Priorities for the coming years

The priorities in the area of HR for the coming years are, among other things, further rollout of the various Academies (Sales, Ruminant, Swine, Poultry, Logistics and Operations) and the implementation of the Management Foundation Programme in all countries. Talent management also continues to be high on the agenda. In particular, 2018 will entail working on filling a talent pipeline for key positions, project managers and managers who can guide the integration of future acquisitions. This also in light of the ageing workforce. In 2018, a Training & Development module will be rolled out in the HR system, so that managers can plan and monitor an employee's development. With this module, ForFarmers can develop online training courses itself and employees can also choose from a number of standard ForFarmers training courses or workshops to further their own development.





Sustainability and Innovation

Stakeholder Dialogue

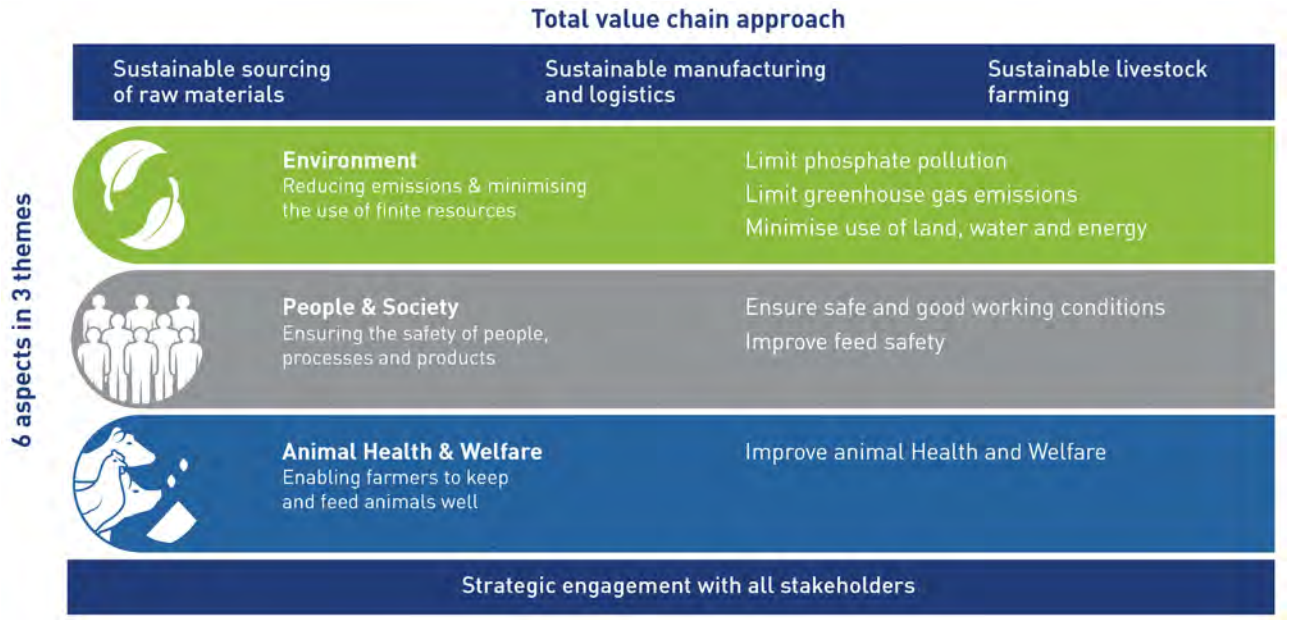
Demand for food is expected to increase and this demand will have to be met in a sustainable way. As livestock nutritionists, the animal feed industry has a vital role to play in achieving this by continuously improving both the efficiency of livestock production and the health and welfare of animals. Sustainability is therefore a logical and integral part of ForFarmers' operations and its Horizon 2020 strategy. It is also one of ForFarmers' three core values, along with ambition and partnership.

ForFarmers operates in the agri-food supply chain and recognises the importance of understanding the views of its stakeholders. In addition to the ongoing discussions that advisors and others have with customers, in 2017 the Company held a survey to gain and measure feedback from its key external stakeholders. The results of this survey have been used to update the ForFarmers materiality matrix. A separate employee survey, which was held internally, included questions on awareness and engagement with the Company's sustainability approach. The survey showed that 83% of respondents said they saw an increased focus on sustainability over the last 12 months and 76% felt they knew how to influence the Company's performance.

Moreover, members of the Executive Committee and senior management hold regular meetings with stakeholders to discuss key elements of our strategy and performance, including sustainability.

Stakeholders	How we engage with our stakeholders	Stakeholder expectations	Material topics discussed	Included in 2017 Stakeholder Survey
Employees	• Day-to-day contact • Employee intranet • Employee magazine • Team meetings • Employee survey • Employee councils • Management conferences	• Best-in-class employer • Safe working environment • Fair remuneration • Flexible working arrangements • Openness and transparent communications	• Health and safety • Support for social projects	Yes
Suppliers	• Day-to-day contact • Code of conduct • Audits • Technical meetings and visits • Contracts and specifications	• Partnership approach • Openness and transparent communications • Fair pricing • Honour all obligations • Openness and transparency • Traceability • Feed safety	• Responsible sourcing • Greenhouse gas emissions • Introduction of Supplier Code of Conduct and membership of Sedex	Yes
Customers	• Day-to-day contact • Magazines and newsletters • Sounding boards • Advertising and promotions • Sustainability Advisory Board	• Fair pricing • On-time, in-full delivery • Product quality • Technical advice and support • Innovation • Feed safety • Support for industry initiatives	• Resource efficiency • Animal health and welfare • Antimicrobial resistance • Technical results and feed efficiency	Yes
Processors	• Day-to-day contact • Technical meetings and projects	• Technical advice and support • Innovation • Openness and transparency • Traceability • Feed safety	• Resource efficiency • Animal health and welfare • Antimicrobial resistance • Responsible sourcing • Greenhouse gas emissions	No
Retailers	• Day-to-day contact • Technical meetings and projects	• Technical advice and support • Innovation • Openness and transparency • Traceability • Feed safety	• Resource efficiency • Animal health and welfare • Antimicrobial resistance • Responsible sourcing • Greenhouse gas emissions	Yes
Shareholders	• Annual shareholder meeting • Publication and presentation of annual and half-year results • Quarterly trading updates • Roadshows • Annual Report	• Return on investment • Openness and transparency • Strong culture and values • Dividend performance • Clear strategy	• Sustainability approach • Reporting and disclosure	No
Members	• Regular meetings • Newsletter • Website	• Strong culture and values • Openness and transparency • Long-term management focus	• Resource efficiency • Animal health and welfare • Antimicrobial resistance	No
NGOs	• Participation in conferences • Ad hoc meetings	• Sustainable practices • Openness and transparency	• Responsible sourcing of raw materials • Animal health and welfare • Environmental impact of livestock production	Yes
Regulators	• Membership of national and European trade associations • Site visits and certification audits	• Compliance with regulations and standards • Cooperation between national competent authorities and company schemes	• Development and implementation of regulations and standards	No
Government	• Membership of national and European trade associations • Technical groups and committees	• Compliance with regulations and standards • Contribution to policy consultations	• Development and implementation of regulations and standards • Development of policy	No
Media	• Interviews • Press releases	• Transparency	• Sustainability approach • Specific projects and initiatives	No
Investors and banks	• Annual Report • Roadshows • Investor conferences and meetings	• Transparent reporting • Corporate governance	• Sustainability approach • Reporting and disclosure	No

Note: Level 1 stakeholders have been defined as those directly involved in the ForFarmers supply chain (customers, suppliers, retailers, processors). Level 2 includes all other stakeholder groups.



Materiality matrix and topics

ForFarmers has developed a sustainability framework comprising three themes and six material topics. The creation of this framework was the result of a number of stakeholder interviews and came about in consultation with ForFarmers Sustainability Advisory Board.

In addition, five Key Performance Indicators (KPIs) have been developed against which ForFarmers measures its performance. The connection between the six material topics and the associated KPIs is shown below.

Theme	Material topic	KPI
Environment	Limit phosphate pollution	1) phosphate efficiency percentage on-farm in NL (dairy and swine farmers)
	Limit greenhouse gas emissions	2) GHG emissions in metric tonnes of CO_2 equivalent
	Minimise the use of land, water and energy	3) percentage of sustainable soy bean meal and palm oil
People and society	Ensure safe and fair working conditions	4) Number of Lost Time Incidents (LTIs)
	Improve feed safety	5) Total number of feed incidents due to non-compliance with regulations and voluntary codes

ForFarmers published a materiality matrix for the first time in 2016. This matrix was updated in 2017 - to comply with the format required by GRI G4 guidelines - using the results from the aforementioned stakeholder questionnaire. The questionnaire was completed by 70 stakeholders including 41 members of the Board and senior management team and 29 external stakeholders. The respondents were asked to rank issues in order of importance.

To provide a weighting, the average ranking scores from level-1 stakeholder groups were multiplied by a factor of 2 whilst the average level-2 scores for each group were multiplied by a factor of 1 to compile a total score for each group.

All internal stakeholders were treated as one group.

ForFarmers Materiality Matrix

1 Limiting GHG emissions associated with the production and transport of feed raw materials
2 Limiting GHG emissions associated with the production and delivery of animal feed
3 Limiting GHG emissions associated with livestock production
4 Methane emissions from ruminants
5 Loss of biodiversity
6 Soil fertility
7 Protection of sensitive eco-systems
8 Protection of limited resources such as phosphate
9 Pollution of land and water from phosphates and nitrates
10 Pollution of land and water from zinc and copper
11 Land use change and deforestation
12 The use of renewable energy in your own processes
13 Publication of Company CO_2 emissions
14 Targets on zero waste to landfill
15 Water footprint
16 Pesticide residues
17 Development of closed-loop systems
18 Employment is freely chosen
19 Freedom of association
20 Working conditions are safe and hygienic
21 Modern slavery
22 Child labour is not used
23 Living wages are paid
24 Working hours are not excessive
25 No discrimination is practised
26 Lack of bribery and corruption
27 Food and feed safety
28 Food security
29 Access to affordable food
30 Local sourcing of food
31 Producer profitability
32 Antimicrobial resistance (AMR)
33 Intensive production systems
34 Use of antibiotics in livestock production
35 Large scale farming
36 Grazing periods for ruminants
37 Maintaining the integrity of livestock (e.g. tail docking, beak trimming, castration)
38 Living space for chickens and pigs
39 The possibility for animals to exhibit natural behaviour
40 The possibility for animals to go outside
41 Issues related to the use of soy bean meal
42 Issues related to the use of palm oil
43 Issues related to the use of fishmeal
44 Issues related to the use of other raw materials
45 Genetic modification
46 Local sourcing (e.g EU) of Raw Materials
47 Development of alternative raw materials (Algae, Seaweed, Duckweed, Insects)

UN Sustainable Development Goals

ForFarmers' sustainability strategy focuses on similar core objectives such as the UN Sustainable Development Goals (UN SDGs).Going forward, ForFarmers has decided to introduce these UN SDGs as guiding principles aimed at ending poverty, protecting the planet and ensuring prosperity for all as part of its new sustainable development objectives to be achieved by 2030. The connection between the ForFarmers KPIs and these UN SDGs is shown below.

	UN Development Goal	ForFarmers Material Topics	KPI references
3 GOOD HEALTH AND WELL-BEING	**Good health and wellbeing** Ensure healthy lives and promote well-being for all at all ages	• Ensure safe and good working conditions • Improve feed safety • Improve animal health and welfare	• Lost Time Incidents (LTIs) • Feed safety incidents • AMR
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Responsible consumption and production** Ensure sustainable consumption and production patterns	• Limit phosphate pollution • Limit greenhouse gas emissions • Minimise use of land, water and energy	• phosphate efficiency rate • CO_2 emissions • percentage of responsible soy and palm oil
13 CLIMATE ACTION	**Climate action** Take urgent action to combat climate change and its impacts	• Limit greenhouse gas emissions	• CO_2 emissions
15 LIFE ON LAND	**Life on land** Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	• Minimise use of land, water and energy • Improve animal health and welfare	• percentage of responsible soy and palm oil • Improve animal health and welfare

ForFarmers' Material Topics and related KPIs

1. Limit phosphate pollution

Phosphate pollution is viewed as a material topic because the phosphate excreted by animals pollutes surface water. The EU has therefore imposed phosphate production ceilings for all EU countries (for all member states). Given the intensive farming in the Netherlands, dairy and pig farmers face a particular challenge of staying under the permitted phosphate ceiling. Too little phosphate in the feed reduces animal performance; too much increases emissions into the environment.

In the Netherlands, ForFarmers therefore engages in the 'KringloopWijzer' scheme, a nutrient management system for all dairy farmers to record the use of phosphate, nitrogen and carbon on farm. Accordingly, ForFarmers has chosen phosphate efficiency percentage in its dairy and pig customer's production systems in the Netherlands as its KPI for this material topic. This is calculated from a sample of farmers, from which the calculated rate for phosphate efficiency indicates the amount of phosphate that is utilised by the animal. The results are always lagged by one year due to the availability of the data.

Phosphate efficiency (only for The Netherlands)

	2016		2015 [1]	
	%	Number of farms in the sample	%	Number of farms in the sample
Dairy	37,20%	2347	36,10%	2587
Swine fattening	51,90%	251	50,40%	419
Sows	41,40%	95	40,80%	100
Swine breeder & feeder farms (sows and fattening)	47,60%	79	47,20%	106

[1] This data has been revised compared to that published in the 2016 Annual Report

The phosphate efficiency rate informs both the farmer and the adviser about phosphate utilisation on the farm, and therefore also about the phosphate losses which create the pollution. The higher the percentage, the better it is. In biological systems, the utilisation of nutrients such as phosphate will never be 100%. Utilisation in pigs and poultry will generally be higher than in ruminants. Phosphate efficiency improved in 2016 compared to the previous year. ForFarmers influences phosphate efficiency through nutrition by continually focusing on better utilisation of nutrients and the use of the latest generation of phytase enzymes.

"We have to use raw materials and minerals as efficiently as possible. In addition, feed must be produced in a responsible manner and also remain affordable. ForFarmers helps us to continue to earn a living whilst complying with the environmental legislation." Piet Winkelmolen, dairy farmer in Heythuysen (NL).

ForFarmers also introduced a 'true phosphor' parameter and a phosphate calculator to help farmers measure and reduce phosphate production whilst achieving maximum milk production per cow.

2. Limit greenhouse gas emissions

Livestock production is a significant source of greenhouse gas (GHG) emissions and climate change and has therefore been identified as a material topic. ForFarmers recognises that feed is a major contributor to the environmental impact of livestock production. Accordingly, GHG emissions are calculated (both per tonne of feed produced and in total), initially within ForFarmers' own operations (i.e. scope 1 (use of gas and oil) and scope 2 (use of electricity)). This is an area in which ForFarmers can make a difference directly through its own actions, albeit that GHG emissions produced within scope 1 and 2 are minimal in comparison to those produced in scope 3 (emissions produced in the supply of raw materials and inbound logistic chain to ForFarmers and emissions on-farm).

For 2017, only data for production has been included. Data is included for all products (compounds and raw materials) used and manufactured in all ForFarmers controlled compound feed mills for sale in bags or bulk. The blend plants in Germany (manufacture of pet food) are excluded as they fall outside the scope of compound feed mills.

Greenhouse gas emissions (Kg of CO_2 per tonne)

	Scope 1 2017			**Scope 2** 2017
	Gas	Kerosene	Medium oil	Electricity
Netherlands	4,11	-	-	16,30
Germany	4,10	-	-	11,95
Belgium	2,24	-	-	4,85
UK	4,98	1,35	0,36	20,77
Total	**4,25**	**1,35**	**0,36**	**16,36**

Greenhouse gas emissions (Total tonnes of CO_2)

	Scope 1 2017			**Scope 2** 2017
	Gas	Kerosene	Medium oil	Electricity
Netherlands	12.956	-	-	51.400
Germany	3.200	-	-	9.325
Belgium	899	-	-	1.949
UK	9.289	2.515	669	38.701
Total	**26.345**	**2.515**	**669**	**101.375**

Scope 1 CO_2 emissions are calculated using coefficients from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, except in the United Kingdom where the AIC Climate Change Agreement has been used as the reference, which is more accurate but not available in the other countries.

Scope 2 emissions are calculated based on energy generation, except again in the United Kingdom where the AIC Climate Change Agreement has been used for accuracy reasons.

Activities in 2017

With respect to production, ForFarmers aims to reduce its primary energy usage (scope 1 and 2) per unit of output by 10% by 2020 compared to a 2014 baseline. In 2017, a reduction of 2.57% was achieved compared to 2016. This was the result of a combination of factors including investment in more energy efficient plant and equipment, a favourable raw material mix and a favourable energy mix particularly in Belgium.

In manufacturing ForFarmers utilises an Energy Saving Matrix that sets out a list of projects in each country targeted to improve energy efficiency. A number of ForFarmers sites now have solar panels installed that are contributing to energy savings. In dealing with this KPI, ForFarmers is at times also confronted with dilemmas: Extruders were placed in the Lochem factory, which use more energy. However, these lead to higher quality feed that improves feed conversion for our customers, which in its turn results in a lower use of raw materials and consequently to a lower carbon footprint.

ForFarmers also puts measures in place to improve efficiency in In logistics (transport). Litres of fuel per tonne of feed delivered by the dedicated fleet is measured and reviewed on a monthly basis. Energy efficiency is improved by effective vehicle planning, which increases utilisation.

ForFarmers also continues to invest in new trucks with more efficient Euro 6 engines and an innovative electric blowing system on trucks has been developed. At the end of 2017 50% of trucks ran on Euro 6 engines. Logistics Academies have been introduced throughout the business, among other things to train drivers to improve fuel efficiency by adjusting their driving style. In 2017 all of ForFarmers drivers attended the Logistics Academy. The performance of drivers is measured by monitoring the number of kilometres per litre of fuel.
The company car policy, which was introduced at the beginning of 2016, encourages employees with company lease cars to choose electric or low CO_2 emission vehicles. In 2017 the lease fleet was expanded by 7 electric/ hybrid cars. As the supply of electric cars is becoming larger, ForFarmers aims to increase the share of electric cars in its lease fleet faster.

In the United Kingdom, the new offices at Bury St Edmunds and the development of the mill at Exeter incorporate energy saving designs.

ForFarmers recognises that Scope 3 emissions from its production and transport of raw materials and from the utilisation of feed by its farmer customers are significant. However, measuring these emissions in a comparable and consistent manner remains a challenge. To this end the Company is actively involved in European and international initiatives to develop a harmonised methodology for calculating the environmental impact of feed production delivered to the farm gate. These include the Product Environmental Footprint (PEF) pilot studies run by the European Commission and the Global Feed LCA Institute (GFLI), an independent feed industry initiative that aims to develop a freely and publically available Feed Life Cycle Analysis (LCA) feed materials database and tools to help feed business operators. The objective of the GFLI is to support a meaningful environmental assessment of livestock products and to stimulate continuous improvement of the environmental performance in the feed industry. These tools will hopefully become available in 2018, enabling ForFarmers to begin to calculate, monitor and manage its upstream Scope 3 emissions in all four countries in a meaningful and consistent way.

At farm level, ForFarmers develops products and provides advice to its customers to help them increase the efficiency of production and therefore reduce their own

greenhouse gas emissions within their chosen production system. For example, in 2017 ForFarmers launched the NOVA range of sow diets. The NOVA programme has been developed to ensure exceptional gilt development and excellent sow lifetime performance through simple feeding programmes that provide easy-to-operate solutions for the customer. Improving sow productivity increases the efficiency of production, is more profitable for the customer and reduces GHG emissions. Moreover, NOVA focuses on improved feed efficiency.

"Further reductions of CO_2 and methane emissions are important goals for livestock farming. ForFarmers can contribute to this with innovations in feed." Joost Ruijter, dairy farmer in Burgerbrug (NL).

3. Minimise use of the land, water and energy

The environmental impact associated with the production of feed raw materials is a very important topic for many of our stakeholders and therefore also a material topic. The issues largely revolve around deforestation and land use change associated with raw materials imported into the EU, particularly soy and palm oil.

ForFarmers has committed to source 100% responsible soya bean meal and palm oil by 2020 as one of its KPIs. In 2017 75.2% of soy meal and 74.7% palm oil purchased by ForFarmers met the Company's definition of responsibly sourced raw materials.

% sustainable soy bean meal and palm oil purchases

	Percentage of sustainable soy bean meal purchases		Percentage of sustainable palm oil purchases	
	2017	2016	2017	2016
Total	**75,2%**	**72,70%**	**74,7%**	**52,30%**

The percentage of sustainable soy bean meal increased in response to supply chain demand, while a higher number of palm oil certificates were purchased to ensure progress towards the 2020 objective.

The Company is a member of the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO) and was actively involved in the development of the European Feed Manufacturers' Federation (FEFAC) soy sourcing guidelines published in 2015. Together with FEFAC, ForFarmers continues to engage with both upstream and downstream supply chain partners to raise awareness of the guidelines to facilitate the mainstream supply of responsible soy into Europe. ForFarmers' commitment to sourcing according to recognised environmental, social and ethical standards will be extended to include all raw materials, through a structured dialogue with suppliers and the Sedex supplier code of practice, which was implemented in 2017. Of the product-related procurement spend, more than 70% of the suppliers have signed either the Sedex code or a suppliers code of conduct. Of the non-product related procurement spend, over 30% of the suppliers have signed a code, representing more than 60% of the annual spend.

In addition, in order to be less dependent on soy, ForFarmers is continually researching alternative protein sources. This research includes the use of higher levels of materials grown in the EU such as sunflower and rapeseed meal, as well as more novel materials such as algae and duckweed. ForFarmers is also involved in a number of projects investigating the development of insects as a sustainable source of protein. This includes a four-year project with Wageningen University & Research in the Netherlands and other industry organisations investigating whether insect larvae are a sustainable source of nutrition for piglets and broilers. For the first time the full environmental impact will be identified. This will determine whether providing insects could lead to a reduction in the environmental impact of livestock production. At the same time the project will explore the potential benefits for chicken and pig welfare. ForFarmers awarded the project its new Sustainability Certificate for best project in 2017.

ForFarmers also monitors and reviews its own water usage by site. Continuous efforts are made to reduce water usage.

4. Ensure safe and good working conditions

Providing a safe working environment for all employees, temporary contracted staff, contractors and visitors is given the highest priority and is therefore included as a material topic.

ForFarmers records the number of Lost Time Incidents (LTIs) by region and by gender. All LTIs are reported to the ForFarmers Board within 24 hours and lessons learned

are discussed at each Board meeting. An LTI is defined as "any unplanned event that results in personal injury, where the injured party is unable to work during their next scheduled day, or as per the ForFarmers Group definition".

ForFarmers objective is to reduce LTIs by 70% in 2020 compared to 2014 (54). As more and more attention is paid to health and safety, an increasing number of LTIs and near misses has been recorded in recent years. Despite this, a lower number of LTIs was reported in 2017 compared to the previous year.

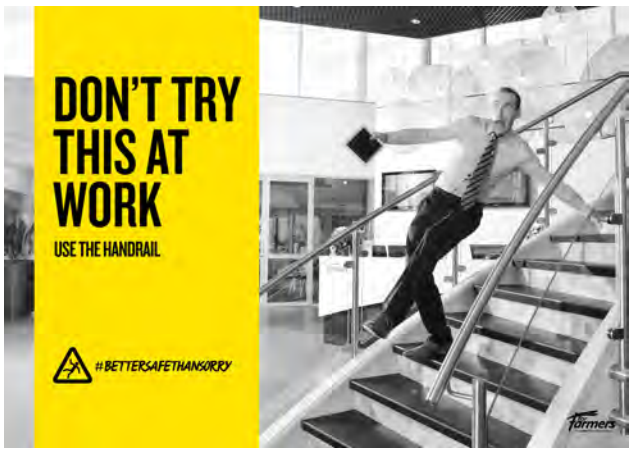
Number of LTIs

	2017	2016
Netherlands	19	17
Germany	6	14
Belgium	1	2
UK	21	22
Total	**47**	**55**

Activities in 2017

ForFarmers' approach to Health & Safety (H&S) centres around raising awareness by training staff, implementing clear rules, performing dynamic risk assessments, inspiring employees to increasingly report near incidents in order to prevent real incidents from occurring and effecting a change in behaviour and audits to see to the correct management of all critical areas of risk.

More H&S checks and training courses were conducted in 2017. In addition, more has been invested in the factories and in employee know-how. The positive outcome of this is that this has already led to an increase in the number of near-miss notifications that are used to prevent



accidents from occurring. A high-profile communication campaign on H&S procedures continued to be implemented throughout the Group via the 'Better Safe than Sorry' campaign.

Notwithstanding all the measures taken, accidents still can occur in exceptional circumstances. In the beginning of 2018, a ForFarmers member of staff was sadly lost due to a tragic, fatal incident.

ForFarmers is committed to ensuring the safety of people, processes and products and aims for fair and good working conditions throughout the entire supply chain. For this purpose, ForFarmers issued a Supplier Code of Conduct in 2017, which was developed with the help of Sedex. Respecting human rights and the environment are part of ForFarmers' sustainability approach.

5. Improve feed safety

ForFarmers is part of the food supply chain. Therefore, feed safety has and always will be a priority. As such, it has been included as a material topic. All incidents of non-compliance with feed regulations and voluntary codes are proactively monitored and managed.

Feed safety is reported by recording the total number of feed safety incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:

- Number of feed safety incidents of non-compliance with regulations resulting in a fine or penalty;
- Number of feed safety incidents of non-compliance with regulations resulting in a warning;
- Number of feed safety incidents of major non-compliance with voluntary codes via external audits.

A feed safety incident is defined as any incident where it is deemed that feed produced, processed, manufactured or distributed could be a potential risk to either human or animal health and/or could make the food derived from food-producing animals unsafe for human consumption.

A One ForFarmers approach is taken to HACCP (hazard analysis and critical control points). Feed materials and compound feeds are continuously monitored to determine unwanted substances as defined by EU legislation, GMP+, Ovocom, Feed Chain Alliance and UFAS regulations, the SecureFeed monitoring plan and ForFarmers' own risk analyses. All incidences of non-compliance with feed regulations and voluntary codes are proactively monitored and managed.

Number of feed incidents

	Non–compliance with regulations resulting in a fine or penalty		Non–compliance with regulations resulting in a warning		Non-compliance with voluntary codes	
	2017	2016	2017	2016	2017	2016
Netherlands	0	2	4	4	5	4
Germany	6	2	3	1	1	1
Belgium	0	0	1	3	0	0
UK	0	0	0	0	6	2
Total	**6**	**4**	**8**	**8**	**12**	**7**

During 2017, more audits were performed by retailers as part of their periodic review cycle. This is the reason for the higher number of feed incidents relating to non-compliance with voluntary codes in 2017.

Non-compliance is determined by the relevant competent authorities and external certification bodies in each country via inspections and external audits.

The quality managers in the countries continuously assess whether production processes are carried out as agreed and take action when abnormalities are identified. The Group Quality Manager then validates this.
None of these incidents has led to a risk for food safety. The total amount of fines was €941 (2016: €17,885).

6. Improve animal health and welfare

Animal health and welfare emerges as an important talking point in each external stakeholder dialogue and is therefore included as a material topic.

It is ForFarmers' mission to help all its customers feed their animals well and keep them healthy. Its core focus is to ensure that each animal receives the correct level of nutrition to meet its basic needs.

Moreover, specific concepts are developed aimed at helping customers mitigate the impact of specific legislative requirements such as the ban on de-beaking hens or the castration of pigs.

ForFarmers customers use many different production systems, both intensive and extensive, conventional and organic, indoor and outdoor and on a small and large scale. It focuses on optimising resource efficiency and animal health and welfare in each of these production systems.

Improving animal health and welfare is an integral part of the ForFarmers Total Feed offering. Given the different species and broad spectrum this covers, it is not yet possible to define and report on a KPI with regard to the generic objective to improve animal health and welfare.

Examples of innovation projects in 2017 aimed at improving animal health and welfare include:

Examples of innovation projects in 2017 aimed at improving animal health and welfare include:

Ruminant	Poultry	Swine
Diagnosis of rumen acidosis via milk samples	Development of optimal feeding strategies for slow-growing broilers and other alternative production systems	Launch of the NOVA sow feed range, improving lactation performance and lowering piglet pre-weaning mortality, whilst increasing weaning weights and lowering culling rates
Development of a garlic bolus to support drying off cows	The development of feeding strategies for reduced feather pecking in beak-treated hens	Optimisation of dietary factors to reduce the occurrence of salmonella
The implementation of VITAlity Score, a tool aimed at improving the immune status of calves	Optimised laying hen nutrition for longer living hens	Use of Delta-Score, a monitoring system to test the health status of finishing pigs and provide nutritional solutions

Anti-Microbial Resistance

Anti-Microbial Resistance (AMR) is one of the great challenges to both human and veterinary medicine as a number of bacteria are no longer responsive to antibiotics. ForFarmers looks for nutritional solutions to help customers and their vets reduce the quantity of antibiotics used in livestock production. In recent years, the use of in-feed medication has reduced or been excluded as antibiotic use continues to fall and alternatives such as water medication are developed. In Germany and the Netherlands, sector agreements are in place to ensure no in-feed medication is used. In Belgium, in-feed medication is only used for young pigs if necessary. In the United Kingdom, the O'Neill Report in October 2017 included industry reduction targets. In this respect, ForFarmers proactively shares its experience of reducing antibiotic use in the Netherlands. For example, a number of workshops

in conjunction with the National Pig Association and the Agriculture and Horticulture Development Board (AHDB) were organised to help farmers address this issue. In addition, ForFarmers provided a direct link to the electronic medicines book (e-MB-Pigs) which has been developed by the industry to help producers and their vets monitor the use of medication and take the necessary steps to reduce it.

Corporate Social Responsibility

ForFarmers recognises its role in society and in the agricultural sector with respect to Corporate Social Responsibility. It has over 25,000 farmer customers and deals with a large number of suppliers. As the Group strives to be a good corporate citizen while taking care of the local environment, it contributes to society by supporting a number of agricultural charities. These include The Farm Fresh Revolution which provides access to fresh produce with nutritional and cooking advice to children and parents in Staffordshire in the UK, the Agriterra project which enables employees to engage in initiatives aimed at helping develop the entrepreneurial skills of farmers in developing countries and the Run4Life charity, an EU-funded project aimed at creating low-impact fertilisers through nutrient recovery of human waste streams.

Dilemmas and challenges

With many interests to consider, ForFarmers faces a number of dilemmas as it develops its sustainability approach. Some dilemmas are specific to the Company whilst others pertain to society and the livestock industry in general. A selection is presented below.

The need for a coherent approach and availability of data

ForFarmers is able to calculate phosphate utilisation in swine and dairy production systems in the Netherlands because customers record the data in order to comply with domestic regulations. The same data is not readily available in Germany, Belgium and the UK, which means ForFarmers cannot provide comparable data in all countries.

The balance between animal health and welfare and greenhouse gas emissions

In North Western Europe there is growing societal pressure on livestock production systems. Society will of course decide which production systems are acceptable, but it has to be recognised that in some cases this will mean higher greenhouse gas emissions. Examples include the production of slow growing chickens and mandatory grazing periods for dairy cows. There is no clear-cut solution as there will always have to be a balance. As nutritionists, ForFarmers will work with its customers to improve the efficiency of production within their chosen production system.

Using higher energy in manufacturing to improve customers' environmental impact

ForFarmers has begun to calculate and report its own

GHG emissions (scope 1 and 2). For a company the size of ForFarmers, achieving this for its own manufacturing and transport activities is a major step forward. However, ForFarmers recognises that the environmental impact of its own operations is very small compared to its upstream and downstream activities. ForFarmers has started to calculate the emissions from the production and transport of raw materials in the Netherlands. At present it is not easily able to do this reliably for the United Kingdom, Germany and Belgium, but will take steps in the coming years to do so, particularly as industry databases become available. This will mean the Company will be able to provide its customers with environmental impact information for the products they purchase and have delivered to the farm gate. This in turn will enable them to calculate their own Life Cycle Assessment (LCA). In addition, it will enable ForFarmers to consider the correct balance between energy use in manufacturing and raw material use. For example, an investment could be made in processing equipment that might have higher greenhouse gas emissions (such as extruders) but reduce emissions for the customer through higher feed efficiency.

EU Protein Sources - sustainability or feed security?

A number of initiatives are underway to increase the volume of feed materials produced in Europe. These initiatives are driven by concerns over the degree to which the livestock industry depends on imports for high protein materials such as soy. 95% soy is imported into the EU (which uses approximately 30 million tonnes per annum for use in animal feeds) predominantly from the US, Brazil and Argentina. ForFarmers recognises the concerns and is developing alternatives. However, all current options increase costs for the farmer if the same level of performance is to be achieved, and consequently lead to higher prices for consumers. In addition, inclusion of many of the alternatives increases the environmental impact of livestock production rather than improving it. For instance the regionally grown soy in Germany: European soy is of lower quality because the growing circumstances are not as good as close to the equator, needs more water and regional growth uses more energy leading to a higher carbon footprint, all despite shorter transport distances. ForFarmers will continue to play an active role in the feed industry's national and European trade associations to continue proactive dialogue with all stakeholders on this important issue.

Responsible soy and palm – customer demand or company responsibility?

ForFarmers has set an objective for 2020 to source 100% responsible soy meal and palm oil. However, there are currently significant differences in demand in the four markets in which ForFarmers operates. In Belgium and the Netherlands, there are cross-sector commitments to source 100% responsible soy meal as of 2015. In addition, there are a number of sector requirements for specific certification schemes. For example, the Dutch dairy sector has made a commitment to RTRS via the purchase of certificates. In Belgium concepts have been developed for beef production using local raw materials. In Germany and the United Kingdom there are currently no sector commitments on responsible soy. It is expected that the market will enforce changes over time. The dilemma ForFarmers faces, is that the Company considers using responsible soy the right thing to do, even in those markets in which there is no obligation to do so. By doing so, the feed product does become more expensive and other players in the market are not compelled to follow suit.

In the United Kingdom and the Netherlands, there are sector commitments to purchase 100% responsible palm oil as of 2015. There are currently no sector agreements on responsible palm oil in Germany or Belgium.

The balance between health and safety and customer relationships

ForFarmers has a duty of care not only to its employees but to all of its stakeholders. In the case of on-farm safety, ForFarmers will discuss any risks that have been identified with the customer and recommend the remedial action to be taken. This is clearly a sensitive issue that is discussed with the customer and the necessary action is taken in most cases. If the customer does not respond within the agreed timeframe, ForFarmers stops supplying feed. This puts a strain on the balance between health and safety and customer retention.

Different societal attitudes to animal health and welfare and the need for a One ForFarmers approach

One of the implications of operating in a different countries is that consumer attitudes, regulations, and codes of practice relating to animal health and welfare differ. For example, in the United Kingdom nearly 50% of the sow-breeding herd is housed outdoors. Attitudes vary

with regard to the castration of pigs and intensive broiler production. This means that it can be difficult for ForFarmers to standardise products and advice in all markets.

Governance sustainability activities

ForFarmers has a two-tier governance approach to sustainability in the form of the Sustainability Advisory Board and the Sustainability Task Force. The Sustainability Advisory Board meets twice a year and is chaired by the CEO of ForFarmers. Its role is to provide advice on ForFarmers' sustainability strategy and on major trends and issues that should be taken into account.

The Sustainability Advisory Board is composed of three members of ForFarmers' Executive Committee, one member of the ForFarmers Supervisory Board and six external members who are all major players in ForFarmers' supply chain, academia and NGOs. Composed of two members of the Executive Committee and eight senior managers, the Sustainability Task Force is responsible for the implementation of ForFarmers' sustainability approach. The task force coordinates improvement measures with respect to KPIs and provides relevant information to the Executive Committee and the Supervisory Board.

Sustainability advisory board

Chairman Yoram Knoop, CEO

Director Strategy & Organisation Stijn Steendijk	COO Steven Read
Corporate Affairs Director Nick Major	Supervisory Board Member Erwin Wunnekink

Sustainability task force

Chairman Nick Major

Director Strategy & Organisation Stijn Steendijk	Director Investor Relations Caroline Vogelzang
COO Steven Read	Director Business Control Daniëlle van der Sluijs

nutreco	Supplier	Prof. Leo den Hartog
DBV	Farmers	Werner Schwarz
	Food Industry	Frank van Ooyen
UNIVERSITY OF CAMBRIDGE	Academia	Martin Roberts
TESCO	Retail	Barney Kay
Oliithe	NGO	Sijas Akkerman

Business owners

Continuous Improvement Noel Cornforth	Nutritional Innovation Leon Marchal
Quality Group Manfred Hessing	Formulations & Lab Wilco Engberts
Raw Materials Falko Weinberg	

Innovation and Research

Innovation and research is core to ForFarmers' Horizon 2020 strategy and is the responsibility of the Nutrition Innovation Centre (NIC). ForFarmers provides sustainable feed and advice to farmers which will lead to healthier livestock and greater efficiency which results in better returns on farm.

The Nutrition Innovation Centre is organised centrally and includes species specific nutritionists and innovation managers. The team members of NIC are not only responsible for ForFarmers' research and innovation programme, but also for the technical performance of products supplied to customers. Moreover, they work closely with the species teams in each country and with ForFarmers' strategic partners, such as with Nutreco, with whom joint innovation projects are undertaken.

The importance placed on innovation is illustrated by the fact that the NIC investigates on average over 40-50 research projects each year. In addition, ForFarmers leverages its extensive network, which includes many of Europe's leading research institutes and Universities, to contribute to primary research and to the development of products and services used by farmers. The top sector initiative 'Feed4Foodure' in the Netherlands and CIEL

(Centre for Innovation Excellence in Livestock) in the United Kingdom are examples of this.

ForFarmers is continuously working at improving the performance of its products by enhancing, among other things, feed efficiency. Societal interests, such as animal health and animal welfare, reducing medication, the impact of livestock farming on the environment (for instance regarding nitrogen and phosphate efficiency) and the use of raw materials are also important research themes.

All ForFarmers' diets are formulated using a feed evaluation system developed in-house. This system sets out the nutritional parameters of each raw material and its availability (i.e. digestibility) for each species. It also takes into account, inter alia, the age of the animal. Feeds are produced which provide the correct level of nutrients for the growth and health of the animal. As genetics, health and management systems constantly evolve so does the feed evaluation system.

Reporting Frameworks

This report has been produced according to GRI G4 (core) guidelines for the 2017 calendar year. It is acknowledged that these have been superseded by the GRI Sustainability Reporting Standards, although companies may use the GRI G4 guidelines for reports published up to May 2018. In this report, we present an update on the material topics chosen by ForFarmers as well as on the stakeholder dialogue and process for producing the updated materiality matrix.

The scope for reporting is included in the description of each of the materiality topics. In 2017 ForFarmers made no changes to its sustainability approach, material topics or KPIs.

The GRI-index 2017 can be found on the website of the Company.

GOVERNANCE AND COMPLIANCE

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Corporate Governance

The Executive Board and the Supervisory Board (the 'Board') are responsible for the company's corporate governance structure. The corporate governance of ForFarmers N.V. (the 'Company') is determined by the law, the Articles of Association and the pertinent regulations. The regulations are established based on the Dutch Corporate Governance Code (the 'Code')[1]. The Executive Board and the Board are of the opinion that, partly for historical reasons, deviations or qualifications of some individual provisions of the Code by ForFarmers are justified. These deviations or qualifications are explained below.

