ANNUAL REPORT 2016

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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KEY FIGURES

RESULTS

Revenue
€ x million

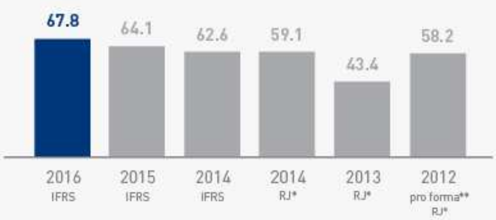
2,109

Gross profit
€ x million

407.4

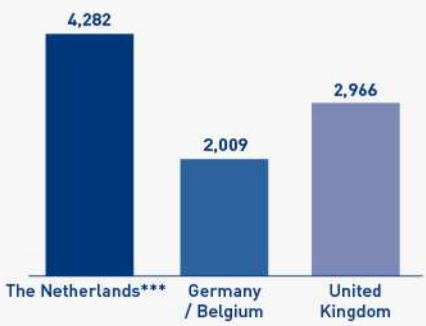
Operating result
€ x million

67.8

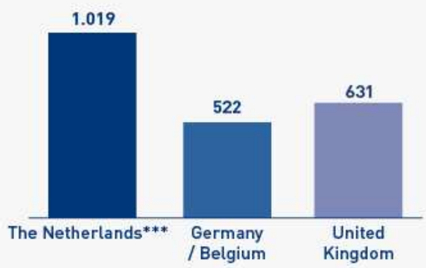


PER CLUSTER

Volume Total Feed 2016
tons x 1,000



Revenue 2016
€ x million



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

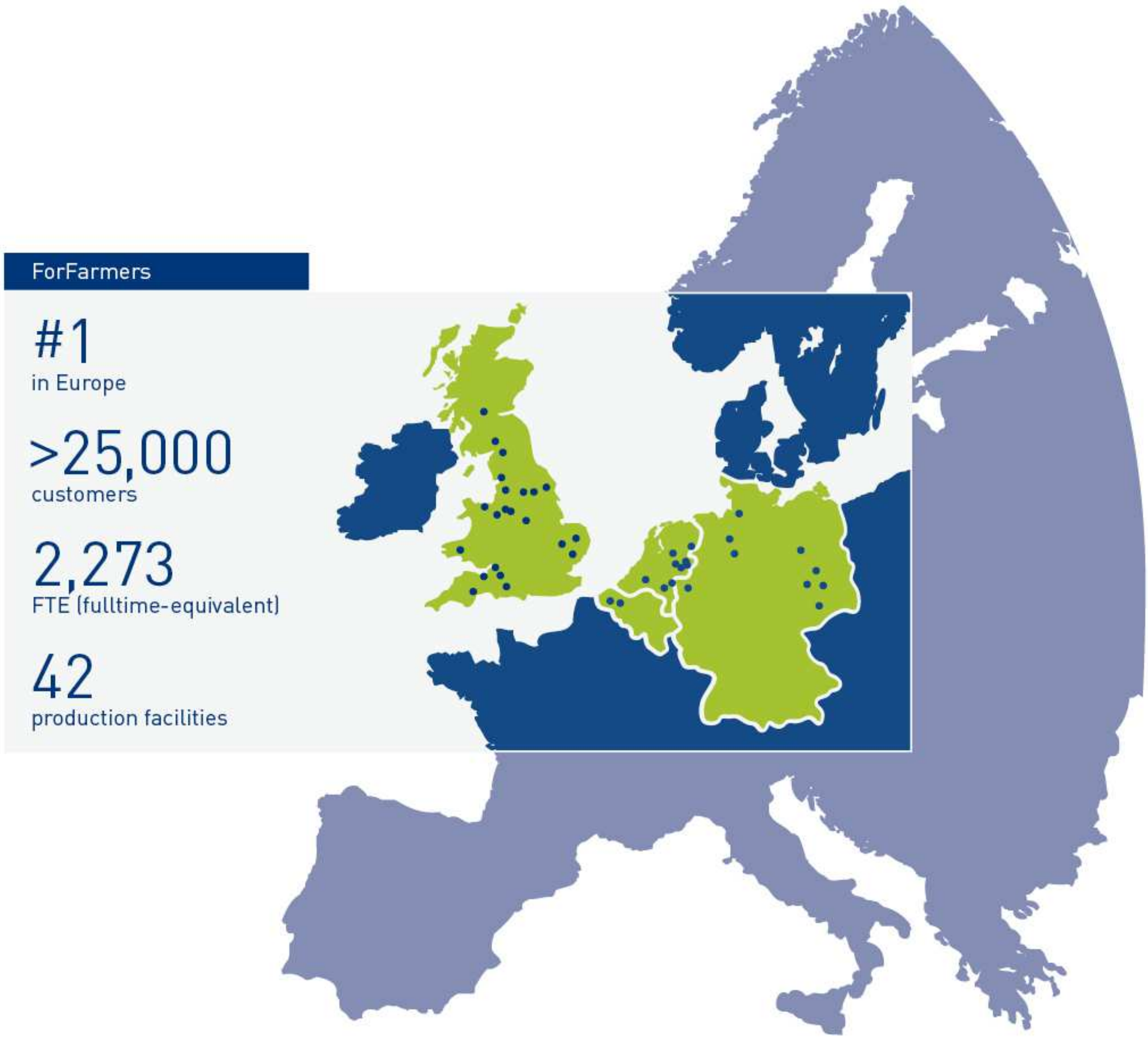
*** Pro forma is as if the activities of BOCM PAULS and Hendrix UTD were acquired as of 1 January 2012 and Cefetra and Probroed were disposed as of 1 January 2012.*

**** Cluster The Netherlands is including Pavo Belgium, Pavo Germany and Vleuten-Steijn Germany*

RESULTS	2016	2015
Consolidated statement of profit or loss (€ milion)		
Revenue	**2,109.0**	2,244.5
Gross profit	**407.4**	424.2
Operating profit (EBIT)	**67.8**	64.1
Underlying* operating profit (EBIT)	**67.6**	64.4
Operating profit before depreciation and amortization (EBITDA)	**93.9**	90.1
Underlying* EBITDA	**93.6**	90.4
Profit for the year	**53.8**	51.3
Consolidated statement of financial position (€ milion)		
Equity	**429.0**	407.2
Balance sheet total	**776.3**	782.0
Average capital employed**	**432.8**	470.2
Net debt position	**-61.5**	-33.3
Cash flow (€ milion)		
Net cash from operating activities	**81.4**	61.9
Acquisition/disposals of subsidiaries	**-18.2**	-13.0
Acquisition of property, plant and equipment and intangible assets	**-33.7**	-25.3
Ratios		
Underlying* EBITDA as % of revenue	**4.4%**	4.0%
Return on average capital employed (ROACE)***	**21.6%**	19.2%
Solvency ratio (equity as % of the balance sheet total)	**55.3%**	52.1%
Key data per share (€)		
Earnings per share	**0.502**	0.479
Dividend per share	**0.24218**	0.23299
Share price at year-end	**6.65**	5.30
Other key figures per 31 December		
Number of outstanding shares (million)	**106.18**	105.86
Total Enterprise value (€ million)	**706.1**	561.1
Number of employees (in FTE's)	**2,273**	2,370

** 'Underlying' entails excluding incidental items*
*** Based on 12 months average; see Note 27 of the financial statements*
**** ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements*

FACTS AND FIGURES



CEO STATEMENT

CEO STATEMENT

This year has been a strong and unique one. Strong, because we focused our Total Feed approach with integrated feed solutions (feed, advice, and tools) on improving returns on farm. During times in which our customers are faced with continuous complexity and challenges, this has borne its fruit. Unique, by bringing ForFarmers to the stock exchange, with overwhelming support from the members of the Coöperatie FromFarmers (FromFarmers Cooperative).

The Horizon 2020 strategy has clearly made a contribution to our good results. We have seen progress in the four core areas of our strategy, in which our core values of ambition, sustainability and partnership are the driving force.

Results

Our customers were again in 2016 faced with difficult and volatile market conditions. Around the middle of the year, prices, particularly for milk and meat, were really low in all countries. During the year, these prices have recovered slightly but not yet to such a level that enabled healthy business results for (cattle) farming. We have continued to focus on helping to improve farmers' returns, by offering sustainable solutions combined with advice. This has resulted in good improvements in the underlying EBITDA* for ForFarmers in the clusters the Netherlands and Germany/Belgium. In the United Kingdom volume sales fell as, besides low prices for agricultural products, there is also uncertainty amongst farmers as to the consequences of Brexit. Furthermore, the devaluation of the Pound sterling has had a negative effect. Both these effects resulted in a decrease in the local underlying EBITDA. ForFarmers Group reported an improved EBITDA. In order to reinforce the Total Feed approach in the United Kingdom, we decided to streamline the organisation by fully integrating the four acquisitions of recent years, both as regards the range of products and the working methods. This opens the way to offering all customers a *total* solution, in an efficient and unambiguous way. The One ForFarmers efficiency programme, which is being implemented in all clusters, is of great importance to the improvement of the results. Moreover, the two acquisitions, being the feed and forage activities of Countrywide Farmers (2015) and VleutenSteijn (2016) have had a positive effect on results.

** 'Underlying EBITDA' is operating result excluding depreciations and amortisation and excluding incidental items*

For the Future of Farming

In 2016, we launched our mission 'For the Future of Farming' , with which we show that we believe in the future of the agricultural sector in Europe. We continue to devote all possible efforts to the continuity of the farming business and sustainable food production. We do this by working side by side with our customers to ensure healthier livestock, higher efficiency and better returns on farm.

Total Feed

The Total Feed approach is essential to our mission and strategy. We offer each customer integrated (feed) solutions during the entire production cycle, tailored to the

situation of each farming business. By sharing know-how, important steps were made in the optimisation and harmonisation of the product portfolio in 2016.
By integrating the DML activities in the country organisations it is easier to offer our customers the total feed solutions. We are delighted that our advisors' work was rewarded during the year as in September, the Dutch trade journal V-focus stated that ForFarmers provides the best advice to farmers.

One ForFarmers

It is important, to us and our customers, that we continue to make optimal use of our scale and efforts. One ForFarmers was set up especially for that purpose. One brand, one way of working, one customer relationship management system, one approach and sharing and utilising knowledge and skills. This professionalization was further continued in 2016 with aspects such as the rollout of internal Academies for our employees. In the area of optimisation of manufacturing, progress was made by constructing the new factory in Exeter In the United Kingdom, which will replace two smaller production sites in 2017. As part of our announced reorganisation plan in the United Kingdom, several supporting departments will be brought together in 2017 in a new central office.

Team Development

Thanks to the enormous efforts of our people, we can realise our mission and keep our promises to customers and other stakeholders. In 2016 we were successful in attracting strong new candidates for key positions as well as promoting and holding on to employees, because our mission and approach resonates with them. Adrie van der Ven has become member of our Executive Committee as of the beginning of 2016. He is the new COO for Germany and Belgium and additionally has new regions in portfolio. His experience is essential for the further international expansion of ForFarmers outside of its existing core countries. At the end of 2016, Nico de Vos, Director Operations & Supply Chain and one of our Executive Committee members, retired. Nico worked for ForFarmers for 28 years and contributed to the implementation of the One ForFarmers approach with his wealth of experience. I would like to wholeheartedly thank him for that, on my behalf and that of all of my colleagues. His tasks will be integrated in the portfolio of Steven Read. The number of members in the Executive Committee has accordingly decreased by one.

Sustainability

Sustainability forms an integral part of our business. We are always busy in making further progress on the three pillars of our sustainability strategy: Environment, People & Society, and Animal Health & Animal Wellbeing. Furthermore, this year we are reporting according to the requirements of GRI G4 (Core) for the first time. We devoted a lot of attention to health and safety procedures in 2016. The importance hereof is emphasized by the tragic fatal incident, in which we sadly lost a member of staff. Although our people are giving more attention to safety at work, we need to stay sharp on this subject, and there are still steps to make to bring about behavioural change.

Governance

We have again had a lot of support over the past year from our Supervisory Board. Not only in the area of business operations and strategy, but also for the listing on the stock exchange and all the associated changes.

It has been an exciting year on which I look back with pride. Our progress in 2016 strengthens my belief in that we have a fitting strategy and the team to execute this strategy successfully.

I would like to give special thanks, on my behalf and that of the other Executive Committee members, to all staff for their effort and dedication. Without them, 2016 would not have been as successful as it was. I would also like to thank our customers and other stakeholders for placing their trust in us.

Lochem, 13 March 2017

Yoram Knoop

CEO ForFarmers

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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 continue to play a sustainable role in society for many generations to come. In the Netherlands, ForFarmers has already been operational for over a hundred years. Through expansion of activities in Germany, Belgium and the United Kingdom, 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 its customers. This leads to tangible results: 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.

ForFarmers invests a lot in research to continuously raise knowledge, products and resources to a higher level. This is done by the ForFarmers Nutrition Innovation Centre (NIC). The NIC works, inter alia, 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 its own products and of livestock farming. This occurs in close cooperation with renowned research institutes and universities.

ForFarmers employs 2,273 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 2016, the Total Feed volume was 9.3 million tonnes, and the annual turnover amounted to €2.1 billion. Gross profit was €407.4 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 and 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+). It achieves this by offering nutritional 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 commitment to the agricultural sector. It shows that the Company has confidence in the future and that it is willing to make every effort to ensure the continuity of the farming business.

ForFarmers is convinced that it can contribute to a financially healthy agricultural sector. 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 more efficient and sustainable production of meat, eggs and dairy.

Three pillars

ForFarmers works side by side with its customers on their long-term success, 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 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 as a team are all crucial aspects of this, as is giving trust and autonomy.

Sustainability

ForFarmers does not regard sustainability as a separate objective, but as an aspect that forms an integral and natural part of its business. Acting responsibly with regard to the use of natural sources and scarce raw materials, reducing pressure 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 confidence and transparency. In this respect, the Company adheres to local rules and procedures and always takes its environment into account.

Partnership

The activities of ForFarmers are entirely focused on providing the best 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 and foremost, because long-term relationships are essential to long-term success.

AMBITION
We drive for next level results

SUSTAINABILITY
We are here to stay

PARTNERSHIP
We believe in win-win

TOTAL FEED BUSINESS

Feed	Specialities	Co-products	Crop and seed	Others
- Compound feed - Single raw materials - Concentrates - Blends - Semi-finished products	- Farm minerals - Additives - Transition products - Young animal feed - Specialities	- Stackable co-products - Liquid feed - Dry co-products	- Seeds - Silage products - Crop protection products - Fertilisers	- Roughage - Bedding products

Farming businesses in Europe are growing and have to deal with increasing attention for sustainable production, food safety, and animal welfare. As a consequence, needs for feed solutions and support on the farm are ever-changing.

Feed, advice and tools

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) products, specialist advice and tools. The principle behind this is that the Total Feed approach delivers the best possible results on farm.

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

With this Total Feed approach, ForFarmers can align its products and advice throughout the entire production cycle on farm. In this way, customers are offered a *total* solution, in line with their business objectives, feeding system and business circumstances. This in turn provides for a better return on farm, healthier animals, greater efficiency and a reduced workload for customers.

For some specific products - such as premixes, specialties, additives and seeds - ForFarmers has opted for strategic partnerships with companies that specialise in these products. For instance, ForFarmers has a strategic partnership with Nutreco for, amongst other things, specialties such as young animal feed, with Denkavit for calf milk replacer formulas, and with Agrifirm for the purchase of artificial fertilisers, pesticides and seeds in the Netherlands. As a result of its role as advisor on farm, ForFarmers has good, often also long-standing relationships with farmers, which is an advantage for strategic partners.

ORGANISATION

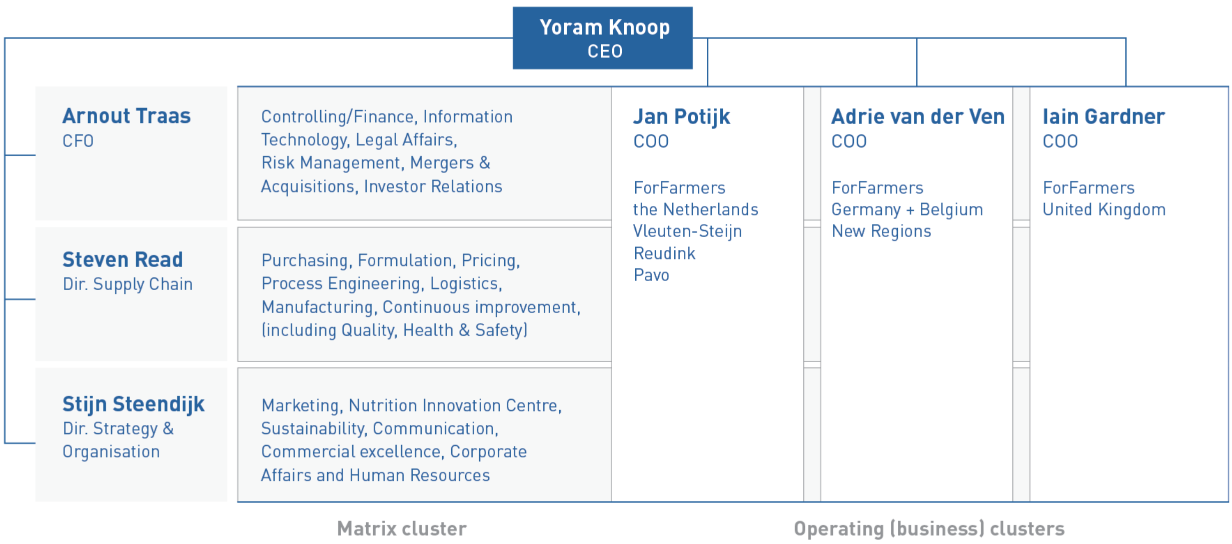
ForFarmers has its registered office in Lochem (the Netherlands).

In determining the Horizon 2020 strategy, structure has also been given to the conditions that the organisation must comply with to successfully implement the strategy. A good organisational structure is therefore important. The organisation must strike the right balance between entrepreneurship in the local markets and the right use of the knowledge and experience available within the ForFarmers organisation. These are the principles behind the structure of the organisation.

In order to best serve the market, ForFarmers is divided into 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 which are organised at group level are connected to the clusters by means of a matrix organisation. These include HR (Human Resources), Innovation, Marketing, Communication, Finance, Mergers & Acquisitions, IT, Investor Relations, Sustainability, the Legal Department and 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 leverage the economies of scale optimally.



COMPOSITION OF THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

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

Executive Board

Yoram Knoop
CEO (General Manager)

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 until the Annual General Meeting of shareholders in 2018 and is renewable for another term of four years after that. On account of his position, he is a member of the FEFAC Steering Group.

Arnout Traas
CFO (Financial Director)

Arnout Traas (1959, Dutch nationality) has been employed by ForFarmers as CFO since August 2011. He is responsible for Controlling/Finance, Information Technology, Legal Affairs, Risk Management, Mergers & Acquisitions, and Investor Relations. In the General Meeting of 15 April 2016, a term of four years was attached to his appointment, meaning that his mandate comes to an end at the end of the Annual General Meeting of shareholders in 2020, with the option of renewal.

Jan Potijk
Director (COO)

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 Pavo and Reudink. During the General Meeting of 15 April 2016, a term of three years was attached to his appointment, meaning that his mandate comes to an end at the end of the Annual General Meeting of shareholders in 2019, with the option of renewal.

Executive Committee members

Iain Gardner
Director (COO)

Iain Gardner (1962, British nationality) has been employed by the legal predecessor of ForFarmers in the UK since March 1988 and, since the takeover of BOCM PAULS in July 2012, he is a member of the Executive Committee of ForFarmers. He is responsible for the activities of ForFarmers in the United Kingdom. His employment contract is permanent.

Steven Read
Director Supply Chain

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 is a member of the Executive Committee since July 2014. As Director Supply Chain, he is responsible for Purchasing and Formulation and coordinates the pricing process. Since the retirement of former member of the Executive Committee Nico de Vos, on 1 January 2017, Steven Read is also responsible for Manufacturing & Logistics, which includes transport and programmes for improving operational activities, technology, Health & Safety and the quality programme. His employment contract is permanent.

Stijn Steendijk
Director Strategy & Organisation

Stijn Steendijk (1969, Dutch nationality) started at 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. His employment contract is permanent.

Adrie van der Ven
Director (COO)

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

THE FORFARMERS SHARE

From trading platform to listing on Euronext Amsterdam

Up until 24 May 2016, ForFarmers B.V. depositary receipts could be traded through a trading platform, operated by F. van Lanschot Bankiers ('Van Lanschot'). During the Annual General Meeting of Shareholders of 15 April 2016, approval was given by 99.9% of votes cast to the listing of all ordinary shares of ForFarmers N.V. on Euronext Amsterdam. The listing occurred on 24 May 2016 under the symbol 'FFARM'. As of that date, depositary receipts and participation accounts can no longer be traded. Since 19 September 2016, ForFarmers is included in Euronext Amsterdam's AScX index.

Liquidity provider

As part of the transition from the Van Lanschot trading platform to listing on Euronext Amsterdam, ForFarmers ended the liquidity provider agreement with SNS Securities, and an agreement for liquidity provision was entered into with Rabobank and ABN AMRO. As a result of this, from 24 May 2016 to 31 December 2016 Rabobank (now Kepler Cheuvreux) acted as liquidity provider for trading in ordinary shares of ForFarmers. From 2 January 2017 to 29 December 2017, ABN AMRO will fulfil this role. ForFarmers will decide over the course of 2017 whether it is necessary to enter into a new agreement with a liquidity provider after this.

ForFarmers share

The Company's issued share capital as at 31 December 2016 amounts to €1,062,610.41. This is divided into 106,261,040 ordinary shares and one priority share, each with a par value of €0.01. The priority share is held by Coöperatie FromFarmers U.A.

Specification of depositary receipts and shares in circulation

As at 31 December 2016 Coöperatie FromFarmers (hereinafter: the 'Cooperative') has a capital interest of 53.26% in ForFarmers N.V. This is split in a direct interest (20.81%) which the Cooperative holds, for which there is no connection to a participation account, and an indirect interest of 32.45%, for which the Cooperative has issued participation accounts to individual members. These members can decide, each individually for himself, at any moment to convert their participation account, or part thereof, into depositary receipts, make a transfer to investment accounts, or sell on Euronext Amsterdam.

Furthermore, the Cooperative can give voting instructions for depositary receipts held by Stichting Beheer- en Administratiekantoor ForFarmers and for which voting rights have not been requested. As at 31 December 2016, the Stichting Beheer- en Administratiekantoor ForFarmers had a capital interest of 12.06% in the ordinary shares of ForFarmers N.V. The Cooperative holds the priority share.

Shares

	Shares / depositary receipts		Shares / depositary receipts			Depositary receipts*		
	31 December 2016		24 May 2016			31 December 2015		
Total number of shares	106,261,040		106,261,040			106,261,040		
Held by ForFarmers	77,580		317,528			399,429		
Number of shares issued	**106,183,460**		**105,943,512**			**105,861,611**		
Shares Coöperatie FromFarmers U.A. (Direct)	22,097,857	20.81%	26,916,610	25.41%		26,916,610	25.43%	
Participation accounts of members (Indirect)	34,460,032	32.45%	34,727,866	32.78%		37,678,608	35.59%	
Coöperatie FromFarmers U.A.	**56,557,889**	**53.26%**	**61,644,476**	**58.19%**		**64,595,218**	**61.02%**	
Depositary receipts of members	6,436,342	6.06%	8,149,521	7.69%		7,599,664	7.18%	
Depositary receipts in lock-up	1,398,424	1.32%	945,126	0.89%		945,126	0.89%	
Depositary receipts other holders**	4,967,900	4.68%	7,189,525	6.79%		32,721,603	30.91%	
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**12,802,666**	**12.06%**	**16,284,172**	**15.37%**	****	**41,266,393**	**38.98%**	***
Shareholders (external)	36,822,905	34.68%	28,014,864	26.44%		-	0.00%	
Total	**106,183,460**	**100.00%**	**105,943,512**	**100.00%**		**105,861,611**	**100.00%**	

(*) In 2015 this only concerned depositary receipts of shares (excluding the instruments owned by Stichting Beheer)
(**) 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.
(***) On 31 December 2015, Stichting Beheer owned 100% of the shares of ForFarmers. The percentage and number which is shown (in 2015) has only been restated for comparison purposes. If ForFarmers would have been listed at Euronext on 31 December 2015, the number and percentage shown in this overview would have been applicable.
(****) At listing on Euronext on 24 May 2016, an interest of 15,62% in the capital of ForFarmers was reported by Stichting Beheer. This percentage included the shares owned by ForFarmers in its own capital.

Share information

In euro	2016	2015[2]
Earnings per share	0.502	0.479
Dividend	0.24218	0.23299
Number of shares issued (x 1 million) as of 31 December	106.18	105.86
Market capitalisation (€ million) on 31 December	706.1	561.1
Highest price[1]	7.03	5.34
Lowest price[1]	5.17	3.72
Closing price	6.65	5.30

(1) Price until 24 May 2016 relates to price on trading platform; as of 24 May 2016 the price relates to the price on Euronext Amsterdam.
(2) Prices releate to the prices on the trading platform.

Price development

Trading volume

One of the reasons for the transition from the trading platform to a public listing on Euronext Amsterdam was to increase the share's liquidity. The average trading volume in ForFarmers shares or depositary receipts on the trading platform came to around 40,000 units a day. Since the listing on Euronext Amsterdam on 24 May 2016, the trading volume of the share (on Euronext Amsterdam) has more than tripled.

Notification of capital interests

On 31 December 2016 the following shareholders with a substantial participating interest (>3%) are registered as follows with the AFM (authority financial markets), in accordance with the notification duty pursuant to the Dutch Financial Supervision Act (Wft). These notifications were made during 2016, as of 24 May 2016, the day on which the ForFarmers share became listed on Euronext Amsterdam.

	Interest
Coöperatie FromFarmers U.A. (direct en indirect)	58.01%
Stichting Beheer- en Administratiekantoor ForFarmers	14.36%
APG Asset Management N.V.	6.71%
D. Lindenbergh (Blikkenburg B.V.)	5.23%

Share buy-back scheme

ForFarmers has bought back 400,000 of its own shares and depositary receipts in the period 18 April 2016 to 3 June 2016. Authorisation for this buy-back scheme was granted in the General Meeting of Shareholders of 15 April 2016. The shares were purchased at an average price of €6.71 per share, for a total of €2,683,367. The purchase took place on behalf of two employee participation plans; one for the Executive Committee and senior managers and the other for other staff. A lock-up period of three years applies to these shares. In 2016, 15% of employees participated, a little less than the 20% that had participated in 2015. Combined with the number of employees that had already participated in 2015, in total, 22% of employees now have shares in ForFarmers.

82,502 shares acquired on behalf of the previous liquidity provision contract were also used for the participation plans. This contract ended on 24 May 2016. The aim of the participation plan is to foster commitment to the company as well as motivation and engagement.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will be held on 26 April 2017 in Laren (Gelderland, the Netherlands).

Dividend policy

The dividend policy of ForFarmers is distributing a dividend between 40% and 50% of the normalised profit after taxes.

2016 dividend proposal

The proposal to distribute a dividend of €0.24218 per share of a par value of €0.01 (2015: €0.23299) shall be submitted to the General Meeting of Shareholders of 26 April 2017. This corresponds with a pay-out ratio of 50% of the normalised profit after taxes. The aforementioned proposal is approved by the Supervisory Board.