ForFarmers has published its Corporate Governance Declaration[2] as part of the board report and as a separate document on its website. The Corporate Governance Declaration explains how the Code is applied by ForFarmers N.V. and how information is provided in accordance with the provisions of Article 10 of the Takeover Directive and Article 3 on disclosure of non-financial information. This declaration also contains information regarding the main points of the internal risk management and control systems related to ForFarmers' financial reporting process, and the composition and functioning of the Executive Board and Committee, and the Board, as well as how the Annual General Meeting of Shareholders ('AGM') works.

Deviations from the Code

Deviations from the Code and the main points of the corporate governance of ForFarmers N.V. are explained below.

2.1.7 and 2.1.8	**Independence of members of the Supervisory Board**
	The Supervisory Board does not consider members of the Supervisory Board who are also directors of Coöperatie FromFarmers U.A., i.e. Mr Eggink and Mr Hulshof, independent. In this respect, Article 4.4 f of the Supervisory Board Regulation states that a maximum of two Board members per shareholder or group of related shareholders who, directly or indirectly, hold more than 10% of the shares in the capital of the company, may be regarded as related or representing it as referred to in Article 4.5 sections f. and g. of the Regulation. This is further explained in the Report of the Supervisory Board.
2.1.9	**Statement by the Chairman of the Supervisory Board**
	The current Chairman of the Board is also a member of Coöperatie FromFarmers U.A.'s Executive Board and will step down as of the date of the General Meeting of Shareholders in 2018 latest. The Chairman of the Board is nominated by the priority shareholder after consultation with the Board, or by the Board after consultation with the priority shareholder, as determined in Article 22.2 of the Company's Articles of Association. Coöperatie FromFarmers U.A. holds the priority share.
2.2.2	**Appointments and re-appointments of Supervisory Board members**
	As discussed during the General Meeting of Shareholders of 26 April 2017, the Company deviates from this provision as regards people who on 1 January 2017 formed part of the Board; these people can again be re-appointed once for a period of four years after a period of twice four years. Other than that, the provision on this subject in the Supervisory Board Regulation also applies here. For people re-appointed after that date, this provision of the Code will be applied.
2.3.4	**Composition of committees**
	ForFarmers reserves the right to deviate from this provision for practical purposes. The regulation on committees states that at least half of the members of committees should be independent within the meaning of best practice provision 2.1.8. In the period under review, this provision was deviated from as regards the Selection and Appointment committee. Half of this committee is composed of members who are independent as specified above.

4.4.5 Exercise of voting rights

Insofar as no voting rights have been requested for the shares held by the Trust Office Foundation and no voting instructions have been given by Coöperatie FromFarmers U.A. in accordance with the provisions of Article 8 of the Trust terms & conditions, the Trust Office Foundation shall determine the manner of exercising the voting rights associated with these shares as it sees fit, with the proviso that the Foundation shall primarily bear in mind the interests of the holders of depositary receipts and the interests of the Company and its affiliated enterprise.

4.4.8 Proxy votes

Only holders of depositary receipts who are also employees of ForFarmers or members of Coöperatie FromFarmers U.A. may apply for voting rights as referred to in the Trust Terms & Conditions of the Trust Office Foundation. Other holders of depositary receipts may not apply for voting rights. Only Coöperatie FromFarmers U.A. may issue binding voting instructions for the shares held by the Foundation (and for which voting rights have not been requested). Holders of depositary receipts may not issue binding voting instructions. Furthermore, restrictions apply as provided for in the aforementioned Trust Terms & Conditions.

Main points of Corporate Governance

Executive Board and Committee

Externally, the Executive Board, together with the other Directors, acts under the name of the 'Executive Committee of ForFarmers'. The Executive Board is responsible for the continuity of the Company and its affiliated enterprise. In accordance with its Regulation, the Executive Board has developed a long-term vision on value creation for the Company and its affiliated enterprise and has - in consultation with the Board - formulated a strategy in line with this. When formulating the strategy, a lot of attention was devoted to aspects included in best practice provision 1.1.1. i to vi of the Code. Given the size of the organisation and the importance of efficient reporting lines, the operational management is steered by the Executive Committee.

The number of members of the Executive Board is determined by the Board. In the period under review, the Executive Board consisted of three members and the Executive Committee (including the Executive Board) of seven members. The following retirement schedule applies for the members of the Executive Board since the General Meeting of Shareholders of 15 April 2016.

Name	Year of latest appointment	Eligible for re-election in
Knoop, Y.M. (CEO)	2014	2018
Traas, A.E. (CFO)	2016*	2020
Potijk, J.N. (COO)	2016*	2019

** change of term of office*

Appointments of members of the Executive Board can be renewed for an unlimited amount of times, each time for a maximum of four years.

In the period under review, the Executive Board has assessed the design and operation of the internal risk management and control systems. The effectiveness of the design and operation of these systems is discussed with the Audit committee, the Executive Board and the external auditor. ForFarmers has appointed an internal auditor from 1 January 2017. In the period under review, the Executive Board evaluated its own performance as a group as well as that of the individual Directors.

Supervisory Board

The Supervisory Board supervises the policy of the Executive Board as well as the general affairs of the Company. The Board furthermore advises the Executive Board. The Board is composed of six natural persons and has three key committees, i.e. an Audit Committee, a Remuneration Committee, and a Selection and Appointment Committee. The Supervisory Board Regulations and those of its committees as well as the Profile of the Supervisory Board are published on the Company's website.

General Meeting of Shareholders

The Executive Board and Board ensure that the General Meeting of Shareholders is properly informed and advised. The Company has, in accordance with best practice provision 4.2.2 of the Code, drawn up a Policy on bilateral contacts with Company shareholders. As stated in the aforementioned policy, the relationship between the Company and Coöperatie FromFarmers U.A., is such that, partly for historical reasons, additional agreements are

authorised in this relationship. These agreements are laid down in the Relationship Agreement.

The Company's share capital is composed of ordinary shares, preference shares and a priority share. The ordinary shares of ForFarmers N.V. are listed on Euronext Amsterdam since 24 May 2016. Furthermore, depositary receipts of ordinary shares are issued with the cooperation of the Company. No preference shares are issued. Coöperatie FromFarmers U.A. is the holder of the priority share as further explained in the paragraph Priority shareholder.

Trust Office Foundation

The management of the ForFarmers Trust Office Foundation ('Trust Office Foundation') operates independently of the company. The Trust Office Foundation holds ordinary capital shares in the Company and is intended, among other things, for (i) the acquisition of ordinary shares for management purposes, (ii) the issue of depositary receipts, (iii) where applicable, the acquisition, disposal and encumbrance of shares for its own account, (iv) the exercise of rights associated with the ordinary shares it holds and (v) the granting of proxies for the exercise of voting rights as well as the acceptance of voting instructions as regards the exercise of the voting right, all in accordance with the Trust terms & conditions. The Articles of Association, Trust terms & conditions and the Report of the ForFarmers Trust Office Foundation (in Dutch: "Stichting Beheer- en Administratiekantoor ForFarmers") are on the Company's website. As aforementioned, only Coöperatie FromFarmers U.A. may issue binding voting instructions for the shares held by the Trust Office Foundation (and for which voting rights have not been requested).

The Trust Office Foundation shall only accept ordinary shares for management purposes against issue of depositary receipts to (i) a holder of depositary receipts within the context of exercising a share claim, (ii) someone entitled to the balance of a participation account held with Coöperatie FromFarmers U.A. within the context of a conversion, (iii) an employee as part of an employee participation plan, (iv) Coöperatie FromFarmers U.A. or (v) a party designated by the aforementioned Cooperative.

Priority shareholder

The priority share is held by Coöperatie FromFarmers U.A. Given that Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2018, could exercise the voting right for more than fifty per cent (50%) of votes to be cast on the total of ordinary shares, on the shares it holds and/or could give voting instructions with regard to the shares held by the Trust Office Foundation, the situation is that Coöperatie FromFarmers U.A. as priority shareholder:

(i) has a recommendation right for four of the six members of the Supervisory Board;

(ii) may appoint a Board member as Chairman after consultation with the Supervisory Board;

(iii) has an approval right as regards the decisions of the Executive Board regarding:

1. moving the Company's head office outside the east of the Netherlands (Gelderland and Overijssel);

2. an important change in the identity or nature of the Company or its enterprise as a result of (1) transfer of the enterprise or practically all of the enterprise to a third party or (2) entering into or breaking off a long-term partnership of the Company or a subsidiary thereof with another legal entity or company, or as fully liable partner in a limited partnership or general partnership, if such partnership or its termination represents a fundamental change to the Company;

3. taking, or disposing of, a participating interest in the capital of a company to a value of at least a third of the amount of the Company's equity according to the balance sheet with explanatory notes or, in the event the Company draws up consolidated balance sheets, according to the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company, or any of its subsidiaries;

4. changes to the Company's articles of association;

5. a merger or split.

Please see the Corporate Governance Statement for the conditions for holding the priority share and the special control rights associated thereto if that voting right and/or voting instruction can be exercised or given for 50% or less.

Protective measures

The Company has entered into a call-option agreement with regard to preference shares with Stichting

Continuïteit ForFarmers (ForFarmers Continuity Foundation). This Continuity Foundation was established to safeguard the identity, strategy, independence and continuity of the enterprise affiliated with the Company. Stichting Continuïteit ForFarmers is fully independent and has independent management. Furthermore, Coöperatie FromFarmers U.A. holds a priority share to which rights are associated as provided for in the Company's Articles of Association.

The appointment of Executive Board members furthermore only occurs by binding recommendation from the Board, and material decisions of the General Meeting of Shareholders (such as issues of shares, dividends, amendment to the articles of association, mergers, divisions and demergers) may only be made on the proposal of the Executive Board with the approval of the Board.

Culture, Code of Conduct and Whistle-blower Policy

ForFarmers expects its employees to act ethically and follow the local rules and procedures in place. Sustainability, and its associated corporate social responsibility, forms one of the three core values of ForFarmers, along with ambition and partnership. The core values are based on long-term value creation and are ratified by the Board. ForFarmers has a Code of Conduct and a Whistle-blower Policy. ForFarmers' core values and the Code of Conduct are proactively communicated within the organisation. This occurs, amongst others, through regular employee engagement surveys. New members of staff follow an e-learning course in which all the aspects of the Code of Conduct are explained.

This includes, inter alia, aspects such as anti-bribery and anti-corruption, preventing conflicts of interest, how to handle gifts and hospitality, fair competition and how to handle confidential information. In the period under review, ten incidents or suspected incidents have been reported. In these cases, a high level of confidentiality was in all cases observed and the procedure described in the whistle-blower policy was followed. Given the nature and/or impact of the notifications, it was not necessary to disclose these publicly. The overview of alerts to incidents and the follow-up thereof is periodically discussed with the Audit Committee and the Board.

[1] *This Code can be consulted (in English) through the following link http://www.mccg.nl/?page=4738. An overview of ForFarmers N.V. as regards the implementation of the Code can be found on the website www.forfarmersgroup.eu.*

[2] *Pursuant to the provisions of the Decree of 29 August 2017 to revision of the Decree of 23 December 2004 adopting further rules on the contents of the annual report, this Corporate Governance Declaration is deemed to form part of the management report.*

Risk Management

Risk appetite with regard to the most important risks

The Executive Committee has determined that in general, ForFarmers aims for a low risk profile. This forms the guiding principle for the assessment and taking of risks in the realisation of strategic goals.
The risk profile and risk appetite is evaluated annually by the Executive Committee and risk managers, and wherever necessary adjusted to the changing market conditions or a revision of strategy.

This is so that the Company can optimally weigh up handling decisions and commercial or strategic goals with the associated risks/opportunities.

ForFarmers has grouped the 21 main risks into the four key categories, for which control measures are determined and implemented.

The desired and established risk appetite can differ per category or sub-category as described below:

Strategic objectives

To be able to meet the growth objectives within the strategy, both organically and through acquisitions, (substantial) investments will be made. In this respect, ForFarmers has an average to high risk appetite. However, when pursuing strategic business objectives, there are two specific areas where ForFarmers applies a very low to low risk appetite:

- Reputation: reputation is crucial for the confidence that customers, suppliers and society place in ForFarmers.
- Sustainability: ForFarmers places great importance on sustainable raw materials, the environment, energy, waste reduction, animal health and welfare, people and society. When controlling these risks, ForFarmers applies 'economic sustainability' as a guiding principle. This means that each and every initiative for sustainability must be commercially feasible both to customers and to ForFarmers.

Operational objectives

An inherent aspect of the business is the purchase of raw materials, the prices of which are prone to fluctuate substantially. Because of the nature of the business and the corresponding volume of necessary raw materials for the production of feed, the Company faces risks relating to these purchases. This is why the purchasing policy applies a low to average risk acceptance level, and for the quality of purchased products, a very low risk acceptance level. To control such purchasing risks, the risk limits are defined on the basis of the 'value at risk' principle that applies to the organisation as a whole, translated for the various business units.

Financial objectives

ForFarmers has a very low to low risk acceptance level for risks that may have a considerable effect on the financial results and the reliability of the information of ForFarmers, financial or otherwise. Currency positions

with regard to raw materials, or for other purchases for operational activities, are hedged by ForFarmers. Currency risks of assets outside the Eurozone are partly hedged through funding in the same currency. Currency risks relating to the annual result and undistributed dividends are not hedged.

ForFarmers is partly funded by means of interest-bearing debts, which brings about an interest risk. Developments on the interest and currency markets are followed carefully and risks are, if so required, hedged by means of swaps and other financial instruments. ForFarmers ensures, through a robust equity and liquidity position, that the Company's financial obligations can always be met.

Compliance

ForFarmers has a very low risk acceptance level for risks regarding compliance with legislation and regulations. The Company has a Code of Conduct and a Whistle-blower Policy. The Code of Conduct contains the business principles, values and rules of conduct that are applicable to everybody working at ForFarmers. All ForFarmers employees must be familiar with the Code of Conduct and be aware of its implications. New employees receive the Code of Conduct in their own language and they are tested on its enforcement with the help of case studies. They are also asked to sign the Code of Conduct. The Code is regularly discussed and highlighted internally. ForFarmers has a zero tolerance policy with regard to breaching the ForFarmers Code of Conduct. Both the Code of Conduct and the Whistle-blower Policy serve as control measures with respect to combating corruption and bribery.

Methodology of the internal risk management and control systems

In order to be able to realise strategic, operational and financial objectives, ForFarmers has to seize opportunities and run risks. It is therefore important to properly identify, weigh up and manage risks; the primary goal of good risk management. The Executive Committee acknowledges the importance of good internal risk management and control systems, and strives for a high level of awareness in the organisation by actively monitoring risk management. This system is entrenched in the organisation, all the way from the Executive Committee, under supervision of Supervisory Board ('the Board'), to all operational and financial departments. This includes the tone at the top, and the hard and soft control measures. The corporate governance & compliance team give risk and compliance workshops and facilitate self-assessment for the relevant business units and processes. For all major risks, key officers (risk owners and risk managers) are designated who are tasked with risk management as part of their role.

The methodology used by ForFarmers for the control and management of the different risks is based on the model formulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and in line with ISO31000. In June 2017, COSO issued a new publication called "Enterprise Risk Management - Integrating with Strategy and Performance". ForFarmers is studying this publication.

Management, Monitoring and Reports

All aspects of risk management (execution, monitoring and reports) are under the responsibility of the Executive Board, which has appointed a Risk Advisory Board (RAB) hereto. The executive Board gives account to the Board. The RAB is composed of the CFO, Director Supply Chain, Director Reporting, Tax & Risk. The Internal Auditor participates in meetings as an observer.

The RAB monitors the control of the main risks based on the periodic reports. These reports serve, amongst others, as a tool to measure ForFarmers' risk appetite as regards the actual risks, and where necessary to take additional control measures.

The managers of the business units have to sign a Letter of Representation (LOR) twice a year to declare that they comply both with the (local) laws and legislation and the internal control rules, including the Code of Conduct. The LOR, in addition to the Whistle-Blower Policy, provides the opportunity to report potential fraud and incidents.

Risk Management in 2017

In 2017, risk owners followed additional training sessions on conducting self-assessments of risks. The 21 main risks were assessed twice in this manner, including an analysis of the overall desired risk profile compared with the current risk profile. The corporate governance &

compliance team discussed the outcomes of this with the risk owners and where necessary, action plans were drawn up to improve the control of these risks.

The data protection legislation project will be pursued in the 'compliance' risk area. This project concerns further controlling the use of data protection-sensitive subjects and the associated risks within the limits of the legislation and regulations. In 2017, the decision was made to appoint a Privacy Officer who will make a risk inventory with the help of an external expert.

In 2017, the RAB met four times to discuss the status and reporting of the risk management system.

In general, the profiles of the risks stayed the same or decreased in 2017; the risk profile 'Size of livestock herd and animal diseases' increased slightly. Dairy livestock in the Netherlands decreased by almost 10% as a result of phosphate measures implemented there. The risk of loss of volume of Total Feed solutions remained low through the introduction of new tools in the sector, and through intensive guidance of customers by ForFarmers advisors. The Fipronil affair in the layers sector led–especially in the Netherlands–to financial loss for individual poultry farmers. Given the spread of activities, this affair had a very limited impact on the level of ForFarmers.

The risk profile 'Credit and liquidity risks contracting parties' decreased in 2017. This was because of the improved financial positions of a large proportion of customers as a result of overall higher prices, primarily for milk and swine. In 2017, a limited amount of the overdue receivables was proactively converted into loans, secured by collateral as much as possible, and with clear arrangements as to interest. Customers with credit limits of more than €250,000 are discussed by the Executive Committee in their monthly meetings. Most of the receivables are insured.

The pension risk also fell in 2017. After reaching an agreement with the trustee of the pension fund in the United Kingdom, an extra sum was paid in to the British pension fund in January 2017. This is in line with an adjustment of the inflation definition; from RPI (Retail Price Index) to the lower CPI (Consumer Price Index).

In the past year, attention was also devoted to the risks associated with mergers and acquisitions ('M&A'). One of the pillars of the Horizon 2020 strategy is growth through M&A. For an acquisition to become a success, it is important to draw up a good business plan to be able to assess an appropriate valuation. Proper implementation of the integration plan is also important. Management is aware of the risks associated with M&A transactions and is implementing risk mitigating measures.

The main risks and affected control measures

Strategic objectives		Operational objectives		Financial objectives		Compliance	
Price development and availability raw materials	■	Safety	■	Currency and interest risks	■	Amendments in legislation and regulations	■
Size of livestock herd and animal diseases	▲	Quality risks	■	Credit and liquidity risks contracting parties	▼		
Climate Risks	▲	Cyber security and disaster recovery	▲	Pension risks	▼		

■ Risk is assessed as having remained the same ▲ Risk is assessed as having increased ▼ Risk is assessed as having decreased

Main risks and their control measures

The main risks and control measures as defined by ForFarmers' Executive Committee are shown below:

Risk	Description	Control measure
Strategic risks		
Price development and availability of raw materials	ForFarmers processes raw materials (wheat, maize, soya meal, barley etc.) The prices thereof are influenced by such aspects as the quality and size of harvests, demand from the biofuel industry and speculative trading, making them very volatile. Changes in raw material prices affect feed prices and are passed on to customers. ForFarmers takes positions to safeguard the availability of raw materials for orders. These positions can affect the Company's results.	ForFarmers closely follows developments in the area of prices and availability of raw materials. To reduce the risk of raw material positions, ForFarmers has implemented a risk management system, which outlines who is authorised to take positions, up to what level and also under which terms agreements can be made. Longer-term pre-sales contracts for customers are immediately hedged for 85%. The authorisation boundaries are defined per Business Unit.
Size of livestock herd and animal diseases	The size of livestock herds can change, e.g. because of legislation or animal diseases. As a result, the demand for raw materials and/or compound feed may fluctuate, which may affect ForFarmers' results. An outbreak of animal disease can result in transport restrictions that are imposed by official authorities, which can lead to lower feed sales.	ForFarmers limits these risks by spreading activities both geographically and over various animal species. In the event of an outbreak of animal disease, an (international) crisis team closely follows developments, and instructs the business units concerned on actions to be taken and on which protocols should be followed. In such cases, the crisis team stays in close contact with the national authorities.
Development of energy & fuel prices	Changes in energy and fuel prices affect ForFarmers' production and transport costs. Cost fluctuations cannot always be passed on to customers in the sales prices, leading to a potential adverse effect on results.	ForFarmers has an energy-purchase policy. Price risks are, where necessary, hedged by financial instruments and commodity contracts. The enforcement of this purchasing policy is monitored. Developments on the energy and fuel markets are closely monitored.
Operational objectives		
Safety	The safety policy (including procedures, training, physical safety measures, personal safety awareness etc.) is executed locally. Therefore there is a risk that there is insufficient vigilance as to the practice of the safety system. This exposes ForFarmers to an unacceptable level of incidents, reduced motivation of employees, claims and reputational risk.	Detailed safety plans are drawn up for all ForFarmers locations. The Company also places a lot of importance on creating heightened awareness, as well as training all staff (this also refers to logistics safety), completing inventories in all factories as regards safety aspects and reporting on the status of any shortcomings and actions to resolve these.
Quality risks	The quality of raw materials is of essential importance for the production of safe and reliable compound feed. There is a risk that due to contamination of products or cross-contamination during the production process, the finished products of ForFarmers do not comply with imposed requirements. Apart from claim risks and the costs of potential recall actions, there is also the risk of loss of customers.	In the various countries, ForFarmers works with several partnerships to ensure maximum feed safety. ForFarmers subscribes to the Sedex code and requires its suppliers to do the same. Knowledge is shared in respect of monitoring, quality control, tracking and tracing, and crisis management. In addition, specific arrangements have been made about the choice of raw materials and suppliers. A solid and objective risk analysis is conducted from the origin of a raw material up to the actual delivery. ForFarmers also applies procedures and uses tools/applications to signal potential contamination at an early stage and to subsequently take adequate measures. Analyses are performed at in-house laboratories and by external parties.
Financial objectives		
Currency and interest risks	The purchase of raw materials and the entry into sale and purchase agreements may result in currency risks. If raw materials are purchased in a foreign currency, the risk exists that due to currency fluctuations the prices of raw material are not aligned with raw material prices in local currency. The potential differences that result from this cannot necessarily be passed on in the sales prices and can therefore affect gross profit.	In principle, raw material positions are purchased in local currency. If positions are entered into in a foreign currency, they are immediately hedged by means of forward currency contracts and/or other financial instruments. The Governance, Risk & Compliance Team closely monitors compliance with the principles, which are formally established in the purchasing risk management policy. The availability of raw materials is continuously being monitored.

Risk	Description	Control measure
Credit and liquidity risks contracting parties	Credit risks occur if contracting parties of ForFarmers, such as suppliers or buyers, do not comply with their contractual obligations. Non-compliance with contractual obligations may have a direct effect on the results of ForFarmers. If buyers do not or potentially no longer comply with their obligation, this results in a write-off or provision for the outstanding claim. If suppliers do not comply with their obligation, this may result in, for instance, inefficiencies in production processes.	The contracting parties are assessed on a number of criteria. If required, additional arrangements are agreed, including the establishment of additional collateral. If required and possible, risks are insured. The correct settlement of obligations by contracting parties and developments with contracting parties are closely monitored. ForFarmers works across all business units with a system that ensures that outstanding receivables are collected on time. There are also strict arrangements regarding the maximum outstanding amounts per customer as well as applicable payment terms. Where necessary, ForFarmers at a very early stage contacts contracting parties where credit and liquidity risks increase.
Liquidity risks	ForFarmers must always be able to comply with its financial obligations. In 2014, ForFarmers entered into a multi-currency revolving facility agreement with ABN AMRO, Rabobank, Lloyds Bank and BNP Paribas for which no collateral is provided. The agreement has a maturity date up to 31 January 2020. The facility amounts to a maximum of € 300 million. In the funding agreement, loan covenants were established that ForFarmers must comply with.	ForFarmers monitors the liquidity position and bank covenants by means of periodic reports.
Pension risks	The pension schemes used in the Dutch subsidiaries are defined contribution schemes that were placed with insurance companies, for which only the agreed premium must be paid. In the German subsidiaries there is an in-house defined benefit scheme for a number of people. In Belgium, there is a defined benefit scheme as a result of the reform of the local legislation in 2015. External developments may have a negative impact on the level of the provision to be booked by ForFarmers. In the United Kingdom, the legal predecessor of ForFarmers UK operated a defined benefit scheme which was converted (2006) to a closed scheme in which the risk remains with ForFarmers. Changes in the actuarial assumptions may have a negative impact on the equity position of the pension fund and could imply ForFarmers United Kingdom needing to make additional payments. As of 2006 a new scheme was implemented on the basis of defined contribution placed with an insurance company, meaning that no risk exists for ForFarmers as regards this scheme.	The risk management model of the investments for the pension scheme in the United Kingdom is assessed periodically. The implementation of the investment policy is in the hands of a fiduciary manager.
Compliance		
Amendments in legislation and regulations	Amendments in legislation and regulations at a European, national or local level may affect the activities of ForFarmers or its contracting parties. This concerns, among other things, legislation in the area of the environment, food safety and production processes.	ForFarmers closely monitors developments in the area of legislation and regulations that are important to the Company and its contracting parties and, if so required, implements adjustments as a result of amended legislation. Compliance with legislation within ForFarmers is determined through, among other things, periodic reviews.

Apart from the regular items on the agenda for the RAB, attention was also devoted in 2017 to the following subjects, which led to additional control measures:

Climate risks

One of the main risks companies are faced with is climate change. Greenhouse gases are emitted both in the production and the logistics processes of ForFarmers. These contribute to potential further global warming, which could have damaging economic and social consequences. It is difficult to estimate when and to what extent these risks could manifest themselves. The water levels in rivers can have an influence on the ForFarmers costs of logistics forwarding. One ForFarmers factory risks being left inaccessible because of high water. ForFarmers has included the reduction of greenhouse gas emissions in its sustainability objectives. Every quarter, the progress of various implemented relevant parameters is reported to the Executive Committee, and additional points for action are determined where necessary. In 2018, this process will be fine-tuned further.

Information Technology (IT)/cybersecurity

Organisations are increasingly confronted with cyber-crime. Several tests were conducted in 2017 to increase the awareness of IT risks among employees.
The outcomes of these tests led to further improvements to the policy. More attention will be devoted to this subject in 2018.

Feed Fraud

In the production of feed, ForFarmers is dependent on the quality and provenance of the raw materials and ingredients added to the feed. There is a risk that the raw materials and/or ingredients bought do not comply with the legal standards or with the quality description based on which they were bought, in order for the counter party to obtain an economic advantage. These raw materials could be processed in feed and could therefore lead to a food safety risk. The risk of feed fraud, and the measures to be taken against it, is additional to the quality risks that ForFarmers could face as a result of the potential contamination of products or cross-contamination during the production process.

In 2018, the existing measures for quality risks were broadened to identify potential feed fraud at an earlier stage.

AMR (Anti-Microbial Resistance)

If antibiotics are used at too great a scale or too frequently, some bacteria may become resistant. The fact that some bacteria are no longer responsive to antibiotics prescribed to humans is a source of major concern for society. In certain countries, the agricultural sector still adds antibiotics to feed as a pre-emptive measure. In the Netherlands and Germany, sectoral agreements have been entered into to stop pre-emptive use of antibiotics in feed. ForFarmers works proactively in Belgium and the United Kingdom to stop or reduce the use of antibiotics. ForFarmers specialists are trained to discuss and put forward alternatives to customers. In 2018, this subject will continue to be focused on.

M&A

ForFarmers has a growth objective, which must be attained through both organic growth and growth through acquisitions. In making acquisitions there are inherent risks, such as in the area of due diligence, valuation, risk management, achieving synergy, management and integration. All of these factors can have a negative impact on ForFarmers' results. ForFarmers has a team for Mergers and Acquisitions, which works closely on this subject with the Executive Committee members and the managers of the clusters. These control measures are regularly discussed in the Executive Committee and Supervisory Board meetings and fine-tuned wherever necessary.

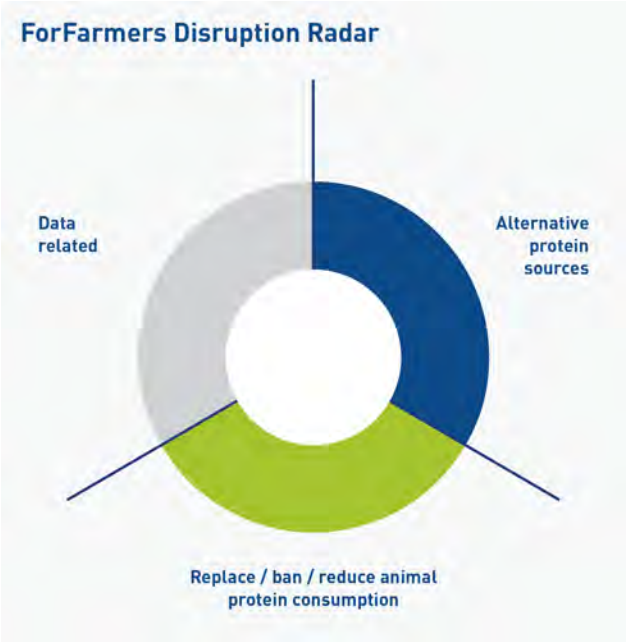
Availability of biological (organic) raw materials

ForFarmers is a leader in the biological (organic) feed market, operating under the name of Reudink. There is increasing interest in animal welfare and good nutrition. The whole chain, from raw material to the final product, has to meet specific conditions to be able to justify the 'organic' seal. The risk exists that there is a shortage of biological (organic) raw materials or production capacity. This could damage Reudink's market position. The RAB has discussed this and taken measures to properly monitor the availability of biological (organic) raw materials.

Strategy and disruptive developments

Both the consolidation occurring in the value chain and the increasing role of (big) data can affect the long-term value creation of ForFarmers and thereby the results of the

Company. ForFarmers actively monitors changes in the market and actively takes part in various initiatives in order to stay tuned with developments. To properly be able to weigh up opportunities and risks, a designated 'Disruptor team' has been set up. Certain specific points for attention have been established for which steps should be taken in 2018. The Disruptor Team periodically reports to the Executive Committee on findings.



Impact of the announcement by the United Kingdom of its withdrawal from the EU

On 29 March 2017, the British government triggered Article 50 of the Lisbon Treaty and announced to the European Council its intention to leave the EU. There is an initial two-year period for the United Kingdom to reach a deal with the EU on its withdrawal and on the future relations between the United Kingdom and the EU, although this period may be extended.
At this stage, there is a lot of uncertainty about the exit process, the time it will take, and the outcome of the negotiations on the future deals between the United Kingdom and the EU.

As a result, there is uncertainty about the period for which the existing EU Member State legislation will still apply for the United Kingdom and which laws will apply to the United Kingdom after Brexit.

There is a risk that the exchange rate of the Pound sterling will (further) decrease versus the euro. This has an impact on the consolidated results of ForFarmers. Furthermore, there is the possibility that farmers, particularly in the swine and dairy sector, will expand their businesses leading to an increase of the self-sufficiency ratio. This requires investments to be made by the farmers. Whether and when a possible expansion of farm businesses will take place is therefore uncertain. ForFarmers is actively following the developments.

ForFarmers tax policy

ForFarmers operates in four different countries with different tax systems. The risks exists that the Company's policy does not comply with local requirements as a result of the complexity of the various tax systems and legislation. ForFarmers' tax policy is based on the principle that paying tax forms part of its social responsibility, and consequently complies with laws and legislation in the area of tax. ForFarmers' risk appetite as regards taxes is low.

ForFarmers complies with its tax obligations and pays its tax on time. ForFarmers also monitors potential changes in the law and legislation both on a group level and local level, and anticipates upon them. In this respect, ForFarmers maintains an open line of communication with tax authorities. Over the year, various meetings take place with tax authorities in the different countries.

ForFarmers' staff are actively encouraged to keep their knowledge on legislation up-to-date. The current procedures and processes facilitate cooperation between the Group and local staff in the various tax zones.

Conclusion

In the period under review, no significant shortcomings were identified in the design and operation of the internal risk management and control systems and/or no significant changes were made to these systems. The anticipated improvements to these systems are specified above. The Executive Board has discussed the design and operation of the internal risk management and control systems with the Audit Committee and the Supervisory Board.

Declaration by the Executive Board

The Executive Board has made an assessment of the effectiveness of the design and operation of the internal control and risk management systems.

On the basis of this report and in accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016, and Article 5:25c of the Financial Supervision Act, the aforementioned assessment, the current state of affairs and to the best of its knowledge and belief, the Executive Board declares that the internal risk management and control systems were effective as at the end of the 2017 financial year and that:

- these systems provide a reasonable degree of assurance that the Executive Board is informed, on time, of the degree to which the Company's strategic, operational and financial objectives are being achieved;
- the report gives sufficient insight into any shortcomings in the operation of the internal risk management and control systems;
- the aforementioned systems provide a reasonable degree of assurance that the financial reporting does not contain any material misstatement;
- drawing up the financial reporting on a going concern basis is justified based on the current state of affairs; and
- the report states any material risks and uncertainties that are relevant as regards the expectation of continuity of the company for a period of twelve months after drawing up the report.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives. In the risk management chapter, an explanation is provided on the internal risk management and control systems such as are implemented within the Company and its affiliated enterprise.

In view of the above the Executive Board declares that to the best of its knowledge:

- the annual accounts give a true and fair view of the assets, liabilities, financial position and the results of the company and the enterprises included in their consolidation; and
- the management report gives a true and fair view of the situation as at 31 December 2017 and of the state of affairs of the company and its affiliated enterprise in the 2017 financial year, the details of which are included in its annual accounts, and that the management report describes the main risks faced by the company.

Lochem, 12 March 2018

Executive Board ForFarmers N.V.

Yoram Knoop, CEO
Arnout Traas, CFO
Jan Potijk, COO

REPORT OF THE SUPERVISORY BOARD

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Statement of the Chairman of the Supervisory Board

Looking back at 2017, it is encouraging to note that the market conditions in the agricultural sector in Europe were better than in 2016. Thanks to the on the whole higher prices for agricultural products in 2017, our customers' financial situation was generally better than in 2016. This is part of the reason why, especially in the Netherlands, Belgium and Germany, more high-quality feed was purchased to increase performance on farm. In the United Kingdom, the uncertainty still rife as to the consequences of Brexit continued to affect the agricultural sector, as a result of which many farmers still did not seem prepared to invest in increasing their livestock for their farming business. Sadly, the layers sector was affected, primarily in the Netherlands, in the period under review by the Fipronil affair, a particularly regrettable situation for the individual poultry farmers involved.

The members of the Supervisory Board (the 'Board') were informed during meetings with the Executive Board of ForFarmers on market developments and the performance of ForFarmers. The Board devoted special attention to the causes of the underperformance in the United Kingdom. The Board shares the opinion of the Executive Board that in 2018 additional attention is still needed for the United Kingdom at a director level, given the developments in the market and internal organisation.

In the period under review, ForFarmers has again pursued efforts in all countries, through cooperation with customers, staff, partners and suppliers, to improve returns on farm as part of the 'For the Future of Farming' mission. The Board is delighted to see that this approach is being consistently adhered to in all countries in which ForFarmers is active. Further progress was also made with the implementation of the Horizon 2020 strategy. The Board is therefore pleased with the group results achieved in 2017.

Horizon 2020

Over the course of the year, the Board regularly discussed the subject of further developing the strategic pathway for Horizon 2020 with the Executive Committee. The items that were particularly examined were the shift in thinking in terms of volume to value, and the potential developments in the market or the sector that could influence the longer-term strategy. As part of this, a special strategy day was held in May that included, among other things, speaking on the importance of big data in the agricultural sector. Steps were also made towards monitoring and establishing priorities for strategic projects to promote their successful implementation.

One of the high-priority sustainability goals concerns safe working conditions. The number of lost time incidents (LTIs) has not yet fallen to the desired level. The number of LTIs relating to in-house ForFarmers staff on factory sites has decreased. Unfortunately, in the period under review some LTIs occurred involving external workforce, on farm and on the road. A very low point was at the beginning of 2018 when ForFarmers lost an employee due to a fatal incident. The Board supports the initiatives of ForFarmers in the area of safety and especially the project to improve safety on farm. The Board hopes that all these initiatives will lead to a reduction in the number of LTIs and a business culture in which safety forms part of the DNA.

Composition of the Supervisory Board and Executive Board

On 26 April 2017, Cees de Jong was appointed as member of the Board for a period of four years. With his background and experience, he makes a valuable addition to the composition of the Board.

Iain Gardner stepped down as COO of ForFarmers in the United Kingdom as of 31 December 2017. He is succeeded by Steven Read, who—thanks to his previous roles—is familiar with the British organisation and market, as well as with ForFarmers' Supply Chain activities. Iain Gardner has played a vital role in the implementation of the ForFarmers strategy in the United Kingdom. For this, the Board is very grateful and wishes him all the best for the future.

Goodbye

In the next general meeting of shareholders, I will step down as Board member. I look back on the progress of the Company in the last few years with justifiable pride. I am especially pleased to see that the interests of customers have always remained at the forefront. In advance of my departure in April, I would like to take this opportunity to give my heartfelt thanks to all my fellow Board members, employees and directors for a pleasurable cooperation and I hope that ForFarmers will continue to deliver more valuable contributions to the 'Future of Farming'.

Thank you

Speaking on my behalf and on behalf of the other members of the Board, I would like to thank all employees for a year in which their engagement, dedication and cooperation have again contributed to the results achieved. Positive efforts and a good working environment are crucial to the implementation of the Horizon 2020 strategy. On behalf of the Supervisory Board, I would therefore like to give special thanks to the Executive Committee and staff for their input in 2017. Finally, I would like to wish my successor all the best in this great organisation.

Jan Eggink

Chairman of the ForFarmers Supervisory Board

Report of the Supervisory Board

In the period under review, the Supervisory Board ('the Board') supervised the progression which the Executive Board has made with the implementation of the Horizon 2020 strategy. One of the aspects of this was looking at developments in the agricultural sector. Special attention was given to the performance and development of ForFarmers in the United Kingdom. The Board feels that ForFarmers is setting the right priorities with its mission 'For the Future of Farming'. The initiatives in this area are focused on efficient, sustainable and profitable business for customers, and these contribute to the long-term value creation for all ForFarmers' stakeholders.

In 2017, ForFarmers once again showed an improvement in results in the Netherlands, Belgium and Germany. In the United Kingdom, the transformation of and efficiency improvement in the supply chain is being worked on. The progress in implementing the Horizon 2020 strategy in the United Kingdom is not yet entirely on track. The primary focus initially lay on improving the service reliability, which has in the mean time been achieved. This led to some delays in the transformation project in the third quarter. The Board will continue to monitor developments in this area in 2018. In addition to devoting specific attention to the situation in the United Kingdom, over the last year the Board contemplated the acquisition strategy and the further development of the organisation in several meetings.

The main subjects discussed in the period under review with the Executive Board and other members of the Executive Committee are described as follows. To prepare items on the agenda, these were often discussed in advance in one of the committee meetings or in a meeting of the Board without the presence of the Executive Board or Executive Committee.

Horizon 2020 Strategy

The Board was closely involved in the creation of the Horizon 2020 strategy for the long-term value creation and has lent its approval thereto. The Horizon 2020 strategy was introduced in 2014, and in the period under review, the Board held regular talks on the implementation and execution thereof as well as on the associated risks.

In every regular meeting with the Executive Committee, the Board examined the performance of ForFarmers in the various countries of operation. In May, the Board and the Executive Committee devoted an entire day to the strategy. That day was kicked off by an external speaker who spoke about the importance of big data in the agricultural sector. Against this backdrop, the Board subsequently exchanged ideas with the Executive Board on various relevant strategic aspects and potential developments that could have a disruptive influence in this respect. The influence of alternative sources of protein was also discussed.

As part of the Horizon 2020 strategy and the activities, the Board also spoke about the effectiveness of the design and operation of ForFarmers' internal risk management and control systems. The Executive Board assessed these systems in the period under review. The findings, recommendations, and measures that came out of the assessment were discussed with the Board. The Board endorses and supports the internal risk management system as outlined in the Risk Management section of this report. The Board also supervised the work of the internal audit function.

Strategic partnerships

The results of the various strategic and production partnerships entered into by ForFarmers in previous years have led, among other things, to launching high-quality nutritional products and the bundling of purchasing power and knowledge. The decision to enter into strategic partnerships has proved to be effective. In 2017, a partnership was entered into with Chr. Hansen for silage additives, with positive results.

Acquisitions

In 2017, the integration of VleutenSteijnVoeders (hereinafter 'Vleuten-Steijn') took place. Over the period under review, Vleuten-Steijn made a positive contribution to the results of ForFarmers in the Netherlands and Germany. In May 2017, the company Wilde Agriculture was taken over in the United Kingdom. The Board looked into whether this business could be integrated efficiently. One of the important considerations was that Wilde Agriculture

was a small dealership with which ForFarmers already did business. During every meeting of the Board, developments in terms of acquisitions were discussed. The Board also exchanged ideas with the Executive Board on potential acquisitions in the four key countries in which ForFarmers operates, as well as other countries within the Europe region and surroundings (Europe+). The Board finds it important that the Executive Board sufficiently examine the question of whether a potential acquisition fits into ForFarmers' organisational culture and strategy. The Board also believes that acquisitions or potential acquisitions should be assessed within the context of the development of the internal organisation. In light of this, discussions were held on what the organisation can take on in terms of workload in addition to the extra attention that needs to be paid to the activities of ForFarmers in the United Kingdom. The project schedule always states the manner in which sufficient manpower can be deployed to ensure the project's success. The basic principle of ForFarmers' acquisition strategy continues to be that the Company aims for the regional number one or number two position in order to be able to optimise economies of scale.

Organisation

During every meeting, the Executive Board informed the Board of organisational developments, in particular in terms of the filling of senior management positions and other relevant positions.

Executive Board and Executive Committee

Moreover, as part of the succession plan, attention was devoted to the available management potential among senior managers. As part of the diversity policy, the Board supports ForFarmers' efforts to achieve a better balance in the male/female ratio. At the same time, the Board understands that the agricultural sector is male dominated and that it can be difficult to find enough suitable female candidates for some roles. In addition, the Board was informed during the year of the various Management Development Programmes.

As of 1 January 2018, Steven Read took over the tasks and responsibilities of Iain Gardner, COO of ForFarmers United Kingdom. As a result thereof, from the said date the Executive Committee team is composed of Yoram Knoop, Arnout Traas, Jan Potijk, Stijn Steendijk, Steven Read, and Adrie van der Ven. A successor is still being sought to take over the tasks of Steven Read as Director Supply Chain. The Executive Board, composed of Yoram Knoop, Arnout Traas and Jan Potijk, forms part of the Executive Committee.

In 2017, the Board conducted evaluations with all members of the Executive Committee, in which two members of the Board always spoke to one member of the Executive Committee. The evaluation of the Executive Board as a whole also came under review. The conclusions from these meetings were discussed in the plenary meeting of the Board. Conclusions were then fed back to the CEO and to the member of the Executive Committee concerned. The Board is of the opinion that the Executive Committee works well under the leadership of Yoram Knoop as CEO.

A member of the Executive Board may not be member of more than two supervisory boards and may not chair a supervisory board of another entity or company as referred to in Article 2:132a of the Dutch Civil Code. The Board is not aware of potential significant conflicts of interest among members of the Executive Board with the Company.

Staff

ForFarmers conducted an employee engagement survey in 2016. As part of this survey, actions were formulated, and in the period under review, the progress was assessed. The survey results were discussed with the Board. In particular, aspects such as conduct, culture and core values within the organisation were discussed. The Board is pleased with the progress made and supports the initiative of the Executive Board to formulate further actions for improvement with respect to the translation of the strategy to the work floor, workload, attraction and retention of talent, career opportunities and giving and receiving feedback. The plan is to conduct another extended employee engagement survey in 2019.

Works Council

In 2014, the two-tier board structure was set up at the level of ForFarmers Corporate Services B.V. (holding company of the Dutch ForFarmers-companies). Hajé Nordbeck is a board member of ForFarmers Corporate Services B.V. at the recommendation of the Dutch Works Council. ForFarmers N.V. has a European works council that met once in the period under review. The members of the Board did not attend this meeting because no consultation request was made by the ForFarmers European Works Council, as indicated in the regulations of the Board.

Management conferences

In June and December ForFarmers held conferences for the senior management. During these meetings, in the presence of some members of the Board, attention was paid to the progress and implementation of the Horizon 2020 strategy.

Remuneration

The Board, following advice from the Remuneration committee, has drawn up the Executive Board's remuneration policy. The remuneration policy was established by the General Meeting of Shareholders of 26 April 2017. The remuneration report of the Board includes a report on the remuneration policy over the last financial year.

Financial reporting

The Board has received the internal financial reports and they were clarified and discussed by the Executive Board in the meetings. The matters discussed here included general affairs, market developments, strategic and financial developments and risks, as well as performance compared to the budget of the group as a whole and of the individual business units.
The Board approved the 2016 annual accounts, the 2017 half-yearly report and the trading updates. Moreover, the work plan of the internal auditor was approved. In addition, the dividend policy and the dividend proposal for 2016, corporate governance, and the financial reporting process of the Company were discussed. The Board discussed the management letter from the external auditor with the Executive Board. In the meantime, ForFarmers has implemented most of the ensuing action points. Improvements have been implemented mainly in the area of IT control measures, reinforcement of the finance function and enhancing the accounts receivable policy. Furthermore, valuation of goodwill was a point of attention.

In its meeting of December, the Board gave its approval for the 2018 budget with a recent version of the long-term plans and the main aspects of the strategic policy, the general and financial risks, the Company's management and control system and compliance with all relevant legislation and regulations.

The Board discussed the 2017 annual accounts with the Executive Board and the external auditor (KPMG Accountants N.V.) and approved these in the meeting of 12 March 2018. KPMG issued an unqualified audit opinion and will attend the Annual General Meeting to provide further clarification as needed. On 26 April 2018 the annual accounts will be submitted to the Annual General Meeting for adoption as well as the proposed dividend for 2017.

Governance and culture

Partly in view of the 2016 reviewed Dutch Corporate Governance Code (hereinafter the 'Code'), the Board discussed the Company's corporate governance with the Executive Board. In this context, a culture focused on long-term value creation was emphasised. The core values that contribute to this culture are part of the mission 'For the Future of Farming'. The Board supports the initiatives of the Executive Board to improve safety, among other things. Additionally, the regulations of the Board and its committees were re-adopted. ForFarmers endorses most of the best practice provisions in the Code. The chapter on corporate governance substantiates from which provisions ForFarmers deviates. The Board will continue to work towards striking a good balance between the interests of all stakeholders, in any case including customers, staff, suppliers and shareholders of ForFarmers.

Sustainability

The Board is informed by the Executive Board on the meetings with the Sustainability Advisory Board. In light of the mission 'For the Future of Farming', initiatives are continually being taken by ForFarmers in the area of sustainability. The Board supports these initiatives and believes that these contribute to long-term value creation for stakeholders. For instance, the decision to invest in the

construction of a biomass plant in Lochem. With this investment, ForFarmers will achieve a considerable reduction in CO2 even though the extra capacity is not immediately necessary. The Board discussed this extensively with the Executive Board, the outcome of which was that sustainability considerations were finally decisive in granting the approval for this investment.

In the period under review, the Board also discussed with the Executive Board on the further preparation of the annual report to comply with non-financial information requirements and to make progress with Integrated Reporting.

Compliance and integrity

The Board sees the Code of Conduct as a means of promoting integrity. The overview of incident notifications and the follow-up thereof is periodically discussed with the Audit Committee and the Board. New employees receive the Code of Conduct and follow an online learning module. The Board supports the initiatives of the Executive Board to promote a culture of compliance and integrity.

Meetings and attendance

In 2017, the Board met eight times in regular meetings. These meetings of the Board were always held in the presence of the Executive Board. The members of the Executive Committee were present (or represented with the consent of the CEO in case of inability to attend) at the meetings of the Board insofar as the subject related to strategy and/or budget. During the Board meetings, presentations were given at the Board's request by members of the Executive Committee and other members of staff on subjects for which they are specifically responsible. There have also been four tele-conferences. Three of these conferences concerned the approval of the annual accounts, on the evening before publication, as well as the discussion of the Trading Update of May and November 2017. The Board also met three times without (representatives of) the Executive Board and the Executive Committee being present. Items discussed included: the structure of the internal organisation as well as the method and remuneration (including the variable part thereof) of the Executive Board and the other members of the Executive Committee, as well as how the Executive Committee performs as a team and the individual directors' performance, the associated conclusions arising therefrom, and the succession planning with respect to directors and Board members. The Board also discussed its own performance, the performance of its independent committees and that of the individual members, and the associated conclusions arising therefrom. Finally, the respective members met in the three committees of the Supervisory Board. The committees reported to the Board on their meetings and findings.

Not all plenary meetings were fully attended by the Board. Members who were unable to attend always ascertained the items on the agenda and made their opinions known to the Chairman of the Board prior to the meetings.

The attendance percentage of each Board member in the eight regular Board and committee meetings is shown in the following overview.

Board member	% attendance for Supervisory Board meetings	% attendance for committee meetings
J.W. Eggink	100%	N/A
J.W. Addink-Berendsen	100%	100%
V.A.M. Hulshof	88%	100%
C. de Jong*	88%	100%
C.J.M. van Rijn	100%	100%
W.M. Wunnekink	100%	100%

(*) from his appointment on 26 April 2017

(*) from his appointment on 26 April 2017

Other subjects that were discussed in the Board meetings were, among other things: the preparation and evaluation of the Annual General Meeting held by ForFarmers on 26 April 2017, and the employee participation plans for 2017. Aside from contacts in the formal meetings, there has also been regular contact between the Chairman, the other members of the Board, and the Executive Committee about various subject matters. A number of Board members also visited two locations of ForFarmers in Germany (Langförden and Hamburg).

Self-evaluation and composition

Once every three years, the Board discusses its performance with an external advisor. Given that the latest evaluation under the guidance of an external advisor took place in the fourth quarter of 2016, the Board conducted the evaluation in 2017 independently. As part of this, the Board discussed its performance, both as regards the Board as a whole and as regards its individual members, as well as that of the independent committees. Items that came up for discussion included substantive aspects, internal interaction and interaction with the Executive Board, matters that have occurred in practice from which lessons could be learned, the desired profile and composition, skills and abilities of the Board. Evaluations of individual Board members were conducted in one-on-one meetings. The Board strives towards a balanced composition of men and women, age, education and experience. The Board concluded that, both as a whole and as regards its individual members, it performs satisfactorily. In addition, the Board evaluated its meetings in the past year, and discussed the development and strategy of the Company, and the role of the Board herein. The self-evaluation was prepared by the Selection and Appointment committee of the Board and the resulting conclusions were used to further improve the Board's performance. One of these improvements relates to joint preparation for regular meetings in a pre-meeting without the presence of the members of the Executive Board or the Executive Committee.

The information as referred to in provisions 2.1.2 and 2.3.5 of the Code is included in the section 'Composition of the Supervisory Board' and 'Committees of the Supervisory Board' respectively.

Over the period under review, the composition of the Board changed. During the Annual General Meeting of 26 April 2017, Mr Cees de Jong was appointed as a member of the Board. Subsequently, Cees de Jong was appointed as member of the Remuneration Committee of ForFarmers.
The diversity policy and its enforcement was clarified in the corporate governance declaration of 2017.

Education

As part of the permanent education of the whole Board, the members followed a workshop on Enterprise Risk Management. In addition, several members of the Board follow relevant courses at a range of institutions.

Final comments

ForFarmers has, managed by the Executive Committee and other managers, and with the commitment, knowledge, and dedication of all employees in 2017, achieved further progress as a result of strategic initiatives that form part of Horizon 2020. We would like to thank the Executive Committee, the employees and the works councils for their dedication and commitment. We are confident that the results of this work will also be visible in 2018.

Lochem, 12 March 2018

The Supervisory Board

Composition of the Supervisory Board

From left to right: Erwin Wunnekink, Sandra Addink-Berendsen, Jan Eggink, Cees de Jong, Cees van Rijn, Vincent Hulshof

During the financial year, the Supervisory Board (hereinafter: the 'Board') was composed of six members. As a result of Henk Mulder stepping down, the General Meeting of Shareholders of 26 April 2017 appointed Cees de Jong on nomination by the Board. The Board is now composed as follows:

Jan Eggink, Chairman

(1959, Dutch nationality)

A member of the Board since 2002, initially of (a predecessor of) Coöperatie FromFarmers and since 2007 of ForFarmers. Mr Eggink was appointed as Chairman of the Board in May 2014. His term of office ends in 2018 and he is not eligible for re-election. Mr Eggink is a dairy farmer and director (in the period under review as Chair) of Coöperatie FromFarmers U.A.

As a dairy farmer, Mr Eggink contributes valuable knowledge and expertise in the field of the agricultural sector in general and his long term experience as a board member in various organisations and in the dairy sector in particular.

As at 31 December 2017, Mr Eggink holds no shares, 7,179 depositary receipts of shares in the capital of the Company and, as a member of Coöperatie FromFarmers U.A., a balance equivalent to 12,799 shares on a participation account issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

Sandra Addink-Berendsen, Vice-Chair

(1973, Dutch nationality)

A member of the Board since 2010, her term of office comes up for renewal in 2018. Within the Board, her role is that of Vice-Chairman and she also chairs the Audit Committee. Mrs Addink-Berendsen is a dairy farmer and a member of the supervisory board of Koninklijke FrieslandCampina N.V. and a Board member of Zuivelcoöperatie FrieslandCampina U.A. At the beginning of 2017, Mrs Addink-Berendsen was appointed as member of the supervisory board of Alfa Accountants. She is also the treasurer of Stichting Hessenheemfonds.
Mrs Addink-Berendsen contributes knowledge and expertise, being a dairy farmer. Her experience as auditor is also of great value for the Board, aside from her other managerial competencies.

As at 31 December 2017, Mrs Addink-Berendsen holds no shares, 9,640 depositary receipts of shares in the capital of the Company and, as a member of Coöperatie FromFarmers U.A., a balance equivalent to 12,294 shares on a participation account issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

Vincent Hulshof

(1962, Dutch nationality)

A member of the Board since 2014, his term of office comes up for renewal in 2018. Within the Board, he is a member of the Selection and Appointment committee. Mr Hulshof is a pig farmer as well as Board member and vice-chairman of Coöperatie FromFarmers U.A. He stepped down as board member of Coöperatie Topigs in December 2017 and was not eligible for reappointment.

As a pig farmer and manager in various organisations, Mr Hulshof contributes valuable knowledge and experience in the field of the agricultural sector in general and the pig farming sector in particular.

As at 31 December 2017, Mr Hulshof holds no shares, no depositary receipts of shares in the capital of the Company and, as a member of Coöperatie FromFarmers U.A., a balance equivalent to 8,640 shares on a participation account issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

Cees de Jong

(1961, Dutch nationality)

A member of the Board since 2017, his term of office comes up for renewal in 2021. Within the Board, he is a member of the Remuneration committee. Mr De Jong is President and CEO of the Danish listed bioscience company Chr. Hansen until 1 June 2018.

Mr De Jong has a degree in medicine and business administration, and extensive international experience as, among other things, CEO of Chr. Hansen, a bioscience company operating in the food industry. His significant managerial experience at various (stock-listed) companies is of great value to the Board.

As at 31 December 2017, Mr De Jong holds no shares or depositary receipts of shares in the capital of ForFarmers N.V.

Cees van Rijn

(1947, Dutch nationality)

A member of the Board since 2012, his term of office comes up for renewal in 2020. Within the Board, he chairs the Remuneration committee and is a member of the Audit committee. Mr Van Rijn is supervisory board member at the Detailresult Groep, Plukon Food Group, PwC Nederland, and Erasmus QI.

As former CFO of Nutreco, Mr Van Rijn has both extensive financial experience at a (formerly) stock listed company and experience in the feed industry. In addition, Mr Van Rijn is very experienced in being a board member as a result of his various commissionerships.

As at 31 December 2017, Mr Van Rijn holds no shares or depositary receipts of shares in the capital of ForFarmers N.V.

Erwin Wunnekink

(1970, Dutch nationality)

A member of the Board since 2015, his term of office comes up for renewal in 2019. Within the Board, he is a member of the Selection and Appointment committee. Mr Wunnekink is a dairy farmer and a member of the supervisory board of Koninklijke FrieslandCampina N.V. and a Board member of Zuivelcoöperatie FrieslandCampina U.A.

As a dairy farmer, Mr Wunnekink contributes valuable knowledge and experience in the field of the agricultural sector in general and the dairy sector in particular. This in addition to his experience as a manager at other organisations.

As at 31 December 2017, Mr Wunnekink holds no shares, no depositary receipts of shares in the capital of the Company and, as a member of Coöperatie FromFarmers U.A., a balance equivalent to no shares on a participation account issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

In its meeting of 26 April 2017, the Board adjusted and re-wrote its retirement schedule as follows.

Name	Year last appointment	Eligible for re-election in	Retiring at the latest in
J.W. Eggink	2014		2018
J.W. Addink-Berendsen	2014	2018	2022
V.A.M. Hulshof	2014	2018	2026
C. de Jong	2017	2021	2029
C.J.M. van Rijn	2016	2020	2024
W.M. Wunnekink	2015	2019	2027

ForFarmers deviates from best practice provision 2.2.2 of the Dutch Corporate Governance Code (hereinafter: the Code) as further explained in the chapter on Corporate Governance.

All Board members, with the exception of two people, are independent within the meaning of best practice provision 2.1.7 of the Code. The Board considers members who are also directors of Coöperatie FromFarmers U.A., i.e. V.A.M Hulshof and J.W. Eggink as non-independent within the meaning of the Code. This was determined both by the independent members and by the Board itself. As regards the question of whether there is a significant business relationship, the Board also took into consideration the fact that this is not the case if no contractual obligation exists to source consumables, products and/or services from ForFarmers or a subsidiary thereof.

None of the Board members is a member of more than five supervisory boards (including a position as non-executive director in a one-tier board) of legal entities (including the Company) as referred to in Article 2:252a of the Dutch Civil Code. The Board is not aware of any form of conflict of interest between the Company and members of the Board, or between the Company and natural or legal persons who hold at least 10 per cent of shares (or certificates thereof) in the Company.

The following members of the Board have sourced feed during the current financial year from the Company or a subsidiary thereof under the same conditions as those that apply for other customers of the Company or subsidiary thereof: Mrs Addink-Berendsen and Messrs Eggink, Wunnekink and Hulshof. These transactions do not automatically lead to a conflict of interest pursuant to Article 11.5 of the Supervisory Board Regulation.

The corporate governance declaration explains the diversity policy and its enforcement.

Committees of the Supervisory Board

As indicated in the regulations of the Supervisory Board (hereinafter: the 'Board'), the Board has the following three committees: an audit committee, a remuneration committee and a selection and appointment committee. These committees are composed by the Board from among its members. The Board remains responsible for decisions, even if they were prepared by one of its committees. The Board has prepared regulations for each committee. During the year under review, the Board received reports from each of its committees on their deliberations and findings. The composition of the committees, the number of committee meetings, the most important meeting items and the performance of duties by the committees are outlined below.

Audit committee

In 2017 the Audit committee consisted of Mrs Sandra Addink-Berendsen (Chair) and Mr Cees van Rijn (member). As established in the Audit committee Regulations, this committee supports the Board in its supervisory duties and responsibilities in the area of (i) external financial reporting, audit and compliance with legislation and regulations for financial reporting, (ii) appointment and performance of the external auditor, (iii) quality and effectiveness of internal, financial and management reporting as well as internal control and risk management systems, and (iv) compliance with internal procedures, legislation and regulations and codes of conduct.

In 2017, the Audit committee met five times. The external auditor was present during all of these meetings. In addition, the CFO, the internal auditor and the Corporate Secretary were present during all of these meetings. The CEO and the director of Reporting, Tax & Risk Management were each absent during one meeting. The committee has held extensive discussions with (representatives of) the Executive Board—as well as with the external auditor—on the 2016 annual accounts, the 2016 annual report, the 2017 half-yearly results, the trading updates and the press releases pertaining thereto, the Management Letter, and the internal and external audit plan for 2017. Other matters that came up for discussion included follow-up of the internal auditor's and external auditor's recommendations, risks and risk management and control systems, staffing of the finance department, enforcement of the accounts receivable policy, ICT (including risks in the area of cybersecurity and data protection), tax planning and status of the tax declarations in the relevant countries, and the progress on the implementation of the new IFRS rules. As regards ICT, the Audit Committee contemplated the question of what would be a suitable level of protection for ForFarmers. As regards the staffing of the finance department, the committee asked for consideration to be given to achieving a good balance between workload and cost control. During the year, several members of the senior management team were invited to provide further information on a range of subjects. Aside from the agenda, the members of the Audit committee also always received an overview of (pending and/or potential) legal claims, as well as an overview of incident notifications. After each meeting, the Audit committee spoke with the external auditor, always without the presence of (representatives of) the Executive Board, and shared its findings with the Board on relations with the external auditor. In formulating the role of the external auditor, attention was paid to the scope of the audit report, the materiality principle to be applied and the audit fees. The committee is of the opinion that relations with the external auditor are satisfactory and supports the proposal to appoint KPMG Accountants N.V. as auditor for the 2018 financial year. The Audit committee has discussed the effectiveness of the design and performance of the internal risk management and control systems as referred to in best practice provision 1.2.1 to 1.2.3 of the Dutch Corporate Governance Code (hereinafter: the 'Code') with the Board and has established that the risks relating to the Company strategy have been identified and that the system for controlling risks, based on strategic, operational, compliance and reporting risks, have been implemented. The Audit committee has reported to the Board on the subjects as referred to in best practice provision 1.5.3 of the Code and has been involved in the work plan set up by the internal auditor. In addition, an assessment interview took place with the internal auditor.

Selection and appointment committee

Since 26 April 2017, the Selection and appointment committee is formed by Erwin Wunnekink (Chairman) and Vincent Hulshof (member). As established in the Regulations of the Selection and appointment committee, this committee, among other things, submits proposals to the Board regarding the selection criteria and appointment procedures, and regarding the scope, composition, appointments, reappointments, and performance appraisal of the Board and the Executive Board.

In 2017 the Selection and nomination committee met three times. The committee has drawn up an individual profile for the vacancy that opens in 2018 as a result of Jan Eggink leaving. This profile has been approved by the Board and established in its informal meeting on 6 July 2017. In connection with the succession of Jan Eggink, the appointment committee performed the necessary preparations and conducted interviews with candidates at the beginning of 2017. In the preparations, the diversity policy and the right of recommendation that Coöperatie FromFarmers U.A has as priority shareholder were taken into consideration as much as possible. Mr Roger Gerritzen was put forward to the Board at the recommendation of Coöperatie FromFarmers U.A. because of his knowledge of the agricultural sector and his financial and organisational experience. The committee considers that the individual profile is thereby adhered to. The appointment committee has also prepared the re-election of Mrs Sandra Addink-Berendsen and Mr Vincent Hulshof as member of the Board. In this respect, the talks with Mr Vincent Hulshof on the subject were conducted by the committee chairman, along with Mr Jan Eggink. It was proposed that both would be nominated for reappointment. The Board has subsequently nominated Mr Roger Gerritzen to be appointed and Mrs Sandra Addink-Berendsen and Mr Vincent Hulshof to be reappointed as members of the Board by the General Meeting of Shareholders to be held on 26 April 2018. Yoram Knoop is also nominated to be reappointed as member of the Executive Board for a term of four years at the proposal of the appointment committee. Mr Yoram Knoop will continue to fulfil the role of CEO upon reappointment. Finally, the committee held assessment interviews, without guidance from an external advisor, with the individual members of the Board, and advised the Board on the performance of the Board as a whole. As regards the performance of the Executive Board and the Executive Committee, the committee discussed the outcome of the interviews that were held by the members of the Board with all individual members of the Executive Committee.

Remuneration committee

Mr Cees van Rijn (chairman) and Mr Cees de Jong have formed the Remuneration committee since 26 April 2017. As established in the Regulation of the Remuneration committee, this committee, among other things, submits proposals to the Board regarding the remuneration policy to be pursued and the remuneration of the individual members of the Executive Board. The remuneration policy was determined by the General Meeting of 26 April 2017 and approval was granted to the regulations as regard rights for acquiring depositary receipts of ordinary shares for members of the Executive Board.

The Remuneration committee met four times in 2017. The CEO was always present during these meetings. The committee performed preparatory activities, among other things, during the formulation of the remuneration policy for the Executive Board, the remuneration report and the mandate of Mr Yoram Knoop (CEO). In addition, the Remuneration committee held discussions with the CEO and made a proposal to the Board regarding the variable bonus targets for the Executive Committee for 2017. This also applies to the long-term variable bonus targets for the Executive Committee (LTI 2017-2019). The plans were subsequently discussed and approved by the plenary Board. For the formulation of the proposal for the remuneration of the Board, the Remuneration committee ascertained the individual directors' vision as to the level and structure of their own remuneration as referred to in best practice provision 3.2.2. of the Code. The Remuneration committee discussed the realisation of the Executive Committee's objectives stipulated in 2016, and the variable remuneration (STI and LTI 2015-2017) was determined. For this, the Remuneration committee relied on the report of the auditor in which the accuracy of the calculation of the variable remuneration relating to the financial objectives was confirmed. The Board then approved the proposed bonus amounts. Partly as part of the preparation of the remuneration report, discussions were held as to the progress with the realisation of the short- and long-term objectives and pay ratios within the

Company. The 2017 employee participation plans were approved by the Board pursuant to the advice of the Remuneration committee. The main aspects of the contracts with members of the Executive Board are published on the Company's website.

During the General Meeting of Shareholders of 26 April 2017, the remuneration of the Board was established for a period of three years.

Name	Audit committee	Selection and nomination committee	Remuneration committee
J.W. Eggink		Chairman (until 26 April)	
J.W. Addink-Berendsen	Chairman		
V.A.M. Hulshof		Member (from 26 April)	
C. de Jong			Member (from 26 April)
H. Mulder		Member (until 26 April)	
C.J.M. van Rijn	Member		Chairman
W.M. Wunnekink			Chairman (from 26 April)

Remuneration Report

The following remuneration report of the Supervisory Board (the 'Board') contains an overview of how the remuneration policy is implemented. The remuneration policy was adopted by the General Meeting of Shareholders of 26 April 2017.

Remuneration 2017

In February 2017, an external advisor compared the remuneration package of the Executive Board with that of a number of companies of a comparable scale, complexity, significance and results: the 'peer group'. The peer group is made up of companies that were at numbers 15 to 25 of the AMX (mid-cap index) and on numbers 1 to 10 of the AScX (small-cap index) in the last quarter of 2016. The outcome of the comparison was used to determine the total direct remuneration (fixed salary, short- and long-term bonus) of the members of the Executive Board from 1 January 2017. The outcome was also used for the total direct remuneration of Mr Yoram Knoop (CEO) from 1 January 2018, partly in light of his nomination for re-election by the General Meeting of Shareholders ('AGM') on 26 April 2018.

Prior to the preparation of the remuneration policy and the adoption of the remuneration of individual members of the Executive Board, the Board analysed the aspects as referred to in best practice provision 3.1.2 of the Dutch Corporate Governance Code (the 'Code') on the basis of a proposal by the Remuneration committee. In formulating the proposal for the remuneration of the members of the Executive Board, the Remuneration committee ascertained the individual directors' vision of the level and structure of their own remuneration.

Annual salary for members of the Executive Board

The fixed basic salaries of the members of the Executive Board were indexed on 1 January 2017. In respect of this indexation, the Board made an estimate of the expected inflation development and the relative range of salaries in comparison with the outcome of the peer group. The percentages used and the salaries as at 1 January 2017 were:

Yoram Knoop - €450,192 per year (+ 0.4% vs. 2016)
Arnout Traas - €367,210 per year (+ 3.5% vs. 2016)
Jan Potijk - €382,345 per year (+ 1.7% vs. 2016)

Short term performance bonus of members of the Executive Board

The targets for the short-term performance bonus for 2017 were 70% related to financial targets and 30% to qualitative targets. The CEO also receives a fixed, annual, short term bonus of €100,000 during the term of his current contract (until the General Meeting of Shareholders in 2018). This bonus is to be used to participate in the employee participation plan for senior management.

The realisation of the previously established short-term performance bonus targets for 2017 was determined at the beginning of 2018. The table below shows the various performance criteria as well as the results per Executive Board member, including the maximum percentage and the percentage of the basic salary actually achieved.

	Financial		Qualitative		Total		Short-term bonus % of maximum target[1]
	Max	**Real**	**Max**	**Real**	**Max**	**Real**	
Yoram Knoop	50.4%	50.4%	21.6%	17.6%	72.0%	68.0%	94.4%
Arnout Traas	33.6%	33.6%	14.4%	13.0%	48.0%	46.6%	97.0%
Jan Potijk	33.6%	33.6%	14.4%	13.0%	48.0%	46.6%	97.0%

(1) Percentage in relation to the applicable fixed salary

The financial targets over the financial year were related to net profit of ForFarmers and for the COO of ForFarmers the Netherlands also the operating profit (EBIT) of this cluster, excluding (pre-established) incidental expenses and/or income. The qualitative targets related to accounts receivable management and specific projects for 2017 as part of the implementation of the Horizon 2020 strategy such as the creation of world-class teams, the composition of the M&A portfolio and increasing efficiency in the supply chain. Depending on the member of the Executive Board in question, a project counts for a share of between 5% and 20% of the target. If performance remains below the 90% of the agreed target, no bonus will be paid for that target. The maximum bonus will be paid when 110% of the target has been realised.

Long term performance bonus of members of the Executive Board

The targets for the long-term performance bonus were 60% related to financial targets and 40% to qualitative targets. The long-term performance bonus was determined over a period of three years, i.e. 2015-2017.

The realisation of the long-term performance bonus targets, as established beginning 2015, for the years 2015-2017 was also determined at the beginning of 2018. The table below shows the various performance criteria as well as the results per Executive Board member, including the maximum percentage and the percentage of the basic salary actually achieved.

	Financial		Qualitative		Total		Achieved long-term bonus %[1]
	Max	**Real**	**Max**	**Real**	**Max**	**Real**	
Yoram Knoop	43.2%	43.2%	28.8%	25.9%	72.0%	69.1%	96.0%
Arnout Traas	28.8%	28.8%	19.2%	17.3%	48.0%	46.1%	96.0%
Jan Potijk	28.8%	28.8%	19.2%	17.3%	48.0%	46.1%	96.0%

(1) Percentage in relation to the applicable fixed salary

For the long-term performance bonus 2015-2017, the (cumulative) financial targets were related to the realisation of net-profit growth over three years, both organically and through acquisitions. The qualitative targets related to sustainability, implementation of Horizon 2020, and the listing on the public stock exchange. For the long-term performance bonus 2016-2018, the targets are the same as those for 2015-2017; the listing on the public stock exchange has been replaced by progress in employee engagement goals, however.

For the long-term performance bonus 2017-2019, the financial targets are the development of earnings per share after tax (EPS), (corrected for the share buy-back), total shareholder return, and return on average capital employed ('ROACE'). The topics of the qualitative targets for 2017-2019 are the same as those for 2016-2018. If performance remains below the 90% of the agreed target, no bonus will be paid for that target. The maximum bonus will be paid when at least 110% of the target has been realised. The applicable percentages with respect to the ROACE target are 80% and 120%.

For the Total Shareholder Return (TSR) targets (2017-2019), the Board established which companies form part of the peer group. These are the ten companies that were at numbers 15 to 25 of the AMX (mid-cap index) and the ten companies at numbers 1 to 10 of the AScX (small-cap index) as at 1 October 2016. The percentage bonus allocated for TSR is determined using the position occupied by ForFarmers within the peer group based on the following scale.

Position	11-20	10	9	8	7	4-6	1-3
Realisation %	0	50	66.7	83.4	100	110	120

The overview below shows which bonus percentages for 2017 and for the period 2015-2017 have been achieved by each individual member of the Executive Board.

	Achieved short-term bonus %[1]	Maximum short-term bonus %	Achieved long-term bonus %[1]	Maximum long-term bonus %
Yoram Knoop	94.4%	72.0%	96.0%	72.0%
Arnout Traas	97.0%	48.0%	96.0%	48.0%
Jan Potijk	97.0%	48.0%	96.0%	48.0%

(1) Percentage in relation to the applicable fixed salary

The members of the Executive Board used (part of) the short-term performance bonus and the fixed long-term bonus to participate in the employee participation scheme for senior management. Yoram Knoop participated with 61,034 depositary receipts, Arnout Traas with 9,094 and Jan Potijk with 26,048. A lock-up period of five years applies to the depositary receipts that were acquired based on this scheme in 2017. A discount of 20% was given on the regular purchase price, in accordance with the remuneration policy and the rules as referred to in Article 2:135, paragraph 5 of the Dutch Civil Code as approved by the General Meeting of 26 April 2017.

As at 31 December 2017, the members of the Executive Board hold the following shares or depositary receipts:

	Depositary receipts in lock-up for 3 years with release in 2018	Depositary receipts in lock-up for 3 years with release in 2019	Depositary receipts in lock-up for 5 years with release in 2022	Depositary receipts/Shares (not in lock-up)
Yoram Knoop	63,011	58,305	61,034	101,651
Arnout Traas	14,757	15,024	9,094	70,454
Jan Potijk	21,007	20,347	26,048	535,191
Total	**98,775**	**93,676**	**96,176**	**707,296**

In the remuneration policy a target with respect to the ownership of shares has been included. The members of the Executive Board shall hold (depositary receipts of) shares in the Company with a value amounting to at least two times their gross annual fixed salary.

In accordance with the remuneration policy, the Company did not allocate remuneration in the form of options, shares or depositary receipts to members of the Executive Board and/or the Executive Committee. The remuneration of the members of the Executive Board does not depend on a change of control in the Company. No loans were granted to members of the Executive Board.

An overview of the costs incurred by ForFarmers N.V. (the 'Company') in the financial year 2017 in relation to Executive Board remuneration gives a summary of the remuneration of the individual members of the Executive Board. No fees other than those shown in the overview were paid to members of the Executive Board in the financial year. Please also refer to Note 36 of the annual accounts.

2017

In thousands of euro	Short-term employee benefits			Long-term employee benefits			Total
	Salary costs[1]	Performance bonus (short-term)[2]	Other compensation[3]	Post-employment benefits	Performance bonus (long-term)[4]	Participation plan[5]	
Executive Board							
Y.M. Knoop	461	406	48	90	309	71	1,385
A.E. Traas	378	172	64	15	163	22	814
J.N. Potijk	394	178	70	15	165	33	855
Total	**1,233**	**756**	**182**	**120**	**637**	**126**	**3,054**

(1) Including employer contributions social securities
(2) The performance bonus (short-term) relates to the performance in the year reported and is to be paid in the subsequent year.
(3) Other compensation mainly includes use of company cars, expenses, pension compensation own arrangement and any accrual for termination of the agreement of assignment.
(4) The performance bonus (long-term) concerns the proportional part of the costs recognised during the vesting period of three years in which specified performance targets are to be met. After the third year, the final bonus amount will be determined and paid.
(5) The employee participation plan concerns the costs charged during the vesting period relating to the discount on the conditionally issued depositary receipts and does not reflect the value of vested depositary receipts already in possession of the members of the Executive Board.

The Board has seen no reason in the financial year to make use of its special powers to add to or claw back any allocated variable or long-term remuneration. Over the financial year, no severance payments or other special payments were granted to members or former members of the Executive Board.

Pay ratios

To determine pay ratios within the Company, the total direct remuneration (i.e. the fixed salary and the (short- and long-term) variable salary) of all ForFarmers employees was used. Partly due to the countries in which ForFarmers operates at the moment, this provides a relatively uniform and representative reference group. This principle will be re-assessed every year.

The average for the total direct remuneration of all ForFarmers staff (except the members of the Executive Board) came to €45,903 gross in 2017 (compared to €45,714 gross in 2016). This amount is calculated based on the –inaccurate- assumption that all employees work full time. This means that the real average is lower. This amount offset against the total direct remuneration of Mr Knoop (CEO) in 2017, i.e. €1,104,148, gives a pay ratio of 1:24.1. For Arnout Traas (CFO) and Jan Potijk (COO) the pay ratio compared to Yoram Knoop (CEO) is 1:1.7 and 1:1.6 respectively.

Remuneration of members of the Supervisory Board

The annual remuneration of the members of the Board amounts, in line with the policy adopted at the General Meeting of Shareholders of 26 April 2017, to €60,000 for the Chairman, €46,000 for the Vice-Chairman and €43,000 for the other members of the Board with an additional compensation of: €10,000 for the chairman of the Audit committee, €7,500 for the chairman of the other committees, €7,000 for the member of the Board who is a member (not the chairman) of the Audit committee and €6,000 for the member of the Board who is a member (not the chairman) of one of the other committees of the Board. These are gross amounts. The members of the Board receive a fixed annual expenses allowance of €500.

In 2017, the following remuneration payments were made to members of the Supervisory Board.

2017

In thousands of euro	Attendance fee	Commission fee	Other compensation [1]	Total
Supervisory Board				
J.W. Eggink	60.0	2.5	2.6	65.1
J.W. Addink-Berendsen	45.0	10.0	1.5	56.5
V.A.M. Hulshof	43.0	4.0	1.3	48.3
C. de Jong[2]	28.7	4.0	2.2	34.9
H. Mulder[3]	15.3	2.0	3.7	21.0
C.J.M. van Rijn	43.0	14.5	3.3	60.8
W.M. Wunnekink	43.0	7.0	1.0	51.0
Total	**278.0**	**44.0**	**15.5**	**337.5**

(1) Including social security contributions
(2) Appointed per 26 April 2017
(3) Resigned per 26 April 2017

In the period under review, the Board has not granted any additional remuneration to members of the Board in connection with the fulfilment of extra tasks.

As at 31 December 2017, the members of the Board hold the following shares or depositary receipts in ForFarmers N.V. and/or a balance on the participation account of FromFarmers U.A.

	Depository receipts/Shares	Participation accounts[1]	Total
J.W. Eggink	7,179	12,799	19,978
J.W. Addink-Berendsen	9,640	12,294	21,934
V.A.M. Hulshof		8,640	8,640
C. de Jong	-	-	-
C.J.M. van Rijn			-
W.M. Wunnekink			-
Total	**16,819**	**33,733**	**50,552**

(1) The balance on the participation account can be converted into depositary receipts or shares of ForFarmers N.V.

The Company did not allocate options, depositary receipts or shares to members of the Supervisory Board. The remuneration of the members of the Board does not depend on the results of the Company or on a change of control in the Company. Loans were not provided to members of the Board.