Financial calendar

29-03-2017	Registration date for the Annual General Meeting of Shareholders
26-04-2017	Annual General Meeting of Shareholders
28-04-2017	Ex-dividend listing
02-05-2017	Registration date for those entitled to a dividend
09-05-2017	Dividend payment
11-05-2017	Q1 Trading update
17-08-2017	Publication of 2017 half-year results
09-11-2017	Q3 Trading update
13-03-2018	Publication Annual Report 2017
26-04-2018	Annual 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 shareholders, depositary receipt holders, investors, analysts and other financial stakeholders (hereinafter 'Investors'). ForFarmers aims to give Investors clear, transparent, accurate and prompt information on developments within ForFarmers.

To properly and best inform Investors, ForFarmers provides information through press releases, annual reports and quarterly reports, presentations and via the corporate website. The Company also organises audio webcasts to present the annual and half-year results, and ForFarmers participates in roadshows and conferences that banks organise for investors. All information shared with Investors is based on public information. The rules are also provided in the Policy regarding bilateral contact with shareholders, which can be found on the corporate website. Because of the major participating interest of the Coöperatie FromFarmers U.A. in ForFarmers, there is a relationship agreement established between these parties, which can also be found on the website.

Contact with Investors

Over the course of the financial year, ForFarmers has undertaken many Investor Relations activities. The listing on Euronext Amsterdam concerned a technical listing. No new shares were issued. However, the Company did seize the opportunity to position its equity story widely among Investors. On 22 April 2016, ForFarmers organised a Capital Markets Day for analysts. With the help of both the banks that guided the IPO (ABN AMRO and Rabobank) visits were paid immediately before the listing to 7 fund managers in the Netherlands, 5 in Germany, and 11 in the United Kingdom. After the listing, the CEO or the CFO together with ForFarmers' Director Investor Relations held over 90 meetings in 9 different cities with fund managers over the course of 6 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.
Other Directors took part in the meetings with investors who visited the Company in Lochem.

In the bilateral contacts with Investors, the aforementioned policy was always observed.

In 2016, 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 shareholding account with FromFarmers, where, inter alia, the annual figures are explained. ForFarmers has drawn up both the financial statements and the half-year accounts in accordance with IFRS. The annual and half-year results are published and further presented by way of a press release to analysts and press with the help of an audio conference, the recording of which is published on the website. At the end of November 2016, ForFarmers for the first time published a trading update for the third quarter. This is a qualitative report on the Company's market and financial developments. In May 2017, such a trading update will also be published for Q1.

Disclosure

The supply of information to Investors takes place in compliance with the Dutch Financial Supervision Act. In this way ForFarmers informs its Investors of relevant developments promptly, simultaneously and comprehensively. This is supervised by the Authority for the Financial Markets (AFM). Price-sensitive information is disclosed by means of a press release that is also posted on the website of the Company and is submitted to the AFM.

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

Independent analyst reports

ForFarmers was followed by 5 financial analysts during 2016. Kepler Cheuvreux (formerly: Rabobank), ABN AMRO, NIBC Markets (formerly: SNS Securities), Kempen & Co and the Idea-driven Equities Analyses Company all published analyst reports on ForFarmers. Alongside the full reports, periodic updates also appear.

Historical development

2016
- Listing of ordinary shares of ForFarmers N.V. on Euronext Amsterdam - 24 May
- Acquisition and integration of Vleuten-Steijn Voeders B.V - 1 October
- 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
- Strategic partnership contributes to innovative power and the product portfolio
- Acquisition and integration of Countrywide Farmers and launch of the plant segment in the United Kingdom
- Further professionalisation of the internal organisation
- Employee participation plan for all employees launched (participation 20%)
- Sustainability strategy fine-tuned

2014
- Introduction Horizon 2020 and One ForFarmers
- Rebranding to ForFarmers brand and implementation of Total Feed Business
- Acquisition HST Feeds and Wheyfeed in the United Kingdom
- Start strategic partnership with Nutreco and Agrifirm (the Netherlands)
- Senior management participation plan launched
- Approval General Meeting of Shareholders for examination and preparation of transition of trading platform to public listing on the stock exchange

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'

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.

In 2000, the cooperatives ABC and CTA in the Eastern part of the Netherlands decided to merge. The key activity of these cooperatives was the purchase of raw materials and the production of feed for the affiliated members. The cooperative that resulted from this merger was ABCTA. In 2005, the Cooperative ABCTA resolved to continue under the name ForFarmers in order to realise its international growth ambitions.

Separating ForFarmers the Company, and FromFarmers the Cooperative

In order to grow internationally, the Company and the Cooperative were separated in 2007 and the 'equity on name' registration process was started. Since then, the Cooperative goes by the name of Coöperatie FromFarmers U.A. By means of the equity on name registration process, around 82.5% of the Cooperative's assets are credited to a participation account for members of the Cooperative over a period of 10 years. The last credits of that kind will take place in 2017, after which the Cooperative, as a result, will directly hold approximately 17.5% of the (depositary receipts) of the shares or of ForFarmers. Members holding a participation account can decide for themselves at any moment to convert their participation account, or part thereof, into depositary receipts, transfer the participation account to investment accounts or sell their stake on Euronext Amsterdam.
Until 2006, 80% to 85% of ForFarmers' customers were members of the Cooperative and approximately 85% of the volume was delivered to members of the Cooperative. As a result of growth mainly outside of the original regions, currently around 85% is delivered to non-members. Due to this growth, the number of customers has also increased substantially to currently more than 25,000. The Cooperative has approximately 3.600 active members who are ForFarmers customers. For both members and non-members, the same market prevailing conditions for deliveries by ForFarmers apply.

International growth

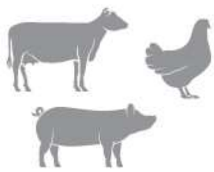
In Germany, in line with its international growth ambition, ForFarmers took over the Bela Group in 2006 and the company BM in 2007. The Company herewith acquired its first production locations in Germany and a larger market share in the German market. The acquisitions in 2012 of Hendrix (active in the Netherlands, Germany and Belgium) and BOCM PAULS (active in the United Kingdom) made for further growth. Both Hendrix and BOCM PAULS were respected companies with a history in the feed industry of more than a hundred years. ForFarmers thereby acquired a leading position in the Netherlands and the United Kingdom.

In the same year the interest in Cefetra (57.4%), a trading house in compound feed raw materials, was sold. After 2012, a number of (smaller) acquisitions followed, including HST Feeds Ltd (2014) and Wheyfeed Ltd. (2014) and the agricultural activities of Countrywide Farmers (2015), all in the United Kingdom. In 2016, Vleuten-Steijn Voeders B.V. in the Netherlands was taken over.

To underline the unity and unequivocal manner of its approach and method, the organisation has opted for the name 'ForFarmers' as a single powerful trading name for the organisation as a whole. This strengthens the position of the Company in the international market and provides for a more uniform branding and appearance. The Company does, however, continue to operate other brands for specialist activities. Horse feed activities take place under the brand name Pavo. ForFarmers uses the brand Reudink in the biological (organic) market in the Netherlands, Germany and Belgium, and in the chick breeding market the name PoultryPlus.

REPORT OF THE EXECUTIVE BOARD

INDEX



STRATEGY HORIZON 2020

The mission 'For the Future of Farming' represents ForFarmers' commitment to farmers and other partners in the value chain: ForFarmers works side by side with its customers to secure their long-term success and that of the sector as a whole. ForFarmers wants to be *the* trendsetting feed company. It does so by offering Total Feed solutions on farm, so that farmers can produce high-quality meat, milk and eggs. ForFarmers' cost-effective and sustainable feed solutions support farmers in the optimisation of their business in terms of profitability, feed safety and work efficiency. This makes ForFarmers an essential link in the food chain.

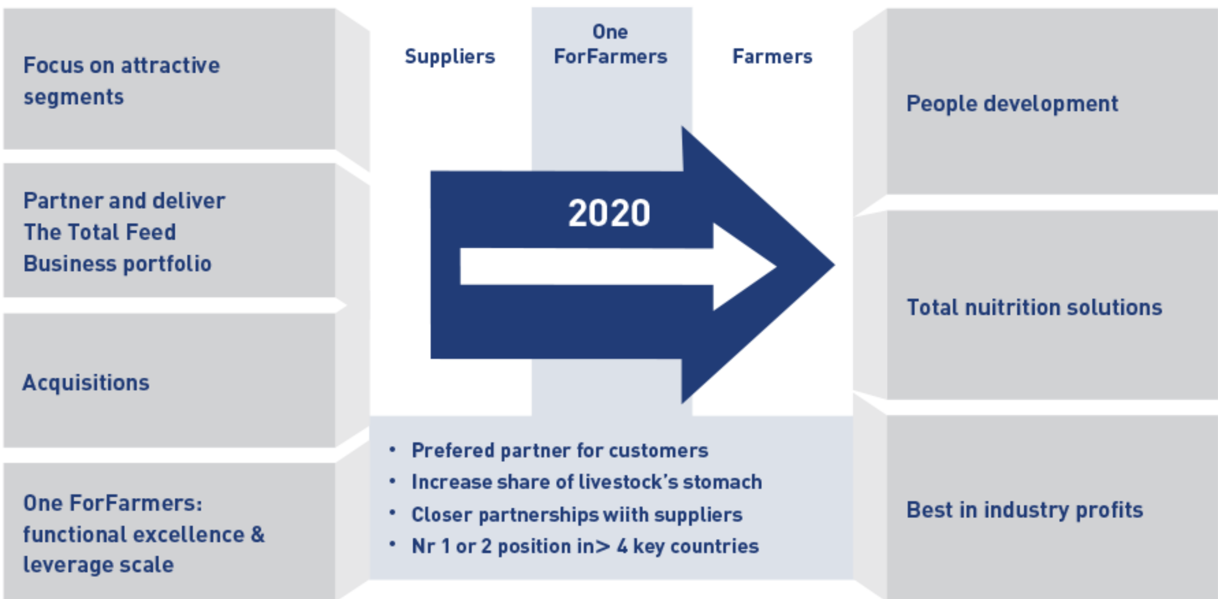
In order to realise this ambition, the strategic direction of ForFarmers over the coming years has been set out in the Horizon 2020 strategy. The main pillars of Horizon 2020 are:

1. Focus on attractive segments
2. Total Feed approach with partners
3. Acquisitions
4. One ForFarmers: professionalization and leveraging economies of scale

Strong starting position

Apart from a healthy financial basis and good market positions, ForFarmers has a number of strong starting points which it can further build upon. Over the years, ForFarmers has built up a strong and trusted relationship with its customers. This access to the farm gate is of great value. ForFarmers has been able to achieve this position by, inter alia, employing the knowledge, experience and innovative power

ForFarmers, the leading Total Feed partner in Europe



that ForFarmers has in-house. From the specialists who visit on farm, the marketing managers who translate market demand into products and concepts, the nutritionists and the ForFarmers Nutrition Innovation Centre (NIC), they all work daily on improving products in order to enable customers to obtain better returns through greater efficiency on the farm and healthier livestock. Animal growth, feed efficiency, animal health and increasing focus on sustainability of the ForFarmers products and livestock farming are central to this.

Sustainability: integral part of business operations

Considering its position in the value chain, the feed industry has an important role in solving sustainability issues in the production process of meat, eggs and dairy products. With a growing world population and increasing prosperity, demand for animal protein grows. At the same time, in the more prosperous countries, more attention is focused on the environment and the wellbeing of humans and animals in the manufacture of these products. Sustainability is therefore an integral and natural element of the business operations of ForFarmers. This involves making the best possible use of scarce raw materials, impact on the environment, attention to people and society and promoting animal welfare. ForFarmers aims to be the leader in sustainability in the feed industry, particularly in the use of raw materials, production, logistics and efficient and more animal-friendly feed concepts. ForFarmers further fine-tuned its sustainability strategy in 2016 and provides an in-depth report on this subject in the chapter on Sustainability and innovation.

The four pillars of Horizon 2020

1. Focus on attractive segments

ForFarmers gears its nutritional advice and the product and services portfolio to the business requirements and specific on farm objectives of its customers. For instance, large agricultural businesses with many staff members or companies that apply highly sophisticated technologies have different needs in the area of products and advice than small-scale companies or companies that focus on a niche market. To serve these different groups of customers in the most efficient possible manner, customer segmentation is an important component of the market approach. This customer segmentation is implemented in all countries and the process is on schedule. A good customer relationship management system is indispensable for this market and customer approach and this is why SAP-CRM has been selected for further optimisation. This system was implemented in the United Kingdom in 2016. At the beginning of 2017, the rollout of SAP-CRM to the other countries has started. Furthermore, ForFarmers has set up specie-specific marketing organisations. Three specialist teams, focusing on the ruminants, swine and poultry sectors, deliver marketing strategies and implementation plans for each country, with the appropriate approach for each segment. The marketing organisations work closely with the Nutrition Innovation Centre and the advisors and specialists who visit our customers' farms. Continuous development of this approach is ensured, inter alia, by specie-specific Academies (ruminants, swine, and poultry).

2. Total Feed approach with partners

A crucial element of Horizon 2020 is the Total Feed approach. To meet the demand of livestock farmers in the best way possible, ForFarmers offers integrated solutions consisting of (feed) products, advice and tools to establish the business objectives of customers and to monitor their results. Through this approach, ForFarmers can harmonise its products and advice throughout the entire production cycle on farm. In this way customers are offered a total solution, in line with their feeding system and their business circumstances. This results in a better return and a reduced workload. In this approach, the quality of the team of specialists that visit farms is essential. ForFarmers invests in this through intensive and (international) training programmes, such as the Academies already mentioned.

The strategic international partnership with Nutreco is also important. Within this partnership, knowledge in the area of micro-ingredients is shared and important economies of scale are realised through the combined purchase of these products. Also in the area of research, forces are joined with Nutreco, with the production of a

new piglet feed concept as the first tangible result. This was developed in close cooperation with Trouw Nutrition, a subsidiary of Nutreco, and launched in October 2015 under the name VIDA. Health, feed intake and growth are the main pillars of VIDA. A large and ever-growing number of swine farmers have successfully applied this concept in 2016. To continue building on this concept and cooperation into 2016, a joint programme has been started for sows, which is expected to be introduced in all ForFarmers countries in 2017.

The strategic partnership of the forage department of ForFarmers with Agrifirm, focused on the purchase of fertilisers, seeds and pesticides for the Dutch market, has led to an improved position on the purchasing side. The first deliveries have already taken place, which allows ForFarmers to now also offer these products as part of its Total Feed solution. Since the acquisition of the feed & forage business of Countrywide Farmers, in May 2015, ForFarmers has also acquired a position in the field of forage in the United Kingdom. A European strategy is now being formulated in order to further strengthen ForFarmers' position in this sector.

To make it easier for customers, the decision was made to create a one-stop-shop where they can go for all Total Feed products and applications. This means that the ForFarmers Customer Service in the Netherlands and the commercial teams of ForFarmers DML (single feeds and co-products) will work as one team. This leads to better service to customers and in addition ensures more efficiency internally. This project was initiated in the Netherlands under the name Total Feed Support. The total implementation, as regards systems and processes, is expected to take two years. The other clusters are also working on preparing and incorporating this concept so that in future, customers will also have a one-stop-shop in the United Kingdom, Germany, and Belgium.

3. Acquisitions

The focus on attractive segments, strategic partnerships and the Total Feed Business are the pillars of like-for-like growth for ForFarmers. ForFarmers aims to achieve a number 1 or number 2 position in all regions where it is active, both through organic (like-for-like) growth but also through acquisitions. This allows economies of scale to be used to their best advantage. Economies of scale translate into higher efficiency and better products and advice.

As regards acquisitions, ForFarmers focuses on the four core countries and on new regions within or bordering Europe (Europe+). In the case of takeovers in the existing core countries, operational efficiency can be obtained when the acquired companies are located in the same region. If acquisitions occur in new regions, the quality of the management therefore, alongside the market position and reputation of the company are especially carefully scrutinised. To get an insight into potential acquisition candidates and to ensure an effective and efficient takeover process, 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. ForFarmers places a lot of importance on quickly integrating the acquired companies into the organisation in order to be able to realise operational efficiency potential as quickly as possible.

As a result of this, the acquisitions of HST Feeds Ltd. (2014), Wheyfeed Ltd. (2014), and Countrywide Farmers (Feed & Forage, (2015) are now fully integrated into ForFarmers United Kingdom. In October 2016, the Dutch company Vleuten-SteijnVoeders was taken over. Its integration started immediately after the acquisition.

Vleuten-Steijn Voeders
a ForFarmers company

4. One ForFarmers: professionalisation and leveraging economies of scale

The rollout of One ForFarmers was further continued. This approach is focused on exchanging and making the best use of internal knowledge, further professionalising the organisation, an unambiguous way of working and optimal use of economies of scale. The One ForFarmers approach is made possible through the introduction of the matrix organisation, where central departments service and support the country organisations. The effects of this are noticeable throughout all layers of the organisations. The main results are:

- Alongside the ongoing implementation of the Horizon 2020 strategy, the new positioning 'For the Future of Farming' was launched in 2016 to more powerfully extend the ForFarmers mission and underpin the commitment to customers: a better return, healthier livestock, and greater efficiency on farm.
- The 'One' CRM system has, as already mentioned, been implemented in the United Kingdom. This system is to be rolled out in the other countries from the beginning of 2017.
- A start has been made on further extending the Group department Formulation and Purchasing (combined in 2015), with the Supply Chain activities, which will result in an optimal concentration of knowledge and experience. The purchasing organisation has also been adapted, as a result of which, from 1 January 2017, management will be organised across all countries by commodity category specialists in order to most effectively leverage economies of scale via a one ForFarmers approach.
- Company-wide, the Health & Safety standards for staff have been fine-tuned. More checks and more training courses have been conducted in 2016. In addition, more has been invested in the factories and in know-how for employees. The positive outcome of this is that this has already led to an increase in the number of near-miss notifications which are used to prevent real accidents occurring. The number of LTIs (Lost Time Incidents) has slightly increased, due to, amongst others, increasing awareness and better reporting. In 2017 there will be continued focus and attention on safety at work both at ForFarmers locations and on farm. This is expected to lead to a decrease in the number of LTIs within the foreseeable future.
- The construction of a new production facility in Exeter (United Kingdom) to replace two smaller production locations is progressing well. The factory, with a production capacity of 300,000 tonnes (doubling the current tonnage), will be delivered half-way through 2017. It will comply with very high standards in the area of feed safety, staff wellbeing and energy consumption. The project involves a total investment of £10 million.

- The construction of a central office has begun in Bury St. Edmunds in the United Kingdom, which will lead to the consolidation of a number of regional locations in 2017. This requires an investment of £4 million. The delivery of the new office is set to take place in the second quarter of 2017. Several support departments will be relocated in the new office, which will lead to a more efficient way of working.

Result areas Horizon 2020

ForFarmers is able to actively strengthen its position in the feed chain by implementing the Horizon 2020 strategy: closer cooperation with customers and strategic partners in the supply industries leads to a bigger share of the total (feed) portfolio used by customers. This translates into specific results for ForFarmers' customers, the farmers, and in a higher added value for ForFarmers.

Staff: personal development

The implementation of Horizon 2020 means that the opportunities and scope for development increase for ForFarmers' employees. ForFarmers invests in the professional and personal development of employees. The milestones in this financial year were:

- In 2016, the third group of senior managers started the Masterclass Senior Management.
- In 2016, a third group has also begun with the ForFarmers Potential Programme.
- After a successful trial in Germany, the Management Foundation Programme started in all countries in 2016.
- The Logistics Academy has begun in all countries. This programme is designed for drivers and planners and covers working safely and efficiently in accordance with legislation and regulations, reducing fuel use and dealing with customers.
- In 2016, specie-specific Academies started in line with the One ForFarmers approach. These are modular training programmes for ruminant, swine and poultry specialists aimed at enhancing professional knowledge and sales skills. The Ruminants Academy started in the Netherlands and the United Kingdom. Germany and Belgium are planned to start this in 2017. The Swine Academy has started in all countries with one group. The Poultry Academy is on the agenda for all countries in 2017.
- In addition, the Sales Academy, which is among other things focused on aptly identifying the customer's requirements and adequately matching the appropriate solution, was successfully completed by almost all advisors in the Netherlands, Germany and Belgium in 2016. In the United Kingdom, the first group began in December.
- After the successful launch in 2015 of the Company-wide employee participation plan, this plan was again offered to staff in 2016. In 2016, over 15% of staff participated in the employee participation plan. Including the participants from 2015, now around 22% of staff is shareholders of ForFarmers.
- In addition, in 2016, staff meetings were held in the Netherlands, Germany, Belgium and the United Kingdom, each attended by a significant number of employees and during which the realisation of the strategy and mission of ForFarmers, and other current themes, was discussed with all participants. Other examples of meetings where information is exchanged are the New Year meetings and the ruminant days.
- In 2016, ForFarmers conducted its first employee engagement survey. Around 88% of ForFarmers staff filled in the survey, and 77% was satisfied.

More information on the HR policy and the developments in that area can be found in the chapter on Human Resources.

Customers: Total solutions for animal nutrition

The Total Feed approach, total solutions for animal nutrition, is bolstered by the unambiguous manner in which the quality of the specialists who visit farms is continuously being improved across the board. This can be attributed to such aspects as the Academy training courses, the efforts of the Nutrition Innovation Centre and the continued and unceasing focus on optimising the formulation of feed. Close cooperation with strategic partners also play an important role in this. This means that customers have a wide assortment of innovative solutions at their disposal that they can use according to their business objective. ForFarmers offers products and concepts for this, varying from a 'basic product' to highly advanced and integrated feed solutions.

In addition, the marketing strategies of the different species prepared this year centre on the sustainable optimisation of customers' returns and healthier livestock, regardless of the feeding system at the relevant farm.

Examples of total (feed) solutions are:

- Feed2Milk is the name for the dairy cattle feed approach of ForFarmers based on the combined knowledge of several countries. Based on the effectiveness of feed as well as the animal's need for nutrients, an optimal ration is mixed.

- Milk€fficient is a programme that allows dairy farmers to see, at a glance, the effect of various measures on feed profit.
- With AgroMineraalPlus, a programme developed by ForFarmers in conjunction with AgroVision, customers can set up and control their fertilisation plan required by law *and* they can steer on maximum feed profit.
- The key figure 'true phosphor', which helps dairy farmers develop a better control mechanism to improve phosphate efficiency. This subject is currently of particular importance in the Netherlands. The Milkpower product is specifically targeted to increase the output of milk without increasing the levels of phosphate.
- 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.
- VitaFocus is a feed approach for, amongst others, layers that have not been de-beaked to obtain the best yields with healthy animals.
- The Forza pre start feed approach has been introduced in all countries to effect a better start young chickens.
- ForFarmers was chosen in 2016 by the Dutch trade journal V-focus as the company providing the best advice to farmers.

Best in industry profits

In 2016, the underlying EBITDA increased by 3.5% to €93.6 million. At constant currencies, the improvement in underlying EBITDA increased by 7.2% (€6.5 million).
The ratio of the underlying EBITDA/Gross profit improved from 21.3% in 2015 to 23.0% in 2016. The profit per share rose from €0.479 in 2015 to €0.502 in 2016 (+4.8 %). The dividend proposal over 2016 is €0.24218 per ordinary share (2015: €0.23299). This amounts to a dividend yield of 3.6% when taking the share price of €6.65 as at 31 December 2016.

MARKET DEVELOPMENTS

In 2016, the volatility of the agricultural markets has been influenced in the face of geopolitical developments and changing trade flows. Around the middle of the year, prices—particularly for milk and meat—were exceptionally low in all countries. Over the course of the year, these prices recovered slightly but still not to a level to ensure healthy business returns for farmers. In combination with ever-stricter European legislation in the area of the environment and animal health and welfare, this poses considerable challenges for livestock producers. ForFarmers supports farmers in this through the Total Feed approach, designed to help improve farmers' returns by offering sustainable solutions combined with advice.

General

With a growing world population and increasing prosperity, demand for animal protein grows. At the same time, in the more prosperous countries, more attention is focused on the environment and the wellbeing of humans and animals when manufacturing these products. The animal feed industry plays an important role in solving sustainability issues in the meat-, egg- and dairy-product-production process given its position in the value chain. 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 sustainability in the feed industry, particularly in the use of raw materials, manufacturing & logistics, and (feed) concepts aimed at efficiency and enhancing welfare. ForFarmers refined its sustainability strategy in 2016 and provides an in-depth report on this subject in the chapter on Sustainability and innovation.

Raw materials market

The most important raw materials that ForFarmers purchases are types of grain such as maize, wheat and barley and vegetable sources of protein such as soya, 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. Another category is feed additives, such as amino acids, vitamins and minerals.

While the production of, in particular, wheat and maize was lower than expected in Europe in 2016, grain and oilseed harvests achieved record highs worldwide. Raw material costs form a considerable part of the cost of feed. Changes in raw material prices are passed on to customers. The purchasing process and combination of raw materials in feed (the 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). By concentrating the purchase of micro-ingredients and premixes as much as possible with one strategic partner, ForFarmers takes advantage of economies of scale in the purchase of these raw materials. With respect to the purchase of macro-ingredients, ForFarmers focuses especially on the efficiency of the purchasing process and optimisation of the feed composition, without influencing the nutritional content of the feed.

Livestock producers

Farmers are confronted with increasing costs as a result of stricter regulation, especially in the area of animal welfare and the environment. Partly because of this, the increase in scale and professionalism of the sector continues undiminished. The complexity of the agricultural business continues to grow and this results in a changing demand towards the feed industry: there is an increasing need for integrated solutions and for good monitoring of technical and financial results. The amount of data gathered from animals and farms is also strongly growing. The art is in translating these data into usable management information. ForFarmers uses this situation by offering advanced monitoring systems alongside innovative feed and management concepts which will enable livestock farmers to produce as efficiently as possible and to increase their returns.

Alongside specific changes related to the agricultural industry, there were also geopolitical developments in 2016 that have an effect on the markets in which ForFarmers' customers are active, such as the decision with respect to the Brexit and the ongoing Russian trade restrictions. The impact of these on the agricultural sector in Western Europe is still unclear. Because of the devaluation of the Pound sterling against the euro in the wake of the Brexit referendum, the import of products has in general become considerably more expensive for the United Kingdom. Given that the United Kingdom does not produce enough pork, poultry and dairy products to meet demand, this situation could be a stimulus to local livestock farming.

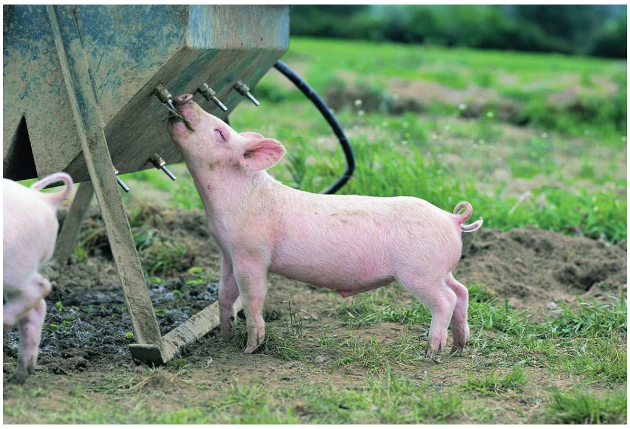
Ruminant

Mid 2016, milk prices were at their lowest in many years. While this initially led to an increase in milk production, particularly in Belgium and the Netherlands, in the United Kingdom it resulted in a reduction in livestock numbers and subsequently in lower production. In the second half of 2016 milk prices rose considerably, because of the combination of reduced production and high demand. In the United Kingdom, however, the milk price was still under the level of 2015.

Worldwide, demand for dairy products is still strong. This is primarily attributable to the fact that a decreasing production in Europe coincided with a growth in demand for milk products from China. For the dairy sector in northwest Europe, which holds a very strong export position thanks to a product portfolio with high added value, there are good prospects for the future.