Lochem, 12 March 2018

Supervisory Board

FINANCIAL STATEMENTS 2017

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	17	205,904	194,749
Intangible assets and goodwill	18	96,229	102,181
Investment property	19	830	830
Trade and other receivables	21	9,298	10,952
Equity-accounted investees	20	24,018	21,653
Deferred tax assets	16	2,998	3,230
Non-current assets		**339,277**	**333,595**
Inventories	22	72,010	70,024
Biological assets	23	4,714	5,117
Trade and other receivables	21	208,170	213,736
Current tax assets		86	943
Cash and cash equivalents	24	161,297	152,854
Assets held for sale	25	1,737	-
Current assets		**448,014**	**442,674**
Total assets		787,291	776,269
Equity			
Share capital		1,063	1,063
Share premium		143,554	143,554
Treasury share reserve		-55	-1
Translation reserve		-5,692	-3,609
Hedging reserve		-	27
Other reserves and retained earnings		207,878	229,816
Unappropriated result		58,554	53,260
Equity attributable to shareholders of the Company	26	**405,302**	**424,110**
Non-controlling interests	33	**4,629**	**4,880**
Total equity		409,931	428,990
Liabilities			
Loans and borrowings	28	44,508	45,652
Employee benefits	15	46,910	65,328
Provisions	29	2,249	3,295
Trade and other payables	30	8,255	7,660
Deferred tax liabilities	16	9,939	9,875
Non-current liabilities		**111,861**	**131,810**
Bank overdrafts	24	49,690	45,535
Loans and borrowings	28	28	126
Provisions	29	1,132	2,050
Trade and other payables	30	206,982	161,326
Current tax liability		7,667	6,432
Current liabilities		**265,499**	**215,469**
Total liabilities		377,360	347,279
Total equity and liabilities		787,291	776,269

The notes 1 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

In thousands of euro	Note	2017	2016
Revenue	8	2,218,660	2,108,962
Cost of raw materials and consumables	9	-1,798,820	-1,701,590
Gross profit		**419,840**	**407,372**
Other operating income	10	961	3,949
Operating income		**420,801**	**411,321**
Employee benefit expenses	15	-151,429	-150,542
Depreciation, amortisation and impairment	17 , 18	-27,627	-26,044
Other operating expenses	11	-167,723	-166,902
Operating expenses	11	**-346,779**	**-343,488**
Operating profit		**74,022**	**67,833**
Finance income		1,396	1,664
Finance costs		-3,770	-5,192
Net finance costs	12	**-2,374**	**-3,528**
Share of profit of equity-accounted investees, net of tax	20	3,884	3,816
Profit before tax		**75,532**	**68,121**
Income tax expense	16	-16,229	-14,344
Profit for the year		59,303	53,777
Profit attributable to:			
Shareholders of the Company		**58,554**	**53,260**
Non-controlling interests	33	749	517
Profit for the year		59,303	53,777
Earnings per share in euro[1]			
Basic earnings per share	13	0.56	0.50
Diluted earnings per share	13	0.56	0.50
Underlying EBITDA	27	**101,446**	**93,609**

(1) Earnings per share attributable to ordinary equity holders of the parent

The notes 1 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of euro	Note	2017	2016
Profit for the year		**59,303**	**53,777**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	15 , 16	5,158	-527
Equity-accounted investees - share of other comprehensive income	20 , 26	5	-1
Related tax	16	-990	317
		4,173	**-211**
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		-2,373	-9,495
Cash flow hedges - effective portion of changes in fair value		8	657
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-44	-621
Related tax	16	299	1,372
		-2,110	**-8,087**
Other comprehensive income, net of tax		**2,063**	**-8,298**
Total comprehensive income		61,366	45,479
Total comprehensive income attributable to:			
Shareholders of the Company		**60,617**	**44,962**
Non-controlling interests	33	749	517
Total comprehensive income		61,366	45,479

The notes 1 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2017

In thousands of euro	Note	Attributable to shareholders of the Company									
		Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unap-propriated result	Total	Non-controlling interest	Total equity
Balance as at 1 January 2017		**1,063**	**143,554**	**-1**	**-3,609**	**27**	**229,816**	**53,260**	**424,110**	**4,880**	**428,990**
Addition from unappropriated result		-	-	-	-	-	53,260	-53,260	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	58,554	58,554	749	59,303
Other comprehensive income	16 , 26	-	-	-	-2,083	-27	4,173	-	2,063	-	2,063
Total comprehensive income		**-**	**-**	**-**	**-2,083**	**-27**	**4,173**	**58,554**	**60,617**	**749**	**61,366**
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	26	-	-	-	-	-	-25,716	-	-25,716	-1,000	-26,716
Purchase of own shares	26	-	-	-54	-	-	-53,700	-	-53,754	-	-53,754
Equity-settled share-based payments	15	-	-		-	-	45	-	45	-	45
Total transactions with shareholders of the Company		**-**	**-**	**-54**	**-**	**-**	**-79,371**	**-**	**-79,425**	**-1,000**	**-80,425**
Balance as at 31 December 2017		1,063	143,554	-55	-5,692	-	207,878	58,554	405,302	4,629	409,931

2016

In thousands of euro	Note	Attributable to shareholders of the Company									
		Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unap-propriated result	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016		**106,261**	**38,356**	**-399**	**4,505**	**-**	**203,081**	**50,707**	**402,511**	**4,643**	**407,154**
Addition from unappropriated result		-	-	-	-	-	50,707	-50,707	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	53,260	53,260	517	53,777
Other comprehensive income	16 , 26	-	-	-	-8,114	27	-211	-	-8,298	-	-8,298
Total comprehensive income		**-**	**-**	**-**	**-8,114**	**27**	**-211**	**53,260**	**44,962**	**517**	**45,479**
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	26	-	-	-	-	-	-24,734	-	-24,734	-280	-25,014
Purchase/Sale of own shares	26	-	-	84	-	-	916	-	1,000	-	1,000
Adaptation par value shares	26	-105,198	105,198	314	-	-	-314	-	-	-	-
Equity-settled share-based payments	15	-	-		-	-	371	-	371	-	371
Total transactions with shareholders of the Company		**-105,198**	**105,198**	**398**	**-**	**-**	**-23,761**	**-**	**-23,363**	**-280**	**-23,643**
Balance as at 31 December 2016		1,063	143,554	-1	-3,609	27	229,816	53,260	424,110	4,880	428,990

The notes 1 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of euro	Note	2017	2016
Cash flows from operating activities			
Profit for the year		59,303	53,777
Adjustments for:			
Depreciation	17	19,360	20,378
Amortisation	18	6,332	5,666
Impairment losses on plant and equipment	17	1,935	-
Change in fair value of biological assets (unrealised)		-5	49
Net (reversal of) impairment loss on trade receivables	31	-1,596	899
Net finance costs		2,374	3,528
Share of profit of equity-accounted investees, net of tax		-3,884	-3,816
Gain on sale of property, plant and equipment / investment property		-517	-780
Gain on sale of participating interests		-	-786
Gain on sale of assets held for sale		-	-900
Equity-settled share-based payment expenses		556	371
Income taxes expense		16,229	14,344
		100,087	**92,730**
Changes in:			
Inventories & biological assets		-2,064	11,955
Trade and other receivables		5,478	13,160
Trade and other payables		44,482	-14,776
Provisions and employee benefits		-14,013	-3,061
Cash generated from operating activities		**133,970**	**100,008**
Interest paid		-1,462	-2,628
Income taxes paid		-15,924	-15,957
Net cash from operating activities		116,584	81,423
Cash flows from investing activities			
Interest received		1,085	1,664
Dividends received from equity-accounted investees		2,431	2,766
Proceeds from sale of property, plant and equipment / investment property		1,669	2,266
Proceeds from sale of participating interests, net of cash disposed		-	968
Proceeds from sale of assets held for sale		-	5,575
Acquisition of subsidiary, net of cash acquired		-537	-19,133
Acquisition of property, plant and equipment	17	-36,560	-31,617
Acquisition of intangible assets	18	-1,403	-2,049
Net cash used in investing activities		-33,315	-39,560
Cash flows from financing activities			
Proceeds from purchase and sale of treasury shares	28	-53,558	1,471
Proceeds from sale of treasury shares relating to employee participation plan	28	2,335	2,115
Repurchase of treasury shares relating to employee participation plan	28	-3,151	-2,683
Payment of financial lease	28	-130	-141
Dividend paid	26 , 28	-25,672	-24,734
Net cash used in financing activities		-80,176	-23,972
Net increase/decrease in cash and cash equivalents		**3,093**	**17,891**
Cash and cash equivalents at 1 January[1]		107,319	86,500
Effect of movements in exchange rates on cash held		1,195	2,928
Cash and cash equivalents as at 31 December[1]	24	111,607	107,319

(1) Net of bank overdrafts

The notes 1 to 51 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (the 'Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The consolidated interim financial statements for the financial year ended 31 December 2017 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture.

As at 31 December 2017, the capital interest in the Company is distributed as follows:

	31 December 2017	31 December 2016
Held by ForFarmers	**5.15%**	**0.07%**
Shares Coöperatie FromFarmers U.A. (Direct)	17.41%	20.80%
Participation accounts of members (Indirect)	31.80%	32.43%
Coöperatie FromFarmers U.A.	**49.21%**	**53.23%**
Depositary receipts of members	5.25%	6.06%
Depositary receipts in lock-up	1.36%	1.32%
Depositary receipts other holders[1]	1.10%	4.68%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**7.71%**	**12.06%**
Shareholders (external)	37.93%	34.64%
Total of ordinary shares outstanding	**100.00%**	**100.00%**

(1) These concern (former) employees of ForFarmers for whose depositary receipts of shares no lock-up exists (anymore) and third parties which did not (yet) convert their depositary receipts into shares.

ForFarmers N.V. is an internationally operating feed company that offers Total Feed solutions for conventional and organic livestock farming. ForFarmers gives its very best **"For the Future of Farming"**: for the continuity of farming and for a financially secure agricultural sector.

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs, hereafter stated as IFRS) and section 2:362 sub 9 of the Netherlands Civil Code.

The consolidated (and company) financial statements were approved for issuance by the Executive Board and Supervisory Board on 12 March 2018. The Group's financial statements will be subject to adoption by the Annual General Meeting of Shareholders on 26 April 2018.

The consolidated financial statements are prepared in accordance with the going concern principle.

Changes in accounting policies in 2017

There were no new standard or changes in accounting policies, effective from 1 January 2017, that materially impact the Group. For standards issued but not yet effective a reference is made to Note 40.

Comparative information

When necessary prior year amounts have been adjusted to conform to the current year presentation.

Accounting policies

Details of the Group's significant accounting policies are included in Notes 38 and 39.

3. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The subsidiaries' functional currencies are mainly the euro and Pound sterling. Most of the transactions, and resulting balance occur in the local and functional currency. The following exchange rates have been applied for the during the year:

Rate as at 31 December	€1,00 =
2015	£0,7340
2016	£0,8562
2017	£0,8872

Average rate	€1,00 =
2016	£0,8195
2017	£0,8767

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The judgements, assumptions and estimates have been made, taking into account the opinions and advice of (external) experts. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- revenue: whether the Group acts as an agent in the transaction rather than as a principal (Note 8);
- consolidation: whether the Group has de facto control over an investee (Note 32);

B. Assumption and estimation uncertainties

The estimates and assumptions considered most critical are:

- measurement of defined benefit obligations: key actuarial assumptions (Note 15);
- recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used (Note 16);
- useful life of property, plant and equipment and intangible assets (Notes 17 and 18);
- impairment test: key assumptions underlying recoverable amounts (Note 18);
- valuation of trade and other receivables (Note 21); and
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources relating to provisions (Note 29).

C. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different Levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between Levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
If the inputs used to measure the fair value of an asset or a liability might be categorised in different Levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same Level of the fair value hierarchy as the lowest Level input that is significant to the entire measurement.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for over-seeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the Level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

Further information about the assumptions made in measuring fair values is included in the following notes.

Share-based payment arrangements (Note 14)
For depositary receipts granted to employees, the fair value of the depositary receipts is based on the market price of the entity's shares as publically listed (until 24 May 2016: as listed on Captin Equity Management Services), and if necessary adjusted to take into account the terms and conditions upon which the depositary receipts were granted.

Property, plant and equipment and investment property (Notes 17 and 19)
The fair value of property, plant and equipment and investment property recognised as a result of a business combination, is the estimated amount for which property could be exchanged between a willing buyer and a willing seller in an arm's length transaction wherein the parties have each acted knowledgeably. The fair value of items of property, plant and equipment and investment property is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement costs when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets, excluding goodwill (Note 18)
The fair value of patents and trademark names acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The fair value of customer relationships acquired in a business combination, is determined using the multi-period excess earnings method. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories (Note 22)

The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Biological assets (Note 23)

Where there is an active market for biological assets, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist, one or more of the following methods are used to estimate the fair value:

- most recent transaction price (provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date);
- market prices for similar assets with adjustments to reflect differences.

In measuring fair value of biological assets, management estimates are required for the determination of the fair value. These estimates and judgements relate to the average weight of an animal, mortality rates and the stage of the animal's life.

Derivatives (Note 31)

The fair value of derivatives is determined using available market information or estimation methods. In case of estimation methods, the fair value is approximated:

- by inference from the fair value of its components or of a similar instrument, in case a reliable fair value can be demonstrated for its components or for a similar instrument; or
- using generally accepted valuation models and techniques.

Financial instruments, other than derivatives (Note 31)

The fair value at the first recognition of trade and other receivables, trade and other payables, outstanding for longer than a year, is determined on the present value of future cash flows, discounted at market interest at the balance sheet date (amortised cost), taking into account possible write-offs due to impairments or uncollectability (applicable if it regards an asset). When determining the effective interest rate, premiums or discounts, at the moment of acquisition, and transaction costs are taken into account.

Results for the year

5. Operating segments

A. Basis for segmentation

The Group has the following three strategic clusters, which are its operating and reportable segments.

- The Netherlands
- Germany / Belgium
- United Kingdom

The Group's products include, among others, compound feed and blends, feed for young animals and specialities, raw materials and co-products to seed and fertilisers. Core activities are feed production, logistics and providing Total Feed solutions based on nutritional expertise.

The clusters offer similar products and services and have similar production processes and methods to distribute products. However, as the clusters are managed separately and are also subject to different currencies (i.e. United Kingdom cluster versus the remaining clusters), the operating segments are not aggregated.

This allocation is consistent with the organisation structure and internal management reporting and also represents the geographical regions in which the Group operates. The corporate headquarters of the Group is domiciled in Lochem, The Netherlands.

The Group's Executive Committee reviews internal management reports of each cluster on a monthly basis, and its members are jointly considered as the chief operating decision making body.

There are various levels of integration between the segments. This integration also includes transfers of inventories and shared distribution services, respectively. Inter-segment pricing is determined on an arm's length basis.

B. Information about reportable segments

Information related to each reportable segment is set out below. The segment operating result represents the earnings before interest and income tax, and is used to measure performance. The Executive Committee believes that this measure is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Reportable segments

2017

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	1,052,338	543,906	622,398	18	2,218,660
Inter-segment revenues	64,774	2,636	-	-67,410	-
Revenue	**1,117,112**	**546,542**	**622,398**	**-67,392**	**2,218,660**
Gross profit	**221,714**	**75,919**	**121,301**	**906**	**419,840**
Other operating income	412	211	338	-	961
Operating expenses	-154,106	-63,919	-116,290	-12,464	-346,779
Operating profit	**68,020**	**12,211**	**5,349**	**-11,558**	**74,022**
Depreciation, amortisation and impairment	7,491	3,279	13,475	3,382	27,627
EBITDA	75,511	15,490	18,824	-8,176	101,649
Property, plant and equipment	82,860	36,288	82,572	4,184	205,904
Intangible assets and goodwill	43,309	4,772	43,351	4,797	96,229
Equity-accounted investees	-	24,018	-	-	24,018
Other non-current assets	2,378	7,424	98	3,226	13,126
Non-current assets	**128,547**	**72,502**	**126,021**	**12,207**	**339,277**
Current assets	**191,384**	**167,072**	**101,787**	**-12,229**	**448,014**
Total assets	**319,931**	**239,574**	**227,808**	**-22**	**787,291**
Equity	-180,419	-78,753	-38,226	-112,533	-409,931
Liabilities	-139,512	-160,821	-189,582	112,555	-377,360
Total equity and liabilities	**-319,931**	**-239,574**	**-227,808**	**22**	**-787,291**
Capital expenditure[1]	13,762	4,288	17,739	3,231	39,020
Working Capital	14,403	24,131	41,270	- 10,635	69,169
Underlying EBITDA[2]	75,396	15,647	18,579	-8,176	101,446
Underlying EBITDA / Gross profit	34.0%	20.6%	15.3%		24.2%

2016

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	958,523	519,543	630,704	192	2,108,962
Inter-segment revenues	60,549	2,742	-	-63,291	-
Revenue	**1,019,072**	**522,285**	**630,704**	**-63,099**	**2,108,962**
Gross profit	**201,555**	**69,901**	**134,654**	**1,262**	**407,372**
Other operating income	1,557	1,017	1,271	104	3,949
Operating expenses	-144,762	-60,471	-121,165	-17,090	-343,488
Operating profit	**58,350**	**10,447**	**14,760**	**-15,724**	**67,833**
Depreciation, amortisation and impairment	8,550	4,035	10,712	2,747	26,044
EBITDA	66,900	14,482	25,472	-12,977	93,877
Property, plant and equipment	77,330	35,691	78,551	3,177	194,749
Intangible assets and goodwill	44,780	4,817	46,615	5,969	102,181
Equity-accounted investees	-	21,653	-	-	21,653
Other non-current assets	2,908	10,056	7,361	-5,313	15,012
Non-current assets	**125,018**	**72,217**	**132,527**	**3,833**	**333,595**
Current assets	**187,634**	**144,571**	**105,818**	**4,651**	**442,674**
Total assets	**312,652**	**216,788**	**238,345**	**8,484**	**776,269**
Equity	-147,448	-70,351	-33,373	-177,818	-428,990
Liabilities	-165,204	-146,437	-204,972	169,334	-347,279
Total equity and liabilities	**-312,652**	**-216,788**	**-238,345**	**-8,484**	**-776,269**
Capital expenditure[1]	7,956	5,524	17,339	2,848	33,667
Working Capital	35,730	41,822	50,295	- 7,961	119,886
Underlying EBITDA[2]	65,897	14,482	26,207	-12,977	93,609
Underlying EBITDA / Gross profit	32.7%	20.7%	19.5%		23.0%

(1) Relating to Intangible assets and property, plant and equipment
(2) Underlying EBITDA' is EBITDA excluding incidental items.

The column Group / eliminations represents both amounts as result of Group activities and eliminations in the context of the consolidation.

Other non-current assets for this purpose consist of investment property, non-current trade and other receivables and defferred tax asstes.

The working capital consists of inventories, biological assets, current trade and other receivables less current liabilities.

The Group is not reliant on any individually major customers.

C. Reconciliation of profit

The reconciliation between the reportable segments' operating profits and the Group's profit before tax is as follows:

In thousands of euro	Note	2017	2016
Segment operating profit		**74,022**	**67,833**
Finance income	12	1,396	1,664
Finance costs	12	-3,770	-5,192
Share of profit of equity-accounted investees, net of tax	20	3,884	3,816
Profit before tax		**75,532**	**68,121**

Finance costs decreased by €1.4 million as a result of the additional contribution to the BOCM PAULS Ltd. (United Kingdom) pension plan at the beginning of 2017. More information about the pension plans is included in Note 15A.

6. Business combinations

Acquisition Wilde Agriculture Ltd. (United Kingdom)

On 25 May 2017 the Group acquired full control of Wilde Agriculture Ltd. The purchase consideration amounts to €2.0 million of which €0.5 million is a contingent consideration. The provisional fair values of the acquired assets has been determined at €2.1 million, including €0.9 million cash and cash equivalents. The provisional fair values of the assumed liabilities amount to €0.6 million. The related goodwill of €0.5 million is mainly attributable to the anticipated synergy benefits with the integration of Wilde Agriculture Ltd within the United Kingdom cluster. The goodwill has, therefore, been allocated to this cluster. This acquisition does not have a material effect on the Group in the context of the disclosure requirements of IFRS 3 Business Combinations.

Acquisitions 2016

Acquisition VleutenSteijnvoeders B.V. (the Netherlands)

On 22 July 2016 ForFarmers announced the acquisition of VleutenSteijnVoeders B.V. ('Vleuten-Steijn'). The proposed transaction was approved end September 2016, after which ForFarmers acquired all shares of Vleuten-Steijn. Vleuten-Steijn is a feed company focussed on the swine sector, predominantly in the South East of the Netherlands, and Germany. Vleuten-Steijn generated a revenue of some €91 million in 2015 from the sale of approximately 295,000 tons of feed to mostly larger companies, particularly in the sow and piglet segment. Vleuten-Steijn has outsourced the feed production to third parties. The business activities of Vleuten-Steijn are integrated in ForFarmers Netherlands.

Vleuten-Steijn is consolidated in the results of ForFarmers as from 1 October 2016. In 2016 Vleuten-Steijn contributed €21.9 million of revenue and €0.9 million profit before tax from the date of acquisition. If the acquisition of Vleuten-Steijn would have taken place at the beginning of the year 2016, the contribution to revenues would have been €85.1 million and the contribution to profit before tax would have been €3.1 million. Herewith, at the beginning of the year, Group 2016 revenues would have been €2,172 million and Group 2016 profit before tax would have been €70.4 million.

The acquisition price related to the acquisition amounted to €30.5 million. The positive difference between the purchase consideration and the fair value of the acquired identifiable assets and liabilities assumed is capitalised as goodwill. The goodwill has been set at €15.6 million. The goodwill concerns the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Netherlands cluster.

As agreed in the share purchase agreement 70% of the total consideration was paid in 2016 (€20,5 million). The remainder is paid after 3 years, depending on the achievement of targets which have been specified in

advance. For this purpose the Group has included €7,638 thousand as contingent consideration, which represent its fair value at the date of acquisition (1 October 2016). As at 31 December 2017 the contingent consideration had increased to €7,748 thousand (see Note 30).

The fair values of the identifiable assets and liabilities of VleutenSteijnVoeders B.V. acquired in 2016 as at the date of acquisition did not change and have become final in 2017:

In thousands of euro	Vleuten Steijn
Property, plant and equipment	39
Intangible assets (customer relations)	9,039
Inventories	57
Trade and other receivables	10,665
Current tax assets	122
Cash and cash equivalents	1,348
Assets	**21,270**
Deferred tax liabilities	2,260
Trade and other payables	3,891
Current tax liability	163
Liabilities	**6,314**
Total identifiable net assets at fair value	**14,956**
Goodwill arising on acquisition	15,569
Purchase consideration	**30,525**

Measurement of fair values

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer bases.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

7. Disposals

There were no disposals during 2017.

Disposals 2016

As per 30 June 2016 the Group sold its interest in Leafield Feeds Ltd. to SugaRich for €1.3 million, resulting in a gain of €0.8 million that has been recognised as other operating income in the statement of profit or loss.

Furthermore, the Group sold the indirect transport business of Wheyfeed Ltd. (United Kingdom) to the former shareholder of Wheyfeed Ltd. The feed business of Wheyfeed Ltd. and the entity itself remain part of the Group. The gain of €0.4 million relates to the disposal of vehicles and is recognised as other operating income, see Note 10.

8. Revenue

The geographic distribution of the revenue can be represented as follows:

In thousands of euro	2017	2016
The Netherlands	924,699	856,911
Germany	504,830	461,478
Belgium	141,704	136,837
United Kingdom	622,059	630,668
Other EU countries	24,878	22,534
Other countries outside the EU	490	534
Total	**2,218,660**	**2,108,962**

The distribution of the revenue per category can be represented as follows:

In thousands of euro	2017	2016
Compound feed	1,765,297	1,712,056
Other revenue	453,363	396,906
Total	**2,218,660**	**2,108,962**

The increase of the revenu by €109.7 million includes a negative currency impact of €40.7 million. Furthermore, the net effect of acquisitions and disposals results in a positive effect on revenue of €61.8 million. This results in a like-for-like increase of €88.6 million. This increase is a result of higher volume, higher expenses for utilities/fuel and increased prices for raw material.

The other revenue mainly relates to the sale of single feed, other trading products and services (these categories are individually all immaterial for separate presentation).

9. Cost of raw materials and consumables

The increase in the cost of raw materials and consumables is caused by an increase in volume and an increase in the price of raw materials, partly offset by a negative currency impact.

In 2017 the addition to the provision of inventories was €40 thousand (2016: €35 thousand) which was included in the cost of raw materials and consumables.

10. Other operating income

2017

Other operating income 2017 mainly consist of a subsequent payment regarding the disposal of Adaptris of €0.3 million (United Kingdom) and the disposal of other operating assets in the Netherlands of €0.2 million.

2016

Under the other operating income 2016 amounts are included that relate to the disposal of Leafield Feeds Ltd. €0.8 million (United Kingdom), the disposal of vehicles of Wheyfeed Ltd. €0.4 million (United Kingdom), the disposal of the Doetinchem industry site €0.1 million (the Netherlands) and the disposal of the Oss site €0.9 million (the Netherlands). The latter was previously classified as asset held for sale. For disclosure about the disposals and assets held for sale reference is made to Note 7 and Note 25.

11. Operating expenses

The increase of the operating expenses amounts to €3.3 million, despite a decrease of €7.7 million caused by a currency impact. The net effect of acquisitions and divestments amounts to €0.7 million. The like-for-like increase of the operating expenses was €10.3 million.

A. Other operating expenses

In thousands of euro	2017	2016
Utilities, transport and maintenance expenses	116,822	112,162
Sales expenses	5,805	9,813
Other	45,096	44,927
Total	**167,723**	**166,902**

The other operating expenses increased by €0.8 million, despite a decrease of €3.5 million caused by a currency impact. The net effect of acquisitions and divestments is nil. The like-for like increase of the other operating expenses amounts €4.3 million. The increase in other operating expenses is mainly due to higher expenses for utilities/fuel, transport and maintenance. The sales expenses decreased mainly due to a net release of €1.6 million (2016: net addition of €0.9 million) of the allowance for impairment of the trade receivables. The other expenses in 2016 include also a one-off expense relating to the listing on Euronext (€1.5 million). Furthermore the IT expenses are higher in 2017 and the cost for third party personnel are higher in 2017.

B. Research and development expenses

In 2017 the Group incurred an amount of €5.6 million (2016: €4.8 million) relating to research and development expenses. These expenses mainly comprise personnel expenses of nutrition specialists, product managers and laboratory workers.

C. Auditor's fee

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

In thousands of euro	KPMG Accountants NV	Other KPMG network	Total KPMG
2017			
Audit of the financial statements	569	347	916
Other audit engagements	30	38	68
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**599**	**385**	**984**
2016			
Audit of the financial statements	569	371	940
Other audit engagements	22	36	58
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**591**	**407**	**998**

The fees mentioned in the table for the audit of the financial statements relate to the total fees for the audit of the financial statements, irrespective of whether the activities have been performed during the financial year. The remaining auditor´s costs (the 'Other audit engagements'), were charged to the financial year in which the services were rendered.

The engagements other than the audit of the financial statements consist of agreed-upon procedures regarding board remuneration, bonus targets and bank covenants. Furthermore, several subsidy audits are performed by KPMG.

12. Net finance costs

In thousands of euro	2017	2016
Other interest income	1,396	1,664
Total finance income	**1,396**	**1,664**
Foreign exchange expense	-180	-444
Pension interest expenses	-1,083	-2,098
Other interest expenses	-1,195	-1,506
Other financial expenses	-1,312	-1,144
Total finance expenses	**-3,770**	**-5,192**
Net finance costs recognised in profit or loss	**-2,374**	**-3,528**

As a result of the devaluation of the Pound sterling, a loss was incurred in both 2017 and 2016 relating to foreign exchange results.

The other interest income mainly comprises interest received on long-term outstanding receivables (loans) and positive bank balances. The other interest expenses mainly comprise interest paid on bank loans and other financing liabilities.

The increase in other financial expenses is mainly caused by the unwinding of the contingent consideration with regard to the acquisition of Vleuten-Steijn in 2016, for more information reference is made to Note 6. Furthermore, the other financial expenses include amortisation of €0.4 million (2016: €0.4 million) which relates to capitalized cost in relation to financing arrangement concluded in 2014, as further disclosed in Note 28.

13. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

In thousands of euro	2017	2016
Profit for the year, attributable to the shareholders of the Company	58,554	53,260

Weighted-average number of shares

	2017	2016
Ordinary shares outstanding at 1 January	106,261,041	106,261,041
Effect of treasury shares held (weighted-average during the year)	-2,183,545	-110,881
Weighted average number of shares at 31 December	**104,077,496**	**106,150,160**

Basic earnings per share

In euro	2017	2016
Basic earnings per share	0.56	0.50

For the number of ordinary shares outstanding as at 31 December a reference is made to Note 26.

B. Diluted earnings per share

The calculation of diluted earnings per share is equal to the calculation of basic earnings per share, since no new shares have been issued in 2016 and 2017. See Note 26 for further information.

Employee benefits

14. Share-based payment arrangements

A. Description of the share-based payment arrangements

The Group distinguishes two participation plans. One plan relates to members of the Executive Committee and senior management (applicable for 2014, 2015, 2016 and 2017), the other plan relates to other employees (applicable for 2015, 2016 and 2017). Both plans have further details set out for employees in The Netherlands ("The Netherlands participation plan") and for employees in the United Kingdom, Germany and Belgium, collectively the "Foreign participation plan", respectively. The number of participants for all active participation plans is 24.2% (2016: 22.4%) of the number of employees of the Group.

The participation plans are annual plans only applicable for the respective year to which they relate, any additional participation plans are considered new plans. New plans can only be executed upon shareholder approval on the recommendation of the Supervisory Board for the purchase of shares related to the participation plan.

Participation plans 2017

On 27 April 2017, the Group offered two 2017 participation plans to the employees. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. For both plans the participants are required to remain in service for 36 consecutive months to be entitled to the discount on the depositary receipts being purchased. The employee is entitled to buy depositary receipts at a discount between 13.5% and 20.0% on the fair value of the depositary receipt at the grant date, for which additional depositary receipts are provided. The conditions of both plans are consistent with the participation plans applicable for 2016, except for the lock-up period of the depositary receipts for the Executive Committee and senior management which have been extended to 5 years compared to 3 years for the 2015 and 2016 plans.

During 2017, 35 employees (of which 7 foreign employees) participated in the participation plan for the Executive Committee and senior management and 297 employees (of which 59 foreign employees) participated in the participation plan for other employees.

The number of depositary receipts granted with respect to the 2017 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee and senior management	210,934	12,221
Other employees	108,131	24,942

In 2017 a total of 133 granted depositary receipts were cancelled as a result of leavers.

Participation plans 2016 and 2015

In 2016 and 2015 the Group offered two participation plans to the employees. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. For both plans the participants are required to remain in service for the 36 consecutive months to entitle the discount on the depositary receipts being purchased. The employee is entitled to buy depositary receipts at a discount between 13.5% and 20.0% on the fair value of the depositary receipt at the grant date, for which additional depositary receipts are provided.

During 2016, 34 employees (of which 8 foreign employees) participated in the participation plan for the Executive Committee and senior management and 319 employees (of which 61 foreign employees) participated in the participation plan for other employees. The total number of participants comprises 15% of the total number of the Group's employees. The number of depositary receipts granted with respect to the 2016 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee and senior management	227,020	24,615
Other employees	171,337	32,692

In 2017 a total of 750 granted depositary receipts were cancelled as a result of leavers. There were no cancellations or modifications to the awards in 2016.

During 2015, 33 employees (of which 9 foreign employees) participated in the participation plan for the Executive Committee and senior management and 428 employees (of which 103 foreign employees) participated in the participation plan for other employees. The number of depositary receipts granted with respect to the 2015 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee and senior management	239,049	34,529
Other employees	297,327	73,025

In 2017 a total of 1,448 granted depositary receipts were cancelled (2016: 4,825) as a result of leavers. There were no cancellations or modifications to the awards in 2015.

Differences between the Netherlands and Foreign plans

Key differences between the Netherlands and Foreign participation plans for the additional depositary receipts are:

- The Netherlands: A service related vesting condition applies, in that the original value of the discount is repaid by the employee to the Group if the employee leaves within 3 years after allocation. All allocated depositary receipts were granted in 2017, 2016 and 2015 respectively .
- Foreign participation plan: A service related vesting condition applies, in that the employee will not be entitled to receive the additional depositary receipts if employee leaves within 3 years after allocation. Additional depositary receipts for foreign employees are held in custody by the Company during the term and are issued to the foreign employees at settlement date. The total cost to the Company for the additional depositary receipts, including the cash-settled employee tax obligations, is limited to the total value of the discount provided to Dutch participants.

Participation plans 2014

The participation plan 2014 was completed during 2017.

B. Measurement of fair values

Participation plans 2017

The value of the depositary receipt of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depositary receipts, was determined as the average of the closing prices in the 5 trading days during the period 2 - 8 May 2017, which amounted to €8.66.

Participation plans 2016

The value of the depositary receipt of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depositary receipts, was determined as the average of the closing prices on the Euronext in the 5 trading days during the period 19 - 25 April 2016, which amounted to €6.24.

Participation plans 2015

(i) Members of the Executive Committee and senior management

The value of the depositary receipt for which the employee could buy their depositary receipts of the Company was determined as the average of the closing prices in the 5 trading days during the period 20 - 24 April 2015, which amounted to €5.04.

(ii) Other employees

The value of the depositary receipt for which the employee could buy their depositary receipts of the Group was determined as an average of a 5 trading days closing rate during the period 1 - 5 June, the averages rating amounted to €5.18.

For all participation plans, the fiscal obligations for a foreign employee are based on the fair value of the depositary receipt at the date of settlement.

C. Amounts recognised in statement of profit or loss and statement of financial position

The expenses are recognised in the statement of profit or loss over the term of the participation plan (3 years), see Note 15F. The depositary receipts for the employees in the Netherlands participation plan were fully granted in 2017 respectively 2016, 2015 and 2014. The non-vested portion was not recognized within profit and loss, but rather as other receivables within trade and other receivables of €565 thousand (2016: €569 thousand) of which €382 thousand was classified as current (2016: €319 thousand as current). The cumulative share-based payment reserve relating to the Foreign participation plan amounts to €233 thousand (2016: €187 thousand).

15. Employee benefits

Separate employee benefit plans are applicable in the various countries where the Group operates.

In thousands of euro	Note	31 December 2017	31 December 2016
Liability for net defined benefit obligations	15B	41,686	60,959
Liability for other long-term service plans	15E	5,224	4,369
Total		**46,910**	**65,328**

For details on the employee benefit expenses, see Note 15F.

A. Post-employment plans and funding

The Group contributes to the following post-employment plans which are described per cluster.

The Netherlands

In the Netherlands the employees of different subsidiaries were covered by two post-employment plans up and until 2015. An insured defined benefit plan was in place for (former) employees of Hendrix, which company was acquired by the Group in 2012. Furthermore, an insured defined contribution plan was in place for (former) ForFarmers employees. Effective per 1 January 2016, the Group entered into a new post-employment plan that is applicable for all Dutch employees, leaving all post-employment rights accrued until 31 December 2015 in the old post-employment plans.

Therefore, both former post-employment plans are closed as of 31 December 2015. From that date onwards, pension rights will be accrued under the new plan on the basis of collective defined contribution. An insurance company administers the obligations under that plan. As of that date no further obligations will remain under the former ForFarmers post-employment plan. Under the former Hendrix post-employment plan, for the pension rights accrued up to 31 December 2015, the Group will remain committed to pay the related guarantee premiums and as such accounts for the plan as a defined benefit plan.

Together with the new post-employment plan, the Group has also agreed on a defined contribution plan for employees with a salary above €52,763. An insurance company will be administering the obligations under both plans as of 1 January 2016.

The net liability related to the defined benefit plans in The Netherlands per 31 December 2017 amounts to €13,097 thousand (31 December 2016: €14,437 thousand). The decrease in this liability is mainly caused by the increase in the interest rate, whereby the change in the financial assumptions was recognized in other comprehensive income.

Germany / Belgium

The German subsidiaries have, for a limited number of persons, an in-house defined benefit plan that is already closed so no new obligations are being incurred. The commitments were calculated on the basis of actuarial calculations in the course of which the applicable discount rate was taken into account. Actuarial results are recorded directly into equity as other comprehensive income. The German defined benefit plan is unfunded.

In addition to the in-house defined benefit plan, a defined contribution plan is in place for all other employees of the German subsidiaries.

The net liability related to the defined benefit plans in Germany per 31 December 2017 amounts to €5,149 thousand (31 December 2016: €5,509 thousand).

The Belgian subsidiaries have two insured benefit plans for their employees which qualify as defined benefit plans. The net liability related to the defined benefit plans in Belgium per 31 December 2017 amounts to €138 thousand (31 December 2016: €185 thousand).

United Kingdom

In the United Kingdom, two defined benefit plans exist.

A net defined benefit liability has been recorded in the consolidated balance sheet for the obligations under these plans. The plan assets have been valued at fair value. The obligations have been calculated on the basis of actuarial calculations, with discounting at the applicable discount rate. Actuarial results are recorded directly into equity as other comprehensive income.

The first plan relates to (former) employees of BOCM PAULS Ltd., which company was acquired by the Group in 2012. As per 1 October 2006, this plan was closed, so no new obligations are being incurred. From that date, a new plan exists on the basis of defined contribution. An insurance company administers the obligations under that plan.

The second plan is a small defined benefit plan that relates to (former) employees of HST Feeds Ltd., which company was acquired by the Group in 2014. Also for this plan no new post-employment rights are being built up. Both defined benefit plans in the United Kingdom are funded plans, for which the funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

End of 2016 it has been agreed that the BOCM PAULS Ltd. Pension Scheme will adopt CPI as the inflation reference for all pension increases in payment (including Guaranteed Minimum Pension (GMP) and excess pension over GMP) and revaluation in deferment (excluding GMP). Previously the practice was to use RPI as the inflation reference for pension increases in payment and revaluation in deferment for pensions in excess of GMP. This change has acted to reduce the net liability by around €17 million at 31 December 2016 which was measured through Other Comprehensive Income as a change in financial assumptions. Furthermore, the Group agreed to make an additional contribution in January 2017 of £10.0 million (€11.7 million) to make up a portion of the deficit in the BOCM PAULS Ltd. pension plan which will reduce the net defined benefit liability.

The net liability related to the defined benefit plans in the United Kingdom per 31 December 2017 amounts to €23,302 thousand (31 December 2016: €40,828 thousand). The decrease of this liability is mainly caused by the above-mentioned additional contribution, the foreign currency effect due to the decline of the Pound sterling and the return on the plan assets.

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balance to the closing balances for net defined benefit liability and its components.