Swine

Just like the prices for dairy products, prices for swine were very low at the beginning of 2016. In the second half of the year, pig prices recovered as EU pig-meat supply and demand came back into balance following a reduction in the breeding herd. EU pig meat exports also remained competitively priced on world markets, maintaining strong demand from China. In the United Kingdom, the number of swine initially fell as a reaction to low prices. In the second half of 2016 prices increased, however, and the number of animals stabilised in the third quarter. Accordingly, growth in this sector, in which ForFarmers has a good market position, seems realistic over the mid- to long term. Especially given the fact that the British swine sector can only provide for around 60% of the local demand and the 40% of imports have become more costly as a result of the devaluation of the Pound sterling.



Poultry

In the poultry sector, legislation and initiatives in the area of animal health and welfare have a big impact. On the one hand, these developments entail additional costs, and on the other hand, the considerable growth in the market 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. In Germany, the prohibition on beak trimming was implemented early. ForFarmers specifically addresses this with its feed concept Forza.

In the broiler chicken market, competition is on the rise. Production in the United States is recovering quicker than expected. Moreover, the number of animals per farm is falling because of the development of welfare concepts in northwest Europe, and conventional production is increasingly being taken over by countries such as Poland and Ukraine. As a result of these developments, prices for broilers fell considerably in 2016.

In 2016, the share in welfare concepts grew. This development is expected to continue in 2017.

Goats

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 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 for goats.

Biological (Organic)

This segment has professionalised further. However, compared to conventional livestock farming it remains a niche market. Because of increased attention for animal welfare and awareness on the subject of food, consumers turn out to be more prepared to pay the higher price for biological (organic) products. As a result, this market continues to grow and the returns for biological (organic) farmers remain healthy.

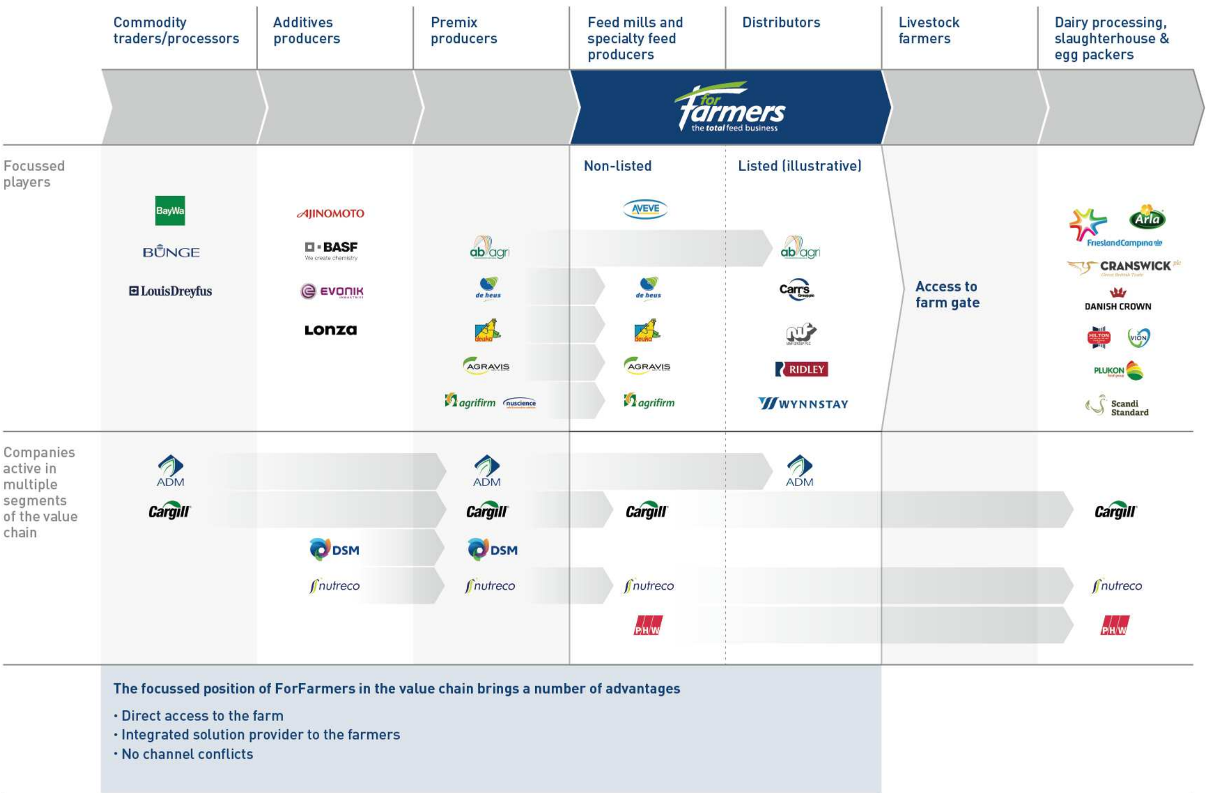
The availability of certified organic raw materials is increasingly becoming a point of attention. ForFarmers is active in the biological market under the brand Reudink and has a specialised production facility to produce the feed. In addition, ForFarmers (Reudink) manufactures such feed for Agrifirm on a toll manufacturing basis.

Compound feed industry

The Total Feed portfolio of ForFarmers consists of compound feed, young animal feed and specialty feed, liquid and solid co-products, individual raw materials, seeds, fertilisers, crop protection products and silage additives for roughage. Because farming businesses are getting bigger, there is an increasing interest in 'home-mixing'. The *total* feed approach of ForFarmers addresses this phenomenon well.

From an international perspective the compound feed market is very fragmented. In the Netherlands, the three largest feed companies hold a market share of around 60% whilst the remaining 40% is divided over approximately 90 other feed producers. ForFarmers, Agrifirm and De Heus are the leading feed companies in the Netherlands. In the United Kingdom the three largest companies for compound feed and blends hold a market share of approximately 35%. These include AB Agri, ForFarmers and J Thompson. In addition, there are some 150 smaller players in the market. The largest feed companies in Belgium (Aveve, VandenAvenne, ForFarmers) together make up for around 35% of the market. 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. In comparison with the competitors, ForFarmers stands out because of its focused position in the value chain: delivering (feed) solutions on the farm.

The European market is consolidating and scale 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 feed concepts, innovation and training for the commercial organisation. 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 companies in order to optimise regional market positions.

Government

Legislation

Legislation and regulations with respect to sustainability and the environment have seen a lot of development at a European level. However, in their implementation, national governments sometimes set the bar higher than the EU requires. An example of this is Germany already implementing the beak trimming ban, with the consent of the German poultry sector, whilst this ban only enters into force in 2018 at a European level. Another example is medicated feed for pigs. Although medicated feed has already not been given to pigs for several years in Germany and the Netherlands, and the rules have become stricter in Belgium, swine farmers in the United Kingdom are now being asked to register their antibiotic use. This currently occurs on a voluntary basis, but will probably become obligatory in 2017.

There are also European rules, as regards the maximum Vitamin-A, zinc and copper content in animal feed, which still need to be approved. The European Food Safety Authority (EFSA) proposes to reduce the maximum copper-content allowed in feed, which is set to considerably reduce the copper emissions from manure. This could contribute to a reduction in antimicrobial resistance. The European Commission is also currently reflecting on regulating the use of animal proteins in animal feed. It is possible that the use of pork protein in poultry feed and of chicken protein in swine feed becomes more possible over time. 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 phosphate rights as of 2018. The Dutch dairy chain (dairy industry, feed companies, LTO, consultancy organisations and the government) decided to a joint approach to realise phosphate reduction. The set of measures, as of 1 March 2017, is aimed at three pillars: subsidy for livestock farmers that stop (the 'stop settlement'), a levy for keeping too many animals and reducing the phosphor levels in compound feed. ForFarmers understands and supports these measures as they are necessary to retain the derogation in 2017 and with respect to 2018-2021. ForFarmers expects that this will lead to some reduction in sales volumes in the dairy sector in the Netherlands in the coming time.

Rules and regulations with respect to settlement policies for the agricultural sector in Germany and the Netherlands have been adjusted and aggravated on the back of petitions from citizens. Consequently, in some areas it has become nearly impossible to build stables on new locations or to expand existing locations.

More responsibility for the agricultural sector

Overall the onus for successful business is placed onto the agricultural sector. In some areas in Germany, for instance, the feed industry is required to pay for the supervision of its own sector. There is a lot of opposition by the sector against this. 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 and the United Kingdom, where the processing industry is more fragmented, the initiative lies more with farmers' associations, as a result of which there is less chain management. Both retail organisations and the processing industry are of overriding importance in the value chain in Germany.

In June 2016, the Dutch Association of Pig Farmers (POV) published the Action Plan to Revitalise Pig Farming. By way of closer cooperation between chain partners in the area of innovation, cost-price reduction and manure processing, they want to create a shift from a supply-driven market to a demand-driven market, achieve a stronger export position, improve the image of the industry, and generate higher profits for pig farmers.

Retail

The influence of retail in the food-production chain continues to be very high. In the United Kingdom, retailers always had the strongest position, but in Belgium too we see a more concentrated playing field thanks to retail mergers. Dutch supermarkets, for instance, now only sell poultry meat from slow-growing chickens, with fewer animals per square metre. In the Belgian and German markets, growth can also be expected in the number of welfare concepts in the broiler sector, albeit slower than in the Netherlands. There are many different initiatives in the swine sector, often regional initiatives that stand out for sustainability and animal welfare.

Producing meat for welfare concepts, which are sometimes driven by the retail sector, creates opportunities for farmers but also imposes different requirements that often bring about higher production costs. Increasingly, specific concepts are preferred over mass propositions. ForFarmers advises and guides livestock farmers during the transition and supplies appropriate feed products in order that they can comply with the requirements in a profitable manner. Thanks to its nutritional knowledge and broad experience, ForFarmers is able to support farmers during the development of new, sustainable concepts. ForFarmers has designated special key account managers in the swine and poultry sector as sole points of contact for businesses that operate within a concept. These account managers know what impact working within a concept has on business decisions and methods on farm level and they support the farmer in finding the correct balance between added value and cost control.

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 biological (organic) food and local products. In addition, there is increasing interest in non-genetically modified food, especially in Germany. This broad range of shifting and changing needs and requirements culminates in an ever-increasing flux in the demand for foodstuffs. ForFarmers responds to this with concepts and advice.

Now that Europe appears to have come out of the financial crisis, and consumers' faith in the economy appears to be restored, out of home consumption is on the rise, there is again more interest in high quality food, and new products are appearing especially on the dairy shelves. After the temporary downturn during the crisis, the consumption of animal protein in the form of meat, chicken and dairy products has been restored in the EU. Over the longer term, consumption of animal proteins overall remains stable. A growing preference can, however, be seen among consumers for poultry, coupled with a falling demand for pork. There is also a growing number of people who eat less meat.

Feed industry

Highly fragmented

- Consolidation at moderate pace, based on call for scale and efficiency
- Farmers increasingly demand added value products and solutions
- Increasing cooperation with suppliers and processors

Processing industry

Fragmentation level varies by country

- Ongoing pressure on margins, call for scale and highly efficient operations
- Increasingly engaged in sustainability concepts

Retail

- Consolidation / increase of scale; thus more buying power
- Influencing consumer and industry re sustainability and health
- Strong influence of NGO's
- Strong position of discounters

Consumers

- More attention for sustainability, animal welfare and health; but price still remains important for actual buying behaviour
- Increasing interest in provenance of food
- Concern about use of anti-microbial medicine in livestock production

FINANCIAL AND OPERATIONAL REVIEW 2016

Consolidated key figures

In millions of euro (unless indicated otherwise)	2016	2015		Total change in %	Currency	Acquisition	Like-for-like (7)
Total Feed volume (x 1.000 ton)	9,259	9,035	(1)	2.5%		1.1%	1.4%
Compound feed	6,359	6,364		-0.1%		1.2%	-1.3%
Revenue	2,109.0	2,244.5		-6.0%	-3.9%	1.5%	-3.6%
Gross profit	407.4	424.2		-4.0%	-4.5%	0.7%	-0.2%
Operating expenses	-343.5	-363.5		-5.5%	-4.7%	0.3%	-1.1%
EBITDA[2]	93.9	90.1		4.2%	-3.7%	2.7%	5.2%
Underlying EBITDA[3]	**93.6**	**90.4**		**3.5%**	**-3.7%**	**2.7%**	**4.5%**
Operating profit	67.8	64.1		5.8%	-3.1%	3.0%	5.9%
Profit attributable to owners of the Company	53.3	50.7		5.1%			
Profit for the period	53.8	51.3		4.9%			
Net cash from operating activities	81.4	61.9		31.5%			
Underlying EBITDA / Gross profit	23.0%	21.3%					
Basic earnings per share (x €1)	0.502	0.479		4.8%			

	31 December 2016	31 December 2015	
Equity	429.0	407.2	
Solvability[4]	55.3%	52.1%	
ROACE[5]	21.6%	19.2%	(6)

(1) Adjusted downwards by 58k tonnes, because volume of warehousing activities were included.
(2) EBITDA is operating profit before depreciation and amortization
(3) Underlying means excluding incidental items
(4) Solvency ratio is equity divided by total assets
(5) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements
(6) The 2015 ROACE has been adjusted according to the definition as presented in Note 27 of the financial statements.
(7) Like for like is the change excluding acquisition and divestments and currency impact.
General remark: percentages are presented based on the rounded amounts in million euro

Review 2016

The ForFarmers results 2016 were impacted by the following:

- challenging market situation for farmers particularly in the United Kingdom;
- growth volume Total Feed, compound feed flat;
- continued contribution from the One ForFarmers cost efficiency programme;
- restructuring of the organisation in the United Kingdom leads to efficiency improvement;
- solid EBITDA growth on the continent;
- translation effect of the Pound sterling, specifically in the second half of 2016;
- acquisition of Vleuten-Steijn in the Netherlands as per 1 October 2016;
- improvement of working capital.

In the following analysis, the 2016 full year consolidated results are explained first, followed by a more detailed analysis by individual cluster. The table below presents an overview of the y-o-y movements (both in absolute amounts and percentages) in the first half, second half and full year 2016 results. The most important developments in the second half of 2016 are explained.

Movements core parameters 2016 vs. 2015

In millions of euro (unless indicated otherwise)		Total		Currency		Acquisition		Like for like[1]	
Total Feed volume (x 1.000 ton)	HY1	128.2	2.9%			71.4	1.6%	56.8	1.3%
(x 1.000 ton)	HY2	95.0	2.1%			29.7	0.6%	65.3	1.5%
	FY	223.2	2.5%			101.1	1.1%	122.1	1.4%
Compound feed	HY1	-27.7	-0.9%			-	0.0%	-27.7	-0.9%
(x 1.000 ton)	HY2	23.2	0.7%			76.2	2.4%	-53.0	-1.7%
	FY	-4.5	-0.1%			76.2	1.2%	-80.7	-1.3%
Gross profit	HY1	-4.0	-1.9%	-4.5	-2.1%	2.6	1.2%	-2.1	-1.0%
	HY2	-12.8	-6.0%	-14.6	-6.8%	0.5	0.2%	1.3	0.6%
	FY	-16.8	-4.0%	-19.1	-4.5%	3.1	0.7%	-0.8	-0.2%
Operating expenses	HY1	5.1	-2.8%	4.1	-2.3%	-1.6	0.9%	2.6	-1.4%
	HY2	14.9	-8.2%	13.1	-7.2%	0.4	-0.2%	1.4	-0.8%
	FY	20.0	-5.5%	17.2	-4.7%	-1.2	0.3%	4.0	-1.1%
Underlying EBITDA	HY1	3.5	8.2%	-0.7	-1.6%	1.4	3.3%	2.8	6.5%
	HY2	-0.3	-0.6%	-2.6	-5.5%	1.0	2.1%	1.3	2.8%
	FY	3.2	3.5%	-3.3	-3.7%	2.4	2.7%	4.1	4.5%

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

Total **volume of Total Feed** increased in 2016 by 2.5% to 9.3 million tonnes, a combination of 1.1% increase resulting from the net effect of acquisitions and divestments and 1.4% like-for-like growth. The clusters the Netherlands and Germany/Belgium recorded growth rates in reported Total Feed volume of 5.9% and 4.4% respectively. The cluster United Kingdom reported a volume decrease of 3.3%, which is mainly due to the ruminant sector as a result of low milk prices. The reduction in the pig sow herd in the United Kingdom, which took place in the first half year, resulted in a decline in volumes, particularly in the second half of the year.

Compared to 2015, the total volume of compound feed remained stable, albeit that this is the balance of a positive acquisition effect and a like-for-like decrease due to, among other things, a shift to other products in the Total Feed portfolio. In addition, the developments per species differed. An increase was reported in the ruminant sector. This is the result of the volume growth in the Netherlands and Germany/Belgium which more than offset the decline in the United Kingdom. The increase in compound feed volume in the swine sector in the Netherlands is fully attributable to the acquisition of Vleuten-Steijn. The volume growth in the Netherlands was lower than the volume decrease in the swine sector in the other clusters. All clusters reported growth in compound feed volume in the poultry sector. This reflects the combination of significant growth of volume sold to layer farmers and a decline of volume sold to broiler farmers. There were less broilers due to the increase of welfare concepts (a.o. fewer animals on m^2).

Total **revenue** decreased by €135.5 million to €2,109.0 million in 2016, a decrease of 6.0%. The translation impact of the devaluation of the Pound sterling accounts for -3.9% in the decrease (negative impact of €88.2 million). The net effect of acquisitions and divestments was a contribution of €34.4 million (1.5%). Like-for-like revenue decreased by 3.6% (€81.7 million) as a result of on average lower raw material prices than in 2015, and a change in the product mix (compound feed versus co-products). Changes in raw material prices are passed on to customers. The change in product mix can largely be explained by the fact that more co-products were sold. This is partly due to slightly more home-mixing as farms tend to become larger and as specifically in the United Kingdom customers buy more lower-value feed products due to lower prices for their products.

Gross profit decreased in 2016 by €16.8 million (-4.0%) of which €19.1 million (-4.5%) is explained by the devaluation of the Pound sterling. Excluding the currency impact, the gross profit development was near stable. Total gross profit showed a larger (y-o-y) decline in the second half of 2016 than in the first half year, predominantly as the currency impact (-€14.6 million) was almost three times larger than in the first half of the year (-€4.5 million). Like-for-like, the gross profit showed a slight increase in the second half of 2016.

In the clusters the Netherlands and Germany/Belgium, gross profit increased (y-o-y) by 6.0% and 5.8% respectively. This is mainly due to higher volumes, better formulation results (optimal use of ingredients in feed) and the positive contribution of strategic partnerships. Gross profit in the United Kingdom, excluding the currency impact, decreased by 8.9%, which is more than the decrease in volume. This is predominantly due the fact that customers chose to buy more lower-value feed products.

Total **operating expenses** decreased in 2016 by €20.0 million (-5.5%) to €343.5 million, due to currency effect of -€17.2 million (-4.7%) and a net impact of acquisitions and divestments of +€1.2 million (+0.3%). Like-for-like, operating expenses therefore decreased by €4.0 million (-1.1%), including one-off costs of €1.5 million with respect to the listing on the Euronext Amsterdam stock exchange on 24 May 2016. Net incidental expenses amounting to €1.9 million are also included with respect to the reorganisation in the United Kingdom, of which €1.6 million was taken in the first half of 2016. In 2015, net incidental expenses amounted to €1.7 million (impairments and pension costs). The reduction in operating expenses was predominantly due to the reduction in FTEs and the lower volumes in the United Kingdom. There were higher pension costs in the Netherlands and more volume related production costs on the Continent. The energy costs were lower in 2016 than in 2015 due to decreasing prices. This was applicable to all three clusters. The continued focus on One ForFarmers initiatives also contributed to cost efficiencies. As an example, especially due to better management of accounts receivable in improving market circumstances in the latter part of 2016, the net addition to the provisions for bad debts was significantly lower, by €3.7 million, than in 2015. These improvements took place specifically in the clusters the Netherlands and Germany/Belgium. Depreciations and amortisation in 2016 amounted to €26.0 million, equal to the amount in 2015. This is the result of a currency translation effect (-€1.4 million) combined with a like-for-like increase of €0.9 million and €0.5 million due to acquisitions.

In millions of euro	2016	2015	Δ	Δ%
EBITDA	**93.9**	**90.1**	**3.8**	**4.2%**
Gain on sale of investments and assets held for sale	- 2.2	-1.4	- 0.8	
Restructuring cost / Impairment non-current assets	1.9	1.3	0.6	
IFRS effect on employee benefits in The Netherlands	-	0.4	- 0.4	
Underlying* EBITDA	**93.6**	**90.4**	**3.2**	**3.5%**
FX effect	3.3	-	3.3	
Underlying* EBITDA, at constant currencies	96.9	90.4	6.5	7.2%
Operating profit (EBIT)	67.8	64.1	3.7	5.8%
Underlying* operating profit (EBIT)	67.5	64.4	3.1	4.8%

** 'Underlying' entails excluding incidental items*

In 2016, EBITDA increased by €3.8 million (4.2%), including a negative currency effect of €3.3 million (-3.7%). The 'gain on the sale of investments and assets held for sale' (€2.2 million) relates to the divestments of Leafield (€0.8 million) and the indirect transport business of Wheyfeed (€0.4 million) in the United Kingdom, and the sale of assets (€1.0 million) particularly in Oss in the Netherlands. In addition, restructuring costs amounting to €1.9 million were taken in connection with the restructuring in the United Kingdom. The reorganisation is progressing to plan.

The 2016 **underlying EBITDA** increased by 3.5% to €93.6 million. At constant currencies, the improvement in underlying EBITDA increased by 7.2% (€6.5 million). The One ForFarmers programme, aimed at driving cost efficiencies through leveraging scale and further enhancing the quality of the organisation, contributed to the improvement of the ratio of the underlying EBITDA/Gross profit from 21.3% in 2015 to 23.0% in 2016.

The number of employees on 31 December 2016, presented in full time equivalents (FTEs), was 2,273, 4% lower than on 31 December 2015 (2,370). This is the result of the net effect of natural outflow and the reorganisation in the United Kingdom (-70 FTEs approximately), the net effect of acquisitions and the divestments (-40 FTEs) and strengthening of the commercial team in Germany and the Netherlands.

The **profit for the period** increased by €2.5 million (4.9%), to €53.8 million. The profit was also influenced by:

- the net finance expenses were positively affected by a one-off currency effect of €0.7 million in 2015. This explains the higher reported net financing expenses in 2016.
- the contribution of the joint venture HaBeMa was lower by €0.9 million. In 2015, warehousing activities were relatively very high. In the first six months of 2016 considerably less activities took place to due lower trading volumes as a result of decreasing commodity prices.

The effective tax rate over 2016 was 22.3% compared to 24.2% over the comparative period in 2015. In 2016 a deferred tax asset was formed while in 2015 one-off additions to tax provisions were made.

Capital structure

Group Equity as at 31 December 2016 amounted to €429.0 million, an increase of €21.8 million compared to 31 December 2015. This is largely the combined effect of the addition of the 2016 profit and the distributed dividend of €24.7 million. The Other Comprehensive Income elements also impacted the movement in the Group equity, being the amount of the currency translation differences of the subsidiary in the United Kingdom (€9.5 million) and the net addition to the pension provision in the United Kingdom and Belgium of €0.5 million resulting from the balance of adjustments in actuarial assumptions. The pension addition was due to lower interest rates at the end of 2016 which off-set the positive effect of the decrease of the inflation definition in the United Kingdom. The inflation definition is currently determined by the lower CPI (Consumer Price Index) and no longer the RPI (Retail Price Index). Consequently, the pension liability in the United Kingdom decreased by €17 million. ForFarmers has, however, committed to an additional payment of €11.7 million in 2017 which will be deducted from the provision.

The solvency ratio at the end of 2016 had risen to 55.3% compared to 52.1% as at 31 December 2015. The balance of available cash and cash equivalents minus the bank loans and borrowings amounted to €61.5 million as at year-end 2016, compared to €33.3 million at the end of 2015. As a result, there was a net improvement of €28.2 million in the net cash position. The net working capital decreased by €9.0 million to €120.0 million, mainly due to the decrease in raw material prices, the effect of the devaluation of the Pound sterling and better accounts receivable management. The percentage of overdue receivables arrived at 18.6% in 2016 (2015: 20.5%). In 2016 ForFarmers had a credit facility of €300 million at its disposal (2015: €300 million). Capital investments made in intangible fixed assets and fixed assets amounted in 2016 to €33.7 million and the depreciation and amortisation on both amounted to €26.0 million. The investments related, among other things, to the construction of the new factory in Exeter and the new central office in Bury St. Edmunds in the United Kingdom as well as refurbishments in several factories in the Netherlands, Germany and the United Kingdom.

Results and developments per cluster

2016

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
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	**57,347**		**10,447**	**15,495**	**-15,724**	**67,565**
Depreciation, amortisation and impairment	8,550		4,035	10,712	2,747	26,044
Underlying EBITDA	**65,897**		**14,482**	**26,207**	**-12,977**	**93,609**
Underlying EBITDA / Gross profit	32.7%		20.7%	19.5%		23.0%
ROACE[2]	**45.6%**		**12.5%**	**14.3%**	**-4.1%**	**21.6%**

(1) Mainly relates to the sale of Oss
(2) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements

2015

2015

In thousands of euro	The Netherlands		Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	4,044,389	(3)	1,924,380	3,066,529	-	9,035,298
Segment revenue	**1,001,866**		**529,585**	**771,508**	**-58,489**	**2,244,470**
Gross profit	**190,131**		**66,045**	**166,904**	**1,124**	**424,204**
Other operating income	1,866		563	943	8	3,380
Operating expenses(1)	-141,109		-58,627	-150,455	-13,343	-363,534
Operating profit	**50,888**		**7,981**	**17,392**	**-12,211**	**64,050**
Gain on sale of investments and assets held for sale	-		-	-1,378	-	-1,378
Restructuring cost / Impairment non-current assets	-		-	1,281	-	1,281
IFRS effect on employee benefits in The Netherlands	400		-	-	-	400
Incidental items	**400**		**-**	**-97**	**-**	**303**
Underlying operating profit	**51,288**		**7,981**	**17,295**	**-12,211**	**64,353**
Depreciation, amortisation and impairment	8,167		3,609	11,754	2,508	26,038
Underlying EBITDA	**59,455**		**11,590**	**29,049**	**-9,703**	**90,391**
Underlying EBITDA / Gross profit	31.3%		17.5%	17.4%		21.3%
ROACE(2)	**43.5%**		**9.7%**	**14.4%**	**-4.1%**	**19.2%**

(1) Operating expenses in 2015 have been adjusted for comparison reasons due to refining of the overhead allocation.
(2) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements
(3) Adjusted downwards by 58k tonnes, because volume of warehousing activities were included.

Cluster the Netherlands

In thousands of euro	2016		2015
Total Feed volume (in tons)	4,282,620	(4)	4,044,389
Revenue	**1,019,072**		**1,001,866**
Gross profit	**201,555**		**190,131**
Other operating income	1,557		1,866
Operating expenses(1)	-144,762		-141,109
Operating profit	**58,350**		**50,888**
Gain on sale of investments and assets held for sale	-1,003	(2)	-
Restructuring cost / Impairment non-current assets	-		-
IFRS effect on employee benefits in The Netherlands	-		400
Incidental items	**-1,003**		**400**
Underlying operating profit	**57,347**		**51,288**
Depreciation and amortisation	8,550		8,167
Underlying EBITDA	**65,897**		**59,455**
Underlying EBITDA / Gross profit	32.7%		31.3%
ROACE(3)	**45.6%**		**43.5%**

(1) Operating expenses in 2015 have been adjusted for comparison reasons due to refining of the overhead allocation.
(2) Mainly relates to the sale of Oss
(3) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements
(4) Adjusted downwards by 58k tonnes, because volume of warehousing activities were included.

Total Feed Volume

The volume of Total Feed sold in the cluster the Netherlands increased by 5.9% to 4.3 million tonnes. Growth in compound feed volume was lower than that in Total Feed. This indicates a slight shift to alternative feed solutions.

During 2016 more Total Feed volume was sold in the ruminant sector than in 2015. The increase took place largely in the first half of 2016, as the abolition of the milk quotum took effect per 1 April 2015. The relative improvement in milk prices during the second half of the year 2016, and the higher number of animals and growing milk production are the reason for the increasing demand for Total feed solutions. The volume was also higher in the poultry sector. This was driven by growth in the layer sector which was partly neutralised by a decrease in the volume for broilers as result of increasing interest in welfare concepts (fewer animals per m^2). There is an overall decline in market size in the Netherlands due to a decreasing demand for pig meat. Many swine farmers were in a dire financial situation, particularly in the first half of 2016, many when prices for pig meat were low. Nevertheless, volumes in the swine sector increased marginally on the back of the Vleuten-Steijn acquisition. In the meantime, prices for pig meat are higher than the average for the past number of years.
Volumes of biological (organic) feed (Reudink) showed strong growth of over 20% compared to 2015. This growth was attributable to all species.

Gross profit

A gross profit of €201.6 million was realised in 2016. This is an increase of €11.4 million (+6.0%) compared to 2015, mainly caused by the higher volumes and better margins in the second half of the year due to better formulation (optimal use of ingredients in feed) and the acquisition of Vleuten-Steijn.

Operating expenses

Operating expenses increased by 2.6% in 2016 compared to 2015, and amounted to €144.8 million. This is due to the acquisition effect of Vleuten-Steijn and an increase in volume related production and logistic costs. Production costs per tonne, however, decreased versus 2015. There were also higher pension costs, higher maintenance costs and additional costs with respect to the #bettersafethansorry working method. The economic climate improved for both the swine and the dairy sector, respectively from Q2 and Q3 2016 onwards. This situation, more stringent cash management and additional securities made for lower outstanding overdue amounts as at year end 2016. Accordingly, significantly lower additions to the allowance for bad debts were made in 2016 than in 2015.

Underlying EBITDA

As a result of the volume growth (+5.9%), the improved gross profit (6.0%) and the lower increase in operating expenses (2.6%), the underlying EBITDA increased by 10.8% to €65.9 million. Consequently, the ratio of the underlying EBITDA/gross profit improved from 31.3% in 2015 to 32.7% in 2016.

Cluster Germany / Belgium

In thousands of euro	**2016**	**2015**
Total Feed volume (in tons)	2,009,255	1,924,380
Revenue	**522,285**	**529,585**
Gross profit	**69,901**	**66,045**
Other operating income	1,017	563
Operating expenses	-60,471	-58,627
Operating profit	**10,447**	**7,981**
Gain on sale of investments and assets held for sale	-	-
Restructuring cost / Impairment non-current assets	-	-
Incidental items	**-**	**-**
Underlying operating profit	**10,447**	**7,981**
Depreciation and amortisation	4,035	3,609
Underlying EBITDA	**14,482**	**11,590**
Underlying EBITDA / Gross profit	20.7%	17.5%
ROACE[1]	**12.5%**	**9.7%**

(1) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements

Total Feed volume

The Germany/Belgium cluster reported a 4.4% increase in Total Feed volume to 2.0 million tons and a more limited growth in compound feed. Similar to the situation in the Netherlands, this indicaties a slight shift to alternative feed solutions. In the ruminant sector an increase in volume Total Feed was recorded in 2016, particularly driven by growth in compound feed sales in the first half of the year. More volume was also sold in the poultry sector, specifically for layers due to new customers. This growth was partially off-set by a decrease in volume in the broilers segment which was particularly weak in the first half of the year. In the swine sector volumes declined in the first half year 2016 as a result of a reduction in the herd following low swine prices. In the second half year sales volumes increased following better swine prices and new customers.

Gross profit

Gross profit increased by €3.9 million to €69.9 million (+5.8%). This can be attributed to a higher formulation effect in the first half of 2016 and the stronger increase in compound feed volume in the second half of the year.

Operating expenses

Total operating expenses increased by €1.8 million to €60.5 million (3.1%). A larger sales force and volume related production and logistics costs are the reason for this. Production costs per tonne, however, decreased versus 2015 due to the One ForFarmers way of working. The 2016 additions to bad debt reserves were lower than in 2015, but were off-set by a higher allocation of central overhead costs (€1.7 million). Depreciation expenses increased slightly by €0.4 million.

Underlying EBITDA

The growth in volume and higher gross profit, next to fractionally more operating expenses, resulted in an improved underlying EBITDA (y-o-y) by 25.0% to €14.5 million. The ratio of the underlying EBITDA/gross profit improved from 17.5% in 2015 to 20.7% in 2016.

Cluster the United Kingdom

In thousands of euro	2016	2015
Total Feed volume (in tons)	2,966,672	3,066,529
Revenue	**630,704**	**771,508**
Gross profit	**134,654**	**166,904**
Other operating income	1,271	943
Operating expenses	-121,165	-150,455
Operating profit	**14,760**	**17,392**
Gain on sale of investments and assets held for sale	-1,152	-1,378
Restructuring cost / Impairment non-current assets	1,887	1,281
Incidental items	**735**	**-97**
Underlying operating profit	**15,495**	**17,295**
Depreciation and amortisation	10,712	11,754
Underlying EBITDA	**26,207**	**29,049**
Underlying EBITDA / Gross profit	19.5%	17.4%
ROACE(1)	**14.3%**	**14.4%**

(1) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements

Total Feed Volume

Total Feed volume in the United Kingdom cluster decreased by 3.3% to a total volume of 3.0 million tonnes, particularly due to a larger decline in volume of compound feed. The decrease was larger in the second than in the first half of 2016, mainly due to lower demand for feed in the ruminant sector. ForFarmers also decided not to extend a number of poorly yielding contracts. Moreover, the volume was impacted by a reduction in the pig sow herd. This reduction was instigated by farmers in the first half of 2016 and led to a further decline in sales volume in the second half of the year. In the poultry sector a like-for like growth was realised as new customers were acquired leading to additional volume particularly in the second half of 2016.

Gross profit

Gross profit decreased by €32.2 million (-19.3%), of which €19.1 million is attributable to currency translation. The devaluation of the Pound sterling had a negative (y-o-y) impact on the second half year which was three times larger (-€14.6 million) than in the first half of 2016. The net effect of acquisitions and divestments amounted to €1.1 million; a combination of €2.6 million in the first half of 2016 relating to the acquisition of Countrywide and -€1.5 million in the second half of 2016 with respect to the divestments of Leafield and the indirect transport business of Wheyfeed. Gross profit decreased like-for-like by €14.2 million in 2016 (y-o-y). This was due to the decrease in volume and the choice of farmers to buy lower-value feed. This started in the first half of the year 2016 and carried on during the year as farmers continued to face pressure on their liquidity situation.

Operating expenses

Total operating expenses decreased by €29.3 million (-19.5%), including a positive currency effect of €17.2 million. The net effect of acquisitions and divestments was nearly nil, as the acquisition effect in the first 4 months of 2016 was balanced out by the divestment effect of the same amount in the second half of the year. Like-for-like, therefore, operating expenses decreased by €13.6 million (-9.0%), despite restructuring costs of €1.9 million. The objective of this restructuring, as announced in the first half year (€1.6 million charge), is to streamline the organisation. The reduction in volume related costs, a reduction in number of FTEs and implementation of a number of cost saving initiatives (One ForFarmers), resulted in lower like-for-like operating expenses than in 2016.

Underlying EBITDA

The underlying EBITDA decreased by 9.8% to arrive at €26.2 million. At constant currency, the underlying EBITDA improved by 1.7% to €29.5 million. The net impact of acquisitions and divestments amounted to €1.2 million, split over the first and second half year 2016 in €1.4 million and -€0.2 million respectively. Like-for-like, underlying EBITDA decreased by 3% in the full year, as cost savings particularly in the second half of the year resulted in a significant mitigation of the first half year decrease. The ratio of the underlying EBITDA/gross profit improved from 17.4 % in 2015 to 19.5% in 2016.

Central and support expenses

In thousands of euro	2016	2015
Gross profit	**1,262**	**1,124**
Other operating income	104	8
Operating expenses[1]	-17,090	-13,343
Operating profit	**-15,724**	**-12,211**
Gain on sale of investments and assets held for sale	-	-
Restructuring cost / Impairment non-current assets	-	-
Incidental items	**-**	**-**
Underlying operating profit	**-15,724**	**-12,211**
Depreciation and amortisation	2,747	2,508
Underlying EBITDA	**-12,977**	**-9,703**
ROACE[2]	**-4.1%**	**-4.1%**

(1) Operating expenses in 2015 have been adjusted for comparison reasons due to refining of the overhead allocation.
(2) ROACE means EBITDA divided by the average capital employed; see Note 27 of the financial statements

After allocation of overhead expenses to the operational clusters, the central and support expenses increased (€3.5 million) as a result of the full year impact of enhancing the organisation. This included, among other things, further enhancement of the IT department to support the growth of the business. In 2016, additional costs were made for the project to reduce and optimise indirect procurement costs. Moreover, one-off expenses of €1.5 million which were made relating to the listing on Euronext Amsterdam were included in the central and support expenses. In 2015 a one-off benefit (€2.0 million) was realised as the result of a reassessment of the provisions. The overhead expenses are partly allocated to the clusters. In 2016 the method was refined. For comparison reasons, the 2015 allocations have been adjusted accordingly.

Dividend proposal

The dividend policy of ForFarmers is distributing a dividend between 40% and 50% of the normalised profit after taxes, which is the result after tax attributable to the shareholders of the Company, excluding the gain on sale of investments and assets held for sale. The normalised profit amounted to €51.4 million, which is the consolidated profit attributable to the owners of the Company of €53.3 million minus the gain on sale of investments and assets held for sale. A dividend distribution is proposed of €0.24218 per ordinary share (pay-out ratio of 50% of the qualifying normalised result). On 26 April 2017 the annual accounts will be submitted to the Annual General Meeting for adoption. The dividend is payable on 9 May 2017.

2017 Outlook

Geopolitical developments are expected to influence the markets in which ForFarmers is active in 2017. The volatility in raw material prices and on the currency markets is also expected to continue. In particular, changes in the valuation of the Pound sterling affect the consolidated results of ForFarmers. However, the dairy market is improving somewhat, the swine sector seems to be benefitting from the better prices and the poultry market appears to remain stable in 2017. ForFarmers expects that this will translate in a growing demand for sustainable Total Feed solutions.

The long-term prospects for the agricultural sector in Northwest Europe remain good. With a growing world population and increasing prosperity, demand for animal protein grows. At the same time, in the more prosperous countries, more attention is focused on the environment and the wellbeing of humans and animals in the manufacture of these products. Sustainability is therefore an integral and natural element of the business operations of ForFarmers. Farmers are confronted by increasing rules and regulations and consequently costs.

In general, it is expected that the ruminant sector will show a slight growth. In the Netherlands, however, it is expected that the phosphate regulation will put some pressure on the dairy sector. The Dutch government decided to introduce phosphate rights as of 2018. In order to reduce phosphate levels in 2017, the Dutch dairy chain (dairy industry, feed companies, LTO, consultancy organisations and the government) decided to a joint approach as of March 2017 to realise phosphate reduction. ForFarmers understands and supports these measures. It is expected that this will result in, among other things, a limited reduction in herd size over the course of the year.

Consumers, particularly in Western Europe, tend to eat slightly less pig meat. This influences the swine sector. An improvement is expected due to the increased export of pig meat to particularly China. In the United Kingdom, ForFarmers expects that in the medium term the pig herd size will grow as a reaction to the devaluation of the Pound sterling, leading to more expensive import, and the 'Buy British' campaigns.

ForFarmers continues to enforce operational improvements and further implementation of Horizon 2020. In line herewith and in order to optimise its organisation and processes, ForFarmers invests in making the factories more efficient and in IT solutions. Moreover, ForFarmers expects to see a downward trend in the number of FTEs (excluding any potential impact of possible acquisitions) following the ongoing rationalisation of the supply chain in the United Kingdom. The aim is to achieve an optimal specialisation, spread of locations and size of factories and logistics, in line with the One ForFarmers approach and initiatives. The relating plans are currently being developed and will subsequently be discussed with the organisation. This should lead to cost savings of at least £5 million by 2020, compared to the current cost level. As a consequence of these plans, and due to additional One ForFarmers initiatives, ForFarmers expects to invest approximately €40 million to €45 million (previously €35 million) both in 2017 and in 2018. The investments for operational efficiency projects should lead to a further improvement of the underlying EBITDA/gross profit ratio. At the same time, the strict focus on accounts receivables will be continued, as well as further improving working capital management. In addition, ForFarmers will continue to focus on identifying appropriate acquisition candidates in the existing four countries as well as in new countries in Europe and adjoining regions (Europe Plus), whilst retaining the Company's stringent take-over criteria. ForFarmers generates a substantial cash flow and has additional financial headroom by means of an existing credit facility. ForFarmers wishes to be flexible to make relevant acquisitions in the coming years but also aims to make its balance sheet more efficient. Accordingly, ForFarmers proposes to make part of its cash position available to shareholders by means of a share buy-back programme. The proposal is to initiate a limited share buy-back programme ending ultimately October 2018, as part of the annual requested buy-back mandate, of an amount ranging between €40 million and €60 million.

As of the date of this report no major changes are expected in the financing position. ForFarmers reiterates its guidance for the medium term of an on average annual increase of the underlying EBITDA in the mid single digits at constant currencies, barring other unforeseen circumstances.

Subsequent events

There are no material subsequent events after balance sheet date.

HUMAN RESOURCES

The successful implementation of the Horizon 2020 strategy is, to a high degree, determined by the commitment and performance of employees. In 2016, important steps were made in the further development of strong teams and talent.

The Human Resources department has converted the Horizon 2020 strategy into a HR strategy consisting of three strategic pillars. The first pillar concerns building a future-proof HR platform. This entails that ForFarmers secures solid operational support for its staff management by means of an appropriate IT system. The second pillar concerns creating strong teams that can execute the strategy. This involves attracting talent, developing and retaining staff and stimulating career progression. The third pillar concerns the creation of a 'One ForFarmers' culture. Central to this are ForFarmers' core values of ambition, sustainability and partnership. These function as a compass for its staff and help determine the corporate culture. For each core value, supporting values and expectations as regards desired conduct are provided. During annual staff evaluations these are used as guidelines and to set goals. To monitor how this change takes shape within the Company, work has started in 2016 on systematically acknowledging and monitoring employee commitment.

Future proof platform

In 2016, in-depth research was carried out on which Human Resources Business System is most suitable for the company, and which also offers the best support for all initiatives in the area of talent management, career and strategic staff planning. In the meantime, a system has been chosen which will be implemented in 2017.

Strong teams and the development of talent

The Total Feed Support project has started in the Netherlands. As part of this project, the customer service and supporting departments of ForFarmers Nederland and ForFarmers DML, and the commercial teams of DML have been combined. The objective of this is to provide customers one point of contact, which then gives them access to the different departments of ForFarmers. Combining the teams requires a lot of time and attention to optimally support the employees. This change offers more development and career opportunities for employees, because broader roles have come about which are more proactive and involve more client contact.

An extensive transformation process has been begun in the United Kingdom. This process entails working simultaneously on four major themes. Firstly, the route to market is simplified and improved. Secondly, the commercial teams are optimised, in line with customer segmentation. The third theme entails optimising the supply chain. Combining various supporting departments in one location is part of the streamlining of the organisation and forms the fourth major theme. Sadly, some employees will lose their jobs as a result hereof. On the other hand, the new organisation in the United Kingdom offers its employees opportunities for further development.

ForFarmers devotes particular attention to internal training for all staff. In the table below, the various management and professional training sessions are presented which have taken place in 2016. The third group of senior managers started the Masterclass Senior Management in 2016. Once this group has finished this programme, pretty much all senior managers of ForFarmers will have completed the programme. The last training will take place in 2017.

Programme	Objective of the programme	International programme	NL	UK	GE	BE
Masterclass Senior Management	Development of personal leadership, implementing the strategy, deliver the mission 'For the Future of Farming' and coaching of colleagues	85% trained				
Potential programme	Translating the strategy to practice, deliver the mission 'For the Future of Farming' and preparation for a position in Senior Management	36 potentials trained				
Management Foundation Programme	Development of leadership skills, implementing the strategy, deliver the mission 'For the Future of Farming' and coaching of colleagues		36 managers trained	24 managers trained	36 managers trained	24 managers trained
Logistics Academy	Develop know-how on rules and regulations, working safe and efficiently, reduce fuel usage and improving customer relations		All drivers trained			
Sales Academy	Convey know-how and advice effectively to customers		Concluded by 90% of all advisors	First group started	Concluded by 90% of all advisors	
Ruminants Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		All advisors started		Planned for 2017	
Swine Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		All advisors started			
Poultry Academy	Enhance professional know-how, share developments at NIC and strategic partners and sharpen commercial skills		Planned for 2017			

This does not imply that training stops for ForFarmers' Senior Managers. A number of modules from the Management Programmes will be covered again as a refresher. For example, a session was held on giving and receiving feedback during the Management Conference in December 2016.

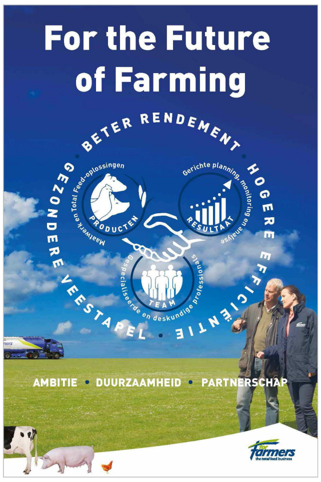
ForFarmers has a wide range of knowledge, experience and expertise at its disposal as a result of doing business internationally. The Company wants to share this know-how and ultimately put this to use for its customers. This is what the Academies are about. The Academies are modular training programmes for ruminant, swine and poultry specialists aimed at enhancing professional knowledge, sharing innovations from the NIC and strategic partnerships, and sharpening commercial skills. The objective of these training programmes is to continuously develop the commercial advisors in the field of know-how and skills to support and advise customers. Through these internal management and professional training programmes, ForFarmers gives substance to professional employment practices and talent development. By means of the management programmes, the Academies, the many forms of career path support, and the opportunities to follow other – external - training courses for further development, as well as by discussing the career opportunities as a set topic during the annual assessments, ForFarmers stimulates both vertical and horizontal career progression for staff. Accordingly, in 2016, a considerable number of employees were promoted internally. ForFarmers was in a position in 2016 to attract new talent from outside the company to all layers of the organisation.

The number of new employees joining ForFarmers in 2016 amounted to 263. Last year, 371 employees also left ForFarmers for a range of reasons, such as for example reorganisation, or due to poor performance.

One ForFarmers culture

Staff meetings

ForFarmers regularly organises meetings where groups of employees are informed on strategic progress. This is an effective way of increasing engagement, helping to realise the One ForFarmers approach, rolling out the Horizon 2020 strategy and sharing the mission of ForFarmers. In May and December, two-day management conferences were held for the senior management team. Regular staff meetings, which are highly interactive, are held in the countries. Staff is invited to give their opinion, ideas and suggestions. In 2016, there were 12 staff meetings in the Netherlands, 10 in Germany, 5 in Belgium and 15 in the United Kingdom, attended by between 30 and 100 employees and where discussions were conducted with all layers of the hierarchy on the realisation of the strategy and the mission of ForFarmers or other current themes. Other examples of meetings where information is exchanged are the New Year meetings and the ruminant days. In 2016 preparations began for the Management Conference XL in 2017, during which around 230 participants will be present to discuss the current status of Horizon 2020 and the next steps to be taken.



Employee engagement

In 2016, ForFarmers conducted its first employee engagement survey. The questions pertained, inter alia, to strategy, leadership, career, remuneration and safety. 88% of ForFarmers staff filled in the survey. These results show that 77% of ForFarmers'employees feel engaged or very engaged. Employees are especially positive about the teamwork within 'One ForFarmers'. They also feel safe in their workplace. Around 70% of staff would recommend ForFarmers to friends or family as an employer. The survey furthermore makes it clear that there is still room for improvement in the area of giving and receiving feedback. Some employees also find their workload high and further efforts could be made as regards understanding the individual contribution that people can make to the Horizon 2020 strategy.

Based on the results of the survey, a plan for improvement has been drawn up for each country. Line managers and staff alike are involved in this. For matters relevant to all countries, a Company-wide approach has been adopted. As a result, an extended module has been included in the management training programmes on giving and receiving feedback, and more attention has been devoted to the translation of the Horizon 2020 strategy into detailed plans per role and per country.

Employee participation plan

In 2015 ForFarmers introduced an employee participation plan for employees with a permanent contract. This plan continued in 2016. Employees could purchase ForFarmers depositary receipts (at a discount of 13.5%) up to a maximum amount of €5,000 per person. These depositary receipts are in lock-up for a period of three years. In the Netherlands, the employees receive a discount directly on the depositary receipts and in the other countries, the discount is applied in the form of free depositary receipts. In 2016, over 15% of employees participated in the plan, a little less than the 20% who had done so in 2015. The participants in the 2016 plan spent an average of €600 more per employee on shares than in 2015. In total, 22% of employees now have shares in ForFarmers. The aim of the participation plan is to foster commitment to the Company as well as motivation and dedication. The aim is to offer this scheme on an annual basis. Every year, the General Meeting is asked for permission to purchase shares for this purpose after the Supervisory Board has approved the proposals linked hereto.

Health and safety

ForFarmers wishes 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, under way and on customer locations. ForFarmers' approach with regard to health and safety is outlined in the chapter on Sustainability and Innovation.

Personnel representation

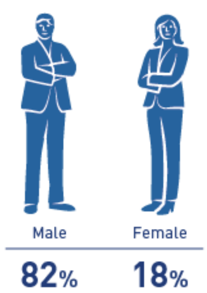
In the various countries, ForFarmers has good employee representation. These are involved in organisational development and have a critical, constructive role to review situations from the perspective of the employee.

Since October 2015, ForFarmers has had a Europe-wide employee representative. This ForFarmers European Employees Council (FFEEC) consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom. The FFEEC discusses subject matters that relate to multiple countries. In 2016, it had two meetings with the Executive Committee. During these meetings, important subjects were discussed in which the FFEEC can offer a substantial contribution to the Company's improvement. In 2016, discussions were held on the employee engagement survey and how to optimise employee engagement.

Priorities for the coming years

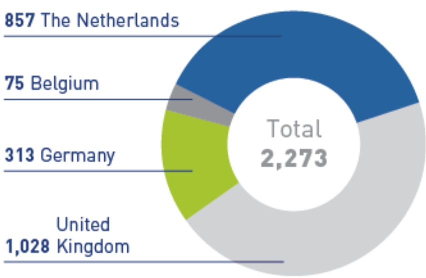
The priorities in the area of HR for the coming years are, inter alia, further roll-out of the various Academies (Sales, Ruminant, Swine, Poultry, Logistics and Operations) and the implementation of the Management Foundation Programme in all countries. In addition, talent management - attracting and retaining talent - in particular and staff recruitment in general are an important priority. In order to attract the best people, contacts with Universities, Colleges and Student Associations will be broadened and strengthened in 2017, and a trainee programme will be introduced. ForFarmers recognises that the organisation has a proportional ageing staff. Therefore, young, new employees are actively sought to participate in the new trainee programmes. In 2017, further analysis will be done on how to counteract the proportional ageing of staff without losing know-how and expertise, and plans will be made accordingly. 2017 will be the year of the implementation of the HR business system and the monitoring and follow-up of the aforementioned points from the employee engagement survey.

Male/Female



Age structure

FTE per country



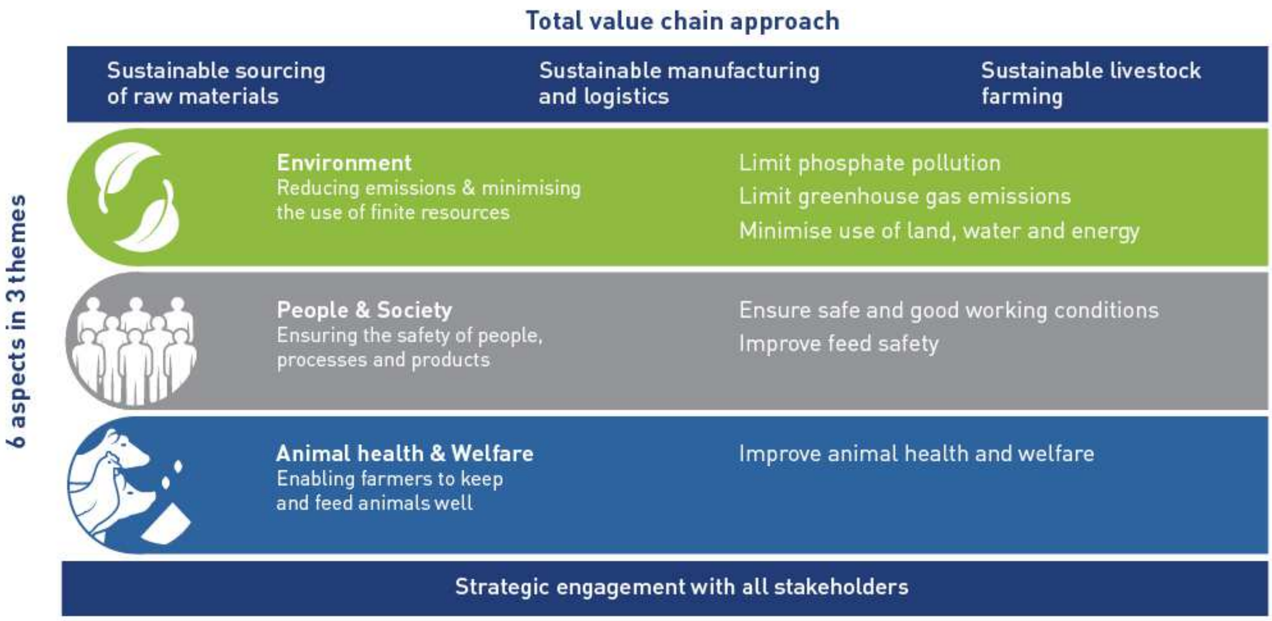
SUSTAINABILITY AND INNOVATION

The increasing demand for meat, eggs and dairy products will need to be met in a sustainable way. The animal feed industry has a vital role to play in this by continuously improving the efficiency of livestock production whilst also nurturing animal health and welfare. Accordingly, sustainability is an integral part of ForFarmers' business operations and a key element in its Horizon 2020 strategy.

Sustainability is one of ForFarmers' 3 core values, which also include ambition and partnership. The Company is reporting according to GRI G4 (Core) Guidelines[1]. ForFarmers takes a total supply chain approach; from formulation and sourcing of raw materials, its own operations (manufacturing & logistics) through to livestock farming. Throughout this supply chain, ForFarmers focuses on 3 themes to improve its sustainability performance:

- Environment
- People & Society
- Animal health & Welfare

ForFarmers aims to be best in class in those areas where it has direct control and will proactively engage with partners in the supply chain in those areas where a wider coalition is needed to create impact on sustainability issues. For this approach, ForFarmers has identified six material aspects and five KPIs (Key Performance Indicators) which are referred to and explained in this Annual Report. The Company will report on its progress with respect to the KPIs. ForFarmers has adopted transparent (internal) reporting practices to benchmark its progress and performance. In addition, ForFarmers participated in the Transparency benchmark in the Netherlands again in 2016.