2017

In thousands of euro	Defined benefit obligation (funded plans)	Fair value of plan assets (funded plans)	Net defined benefit liability (funded plans)	Net defined benefit liability (unfunded plans)	Total net defined benefit liability
Balance at 1 January	292,605	-237,155	55,450	5,509	60,959
Included in profit or loss					
Current service cost	281	-	281	14	295
Administrative expenses	-	641	641	-	641
Interest cost (income)	7,005	-6,002	1,003	80	1,083
	7,286	**-5,361**	**1,925**	**94**	**2,019**
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:					
demographic assumptions	-2,222	-	-2,222	-	-2,222
financial assumptions	-774	-	-774	-143	-917
experience adjustment	1	-	1	-7	-6
Return on plan assets excluding interest income	-	-2,013	-2,013	-	-2,013
Remeasurement loss (gain)	**-2,995**	**-2,013**	**-5,008**	**-150**	**-5,158**
Effect of movements in exchange rates	-6,976	5,742	-1,234	-	-1,234
	-9,971	**3,729**	**-6,242**	**-150**	**-6,392**
Other					
Employer contributions (to plan assets)	-	-14,596	-14,596	-	-14,596
Employer direct benefit payments	-	-	-	-304	-304
Benefits paid from plan assets	-10,053	10,053	-	-	-
	-10,053	**-4,543**	**-14,596**	**-304**	**-14,900**
Balance as at 31 December	**279,867**	**-243,330**	**36,537**	**5,149**	**41,686**

2016

In thousands of euro	Defined benefit obligation (funded plans)	Fair value of plan assets (funded plans)	Net defined benefit liability (funded plans)	Net defined benefit liability (unfunded plans)	Total net defined benefit liability
Balance at 1 January	279,520	-217,610	61,910	5,306	67,216
Included in profit or loss					
Current service cost	260	-	260	14	274
Administrative expenses	-	650	650	-	650
Interest cost (income)	9,013	-7,028	1,985	113	2,098
	9,273	**-6,378**	**2,895**	**127**	**3,022**
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:	-340	-	-340	-	-340
demographic assumptions	35,582	-	35,582	414	35,996
financial assumptions	5,696	-	5,696	-34	5,662
experience adjustment	-	-40,791	-40,791	-	-40,791
Return on plan assets excluding interest income	-	-	-	-	-
Remeasurement loss (gain)	**40,938**	**-40,791**	**147**	**380**	**527**
Effect of movements in exchange rates	-30,528	23,466	-7,062	-	-7,062
	10,410	**-17,325**	**-6,915**	**380**	**-6,535**
Other					
Employer contributions (to plan assets)	-	-2,440	-2,440	-	-2,440
Employer direct benefit payments	-	-	-	-304	-304
Benefits paid from plan assets	-6,598	6,598	-	-	-
	-6,598	**4,158**	**-2,440**	**-304**	**-2,744**
Balance as at 31 December	**292,605**	**-237,155**	**55,450**	**5,509**	**60,959**

The remeasurement gain (these are actuarial loss/gain and return on plan assets) of €5,158 thousand (2016: loss €527 thousand) after tax amounted to €4,168 thousand (2016: loss €210 thousand), see Note 16B. The change in the actuarial 'remeasurement result', compared to 2016, is mainly due to an increase in the discount rate in 2017 (in 2016, there was a decrease in the discount rate) and the return on the plan assets. For none of the defined benefit pension plans, the fair value of the plan assets exceeds the defined benefit obligation.

C. Plan assets

Periodically, an Asset-Liability Matching study is performed in which the consequences of the strategic investment policies are analysed. Based on market conditions a strategic asset mix has been made between shares, bonds, real estate, cash and other investments in predominantly active markets, which is comprised as follows in the plan assets:

Fair value

In thousands of euro	31 December 2017	31 December 2016
Shares	40,317	43,155
Real estate	506	7,649
Bonds	107,484	108,374
Cash and other assets	18,743	853
Other (insurance contracts)	76,280	77,124
Total	**243,330**	**237,155**

D. Defined benefit obligation

Risk exposure

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted averages) were the following:

Actuarial assumptions

	2017	2016
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	1,50% - 2,55%	1,40% - 2,70%
Future salary growth	N/A	N/A
Future pension growth	1,50% - 2,95%	1,50% - 3,10%
Inflation	1,50% - 3,10%	1,50% - 3,15%
Salary increase[1]	1.00%	1.00%
Weighted-average assumptions to determine defined benefit cost		
Discount rate	1,40 % - 2,70%	2,00% - 3,90%
Future salary growth	N/A	N/A
Future pension growth	1,50% - 3,10%	1,50% - 2,90%
Inflation	1,50% - 3,15%	1,50% - 3,00%
Salary increase[1]	1.00%	1.00%

(1) Only applicable for Belgium

Assumptions regarding future mortality have been based on published statistics and mortality tables:

- The Netherlands (funded plans): AG2016
- Germany (unfunded plans): RT Heubeck 2005G
- Belgium (funded plans): MR/FR-5
- UK (funded plans): CMI Mortality Projects Model "CMI_2016"

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows (expressed as weighted averages):

	2017	2016
Longevity at age 65 for current pensioners		
Males	20.0	20.2
Females	23.0	24.0
Longevity at age 65 for current members aged 40		
Males	22.6	22.7
Females	25.3	25.7

As at 31 December 2017, the weighted-average duration of the defined benefit obligation was 18.0 years (31 December 2016: 18.3 years).

Sensitivity analysis

Possible changes at the reporting date to one of the relevant actuarial assumptions, which could reasonably be expected, keeping other assumptions constant, would have affected the defined benefit obligation of €285 million (31 December 2016: €298 million) by the amounts shown below:

In thousands of euro	31 December 2017	31 December 2016
Decrease of 0.25% to discount rate	13,075	14,286
Increase of 0.25% to discount rate	-12,317	-13,382
Decrease of 0.25% to inflation	-7,604	-7,386
Increase of 0.25% to inflation	7,990	7,766
Increase of 1 year to life expectancy	8,802	9,220

Employer contributions

The Group expects to pay €3.4 million in contributions to its defined benefit plans in 2018 (for 2017 an amount of €15.7 million was expected). This decrease compared to last year is the result of a commitment of £10.0 million (€11.7 million) by ForFarmers to make up a portion of the deficit in the BOCM PAULS Ltd. (United Kingdom) pension plan in January 2017 (see Note 15A).

E. Other long-term service plans

The liabilities and expenses related to other long-term service plans relate to anniversary benefits for employees in The Netherlands, Germany and Belgium and to a long-term incentive plan for the Executive Committee.

F. Employee benefit expenses

In thousands of euro	Note	2017	2016
Wages and salaries		122,546	123,241
Social security contributions		15,769	15,460
Post-employment expenses		10,618	9,476
Expenses related to other long-term service plans	15E	1,940	1,917
Equity-settled share-based payments	14	556	371
Cash-settled share-based payments	14	-	77
Total		**151,429**	**150,542**

The employee benefit expenses increased by €0.9 million, despite a decrease of €2.8 million due to a currency effect and a decrease of €0.7 due to the net effect of acquisitions and divestments. As a result the like-for-like increase amounts to €4.4 million. The increase is caused by the increase of the number of employees, partly compensated by lower additions to the restructuring provision.

The expenses relating to the equity-settled share-based payments relate to the depositary receipts and shares granted to the employees according to the employee participation plans for 2017, 2016 and 2015 as disclosed under Note 14.

Due to the change in the lock-up period for the share-based payment arrangements the cash-settled share-based payments are not applicable anymore, refer to Note 14A for more information.

The post-employment expenses are specified as follows:

In thousands of euro	Note	2017	2016
Current service costs	15B	295	274
Administrative expenses	15B	641	650
Expenses related to post-employment defined benefit plans		**936**	**924**
Contributions to defined contribution plans		9,682	8,552
Post-employment expenses		**10,618**	**9,476**

The interest charges related to the defined benefit plans amounting to €1,083 thousand (2016: €2,098 thousand) are recognised in the finance costs.

Refer to Note 15A for further details on the post-employment plans.

Number of employees per staff category 2017

Converted to full-time equivalents	The Netherlands	Foreign countries	Total
Production	223	379	602
Logistics	153	515	668
Marketing and Sales	283	324	607
Purchasing	19	12	31
Administration	54	65	119
Management	36	18	54
Other	123	121	244
Balance as at 31 December	**891**	**1,434**	**2,325**

Number of employees per staff category 2016

Converted to full-time equivalents	The Netherlands	Foreign countries	Total
Production	217	361	578
Logistics	159	506	665
Marketing and Sales	267	320	587
Purchasing	17	18	35
Administration	49	62	111
Management	35	22	57
Other	113	127	240
Balance as at 31 December	**857**	**1,416**	**2,273**

Movement number of employees

Converted to full-time equivalents	2017	2016
At 1 January	2,273	2,370
Acquisitions	3	4
Divestments	-	-43
Joiners	340	263
Leavers	-291	-321
Balance as at 31 December	**2,325**	**2,273**

The increase by 52 full-time equivalents is mainly caused by the further strenghtening of the organisation and related to the increase in sales volume (in 2016: increase 4; due to the acquisition of Vleuten-Steijn).

Income taxes

16. Income taxes

A. Amounts recognised in statement of profit or loss

In thousands of euro	2017	2016
Current tax expense		
Current year	18,076	15,191
Changes prior years	-939	318
Total	**17,137**	**15,509**
Deferred tax expense		
Deferred tax current year	-162	-15
Changes in tax rate	116	-306
(De)recognition of deferred tax assets	-444	-99
Changes in estimates related to prior years	-418	-745
Total	**-908**	**-1,165**
Total tax expenses	**16,229**	**14,344**

The total tax expense excluded the Group's share of tax expense of the equity-accounted investees of €907 thousand (2016: €889 thousand), which has been included in 'share of profit of equity accounted investees, net of tax', see Note 16G.

B. Amounts recognised in Other Comprehensive Income (OCI)

	2017			2016		
In thousands of euro	Before tax	Tax benefit (expense)	Net of Tax	Before tax	Tax benefit (expense)	Net of Tax
Items that will never be reclassified to profit or loss						
Remeasurement of defined benefit liabilities	5,158	-990	4,168	-527	317	-210
Equity-accounted investees - share of other comprehensive income	5	-	5	-1	-	-1
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	-2,373	290	-2,083	-9,495	1,381	-8,114
Cash flow hedges - effective portion of changes in fair value	8	-2	6	657	-164	493
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	-44	11	-33	-621	155	-466
Total	**2,754**	**-691**	**2,063**	**-9,987**	**1,689**	**-8,298**
Current tax benefit (expense)		290			1,381	
Deferred tax benefit (expense)		-981			308	
Total		**-691**			**1,689**	

Within the Group, loans are agreed between the different subsidiaries. Two of the loans in the United Kingdom are considered to form part of the net investment in the subsidiaries, and as such foreign exchange differences on these loans are recorded directly through other comprehensive income. For income tax purposes these foreign exchange differences are taxable or tax deductible. As the foreign exchange differences are recorded through other comprehensive income, the related current tax impact is also recorded through other comprehensive income for a positive amount of €290 thousand in 2017 (2016: €1,381 thousand positive).

C. Reconciliation of effective tax rate

In thousands of euro	2017		2016	
Profit before tax		**75,532**		**68,121**
Less share of profit of equity-accounted investees, net of tax		-3,884		-3,816
Profit before tax excluded the share of profit of equity-accounted investees, net of tax		71,648		64,305
Income tax using the Dutch domestic tax rate	25.0%	17,912	25.0%	16,076
Effect of tax rates in foreign jurisdictions	0.9%	611	0.0%	-17
Change in tax rate	0.2%	116	-0.5%	-306
Tax effect of:				
Non-deductible expenses	0.8%	625	1.1%	698
Tax incentives	-1.7%	-1,234	-2.5%	-1,581
(De)recognition of deferred tax assets	-0.6%	-444	-0.1%	-99
Prior year adjustments	-1.9%	-1,357	-0.7%	-427
Total	**22.7%**	**16,229**	**22.3%**	**14,344**

D. Movement in deferred tax balances

Deferred tax relates to the following items

2017

In thousands of euro	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combinations and disposals	Reclass and other [1]	Balance at 31 December: Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-14,289	963	-	-	180	-13,146	1,311	-14,457
Intangible assets	-4,936	443	-	-96	165	-4,424	2,827	-7,251
Inventory and biological assets	120	74	-	-	-	194	240	-46
Receivables and other assets	-825	324	-	-	182	-319	113	-432
Derivatives	-9	-	9	-	-	-	-	-
Employee benefits	11,441	-912	-990	-	200	9,739	9,739	-
Other non-current provisions and liabilities	-	196	-	-	-164	32	49	-17
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Other liabilities	265	-222	-	-	-690	-647	147	-794
Tax losses and tax credits	1,588	42	-	-	-	1,630	1,630	-
Offsetting	-	-	-	-	-	-	-13,058	13,058
Deferred tax assets (liabilities)	**-6,645**	**908**	**-981**	**-96**	**-127**	**-6,941**	**2,998**	**-9,939**

(1) This mainly concerns translation differences on balance sheet items valuated in British Pounds

Deferred tax relates to the following items

2016

In thousands of euro	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combinations and disposals	Reclass and other [1]	Balance at 31 December: Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-15,047	432	-	-	326	-14,289	700	-14,989
Intangible assets	-3,816	468	-	-2,260	672	-4,936	2,573	-7,509
Inventory and biological assets	7	6	-	-	107	120	120	-
Receivables and other assets	-265	-468	-	-	-92	-825	137	-962
Derivatives	-	-	-9	-	-	-9	-	-9
Employee benefits	13,005	309	317	-	-2,190	11,441	11,441	-
Other non-current provisions and liabilities	-	-	-	-	-	-	-	-
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Other liabilities	-699	715	-	-	249	265	1,130	-865
Tax losses and tax credits	960	-297	-	-	925	1,588	2,158	-570
Offsetting	-	-	-	-	-	-	-15,029	15,029
Deferred tax assets (liabilities)	**-5,855**	**1,165**	**308**	**-2,260**	**-3**	**-6,645**	**3,230**	**-9,875**

(1) This mainly concerns translation differences on balance sheet items valuated in British Pounds

The Group expects that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. The Group off-sets tax assets and liabilities if, and only if, it has a legally enforceable right to do so. The Group recognises deferred tax assets to the extent that it is considered probable based on business forecasts that sufficient taxable profits will be available.

E. Unrecognised deferred tax assets

Part of the deferred tax assets have not been recognised in respect of tax losses carried forward in Germany as the Executive Committee has established that it is uncertain whether future taxable profits would be available against which these losses can be utilised. The not recognized deferred tax assets have been included in the balance of unrecognised losses for €3.2 million at 31 December 2017 (31 December 2016: €3.9 million), with a tax effect of €0.9 million (31 December 2016: €1.1 million). The tax losses can be carried forward indefinitely, but the Executive Committee applies a ten year period to determine the adequacy whether tax losses can be utilised.

Furthermore, deferred tax assets have not been recognised in respect of tax losses incurred on the sale of real estate in the United Kingdom amounting to €2.7 million (31 December 2016: €3.2 million), with a tax effect of €0.5 million (31 December 2016: €0.6 million). These tax losses can only be utilised against a future tax gain on the sale of specific assets such as real estate. As the Executive Committee does not have plans to dispose real estate, the recovery of the deferred tax asset is highly uncertain and as such not recognised.

In 2017 in the Netherlands a deferred tax asset is recognised related to individual real estate where the fiscal carrying amount is higher than the book carrying amount at the end of the year and there is no intention to sell or demolish this particular real estate. This concerns at 31 December 2017 an amount of €2.8 million (31 December 2016: €2.9 million), with a tax effect of €0.7 million (31 December 2016: €0.7 million).

F. Tax Group

The Company and the Dutch subsidiaries, in which the Company has a 100% interest, form a tax group for the purpose of income tax, of which ForFarmers N.V. is the head of the tax group. For VAT, a comparable tax group exists for the Dutch subsidiaries, which also includes the majority shareholder Coöperatie FromFarmers U.A. which is the head of this tax group. The total current receivable or liability towards the tax authorities is accounted for in the statement of financial position of the head of the tax group. Settlement of taxes within this tax group takes place as if each company is independently liable for tax. Each participating subsidiary is jointly and severally liable for possible liabilities of the tax group as a whole. As of 1 January 2018 Coöperatie FromFarmers U.A. is no longer part of the VAT tax group and ForFarmers N.V. is the head of the VAT tax group.

A number of companies in Germany form a tax group for the purposes of income tax ('Organschaft' for Körperschaftsteuer and Gewerbesteuer). Settlement of taxes within this tax group takes place as if each company is independently liable for tax.

The companies in the United Kingdom form a tax group for the purposes of income tax ('Group Relief') and VAT. Settlement of taxes within this tax group takes place as if each company is independently liable for tax.

Tax rates

	2017	2016
Tax rates		
The Netherlands	25.00%	25.00%
Germany (average)	28.38%	28.90%
Belgium	33.99%	33.99%
United Kingdom (average)	19.25%	20.00%

Effective tax rate

	2017	2016
Effective tax rate		
The Netherlands	22.04%	23.27%
Germany	25.19%	24.49%
Belgium	36.19%	27.94%
United Kingdom	1.60%	15.80%

The above-mentioned effective tax rate deviates from the statutory tax rate mainly due to the impact of the following main items:

Netherlands

The effective tax rate is lower due to innovation box benefits and the recognition of the deferred tax assets relating to the individual real estate where the fiscal carrying amount is above the carrying amount at the end of the year. These deferred tax assets were not recognized in previous years.

Germany

The effective tax rate is lower due to recognition of the deferred tax assets relating to the net operating losses.

Belgium

The effective tax rate is higher because of non tax deductible items and deferred tax asset revaluation due to a tax rate change.

UK

The effective tax rate is lower due to a change regarding prior years. This change is mainly due to the recognition of a deferred tax asset relating to the tax deductibility of certain assets.

G. Taxes on equity-accounted investees

Corporate income taxes on the results of HaBeMa are settled with the tax authorities by ForFarmers Langförden, Germany (indirect shareholder). The results of HaBeMa are accounted for based on the equity method and are presented net of tax in the consolidated statement of profit and loss. These corporate income tax charges are deducted from the share of profit of equity-accounted investees for an amount of €907 thousand (2016: €889 thousand).

Trade taxes ('Gewerbesteuer') applicable to HaBeMa are borne by the entity itself.

Assets

17. Property, plant and equipment

A. Reconciliation of carrying amount

In thousands of euro	Land & Buildings	Plant & Machinery	Other operating assets	Assets under construction	Total
Cost					
Balance as at 1 January 2016	153,721	203,570	55,050	8,013	420,354
Acquisitions through business combinations	-	-	104	-	104
Divestments	-121	-905	-	-143	-1,169
Additions	513	3,818	7,348	19,938	31,617
Reclassification assets under construction	154	14,750	354	-15,258	-
Reclassification	-	-21,111	21,111	-	-
Disposals	-	-3,767	-3,134	-139	-7,040
Effect of movements in exchange rates	-9,356	-13,986	-1,024	-1,028	-25,394
Balance as at 31 December 2016	**144,911**	**182,369**	**79,809**	**11,383**	**418,472**
Balance as at 1 January 2017	144,911	182,369	79,809	11,383	418,472
Acquisitions through business combinations	-	-	35	-	35
Divestments	-	-	-	-	-
Additions	4,848	6,826	6,301	20,253	38,228
Reclassification	27,849	5,360	-19,121	-14,088	-
Reclassification from intangible assets	-	-	413	-	413
Reclassification assets held for sale	-901	-1,461	-	-	-2,362
Disposals	-675	-3,722	-2,618	-141	-7,156
Effect of movements in exchange rates	-1,036	-1,334	-1,040	-334	-3,744
Balance as at 31 December 2017	**174,996**	**188,038**	**63,779**	**17,073**	**443,886**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2016	-62,623	-123,046	-36,954	-	-222,623
Acquisitions through business combinations	-	-	-65	-	-65
Divestments	73	528	-	-	601
Depreciation	-3,688	-9,754	-6,936	-	-20,378
Reclassification	-	5,735	-5,735	-	-
Disposals	-	3,585	1,969	-	5,554
Effect of movements in exchange rates	5,576	4,924	2,688	-	13,188
Balance as at 31 December 2016	**-60,662**	**-118,028**	**-45,033**	**-**	**-223,723**
Balance as at 1 January 2017	-60,662	-118,028	-45,033	-	-223,723
Acquisitions through business combinations	-	-	-	-	-
Divestments	-	-	-	-	-
Depreciation	-4,791	-9,279	-5,290	-	-19,360
Impairment	-576	-1,359	-	-	-1,935
Reclassification	-17,729	1,032	16,697	-	-
Reclassification from intangible assets	-	-	-279	-	-279
Reclassification assets held for sale	181	771	-	-	952
Disposals	270	3,424	1,749	-	5,443
Effect of movements in exchange rates	204	193	523	-	920
Balance as at 31 December 2017	**-83,103**	**-123,246**	**-31,633**	**-**	**-237,982**
Carrying amounts					
At 1 January 2016	91,098	80,524	18,096	8,013	197,731
At 31 December 2016	84,249	64,341	34,776	11,383	194,749
At 31 December 2017	91,893	64,792	32,146	17,073	205,904

As part of the periodic reassessment of the estimated remaining useful life of property, plant and equipment the depreciation periods and if applicable the residual value of the property, plant and equipment have been revised, as from 1 January 2017. In general, this resulted in an extension of the useful life whereby depreciation expenses based on these revised depreciation terms are €2.4 million lower compared to the depreciation terms previously used. In the Netherlands, Germany and Belgium the depreciation expenses decreased and in the United Kingdom the depreciation expenses increased.

Furthermore, as part of the periodical reassessment of property, plant and equipment, items that were incorrectly classified were corrected, which resulted in a reclassification within property, plant and equipment and between tangible and intangible assets.

In the United Kingdom the construction of a new production facility (Exeter) has started. This requires an investment of £10.4 million (equivalent to €11.3 million at the exchange rate of 31 December 2017), of which a factory (£9.5 million) is already in use and the remaining part has been recognised as assets under construction. Furthermore, a central office (Bury St. Edmunds) has been taken in use, which required an investment of £3.8 million (equivalent to €4.5 million at the exchange rate of 31 December 2017). The other investments 2017 relate to the Netherlands and mainly consist of a new process control system (€3.1 million), the renovation of bulk silos (€2.2 million), trucks (€7.4 million) and the replacement of a grinder (€1.0 million).

The reclassification to assets held for sale of €1.4 million relates to the announced disposal of transportation vehicles to Baks and the sale of argirculture activities to CZAV at the end of 2017. For more information a reference is made to Note 25 and 37.

Of the 2017 additions of €38.2 million an amount of €36.6 has been paid at year end. The remaining has been recognized as a liability.

B. Impairment loss

As a result of the supply chain optimalisation in the United Kingdom a production location has been impaired by €1.9 million. There were no indicators in 2016 for impairment of property, plant and equipment.

C. Leased other operating assets

The Group leases some other operating assets under a number of finance leases. The corresponding finance lease obligations are accounted for under loans and borrowings. As at 31 December 2017, the net carrying amount of leased equipment was €101 thousand (2016: €236 thousand). The decrease of the carrying amount was caused by the fact that the leased assets has been replaced by assets owned.

18. Intangible assets and goodwill

A. Reconciliation of carrying amount

In thousands of euro	Goodwill	Customer relations	Trade and brand names	Software	Intangible assets under construction	Total
Cost						
Balance as at 1 January 2016	52,862	38,039	878	11,244	-	103,023
Acquisitions through business combinations	15,569	9,039	-	-	-	24,608
Additions	-	500	-	586	963	2,049
Disposals	-	-	-	-30	-	-30
Effect of movements in exchange rates	-3,948	-5,124	-	-1,401	-	-10,473
Balance as at 31 December 2016	**64,483**	**42,454**	**878**	**10,399**	**963**	**119,177**
Balance as at 1 January 2017	64,483	42,454	878	10,399	963	119,177
Acquisitions through business combinations	510	546	-	-	-	1,056
Additions	-	-	-	1,403	-	1,403
Reclass (to property, plant and equipment)	-	-	-	550	-963	-413
Reclassification assets held for sale	-228	-252	-9	-	-	-489
Disposals	-	-	-	-78	-	-78
Effect of movements in exchange rates	-836	-1,093	-	-299	-	-2,228
Balance as at 31 December 2017	**63,929**	**41,655**	**869**	**11,975**	**-**	**118,428**
Accumulated amortisation and impairment losses						
Balance as at 1 January 2016	-	-7,247	-878	-5,696	-	-13,821
Amortisation	-	-3,356	-	-2,310	-	-5,666
Disposals	-	-	-	24	-	24
Effect of movements in exchange rates	-	1,056	-	1,411	-	2,467
Balance as at 31 December 2016	**-**	**-9,547**	**-878**	**-6,571**	**-**	**-16,996**
Balance as at 1 January 2017	-	-9,547	-878	-6,571	-	-16,996
Amortisation	-	-3,902	-	-2,430	-	-6,332
Reclass to property, plant and equipment	-	-	-	279	-	279
Reclassification assets held for sale	-	153	9	-	-	162
Disposals	-	-	-	74	-	74
Effect of movements in exchange rates	-	324	-	290	-	614
Balance as at 31 December 2017	**-**	**-12,972**	**-869**	**-8,358**	**-**	**-22,199**
Carrying amounts						
At 1 January 2016	52,862	30,792	-	5,548	-	89,202
At 31 December 2016	64,483	32,907	-	3,828	963	102,181
At 31 December 2017	63,929	28,683	-	3,617	-	96,229

The goodwill and other changes 'acquisitions through business combinations' of €1,056 thousand relate to the acquisition of Wilde Agriculture Ltd. (2016: total of €24,608 thousand acquired intangible assets and goodwill of Vleuten-Steijn) see Note 6.

The reclassification to property, plant and equipment relates to software which was incorrectly classified, see also Note 17.

The reclassification to assets held for sale relates to the announced sale of arable activities to CZAV at the end of 2017. For more information a reference is made to Note 25 and 37.

B. Amortisation

The amortisation of customer relations, trademarks and software of €6,332 thousand (2016: €5,666 thousand) is included in the depreciation, amortisation and impairment expense.

C. Impairment test

(i) Impairment testing for cash generating units containing goodwill

Annually the Group performs its goodwill impairment test in the third quarter. Moreover, the test is conducted at another time if there is a trigger for goodwill impairment. Goodwill is monitored and tested at the level of the clusters. The Group evaluates, amongst others, the relationship between the recoverable amount and the carrying amount in the evaluation of indicators of potential impairment.

Goodwill is allocated as follows to the cash generating units:

In thousands of euro	31 December 2017	31 December 2016
The Netherlands	34,653	34,881
Germany/Belgium	4,017	4,017
United Kingdom	25,259	25,585
Total	**63,929**	**64,483**

The decrease of goodwill in the Netherlands is a result of a reclassification to assets held for sale due to the sale of the argirculture activities to CZAV in 2018, see also Note 25. The change of goodwill in the United Kingdom is caused by a change of the foreign exchange rate, partially compensated by the acquisition of Wilde agriculture Ltd.

Information about the net realisable value including the key assumptions

For the goodwill impairment test, the recoverable amount of the various cash generating units was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the cash generating units. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see Note 4).

The key assumptions used in the estimation of value in use per cash generating unit in 2017 were as follows.

In percentage	Discount rate pre-tax	Terminal value growth rate	Expected EBITDA growth rate (average of next five years)
The Netherlands	9.53%	1.05%	3.97%
Germany/Belgium	11.22%	1.05%	8.71%
United Kingdom	9.64%	1.38%	7.25%

The key assumptions used in the estimation of value in use per cash generating unit in 2016 were as follows.

In percentage	Discount rate pre-tax	Terminal value growth rate	Expected EBITDA growth rate (average of next five years)
The Netherlands	10.41%	0.75%	2.90%
Germany/Belgium	12.24%	0.75%	8.16%
United Kingdom	9.74%	1.87%	8.07%

The used discount rate was a pre-tax measure based on the yield of 30-year government bonds, issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally, and the systemic risk of the specific cash generating unit.

The average EBITDA growth rates were based on expectations of future outcomes of gross profits taking into account past experience of the average growth of recent years and estimated sales volumes in tons. To estimate the forecasted gross profit, primarily an assessment has been made on margin development, and on not sales price development. The commodity price development is hard to predict, however it is charged to customers. In determining the developments in the expenses the volume, inflation and cost savings are considered. The average growth percentage in the United Kingdom decreased compared to 2016 due to an updated forecast of the market cirucmstances amongst others caused by the possible effects of the Brexit.

The value in use of the cash generating units is determined based on the budget 2017 (2016: budget 2016) and the medium term plans to 2020. For the period after 2020 a growth rate equal to the terminal value growth rate is used, which is common practice in the market.

Result of the goodwill impairment test and sensitivity analysis

The result of the goodwill impairment test of the cash-generating units in 2017 shows that the recoverable amount exceeds the carrying amount of the cash generating units, and no impairment was required (2016: ditto).

The recoverable amount exceeds the carrying amount significantly for the cash flow generating units the Netherlands and Germany/Belgium. For the cash flow generating unit United Kingdom the difference between the recoverable amount and carrying amount is €7.8 million (£7.1 million), based on an additional trigger based goodwill impairment test at year end 2017. This limited difference is mainly caused by an updated forecast of the market circumstances amongst others caused by the possible effects of the Brexit in combination with an increase in the carrying amount due to investments in tangible assets.

A reasonable change in the assumptions could result in a recoverable amount below the carrying amount of the cash flow generating unit. The key assumptions used in the goodwill impairment test of the United Kingdom and the changes to these assumptions which will result in a recoverable amount equal to the carrying amount are included in the table below:

In percentage	**Discount rate pre-tax**	**Terminal value growth rate**	**Expected EBITDA growth rate (average of next five years)**
Assumptions used	9.64%	1.38%	7.25%
Change	0.37%	-0.49%	-0.54%
Recoverable amount equals carrying amount	**10.01%**	**0.89%**	**6.71%**

In 2016 a reasonable adjustment of the assumptions did not result in recoverable amounts below the carrying amounts of these cash generating units.

(ii) Impairment on intangible assets other than goodwill

During 2017 and 2016 the Group recognised no impairment on intangible assets other than goodwill.

19. Investment property

A. Reconciliation of carrying amount

In thousands of euro	2017	2016
Balance at 1 January	**830**	**822**
Reclassification to non-current assets held for sale	-	-
Currency translation adjustment	-	-
Other changes	-	8
Balance as at 31 December	**830**	**830**
Cost	3,735	3,735
Accumulated depreciation	-2,905	-2,905
Carrying amounts at 31 December	**830**	**830**

Investment property comprises a number of Industrial properties that are no longer in use for the Group's feed activities.

B. Fair value information

The fair value of investment property was determined by external, independent property valuators, having appropriate recognised professional qualifications and experience, and taking into account sales prices which have currently been agreed upon.

The fair value measurement for investment properties was €2.1 million (31 December 2016: €2.1 million) and has been categorised as a Level 3 fair value based on the information derived from market transactions.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Transaction price:	• Condition of the investment property.	The estimated fair value would increase (decrease) if:
The fair value of the investment property is measured on the basis of market information available for land in comparable location and conditions.	• Comparability of location.	• Assessed condition of the investment property would be better (worse).
	• Assessment of collectability of receivables related to specific investment property in the Netherlands.	• Location would be considered to be a more (less) preferred location.
		• Collectability of related receivable would be assessed to be better (worse).

20. Equity-accounted investees

The table below shows the amount of equity-accounted investees:

In thousands of euro	2017	2016
Interest in joint venture	24,018	21,653

The table below shows share of profit of equity-accounted investees, net of tax:

In thousands of euro	2017	2016
Joint venture	3,884	3,816
	3,884	**3,816**

Joint venture

HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa) is the only joint venture in which the Group participates. HaBeMa is one of the Group's suppliers and is principally engaged in trading of raw materials, storage and transhipment, production and delivery of compound feeds in Hamburg, Germany.

HaBeMa is structured as a separate vehicle and the Group has a residual interest in the net assets of the entity. Accordingly, the Group has classified its interest in HaBeMa as a joint venture. The Group does not have any commitments or contingent liabilities relating to HaBeMa, except for the purchase commitments of goods as part of the normal course of business. Corporate income taxes on the results of HaBeMa with regards to the residual interest of the Company are settled with the tax authorities by ForFarmers Langförden, Germany (indirect shareholder).

The results of HaBeMa are accounted for based on the equity method and are presented net of tax in the consolidated statement of profit and loss. These corporate income tax charges are deducted from the share of profit of equity-accounted investees for an amount of €907 thousand (2016: €889 thousand). Trade taxes ('Gewerbesteuer') applicable to HaBeMa are borne by the entity itself.

The following table summarises the financial information of HaBeMa as included in its own financial statements, adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in HaBeMa.

In thousands of euro	31 December 2017	31 December 2016
Percentage ownership of shares interest	50%	50%
Non-current assets	**45,838**	**40,546**
Cash and cash equivalents	203	2,376
Other current assets	26,302	21,207
Current assets	**26,505**	**23,583**
Loans and borrowings	-4,679	-5,730
Other non-current liabilities	-8,823	-9,424
Non-current liabilities	**-13,502**	**-15,154**
Loans and borrowings	-6,744	-1,282
Other current liabilities	-4,061	-4,387
Current liabilities	**-10,805**	**-5,669**
Net assets (100%)	**48,036**	**43,306**
Group's share of net assets (50%)	24,018	21,653
Carrying amount of interest in joint venture	**24,018**	**21,653**

In thousands of euro	Note	31 December 2017	31 December 2016
Revenue		176,721	155,877
Depreciation and amortisation		-4,112	-4,009
Net finance costs		-226	-812
Income tax expense		-1,870	-1,818
Profit (100%)		9,581	9,410
Other comprehensive income (100%)		10	-2
Profit and total comprehensive income (100%)		**9,591**	**9,408**
Profit (50%)		4,791	4,705
Group's share of tax expense of equity-accounted investee	16G	-907	-889
Group's share of profit, net of tax		**3,884**	**3,816**
Other comprehensive income, net of tax (50%)	26D	5	-1
Group's share of profit and total comprehensive income, net of tax		**3,889**	**3,815**
Dividends received by the Group		**2,431**	**2,766**

21. Trade and other receivables

In thousands of euro	Note	31 December 2017	31 December 2016
Trade receivables		178,724	183,457
Related party receivable	36	3,297	4,226
Loans to employees		289	409
Other investments		28	28
Taxes (other than income taxes) and social securities		4,690	4,982
Forward exchange contracts used for hedging (derivatives)	31D	-	36
Fuel swaps used for hedging (derivatives)	31D	-	115
Prepayments		3,117	5,288
Other receivables and accrued income		27,323	26,147
Total		**217,468**	**224,688**
Non-current		9,298	10,952
Current		208,170	213,736
Total		**217,468**	**224,688**

The non-current trade and other receivables consist of:

- Receivables that will be due after one year, that are largely interest-bearing and mainly include loans to customers for which, if possible, securities were provided in the form of feed equivalents, participation accounts and real estate.
- Loans to employees, of which the level of interest is equal to the interest on Dutch state loans and at least equal to the interest referred to in Article 59 of the Wages & Salaries Tax Implementing Regulation 2001. The repayment of the loans is a minimum of 7.5% per annum of the principal amount starting from 2015. As a collateral with respect to repayment, a lien was established on the depositary receipts purchased with the loan amount, the market value of which per balance sheet date exceeds the balance of the loans. These loans have been provided as part of the participation plan 2007-2009. No new loans will be provided to employees.

The other receivables, prepayments and accrued income mainly consist of unbilled revenue to customers and prepayments to suppliers.

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 31.

22. Inventories

In thousands of euro	31 December 2017	31 December 2016
Raw materials	54,193	53,546
Finished products	10,327	9,241
Other inventories	7,490	7,237
Total	**72,010**	**70,024**

The increase in inventories is mainly caused by Cluster the Netherlands.

Other inventories include trading inventories which are part of the Group's Total Feed business, and include, amongst others, fertilizers and seeds.

In 2017, an amount of €40 thousand was added to the provision of inventories (2016: €35 thousand).

For important purchase commitments reference is made to the explanation of the commitments and contingencies under Note 35.

23. Biological Assets

A. Reconciliation of carrying amount

In thousands of euro	2017	2016
Balance at 1 January	5,117	6,096
Purchases of livestock, feed and nurture	29,991	34,222
Sales of livestock	-32,787	-37,449
Change in fair value	2,393	2,248
Balance as at 31 December	**4,714**	**5,117**

As at balance sheet date the poultry livestock comprises of 934,732 animals (2016: 1,144,592 animals) with a value of €4.7 million (2016: €5.1 million). The poultry livestock relate to hens and a number of roosters, reared to an age ranging between 16 and 20 weeks, which are sold to hatcheries. The entire inventory is a current balance.

B. Measurement of fair values

Fair value hierarchy

The fair value measurement for the roosters and hens is based on the full production costs plus a proportional share of the margin to be realised at sale. No active market with quoted market prices exists for these hens and therefore, the Executive Committee considers the most recent market transaction price to be the most reliable estimate for fair value resulting in a fair value hierarchy Level 3.

Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in cost of raw materials and consumables in respect of Level 3 fair values (livestock). The non-realised part of the adjustment in fair value is part of the revaluation of the biological assets at the balance date.

In thousands of euro	2017	2016
Amounts recognised in statement of profit or loss		
Change in fair value (realised)	2,388	2,297
Change in fair value (unrealised)	5	-49
Total	**2,393**	**2,248**
Amounts recognised in statement of financial position		
Change in fair value (unrealised)	184	179

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock	Cost technique and transaction price.	Estimated reference price is based on most recent market transactions	The estimated fair value would increase (decrease) if:
Livestock comprises roosters and hens	The fair value of the hens and roosters is measured on the basis of production costs plus a proportional share of the margin to be realised at sale.	Proportional margin is allocated to the different phases of growth cycle on the basis of a percentage of completion method (0% - 91%), failure rate incl. mortality (4.0%)	· the number of animals were higher (lower)
			· the percentage of completion were higher (lower)
			· the failure rate including mortality was lower (higher)

C. Risk management of biological assets

The Group is exposed to the following risks relating to its livestock.

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of poultry livestock. The Executive Committee performs regular industry trend analyses for hens and rooster volumes and pricing.

Risks related to animal diseases

The Group is exposed to the regular risks relating agricultural activities, amongst others risks related to diseases. The Group follows the developments in the market closely and adjusts its policy where required.

24. Cash and cash equivalents

The outstanding deposits are saving accounts which can be withdrawn immediately without cost. As such the Group considered these to be part of cash and cash equivalents.

The cash and cash equivalents are at the free disposal of the Group. The increase of the cash and cash equivalents is mainly explained by the realised EBITDA and movements in working capital, partly compensated by the purchase of own shares, an additional contribution to the BOCM PAULS Ltd. (United Kingdom) pension plan, investments in assets and paid dividend.

In thousands of euro	31 December 2017	31 December 2016
Deposits	23,003	43,073
Current bank accounts[1]	138,294	109,781
Cash and cash equivalents in the statement of financial position	**161,297**	**152,854**
Bank overdrafts[1]	-49,690	-45,535
Cash and cash equivalents in the statement of cash flows	**111,607**	**107,319**

25. Assets held for sale

Reconciliation of carrying amount

In thousands of euro	2017	2016
Balance at 1 January	**-**	**4,579**
Reclassification from property, plant and equipment	1,410	-
Reclassification from intangible assets	327	-
Disposal	-	-4,579
Currency translation adjustment	-	-
Balance as at 31 December	**1,737**	**-**

As a result of the announced strategic partnership between ForFarmers the Netherlands and Baks transportation vehicles are reclassified from property, plant and equipment to assets held for sale. Furthermore, at the end of 2017 ForFarmers announced the sale of its agriculture activities to CZAV resulting in a storage facility, customer relationships and goodwill classified as assets held for sale. For more information a reference is made to Note 37.

In 2016, the land site Oss was sold for €5.6 million. Due to €0.1 million disposal costs this results in a gain of €0.9 million that has been recognised as other operating income in the statement of profit or loss, see Note 10.