The connection between the six material aspects and the relating KPIs are shown below:

Theme	Material Aspect	KPI
Environment	Limit phosphate pollution	1) % phosphate efficiency on farm in NL (dairy and swine farmers)
	Limit greenhouse gas emissions	2) GHG emissions in metric tons of CO_2 equivalent
	Minimise the use of land, water and energy	3) % sustainable soy bean meal and palm oil
People & Society	Ensure safe and good working conditions	4) Number of Lost Time Incidents
	Improve feed safety	5) Total number of feed incidents of non-compliance with regulations and voluntary codes
Animal health & Welfare	Improve animal health and welfare	Improve animal health and welfare is deemed an integral part of Total Feed solutions for which no KPI is specifically set

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. Improvements in sustainability and animal welfare are therefore important.

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. Examples include 'Feed4Foodure' in the Netherlands and CIEL (Centre for Innovation Excellence in Livestock) in the United Kingdom. ForFarmers continually improves the performance of its products through increased feed efficiency. However, societal concerns such as animal health and welfare, the reduction in the use of medicines, the environmental impact of livestock production (e.g. in terms of nitrogen and phosphate efficiency) and the utilisation 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.

Governance

ForFarmers has a two tier governance approach to sustainability; 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. In addition, a Sustainability Task Force, composing two members of the Executive Committee and eight senior managers, is responsible for the implementation of ForFarmers' sustainability approach. The task force is responsible for providing information and coordinating improvement measures with respect to KPIs. The task force meets regularly throughout the year and reviews and provides updates on performance in terms of sustainability to the Executive Committee and the Supervisory Board.
In 2016, a start has been made in mapping and optimising the sustainability reporting processes, under management of the task force and with the help of external specialists.

Membership of External Charters and Industry Associations

ForFarmers is a member of RSPO (Roundtable on Sustainable Palm Oil) and RTRS (Round Table Responsible Soy). Furthermore, ForFarmers is active in a number of feed industry initiatives on environmental foot printing such as the EU Product Environmental Foot-printing pilot study (PEF) on Feed for Food Producing Animals and the Global Feed Lifecycle Analysis Institute (GFLI).
ForFarmers is a Member of Sedex (Supplier Ethical Data Exchange), a not-for-profit organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. In addition, ForFarmers actively participates in FEFAC (European Feed Manufacturers Association based in Brussels and representing the European feed industry) and is represented directly within FEFAC by the ForFarmers CEO who sits on the Steering Group. Moreover, a ForFarmers employee currently represents AIC in the Praesidium of FEFAC.

ForFarmers is also represented on the Board or Steering Group of the national associations in the Netherlands (Nevedi - Dutch Feed Industry Association), United Kingdom (AIC - Agricultural Industries Confederation), Germany (DVT - the Association of Feed Manufacturers) and Belgium (APFACA/BEMEFA - The Belgian Compound Feed Industry Association). Moreover, a number of ForFarmers employees hold positions on other feed industry organisations and initiatives such as SecureFeed and GMP+. All these organisations consider sustainability an important issue.

Stakeholder engagement and Identified Material Aspects

ForFarmers is part of a supply chain which puts food on people's plates. This supply chain extends from the growing of crops for use as animal feed materials to the production of high quality food to consumers. Feed companies, such as ForFarmers, use a large quantity of scarce resources. The animal feed industry therefore has both an obligation and the possibility to play an essential role in meeting the growing demand for food. ForFarmers underpins its dedication to this cause through its mission 'For the Future of Farming'.

ForFarmers engages continuously with its external and internal stakeholders - such as suppliers, customers, processors, retailers, academia, NGOs and employees in the four countries in which it is active - to identify key issues and subject matters. In 2015, a broad survey was conducted among ForFarmers' external stakeholder groups (excluding consumers). This survey included a series of structured interviews and workshops and was conducted with the aid of an external consultant. In 2016 this was followed up by a short update questionnaire. The feedback from these stakeholder discussions was used to refine the themes and identified material aspects, as presented below. These were subsequently prioritised in consultation with the Sustainability Advisory Board. This led to the materiality analysis as shown below.

ForFarmers Materiality Analysis

Subsequently, ForFarmers determined the six main material aspects as follows:

1. Environment: Limit phosphate pollution
2. Environment: Limit greenhouse gas emissions
3. Environment: Minimise use of land, water and energy
4. People & Society: Ensure safe and good working conditions
5. People & Society: Improve feed safety
6. Animal health and Animal welfare

These topics are taken into account in identifying risks and opportunities for ForFarmers, and as such are influential with respect to the development and execution of the Horizon 2020 strategy, processes regarding innovation and new products and concepts. The materiality analysis is presented in a table following below. As stated earlier, five KPIs have been defined on the first five material aspects to monitor ForFarmers' progress.

1. Environment: Limit phosphate pollution

Phosphate pollution has a major environmental impact and has accordingly been identified as a material issue, and subsequently phosphate efficiency has been chosen as a KPI. Phosphate leaching into surface water negatively impacts the quality of water. In the Netherlands especially, phosphate quotas have been imposed on dairy farmers, but also on pig farmers. ForFarmers has a key role to play in helping its customers achieve the correct balance of important minerals such as phosphate. Too little will reduce animal performance; too much will mean increase emissions into the environment.

In dairy production, phosphate efficiency is influenced by the composition of the feed, the type and quantity of straights as well as the amount and the quality of home grown roughages used by the farmer. In swine and poultry, phosphate efficiency is influenced by the diet composition, both in terms of compound feeds used and straights fed. Due to the differences in digestive physiology between ruminants and pigs, the phosphate efficiency values are not directly comparable.

ForFarmers is continuously looking to improve phosphate efficiency, by matching the animal's nutrient requirements and improving the phosphorous digestibility and use of alternative raw materials. For example, limiting the inclusion of soy in diets reduces phosphate utilisation. In swine and poultry, the use of phytases to improve phosphate utilisation is widespread. This has led to significant reductions in the inclusion levels of phosphate in feeds. In 2016, the use of the newest generation of phytases was introduced for all pig and poultry diets leading to better phosphorous availability and therefore less pollution.

ForFarmers engages in the KringloopWijzer scheme, the nutrient management system for all dairy farmers in the Netherlands to record the use of phosphate, nitrogen and carbon on farm. In addition, ForFarmers introduced the parameter 'true phosphor' to help farmers to measure and reduce phosphate production.

ForFarmers focuses on providing the best possible nutritional solution, which reduces the cost per kg meat/milk produced and improves the feed conversion ratio (kilo's feed required to produce 1kg live weight gain or milk). ForFarmers is able to monitor phosphate efficiency by using data which has been collected from a sample of farms in the Netherlands.

Phosphate efficiency	2015*	
Dairy	35.2%	n=2276
Swine Fattening	50.4%	n=419
Sows	40.8%	n=100
Swine Breeder & Feeder farms (sows and fattening)	47.2%	n=106

n=number of farms included in the sample

(*)Due to timing and availability of the information, the data is always lagged by one year.

The presented percentage for phosphate efficiency in the table above indicates the degree to which phosphate consumed in the feed (and forage) is retained by the animal. The higher the percentage, the better it is for the environment. This percentage is therefore an important parameter to monitor the phosphate utilization on farm. Further improvement of these percentages will likely be incremental.

2. Environment: Limit greenhouse gas emissions (GHG)

Feeding animals causes GHG emissions. The FAO (Food and Agriculture Organisation of the United Nations) has estimated that feed represents 45% of the carbon footprint of livestock products globally (FAO 2013; www.fao.org). Reducing GHG emissions, whilst also meeting the growing demand for food, is a significant challenge for the total supply chain. It is therefore essential to be able to measure the carbon footprint in order to achieve meaningful life cycle analyses (LCAs) of food-producing animals. ForFarmers and the feed industry are actively engaged in a number of projects to come to a combination of a harmonised methodology to measure the carbon footprint and to establish a robust database which will enable comparative analyses.

Product Environmental Foot-printing Project (PEF)

The European Commission is proposing methods to measure the environmental performance of both products

and organisations and is encouraging member states and the private sector to take them up. Two such methods to measure environmental performance throughout the lifecycle are: the Product Environmental Footprint (PEF) and the Organisation Environmental Footprint (OEF). During a three year pilot study, process companies, industrial and stakeholder organisations have been invited to participate in the development of Product Environmental Footprint Category Rules (PEFCRs). These aim at providing detailed technical guidance on how to conduct a product environmental footprint study for a specific product category. Because of the significance of feed in the LCA of animal products, the feed industry successfully applied for one of the pilot studies. ForFarmers chairs the working group (Technical Secretariat) Feed for Food producing animals of the PEF pilot. In 2016, the PEF pilot project produced a draft PEFCR which will be considered by the European Commission in 2017. ForFarmers participated in a supporting study, by measuring the environmental impact of a dairy compound feed, manufactured at the Ingelmunster plant in Belgium.
Various other initiatives are underway to be able to measure, monitor and ultimately decrease the carbon footprint in the agricultural sector.

ForFarmers and GHG Monitoring

In order to measure, monitor and manage its carbon footprint, ForFarmers has started to measure its GHG emissions per tonne feed produced and has identified this as one of its sustainability KPIs. For manufacturing and outbound logistics, primary energy usage (electricity) and logistics (fuel) is being converted into GHG emissions, expressed as Kgs CO_2 equivalent per tonne of feed.

The GHG emissions relating to growing, harvesting and transport of raw materials to the mills in the Netherlands are being calculated using FeedPrint, (an LCA tool and database developed by Wageningen University, Blonk Consultants and a number of Dutch industry and Government stakeholders) using default data for raw material origin and inbound logistics. Over the coming years, ForFarmers will extend this process to other countries.

Manufacturing & (Outbound) Logistics

ForFarmers aims to reduce primary energy usage per unit of output by 10% by 2020 compared to a 2014 baseline.

In manufacturing, ForFarmers has developed an Energy Saving Matrix which sets out a list of projects in each country, targeted to improve energy efficiency. For example, a project has been initiated at the Lochem site (the Netherlands) to research the energy saving from Reverse Osmosis in the water system feeding the boiler which generates steam. In the United Kingdom, an investment in equipment which will result in a 15% energy saving is included in the design of the feed mill at Exeter.

In logistics (transport), litres of fuel per tonne feed delivered 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 incorporating the more efficient Euro 6 engines. Logistics Academies have been introduced throughout the business to - among other things - train drivers to improve fuel efficiency by adjusting their driving style. The performance of drivers, measured by km/litre fuel is monitored.

ForFarmers has been involved in the development of new trailers which are multifunctional (i.e. they can deliver both compound feed and raw materials so the number of empty miles travelled is reduced) and are lighter than the current ones. As a result, payload is increased by 5 -10%. The new company car policy, which was introduced at the beginning of 2016, encourages drivers to choose electric or low CO_2 emissions vehicles.

Resource efficiency in livestock production

One of the aspects which ForFarmers targets with its Total Feed-approach is the optimal use of raw materials. This is good for the returns of the farmer (lower feed costs) and for the environment (less loss of minerals, reduction of emissions). ForFarmers' specialists provide advice on correct diets and feeding regimes. They help customers improve their own efficiency through a Plan; Do; Check and Act approach, as part of the various feed concepts. With respect to emissions, ForFarmers for instance initiated a pilot project together with Friesland Campina in which the CO_2 impact (carbon footprint) can be recorded with the help of a specially developed module.

Resource efficiency is at all times one of the key areas of interest of the Nutrition Innovation Centre (NIC). During 2016 projects included, inter alia, the best use of fatty acid nutrition for ruminants, and the development of new piglet feeds for animals with a high feed intake capacity, which secure a more efficient and healthy growth (enhanced welfare) of the young animals.

3. Environment: Minimise use of land, water and energy

ForFarmers wants to minimize its use of land, water and energy in all species groups.

Raw materials

ForFarmers has committed to source 100% responsible soya bean meal and palm oil by 2020. ForFarmers is a member of RTRS and RSPO.

ForFarmers has been an active participant in the development of the FEFAC soy sourcing guidelines (December 2015). The guidelines aim to facilitate the mainstream supply of responsible soy into Europe. The project was supported by IDH (Sustainable Trade Initiative) and Schuttelaar & Partners and offers participants the possibility to benchmark their own schemes against the FEFAC guidelines via the International Trade Centre (ITC). Feed business operators will define soya purchased from schemes which have successfully benchmarked against the guidelines.
In Belgium and the Netherlands, there are cross-sector commitments to source 100% responsible soy meal from the beginning 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 the beef production, for which local raw materials are used. In Germany and the United kingdom there are no sector commitments on responsible soy. It is expected that the market will enforce changes over time.

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

ForFarmers has established a Sustainable Raw Material Commitments working group which oversees and reports on ForFarmers' progress on responsible soya bean meal and palm oil. Progress is monitored by the Sustainability Task Force and the Executive Committee on a regular basis.

ForFarmers has chosen % sustainable soy bean meal and palm oil purchased as a KPI. In 2016, 73% of soybean meal conformed to the FEFAC guidelines, whereby in the Netherlands 100% sustainable soy bean meal was purchased. With respect to palm oil, the purchases were supported, inter alia, by Green Palm certificates in those countries in which agreements are in place.

Through a structured dialogue with suppliers and the development of a supplier code of practice, ForFarmers' commitment to sourcing according to recognised environmental, social and ethical standards will be extended to include all raw materials. In addition to purchasing responsible soy, ForFarmers is continually researching alternative protein sources so that soy inclusion levels can be reduced or indeed excluded. Alternatives include insect protein and the use of higher levels of materials grown in the EU such as sunflower and rapeseed meals. It is important to note that soy is a highly economical source of protein for livestock and is a resource efficient solution. ForFarmers research shows that diets can be produced with lower levels of soy meal and maintain animal performance; however, these diets will cost more and have a higher environmental footprint. Under the proviso that the consumer is prepared to pay for the additional costs, it is envisaged that in the short term these types of concepts will be used in supply chains.

Water

Water usage is monitored by site and reviewed on a monthly basis by supply chain management. Efforts are made continuously to reduce water usage.

4. People & Society: Ensure safe and good working conditions

In the Netherlands and Belgium some 95% of staff are covered by collective 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. ForFarmers commits itself to ensuring the safety of people, processes and products and aims for fair and good working conditions throughout the chain. In this respect, ForFarmers has established a Supplier Code of Conduct. Environmental policy and respecting human rights are part of the sustainability approach of ForFarmers. For a detailed description of the HR-policy, reference is made to the relevant chapter in this annual report.

The health and safety of everyone who works at or visits a ForFarmers site or visits a customer's farm is given the highest priority. A 2020 objective has been set to reduce Lost Time Incidents (LTIs) by 70% compared to 2014. A lot of effort has been dedicated in 2016 to communicating on Health & Safety procedures. Throughout ForFarmers, the 'Better Safe than Sorry' campaign was introduced. Although staff throughout the Group has become more aware of the importance of Health & Safety, additional steps need to be taken that should lead to behavioural change.

The implementation of ForFarmers' Health & Safety approach is managed by the Director of Continuous Improvement. The Executive Committee reviews the performance on a monthly basis. The program emphasizes that all employees, contactors or visitors have a responsibility for their own safety and that of others around them.

ForFarmers' approach to Health & Safety can be summarised as follows:

- Raising awareness by training staff, talks with all mill based drivers and lorry drivers, intranet publications for all employees, dynamic risk assessments and an internal communications campaign: *#BETTERSAFETHANSORRY.* All to ensure that everyone is aware of how to improve their own safety.
- Inspiring employees to increasingly report near incidents in order to prevent real incidents to occur and to effect a change in behaviour.
- Educating employees, temporary staff and contractors how to do every task safely.
- Clear rules so that everyone is aware of what they can and cannot do and knows the implications of non-compliance.
- Compliance to the way of working to ensure that procedures, work instructions and rules are followed.
- Audits to see to the correct management of all critical areas of risk.

ForFarmers has chosen number of Lost Time Incidents (LTIs) as a KPI. More checks and more training courses have been conducted in 2016. In addition, more has been invested in the factories and in know-how for employees. The positive outcome of this is that this has already led to an increase in the number of near-miss notifications which are used to prevent accidents occurring. There were 55 LTIs in 2016, compared to 47 in 2015. The number of LTIs has slightly increased, due to increasing awareness and better reporting. An all time low in 2016 was the tragic and sad loss of a member of staff due to a fatal incident. In 2017 there will be continued focus and attention on safety at work both at ForFarmers locations and on farm. This is expected to lead to a decrease in the number of LTIs within the foreseeable future.

Besides offering a safe and healthy working environment, ForFarmers recognizes its role in society and in the agricultural sector. ForFarmers supplies over 25,000 farmer customers and has relationships with a large number of suppliers. ForFarmers wants to be a good corporate citizen to its neighbours and take care of the local environment.

ForFarmers also contributes to society by supporting a number of agricultural charities, such as:

In the United Kingdom:

- The Addington Fund, which provides homes for farming families who have to leave the industry.
- The Worshipful Company of Farmers, which, besides many other charitable activities, supports the development of skills for everyone involved in the farming industry (especially the development of leadership and management skills).
- The Prince's Dairy Initiative brought together the dairy sector to take practical action to support the sustainability of a diverse British dairy industry.

In the Netherlands:

- The Lignine Research Project at Wageningen University, in which work is done on examining improving the digestibility of feed materials such as straw that are difficult to digest, to be made available for feeding in developing countries.
- The "Feed on Tour" initiative aims to educate schoolchildren on food and farming.
- The Innovation Fund which incentivises Dutch farmers to develop new technology.
- The association 'care for farmers' (ZOB), an independent organisation with over 40 volunteers (mostly from the agricultural sector) providing a 'listening ear' to farmers throughout the Netherlands.

- Staff and customers from all ForFarmers operations support the initiative to participate in the Alp d'Huzes event which is a Dutch initiative to raise money for cancer research, with a team from the agricultural sector. ForFarmers participates each year under the brand name BIG Challenge.

5. People & Society: Improve feed safety

Feed and food safety has been identified as a material aspect for ForFarmers.

Management approach

The Quality department manages feed safety on central and local level. New data systems have been implemented to collect and report Health & Safety, Environment and Quality data. Supplier evaluation is managed via the Ris© database. During 2017, suppliers will be reviewed with respect to their risk profile based on the product sourced and country of origin. Furthermore, during 2016 a One ForFarmers approach to HACCP (hazard analysis and critical control points) was implemented.

A monitoring system is in place to determine unwanted substances in feed materials and compound feeds. The monitoring plan is based on the requirements of EU legislation, GMP+, Feed Chain Alliance and UFAS regulations, the SecureFeed monitoring plan and ForFarmers own risk analyses.

ForFarmers proactively monitors and manages all incidences of non-compliance with feed regulations and voluntary codes as a KPI.

Number of feed incidents 2016:

Country	Non compliance with Regulations resulting in fine or penalty	Non compliance with Regulations resulting in a warning	Non compliance with Voluntary codes
Netherlands	2	4	4
Germany	2	1	1
Belgium	0	3	0
UK	0	0	2

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

ForFarmers Quality Managers are responsible for determining whether non-compliance is linked to feed safety, a decision validated by the Group Quality Manager. The management of any incidents on non-compliance is a high priority as they are linked to the Company's registration with certification bodies and Government authorities which is a mandatory requirement for the manufacture and supply of feed. In 2016, there were 4 incidents that resulted in fines: A hygiene issue in one factory; incorrect marketing claims for products; failure to report a microbiological finding to the correct authority; incorrect labelling of a product. These incidences resulted in fines totalling €17,885. All 4 incidents were thoroughly investigated and resolved with the relevant authorities.

Supplier review

An important part of ForFarmers' quality system is an annual evaluation of suppliers. Suppliers are assessed on criteria such as complaints, information provided, transparency and approach to audits. If a supplier falls below ForFarmers' standards, clear measures with a timeline for corrective actions are agreed between both parties. ForFarmers will stop trading with the supplier if need be.

Audits

ForFarmers' quality systems are tested via a series of internal and external audits. This is to verify whether ForFarmers' quality management process complies with legislation, ForFarmers' own quality standards, market concepts, quality goals and policy. The outcome of these internal and external audits provides ForFarmers with important information to continuously improve the quality of products, processes and services to improve customer satisfaction. Targets are in place for the period of time in which major and minor non-conformances are resolved. All major non-conformances should be solved immediately.

Complaints

Customer complaints are an important source of information for ForFarmers. By listening to customers, ForFarmers continuously improves its performance. The number of complaints received is reviewed by the Business Units and Quality Department on a monthly basis.

6. Animal Health and Animal Welfare

In all of the external stakeholder interviews, animal health and welfare emerges as an important aspect. ForFarmers considers it its task and challenge to help all its customers to feed their animals well and keep them healthy. Each animal should receive the correct level of nutrition to meet its basic needs. It also includes developing specific concepts to help customers mitigate the impact of specific legislative requirements such as the ban on de-beaking hens or castration of male pigs.

ForFarmers has customers using many different production systems, intensive and extensive, conventional and organic, indoor and outdoor and large and small scale. ForFarmers' role is to optimise resource efficiency and animal health and welfare in whatever production system is being used. In some cases, society may choose to compromise resource efficiency in favour of specific health and welfare requirements (e.g. slower growing broiler chickens in the Netherlands and Germany).

ForFarmers deems improving animal health and welfare as an integral part of its Total Feed offering and has not yet identified a specific KPI on this material aspect given the different species and the broad spectrum of the aspect.

Animal health and animal welfare is a key element in the NIC's innovation projects. Examples of projects in 2016 include:

- The development of an index that takes into account the effect of minerals on rumen health.
- The development of a new measurement technique with respect to the vitality of calves.
- A change in the type of proteins used in a number of piglet diets has been developed which results in improved gut flora and less soy usage.
- The health and welfare benefits of increasing fibre levels for pigs have been investigated.
- Progress has been made in calculating the ideal protein adjustments for health challenged pigs. Feeding concepts have been developed for reducing streptococcus infection in piglets and looking at how diet can reduce salmonella incidence.
- A new layer feed focuses on better transition between growth stages and is suitable for hens which have not been de-beaked.

Anti Microbial Resistance

ForFarmers looks for nutritional solutions to reduce the quantity of antibiotics used in livestock production. There is a societal concern about the fact that some bacteria are no longer susceptible to antibiotics which are used for treating people. If antibiotics are used in too large quantities or frequency, it has been proven that bacteria can become resistant to antibiotics (Antimicrobial Resistance (AMR)). Over recent years, there has been a trend to reduce or exclude the use of pre-emptive in-feed medication. In Germany and the Netherlands, sector agreements are in place and no in-feed medication is used. In Belgium, in-feed medication is only used for young pigs when necessary. In the United Kingdom a number of industry initiatives are taking place to reduce overall antibiotic use in livestock production following the publication of the O'Neill Report. ForFarmers is taking an active role in the United Kingdom in sharing its experience of reducing antibiotic use in the Netherlands. In November 2016, ForFarmers organised a conference in the United Kingdom with over 70 key supply chain partners in the swine industry to share this experience and challenge whether the sector is rising to the AMR challenge. ForFarmers is implementing this knowledge locally, by organising regional follow-up sessions.

[1] *This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.*

GOVERNANCE AND COMPLIANCE

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CORPORATE GOVERNANCE

The Executive Board and the Supervisory 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 on the basis of the current Dutch Corporate Governance Code 2008 (the 'Code')[1]. The Executive Board and the Supervisory Board are of the opinion that, partly for historical reasons, deviations from 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 Statement[2] as part of the Report of the Executive Board and as a separate document on its website. The Corporate Governance Statement explains how the Code is applied by ForFarmers N.V. and provides information in accordance with the provisions of Article 10 of the Takeover Directive and Article 3 on disclosure of non-financial information. This Statement also contains information regarding the main points of the internal risk management and control systems related to ForFarmers' financial reporting process, how the Annual General Meeting of Shareholders (AGM) works, and the composition and functioning of the Executive Board and -Executive Committee, and the Supervisory Board.

Deviations / qualifications from the Code

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

II.2.8 Compensation in the case of dismissal of an executive board member

The current contract with Mr Knoop (CEO) runs until the AGM in 2018. If the contract with the CEO is terminated by the Company, he shall be paid until the end of the contract. A subsequent contract shall in principle be entered into for four years, and shall include the provision that in the case of termination by the Company, a maximum of one year's fixed salary shall be paid out, in accordance with the Code.

III.2.1 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, to be independent. In relation hereto, Article 4.4 d of the Regulation of the Supervisory Board includes the provision that each member of the Supervisory Board, with the exception of a maximum of two persons, must be independent as referred to in Article 4.5 of that regulation. This is further explained in the Company's annual report.

III.3.5 Maximum term of appointment for members of the Supervisory Board

The current Chairman of the Supervisory Board was appointed in 2014 for the fourth time for a term of four years (his term as a member of the Supervisory Board of Coöperatie FromFarmers U.A. included). His term of office shall end at the latest in 2018. The Regulation of the Supervisory Board is in agreement with this.

IV.2.5 Voting rights of the Trust Office Foundation

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 exercise of 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 shall take into account the interests of the Company and its affiliated enterprise.

IV.2.8 Granting of proxy votes by the Trust Office Foundation

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 Executive 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 achieving the Company's objectives, for strategy with the associated risk profile, for developing results and for undertaking relevant corporate social responsibility aspects. The Executive Committee also steers the operational management. The Executive Board Regulations are published on the Company's website.

The number of members of the Executive Board is determined by the Supervisory Board. In the period under review, the Executive Board consisted of three members and the Executive Committee (including the Executive Board) of eight members. As of 1 January 2017, the Executive Committee will consist of seven members as a result of the retirement of one of its members and the distribution of his tasks to another member of the Executive Committee. As of the General Meeting of Shareholders of 15 April 2016, the following retirement schedule applies for the members of the Executive Board.

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

** change of term of office*

Appointment 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 operation of the internal risk management and control systems. The findings, recommendations and measures that came out of this assessment were discussed with the Audit committee, the Supervisory Board and the external auditor. ForFarmers has appointed an internal auditor from 1 January 2017. The internal auditor oversees whether the internal risk management and control systems work properly.

Supervisory Board

The Supervisory Board supervises the policy of the Executive Board as well as the general affairs of the Company and its affiliated enterprise. The Supervisory Board advises the Executive Board. The Supervisory Board is composed of six natural persons, all of whom are presented on the website of the Company. The Supervisory Board 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.

Shareholders

The Company's share capital is composed of ordinary shares, preference shares and one 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 preferential shares are issued. Coöperatie FromFarmers U.A. is the holder of the priority share as is further explained below.

The Company has drawn up a Policy on bilateral contacts with company shareholders, pursuant to best practice provision IV.3.13, which is published on its website. 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 which can be found on the Company's website.

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. Given that Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2017, 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, Coöperatie FromFarmers U.A. as priority share holder:
(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 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.

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 key values of ForFarmers, along with ambition and partnership. ForFarmers has a Code of Conduct and a Whistle-blower Policy. The Code of Conduct and the Whistle-blower policy are published on the Company's website. ForFarmers' core values and the Code of Conduct are proactively communicated within the organisation. 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, nine incidents or suspected incidents have been reported. In these cases, a high level of confidentiality was in all cases observed and the procedure as described in the Whistle-Blower Policy was followed. Given the nature and/or impact of the alerts, it was not necessary to communicate these to the public. The overview of alerts to incidents and the follow-up thereof is periodically discussed with the Audit committee and the Supervisory Board.

[1]This Code can be consulted (in English) through the following link http://www.commissiecorporategovernance.nl. 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 23 December 2004 adopting further rules on the contents of the annual report, this Corporate Governance Declaration is deemed to form part of the report of the Executive Board.

RISK MANAGEMENT

Methodology

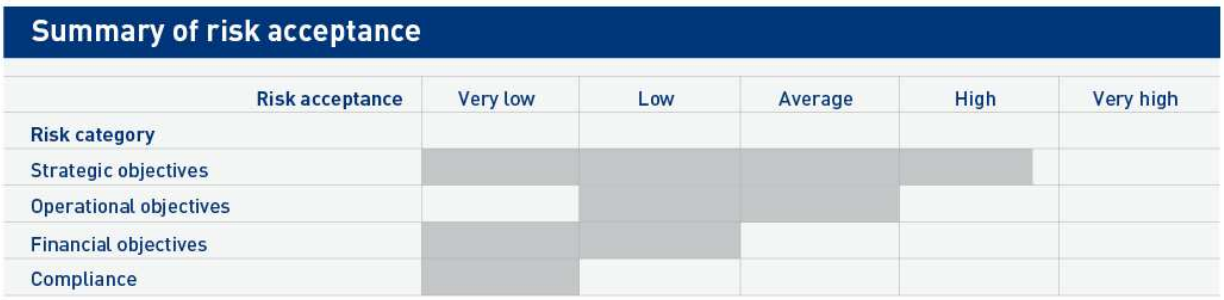
In order to be able to realise strategic objectives, opportunities need to be seized, which implies taking risks. An important part of good management is having a good risk management system in place to ascertain whether the Company's strategic objectives can be realised within its risk profile. This forms part of fulfilling the corporate governance requirements. A good monitoring system enables the Executive Committee to determine the degree to which the organisation is 'in control'. Through an active risk management monitoring system, ForFarmers aims to create a high level of awareness of risk control. This system is entrenched in the organisation, all the way from the Executive Committee, under supervision of Supervisory Board, to all operational and financial departments. This includes the tone at the top, the hard control measures and the soft controls. Everybody contributes to identifying risks and opportunities, as well as to the associated control measures. The team corporate governance & compliance department, organises risk and compliance workshops and facilitates self-assessments for the relevant business units and processes. Key officers (risk owners and risk managers) tasked with risk management as part of their role are designated for all risks.

Risk appetite with regard to the most important risks

In general, ForFarmers aims for a low risk profile. Risk appetite differs by sub-category of risk. When realising our strategic objectives, the organisation accepts the associated higher risks up to a certain level. For some categories, ForFarmers has defined a low risk level, for instance, when it considers the health and safety of our employees and other interested parties or food safety. In 2015, ForFarmers further analysed the risks and the relevant control measures. The current risk profile was compared to the risk profile desired by the organisation, that has been updated in 2016.

ForFarmers has defined 21 major risks. There are control measures determined and implemented for each risk. These are periodically tested by the risk managers. A peer review also takes places on the application of the control measures. Every year, an evaluation takes place of the major risks to assess whether there are new risks or whether existing risks have become less relevant. Action plans are also set up if the risk control is insufficient to be able to realise the desired risk appetite.

The desired risk appetite for ForFarmers for the various risk categories is established as follows:



The risk appetite for each sub-category of objectives and the respective considerations are outlined below.

Strategic objectives

To realise the growth objective as part of the strategy and further expansion activities, international or national, major investments need to be made. ForFarmers has an average to high risk appetite in this respect in order to realise its business and strategic objectives.

When pursuing strategic business objectives there are two specific areas where ForFarmers applies a very low to low risk appetite:

- Reputation: Our reputation is crucial in respect of the confidence that our customers, suppliers and society place in ForFarmers. A very low to low risk acceptance level applies as regards reputation.
- Sustainability: ForFarmers places great importance on sustainable resources, the environment, energy, waste reduction, animal health and welfare, people and society. A very low to low risk acceptance level also applies here. 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 its customers and to ForFarmers.

Operational objectives

Due to the size of the Company and the high volatility of raw material prices, risks with regard to purchasing have increased in recent years. As a consequence, ForFarmers is confronted with a number of risks when realising its operational objectives. With regard to, inter alia, the purchase policy, a low to average risk acceptance level applies, and as regards quality of purchases a very low risk acceptance level. As a result of positions taken by competitors and the high volatility of raw material prices, controlling risks with regard to the purchasing of raw materials is an important factor. 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 ForFarmers' information, 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 abroad are partly hedged through funding with borrowed capital in the same currency. The acquisition of an investment in a foreign company (outside the Eurozone) is not hedged. This also applies to the annual result and undistributed dividends. 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 by the Corporate Governance & Compliance Team and risks are, if so required, hedged by means of swaps and other financial instruments. ForFarmers must always be able to comply with its financial obligations. This is guaranteed through a solid equity and liquidity position.

Compliance

ForFarmers has a very low acceptance level for risks regarding compliance with legislation and regulations. The Company has a Code of Conduct, which includes a Whistle-blower Policy. The Code of Conduct contains the business principles, values and rules of conduct that are applicable to everybody who works within ForFarmers. It is important to ForFarmers that all employees be familiar with the Code of Conduct and be aware of its implications. Managers regularly discuss this with their teams. New employees receive the Code of Conduct in their own language. Via an associated online training module, which can be accessed both from home and via the intranet at work, employees are given an explanation about the Code of Conduct and some dilemmas are presented by way of illustration. At the end of the module the employee is asked to sign the Code of Conduct.

ForFarmers has a 'Zero Tolerance' policy with regard to breaching the ForFarmers Code of Conduct.

ForFarmers' tax policy is based on the principle that it believes that paying taxes is part of its corporate responsibility. The policy includes, amongst others, the following principles:

- ForFarmers' risk appetite with respect to taxes is limited. ForFarmers is tax compliant and pays taxes when they are due and owed.

- ForFarmers has an open and transparent communication line to the tax authorities. During the year, several meetings with the tax authorities are conducted.
- Tax should be aligned with the business and ForFarmers does not have tax driven structures that are not in line with the business operating model and tax regulations.
- ForFarmers is active in multiple tax jurisdictions and hence there is a risk that if the nominal tax rate in a country changes, this has an impact on the effective tax rate of the Group. ForFarmers is currently active in the Netherlands, Germany, Belgium and the United Kingdom.
- Next to corporate income tax the policy is applicable to VAT, wage tax, social securities, (dividend) withholding tax, real estate tax and any other taxes and is applicable in the multiple jurisdictions in which ForFarmers is active.

The risk management system is entrenched throughout the organisation. Performance, monitoring and reporting of risk management is under the responsibility of the Risk Advisory Board, which is accountable for the outcomes thereof to the Executive Committee, the Audit Committee and the Supervisory Board. The Risk Advisory Board (RAB) consists of the CFO, Director Supply Chain, Director Reporting and the Manager Accounting & Risk.

The systems for risk management and internal controls of ForFarmers aim at optimally supporting the realisation of strategic and financial objectives. A suitably organised risk management and internal control system does not guarantee that the strategic and financial objectives are realised. Nor can it guarantee that human error, unforeseen circumstances, incorrect reports, fraud and non-compliance with legislation and regulations can completely be excluded.

Risk Management in 2016

In 2016, the Risk Advisory Board (RAB) discussed the status and reporting of the risk management system three times. Aspects such as scoping activities, setting priorities and assessing the most significant risks for ForFarmers were, among other things, discussed.

In 2016, a self-assessment was conducted at least twice by the risk owners for the 21 most important risks, which also analyses the desired risk level as regards the current risk level. These self-assessments are evaluated by the team corporate governance & compliance and discussed with the risk owners. Where any deviations are identified, these are discussed with the risk owners and action plans are set up to improve the control of these risks. With respect to these risks, a continuous assessment takes place of the internal control measures available and of the degree to which they are in line with ForFarmers' risk appetite. By making use of internal guidelines, quality systems, audits, reporting and monitoring systems and insurance, the most important risks are controlled. These control measures have the objective of reducing to an acceptable level the chance that a risk occurs, and the potential consequences thereof, and guaranteeing the continuity of the business.

In 2016, risks were identified in the following areas, leading to additional measures from internal control:

- *Safety:* ForFarmers sees safety as an important precondition. The extent to which the organisation fulfils its safety objectives is measured based on the number of LTIs (Lost-Time-Incidents). In April 2016 an unfortunate accident occurred in the Beeliz factory. Further analysis was conducted on the safety measures. This led, in 2016, to the safety measures and the control of these safety measures being sharpened. A programme of investments was also embarked on to make sites safer. Finally, a tool was implemented to make an inventory of risks to ForFarmers' employees on farm. Safety can be better ensured via this tool.
- *Information Technology (IT)*: Organisations are increasingly confronted with cybercrime. ForFarmers has also seen this increase and has had a number of cyber-crime-related incidents in 2016. This led to greater attention being paid to these risks in 2016. An Information Security Committee was set up, headed up by the Information Security Manager, IT Director and the Director Reporting, which reports to the Risk Advisory Board (RAB). Alongside a number of IT security measures, several publications were made across the organisation on the importance of security and safeguarding of information. In 2016, the risks and internal measures were incorporated into the information security policy. It should also be noted here that these measures are not always of a technical nature, but also relate to behaviour of employees and

their day-to-day awareness of sensitive information streams.

Monitoring and reports

The RAB is in charge of monitoring the performance of control measures. This monitoring is primarily based on the periodic report which shows the progress as regards the monitoring of the main risks. This report serves as a tool to measure the risk appetite of ForFarmers as regards the actual risks and where necessary to take additional control measures. In addition, in 2016 a number of additional control measures were taken in the area of ICT to increase the integrity of the IT systems.

As part of the control measures, ForFarmers asks the management of all its business units to sign a Letter of Representation (LOR) twice a year. In this LOR, they must declare that they comply with local and national laws, legislation and regulations as well as the internal rules of ForFarmers, including the Code of Conduct. The LOR also includes the possibility to report fraud and incidents, as well as the confirmation that the business units comply with the minimum internal control measures as included in the risk management system and the internal control framework system of ForFarmers. Cases of suspected fraud are directly reported to the compliance department. In 2016, nine incidents or suspected incidents have been reported. These reports are examined and where necessary, measures are taken. In light of an increasing risk in the domain of 'Information Security', a program was initiated in 2016 which focuses on increasing the awareness of staff with respect to mail messages, and on IT technical possibilities to protect incoming and outgoing information. This program is to be continued in 2017.

Top risks and their control measures

The top risks as defined by the Executive Committee of ForFarmers are presented below. In addition, the recent developments are shown. The explanation of the risks in question are further described in this section.

Strategic objectives

Price development and availability of raw materials

Risk

For its core activities, ForFarmers relies on raw materials of an agricultural origin, like wheat, maize, soy meal and barley. Price-setting on the market for these raw materials can be very volatile and is influenced by, among other things, the quality and the scale of harvests. This can also be affected by the demand from the biofuel industry and speculative trade. Changes in raw materials prices will affect the prices that are passed on to customers. If ForFarmers takes positions in raw materials for own use, this may affect the results of the Company. Taking positions is, however, necessary to guarantee the availability of raw materials for deliveries, as the largest part of volume sales does not take place on the basis of sales contracts.

Control measure

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 separate risk management system in which measures are taken that reduce the risk of positions on raw material agreements. This system outlines who is authorised to take positions, up to what level and also under which terms agreements can be concluded. Longer term pre-sales contracts for customers are immediately hedged for 85%. The authorisation boundaries are defined per Business Unit.

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	■		
Price development of energy and fuel prices	■			Liquidity risks	■		
				Pension risks	▼		

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

Update 2016

The risk fell further in 2016 as a result of further honing of the control measures. All business units now report in the same format, in which the limits within which purchases can occur are closely observed. Potential purchases beyond these limits must first be agreed with the Purchase Risk Board, and substantiated. The pre-sales procedure has also been fine-tuned and pre-sales are purchased directly.

Size of livestock herd and animal diseases

Risk

As a result of the changes in the size of livestock herds and the outbreak of animal diseases, the demand for raw materials and/or compound feed may fluctuate, which may affect ForFarmers' results. The size of livestock herds is influenced by a number of factors, including prices of agricultural products and the costs of compliance with legislation and regulations, including environmental legislation and regulations. Animal diseases may have a negative effect on the number of animals. Animal diseases can result in transport restrictions that are imposed by official authorities.

Control measure

ForFarmers limits these risks thanks to the geographic distribution of activities and a distribution of the activities over various animal breeds. When necessary, an international crisis team closely follows the developments of animal diseases, 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.

Update 2016

The risk has fallen slightly, through the introduction and execution of hygiene protocols by ForFarmers in the various countries of operation. This was introduced prior to being prescribed by a government. The risk profile has not changed across the organisation as a whole. The team has needed to take action in 2016 following the outbreak of bird-flu in the Netherlands, Germany and the United Kingdom. Hygiene protocols were followed as precaution in Belgium.

Price development of energy and fuel prices

Risk

A part of ForFarmers' costs consists of energy and fuel costs. Changes in these prices influence the costs of production and transport of ForFarmers' products. Changes in costs cannot always be passed on in sales prices, which may have an adverse effect on the result. In previous years, the price of energy and fuel were relatively volatile.

Control measure

ForFarmers established a purchasing policy for the purchasing of energy. Part of this policy is to hedge price risks via financial instruments and commodity agreements, where possible. The enforcement of this purchasing policy is monitored. Developments on the energy and fuel markets are closely monitored.

Update 2016

The risk profile has remained the same. In 2016, two hedge contracts were entered into for diesel. These contracts had a maturity shorter than 1 year and ended in December 2016.

Operational objectives

Safety

Risk

The absence of a comprehensive safety system (including procedures, training, physical safety measures, personal safety awareness etc.) and insufficient vigilance as to the practice of the safety system exposes ForFarmers to an unacceptable level of incidents, reduced motivation of employees, claims and reputational risk.

Control measure

These include, inter alia, the set-up of a detailed safety plan for all locations of ForFarmers, creation of heightened awareness, as well as training of all staff (this also refers to logistics safety), completion of inventories in all factories as regards safety aspects and reporting on the status of any shortcomings and actions to resolve these.

Update 2016

The risk increased in 2016. In 2016, important steps were again taken to increase awareness of safety inside and outside the organisation. This includes closely assessing the safety of ForFarmers' employees on farm and where necessary taking action to increase this safety.

Quality risks

Risk

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 that customer confidence may drop, which may affect revenue and gross profit.

Control measure

In the various countries ForFarmers works with several partnerships to maximally ensure feed safety. Knowledge is shared in respect of monitoring, quality control, tracking and tracing, and crisis management. In addition, specific arrangements were agreed on about the choice of raw materials and suppliers. These choices are based on a solid and objective risk analysis, from the origin of a raw material up to the actual delivery. ForFarmers also applies its own procedures and uses instruments 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.

Update 2016

The risk profile has decreased slightly. In 2016, ForFarmers established and implemented a supplier code. Furthermore, in 2016 ForFarmers has become a member of Sedex (Supplier Ethical Data Exchange), a not-for-profit member organisation which focuses on enhancing responsible and ethical business practices in global supply chains.

Financial objectives

Currency and interest risks

Risk

The purchasing of raw materials and the conclusion of sale and purchase agreements may result in currency risks. If raw materials are purchased in a foreign currency, the risk exists that due to rises and/or falls in exchange rates the purchase prices of raw materials may not correspond with the change in raw material prices in the market. The potential differences that result from this cannot necessarily be passed on in the sales prices and can therefore affect gross profit.

Control measure

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 accurately follows compliance with the principles, which were formally established in the purchasing risk management policy.

Update 2016
The risk profile has remained the same; both as regards risks and control measures, there have been no substantial changes.

Credit and liquidity risks contracting parties

Risk
Credit risks occur if contracting parties of ForFarmers, like suppliers or buyers, do not comply with their contractual obligations. Non-compliance with contractual obligations may have a direct effect on the result 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.

Control measure
The contracting parties are assessed on a number of criteria. If required, additional arrangements are agreed on, including the establishment of additional securities. If required and possible, risks are insured. The correct settlement of obligations and developments by contracting parties are followed accurately. ForFarmers introduced a new system in 2015 that sees to timely collection of outstanding claims. This system has become operational in all business units in 2016. Moreover, strict agreements were made regarding the maximum outstanding amounts per customer as well as applicable payment terms.

Due to the difficult market conditions of previous years, the credit risks have increased, in particular in the swine sector in the first half of 2016 and have subsequently decreased. ForFarmers contacts contracting parties where credit and liquidity risks increase at a very early stage.

Update 2016
The risk profile has stayed the same. However, this is in combination with an increased risk of buyers not meeting their contractual obligations (partly as a result of market conditions) and the Company' additional control measures. In 2016, ForFarmers actively converted overdue receivables into loans, secured by collateral as much as possible, and clear arrangements as to interest. Clients with credit limits of more than €250,000 are closely monitored and discussed by the Executive Committee in their monthly meetings.

Liquidity risks

Risk
ForFarmers must always be able to comply with its financial obligations. In 2014, ForFarmers concluded a new funding agreement (multicurrency 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. Based on the funding agreement, loan covenants were established that ForFarmers must comply with.

Control measure
ForFarmers monitors the liquidity position and bank covenants by means of periodic reports.

Update 2016
The risk profile has remained the same; both as regards risks and control measures, there have been no substantial changes. From the funding facility, on the balance sheet date, an amount of £40.0 million (€46.6 million) has been used up. ForFarmers has met its bank covenants in 2016.

Pension risks

Risk
The pension schemes used in the Dutch subsidiaries are defined contribution schemes that were placed with insurance companies. This means that these subsidiaries only have to pay the stipulated premiums to the insurance companies. In the German subsidiaries there is an in-house defined benefit scheme for a number of people. Changes in the actuarial assumptions may have a negative impact on the level of the provision to be booked by ForFarmers.

In the United Kingdom, up to 30 September 2006 the legal predecessor of ForFarmers United Kingdom operated a defined benefit scheme. This scheme was closed to further accrual on 1 October 2006. On that date a new scheme was implemented on the basis of defined contribution. The obligations in the context of the defined contribution scheme were placed with an insurance company, meaning that no risk exists to ForFarmers as regards this scheme. Changes in the actuarial assumptions may have a negative impact on the equity position of the pension fund and could imply that ForFarmers United Kingdom needs to make additional payments.

Control measure

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.

Update 2016

The risk profile has dropped. In 2016, talks took place with the trustee of the pension fund in the United Kingdom. By changing the arrangements, the pension risk has fallen. This change is a conversion of the definition of inflation from RPI (retail price index) to the lower CPI (consumer price index).

Compliance

Amendments in legislation and regulations

Risk

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.

Control measure

ForFarmers closely monitors developments in the area of legislation and regulations that are important to ForFarmers 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.

Update 2016

The risk profile has remained the same. In 2016, there was a change to the data protection legislation. A project group was set up for this, which will assess the changes and effects for the Company thereof and where necessary, come up with the necessary additional measures.

Improvements planned for 2017

The risk management system at ForFarmers is entrenched in the organisation and has been further improved and broadened in recent years. For 2017, ForFarmers plans to expand further on the following improvements and/or actions:

- reassessment of important risks, including assessment of whether, with input from the business units, Executive Committee and Supervisory Board, the current risks and the associated risk appetite are still valid;
- involvement of the new internal audit function, in testing and monitoring control measures and assessing risks;
- the subject of risk management will be discussed, from the point of view of the team corporate governance & compliance, several times a year. This further increases risk control by risk owners and risk managers, who are directly responsible for control;
- the roll out of the risk assessment on farms programme, that has already begun, will be further implemented. This also applies for the further investments with respect to safety improvements in ForFarmers' factories.
- the data protection legislation project will be continued in the risk area of compliance. This project concerns further controlling the use of data protection-sensitive subjects and the associated risks within the limits of the legislation and regulations.

DECLARATION BY THE BOARD

In respect to the risks related to financial reporting the Executive Board states that the internal risk control measures and control framework were effective as at the end of the 2016 financial year and 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, and
- the financial reporting does not contain any material misstatement.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud, and non-compliances with legislation, rules and regulations.

Each member of the Executive Board hereby declares, in conformance with Article 5:25c, Clause 2 under c of the Financial Supervision Act, that to the best of his knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and result of the Company and the companies included in the consolidation, and
- the annual report gives a true and fair view of the situation as at 31 December 2016 and the business development during the 2016 financial year of the Company and the associated companies for which the financial information is recognised in its financial statements. The annual report also describes the material risks with which company is confronted.

Lochem, 13 March 2017

Executive Board ForFarmers N.V.

Yoram Knoop, CEO

Arnout Traas, CFO

Jan Potijk, COO

REPORT OF THE SUPERVISORY BOARD

INDEX

STATEMENT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Market conditions in the agricultural sector in Europe remained challenged in this financial year, with continued low prices in almost all agricultural sectors. Milk prices did however increase at the end of the year, but remain below 2015 levels. In the swine sector, prices rose as a consequence of increased demand from China, but this did not lead to a structural improvement in the sector. The swine sector faced falling numbers of animals in the first half of 2016, but has subsequently shown some recovery. The poultry sector presented a mixed bag. Layers farmers saw a slight improvement to the market, while increased attention for welfare concepts (fewer animals on the same surface area) made things difficult for broiler chicken farmers. The agricultural sector in the United Kingdom was also affected by, in addition to the aforementioned market circumstances, the uncertainty ensuing from Brexit and the associated decrease in value of the Pound sterling against the euro. Because the British swine sector can only provide for around 60% of the local demand, and the 40% of imports have become more costly as a result of the devaluation of the Pound sterling, it looks as though growth can be expected in the mid- to long-term.

ForFarmers has pursued efforts in all countries, through cooperation with customers, staff, partners and suppliers, to improve returns on farm. The positioning of 'For the Future of Farming', which was launched in the summer, underlines the Company's sustainable ambitions and the confidence it has in the agricultural sector.

Given the continued difficult market conditions for the agricultural sector, the Supervisory Board is satisfied with ForFarmers' results for 2016. The Company has again, in this financial year, demonstrated that good progress has been made with the Horizon 2020 strategy.

Horizon 2020

In the period under review, the Supervisory Board regularly discussed with the Executive Committee the details of the Horizon 2020 strategy and the shift from volume to added-value considerations. The implementation of the strategy is on schedule. The Supervisory Board supports the initiatives that ForFarmers develops with and for its customers in the area of efficient, sustainable and profitable business operation under the name 'For the Future of Farming'.

As part of the meetings on the Horizon 2020 strategy, attention was also paid to ForFarmers' internal risk management and control systems. These systems were further developed and discussed by the Executive Board over the period under review. The findings, recommendations, and measures that came out of the assessment were discussed, among other things, with the Supervisory Board. The Supervisory Board was involved in the recruitment of the internal auditor and ascertained that this role is filled since 1 January 2017.

The sustainability strategy was further implemented in 2016 as an integral part of ForFarmers' business. In the period under review attention was focused on the use of scarce raw materials. Within this, CO_2 emissions have been identified as one of the key parameters. Furthermore, reporting has been done according to the Global Reporting Initiative (GRI G4 - Core).

Listing on Euronext Amsterdam

The General Meeting of Shareholders granted approval on 15 April 2016 for the listing of ForFarmers on Euronext Amsterdam. The Supervisory Board is delighted with the smooth transition of the trading platform to listing on Euronext on 24 May 2016. Through this listing, trading in shares is made easier and more accessible. Attention was paid to this aspect with due pride but without losing sight of the day-to-day operations on farm. As part of the listing, a protective structure against hostile takeovers was established, and the Stichting Continuïteit ForFarmers (ForFarmers Continuity Foundation) was created.

Governance

With the listing on Euronext, the governance structure was also brought closer into line with the Dutch Corporate Governance Code. In this process it was taken into account that certain deviations and qualifications seem justified for ForFarmers, partly given its history. These deviations and qualifications are substantiated and explained by ForFarmers. The Supervisory Board acknowledges the importance of good Corporate Governance and the transparency that goes hand-in-hand with this. The Supervisory Board will continue to work towards striking a good balance between the interests of all stakeholders, including customers, staff, suppliers and shareholders of ForFarmers. The Supervisory Board therefore finds it equally important that ForFarmers continues to communicate with all stakeholders constructively and consistently.

Composition of the Supervisory Board

The General Meeting of Shareholders of 15 April 2016 reappointed Cees van Rijn as member of the Supervisory Board for a period of four years. As a result, the composition of the Supervisory Board remained unchanged over the period under review. In the next general meeting of shareholders, Henk Mulder's term of office as member of the Supervisory Board comes to an end. The Supervisory Board wishes to wholeheartedly thank Henk Mulder for his contribution over the last few years in which ForFarmers has grown considerably and become more professional.

As stated in the profile, the Supervisory Board strives to achieve an equal distribution between men and women, age, expertise, experience and background. Partly because of this, the Supervisory Board has, over the past few years, considered its composition for the future and has taken this into account in the nominations due at the shareholders meeting of 26 April 2017.

The employees have again, through their commitment and excellent teamwork, both with each other and third parties, greatly contributed to the results achieved. This effort and good atmosphere will help in the next phase to come for ForFarmers under Horizon 2020. On behalf of the Supervisory Board, I would therefore like to give special thanks to the Executive Committee and staff for their input.

Lochem, 13 March 2017
Jan Eggink

Chairman of the ForFarmers Supervisory Board

REPORT OF THE SUPERVISORY BOARD

In the period under review, the Supervisory Board (hereinafter referred to as the 'Board') has devoted particular attention in its supervision to the ongoing challenges on farm, both in the Netherlands and abroad, to determine the potential influence on the Horizon 2020 strategy. In this context, the Board supports the initiatives that ForFarmers develops with and for its customers in the areas of efficient, sustainable and profitable business, based on its mission 'For the Future of Farming'. Furthermore, ForFarmers has devoted a lot of attention to reporting on sustainability as part of the GRI (Global Reporting Initiative) process.

In 2016, ForFarmers has, inter alia, worked on further implementation of its efficiency programme One ForFarmers and has taken the first steps to further streamline the organisation in the United Kingdom to enable it to more quickly roll out the Total Feed approach. Furthermore, plans are being developed to achieve an optimal specialisation, spread of locations and size of factories and logistics, in line with the One ForFarmers approach and initiatives. These plans should lead to significant cost savings in 2020. Last year, the Board has devoted particular attention in a number of meetings to the acquisition strategy, reinforcing the organisation and adjusting the composition of the Executive Committee from 1 January 2017 as a result of Nico de Vos' retirement on that date.

During the General Meeting of 15 April 2016, Mr Cees van Rijn was reappointed as member of the Supervisory Board. Cees van Rijn is also a member of the Audit Committee of ForFarmers and qualifies as a financial expert as defined in best practice provision III.3.2 of the Dutch Corporate Governance Code 2008 (the 'Code'). He also chairs the Remuneration Committee.

On 24 May 2016, the listing of all ordinary shares of ForFarmers N.V. on Euronext Amsterdam took place. With this listing, ForFarmers wishes to make trading in ordinary shares in its capital easier and more accessible. The Board is delighted to report that, partly because of the attention paid to good communication, the transition of the trading platform to Euronext went smoothly. The application for the listing was almost unanimously approved on 15 April 2016 by the General Meeting of Shareholders. In the meantime, growing interest for the ForFarmers share has been observed from the increase in the average daily trading volume on Euronext.

Supervision

During the meetings of the Supervisory Board, the Board has, over the course of the period under review, been informed by the Executive Board, among other things on the strategic developments, investment proposals, financial results, organisational developments, operational progress, specific market developments and sustainability themes. To prepare the items on the agenda, these were often discussed in advance in a meeting of one of the committees.

Horizon 2020 strategy

In 2014, the Horizon 2020 strategy was introduced and a good start was made with its implementation. The Supervisory Board has noted that within the period under review, further progress has been made with the implementation of the strategy. As follows are the main subjects discussed with the Executive Board and the other Directors.

Strategic partnerships

The results of the strategic and production partnerships entered into by ForFarmers in 2014 became distinctly visible in 2015 in the marketing of high-quality nutritional products and the bundling of purchasing power and knowledge. This continued in 2016.

Acquisitions

As at 1 October 2016, ForFarmers completed the takeover of VleutenSteijnVoeders B.V. ('Vleuten-Steijn'). With this, ForFarmers has strengthened its position in the Dutch and German swine sector, especially as regards knowledge of larger and specialist companies. The integration of Vleuten-Steijn started immediately after the takeover. During every meeting of the Supervisory Board, developments in the area of acquisitions were discussed.