Equity and liabilities

26. Equity

A. Share capital and share premium

	Ordinary shares (number)		Amount in euro	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Ordinary shares – par value €0.01	106,261,040	106,261,040	144,617	144,617
Priority share – par value €0.01	1	1	-	-
In issue at 31 December – fully paid	**106,261,041**	**106,261,041**	**144,617**	**144,617**

On 15 April 2016, it was resolved to amend the Articles of Association of the Company, to change the legal form of the Company into a public limited company, and the par value of the shares was reduced from €1.00 to €0.01 per share with an effective date per 23 May 2016. As at 31 December 2017, the share capital consists of 106,261,040 ordinary shares and 1 priority share. At balance sheet date the shares were issued and fully paid up. The share premium consists of the positive difference between the issue price and the nominal value of the issued shares.

On 26 April 2017, the Annual General Meeting of Shareholders authorised ForFarmers to initiate a programme to repurchase its own shares for a period of 18 months for (a) an amount between €40 million and €60 million and (b) in addition to purchase shares for the implementation of employee participation plans in 2017. ForFarmers repurchased 5,747,993 shares for a total amount of €56.7 million (including purchasing costs) in the period from 2 May 2017 through 31 December 2017. From the total number of repurchased shares 358,465 at an amount of €3.0 million are reissued as certificates for employee participation plans, bringing the balance of repurchased shares to €53.7 million (including purchasing costs).

(i) Ordinary shares

All ordinary shares have equal rights. Holders of these shares are entitled to dividend as declared from time to time, and are entitled to one vote per share at annual general meetings of shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

(ii) Priority share

The priority share is held by Coöperatie FromFarmers U.A. As a result of the treasury shares held by the Group Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2018, could exercise the voting right for 51.9% of votes to be cast on the total of ordinary shares on the shares it holds. Furthermore, the Coöperatie FromFarmers U.A. could give voting instructions with regard to the shares held by the Trust Office Foundation, which would give Coöperatie FromFarmers U.A. 60.0% of voting rights. As priority share holder Coöperatie FromFarmers U.A.:

(i) has a recommendation right for four of the six members of the Supervisory Board;

(ii) may appoint a member of the Supervisory Board as Chairman after consultation with the Supervisory Board;

(iii) has an approval right as regards the decisions of the Executive Board regarding:

1. moving the Company's head office outside the east of the Netherlands (Gelderland and Overijssel);
2. an important change in the identity of nature of the Company or its enterprise as a result of (1) transfer of the enterprise or practically all of the enterprise to a third party or (2) entering into or breaking off a long-term partnership of the Company or a subsidiary thereof with another legal entity or company, or as fully liable partner in a limited partnership or general partnership, if such partnership or its termination represents a fundamental change to the Company;
3. taking or disposing of a participating interest in the capital of a company to a value of at least a third of the amount of the Company's equity according to the balance sheet with explanatory notes or, in the event the Company draws up consolidated balance sheets, according to the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company, or any of its subsidiaries;

4. changes to the Company's articles of association;
5. affecting a merger or division.

Please refer to the Corporate Governance Statement for the conditions for holding the priority share and the special control rights associated thereto if that voting right and/or voting instruction can be exercised or given for 50% or less.

The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

B. Nature and purpose of reserves

(i) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's (depositary receipts) shares held by the Group. The treasury shares are accounted for as a reduction of the equity attributable to the owners of the parent.

Treasury shares are recorded at cost, representing the market price on the acquisition date, where the par value of treasury shares purchased is debited to the treasury share reserve. When treasury shares are sold or re-issued, the par value of the instruments is credited to the treasury share reserve. Any premium or discount to par value as result of the market price is shown as an adjustment to retained earnings.

During the reporting period the Company purchased 5,747,993 of its shares as part of the share buy-back programme and to be able to re-issue the depositary receipts in relation to the employee participation plans. Besides the repurchase of the abovementioned number of shares, the 358,465 treasury shares, which were obtained on behalf of the previous liquidity provider agreement (SNS) which ended on May 24 2016, were used for the purpose of employee participation plans. At 31 December 2017, the Group held 5,469,292 of the Company's shares.

In 2016 the Company purchased 400,000 of its (depositary receipts) shares to be able to re-issue the depositary receipts in relation to the employee participation plans. At 31 December 2016, the Group held 77.580 of the Company's shares.

The movement in the treasury shares can be summarised as follows:

The movement of treasury shares

	Number of shares		Amount par value in thousand euro	
	2017	**2016**	**2017**	**2016**
Balance at 1 January	77,580	399,429	1	399
Repurchase Employee participation plan	301,560	400,000	-	189
Re-issuance Employee participation plan	-358,465	-455,664	-	-5
Share buyback	5,446,433	-	54	-
Adaptation par value shares	-	-	-	-314
Other movements	2,184	-266,185	-	-268
Balance as at 31 December	**5,469,292**	**77,580**	**55**	**1**

The other movements 2016 relates to depositary receipts sold by the previous liquidity provider (SNS) independently from the Company.

(ii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The decrease in this reserve as at 31 December 2017 is due to the devaluation of the Pound sterling.

(iii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

(iv) Other reserves and retained earnings

Other reserves are held by the Company for statutory purposes. Retained earnings comprise the balance of accrued profits that have not been distributed to the shareholders.

A reference is made to the section Other information regarding the result appropriation scheme under the Articles of Association.

For a further clarification of the other reserves and retained earnings a reference is made to Note 47 Shareholders' equity of the Company financial statements.

C. Dividends

The following dividends were declared and paid by the Company for the year:

In thousands of euro	2017	2016
€0.24 per qualifying ordinary share (2016: €0.23)	25,716	24,734
	25,716	**24,734**

The dividend is based on the total number of shares issued at year end of 100.8 million (2016: 106.2 million). In accordance with the dividend policy the payable dividend is adjusted for outstanding trade receivables and the receivable from the Coöperatie FromFarmers U.A.. As a result the total dividend paid in 2017 amounts to €25.7 million. The treasury shares are not entitled to dividend.

After the respective reporting date, the following dividends were proposed by the Executive Committee. The dividends have not been recognised as liabilities and there are no tax consequences.

In thousands of euro	2017	2016
€0.30 per qualifying ordinary share (2016: €0.24)	30,238	25,715
	30,238	**25,715**

D. Other comprehensive income accumulated in reserves, net of tax

		Attributable to shareholders of the Company					
In thousands of euro	Note	**Translation reserve**	**Hedging reserve**	**Other reserves and retained earnings**	**Total**	**Non-controlling interest**	**Total OCI**
2017							
Remeasurement of defined benefit liabilities	15B , 16B	-	-	4,168	4,168	-	4,168
Foreign operations – foreign currency translation differences	16B	-2,083	-	-	-2,083	-	-2,083
Cash flow hedges - effective portion of changes in fair value	16B	-	6	-	6	-	6
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	16B	-	-33	-	-33	-	-33
Equity-accounted investees - share of other comprehensive income	16B	-	-	5	5	-	5
Total		**-2,083**	**-27**	**4,173**	**2,063**	**-**	**2,063**
2016							
Remeasurement of defined benefit liabilities	15B , 16B	-	-	-210	-210	-	-210
Foreign operations – foreign currency translation differences	16B	-8,114	-	-	-8,114	-	-8,114
Cash flow hedges - effective portion of changes in fair value	16B	-	493	-	493	-	493
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	16B	-	-466	-	-466	-	-466
Equity-accounted investees - share of other comprehensive income	16B	-	-	-1	-1	-	-1
Total		**-8,114**	**27**	**-211**	**-8,298**	**-**	**-8,298**

27. Capital Management

For the purpose of ForFarmers' capital management, capital includes share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The Executive Committee monitors the average capital ratio as well as the level of dividends to be distributed to ordinary shareholders.

The Executive Committee has presented the performance measure 'underlying EBITDA' as they monitor this performance measure at a consolidated level, and they believe this measure is relevant to understand the Group's financial performance. Underlying EBITDA is calculated by adjusting operating profit to exclude the impact of depreciation, amortisation, restructuring cost, impairment losses/reversals related to non-current assets and the gains/losses on sale of investments and assets held for sale.

Underlying EBITDA is not a defined performance measure in IFRS. The Group's definition of underlying EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. ForFarmers has earlier issued its guidance for the medium term of an on average annual EDITDA growth in the mid single digits at constant currencies.

In thousands of euro	Note	2017	2016
Operating profit (EBIT)		**74,022**	**67,833**
Depreciation and amortisation (including impairment loss)		27,627	26,044
EBITDA		**101,649**	**93,877**
Gain on sale of investments[1]	10	- 363	- 1,152
Gain on property, plant and equipment[1]	10	-	- 103
Gain on sale of assets held for sale[1]	10 , 25	-	- 900
Gain on sale of investments and assets held for sale		**- 363**	**- 2,155**
Restructuring cost		160	1,887
Total		**- 203**	**- 268**
Underlying EBITDA[2]		**101,446**	**93,609**
Foreign currency effect		1,664	
Underlying EBITDA, at constant currencies[2]		103,110	93,609
Growth ratio underlying EBITDA[2]		10.1%	3.6%

(1) Incidental items as per the definition of the Group
(2) Underlying' means excluding incidental items

ForFarmers' monitors capital using a ratio return on average capital employed (ROACE). This ratio is defined as the underlying EBITDA to average capital employed (the 12-month average of the sum of equity and non-current liabilities adjusted for cash and cash equivalents, bank overdrafts, assets held for sale and interests in equity-accounted investees). For this purpose, underlying EBITDA is applied and average capital employed is consisting of the average balance of capital throughout the year. The average capital employed for 2017 was €417.0 million (2016: €415.4 million) and the ROACE was 24.3% (2016: 22.5%).

The foreign currency effect concerns the elimination of the influence of foreign exchange rate changes of the euro compared to foreign currencies (this concerns a decrease of the Pound sterling).

Funding

ForFarmers' long term target is to have a net debt to normalised EBITDA ratio of maximum 2.5. Normalised EBITDA is defined as agreed in the covenant guidelines of the bank facility, a reference is made to Note 28. ForFarmers' net debt to normalised EBITDA ratio at 31 December 2017 and 31 December 2016 was as follows:

In thousands of euro	Note	**2017**	**2016**
Loans and borrowings	28	44,536	45,778
Bank overdrafts	24	49,690	45,535
Less: cash and cash equivalents	24	-161,297	-152,854
Net debt		**-67,071**	**-61,541**
Operating profit before depreciation, amortisation and impairment (EBITDA)		101,649	93,877
Adjustments as per financing agreement		142	3,207
Normalised EBITDA		**101,791**	**97,084**
Leverage ratio (net debt to normalised EBITDA ratio)		-0.66	-0.63
Interest coverage ratio (operating profit to net financing costs)		-31.18	-19.23

The long term target is lower than the ratios in credit facility, see Note 28. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Share buy-back programme own shares

On 26 April 2017, the Annual General Meeting of Shareholders authorised ForFarmers to initiate a programme to repurchase its own shares for a period of 18 months. The total number of shares that has been repurchased based on the share buy-back programme to date is 5,747,993 shares, for a total amount of €56.7 million, reference is made to Note 26A for more information.

28. Loans and borrowings

In thousands of euro	31 December 2017	31 December 2016
Unsecured bank loans	44,429	45,564
Finance lease liabilities	79	88
Total non-current	**44,508**	**45,652**
Current portion of finance lease liabilities	28	126
Total current	**28**	**126**

The financing arrangement, concluded in 2014, has no short term repayment obligations as at 31 December 2017 (nor as per 31 December 2016). For information regarding the financing, please refer to the subsection 'multicurrency revolving facility agreement'.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is disclosed in Note 31.

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

In thousands of euro	Currency	Nominal interest rate %	Year of maturity	Face value 31 December 2017	Carrying amount 31 December 2017	Face value 31 December 2016	Carrying amount 31 December 2016
Unsecured bank loan (floating rate)	GBP	LIBOR + 0,7%	2020	45,086	44,429	46,718	45,564
Finance lease liabilities	GBP	4% - 4.4%	2017-2021	147	107	228	214
Total interest-bearing liabilities				**45,233**	**44,536**	**46,946**	**45,778**

B. Unsecured bank loans

(i) Multicurrency revolving facility agreement

In 2014, the Group concluded a financing agreement (multicurrency revolving facility agreement) with ABN AMRO Bank, Rabobank, Lloyds Bank and BNP Paribas, that is free from securities. The agreement has a term up to 31 January 2020. The amount of the facility amounts to a maximum of €300 million, consisting of €200 million loan facility and €100 million bank overdraft facility, of which a total nominal amount of £40.0 million (€44.4 million) (31 December 2016: £40.0 million (€46.7 million)) was used as at 31 December 2017. The applicable interest is based on Euribor and/or Libor (depending on the currency in which the facility is drawn) plus a margin between 0.7% and 2.1%. The margin depends on the leverage ratio; on the basis of the 2017 ratio the said margin amounts to 0.7% (2016: 0.7%).

Covenant guidelines

Existing guidelines for financial ratios

- Leverage ratio, that is determined by net debt divided by normalised EBITDA. The leverage ratio shall not exceed 3.0; whereas in a maximum of three relevant but not consecutive periods during the duration of the agreement the leverage ratio is allowed to be between 3.0 and 3.5.
- Interest coverage ratio, that is determined by operating profit (EBIT) divided by net interest expense and shall not be between zero and 4.0.

Net debt means the total amount of all debts to credit institutions and other financial institutions (including financial lease commitments) less cash and cash equivalents.

EBITDA means operating profit after adding back amortisation and depreciation of assets.

Normalised EBITDA means, in respect of a relevant period, EBITDA for that relevant period:

- Including EBITDA of a business combination acquired during the relevant period for that part of the relevant period prior to its becoming a business combination;
- Excluding EBITDA attributable to any member of the Group (or to any business) disposed of during the relevant period prior to its disposal unless the purchase price in relation to such disposal has not yet been received during the relevant period, in which case EBITDA of the disposed member of the Group or business shall be included in normalised EBITDA provided that, in the event that the purchase price is partially (and not fully) received during the relevant period, EBITDA attributable to that member, calculated on a pro-rata basis, shall be included in normalised EBITDA.
- Including, at the indication of the Group, extraordinary costs incurred in the relevant period related to the integration of business combinations acquired in the relevant period, or the disentanglement after disposal of members of the Group provided that the aggregated amount of such costs does not exceed €25 million at any time during the life of the agreement, and €10 million in any financial year of the Group. In such event, the Group shall deliver a compliance certificate that specifies any such extraordinary costs.

Net interest expense means the net amount of financial income and expense less interest, commission, fees, discounts and other finance charges accrued in accordance with the applicable accounting standards during that relevant period.

As per 31 December 2017 and per 31 December 2016, the leverage ratio and interest coverage ratio amount both negative in accordance with the applicable accounting standards. Herewith ForFarmers fully complies with the terms and conditions of the covenants as per 31 December 2017 as well as per 31 December 2016.

(ii) Other unsecured loan facilities

ForFarmers Thesing, Germany, has an unsecured financing agreement with Bremers Landesbank, with a maximum amount of €6 million. This facility is not used at the balance sheet date (31 December 2016: idem).

C. Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 December 2017			31 December 2016		
In thousands of euro	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
Less than 1 year	39	11	28	132	6	126
Between 1 and 5 years	108	29	79	96	8	88
More than 5 years	-	-	-	-	-	-
Total	**147**	**40**	**107**	**228**	**14**	**214**

The decrease of the future lease payments has been caused by assets that were leased in the past, are now being purchased by the Company. This mainly concerns vehicles.

D. Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of euro	Note	Other loans and borrowings	Finance lease liabilities	Reserves	Other reserves and retained earnings	Unap-propriated result	Non-controlling interest	**Total**
Balance at 1 January 2016		**45,564**	**214**	**-3,583**	**229,816**	**53,260**	**4,880**	
Changes form financing cash flows								
Proceeds from purchase and sale of treasury shares		-	-	-54	-53,504	-	-	-53,558
Proceeds from sale of treasury shares relating to employee participation plan		-	-	-	2,335	-	-	2,335
Repurchase of treasury shares relating to employee participation plan		-	-	-	-3,151	-	-	-3,151
Payment of finance lease liabilities		-	-130	-	-	-	-	-130
Dividend paid	26	-	-	-	-24,672	-	-1,000	-25,672
Total changes form financing cash flows		**-**	**-130**	**-54**	**-78,992**	**-**	**-1,000**	**-80,176**
The effect of changes in foreign exchange rates		-1,628	-7	-	-	-	-	-1,635
Changes in fair value		493	-	-	-	-	-	493
Other changes / Liability related								
Acquisition of subsidiary, net of cash acquired	6	-	30	-	-	-	-	30
Total liability-related other changes		**-**	**30**	**-**	**-**	**-**	**-**	**30**
Non cash settled dividend		-	-	-	-1,044	-	-	-1,044
Total equity-related changes		-	-	-2,110	58,098	5,294	749	62,031
Balance as at 31 December 2017		44,429	107	-5,747	207,878	58,554	4,629	

29. Provisions

2017

In thousands of euro	Soil decontamination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2017	791	371	1,518	583	2,082	5,345
Provisions made during the year	-	129	344	414	275	1,162
Provisions released during the year	-100	-	-46	-53	-41	-240
Provisions used during the year	-7	-117	-1,386	-380	-953	-2,843
Effect of discounting	-	-	-	8	-	8
Translation difference	-	-	-32	-	-19	-51
Balance as at 31 December 2017	**684**	**383**	**398**	**572**	**1,344**	**3,381**
Non-current	534	129	2	450	1,134	2,249
Current	150	254	396	122	210	1,132
Balance as at 31 December 2017	**684**	**383**	**398**	**572**	**1,344**	**3,381**

2016

In thousands of euro	Soil decontamination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2016	923	623	254	638	2,086	4,524
Provisions made during the year	18	-	2,288	86	324	2,716
Provisions released during the year	-4	-	-559	-10	-100	-673
Provisions used during the year	-146	-252	-402	-131	-103	-1,034
Effect of discounting	-	-	-	-	-	-
Translation difference	-	-	-63	-	-125	-188
Balance as at 31 December 2016	**791**	**371**	**1,518**	**583**	**2,082**	**5,345**
Non-current	541	371	-	530	1,853	3,295
Current	250	-	1,518	53	229	2,050
Balance as at 31 December 2016	**791**	**371**	**1,518**	**583**	**2,082**	**5,345**

A. Soil decontamination

The soil decontamination provision relates to the expected unavoidable costs of cleaning polluted sites. The Group conducts periodical assessments to ascertain whether sites have been polluted. At the moment pollution has been determined the unavoidable costs to clean the site are estimated and provided for. The release is related to a location in the Netherlands where the soil related activities have been completed.

B. Demolition costs

A provision for demolition costs was recognised in prior years resulting from the closure of a site in the Netherlands. Based on the estimated period during which the remaining provision will be utilised, it is classified as current. The non-current provision for demolition costs is recognized for assets in use and will be utilized at the end of the useful lifetime of these assets.

C. Restructuring

Upon the integration of several acquisitions, the Group decided to centralize accounting activities in Germany/Belgium, United Kingdom and the Netherland in shared service centres. Following the announcement, the Group recognised a provision for expected restructuring costs, including contract termination costs, consulting fees and employee termination benefits. Estimated costs were based on the terms of the relevant contracts.

D. Onerous contracts

In prior years, the Group entered into a non-cancellable lease for office space. Due to changes in its activities, the Group stopped using the premises during 2012, resulting in surplus storage space. The lease will expire in 2023. The obligation for the discounted minimum future payments, net of expected rental income, has been provided for.

E. Other

The other provisions mainly relate to legal disputes and claims.

30. Trade and other payables

In thousands of euro		31 December 2017	31 December 2016
Trade payables due to related parties	36	1,893	2,123
Other trade payables		109,927	82,267
Accrued expenses		88,814	70,553
Trade payables		**200,634**	**154,943**
Taxes (other than income taxes) and social securities		6,348	6,383
Contingent consideration	6A	8,255	7,660
Other payables		**14,603**	**14,043**
Total		**215,237**	**168,986**
Non-current		8,255	7,660
Current		206,982	161,326
Total		**215,237**	**168,986**

The increase in other trade payables is mainly caused by an extension of payment terms as part of the project harmonisation of purchasing conditions.

The accrued expenses are, amongst others, related to invoices to be received and accrued personnel expenses.

Information about the Group's exposure to relevant currency and liquidity risks is disclosed in Note 31C.

Financial instruments

31. Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their Levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2017

		Carrying amount						Fair value			
In thousands of euro	Note	**Designated at fair value**	**Fair value - hedging instruments**	**Held-to-maturity**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value											
Forward exchange contracts used for hedging (derivatives)	21	-	-	-	-	-	-		-		-
Fuel swaps used for hedging (derivatives)	21	-	-	-	-	-	-		-		-
		-	**-**	**-**	**-**	**-**	**-**		**-**		**-**
Financial assets not measured at fair value											
Equity securities (other investments)	21	-	-	28	-	-	28				
Trade and other receivables[1]	21	-	-	-	217,440	-	217,440				
Cash and cash equivalents	24	-	-	-	161,297	-	161,297				
		-	**-**	**28**	**378,737**	**-**	**378,765**				
Financial liabilities measured at fair value											
Contingent consideration	30	-8,255	-	-	-	-	-8,255			-8,255	-8,255
Financial liabilities not measured at fair value											
Bank overdrafts	24	-	-	-	-	-49,690	-49,690				
Unsecured bank loans	28	-	-	-	-	-44,429	-44,429				
Finance lease liabilities	28	-	-	-	-	-107	-107				
Trade and other payables[2]	30	-	-	-	-	-206,982	-206,982				
		-	**-**	**-**	**-**	**-301,208**	**-301,208**				

(1) Excluding derivatives and other investments
(2) Excluding contingent consideration

31 December 2016

In thousands of euro	Note	Carrying amount: Designated at fair value	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Forward exchange contracts used for hedging (derivatives)	21	-	36	-	-	-	36		36		36
Fuel swaps used for hedging (derivatives)	21	-	115	-	-	-	115		115		115
		-	**151**	**-**	**-**	**-**	**151**		**151**		**151**
Financial assets not measured at fair value											
Equity securities (other investments)	21	-	-	28	-	-	28				
Trade and other receivables[1]	21	-	-	-	224,509	-	224,509				
Cash and cash equivalents	24	-	-	-	152,854	-	152,854				
		-	**-**	**28**	**377,363**	**-**	**377,391**				
Financial liabilities measured at fair value											
Contingent consideration	30	-7,660	-	-	-	-	-7,660			-7,660	-7,660
Financial liabilities not measured at fair value											
Bank overdrafts	24	-	-	-	-	-45,535	-45,535				
Unsecured bank loans	28	-	-	-	-	-45,564	-45,564				
Finance lease liabilities	28	-	-	-	-	-214	-214				
Trade and other payables[2]	30	-	-	-	-	-161,326	-161,326				
		-	**-**	**-**	**-**	**-252,639**	**-252,639**				

(1) Excluding derivatives and other investments
(2) Excluding contingent consideration

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 4.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.
Interest rate swaps and fuel swaps	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative financial instruments are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.	Not applicable.
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast sales volume, the amount to be paid under each scenario and the probability of each scenario.	• Forecast annual sales volume growth rate. • Forecast receipts gross trade receivables. • Risk-adjusted discount rate. The estimated fair value would increase (decrease) if: • the annual sales volume growth rate were higher (lower); • the receipts of the gross trade receivables vary positive (negative) from the standard payment terms; or • the risk-adjusted discount rate were lower (higher).

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Equity securities (non-current)	For investments in equity instruments that do not have a quoted market price in an active market for an identical instrument (i.e. a Level 1 input) disclosures of fair value are not required.	Not applicable.
Loans and receivables (non-current)	Discounted cash flows.	Not applicable.
Cash, trade and other receivables and other financial liabilities (current)	Given the short term of these instruments, the carrying value is close to the market value.	Not applicable.
Other financial liabilities (non-current)	Discounted cash flows. The fair value of the long-term debts is equal to the carrying value as floating market-based interest rates are applicable consistent with the financing agreement.	Not applicable.

C. Financial risk management

(i) Risk management framework

The Executive Committee has overall responsibility for overseeing of the Group's risk management framework. The Executive Committee has established a Risk Advisory Board, which is responsible for developing and monitoring the Group's risk management policies. The Risk Advisory Board reports regularly to the Executive Committee, the Audit Committee and the Supervisory Board on its activities. The Group considers the acceptance of risks and the recognition of opportunities as an inherent part of realising its strategic objectives. Risk management contributes to the realisation of the strategic objectives and provides for compliance with corporate governance requirements. Through an active monitoring of risk management, the Group aims to create a high level of awareness in terms of risk control. The set-up and coordination of risk management takes place from the team Corporate Governance & Compliance.

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and from investments in debt instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the default risk of the industry and/or country in which customers operate. Further details of concentration of revenue are included in Note 5 and 8.

The Group trades with ostensibly creditworthy parties and has set up procedures to determine the creditworthiness. In addition, the Group has prepared directives to limit the scope of the credit risk at each party. Moreover, the Group continuously monitors its receivables and the Group applies a strict credit procedure. In accordance with this policy, customers are categorised, and depending on their credit profile the following risk-mitigating measures are taken:

- payment according to the payment terms per country;
- payment in advance, immediate payment upon receipt of the goods or provision of collateral;
- hedging by means of credit letters and bank guarantees;
- Insurance of credit risk.

Receivables, that will be due after one year, are largely interest-bearing and mainly include loans to customers for which, if possible, securities were provided in the form of feed equivalents, participation accounts and real estate.

As a consequence of the distribution over geographic areas and product groups a significant concentration of credit risk in the trade receivables does not arise (no single customer is in 2017 individual responsible for more than 2.6% (2016: 1.0%) of the turnover). For a further explanation of the trade and other receivables reference is made to Note 21.

At 31 December 2017, the allowance for impairment in relation to trade and other receivables was as follows:

In thousands of euro	31 December 2017	31 December 2016
Gross trade and other receivables	235,279	246,837
Allowance for impairment in respect of trade and other receivables	-17,811	-22,149
Total	**217,468**	**224,688**
Non-Current (including loans)	9,298	10,952
Current	208,170	213,736
Total	**217,468**	**224,688**

At 31 December 2017, the ageing of trade and other receivables was as follows:

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	188,010	12,188	200,198
Past due < 30 days	16,254	2,391	18,645
Past due 31 - 60 days	2,415	705	3,120
Past due 61 - 90 days	255	471	726
Past due > 90 days	3,797	8,793	12,590
Gross amount	**210,731**	**24,548**	**235,279**
Impairment		-17,811	-17,811
Total	**210,731**	**6,737**	**217,468**
Overdue receivables	10.8%	50.4%	14.9%

At 31 December 2016, the ageing of trade and other receivables was as follows:

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	178,787	22,168	200,955
Past due < 30 days	18,136	2,867	21,003
Past due 31 - 60 days	3,068	1,078	4,146
Past due 61 - 90 days	1,082	548	1,630
Past due > 90 days	6,187	12,915	19,102
Gross amount	**207,260**	**39,576**	**246,836**
Impairment		-22,148	-22,148
Total	**207,260**	**17,428**	**224,688**
Overdue receivables	13.7%	44.0%	18.6%

The impaired accounts consist of trade and other receivables for which an impairment is applied. The Executive Committee believes that the unimpaired amounts are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In thousands of euro	2017	2016
Balance at 1 January	22,149	21,184
Write-offs during the year	-2,680	-2,158
Releases during the year	-4,002	-1,822
Addition during the year	2,406	5,177
Translation difference	-62	-233
Balance as at 31 December	**17,811**	**22,148**
Non-current	5,287	6,052
Current	12,524	16,096
Balance as at 31 December	**17,811**	**22,148**

The balance of added and released amounts during the year is a release of €1,596 thousand, whereby the net effect of acquisitions and divestments amounts to zero. The net release of €1,596 thousand has been recognised in the statement of profit or loss (2016: €899 thousand net addition). In 2016 the net effect of acquisitions and divestments amounted to €2,456 thousand, which resulted in a total addition to the provision of €3,355 thousand.

Cash and cash equivalents

Cash and cash equivalents are kept by first-class international banks, i.e. banks with at least a credit classification of 'minus A'. Derivatives are only traded with financial institutions with a high credit rating, AA- to AA+.

Guarantees

In principal, the Group's policy is to not provide financial guarantees except for some of its Dutch subsidiaries. Refer to Note 35 on commitments and contingencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Furthermore the Group has financing agreements to mitigate the liquidity risk, for more information see Note 28.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and excluding the impact of netting agreements:

31 December 2017 Non-derivative financial liabilities

		Carrying amount	Contractual cash flows				
In thousands of euro	Note		Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Contingent consideration	6 , 30	8,255	8,407	-	8,407	-	-
Bank overdrafts	24	49,690	49,690	49,690	-	-	-
Bank loans	28	44,429	45,086	-	-	45,086	-
Finance lease liabilities	28	107	147	39	52	56	-
Trade payables and other payables[1]	30	205,089	205,089	205,089	-	-	-
		307,570	**308,419**	**254,818**	**8,459**	**45,142**	**-**

(1) Excluding related parties and contingent consideration

The Company has the availabilty of cash and cash equivalents at 31 December 2017 amounting to €161,297 thousand.

31 December 2016 Non-derivative financial liabilities

		Carrying amount	Contractual cash flows				
In thousands of euro	Note		Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Contingent consideration	6 , 30	7,660	7,900	-	-	7,900	-
Bank overdrafts	24	45,535	45,535	45,535	-	-	-
Bank loans	28	45,564	46,718	-	-	46,718	-
Finance lease liabilities	28	214	228	132	26	70	-
Trade payables and other payables[1]	30	159,203	159,203	159,203	-	-	-
		258,176	**259,584**	**204,870**	**26**	**54,688**	**-**

(1) Excluding related parties and contingent consideration

The Company has the availabilty of cash and cash equivalents at 31 December 2016 amounting to €152,854 thousand.

As disclosed in Note 28, the Group has an unsecured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to the Executive Committee to ensure compliance with the agreement. The covenants have been met as per the end of the year, refer to Note 28.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on loans and borrowings from financial institutions may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions in the obligations change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The subsidiaries' functional currencies are the euro (€) and Pound sterling (£). Most of their transactions, and resulting balance occur in their local and functional currency.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily euro, but also Pound sterling.

Interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Group's sales and purchase transactions are conducted in the functional currencies of the respective entity, therefore on the forecasted sales and purchase transactions the Group is not exposed to foreign currency risks.

The Group has no forward currency contracts to hedge foreign currency exposure at 31 December 2017 (31 December 2016: contracts with a fair value of €36 thousand).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is managed within the agreed limits per business unit.

Exposure to currency risk

The summary of quantitative data about the Group's financial assets and liabilities denominated in foreign currencies is as follows:

In thousands	31 December 2017		31 December 2016	
	€	£	€	£
Trade and other receivables	130,320	77,318	136,844	75,212
Cash and cash equivalents less bank overdrafts	133,270	-19,219	124,621	-14,815
Unsecured bank loans	-	-40,000	-	-40,000
Finance lease liabilities	-	-95	-	-183
Trade and other payables	-155,587	-52,720	-119,936	-41,685
Net statement of financial position exposure	**108,003**	**-34,716**	**141,529**	**-21,471**

Net financial position in Pound sterling is used to finance assets in Pound sterling.

The following significant exchange rates have been applied during the year:

	Average rate		Rate as at		
1€=	**2017**	2016	**31 December 2017**	31 December 2016	31 december 2015
£	0.8767	0.8195	0.8872	0.8562	0.7340

Sensitivity analysis

No financial instruments in the consolidated financial statements are individually exposed to foreign currency risk. As such no sensitivity analyses is disclosed.

Interest rate risk

The Group tests the interest rate risk on potential financial impact. When the impact is not acceptable, the risk exposure is eliminated by fixing the rate. This is achieved partly by entering into fixed-rate instruments, and partly by borrowing at a float rate and if considered necessary using interest rate swaps as hedges against fluctuations interest levels.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Carrying amount	
In thousands of euro	**31 December 2017**	31 December 2016
Fixed-rate instruments		
Financial assets	9,270	10,924
Variable rate instruments		
Financial liabilities	44,429	45,564

The financial assets relate to loans to customers, employees and other non-current receivables.

The financial liabilities relate to loans payable which mainly have the purpose of financing the non-current assets.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Except for tax effects, the impact on equity is considered equal to the impact on profit and loss as no variable-rate financial instruments impact equity directly.

	Profit or loss before tax		Equity	
In thousands of euro	**50 basis points increase**	**50 basis points decrease**	**50 basis points increase**	**50 basis points decrease**
31 December 2017				
Variable-rate instruments	-224	224	-176	176
31 December 2016				
Variable-rate instruments	-228	228	-180	180

Commodity price risk

The major part of ForFarmers' cost of sales consists of raw materials. The raw materials markets are volatile due to uncertain weather conditions, yield expectations, depletion of natural resources, fluctuations in demand and growing prosperity. The increased volatility inherently increases the risks related to raw material purchasing and hence the importance of risk management. The purchasing risk management policy is based on the risk appetite of the Group and is continuously monitored.

Part of the costs of the Group consist of energy and fuel costs. Changes in these prices affect the costs of production and transport of products of the Group. Higher costs may not in all instances be passed on in the sales prices, which may affect the result negatively. In the past years the prices of fuel and energy have been relatively volatile. For the purchasing of energy, the Group established a purchasing policy. Part of this policy is to, where necessary, hedge price risks via financial instruments and commodity agreements. The enforcement of this purchasing policy is monitored. The developments on the markets for energy and fuels are followed closely.

Early 2016 the Group has entered into derivatives to hedge the risks associated with changes in fuel prices. With

respect to these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied. Amounts of fair value presented in equity are recycled in the statement of profit or loss at realisation dates of hedged items.
The contractual maturities of these derivatives are expired as at 31 December 2016 with corresponding cash settlement in January 2017 and no open positions as at 31 December 2016 and 2017.

D. Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	2017	Expected cash flows				2016	Expected cash flows			
In thousands of euro	Carrying amount	Total	1-6 months	6-12 months	More than one year	Carrying amount	Total	1-6 months	6-12 months	More than one year
Forward exchange contracts used for hedging										
Assets	-	-	-	-	-	36	36	23	13	-
Liabilities	-	-	-	-	-	-	-	-	-	-
Fuel swaps used for hedging										
Assets	-	-	-	-	-	115	115	115	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**151**	**151**	**138**	**13**	**-**

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

	2017	Expected impact				2016	Expected impact			
In thousands of euro	Carrying amount	Total	1-6 months	6-12 months	More than one year	Carrying amount	Total	1-6 months	6-12 months	More than one year
Forward exchange contracts used for hedging										
Assets	-	-	-	-	-	36	36	-	1	35
Liabilities	-	-	-	-	-	-	-	-	-	-
Fuel swaps used for hedging[1]										
Assets	-	-	-	-	-	115	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**151**	**36**	**-**	**1**	**35**

(1) The contractual maturities of the 2016 derivatives were fully expired and realised at 31 December 2016 with corresponding cash settlement in the opening of January 2017.

Group composition

32. List of main subsidiaries

Set out below is the list of main subsidiaries and joint venture of the Group:

List of main subsidiaries

Subsidiaries	Registrated office	Interest[1]
The Netherlands		
ForFarmers Nederland B.V.	Lochem	100%
FF Logistics B.V.	Lochem	100%
PoultryPlus B.V.	Lochem	100%
Reudink B.V.	Lochem	100%
Stimulan B.V.	Boxmeer	100%
ForFarmers Corporate Services B.V.	Lochem	100%
Vleutensteijnvoeders B.V.	Eindhoven	100%
Germany		
ForFarmers GmbH	Vechta-Langförden	100%
ForFarmers Langförden GmbH	Vechta-Langförden	100%
ForFarmers BM GmbH	Rapshagen	100%
ForFarmers Hamburg GmbH & Co. KG[2]	Vechta-Langförden	100%
ForFarmers Thesing Mischfutter GmbH & Co. KG[2]	Rees	60%
ForFarmers Beelitz GmbH	Beelitz	100%
Pavo Pferdenahrung GmbH	Goch	100%
Belgium		
ForFarmers Belgium B.V.B.A.	Ingelmunster	100%
ForFarmers Finance International B.V.B.A.	Ingelmunster	100%
United Kingdom		
ForFarmers UK Holdings Ltd.	Ipswich (Suffolk)	100%
ForFarmers UK Ltd.	Ipswich (Suffolk)	100%
Joint venture		
HaBeMa Futtermittel GmbH & Co. KG Produktions- und Umschlagsgesellschaft[3]	Hamburg	50%

(1) Participating interests as per 31 December 2017
(2) The subsidiaries ForFarmers Hamburg GmbH & Co. KG and ForFarmers Thesing Mischfutter GmbH & Co. KG make use of the exemption under § 264b of the German Commercial Code
(3) Equity accounted investee, see Note 20

33. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests (NCIs), before any intra-group eliminations.

31 December 2017

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Percentage non-controlling interest	40%	40%	
Non-current assets	**172**	**3,247**	**3,419**
Cash and cash equivalents	5	5,687	5,692
Other current assets	41	11,312	11,353
Current assets	**46**	**16,999**	**17,045**
Loans and borrowings	-	-4,296	-4,296
Other non-current liabilities	-	-134	-134
Non-current liabilities	**-**	**-4,430**	**-4,430**
Loans and borrowings	-	-	-
Other current liabilities	-5	-4,457	-4,462
Current liabilities	**-5**	**-4,457**	**-4,462**
Net assets	**213**	**11,359**	**11,572**
Carrying amount of NCI	**85**	**4,544**	**4,629**
Revenue	17	66,773	66,790
Profit attributable to shareholders of the Company	15	1,857	1,872
OCI	-	-	-
Total comprehensive income	**15**	**1,857**	**1,872**
Profit allocated to NCI	6	743	749
OCI allocated to NCI	-	-	-

2017

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Cash flows from operating activities	-	7,201	7,201
Cash flows from investing activities	-	-280	-280
Cash flows from financing activities	-	-2,500	-2,500
Net increase (decrease) in cash and cash equivalents	**-**	**4,421**	**4,421**

31 December 2016

	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Percentage non-controlling interest	40%	40%	
In thousands of euro			
Non-current assets	**172**	**3,304**	**3,476**
Cash and cash equivalents	-	1,266	1,266
Other current assets	26	14,777	14,803
Current assets	**26**	**16,043**	**16,069**
Loans and borrowings	-	-4,296	-4,296
Other non-current liabilities	-	-31	-31
Non-current liabilities	**-**	**-4,327**	**-4,327**
Loans and borrowings	-	-	-
Other current liabilities	-	-3,018	-3,018
Current liabilities	**-**	**-3,018**	**-3,018**
Net assets	**198**	**12,002**	**12,200**
Carrying amount of NCI	**79**	**4,801**	**4,880**
Revenue	-	64,445	64,445
Profit attributable to shareholders of the Company	14	1,279	1,293
OCI	-	-	-
Total comprehensive income	**14**	**1,279**	**1,293**
Profit allocated to NCI	5	512	517
OCI allocated to NCI	-	-	-

2016

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Cash flows from operating activities	-	2,613	2,613
Cash flows from investing activities	-	-257	-257
Cash flows from financing activities	-	-1,794	-1,794
Net increase (decrease) in cash and cash equivalents	**-**	**562**	**562**

Other disclosures

34. Operating leases

Leases as lessee

The Group has entered into operating leases on certain land and buildings, machinery and installations, cars and other transportation vehicles.