The Supervisory 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+). Making acquisitions is a part of the strategy of ForFarmers. In the countries and regions where ForFarmers operates, the Company continues to aim for the regional number one or number two spot to be able to optimise economies of scale.

Organisation, Executive Board and Executive Committee

During every meeting the Executive Board informed the Supervisory Board of organisational developments, in particular in terms of the filling of senior management positions and other positions relevant to the matrix organisation. Moreover, attention was devoted to the available management potential among senior managers. In addition the Supervisory Board was informed during the year of the various Management Development Programmes. Moreover, the members of the Supervisory Board attended the two senior management conferences that take place each year.

In the period under review, Ronald van de Ven was succeeded by Adrie van der Ven. As a result thereof the Executive Committee was composed of Yoram Knoop, Arnout Traas, Jan Potijk, Stijn Steendijk, Steven Read, Iain Gardner, Nico de Vos and Adrie van der Ven. The Executive Board, composed of Yoram Knoop, Arnout Traas and Jan Potijk, forms part of the Executive Committee. Nico de Vos retires as of 1 January 2017. His roles and responsibilities are taken over by Steven Read as of that date. In 2016, the Supervisory Board members conducted evaluations with all directors, in which two members of the Supervisory Board always spoke to one director. The conclusions from these meetings were discussed in the plenary meeting of the Supervisory Board. The Supervisory 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 on the Supervisory Board of more than two companies and may not chair a supervisory board of another entity or company as referred to in Article 2:132a of the Civil Code and best practice provision II.1.8 of the Code. The Supervisory Board is not aware of potential significant conflicts of interest among members of the Executive Board and the Supervisory Board with the Company.

Remuneration

The Supervisory 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 15 April 2016. The remuneration report of the Supervisory Board includes a report on the procedure for remuneration over the last financial year. A small number of changes to the current remuneration policy will be put to the upcoming General Meeting on 26 April 2017 for enactment.

Financial reporting

The Supervisory Board has received the financial reports and they were clarified and discussed in the meetings by the Executive Board. The matters discussed here were the general affairs, market developments, strategic and financial developments and risks, as well as the performance compared to the budget of the group as a whole and the individual units. The Board discussed the conclusions of the Audit committee on the internal control and risk management systems (their set-up and operation), as well as the main risks faced by ForFarmers. The Supervisory Board observes and supports the internal risk management system, as described in the section on Risk Management in the present report. In this context, compliance with the accounts receivables policy and the internal audit function at ForFarmers, which is filled as of 1 January 2017, were discussed with the Executive Board. The Supervisory Board also approved the 2015 annual accounts and the 2016 interim report, and assessed the trading update of November 2016. In addition, the dividend policy and the dividend proposal for 2015, corporate governance, and the financial reporting process of the Company were discussed.

The Supervisory Board discussed the 2016 annual accounts with the Executive Committee and the external auditor (KPMG Accountants N.V.) and approved these in the meeting of 13 March 2017. KPMG issued an unqualified audit opinion. On 26 April 2017 the annual accounts will be submitted to the Annual General Meeting for adoption as well as the proposal for dividend distribution for 2016.

Listing on Euronext Amsterdam

The Supervisory Board closely followed the preparations for listing on Euronext and was informed on their progress in the meetings of February, March and April 2016 by the Executive Board. Items covered were, inter alia, corporate governance, the prospectus and the risk paragraph, the transition to IFRS, the presentation for analysts, the equity story and communication. In its March 2016 meeting, the Supervisory Board approved the proposal for listing on Euronext Amsterdam. A conference call was held on 11 May 2016 to inform the Supervisory Board further on the final preparations for the listing on 24 May 2016.

Other subjects and activities

ForFarmers leads the way as regards a number of initiatives in the industry regarding sustainability. In these matters, the Supervisory Board has spoken with the Executive Board on the feedback given by the Sustainability Advisory Board and the relating implementation, the structure of the annual report according to GRI, and raising awareness of sustainability matters among suppliers through the Supplier Code of Conduct. Furthermore, the importance of good communication in the area of sustainability, also in light of the 'For the Future of Farming' approach, was discussed with the Executive Board. The Supervisory Board supports these initiatives and is delighted with the proactive approach used by ForFarmers in matters of sustainability.

The Supervisory Board sees the Code of Conduct as a means of promoting integrity. The overview of alerts to incidents and the follow-up thereof is periodically discussed with the Audit committee and the Supervisory Board. New employees receive a personal letter and a brochure about the Code of Conduct. This information is also available on the intranet (Connect). Moreover, new employees follow an online training module about this. Following an employee engagement survey, the Supervisory Board spoke with the Executive Board about culture and conduct within the Company. Aspects such as putting the strategy into practice, workload, attracting and retaining talent, career opportunities, and giving and receiving feedback were all enquired into. The outcomes of the survey are incorporated into the management development programmes. A new survey on employee engagement is planned for 2017.

Sustainable performance is also relevant to the way in which ForFarmers handles safety and development of employees. The Supervisory Board underlines the importance of the ongoing attention that should be devoted to this. The Supervisory Board supports the campaign #bettersafethansorry that has started at ForFarmers.

Meetings and attendance

In 2016 the Supervisory Board met seven times in plenary meetings. These Supervisory Board meetings were always attended by the CEO and the CFO. The members of the Executive Committee team were present during the Supervisory Board meetings insofar as the subject matters discussed included the annual accounts, half-year results, and the budget. There have also been five tele-conferences. Three of these conferences concerned the approval of the annual accounts (financial statements) and half-year results on the eve prior to their publication as well as discussions on the trading update of November 2016. The tele-conference of May was held in relation to the listing on Euronext, and during the tele-conference held in July, the Supervisory Board approved the takeover of Vleuten-Steijn. Not all plenary meetings were fully attended by the Supervisory Board. Due to health reasons, Henk Mulder was unable to attend three meetings. Another member was not present at one meeting. These members have nevertheless at all times acknowledged the items on the agenda and made their opinions known to the Chairman of the Board prior to the meeting.

The Supervisory Board has in addition met twice without the (representatives of the) Executive Board. 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 the operation of the Executive Committee as a team and that of the individual directors, and the associated conclusions arising therefrom. The Supervisory Board has also discussed, without the presence of the

Executive Board, its own operation, the operation 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 (see Committees of the Supervisory Board).

Preparation for the Annual General Meeting that ForFarmers held in April 2016 was carried out by the Supervisory Board during its regular meetings in February and March. During the latter meeting the annual accounts and the 2015 Executive Board report were also discussed as well as developments in light of Horizon 2020. The external auditor was also present to provide an explanation. In addition, during the said meeting, without the presence of the auditor, the employee participation plans for 2016 were discussed. In the period under review, on several occasions the Supervisory Board dwelled upon the reorganisation process in the United Kingdom with the Executive Committee. The Supervisory Board has sought in-depth information as to the background thereto, and asked for attention to be paid to social aspects, culture and good communication. In June, the Supervisory Board met in Beelitz, Germany and paid a site visit to the factory there. In addition, some members of the Board visited an operating site in the United Kingdom in 2016.

The interim report of 2016 and the 2017 budget were discussed in the meetings of August and December respectively. In August's meeting, a presentation was given on the development and structure of the IT processes and the harmonisation of the application landscape. In that meeting, progress in the area of sustainability was also discussed. In its meeting of December, the Board gave its approval for the 2017 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. This strategy also includes the operational and financial targets of the Company, the preconditions that are used in connection therewith, and the aspects of corporate social responsibility relevant to the Company. Evaluation of the General Meeting of Shareholders took place in April and the meetings of June and November focussed on, inter alia, the employee engagement survey and the evaluation of the listing on Euronext, the detailed plans as regards potential acquisitions, and the internal risk management and control systems.

Self-evaluation

Once every three years, the Supervisory Board discusses its operation with an external advisor. Given that the latest evaluation under the guidance of an external advisor had been at the end of 2013/beginning of 2014, the Supervisory Board had a self-evaluation again under the guidance of an external advisor in Q4 2016. As part of this, the Supervisory Board discussed its operation, both as regards the Board as a whole and as regards its individual members. The desired profile, composition and competence of the Supervisory Board was, among other things, discussed. The Supervisory Board strives towards an equal distribution of men and women, age, expertise, experience and background.

The Board concluded that, both as a whole and as regards its individual members, it performed satisfactorily. In addition, the Supervisory Board evaluated its meetings in the past year and the development and strategy of the Company, and the role of the Supervisory Board in connection therewith were also addressed. The self-evaluation was prepared by the Selection and appointment committee of the Supervisory Board.

The information as referred to in provisions III.1.3 and III.5.2 of the Code is included in the section 'Composition of the Supervisory Board' and 'Committees of the Supervisory Board'.

COMPOSITION OF THE SUPERVISORY BOARD

During the financial year, the Supervisory Board ('the Board') was composed of six members and the composition remained unchanged. During the General Meeting of Shareholders of 15 April 2016, Cees van Rijn was reappointed on nomination by the Supervisory Board. The Board is now composed as follows:

Jan Eggink, Chairman

(1959, Dutch nationality)
A member of the Supervisory Board since 2002, initially of (a predecessor of) Coöperatie FromFarmers U.A. and since 2007 of ForFarmers. He was appointed as Chairman of the Supervisory Board in May 2014. Within the Supervisory Board, he also chairs the Selection and appointment committee. His term of office ends in 2018 and he can not be reappointed. Mr Eggink is a dairy farmer and director of Coöperatie FromFarmers U.A.

Since 31 December 2016, 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., 12,130 participation accounts issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

Henk Mulder, Vice Chairman

(1947, Dutch nationality)
A member of the Supervisory Board since 2010, he was reappointed in 2014 and his term of office comes to an end in 2017. His role within the Supervisory Board is as Vice-Chairman, and he is a member of the Selection and appointment committee. Mr Mulder is a director of H. Mulder Management B.V., and as of beginning 2017, member of the board of directors of DUC SA, a public listed company in France.

Since 31 December 2016, Mr Mulder holds 49,500 shares, and no depositary receipts of shares in the capital of ForFarmers N.V.

Sandra Addink-Berendsen

(1973, Dutch nationality)
A member of the Supervisory Board since 2010, her term of office comes up for renewal in 2018. Within the Supervisory Board, Mrs. Addink-Berendson 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. She is also a member of the Supervisory Board of Alfa Top Holding, and the treasurer of Stichting Hessenheemfonds.

Since 31 December 2016, 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., 11,187 participation accounts 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 Supervisory Board since 2014, his term of office comes up for renewal in 2018. Mr Hulshof is a swine farmer as well as a member of the management of Coöperatie Topigs and Coöperatie FromFarmers U.A.

Since 31 December 2016, 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., 6,480 participation accounts issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

Cees van Rijn

(1947, Dutch nationality)
A member of the Supervisory Board since 2012, his appointment was renewed in 2016. 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, Royal FloraHolland, Plukon Food Group, PwC Nederland, UTZ and Erasmus QI.

As at 31 December 2016, 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 Supervisory Board since 2015, his term of office comes up for renewal in 2019. Within the Board, he is a member of the Remuneration 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 at 31 December 2016, 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., no participation accounts issued by the aforementioned Cooperative and which can be converted into depositary receipts or shares in ForFarmers N.V.

The Supervisory Board has one female member. The Executive Board has three members, none of which is female. As a result, the composition of the Supervisory Board and the Executive Board does not comply with the target of a minimum of 30% women. The Company pursues a balanced distribution of men and women, age, expertise, experience and background. The Supervisory Board has also included this in its profile. ForFarmers is working on a policy regarding diversity for the Executive Board and the Supervisory Board, and will take this into account as much as possible when recruiting new candidates.

In its meeting of 8 March 2016, the Supervisory Board adjusted and re-wrote its rotation schedule. The rotation schedule of the Supervisory Board is included in this report and published on the Company's website. In accordance with the Dutch Corporate Governance Code 2008, (hereinafter referred to as the 'Code'), members of the Supervisory Board may remain for a maximum of three four-year terms. At this time, the current Chairman of the Board continues to constitute an exception to the rule when his term of office as a member of the Supervisory Board of (a predecessor of) Coöperatie FromFarmers U.A. is included. In 2014 he was appointed for a term of office of four years and his term of office ends at the latest in 2018. This is also stated in the regulation of the Supervisory Board, which is published on the Company's website.

All members of the Supervisory Board, with the exception of two persons, are independent within the meaning of best practice provision III.2.2 of the Code. The Supervisory Board does not consider members who are also board members of Coöperatie FromFarmers U.A., i.e. V.A.M Hulshof and J.W. Eggink as independent within the meaning of the Code. This was determined both by the independent members and by the Supervisory 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 members of the Supervisory Board is a member of more than five supervisory boards of legal entities (including the Company) as referred to in Article 2:252a of the Dutch Civil Code, and best practice provision III.3.4 of the Code.

The Supervisory Board is not aware of any form of conflict of interest between the Company and members of the Supervisory 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 Supervisory 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.

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

COMMITTEES OF THE SUPERVISORY BOARD

As indicated in the regulations of the Supervisory Board, the Supervisory Board has the following three key committees: an audit committee, a remuneration committee and a selection and appointment committee. These committees were appointed by the Supervisory Board from among its members. The Supervisory Board remains responsible for resolutions, even if they were prepared by one of its committees. The Supervisory Board has prepared regulations for each committee, containing the principles and best practices of those committees. The regulations and the composition of the key committees are posted on the company's website. During the year under review the Supervisory Board received reports from each of the 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 2016 the Audit committee consisted of Sandra Addink-Berendsen (Chair) and Cees van Rijn (member). As established in the regulations, the Audit committee supports the Supervisory 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 reports as well as systems for internal control/risk management, and (iv) compliance with internal procedures, legislation and regulations and codes of conduct.

In 2016 the Audit committee met four times. The external auditor was present during all these meetings. In addition, the CEO, the CFO, the director of Reporting, Tax & Risk Management, and the Corporate Secretary were present during all these meetings. The committee discussed with (representatives of) the Executive Board and with the external auditor, the 2015 annual accounts (financial statements), the 2015 Report of the Executive Board, the 2016 half-year results, the trading update and the press releases pertaining thereto, the Management Letter, and the external audit plan for 2016. In addition, the follow-up of the recommendations of the external auditor, the risks and risk control and management systems, the staffing of the finance department and the tax planning at group level were discussed. With 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 always spoke, without the presence of (representatives of) the Executive Board, with the external auditor and shared its findings with the Supervisory Board on relations with the external auditor. The committee considers that relations with the external auditor are satisfactory and supports the proposal to appoint KPMG Accountants N.V. as auditor for the 2017 financial year. The Audit committee has ascertained that the risks relating to the Company strategy have been illustrated and that the system for controlling risks during the financial year have been implemented. The Audit committee has also been actively involved in the recruitment process for the internal auditor employed by ForFarmers from 1 January 2017.

Selection and appointment committee

During the year under review the Selection and appointment committee was formed by Messrs. Jan Eggink (Chairman) and Henk Mulder (member). As established in the regulations, the Selection and appointment committee submits proposals to the Supervisory Board regarding the selection criteria and appointment procedures, and regarding the scope, composition, appointments, reappointments, and assessment of the performance of the Executive Board.

In 2016 the Selection and appointment committee met twice. The committee has set up an individual profile for the vacancy that opens in 2017 as a result of Henk Mulder leaving. This profile has been approved by the Supervisory Board and established in its informal meeting on 7 July 2016. At the proposal of the Supervisory Board, the General Meeting of Shareholders of 15 April 2016 changed the term of office of Arnout Traas and Jan Potijk as members of the Executive Board. As a result thereof, a term of office of four years was attached to Arnout Traas' appointment and a term of office of three years was attached to Jan Potijk's appointment from the date of the meeting. Upon nomination by the Supervisory Board, Cees van Rijn was reappointed by the aforementioned General Meeting as a member of the Supervisory Board for a term of four years. In connection with the succession of Henk Mulder, the Selection and appointment committee performed the necessary preparations and held interviews with candidates in 2016. Mr Cees de Jong, currently President and CEO of the Danish stock listed bioscience company Chr. Hansen, was put forward to the Supervisory Board because of his broad international experience in large branch related organisations. The Board has nominated Mr de Jong to be appointed a member of the Supervisory Board by the General Meeting of Shareholders to be held on 26 April 2017.

Remuneration committee

Cees van Rijn (Chairman) and Erwin Wunnekink formed part of the Remuneration committee for the entire 2016 financial year. As established in the regulations, the Remuneration committee submits proposals to the Supervisory Board for the remuneration policy to be pursued and the remuneration of individual members of the Executive Board. The remuneration policy was adopted by the General Meeting of 15 April 2016 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 2016. The CEO was always present during these meetings. The committee performed preparatory activities during the drawing up of the remuneration policy for the Executive Board, the remuneration report and the conversion of the employment contracts of Arnout Traas and Jan Potijk to contracts in accordance with their respective terms of office. In addition, the Remuneration committee held discussions with the CEO and made a proposal to the Supervisory Board regarding the short term variable bonus targets (STI) for the Executive Committee for 2016. This also applies to the long-term variable bonus targets (LTI – 2016-2018) for the Executive Committee (a period of three years). The plans were discussed and approved by the plenary Supervisory Board. The Remuneration committee discussed the realisation of the objectives stipulated in 2015 with the Executive Committee on the basis of which the variable remuneration (STI and LTI 2013-2015) was calculated. In this respect the Remuneration committee relied on the report of the auditor in which the correctness was determined of the calculation of the variable remuneration related to the financial targets. The Supervisory Board then approved the proposed bonus amounts. The progress of the realisation of the short- and long-term targets were also discussed. The Remuneration committee discussed the employee participation plan for 2016. These plans were approved by the Supervisory Board. The Remuneration committee has made proposals to the Supervisory Board regarding changes to the remuneration policy for the coming years. The proposals will be submitted to the general shareholders meeting on 26 April 2017. The main aspects of the contracts with members of the Executive Board were published on the Company's website. During the General Meeting of Shareholders of 15 April 2014, the remuneration of the Supervisory Board was established for a period of three years. In the period under review, the Remuneration committee put forward the remuneration of the Supervisory Board to an external organisation consultancy agency for assessment. For this assessment, a comparison was made with a peer group. The peer group consists of the ten largest small cap companies and the ten smallest mid cap companies listed on Euronext and are equal to the peer groups as

Name	Selection and nomination committee	Remuneration committee	Audit committee
J.W. Addink-Berendsen			Chairman
J.W. Eggink	Chairman		
V.A.M. Hulshof			
H. Mulder	Member		
C.J.M. van Rijn		Chairman	Member
W.M. Wunnekink		Member	

used for determining the new remuneration policy of the Executive Committee. In determining the peer-group, comparability in terms of scale, complexity, significance and results were taken into account. During the General Meeting of Shareholders of 26 April 2017, adjustments to the remuneration of the Supervisory Board will be proposed for a new period of three years, i.e. 2017-2020.

Activities of the Supervisory Board outside the meetings

Outside the meetings there has been regular contact between the Chairman, the other members of the Supervisory Board and the Executive Committee about various subject matters. In addition, members of the Board visited East-Germany (Beelitz), and the United Kingdom, along with members of the Executive Committee.

Management conferences

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

Works Council

In 2014 the large companies regime (in Dutch: *'structuurregime'*) was set up at the level of ForFarmers Corporate Services B.V. (holding of the Dutch ForFarmers-companies). Mr. Hajé Nordbeck is a member of the supervisory board thereof on the nomination of the (joint) works council. ForFarmers N.V. has a European works council that met twice in the period under review. These meetings were not attended by members of the Supervisory Board. As stated in the Supervisory Board Regulations, the initiative for a meeting convocation can come from the European Works Council or the Supervisory Board.

Education

As part of the continuous professional education of the plenary Supervisory Board, the Supervisory Board members followed workshops in market abuse and the developments in the field of corporate governance. In addition, several members of the Board follow courses with different institutions.

Final comments

ForFarmers has, under the management of the Executive Committee and other managers and with the commitment, knowledge, and dedication of all employees in 2016, 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 2017.

Lochem, 13 March 2017

The Supervisory Board

REMUNERATION REPORT

The following remuneration report of the Supervisory Board contains an overview of the remuneration, a report on the manner in which the remuneration policy was put into practice over the past year, an overview of the remuneration policy to be followed by the Supervisory Board over the coming year and subsequent years, and a report on the remuneration of the members of the Supervisory Board. The remuneration policy was adopted by the General Meeting of Shareholders of 15 April 2016.

Remuneration policy

On the advice of the remuneration committee the Supervisory Board prepared the remuneration policy for the Executive Board (hereinafter the 'Executive Board'). The term 'Executive Board' in this remuneration policy refers solely to the statutory directors and not to the persons referred to as directors (the 'non-statutory' members of the Executive Committee) who are not a statutory director. The Executive Board's remuneration policy and changes thereto are determined by the general meeting of ForFarmers N.V. (hereinafter 'ForFarmers' or 'the Company'). The Supervisory Board sets the remuneration of the individual members of the Executive Board on the proposal of the Remuneration Committee, in line with the remuneration policy. The regulation of the Remuneration committee is published on the website of ForFarmers.

Principles

Prior to the preparation of this remuneration policy, the Supervisory Board of ForFarmers analysed the potential outcome of the variable remuneration components and the consequences thereof for the remuneration of the members of the Executive Board.

The remuneration policy is founded on attracting qualified people, retaining them, and motivating them to realise ForFarmers' objectives. Experience in the (international) activities of ForFarmers and the necessary management qualities play a big part in this.

The policy is based on interesting and retaining highly-qualified people, even from other industries, in a position at ForFarmers. When setting the variable component of the remuneration, several aspects are taken into consideration, such as results and other developments relevant to the Company, including non-financial indicators that are relevant for the company's long-term goals, always bearing in mind the risks that such a variable remuneration can entail for the Company. The level and structure of directors' remuneration is also determined by way of scenario analyses conducted. The proportionality of remuneration within the Company is also considered.

When determining the aforementioned principles, the remuneration package is compared with that of a number of companies of a comparable scale, complexity, significance and results. This is what is called the 'peer group'. When setting the total remuneration, the market median of the peer group will be taken as a basis. For this, research from an independent organisation is used. The Supervisory Board shall have the remuneration package assessed by an agency once every three years to ensure that the package complies with the principles of the remuneration policy. In the interim years the remuneration can be adjusted on the basis of the signalled remuneration margin compared to the peer group and inflation. The Executive Board receives a remuneration composed of a fixed and variable part. The variable part has both a short-term and long-term component. For the variable part of the remuneration, financial and non-financial targets are set every year by the Supervisory Board. The remuneration policy is regularly tested; changes to the policy are presented for adoption to the General Meeting of Shareholders.

Remuneration package

The total remuneration of the members of the ForFarmers Executive Board is composed of a fixed basic salary, a short-term performance bonus, a long-term performance bonus, a pension and other secondary conditions of employment. In addition, the CEO receives a fixed short-term bonus of €100,000 per year during the term of his current contract which must be used for the senior employee participation plan. Members of the Executive

Board also have the option to take part in the participation plan for the senior management of ForFarmers. The Executive Board is not granted any options for the acquisition of shares or depositary receipts. The Company has no regulation relating to the change-of-control of the Company.

Prior to the preparation of the remuneration policy of individual members of the Executive Board, the Supervisory Board of ForFarmers analysed the potential outcome of the variable remuneration components and the consequences thereof for the remuneration of the members of the Executive Board.

Fixed basic salary

The adjustment of the basic salary by the Supervisory Board, on the recommendation of the Remuneration committee, basically takes place on 1 January. In this respect the personal performance, the results of the past years, the potential margin compared to the norm level and general adjustments in the remuneration market are taken into account.

Performance bonuses

Every member of the Executive Board is entitled to a short- or long-term performance bonus, the level of which depends on attaining targets discussed in advance by the Supervisory Board and the Executive Board, and supports the achievement of ForFarmers' strategic agenda, with a responsible balance between a focus on the short-term and a focus on the long-term. The Supervisory Board sets the level of the variable remuneration realised, on advice from the Remuneration committee.

The Company's external auditor executes specifically agreed upon tasks relating to the achievement of financial targets in the short- and long-term remuneration plan.

Short-term performance bonus

The short-term performance bonus as a percentage of the fixed basic salary, if all targets are achieved, amounts to:

- for the CEO 60% and maximum 72%; and
- for each of the other members of the Executive Board 40% and maximum 48%.

Any performance under 90% of the set target shall lead to non-payment of the bonus for that target. The maximum bonus for a target will be paid when the performance comes to at least 110% of the target set. In the case of performance between 90% and 110% of the set target, the bonus is paid out proportionally. If 90% of the target is not achieved for any of the set targets, 0% of the bonus is paid out. The targets for the short-term performance bonus are 70% related to financial targets and 30% to qualitative targets (as determined at the discretion of the Supervisory Board).

The short-term performance bonus is made up of an annual payment in cash paid out in the following year, directly after the annual accounts have been adopted at the Annual General Meeting that year.

Long-term performance bonus

The remuneration policy moreover offers room for a remuneration for members of the Executive Board that rewards long-term improvement.

The level of the long-term performance bonus depends on the extent to which the performance is achieved over a period of three years. The performance taken into account includes the development of profits after taxes and the realisation of the Company's strategy and sustainability targets. Performance is established by the Supervisory Board on advice from the Remuneration Committee. If the performance remains under 90% of the set target, this shall lead to non-payment of the bonus for that target. The maximum bonus for a target will be paid when the realisation of that target comes to at least 110% of the target set. In the case of performance between 90% and 110% of the set target, the bonus is paid out proportionally. If 90% of the target is not achieved for any of the set targets, 0% of the bonus is paid out. The objectives for the long-term performance bonus are for 60% related to financial targets and for 40% to qualitative targets (as determined at the discretion of the Supervisory Board].

The long-term performance bonus as a percentage of the fixed basic salary, if all targets are achieved amounts to:

- for the CEO 60% and maximum 72%; and
- for each of the other members of the Executive Board 40% and maximum 48%.

For this, the fixed basic salary is used as applicable on 1 January of the first year of the specified period of three years.

The long-term performance bonus is composed of a compensation in cash and is paid out at the end of the specified period of three years, directly after the annual accounts have been determined in the Annual General Meeting of the year following the end of that period.

Share participation plan

Members of the Executive Board are in principle invited on an annual basis to take part in the employee participation plan for senior management. Participants in this plan may purchase (depositary receipts for) shares on an annual basis for an amount no higher than 70% of the gross amount of the short-term bonus they are set to receive in that year. For ordinary (depositary receipts for) shares received as part of this employee participation plan, a lock-up period of three years applies as well as a discount of 20% on the standard acquisition price which is granted in the form of an allowance of additional (depositary receipts for) shares. The Supervisory Board can determine whether members of the Executive Board can allocate other components of their salary to this.

Members of the Executive Board are not granted (depositary receipts for) shares and/or rights to (depositary receipts for) shares as part of their remuneration. Participation in an employee participation plan is at the discretion of each individual member of the Executive Board. The Supervisory Board annually determines whether the employee participation plan can be carried out.

Clawback

The Supervisory Board has the authority to adjust the level of the variable component of the remuneration of members of the Executive Board, the allocation of which was dependent, in whole or in part, on attaining certain targets or on special circumstances, to a suitable level if payment thereof would be unfair or unreasonable. Furthermore, the Company (represented for these purposes by the Supervisory Board or a person designated for that purpose by the General Meeting of Shareholders) is entitled to claw back, in whole or in part, any bonuses granted insofar as the payment has taken place on the basis of inaccurate information on the achievement of the targets that form the basis for earning the bonus or on the circumstances on which the bonus depended. These points are also included in the agreements with the members of the Executive Board and the non-statutory directors.