The Group has the option, under some of its leases, to lease the assets for additional periods. In these cases, the conditions of the contract are renegotiated at the end of the initial contract term. Furthermore, for certain contracts the lease payments increase periodically based on market terms.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

In thousands of euro	31 December 2017	31 December 2016
Less than 1 year	5,398	6,525
Between 1 and 5 years	6,067	9,031
More than 5 years	4,795	5,389
Total	**16,260**	**20,945**

For the lease payments an amount of €8,279 thousand was recognised in 2017 (2016: €8,432 thousand) in profit or loss as part of the other operating expenses. The decrease of the lease payments has been caused by assets that were leased in the past and which are currently being purchased by the Company. This mainly concerns vehicles.

35. Commitments and contingencies

31 December 2017

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	495,566	622	-	496,188
Purchase commitments energy (gas/electricity)	-	-	-	-
Purchase commitments property, plant and equipment	4,971	-	-	4,971
Purchase commitments other	2,505	-	-	2,505
Total	**503,042**	**622**	**-**	**503,664**

31 December 2016

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	417,027	927	-	417,954
Purchase commitments energy (gas/electricity)	3,078	-	-	3,078
Purchase commitments property, plant and equipment	13,108	-	-	13,108
Total	**433,213**	**927**	**-**	**434,140**

The purchase commitments of raw materials are partly relating to existing sales contracts and the other purchase commiments mainly related to IT licenses.

A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers N.V. for the benefit of ForFarmers Nederland B.V., ForFarmers Corporate Services B.V., PoultryPlus B.V. and Reudink B.V.

For the acquisition of BOCM PAULS Ltd. (United Kingdom), guarantees have been issued amounting to €0.1 million (2016: €0.2 million).
For the credit facilities reference is made to Note 28.

36. Related parties

Beside the subsidiaries that operate within the Group (refer to the overview "List of main subsidiaries", Note 32) and the BOCM PAULS Ltd. (United Kingdom) and HST Feeds Ltd. (United Kingdom) Pension Schemes (see Note 15A) , the Group has additional related parties and transactions, which are disclosed hereafter. The related party transactions that occurred in 2017 and 2016 were done at arm's length. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. Furthermore, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: nil).

A. Stichting Beheer- en Administratiekantoor ForFarmers and Coöperatie FromFarmers U.A.

Stichting Beheer- en Administratiekantoor ForFarmers (until 23 May 2016 named Stichting Administratiekantoor ForFarmers) (hereinafter: 'Stichting Beheer') holds 7.7% (31 December 2016: 12.0%) of the shares in ForFarmers N.V. as per 31 December 2017 and has issued depositary receipts in exchange for these shares. Coöperatie FromFarmers U.A. (hereinafter: de coöperatie) has a direct stake of 17.4% (2016: 20.8%), and an indirect stake of 31.8% (2016: 32.4%) of the ordinary shares of ForFarmers, and one priority share as per the aforementioned date. Depositary receipts are held by members of the Coöperatie, employees of ForFarmers or others. Members of the Coöperatie and employees of ForFarmers who own depositary receipts have the right to request their voting rights from Stichting Beheer. Other depositary receipt holders cannot request voting rights. Stichting Beheer and the Coöperatie are related parties. Between the Coöperatie and a number of the members of the Coöperatie on one hand and the Group on the other hand, transactions (i.e. supply of goods and services) take place on a regular basis.

The following table provides the total amount of transactions that have been entered into with ForFarmers N.V. and its group companies.

In thousands of euro	2017	2016
Interest income	-	-
Interest expenses	-	-
Receivable from	3,297	4,216
Payable to	-	-

The receivable from the Cooperative mainly relates to positions arising from VAT, since the Cooperative is the head of the tax group for VAT purposes. As of 1 January 2018 Coöperatie FromFarmers U.A. is no longer part of the VAT tax group and ForFarmers N.V. is the head of the VAT tax group (see Note 16F).

B. Executive Committee

In the financial year remuneration for the Executive Committee including pension expenses that were charged to the Company and its subsidiaries amounts of €6.3 million (2016: €6.1 million), which can be broken down as follows:

2017

	Short-term employee benefits			Long-term employee benefits			Total
In thousands of euro	Salary costs[1]	Performance bonus (short-term)[2]	Other compensation[3]	Post-employment benefits	Performance bonus (long-term)[4]	Participation plan[5]	
Executive Board							
Y.M. Knoop	461	406	48	90	309	71	1,385
A.E. Traas	378	172	64	15	163	22	814
J.N. Potijk	394	178	70	15	165	33	855
Executive Committee members	1,285	470	884	29	480	89	3,237
Total	**2,518**	**1,226**	**1,066**	**149**	**1,117**	**215**	**6,291**

(1) Including employer contributions social securities
(2) The performance bonus (short-term) relates to the performance in the year reported and is to be paid in the subsequent year.
(3) Other compensation mainly includes use of company cars, expenses, pension compensation own arrangement and any accrual for termination of the agreement of assignment.
(4) The performance bonus (long-term) concerns the proportional part of the costs recognised during the vesting period of three years in which specified performance targets are to be met. After the third year, the final bonus amount will be determined and paid.
(5) The employee participation plan concerns the costs charged during the vesting period relating to the discount on the conditionally issued depositary receipts and does not reflect the value of vested depositary receipts already in possession of the members of the Executive Board.

2016

	Short-term employee benefits			Long-term employee benefits			Total
In thousands of euro	Salary costs[1]	Performance bonus (short-term)[2]	Other compensation[3]	Post-employment benefits	Performance bonus (long-term)[4]	Participation plan[5]	
Executive Board							
Y.M. Knoop	461	396	42	90	289	37	1,315
A.E. Traas	370	158	64	11	149	16	768
J.N. Potijk	391	193	68	11	145	18	826
Executive Committee members	1,524	504	473	73	522	61	3,157
Total	**2,746**	**1,251**	**647**	**185**	**1,105**	**132**	**6,066**

(1) Including employer contributions social securities
(2) The performance bonus (short-term) relates to the performance in the year reported and is to be paid in the subsequent year.
(3) Other compensation mainly includes use of company cars, expenses, pension compensation own arrangement and any accrual for termination of the agreement of assignment.
(4) The performance bonus (long-term) concerns the proportional part of the costs recognised during the vesting period of three years in which specified performance targets are to be met. After the third year, the final bonus amount will be determined and paid.
(5) The employee participation plan concerns the costs charged during the vesting period relating to the discount on the conditionally issued depositary receipts and does not reflect the value of vested depositary receipts already in possession of the members of the Executive Board.

The following table includes the ownership of the (depositary receipts for) shares.

In numbers	(Depositary receipts of) shares 2017	2016
Y.M. Knoop	284,001	222,967
A.E. Traas	109,329	100,235
J.N. Potijk	602,593	876,545
Non statutory board members	178,501	859,065
Total	**1,174,424**	**2,058,812**

C. Supervisory board

In the financial year remuneration for members of the Supervisory Board, and former members of the Supervisory Board within the meaning of section 383 sub 1 of Book 2 of the Dutch Civil Code were charged to the Company and its subsidiaries for an amount of €338 thousand (2016: €271 thousand), which can be broken down as follows:

2017

In thousands of euro	Attendance fee	Commission fee	Other compensation (1)	Total
Supervisory Board				
J.W. Eggink	60.0	2.5	2.6	65.1
J.W. Addink-Berendsen	45.0	10.0	1.5	56.5
V.A.M. Hulshof	43.0	4.0	1.3	48.3
C. de Jong[2]	28.7	4.0	2.2	34.9
H. Mulder[3]	15.3	2.0	3.7	21.0
C.J.M. van Rijn	43.0	14.5	3.3	60.8
W.M. Wunnekink	43.0	7.0	1.0	51.0
Total	**278.0**	**44.0**	**15.5**	**337.5**

(1) Including social security contributions
(2) Appointed per 26 April 2017
(3) Resigned per 26 April 2017

2016

In thousands of euro	Attendance fee	Commission fee	Other compensation (1)	Total
Supervisory Board				
J.W. Eggink	50.0	7.5	5.3	62.8
J.W. Addink-Berendsen	30.0	7.5	4.7	42.2
V.A.M. Hulshof	30.0	0.0	4.3	34.3
H. Mulder	35.0	5.0	5.4	45.4
C.J.M. van Rijn	30.0	12.5	3.6	46.1
W.M. Wunnekink	30.0	5.0	4.7	39.7
Total	**205.0**	**37.5**	**28.0**	**270.5**

(1) Including social security contributions

In the regular course of business the Group enters into sales transactions with members of the Supervisory Board. The related party transactions were carried out at arm's length.

The following table provides the total amount of transactions.

In thousands of euro	2017	2016
Sales to	525	468
Purchases from	497	-

The following table provides the total balances of receivables from and payables to the members of the Supervisory Board.

In thousands of euro	31 December 2017	31 December 2016
Amounts owed by	26	10
Amounts owed to	-	-

The following table includes the ownership of the (depositary receipts of) shares and the number of participation accounts issued by the cooperative and which can be converted into depositary receipts.

2017

	Depositary receipts/ shares	Participation accounts[1]	Total
J.W. Eggink	7,179	12,799	19,978
J.W. Addink-Berendsen	9,640	12,294	21,934
V.A.M. Hulshof		8,640	8,640
C. de Jong			-
C.J.M. van Rijn			-
W.M. Wunnekink			-
Total	**16,819**	**33,733**	**50,552**

(1) The balance on the participation account can be converted into depositary receipts or shares of ForFarmers N.V.

2016

	Depositary receipts/ shares	Participation accounts[1]	Total
J.W. Eggink	7,179	12,130	19,309
J.W. Addink-Berendsen	9,640	11,187	20,827
V.A.M. Hulshof	-	6,480	6,480
H. Mulder	49,500	-	49,500
C.J.M. van Rijn	-	-	-
W.M. Wunnekink	-	-	-
Total	**66,319**	**29,797**	**96,116**

(1) The balance on the participation account can be converted into depositary receipts or shares of ForFarmers N.V.

The members of Supervisory Board did not experience any impediment in the performance of their duties during the past year as a result of transactions that they conducted.

Followed by the appointment of Mr. C. de Jong as member of the Supervisory Board, Chr. Hansen Holding A/S including the activities of its subsidiaries (hereafter mentioned together as: Chr. Hansen), is a related party of the Group as from 26 April 2017, since Mr. C. de Jong holds the position of CEO at this company. The Group has, as of 31 December 2017, no contractual obligations with Chr. Hansen and has bought goods for an amount of €0.5 million in the period from 26 April 2017 to 31 December 2017. The related party transactions were carried out at arm's length.

D. Executive Committee Coöperatie FromFarmers U.A.

In the regular course of business the Group enters into sales transactions with members of the executive Committee Coöperatie FromFarmers U.A.. The related party transactions were carried out at arm's length.

The following table provides the total amount of transactions.

In thousands of euro	2017	2016
Sales to	805	319
Purchases from	-	-

The following table provides the total balances of receivables from and payables to the members of the executive Committee Coöperatie FromFarmers U.A..

In thousands of euro	31 December 2017	31 December 2016
Amounts owed by	33	10
Amounts owed to	-	-

The transactions with, the receivables from and payables to the members of the executive Committee of the Coöperatie FromFarmers U.A. include the transactions with and position to the members who are part of the Supervisory Board of ForFarmers N.V..

E. Joint venture

The following table provides the total amount of transactions that have been entered into with the joint venture HaBeMa:

In thousands of euro	2017	2016
Sales of goods and services		
Sales to	5	0
Purchases from	45,075	39,800

The following table provides the total balances with the joint venture HaBeMa:

In thousands of euro	31 December 2017	31 December 2016
Amounts owed by	-	-
Amounts owed to	1,893	2,123

37. Events after the reporting period

Baks

Effective per 1 Februari 2018, ForFarmers the Netherlands and Baks started a strategic partnership. To this end, both parties have signed an agreement. As part of the partnership, ForFarmers the Netherlands will acquire the sales activities of moist feed solutions for swine (in particular whey products) together with the relevant customer portfolio from Baks Agri Foods.

On the other hand, Baks Logistics will acquire the logistics activities (including the associated transportation vehicles and drivers) for this product segment from FF Logistics.

More specifically, this implies that, as per 1 February 2018 about 160.000 tonnes of moist feed solutions for swine from Baks Agri Foods will start to be managed by the sales organization of ForFarmers the Netherlands. The sale of Vitagos, an exclusive product of Baks Agri Foods and other moist feed solutions that are not intended for swine, remain outside the strategic partnership. Baks Logistics acquired the logistic activities of Vitagos from FF Logistics.

ForFarmers the Netherlands sells arable activities (non-livestock feed related) to CZAV

ForFarmers the Netherlands has signed an agreement to dispose its agriculture activities to CZAV. This concerns non-livestock feed related products (e.g. fertilizers, crop protection products and seeds) that ForFarmers supplies to Dutch farmers. CZAV acquired these activities and the associated storage facility on 5 February 2018. Annual revenues involved amount to €13 million. ForFarmers will receive €5.65 million on the completion date of the transaction.

The sale of these (non-livestock feed related) agriculture activities is fully in line with ForFarmers' strategy, that focuses specifically on the Total Feed approach for livestock farmers. ForFarmers will continue to sell seeds, fertilizers and crop protection products to its customers relating to forage production on farms. These forage related products represent an important part of the Total Feed approach and are therefore not included in the sale.

Reopening of second feed mill in Deventer

In 2018 ForFarmers will reopen the feed mill in Deventer (the Netherlands), which was closed on 1 January 2015. This production facility, located next to the operational mill, will immediately undergo intensive renovation. The decision to put the mill to use again fits in with growing feed sales and increasing demand for non-GMO feed (with non-Genetically Modified Organisms). The renovated plant, with a maximum production capacity of 250 thousand tonnes, can therefore be fully deployed for the production of non-GMO and VLOG-certified (Verband Lebensmittel ohne Gentechnik) compound feed. As of 31 December 2017 the mill was classified as investment property (refer to Note 19). As a result of the reopening the mill will be reclassified to tangible assets during 2018.

ForFarmers plans to reopen this plant in 2018, taking into account a renovation period of 9 months. The renovation, with an investment of over €3 million, has already started.

Tasomix

On 20 February 2018, ForFarmers announced that it had signed a share purchase agreement with the owners of the Polish company Tasomix to acquire 60% of their shares. Tasomix is a large and innovative feed company, mainly active in the poultry sector. Through this transaction, ForFarmers adds its fifth country of operation and takes another step in strengthening its position as the leading feed company in Europe. This step is in line with ForFarmers' Horizon 2020-strategy to grow both organically and through acquisitions in Europe and surrounding regions. Tasomix provides access to a European market with an above average growth rate in the attractive poultry sector. In recent years, Poland has become the largest broiler producing country in Europe, servicing the local market and exporting to mostly EU countries.

Through this transaction, ForFarmers acquires 60% of a business with two operational production facilities, with a joint capacity is approximately 450 thousand tonnes, and one new facility, which is under construction and has a maximum capacity of approximately 350 thousand tonnes. Tasomix mainly produces feed for poultry farmers, but also serves the ruminant and swine farmers. The feed mill being constructed in Pionki (approx. 110 km south of Warsaw) is scheduled to open later this year. This mill is destined to manufacture feed for a dedicated poultry

integrator, which is linked to the owners of Tasomix. A supply agreement has been put in place with this integrator. The mill will also serve non-integrated poultry, ruminant and swine farmers.

In 2016, Tasomix sold 395 thousand tonnes of feed, manufactured in its two operational mills, with a revenue of PLN 429 million (currently approximately €103 million) and a normalised EBITDA of approximately PLN 34 million (currently approximately €8 million). Tasomix has 180 employees. Based on these results, Tasomix currently ranks number 4 in the Polish feed market. At closing of the transaction, ForFarmers will make a first payment of PLN 234 million (currently approximately €56 million) in cash and will receive 60% of the shares. The second payment will be made in 2021 and is dependent on achieving specified targets, relating to future operational results of Pionki. The agreement includes the possibility for ForFarmers to over time obtain the remaining shares. Closing of the agreement is expected to take place within approximately three months, subject to obtaining the required approval of the Polish Competition Authorities.

Accounting policies

38. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;
- financial instruments, other than derivatives, stated at fair value at the first recognition and subsequently stated at amortised cost and upon deduction of possible impairments (the latter only in the case of financial instruments recognised as asset);
- first recognition of individual assets and liabilities in a business combination are measured based on acquisition method, with contingent considerations assumed in a business combination at fair value;
- biological assets are measured at fair value;
- tax liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- the net defined benefit liability (asset) is measured at the fair value of plan assets, less the present value of the defined benefit obligation.

39. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts

related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

In determining the value of the various intangible assets, assumptions have been made regarding the customer base, the value and the expected use of brand names. Assessing the fair value of the various property, plant and equipment requires assumptions regarding the remaining economic and technical life. In determining the fair value of the acquired assets and liabilities the Group focused in particular on the following aspects:

- the fair value of property, plant and equipment;
- identifiable trademarks, patents and brand names;
- identifiable customer relationships;
- the fair value of acquired receivables and debts;
- deferred tax liability associated to the acquired assets and liabilities;
- goodwill.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The interest in the joint venture is accounted for using the equity method. The interest is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been

discontinued from the start of the comparative year.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences are generally recognised in the statement of profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the event the settlement of a monetary item that is to be received from or to be paid to a foreign operation is not planned, nor is this probable to occur in the near future, currency differences on such a monetary item will be considered as part of the net investment in the foreign operation. Accordingly, these currency differences are included in OCI and recognised in the translation reserve.

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the transaction date on which the relevant entity of the Group becomes party in the contractual obligations of the financial instruments.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are off-set and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to off-set the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. In addition the transfer of balances into a netting account should occur at the period-end to demonstrate an intention to settle on a net basis.

Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Priority share

The priority share provides the holder of the share special rights regarding amongst others the appointment of

members of the Board of Supervisory Directors as defined in the Articles of Association of the Company. The Group's priority share can only be held by Company itself or Cooperative FromFarmers U.A., provided that it may exercise twenty percent or more of the total votes on shares or depositary receipts to be cast in the capital of the Company. The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

Preference shares

The Company has the ability to issue preference shares. When preference shares are issued, these give the holder(s), in summary, rights to set up a new, independent foundation, with an independent board, which will have the ability to obtain and exercise, on a temporary basis (up to two years), a majority of the voting rights at the General Meeting. This will work through the ownership of the preference shares issued. However, these protective rights are related to fundamental changes in the activities of an investee, or are rights that apply only in exceptional circumstances. As such, they cannot give the holder permanent power or prevent other parties from having power permanently and therefore de facto acquire control over the Company. At this moment no preference shares have been issued.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. The par values of repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within retained earnings.

Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security;
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 25% to be significant, and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was

recognised, then the previously recognised impairment loss is reversed through profit or loss.

Availability-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than goodwill, biological assets, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash flow Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the

specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Trade and brand names:	2 - 20 years
Software:	3 - 5 years
Customer relationships:	10 - 20 years

The amortisation of the customer relationships is based on the historical development of the customer portfolio. The amortisation of trade and brand names depends on the period for which the trade and brand names will actually still be used.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings:	10 - 50 years
Plant and Machinery:	7 - 30 years
Other operating assets:	4 - 20 years

Other operating assets comprise mainly vehicles, fixtures and fittings.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. For more information reference is made to Note 17.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property.

Investment property

Investment property is initially measured at cost minus depreciation and impairment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Assets held for sale

Non-current assets, or groups comprising assets and liabilities which are to be disposed, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or groups to be disposed, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Provisions

Provisions are created for liabilities of which it is likely that they will need to be settled, and of which the value can be reasonably estimated. A provision is created only if there is a liability that is legally enforceable or a constructive liability. The size of the provision is determined by the best estimate of the amounts required to settle the liabilities and losses concerned as per balance sheet date.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Soil decontamination

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised in the event the land is contaminated.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments (through the participation plans), whereby employees render services as consideration for equity instruments (equity-settled transactions). As the Group will settle the employee tax obligations relating to these share-based payments, these are also considered share-based compensation (cash-settled transactions).

Equity-settled transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there

is no true-up for differences between expected and actual outcomes.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

As the depositary receipts for the employees of the Netherlands participation plan are fully issued during the year, the non-vested portion is not recognized within profit and loss, but rather accrued as other receivables within Trade and other receivables. Over the service period the respective amounts are recognized within profit and loss.

Cash-settled transactions

The fair value of the employee tax amounts payable in respect of the equity-settled share-based payments, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to benefit. The liability is remeasured at each reporting date and at settlement date based on the fair value of the employee tax obligation. Any changes in the liability are recognised in profit or loss.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The post-employment benefit plans of ForFarmers N.V. and its subsidiaries are defined contribution plans (except for the plans as noted under the last paragraph at the policy defined benefit plans below), which have been placed with insurance companies by means of collective defined contribution agreements. This implies that these entities are only subject to the obligation to pay the agreed contributions to the insurance companies.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits (anniversary payments) is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement, in general the transfer occurs at delivery. For sale of livestock, transfer occurs on receipt by the customer.

Rendering of services

The Group is involved in performing related services to agriculture. When the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed, in general this is based upon the time spent.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Government grants

Government grants are initially recognised in the balance sheet as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in the profit and loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognized in the profit and loss account on a systematic basis over the useful life of the asset, if it is within reason expected that it shall become unconditional in time. This grant is accounted for in the profit and loss account through reduction of the depreciation costs over the period of the expected useful life.

Expenses

Costs of raw materials and consumables

This regards the costs of raw materials and consumables of the sold products or the costs for obtaining the sold products. The costs of raw materials and consumables are calculated according to the first-in-first-out principle and include the change in the fair value of the biological assets.

Other operating expenses

Other operating expenses are determined taking into account the aforementioned accounting principles for valuation and recorded in the reporting year to which they relate. Foreseeable liabilities and potential losses stemming from causes occurring before the end of the financial year are recorded if they became known before the financial statements were made and the further conditions for recording provisions are met.

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are

recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

Finance income and costs

Finance income comprises interest received on loans and receivables from third parties, dividend income, positive changes to the fair value of financial assets valued at fair value after incorporating changes in value in the profit and loss account, gains on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised in the profit and loss account as it accrues using the effective interest method.

Finance costs comprises interest expenses on borrowings and other obligations to third parties, fair value losses on financial assets at fair value through profit or loss, unwinding the discount on provisions, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income. Interest expenses are recognised in the consolidated profit and loss account as they accrue by means of the effective interest method.

Foreign currency gains and losses of trade receivables and trade payables are recognised as a component of the operating result. All other foreign currency gains and losses are reported on a net basis either as finance income or finance costs, depending on whether the foreign currency movements are in a net gain or net loss position.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax is determined on the basis of the best estimate regarding the tax credit or tax loss, taking into consideration possible uncertainties with respect to income tax. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences and future taxable profits, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Segmentation

The identified operating segments regard the individual clusters within the Group for which financial information is available that is frequently assessed by the Executive Committee in order to reach decisions on the allocation of the available resources to the cluster and to determine the performances of the cluster.

The Group has divided the operating segments into:

1. The Netherlands
2. Germany/Belgium
3. United Kingdom

Inter-segment pricing is determined on arm's length basis. Segment results include items directly attributable to a cluster as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise joint expenses, corporate expenses, corporate assets and corporate liabilities.

Cash flows

The cash flow statement has been prepared according to the indirect method. Cash flows in foreign currencies are converted to euro's against the exchange rate on the transaction date. Exchange rate differences for cash and cash equivalents are shown separately in the cash flow statement. Payments for interest and payments for income taxes have been included under cash flow from operating activities. Interest received and dividends received are included in the cash flow from investment activities. Dividends paid have been included under cash flow from financing activities. Transactions not involving an exchange of cash, including financial lease, are not included in the cash flow statement. The payment of lease instalments under the finance lease contract are shown as a cash-out under financing activities as far as the repayment is concerned and as a cash-out under operating activities as far as the interest is concerned.

40. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and

interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers including clarifications to IFRS 15, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- Amendments and annual improvements IAS 12, IFRS 2 and IAS 40

IFRS 9 - Financial Instruments, effective 1 January 2018 (IASB and EU)

IFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting.

Classification - financial assets and financial liabilities: IFRS 9 contains a new classification approach for financial assets and financial liabilities. Based on the analyses performed the Group determined that the new classification requirements will not have an impact on the classification of financial instruments within ForFarmers.

Impairment - Financial assets and contract assets: IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The Group performed a detailed analysis of the impact of IFRS 9 on the current impairment allowance. Based on the analysis performed the Group concluded that the impact of IFRS 9 on the impairment allowance on trade receivables and other financial assets is not material. In accordance with IFRS 9 the adjustment will be recorded in equity at 1 January 2018.

Hedge accounting: The Group has chosen to apply the new requirements of IFRS 9 instead of IAS 39 as of 1 January 2018. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. As of 31 December 2017 the Group has no hedging relationships. As a result there will be no impact on the Group's current financial position and results. Furthermore, the Group decided not to account for the cost of hedging separately.

Disclosure: IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Group will include the relevant new disclosures in the financial statements 2018.

IFRS 15 - Revenue from Contracts with Customers, effective 1 January 2018 (IASB and EU)

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The Group performed a detailed analysis of the impact of IFRS 15 on the consolidated financial statements and concluded that the impact is not material. Based on IFRS 15 the payment discount of customers will be recorded earlier in comparison with the current accounting treatment, which results in an immaterial adjustment.

The Group decided to apply the cumulative effect transition approach. As a result the comparative periods will not be adjusted and any differences will be recorded in equity at 1 January 2018.

IFRS 16 - Leases, effective 1 January 2019 (IASB and EU)

For lessees, IFRS 16 (issued on 13 January 2016) requires most leases to be recognised on-balance, eliminating the distinction between operating and finance leases. IFRS 16 supersedes IAS 17 Leases and related interpretations. Under IFRS 16 a lessee recognises a right-of-use asset and lease liability. The right-of-use asset is treated similarly to other non-financial assets and is depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, and the liability accrues interest. The Group is currently assessing the impact of the new standard on its financial position and is expecting an increase in assets and liabilities. However, no estimation of impact or extent can be made yet.

The Group intends to apply the modified retrospective

transition approach and as a consequence only apply the IFRS 16 lease definition to the lease contracts which at transition date comply with the IAS 17 lease definition. Furthermore, the Group intends to classify on transition date all leases with a remaining lease term shorter than 1 year as a short term lease, use the same discount rate for all leases with the same characteristics and initial direct costs will most likely not be taken into account in the measurement of the right of use asset.

Other standards and amendments on standards

The Group has performed an assessment on the possible effects of the amendments of IAS 12 (taxes), IFRS 2 (share-based payments) and IAS 40 (investment property). The Group does not expect any impact on the current financial position and results and will apply these amended standards when endorsed by the EU.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

In thousands of euro (before profit appropriation)	Note	31 December 2017	31 December 2016
Assets			
Other receivables		183	250
Equity-accounted investees	43	444,435	405,739
Non-current assets		**444,618**	**405,989**
Other receivables		382	563
Receivables from group companies	44	15,426	29,218
Cash and cash equivalents		9,633	43,365
Current assets		**25,441**	**73,146**
Total assets		470,059	479,135
Equity			
Share capital		1,063	1,063
Share premium		143,554	143,554
Treasury share reserve		-55	-1
Legal translation reserve		-5,692	-3,609
Legal hedging reserve		-	27
Other legal reserves		18,478	17,099
Retained earnings		189,400	212,717
Unappropriated result		58,554	53,260
Equity attributable to shareholders of the Company	47	**405,302**	**424,110**
Provisions			
Provisions	48	500	650
Total provisions		**500**	**650**
Liabilities			
Deferred tax liabilities		-	163
Non-current liabilities		**500**	**813**
Trade and other payables		237	258
Debts to group companies	44	58,872	51,348
Taxes and social securities	46	5,147	2,606
Current liabilities		**64,256**	**54,212**
Total liabilities		64,756	55,025
Total equity and liabilities		470,059	479,135

Company statement of profit or loss

In thousands of euro	Note	2017	2016
Revenue		-	-
Operating income		**-**	**-**
Wages and salaries		-	-14
Other operating expenses		-514	-237
Operating expenses		**-514**	**-251**
Operating profit		**-514**	**-251**
Finance income		332	69
Finance costs		-738	-715
Net finance costs		**-406**	**-646**
Profit (loss) before tax		**-920**	**-897**
Income tax expense		-964	224
Share of profit of equity-accounted investees, net of tax	43	60,438	53,933
Profit for the year		58,554	53,260

NOTES TO THE COMPANY FINANCIAL STATEMENTS

41. General

The Company financial statements are part of the 2017 financial statements of ForFarmers N.V. (the 'Company').

For the accounting principles as well as the explanatory notes to the Company balance sheet and the statement of profit or loss account reference is made to the policies and explanatory notes to the consolidated statement of financial position and of profit and loss.

All amounts are presented in euro's and have been rounded to the nearest thousand, unless otherwise indicated .

42. Principles for the measurement of assets and liabilities and the determination of the result

The Company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Refer to Note 38 and 39 of the consolidated financial statements for a description of these principles.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

43. Investments in subsidiaries

In thousands of euro	Note	2017	2016
Carrying value at 1 January		**405,739**	**387,449**
Dividend received		-23,832	-27,000
Share in results from participating interest, net of tax		60,438	53,933
Foreign operations – foreign currency translation differences, net of tax	26D	-2,083	-8,114
Remeasurement of defined benefit liabilities, net of tax	26D	4,168	-210
Other changes		5	-319
Carrying value at 31 December		**444,435**	**405,739**

44. Receivables from and debts to group companies

The receivables from and debt to group companies are current.

45. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements.

Fair value

The fair values of the financial instruments stated on the balance sheet, including trade and other receivables, cash and cash equivalents, trade and other payables and debts to group companies are close to their carrying amounts.

46. Taxes and social security

The net amount receivable and payable of taxes and social securities includes a current income tax payable amounting to €5.0 million (2016: €2.5 million).

A tax group is in place for the income tax between the Company and Dutch group companies in which the Company has a 100% interest. For VAT a comparable tax group exists for the Dutch group companies that also includes the majority shareholder Coöperatie FromFarmers U.A. which is the head of this tax group. The total current receivable or liability towards the tax authorities is accounted for in the statement of financial position of the head of the tax group. The comparative figures of prior year have been adjusted. Settlement of the taxes within the tax group takes place as if each company is independently liable for tax. As of 1 January 2018 Coöperatie FromFarmers U.A. is no longer part of the VAT tax group and ForFarmers N.V. is the head of the VAT tax group.

47. Shareholders' equity

Statement of changes in equity

2017

		Attributable to shareholders of the Company								
In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Legal translation reserve	Legal hedging reserve	Other legal reserves	Retained earnings	Unap-propriated result	Total
Balance as at 1 January 2017		**1,063**	**143,554**	**-1**	**-3,609**	**27**	**17,099**	**212,717**	**53,260**	**424,110**
Addition from unappropriated result		-	-	-	-	-	-	53,260	-53,260	-
Total comprehensive income										
Profit		-	-	-	-	-		-	58,554	58,554
Other comprehensive income	16 , 26	-	-	-	-2,083	-27	-	4,173	-	2,063
Total comprehensive income		**-**	**-**	**-**	**-2,083**	**-27**	**-**	**4,173**	**58,554**	**60,617**
Transactions with shareholders of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	26	-	-	-	-	-	-	-25,716	-	-25,716
Purchase of own shares	26	-	-	-54	-	-	-	-53,700	-	-53,754
Equity-settled share-based payments	15	-	-	-	-	-	-	45	-	45
Transfers		-	-	-	-	-	1,379	-1,379	-	-
Total transactions with shareholders of the Company		**-**	**-**	**-54**	**-**	**-**	**1,379**	**-80,750**	**-**	**-79,425**
Balance as at 31 December 2017		1,063	143,554	-55	-5,692	-	18,478	189,400	58,554	405,302

2016

		Attributable to shareholders of the Company								
In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Legal translation reserve	Legal hedging reserve	Other legal reserves	Retained earnings	Unap-propriated result	Total
Balance as at 1 January 2016		**106,261**	**38,356**	**-399**	**4,505**	**-**	**11,521**	**191,560**	**50,707**	**402,511**
Addition from unappropriated result		-	-	-	-	-	4,651	46,056	-50,707	-
Total comprehensive income										
Profit		-	-	-	-	-	-	-	53,260	53,260
Other comprehensive income	16 , 26	-	-	-	-8,114	27	-	-211	-	-8,298
Total comprehensive income		**-**	**-**	**-**	**-8,114**	**27**	**-**	**-211**	**53,260**	**44,962**
Transactions with shareholders of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	26	-	-	-	-	-	-	-24,734	-	-24,734
Purchase of own shares	26	-	-	84	-	-	-	916	-	1,000
Equity-settled share-based payments	15	-105,198	105,198	314	-	-	-	-314	-	-
Transfers		-	-	-	-	-	-	371	-	371
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	927	-927	-	-
Total transactions with shareholders of the Company		**-105,198**	**105,198**	**398**	**-**	**-**	**927**	**-24,688**	**-**	**-23,363**
Balance as at 31 December 2016		1,063	143,554	-1	-3,609	27	17,099	212,717	53,260	424,110

Share capital and share premium

	Ordinary shares (number)		Amount	
In thousands of euro	**31 December 2017**	31 December 2016	**31 December 2017**	31 December 2016
Ordinary shares – par value €0.01	106,261,040	106,261,040	144,617	144,617
Priority share – par value €0.01	1	1	-	-
In issue at 31 December – fully paid	**106,261,041**	**106,261,041**	**144,617**	**144,617**

On 15 April 2016, it was resolved to amend the articles of association of the Company in their entirety. Accordingly, the legal form of the Company was converted into a public limited company and the par value of the shares was reduced from €1.00 to €0.01 per share with an effective date per 23 May 2016. At 31 December 2017, the share capital consists of 106,261,040 (31December 2016: 106.261.040) ordinary shares and 1 (31 December 2016: 1) priority share. At balance sheet date the shares were issued and fully paid up. The share premium consists of the positive difference between the issue price and the nominal value of the issued shares.

On 26 April 2017, the Annual General Meeting of Shareholders authorised ForFarmers to initiate a programme to repurchase its own shares for a period of 18 months for (a) an amount between €40 million and €60 million and (b) for the implementation of employee participation plans in 2017. ForFarmers repurchased 5,747,993 shares for a total amount of €56.7 million (including purchasing costs) in the period from 2 May 2017 through 31 December 2017. From the total number of repurchased shares 358,465 at an amount of €3.0 million are reissued as certificates for employee participation plans, bringing the balance of repurchased shares to €53.7 million (including purchasing costs).

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Priority share

The priority share provides the holder of the share the right to appoint four out of the six Supervisory Directors as defined in the Articles of Association of the Company. With a stake of fifty percent or less the holder has this right for three of the six Supervisory Directors. As long as the holder has more than fifty percent of the voting rights it will also have the control right over how the role of the Chairman of the Board of Supervisory Directors of ForFarmers N.V. is detailed. Issues of new shares must be approved by seventy-five percent of the Board of Supervisory Directors. Major acquisitions, for which the total consideration of more than 25% of shareholder's equity are to be approved by the holder of the priority share.

The Group's priority share can only be held by the Company itself or the Cooperative FromFarmers U.A., provided that it may exercise twenty percent or more of the total votes on shares or depositary receipts to be cast in the capital of the Company.

The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's (depositary receipts for) shares held by the Group. The treasury shares are accounted for as a reduction of the equity attributable the owners of the parent.

Treasury shares are recorded at cost, representing the market price on the acquisition date, where the par value of treasury shares purchased is debited to the treasury share reserve. When treasury shares are sold or re-issued, the par value of the instruments is credited to the treasury share reserve. Any premium or discount to par value as result of the market price is shown as an adjustment to retained earnings.

During the reporting period the Company purchased 5,747,993 of its shares to be able to re-issue the depositary receipts in relation to the employee participation plans. Besides the repurchase of the abovementioned number of shares, the 358,465 treasury shares, which were obtained on behalf of the previous liquidity provider agreement (SNS) which ended on May 24 2016, were used for the purpose of employee participation plans. At 31 December 2017, the Group held 5,469,292 of the Company's shares.

In 2016 the Company purchased 400,000 of its (depositary receipts) shares to be able to re-issue the depositary receipts in relation to the employee participation plans. At 31 December 2016, the Group held 77.580 of the Company's shares.

The movement in the treasury shares can be summarised as follows:

The movement of treasury shares

	Number of shares		Amount par value in thousand euro	
	2017	**2016**	**2017**	**2016**
Balance at 1 January	77,580	399,429	1	399
Repurchase Employee participation plan	301,560	400,000	-	189
Re-issuance Employee participation plan	-358,465	-455,664	-	-5
Share buyback	5,446,433	-	54	-
	-	-	-	-314
Other movements through trading platform	2,184	-266,185	-	-268
Balance as at 31 December	**5,469,292**	**77,580**	**55**	**1**

The other movements 2016 relates to depositary receipts sold by the previous liquidity provider (SNS) independently from the Company.

Legal translation reserve

The legal translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The decrease of this reserve per 31 December 2017 is caused by the decrease of the Pound sterling.

Legal hedging reserve

The legal hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Other legal reserves

The other legal reserves contain the undistributed results and direct changes in equity of participating interest, revaluation of certain land within property, plant & equipment and revaluation of biological assets and the part that is related to loans to staff for the purchase of depositary receipts in the period 2007-2009. Direct changes in equity do not include the changes in equity that derive from the relationship with the shareholder, such as paid-in share premium. The (change in the) legal reserve relating to participating interest is only recognised if, and to the extent that, ForFarmers N.V. cannot realise payment of the equity of the participating interest to itself without restrictions.

Retained earnings

Retained earnings comprise the balance of accrued profits that have not been distributed to the shareholder.

Pursuant to the Articles of Association a decision to distribute a dividend may be taken if and to the extent that equity exceeds the issued share capital plus the legal reserves.

A reference is made to the section Other information regarding the result appropriation scheme under the Articles of Association.

Unappropriated result

The result after tax is, after deduction of the addition to other legal reserves, included in the item unappropriated result within equity.

Proposal for profit appropriation

ForFarmers aims to distribute dividend, taking into consideration long-term value creation, a healthy financial structure and sufficient earnings to execute its strategy. The dividend policy of ForFarmers is to pay out between 40% and 50% of the profit after taxes (the result after tax attributable to the shareholders of the Company) excluding non-recurring effects.

In thousands of euro	2017
Profit attributable to Shareholders of the Company	58,554
Restructuring cost	160
Gain on sale of investments and assets held for sale	-363
Impairment non-current assets	1,932
Profit attributable to Shareholders of the Company excluding non-recurring effects	**60,283**

On this base a pay-out ratio of 50% is proposed, resulting in a proposed dividend distribution of €0.30 per ordinary share (based on 100.8 million outstanding shares). On 26 April 2018 the annual accounts will be submitted to the Annual General Meeting for adoption. The dividend is payable on 9 May 2018.

This method takes into account the strategy and a healthy balance sheet structure. Within these principles, ForFarmers N.V. aims for a stable development of the cash dividend paid to its shareholders. The Company will only make payments to the shareholders entitled to the distributable profit in so far as

- the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and
- the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test).

If the distribution or the balance sheet test is not passed, then management will not approve the distribution (after agreement with the Supervisory Board). Preliminary tests revealed no indications that the proposed distribution of dividend will not be possible, but these tests have to be finalized (and the Executive Committee has to approve the distribution, after agreement with the Supervisory Board) prior to the actual payment of the dividend.

Dividends

The following dividends were declared and paid by the Company for the year:

In thousands of euro	2017	2016
€0.24 per qualifying ordinary share (2016: €0.23)	25,716	24,734
	25,716	**24,734**

The dividend is based on the total number of shares issued at year end of 100.8 million (2016: 106.2 million). The treasury shares are not entitled to dividend.

After the respective reporting date, the following dividends were proposed by the Executive Committee. The dividends have not been recognised as liabilities and there are no tax consequences for the Company.

In thousands of euro	2017	2016
€0.30 per qualifying ordinary share (2016: €0.24)	30,238	25,715
	30,238	**25,715**

48. Provisions

In thousands of euro	Soil decontamination	Other	Total
Carrying value at 1 January 2017	-	650	650
Provisions made during the year	-	-	-
Releases	-	-	-
Transfer to ForFarmers Corporate Services B.V.	-	-	-
Provisions used during the year	-	-150	-150
Effect of discounting	-	-	-
Carrying value at 31 December 2017	**-**	**500**	**500**

In thousands of euro	Soil decontamination	Other	Total
Carrying value at 1 January 2016	495	650	1,145
Provisions made during the year	-	-	-
Releases	-	-	-
Transfer to ForFarmers Corporate Services B.V.	-495	-	-495
Provisions used during the year	-	-	-
Effect of discounting	-	-	-
Carrying value at 31 December 2016	**-**	**650**	**650**

For more information on the provision decontamination and other provisions a reference is made to Note 29.

49. Credit facilities

The credit facility or ForFarmers N.V. only relates to the financing agreement (multicurrency revolving facility agreement) that was concluded with ABN AMRO Bank, Rabobank, Lloyds Bank, and BNP Paribas and is free from securities. For a further explanation a reference is made to Note 28 to the consolidated financial statements.

50. Commitments and contingencies

A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers N.V. for the benefit of ForFarmers Nederland B.V., ForFarmers Corporate Services B.V., PoultryPlus B.V. and Reudink B.V.

For the acquisition of BOCM PAULS Ltd. (United Kingdom), guarantees have been issued amounting to €0.1 million (2016: €0.2 million).

51. Remuneration of the supervisory board and the executive board

The remuneration of the board of supervisory directors and the statutory board of directors equals the remuneration of the board of supervisory directors and the statutory board of directors as declared in Note 36 of the explanatory notes to the consolidated financial statements. During the year under review 6 employees (2016: 7 employees) were employed by the Company who were all partially employed in the Netherlands.

Lochem, 12 March 2018

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Arnout Traas, CFO
Jan Potijk, COO

Supervisory Board ForFarmers N.V.
Jan Eggink, Chairman
Sandra Addink-Berendsen, Vice-Chair
Vincent Hulshof
Cees de Jong
Cees van Rijn
Erwin Wunnekink

OTHER INFORMATION

Result appropriation scheme under the articles of association

Articles 36, 37 and 38 of the articles of association of the Company read as follows:

Payments - General

Article 36

36.1 Payments may be made only to the extent that the Company's equity capital exceeds the amount of the paid up and called up part of its capital, plus the reserves that have to be maintained by virtue of the law.

36.2 The Executive Board may decide to make an interim payment, if the requirement of Article 36.1 has been satisfied, as evidenced by an interim statement of assets and liabilities, drawn up in accordance with article 105 (4) of Book 2 DCC, and if the payment in question concerns an interim payment of profits, with due observance of the sequence set out in Article 38.1.

36.3 There is no entitlement to payments in relation to preference shares or the priority share, other than as set out in the Articles 12.2, 38.1 and 39.3.

36.4 Payments are made in proportion to the aggregate nominal amount of the shares of the class in question. Notwithstanding the previous full sentence, payments on preference shares (or payments to the former holders of preference shares) are made in proportion to the amounts paid up, or paid up earlier, on those preference shares.

36.5 Those entitled to payments are the relevant shareholders, holders of a right of usufruct and holders of a right of pledge, depending on the circumstances of the case, on a date determined for that purpose by the Executive Board. This date shall not precede the date on which the payment is announced.

36.6 The General Meeting may resolve, with due observance of Article 32, that a payment will fully or partly be made in the form of shares in the Company's capital or in kind, instead of in cash.

36.7 Payments will be made available on a date to be determined by the Executive Board and, if a payment in cash is concerned, in a currency to be determined by the Executive Board.

36.8 A claim for payment shall lapse upon expiry of a period of five years after the payment became available.

36.9 When calculating the amount or the distribution of a payment, the shares held by the Company in its own capital are not considered. No payment is made to the Company on shares held by it in its own capital.

Payments - Reserves

Article 37

37.1 All reserves maintained by the Company are attached to the ordinary shares only, unless expressly provided otherwise in this Article 37.

37.2 The General Meeting is authorized to resolve to make a payment at the expense of the Company's reserves, with due observance of Article 32.

37.3 Without prejudice to the provisions of Articles 37.4 and 38.2, payments at the expense of a reserve shall be made on those shares only to which such reserve is attached.

37.4 The Executive Board may resolve to charge amounts to be paid up on shares to the Company's reserves, regardless as to whether those shares are issued to existing shareholders.

Payments - Profit

Article 38

38.1 With due observance of Article 36.1, any profits appearing from the Company's annual accounts regarding a specific financial year shall be distributed in the sequence set forth below:

a. to the extent that preference shares were withdrawn without the payment specified in Article 12.2 (b) having

been made in full and without such a deficit subsequently having been paid in full as set forth in this Article 38.1 or Article 38.2, an amount equal to such a deficit, or remaining deficit, will be paid out to the one or the ones who was or were holding preference shares the moment the withdrawal took effect;

b. to the extent that any Preference Payment (or any part thereof) on previous financial years has not yet been effected in full as set forth in this Article 38.1 or Article 38.2, an amount equal to such a deficit, or remaining deficit, will be paid out on the preference shares;
c. the Preference Payment on the financial year to which the annual accounts relate will be paid out on the preference shares;
d. the Executive Board determines which part of the remaining profits will be added to the Company's reserves;
e. from what is left of the profits remaining thereafter an amount equal to the nominal amount of the priority share will be paid out on the priority share; and
f. with due observance of Article 32, the profits remaining thereafter shall be at the disposal of the General Meeting in order to be paid out on the ordinary shares.

38.2 To the extent that the payments set forth in Article 38.1 (a) up to and including (c) (or any part of these) cannot be made from the profits appearing from the annual accounts, a deficit of that kind will be paid out at the expense of the Company's reserves, with due observance of the Articles 36.1 and 36.2.

38.3 Payments of profits are made, with due observance of Article 36.1, after the adoption of the annual accounts showing that such is permitted.

Special provision in the articles of association regarding governance

Trust Office Foundation

The management of the ForFarmers Trust Office Foundation operates independently of the Company. The ForFarmers Trust Office Foundation holds ordinary capital shares in the Company and is intended, inter alia, for (i) the acquisition of ordinary shares for management purposes (ii) the issue of depositary receipts, (iii) where applicable, the acquisition, disposal and encumbrance of shares for its own account, (iv) the exercise of rights associated with the ordinary shares it holds and (v) the granting of proxies for the exercise of voting rights as well as the acceptance of voting instructions as regards the exercise of the voting right, all in accordance with the Trust terms & conditions. The Articles of Association, Trust terms & conditions and the Report of the ForFarmers Trust Office Foundation (in Dutch: *"Stichting Beheer- en Administratiekantoor ForFarmers"*) are on the Company's website. As aforementioned, only Coöperatie FromFarmers U.A. may issue binding voting instructions for the shares held by the aforementioned foundation (and for which voting rights have not been requested).

The Trust Office Foundation shall only accept ordinary shares for management purposes against issue of depositary receipts to (i) a holder of depositary receipts within the context of exercising a share claim, (ii) someone entitled to the balance of a participation account held with Coöperatie FromFarmers U.A. within the context of a conversion, (iii) an employee as part of an participation plan, (iv) Coöperatie FromFarmers U.A. or (v) a party designated by the aforementioned Cooperative.

Priority shareholder

The priority share is held by Coöperatie FromFarmers U.A. As a result of the treasury shares held by the Group Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2018, could exercise the voting right for 51.9% of votes to be cast on the total of ordinary shares. Furthermore, the Coöperatie FromFarmers U.A. could give voting instructions with regard to the shares held by the Trust Office Foundation, giving it a total voting right of 60.0%. As priority share holder Coöperatie FromFarmers U.A.:

(i) has a recommendation right for four of the six members of the Supervisory Board;
(ii) may appoint a member of the Supervisory Board as Chairman after consultation with the Supervisory Board;
(iii) has an approval right as regards the decisions of the Executive Board regarding:

1. moving the Company's head office outside the east of the Netherlands (Gelderland and Overijssel);
2. an important change in the identity of nature of the Company or its enterprise as a result of (1) transfer of the enterprise or practically all of the enterprise to a third party or (2) entering into or breaking off a long-term partnership of the Company or a subsidiary thereof with another legal entity or company, or as fully liable partner in a limited partnership or general partnership, if such partnership or its termination represents a fundamental change to the Company;
3. taking or disposing of a participating interest in the capital of a company to a value of at least a third of the amount of the Company's equity according to the balance sheet with explanatory notes or, in the event the Company draws up consolidated balance sheets, according to the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company, or any of its subsidiaries;
4. changes to the Company's articles of association;
5. affecting a merger or division.

Please refer to the Corporate Governance Statement for the conditions for holding the priority share and the special control rights associated thereto if that voting right and/or voting instruction can be exercised or given for 50% or less.

Protective measures

The Company has entered into a call-option agreement with regard to preferential shares with Stichting Continuïteit ForFarmers (ForFarmers Continuity Foundation). This Continuity Foundation was established to safeguard the identity, strategy, independence and continuity of the enterprise affiliated with the Company. Stichting Continuïteit ForFarmers is fully independent and has independent management.

Furthermore, Coöperatie FromFarmers U.A. holds a priority share to which rights are associated as provided for in the Company's Articles of Association.

Branch offices

The Company itself does not have branches outside the Netherlands. For the list of main subsidiaries (including foreign subsidiaries) of the Company, a reference is made to Note 32 of the notes to the consolidated financial statements.

Independent auditor's report

The auditor's report with respect to the consolidated financial statements and the company financial statements is set out on the next pages.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of ForFarmers N.V.

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of ForFarmers N.V. as at 31 December 2017 and of its result and its cash flows for 2017 then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying company financial statements give a true and fair view of the financial position of ForFarmers N.V. as at 31 December 2017 and of its result for 2017 then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2017 of ForFarmers N.V. based in Lochem. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2017;

2 the following consolidated statements for 2017: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as 31 December 2017;
2 the company statement of profit or loss for 2017; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ForFarmers N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

MATERIALITY
- Materiality of EUR 3.0 million
- 4.0% of profit before tax

GROUP AUDIT
- Coverage of 93% of revenues and 97% of total assets
- All components have been in scope for procedures

KEY AUDIT MATTERS
- Valuation of trade receivables
- Valuation of goodwill

UNQUALIFIED OPINION

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 3.0 million (2016: EUR 3.0 million). The materiality is determined with reference to profit before tax of which it represents 4.0% (2016: 4.4%). We consider profit before tax as the most appropriate benchmark because the main stakeholders are primarily focused on profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 0.1 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ForFarmers N.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of ForFarmers N.V.

Our group audit is mainly focused on significant components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the group financial statements. We have considered in this respect the size and/ or the risk profile of the components or operations.

The company disclosed their main components in Note 32 of the financial statements.

We have selected 13 significant components (2016: 13) where we performed procedures. For these significant components we have:

— performed audit procedures ourselves at group level in respect of some areas in the reporting packages, such as the goodwill impairment test and valuation of deferred tax assets;

— made use of the work of local KPMG auditors and one non-KPMG auditor for 11 significant components for which an audit of the complete reporting package was performed. These entities are located in The Netherlands, Germany, Belgium and the United Kingdom;

— at group level performed audit of specific items for 2 significant components

The group audit team provided detailed instructions to all significant component auditors who were part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. In relation to the 2017 audit the group audit team has visited components in the Netherlands, the United Kingdom and Germany and held conversations with local management and the auditors of these components. File reviews were performed as well. Telephone conferences were held and e-mail conversations were exchanged with all significant component auditors part of the group audit. At these visits, telephone conferences and email conversations, the audit approach, findings and observations reported to the group audit team were discussed in more detail.

Desktop review procedures of other non-significant components were performed at group level to corroborate our assessment that there are no significant risks of material misstatement within these components.

By performing the procedures mentioned above at the significant components, together with additional procedures at group level for non-significant components, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Revenue

89%
Audit of the full reporting package

4%
Audit of specific items

Total assets

83%
Audit of the full reporting package

14%
Audit of specific items

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year we have not identified new matters that should be considered as key audit matters.

Valuation of trade receivables
Description
Trade receivables of € 178.7 million are deemed significant to our audit considering it represents approximately 23% of the balance sheet total and the valuation of trade receivables includes estimates of management.

Our response

We have evaluated the internal controls in the sales and the trade receivable processes and evaluated the reasonableness of the valuation of the receivables based on the specific trade debtors circumstances. We evaluated management assumptions in determining the provision, amongst others by analysing the ageing and by evaluating specific trade receivable risks caused by amongst others developments in specific markets. We also assessed the adequacy of the company's disclosures included in note 21 and note 31 to the financial statements in relation to trade receivables, the movement during the year and the credit risk.

Our observation

Based on our procedures performed we consider management's key assumptions for the valuation of the trade receivables to be within a reasonable range and we assessed the disclosures in note 21 and note 31 to the financial statements as being proportionate.

Valuation of goodwill

Description

Goodwill amounts to € 63.9 million as at 31 December 2017. Under EU-IFRS, the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were significant to our audit due to the complexity of the assessment process and judgments and assumptions involved which are affected by expected future market and economic developments.

Our response

We challenged the cash flow projections included in the goodwill impairment tests. Our audit procedures included, amongst others, the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology used by ForFarmers. We furthermore assessed the appropriateness of other data used by comparing them to external and historical data, such as external market growth expectations and by analysing sensitivities in ForFarmers' valuation model. We specifically focused on the sensitivity in the available headroom for the cash generating units, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the historical accuracy of management's estimates. We assessed the adequacy of the disclosures in note 18 to the financial statements.

Our observation

Based on our procedures performed we consider management's key assumptions for the valuation of goodwill to be within a reasonable range and we assessed the disclosure in note 18 to the financial statements as being proportionate. We also note that management concluded from its impairment test that the headroom for the cash generating unit United Kingdom is limited and sensitive to changes in the assumptions as disclosed in note 18C.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

— the annual report which includes key figures, CEO statement, ForFarmers in Focus, Report of the Executive Board, Governance and Compliance and Report of the Supervisory Board;

— the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Report of the Executive Board, Governance and Compliance in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We are auditor of ForFarmers since 2014. We were re-engaged by the General Meeting of Shareholders as auditor of ForFarmers N.V. on 26 April 2017 for the year 2017.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 12 March 2018

KPMG Accountants N.V.

R.P. Kreukniet RA

Appendix: Description of our responsibilities for the audit of the annual report

Appendix

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit 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 ForFarmers' internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;

— concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group components. Decisive were the size and/or the risk profile of the group components or operations. On this basis, we selected group components for which an audit had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Overview financial history

Consolidated statement of financial position

In thousands of euro	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014	Dutch GAAP[1] 2014	Dutch GAAP[1] 2013
Intangible assets and goodwill	96,229	102,181	89,202	77,348	74,455	54,312
Property, plant and equipment	205,904	194,749	197,731	190,274	205,882	202,391
Financial fixed assets	37,144	36,665	36,203	34,727	21,365	21,184
Non-current assets	339,277	333,595	323,136	302,349	301,702	277,887
Current assets	448,014	442,674	458,877	396,221	406,316	496,625
Total assets	787,291	776,269	782,013	698,570	708,018	774,512
Equity	405,302	424,110	402,511	363,879	360,593	338,367
Non-controlling interests	4,629	4,880	4,643	4,363	4,363	4,328
Total equity	**409,931**	**428,990**	**407,154**	**368,242**	**364,956**	**342,695**
Provisions[2]	-	-	-	-	93,413	85,603
Non-current liabilities	111,861	131,810	135,906	138,500	54,136	129,251
Current liabilities	265,499	215,469	238,953	191,828	195,513	216,963
Total liabilities	787,291	776,269	782,013	698,570	708,018	774,512
Capital employed	416,995	415,393	470,162	420,258	417,396	493,956
Net debt	-67,071	-61,541	-33,335	-25,714	-24,122	8,749
Solvency ratio	**52.1%**	**55.3%**	**52.1%**	**52.7%**	**51.5%**	**44.2%**

(1) Dutch reporting regulation
(2) The provisions are recorded as liabilities in accordance with IFRS

Consolidated statement of profit or loss

In thousands of euro	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014	Dutch GAAP[1] 2014	Dutch GAAP[1] 2013
Revenue	2,218,660	2,108,962	2,244,470	2,221,281	2,292,014	2,472,172
Gross profit	419,840	407,372	424,204	393,730	408,086	390,369
Operating profit	74,022	67,833	64,050	62,564	59,101	43,429
Net finance costs	-2,374	-3,528	-2,562	-4,610	-5,675	-2,280
Profit before tax	75,532	68,121	66,169	62,618	53,426	49,944
Profit for the year	59,303	53,777	51,290	49,028	39,842	31,611
Profit attributable to shareholders of the Company	**58,554**	**53,260**	**50,707**	**48,140**	**38,954**	**31,122**
Compound feed (x million tonnes)	6.73	6.37	6.36	6.36	6.49	6.35
Single feed (x million tonnes)	0.55	0.61	0.51	0.49	0.49	0.38
Roughages and DML (x million tonnes)	2.17	2.17	2.08	1.83	1.83	1.66
Other (x million tonnes)	0.10	0.11	0.09	0.08	0.08	0.08
Volume Total Feed (x million tonnes)	**9.55**	**9.26**	**9.04**	**8.76**	**8.89**	**8.47**
Number of employees at year-end (in fte's)	2,325	2,273	2,370	2,286	2,343	2,214
Underlying EBITDA[2]	101,446	93,609	90,391	86,452	88,159	71,295
Underlying EBITDA as % of revenue[2]	4.6%	4.4%	4.0%	3.9%	3.8%	2.9%
Underlying EBITDA as % of gross profit[2]	24.2%	23.0%	21.3%	22.0%	21.6%	18.3%
Operating profit (EBIT)	74,022	67,833	64,050	62,564	59,101	43,429
Operating profit (EBIT) as % of revenue	3.3%	3.2%	2.9%	2.8%	2.6%	1.8%
Dividend (€ million)	30.2	25.7	24.7	18.7	18.7	14.4
Dividend per share (€)	0.30	0.24	0.23	0.18	0.18	0.14
Impact of acquisitions and divestments on Revenue	2.9%	1.5%	2.0%			
Impact of acquisitions and divestments on Gross profit	0.9%	0.7%	2.0%			
Impact of acquisitions and divestments on Operating profit (EBIT)	4.3%	3.0%	0.2%			

(1) Dutch reporting regulation
(2) Underlying means excluding incidental items.

GLOSSARY

GLOSSARY

[Dutch] Corporate Governance Code	The Corporate Governance Code applies to all companies with a registered office in the Netherlands, whose shares or depositary receipts thereof are admitted to trading on a regulated market or multilateral trading facility within the EU, or a comparable market or trading facility outside the EU.
Additives	Ingredients that are added to feed to improve the feed, for instance with respect to shelf life, taste, odour or nutritional value.
AGM	Annual General Meeting of Shareholders.
Agrifirm	Dutch cooperative of farmers and horticulturists with subsidiaries in multiple countries in and outside Europe. Strategic partner of ForFarmers for the purchase of fertilisers, seeds and crop protection products in NL.
AMR	Anti Microbial Resistance.
AMX	The AMX Index (short for Amsterdam Mid Cap Index) is a stock market index composed of Dutch companies, ranking 26-50 in size, which trade on the Euronext Amsterdam stock exchange.
AScX Index	The AScX Index (short for Amsterdam Small Cap Index) is a stock market index composed of Dutch companies, ranking 51–75 in size, which trade on the Euronext Amsterdam stock exchange.
Beak trimming	The clipping of the beaks of layer hens.
Bedding products	Products such as chopped straw, flax or wood shavings that are used as bedding in barns.
Better Life concept	Quality label developed by 'Dierenbescherming' (The Dutch Society for the Protection of Animals) in the Netherlands for products that are produced with extra care for animal welfare. The number of stars (1, 2 or 3) indicates the extent to which producers meet the quality requirements.
Blend	Mixture consisting of various (unground) raw materials, minerals and pre-mix.
Board	The Supervisory Board of ForFarmers N.V.
Broiler parent stock	Produce hatching eggs which are delivered to the hatchery where the broiler chicks are born.
Calf breeding	The raising of a newborn calf.
Capri concept	The ForFarmers approach to feeding goats. It places the focus on optimal use of feed and the best milk production.
CEO	Chief Executive Officer of ForFarmers N.V.

CFO	Chief Financial Officer of ForFarmers N.V.
Chicken of Tomorrow	2013 agreement between supermarkets and the poultry sector in the Netherlands with the purpose of obtaining a more sustainable range of poultry on Dutch supermarket shelves.
Chr. Hansen	A global bioscience company that develops natural solutions for the food, nutritional, pharmaceutical and agricultural industries. In 2017 ForFarmers formed a strategic parnership with Chr. Hansen on silage additives in NL.
CIEL	Centre for Innovation Excellence in Livestock.
Co-products	Products derived from the manufacturing process of human food, such as brewers' grains, which are used for animal feed.
Code of Conduct	These are the values, company principles and rules of conduct that apply to everyone who works at ForFarmers. These specify, inter alia, the rules of integrity and responsibilities for both the organisation and the employee.
Company	ForFarmers N.V.
Compliance Officer	Person, employee of the company, who is responsible for monitoring and managing regulatory compliance issues within an organisation.
Compound feed	The collective name for dry animal feeds composed of different ingredients to give them certain properties.
Concentrates	A highly concentrated supplementary feed that is diluted at the farm with raw materials available there.
COO	Chief Operating Officer, Director responsible for a specific ForFarmers cluster (operating segment).
Coöperatie FromFarmers U.A.	Coöperatie FromFarmers U.A. is the majority shareholder of ForFarmers N.V. and has some 4,500 members, which are predominantly active in the ruminant, swine and poultry sectors.
Corn silage	Forage crop that is harvested with a chipper as whole plant and then stored in a silo at the cattle farm. Serves as cattle feed.
Cross-selling	Cross-selling: sale of products that are related to a product that a customer has already purchased.
Derogation	The European Nitrates Directive specifies that, in all European countries, no more than 170 kg of nitrogen from animal manure may be used per hectare of land. An exception was made to this for several Member States, including the Netherlands, under a range of conditions. Livestock farmers in these countries may use 250kg of nitrogen from animal manure per hectare of feed grassland.
Disclosure Committee	A disclosure committee is a group tasked with reviewing all proposed disclosures prior to their release. This committee is mandatory for publicly-held companies.

DML	DML stands for Dry, Moist and Liquid co-products. See also co-products.
Employee participation plan	ForFarmers introduced an employee share ownership plan in 2015 for permanent staff through which employees could purchase a maximum of € 5,000 of ForFarmers depositary receipts per person at a discount. A lock-up period applies to the purchased depositary receipts.
EPS	Earnings per share.
Equity on Name	A process that has been running since 2006 pursuant to which approximately 82.5% of FromFarmers' equity is registered in the names of members as part of the growth strategy. The last tranche took place in 2017.
Europe+	Europe and adjacent regions.
Executive Board	The executive board of the company (ForFarmers N.V). The Company's statutory management board composed of three members.
Executive Committee	ForFarmers' Executive Committee is composed of three members of the Executive Board and the other four directors.
FAO	Food and Agriculture Organization of the United Nations.
Feed Chain Alliance	Feed Chain Alliance Standard (before GMP) is a quality system. managed by OVOCOM, a Belgian platform for animal feed sector.
Feed conversion	The amount of feed an animal consumes as compared to the produce of the animal as a ratio. The aim is to get a higher output with a diminishing amount of feed.
Feed efficiency	Ratio which indicates how many kilos of animal product (milk, meat, eggs) are made from one kilo of feed.
Feed equivalents	The key for allocating equity to members. A member that has feed equivalents can use them by acquiring feed or other products. Members receive a credit on their participation account linked to the use of feed equivalents. This credit consists of the right to depositary receipts.
Feed evaluation system	Programme with an overview of all of the nutrients per raw material, the degree to which these nutrients are available for the various animals at various ages and the specific nutrient requirements of animals in various phases of life. This data is combined with the available raw materials in order to give the animal exactly those nutrients that it needs in the most (cost) efficient manner.
Feed performance	The final result that is achieved from the feed, such as feed intake, growth, milk production, etc.
Feed solutions	A supply of feed products that provides for the specific needs of an animal in terms of nutrition.
Feed system	The (technical) manner in which the farmer delivers the feed to his animals.
Feed2Milk	Feed2Milk is the ForFarmers' approach to feed for dairy cattle. It allows a better assessment of the nutritional value of the feed and as a result, higher milk production, better feed efficiency and healthier animals.

Feed4Foodure	Feed4Foodure is a public-private partnership between the Dutch Ministry of Economic Affairs and a consortium of various organisations within animal feed industry and the animal production chain. The research programme aims to contribute to sustainable and healthy livestock farming in the Netherlands, simultaneously strengthening our competitive position on the global market.
FEFAC	European Feed Manufacturers' Federation.
Ferm4Farm	Is a feed concept for swine which, by using fermented raw materials, provides for a reduction of the annual feed costs, better gut health and a reduction in the use of antibiotics.
Fermentation	Process through which lactic acid bacteria convert (pig) feed into a healthy, tasty mash with high levels of lactic acid, leading to more efficient feed usage, lower feed costs and healthier pigs.
Fertiliser	Administration of fertilisers (nitrogen, phosphate, potassium, etc.) to the soil for optimal crop growth. Both animal and chemical fertilisers.
FFEEC	ForFarmers European Employees Council. The Europe-wide employee respresentative which consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom. It discusses subjects that concern several countries.
Forage / roughage	Unperishable products that are specifically cultivated for livestock feed purposes, such as grass and corn silage.
ForFarmers dealers	ForFarmers works in the cattle sector in the Netherlands through regional dealers. These are independent businesses which sell ForFarmers products and advise livestock farmers on various issues, including feed recommendations and business development.
ForFarmers European Employees Council	FFEEC, the Europe-wide employee respresentative which consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom. It discusses subjects that concern several countries.
ForFarmers Group	The Company along with the legal persons or companies with which the Company has organisational links forming an economic unit as referred to in Article 2:24b of the Dutch Civil Code. Also referred to as the 'Company'.
ForFarmers N.V.	also referred to as the 'Company'.
Forza Neonatal	Special feed from ForFarmers for broiler chickens. Formulated to meet the specific nutrient needs of broiler chickens during the first 24-36 hours after hatching, in order to provide the chickens the appropriate energy to stay warm.
GMP+	GMP+ FSA (Feed Safety Assurance) is an internationally recognised scheme to certify the safety of animal feed in all links of the animal feed chain, including the companies supplying raw materials.
GRI G4	The Global Reporting Initiative is a guideline for sustainability reporting. The GRI's goal is to make sustainability reporting a "standard practice" for all companies and to bring sustainability reports to the same level as financial ones.
Group	The Company along with the legal persons or companies with which the Company has organisational links forming an economic unit as referred to in Article 2:24b of the Dutch Civil Code.
HACCP	Hazard Analysis and Critical Control Points is a risk inventory for foodstuffs. By identifying health risks in processing and preparation processes, and thereby controlling them, the safety of the product is increased.
Horizon 2020	ForFarmers' strategy to further reinforce the organisation, to become the leading feed business in Europe+ and a Total Feed partner for the farmer.
IFFO RS	IFFO RS (International Fishmeal and Fishoil Organisation) is a global standard and certification for responsible fishmeal and fish oil.
IFRS	The International Financial Reporting Standards (IFRS) are an accounting standard for company annual reports. Companies in the EU listed on the stock exchange are required to report in this manner since 1 January 2005.

Integrated feed solutions	A combination of feed products, related advice and resources in order to first establish and then achieve the customer's business objectives, and monitor results.
Issued ordinary shares	Issued Shares relates to the total number of shares that are sold to and held by shareholders of the company and include treasury shares (i.e. repurchased shares held by the company).
LCA	LifeCycle Analysis. Demonstrates the environmental performance of the entire production chain.
Like-for-like (LFL)	Excluding translation effects of currency and the net effect of acquisitions and divestments.
Liquid co-products	Liquid products derived from the manufacturing process of human food, such as whey, brewer's yeast or glucose syrup, and which are used as animal feed.
LTI	Lost Time Incident. Accidents at work that lead to one day or more of absence from work.
Material aspect	A main aspect of the ForFarmers sustainability strategy. It is an indicator for the GRI guidelines.
Materiality analysis	Analysis in which it is determined whether a subject is or is not significant to stakeholders of ForFarmers or to ForFarmers itsself. Often used in relation to sustainability.
Materiality matrix	A manner (matrix) in which the importance of Corporate Social Responsibility (including sustainability) issues are plotted in 2 dimensions; the relevant importance of the issues to the stakeholder groups and the importance of the issue to the company.
Micro-ingredients	Vitamins, minerals, medicines and other substances used in very small quantities and weighed in milligrams, micrograms or parts-per-million (ppm).
Milk quota	The right to produce a certain amount of cowmilk. The quota were introduced because farmers in the EU produced more milk than was being consumed. The milk quotum was introduced in 1984 and abolished on 1 April 2015.
Milk€fficient	A programme developed by ForFarmers that combines determining factors of dairy farm results and enables farmers to understand different scenario's how they can improve returns.
Molasses	A viscous co-product resulting from refining sugarcane or sugar beets into sugar.
MSCI Netherlands Index	The MSCI Netherlands Index is designed to measure the performance of the large and mid cap segments of the Netherlands market.
NIC	ForFarmers' Nutrition Innovation Centre works, inter alia, on improving the technical performance of feed, such as feed efficiency and optimal animal growth, and on developing innovative nutritional solutions to contribute to good animal health. The NIC also focuses on improving the sustainabilisation of our products and of the farming industry as a whole.
NL GAAP	NL GAAP (also Dutch GAAP) stands for Dutch Generally Accepted Accounting Principles and is used in order to indicate the system of reporting and accounting principles that is applicable in the Netherlands. ForFarmers reported according to NL GAAP until and including 2014. As of 2015, the Company reports according to IFRS.
NOVA	A new concept for sows. The NOVA products provide a higher milk production per sow, more piglets per litter, a higher weaning weight per piglet and a longer lifespan for sows.
Nutreco	International organisation, operating worldwide in the animal feed and fish feed sector. Strategic partner of ForFarmers.

Nutrient requirements	A specific animal's need for nutrients such as amino acids, energy, essential fats, vitamins, minerals and trace elements.
Nutrient value	Nutritional value, for example, levels of protein, oil, fibre, ash, starch, sugar, calcium, phosphorous, or sodium.
Nutrition Innovation Centre (NIC)	Department within ForFarmers responsible for nutrition, research and innovation.
Nutritional matrix	Schedule of nutrients and the nutrient requirements of different animals in various phases of life, which forms the basis for the feed solutions that ForFarmers provides.
Nutritional total solutions	Total solution offered to cover all livestock feed needs of any type.
Organisation	ForFarmers Group. The company headed up by ForFarmers N.V. and/or ForFarmers Group. When 'the Organisation' is referred to, it means ForFarmers Group.
Outstanding ordinary shares	Outstanding Shares are the number of issued shares minus the number of treasury shares (i.e. repurchased shares held by the company)
Ovocom	OVOCOM is a Belgian quality platform for the animal feed sector comparable to GMP+ in the Netherlands.
Palm oil	Vegetable oil extracted from the fruit of the palm tree.
Participation account	The participation in the capital of Coöperatie FromFarmers (the proprietary rights per member) registered a member which can be converted by the member into depositary receipts.
Pavo	Company specialising in horse feed for both recreational and competitive horses, with branches in the Netherlands and Belgium and sales in practically all of Europe. A subsidiary of ForFarmers.
Performance feed	Feed aimed at high performance of the animal (e.g. compound feed, specialties etc.).
Phosphate efficiency	Indicator of how efficiently a livestock farm handles phosphates.
Phosphate rights	The production of phosphate by the Dutch cattle industry is restricted by phosphate rights. The Dutch Secretary of State for Economic Affairs made this decision in 2016 because phosphate production by the Dutch cattle industry in 2015 was higher than had been agreed with the sector.
Phytases	Phytases are enzymes that improve phosphorus digestion in pigs and poultry.
Plant	The name of a ForFarmers business unit that focuses on agriculturists, contractors and cattle farmers that produce forage.
PoultryPlus	Breeding organisation for broiler chickens with sales in the Netherlands, Germany, Belgium, Switzerland and Austria. A subsidiary of ForFarmers.
Premixes	Mixture of vitamins, (trace) minerals and additives that are added to the feed in order to meet the animal's needs.

Priority share	The priority share is held by Coöperatie FromFarmers U.A. The priority shareholder has the rights as specified in the ForFarmers Articles of Association.
Priority shareholder	The priority share is held by Coöperatie FromFarmers U.A.
QS	German quality system for the animal feed sector comparable to GMP+ in the Netherlands.
Rapeseed meal	Rapeseed meal is a protein-rich co-product of the extraction of oil from rapeseed.
Reudink	Animal feed supplier specialised in organic animal feeds, operating in the Netherlands, Germany and Belgium. A subsidiary of ForFarmers.
Risk Advisory Board (RAB)	Risk Advisory Board is composed of the CFO, Director Supply Chain, Director Reporting, Tax & Risk. The Internal Auditor participates in meetings as an observer.
Roots in the top layer of soil	The quantity and distribution of root growth in the top layer of soil.
Roughage+	Farming approach in which the soil, fertiliser, crop growth and management of planting and harvesting are properly synchronised with each other.
RSPO	Round Table on Sustainable Palm Oil. Round Table for responsibly produced palm oil. (www.rspo.org)
RTRS	Round Table Responsible Soy. Round Table for responsibly produced soy. (www.responsiblesoy.org)
Ruminants	Ruminants have four stomachs. They chew the feed again in the mouth after it has been in the rumen. Examples are dairy cattle, beef cattle, goats, and sheep.
SDGs	The Sustainable Development Goals are a collection of 17 global goals set by the United Nations, to Transform our World.
SecureFeed	Organisation that guarantees the food safety of animal feeds in the Netherlands. SecureFeed develops and manages a common system for monitoring and risk assessment of raw materials and their suppliers. Dutch dairy farmers are obliged to purchase from SecureFeed members.
Sedex code	Supplier Ethical Data Exchange
Seeds	Seeds from cultivated crops for planting. Collective name for the entire range of seeds for grasses, grains, maize etc.
Semi-finished products	Raw materials that have already been processed but need to be further processed to make a finished product.
Share buy-back programme	ForFarmers started a share buy-back programme on 2 May 2017 for an amount of €60 million. Approximately 90% of the share buy-back programme was completed on 31-12-2017. It was fully completed on 26 February 2018. The repurchased shares are held as treasury shares. These do not have voting rights nor the right to dividend.

Silage additives	Additives that counteract preservation losses in silage to gain the maximum use of nutrients in the forage.
SiloSolve©FC	A silage additive, which ForFarmers has introduced in 2017 in NL in partnership with Chr. Hansen, which avoids heating in the silage and reduces preservation loss.
Single raw materials / straights	Raw materials, including types of grain such as wheat and maize, which the farmer mixes with other feed products at the farm.
Slurry	A mixture of solid and liquid manure (urine and dung) from animal origin.
Soybean meal	Also known as 'soya meal', 'soya bean meal' or 'soybean meal'. Heat-treated product that remains after extraction of soy oil from the soy bean. Serves as protein-rich raw material for cattle feed.
Special feed	Feed for animals in a specific phase of life or with specific requirements.
Stackable co-products	Co-products with a lot of moisture that are not fluid but stackable, for example potato starch.
Statutory Board (of the Company)	The executive board of the company composed of three members.
Stichting Beheer	See Stichting Beheer- en Administratiekantoor ForFarmers.
Stichting Beheer- en Administratiekantoor ForFarmers	The ForFarmers Trust Office Foundation holds all shares in the capital of the Company and its purpose is, inter alia, to acquire and administrate shares for safekeeping against the granting of depositary receipts and to exercise the voting rights attached thereto and other control rights.
Stichting Continuïteit ForFarmers	The ForFarmers Continuity Foundation. This Foundation was set up to safeguard the identity, strategy, independence and continuity of the Company headed up by the organisation. It is fully autonomous and has a fully independent management.
Strategic partnership	Close cooperation with other specialist players in the market with the goal of reinforcing each other in terms of knowledge, innovation and purchasing.
Sunflower seed meal	A protein-rich co-product of the extraction of oil from sunflower seed.
Supervisory Board	The Supervisory Board (the Board) is composed of six members and is tasked with the supervision of the Executive Board's strategy and of the general affairs of the company and the organisation linked to it.
Sustainability Advisory Board	Composed of three members of ForFarmers' Executive Committee, one member of the ForFarmers Supervisory Board and six external members. Its role is to provide advice on ForFarmers' sustainability strategy and on major trends and issues that should be taken into account.
Terra+	A total feed approach, introduced in 2017 by ForFarmers, with which dairy farms can improve the quality and output of forage.
TMR concept	Total Mixed Ratio (TMR) is the name of a ration whereby all of the feed materials are mixed via the feed mixer wagon and provided and delivered to the cattle.
Toll manufacturing	Manufacture (of feeds) for third parties based on specifications provided by these third parties.
Tools	Collective name for apps, checklists, programmes, analyses, etc. that ForFarmers offers its customers in order to monitor results or to adjust and improve management.

Total Feed	A ForFarmers strategy to offer livestock producers a complete package consisting of feed solutions, corresponding advice and resources in order to establish the customer's business objectives and to monitor the results thereof.
Total Feed approach	See Total Feed.
Total Feed Business	See Total Feed.
Transition Approach	The Transition Approach consists of practical recommendations and distinctive products for the transition period; the period around the birth proces.
True phosphor	Indicator which helps dairy farmers to more accurately determine the P-need of their dairy cows and be able to steer more specifically on true phospor, based on milk production and the composition of milk.
UFAS	Universal Feed Assurance Scheme. The AIC (Agricultural Industries Confederation) have developed a range of Trade Assurance Schemes covering areas of the agri-supply industry. UFAS deals with the production and delivery of compound feeds and the supply of feeds to farms.
VIDA	Brand name for ForFarmers' feeds for piglets.
Vital	A new approach by Reudink for organic cattle farmers to positively influence the feed intake and health of young animals.
Vleuten-Steijn	The feed company focussed on the swine sector in NL and GE, acquired by ForFarmers in October 2016. Special focus on sow and piglet segment.
Weda Holland B.V.	Exclusive importer of Weda feeding systems in the Netherlands and Belgium and provider of total solutions for feed systems in the agricultural and industrial sectors. Partner of ForFarmers in the Ferment+ project.
Wellfare concept	Livestock concepts with extra focus on animal welfare.
Wet co-products	Liquid products derived from the manufacturing process of human food, such as whey, brewer's yeast or glucose syrup, and which are used as animal feed.
Whistle-blower policy	The whistle-blower policy specifies the suspicions of wrongdoing that should be reported and to whom, as well as the procedures that apply thereto. The whistle-blower policy forms part of the Code of Conduct.