Pension

The CEO receives a fixed remuneration for accrual of his own pension scheme of 20% of the fixed salary. For other members of the Executive Board, up to a basic annual salary of €100,000, the collective pension scheme of ForFarmers, including the top-up scheme, applies based on defined contributions and participants' own contributions. Above the aforementioned amount of €100,000, they receive an allowance for accrual of their own pension scheme. The premium is comparable with the amount of pension premium paid prior to introduction of the maximum threshold of €100,000.

Other secondary conditions of employment

ForFarmers has a package of secondary conditions for members of the Executive Board. These include, inter alia, a healthcare and sickness scheme, an accident scheme, a car scheme, directors' liability insurance and an expenses scheme. ForFarmers does not issue loans, guarantees or similar benefits to members of the Executive Board.

Severance payment

The current agreement with the CEO was concluded for a term up to the annual General Meeting in 2018. If the agreement with the CEO is terminated by the Company then payment of his salary is continued up to the end of the contract term. Contracts with the other members of the Executive Board have been converted into temporary contracts in accordance with the maximum term of office as included in the Dutch Corporate Governance Code. Contracts with members of the Executive Board shall in the future in principle be entered into for a period of four years and shall include the provision that in the case of early dismissal by the Company, a maximum of one year's fixed basic salary shall be paid out. The same applies in the event that a member of the Executive Board is not eligible for reappointment after four years. If that maximum of one year's fixed salary for a member of the

Executive Board who is dismissed during his/her first term of office is clearly unreasonable in the opinion of the Supervisory Board, this director shall be entitled to compensation for dismissal, of maximum of two years' basic salary. The Supervisory Board is entitled not to grant such a compensation or to set it at a lower amount, if the Supervisory Board is of the opinion that the reasons for dismissal would make the granting of compensation of one year's basic salary unacceptable based on criteria of fairness and reasonableness.

Non-statutory directors and other employees

For the record, it is noted that the remunerations of non-statutory directors are determined by the CEO after previous consultation with the Supervisory Board. The remuneration of non-statutory directors and other employees occurs within the limits of this remuneration policy.

Remuneration 2016

During the 2015 financial year, an independent organisation conducted market research among two peer groups to determine the level and composition of the remuneration of the members of the Executive Board. The composition of the peer groups was determined by the Remuneration Committee in consultation with an external advisor. The first peer group consisted of nine (9) companies in the Netherlands that are active in the agricultural sector in Europe, including Agrifirm, FrieslandCampina and Vion, and the other one consisted of thirteen (13) small- and mid-cap funds, including Sligro, Wessanen and GrandVision. When determining the peer groups, their comparability in scope, complexity, importance and result was examined. The peer groups are comparable to the previous survey conducted in 2012. The outcome of the survey was used to determine the total direct remuneration (fixed salary, short – and long term bonus) of Arnout Traas and Jan Potijk effective from 1 January 2016. In addition, the outcome of the survey will be used to determine the total direct remuneration of Yoram Knoop in case a new contract will be concluded with him. In 2016, the Remuneration committee did not make use of services of an external remuneration advisor to determine the remuneration of the members of the Executive Board. In the period under review, the employment contracts of Arnout Traas and Jan Potijk were converted into temporary contracts in line with their term of office as a member of the Executive Board, i.e. 4 years (ending at the end of the Annual General Meeting in 2020), and 3 years (ending at the end of the Annual General Meeting in 2019) respectively. The terms of office of respectively 4 and 3 years were chosen to avoid that the terms of Arnout Traas and Jan Potijk would end simultaneously.

Prior to the preparation of the remuneration policy and the adoption of the remuneration of individual members of the Executive Board, the Supervisory Board analysed the potential outcome of the variable remuneration components and the consequences thereof for the remuneration of the members of the Executive Board.

Annual salary for members of the Executive Board

The fixed basic salaries of the members of the Executive Board were indexed on 1 January 2016 by a percentage as presented below. The Supervisory Board made an estimate of the expected inflation development.

Yoram Knoop	(+1% vs, 2015)
Arnout Traas	(+4% vs, 2015)
Jan Potijk	(+19% vs, 2015)

Short- and long-term performance bonus of members of the Executive Board

The targets for the short-term performance bonus for 2016 were 70% related to financial targets and 30% to qualitative targets.

The targets for the long-term performance bonus were 60% related to financial targets and 40% to qualitative targets. The long-term performance bonus is determined over a period of 3 years, i.e. 2014-2016.

The overview below shows which bonus percentages have been achieved as compared with the maximum by each individual member of the Executive Board.

	Variable short-term bonus %	Short-term % of maximum target (of 120%)	Long-term bonus %	Long-term % of maximum target (of 120%)
Yoram Knoop	64.7%	89.8%	60%	100%
Arnout Traas	42.4%	87.8%	40%	100%
Jan Potijk	46.9%	97.7%	40%	100%

**Explanation: The maximum percentage is 120% vis a vis the 'on target' percentage.*

For the short-term performance bonus, the financial targets over the financial year were related to the net profit or EBIT (for 70%) and the percentage of overdue receivables (for 5% or 10%, depending on the concerned member of the Executive Board). The qualitative targets related to specific projects for 2016 as part of the implementation of Horizon 2020 such as the set-up of world-class teams, implementation of the CRM application, filling (in) of the M&A portfolio and listing on Euronext Amsterdam. Depending on the concerned member of the Executive Board, a project is taken into account for 5% up to 20% of the target. The scores as regards the financial targets in 2016 came out in a range of 92.3% to 96.7%. The scores as regards the qualitative targets came out in a range of between 77.5% and 100% of the previously agreed maximum level. The main cause of not achieving the maximum scores was that reducing overdue debtor amounts was not achieved in all clusters, and that the qualitative objectives were not met in all cases.

For the long-term performance bonus 2014-2016, the (cumulative) financial targets related to the realisation of net-profit growth over three years, both like-for-like profit growth (25%) as well as through acquisitions (25%). Achieving these targets account for 50% of the long-term performance bonus. The qualitative targets related to the preparation and set-up of the governance structure for the listing on Euronext Amsterdam (for 25%) and to the progress of the Horizon 2020 strategy (for 25%). For the long-term performance bonus 2015-2017, the (cumulative) financial targets are for 60% related to the net-profit growth (both like-for-like and through acquisition) and the qualitative targets are related to implementation of Horizon 2020 for 20%, to the realisation of sustainability targets for 10% and for 10% to the realisation of the listing on Euronext Amsterdam. With respect to the long-term performance bonus 2016-2018, the target elements are similar to the elements of 2015-2017 albeit that the listing on Euronext Amsterdam has been replaced by the progress made in relation to the employee engagement survey target. The long-term financial targets were achieved to a level of 100%. All financial and non-financial objectives from the 2014-2016 programme were achieved.

The actual targets are not disclosed as they are (or may be) commercially confidential and potentially price-sensitive. When establishing the bonuses, the Supervisory Board used the report by the accountant on the actual findings regarding the realisation of the bonus performance targets for the Executive Board. The members of the Executive Board have allocated their short-term performance bonus and fixed short-term bonus, or part thereof, to participation in the senior management employee participation plan, which resulted in the acquisition of 58,305 depositary receipts for shares by Yoram Knoop, 15,024 depositary receipts for shares by Arnout Traas and 20,347 depositary receipts for shares by Jan Potijk. A lock-up period of three years and a discount of 20% on the regular acquisition price, which was granted in the form of allocation of additional depositary receipts for shares, apply to the depositary receipts that were acquired based on this scheme, as referred to in Article 2:135, section 5 of the Dutch Civil Code as approved by the Annual General Meeting of 15 April 2016.

As at 31 December 2016, the members of the Executive Board held the following shares or depositary receipts:

	Depositary receipts in lock-up with release in 2017	Depositary receipts in lock-up with release in 2018	Depositary receipts in lock-up with release in 2019	Depositary receipts/Shares (not in lock-up)
Yoram Knoop	39,151	63,011	58,305	62,500
Arnout Traas	35,449	14,757	15,024	35,005
Jan Potijk	32,465	21,007	20,347	802,726
Total	**107,065**	**98,775**	**93,676**	**900,231**

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. Loans were not provided to members of the Executive Board.

An overview of the costs incurred by ForFarmers N.V. (the 'Company') in the financial year 2016 in relation to Executive Board remuneration is included below. This overview provides 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.

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
Total	**1,222**	**747**	**174**	**112**	**583**	**71**	**2,909**

(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, allowances for life-cycle savings scheme, expenses, pension compensation own arrangement and any accrual for termination benefits.
(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 depository receipts and does not reflect the value of vested depository receipts.

The Supervisory 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.

Remuneration policy 2017 and subsequent years

An adjusted remuneration policy will be submitted to the 26 April 2017 General Meeting of shareholders for adoption. On the advice of the Remuneration committee, a proposal is made to adjust the remuneration policy, in connection with, inter alia, the new Dutch Corporate Governance Code 2016 and the proposed extended lock-up period with respect to the employee participation plan for senior management.

Remuneration of members of the Supervisory Board

The annual remuneration of members of the Supervisory Board amounts, in accordance with the policy established at the AGM of 15 April 2014, to: €50,000 for the Chairman, €35,000 for the Vice-Chairman and €30,000 for the other members of the Supervisory Board with a surcharge of €7,500 for each Supervisory Board member who chairs a committee established by the Supervisory Board and €5,000 for each Supervisory Board member who is a member and not the Chair of one of these committees established by the Supervisory Board.

The amounts stated do not include VAT. The members of the Supervisory Board receive a fixed annual expenses allowance of €500.

In 2016 the following remuneration was granted to members of the Supervisory Board.

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
H. Mulder	35.0	5.0	5.4	45.4
J.W. Addink-Berendsen	30.0	7.5	4.7	42.2
V.A.M. Hulshof	30.0	0.0	4.3	34.3
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 employers' social security contributions

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

During the Annual General Meeting of 15 April 2014, the remuneration of the Supervisory Board was established for a period of three years. In the period under review, the remuneration committee submitted the remuneration committee of the Supervisory Board to an external consultancy agency for assessment. For this assessment, a comparison was made with two peer groups. The first peer group consists of companies that are active in the agricultural sector in Europe and the other one consists of small- and mid-cap funds and are equal to the peer groups used for the determination of the remuneration of the Executive Committee. When determining the peer groups, their comparability in scope, complexity, importance and result was examined. During the General Meeting of Shareholders of 26 April 2017, adjustments to the remuneration of the Supervisory Board will be proposed for a new period of three years, i.e. 2017-2020.

As at 31 December 2016, the members of the Supervisory Board held the following shares or depositary receipts:

	Depository receipts/Shares	Paticipation accounts	Total
J.W. Eggink	7,179	12,130	19,309
H. Mulder	49,500	-	49,500
J.W. Addink-Berendsen	9,640	11,187	20,827
V.A.M. Hulshof	-	6,480	6,480
C.J.M. van Rijn	-	-	-
W.M. Wunnekink	-	-	-
Total	**66,319**	**29,797**	**96,116**

The Company did not allocate options, depositary receipts or shares to members of the Supervisory Board. The remuneration of the members of the Supervisory 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 Supervisory Board.

Lochem, 13 March 2017

Supervisory Board

FINANCIAL STATEMENTS 2016

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	31 December 2016	31 December 2015
Assets			
Property, plant and equipment	17	194,749	197,731
Intangible assets and goodwill	18	102,181	89,202
Investment property	19	830	822
Trade and other receivables	21	10,952	12,532
Equity-accounted investees	20	21,653	19,714
Deferred tax assets	16	3,230	3,135
Non-current assets		**333,595**	**323,136**
Inventories	22	70,024	83,675
Biological assets	23	5,117	6,096
Trade and other receivables	21	213,736	231,423
Current tax assets		943	39
Cash and cash equivalents*	24	152,854	133,065
Assets held for sale	25	-	4,579
Current assets		**442,674**	**458,877**
Total assets		776,269	782,013
Equity			
Share capital		1,063	106,261
Share premium		143,554	38,356
Treasury share reserve		-1	-399
Translation reserve		-3,609	4,505
Hedging reserve		27	-
Other reserves and retained earnings		229,816	203,081
Unappropriated result		53,260	50,707
Equity attributable to owners of the Company	26	**424,110**	**402,511**
Non-controlling interests	33	**4,880**	**4,643**
Total equity		428,990	407,154
Liabilities			
Loans and borrowings	28	45,652	52,967
Employee benefits	15	65,328	70,474
Provisions	29	3,295	3,475
Trade and other payables	30	7,660	-
Deferred tax liabilities	16	9,875	8,990
Non-current liabilities		**131,810**	**135,906**
Bankoverdrafts*	24	45,535	46,565
Loans and borrowings	28	126	198
Provisions	29	2,050	1,049
Trade and other payables	30	161,326	183,152
Current tax liability		6,432	7,989
Current liabilities		**215,469**	**238,953**
Total liabilities		347,279	374,859
Total equity and liabilities		776,269	782,013

** The comparative figures as at 31 December 2015 have been adjusted. For further details, see Note 2.*

The notes 1 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

In thousands of euro	Note	2016	2015
Revenue	8	2,108,962	2,244,470
Cost of raw materials and consumables	9	-1,701,590	-1,820,266
Gross profit		**407,372**	**424,204**
Other operating income	10	3,949	3,380
Operating income		**411,321**	**427,584**
Employee benefit expenses	15	-150,542	-148,479
Depreciation and amortisation	17 , 18	-26,044	-26,038
Other operating expenses	11	-166,902	-189,017
Operating expenses	11	**-343,488**	**-363,534**
Operating profit		**67,833**	**64,050**
Finance income		1,664	2,864
Finance costs		-5,192	-5,426
Net finance costs	12	**-3,528**	**-2,562**
Share of profit of equity-accounted investees, net of tax	20	3,816	4,681
Profit before tax		**68,121**	**66,169**
Income tax expense	16	-14,344	-14,879
Profit for the year		53,777	51,290
Profit attributable to:			
Owners of the Company		**53,260**	**50,707**
Non-controlling interests	33	517	583
Profit for the period		53,777	51,290
Earnings per share in euro *)			
Basic earnings per share	13	0.50	0.48
Diluted earnings per share	13	0.50	0.48
Underlying EBITDA	27	**93,609**	**90,391**

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

Consolidated statement of comprehensive income

In thousands of euro	Note	2016	2015
Profit for the period		**53,777**	**51,290**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	15 , 16	-527	7,303
Equity-accounted investees - share of other comperhensive income	20 , 26	-1	15
Related tax	16	317	-2,452
		-211	**4,866**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		-9,495	2,737
Cash flow hedges - effective portion of changes in fair value		657	-
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-621	-
Related tax	16	1,372	-558
		-8,087	**2,179**
Other comprehensive income, net of tax		**-8,298**	**7,045**
Total comprehensive income		45,479	58,335
Total comprehensive income attributable to:			
Owners of the Company		**44,962**	**57,752**
Non-controlling interests	33	517	583
Total comprehensive income		45,479	58,335

The notes 1 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2016

In thousands of euro	Note	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
		Attributable to owners of the Company									
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 unappropiated 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 owners 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 owners 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

2015

In thousands of euro	Note	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
		Attributable to owners of the Company									
Balance as at 1 January 2015		**106,261**	**38,356**	**-466**	**2,326**	**-**	**169,262**	**48,140**	**363,879**	**4,363**	**368,242**
Addition from unappropiated result		-	-	-	-	-	48,140	-48,140	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	50,707	50,707	583	51,290
Other comprehensive income	16 , 26	-	-	-	2,179	-	4,866	-	7,045	-	7,045
Total comprehensive income		**-**	**-**	**-**	**2,179**	**-**	**4,866**	**50,707**	**57,752**	**583**	**58,335**
Transactions with owners of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	26	-	-	-	-	-	-18,707	-	-18,707	-400	-19,107
Purchase/sale of own shares	26	-	-	67	-	-	-101	-	-34	-	-34
Equity-settled share-based payments	15	-	-	-	-	-	275	-	275	-	275
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	-654	-	-654	97	-557
Total transactions with owners of the Company		**-**	**-**	**67**	**-**	**-**	**-19,187**	**-**	**-19,120**	**-303**	**-19,423**
Balance as at 31 December 2015		106,261	38,356	-399	4,505	-	203,081	50,707	402,511	4,643	407,154

The notes 1 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of euro	Note	2016	2015*
Cash flows from operating activities			
Profit for the year		53,777	51,290
Adjustments for:			
Depreciation	17	20,378	20,199
Amortisation	18	5,666	5,385
Change in fair value of biological assets (unrealised)	23	49	107
Impairment losses on intangible assets and goodwill	18	-	454
Net impairment loss on trade receivables	31	899	4,573
Net finance costs	12	3,528	2,562
Share of profit of equity-accounted investees, net of tax	20	-3,816	-4,681
Gain on sale of property, plant and equipment / investment property		-780	-32
Gain on sale of participating interests	7	-786	-1,097
Gain on sale of assets held for sale	25	-900	-164
Equity-settled share-based payment expenses	15	371	275
Tax expense	16	14,344	14,879
		92,730	**93,750**
Changes in:			
Inventories & biological assets		11,955	-4,964
Trade and other receivables		13,160	1,142
Trade and other payables		-14,776	-3,397
Provisions and employee benefits		-3,061	-8,082
Cash generated from operating activities		**100,008**	**78,449**
Interest paid		-2,628	-4,400
Taxes paid		-15,957	-12,110
Net cash from operating activities		81,423	61,939
Cash flows from investing activities			
Interest received		1,664	2,433
Dividends received from equity-accounted investees	20	2,766	5,753
Proceeds from sale of property, plant and equipment / investment property		2,266	1,059
Proceeds from sale of participating interests, net of cash disposed		968	1,097
Proceeds from sale of assets held for sale	25	5,575	1,000
Acquisition of subsidiary, net of cash acquired	6	-19,133	-14,048
Acquisition of property, plant and equipment	17	-31,617	-24,271
Acquisition of intangible assets	18	-2,049	-995
Net cash used in investing activities		-39,560	-27,972
Cash flows from financing activities			
Proceeds from purchase and sale of treasury shares		1,471	213
Proceeds from sale of treasury shares relating to employee participation plan		2,115	1,095
Repurchase of treasury shares relating to participation plan		-2,683	-3,184
Payment of financial lease		-141	-311
Acquisition of non-controlling interest		-	-654
Dividend paid	26	-24,734	-18,707
Net cash used in financing activities		-23,972	-21,548
Net increase in cash and cash equivalents		**17,891**	**12,419**
Cash and cash equivalents at 1 January	24	86,500	75,194
Effect of movements in exchange rates on cash held		2,928	-1,113
Cash and cash equivalents as at 31 December	24	107,319	86,500

** Adjusted for comparison purposes*

The notes 1 to 52 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1. Reporting entity

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 2016 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 2016, the interest in the Company is distributed as follows:

	31 December 2016	31 December 2015
Shares Coöperatie FromFarmers U.A. (Direct)	20.81%	25.43%
Participation accounts of members (Indirect)	32.45%	35.59%
Coöperatie FromFarmers U.A.	**53.26%**	**61.02%**
Depositary receipts of members	6.06%	7.18%
Depositary receipts in lock-up	1.32%	0.89%
Depositary receipts other holders*	4.68%	30.91%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**12.06%**	**38.98%**
Shareholders (external)	34.68%	0.00%
Total	**100.00%**	**100.00%**

** 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 sector that will continue to serve society for generations to come in a sustainable way. On 23 May 2016, ForFarmers changed its legal form from ForFarmers B.V. to ForFarmers N.V. to enable its public listing on Euronext Amsterdam that became effective on 24 May 2016.

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 13 March 2017. The Group's financial statements will be subject to adoption by the Annual General Meeting of Shareholders on 26 April 2017.

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

Changes in accounting policies in 2016

Other than the change in accounting policy with regard to 'Offsetting of financial assets and financial liabilities', as described below, there were no new standard or changes in accounting policies, effective from 1 January 2016, that materially impact the Group.

Offsetting of financial assets and financial liabilities

IAS 32 'Financial instruments: presentation' prescribes that a financial asset and a financial liability shall be offset when there is a legally enforceable right to offset and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has both the legally enforceable right (by contract) to set off the amounts under notional cash pooling arrangement as well as the intention to settle on a net basis. Due to the fact that IFRS is principle-based and does not prescribe how the intention to settle on a net basis is evidenced, the Group applies certain practices to evidence that the requirement of "intention to settle net" is met.

In April 2016, an Agenda Rejection Notice ('ARN') was published by the IFRS Interpretations Committee ('IFRIC') on balance sheet offsetting of notional cash pooling products. The issue in the ARN relates to the question whether certain cash pooling arrangements would meet the requirements for offsetting under IAS 32. The IFRIC provided further clarification that the transfer of balances into a netting account should occur at the period-end to demonstrate an intention to settle on a net basis.

As a result of the ARN the Group has changed its accounting policy. This change in accounting policy is accounted for retrospectively. The comparative amounts as at 31 December 2015 are adjusted accordingly in accordance with the information set out below.

Summary of impact of changes in accounting policies
The change in the accounting policy, as described above, has no impact on the Consolidated statement of profit or loss (including earnings and diluted earnings per share), Consolidated statement of comprehensive income, Consolidated statement of cash flows and the Consolidated statement of changes in equity.

In the Consolidated statement of financial position the amounts on the line items Cash and cash equivalents, Current assets, Total assets, Bank overdrafts, Current liabilities and Total liabilities are impacted. These line items increase by €44.8 million as at 31 December 2015.

Accounting policies
Details of the Group's significant accounting policies are included in Notes 39 and 40.

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 their transactions, and resulting balance occur in their local and functional currency. The following exchange rates have been applied for the during the year:

Rate as at 31 December

2014:	€1.00 = £ 0.7789
2015:	€1.00 = £ 0.7340
2016:	€1.00 = £ 0.8562

Average rate

2015:	€1.00 = £ 0.7258
2016:	€1.00 = £ 0.8195

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);
- leases: whether an arrangement contains a lease (Note 35); and
- lease classification (Note 35).

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 lives 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 (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 one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. 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.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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.

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.
- *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 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.

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

Share-based payment arrangements (Note 14)

For depository receipts granted to employees, the fair value of the depository receipts is based on the market price of the entity's shares as publically listed (until 24 May 2016: as listed on Van Lanschot's multilateral trading platform), and if necessary adjusted to take into account the terms and conditions upon which the depository 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 of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business operations less the estimated cost of completion and sale less a reasonable profit margin based on the effort that is 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 livestock, 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 other things, 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. UK 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. Management 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

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*	7,956	5,524	17,339	2,848	33,667
Working Capital	35,730	41,822	50,295	- 7,961	119,886
Underlying EBITDA	65,897	14,482	26,207	-12,977	93,609

2015

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	943,202	529,585	771,508	175	2,244,470
Inter-segment revenues	58,664	-	-	-58,664	-
Revenue	**1,001,866**	**529,585**	**771,508**	**-58,489**	**2,244,470**
Gross profit	**190,131**	**66,045**	**166,904**	**1,124**	**424,204**
Other operating income	1,866	563	943	8	3,380
Operating expenses**	-141,109	-58,627	-150,455	-13,343	-363,534
Operating profit	**50,888**	**7,981**	**17,392**	**-12,211**	**64,050**
Depreciation and amortisation	8,167	3,609	11,754	2,508	26,038
EBITDA	59,055	11,590	29,146	-9,703	90,088
Property, plant and equipment	77,923	34,263	82,920	2,625	197,731
Intangible assets and goodwill	20,580	4,861	57,286	6,475	89,202
Equity-accounted investees	-	19,714	-	-	19,714
Other non-current assets	2,800	11,842	10,472	-8,625	16,489
Non-current assets	**101,303**	**70,680**	**150,678**	**475**	**323,136**
Current assets	**193,135**	**132,245**	**124,644**	**8,853**	**458,877**
Total assets	**294,438**	**202,925**	**275,322**	**9,328**	**782,013**
Equity	-138,524	-58,854	-25,719	-184,057	-407,154
Liabilities	-155,914	-144,071	-249,603	174,729	-374,859
Total equity and liabilities	**-294,438**	**-202,925**	**-275,322**	**-9,328**	**-782,013**
Capital expenditure*	7,143	3,796	12,546	1,781	25,266
Working Capital	38,288	49,905	51,716	- 11,064	128,845
Underlying EBITDA	59,455	11,590	29,049	-9,703	90,391

** Relating to Intangible assets and property, plant and equipment*
*** Operating expenses in 2015 have been adjusted for comparison reasons due to refining of the overhead allocation.*

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

Other non-current assets for this purpose consist of property, plant and equipment, intangible assets and goodwill and investment property.

The working capital consists of inventories, biological assets, 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	2016	2015
Segment operating profit		**67,833**	**64,050**
Finance income	12	1,664	2,864
Finance costs	12	-5,192	-5,426
Share of profit of equity-accounted investees, net of tax	20	3,816	4,681
Profit before tax		**68,121**	**66,169**

6. Business combinations

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. From the date of acquisition, Vleuten-Steijn contributed €21.9 million of revenue and €0.9 million profit before tax. If the acquisition of Vleuten-Steijn would have taken place at the beginning of the year, 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 revenues would have been €2,172 million and Group profit before tax would have been €70.4 million.

A. Purchase consideration

In thousands of euro	Vleuten Steijn
Consideration transferred	20,481
Settlement receivable from previous shareholder	2,406
Contingent consideration	7,638
Purchase consideration	**30,525**

As agreed in the share purchase agreement 70% of the total consideration was paid in 2016 (€20,481 thousand). The remainder is paid after three 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 2016 the contingent consideration had increased to €7,660 thousand (see Note 30).

B. Acquisition-related costs

The transaction costs related to the acquisition amounted to €0.5 million. These expenses relate to due-diligence costs and legal fees that have been included in 'other operating expenses'.

C. Identifiable assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Vleuten-Steijn acquired as at the date of acquisition were:

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.

The trade and other receivables comprise gross contractual amounts due of €13,121 thousand, of which €2,456 thousand was expected to be uncollectible at the acquisition date.

D. Goodwill

The acquisition of Vleuten-Steijn is accounted for according to the acquisition method, whereby the price paid is based on an enterprise value of €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. Possible impairments and depreciation related to goodwill and customer relations recognised are not deductible for income tax purposes.

E. Acquisitions 2015

Countrywide Farmers (United Kingdom)

In December 2014, the Group announced that ForFarmers was to acquire the feed and forage business from Countrywide Farmers subject to approval by the UK competition authorities. Approval for the proposed transaction was received on 1 May 2015. These business activities were integrated within ForFarmers UK. The price paid is based on an enterprise value of €14 million. The transaction concerns an asset deal including the acquisition of 49 employees, accounted for according to the acquisition method. The positive difference between the purchase consideration and the fair value of the acquired identifiable assets is capitalised as goodwill. The goodwill has been set at €2.0 million. The goodwill concerns the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the United Kingdom cluster. The goodwill and customer base recognised are deductible for income tax purposes.

From the date of acquisition, Countrywide Farmers contributed €68.0 million of revenue and €2.1 million profit before tax. If the acquisition of Countrywide Farmers had taken place at the beginning of the year 2015, the contribution to revenues would have been €102.0 million and the contribution to profit before tax had been €3.2 million. Herewith, at the beginning of the year 2015, Group revenues would have been €2,278 million and Group profit before tax would have been €67.3 million.

The transaction costs related to the acquisition amounted to €1.1 million. As part of the purchase agreement the Group has not agreed a contingent consideration with the previous owner of Countrywide Farmers.

The provisional fair values of the identifiable assets and liabilities of Countrywide Farmers acquired in 2015 as at the date of acquisition did not change and have become final in 2016:

In thousands of euro	Countrywide Farmers
Assets	**12,072**
Intangible assets (customer relations)	12,072
Liabilities	**-**
Total identifiable net assets at fair value	**12,072**
Goodwill arising on acquisition	1,976
Purchase consideration	**14,048**

7. Disposals

Leafield Feeds Ltd. (United Kingdom)

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. The Leafield bread and biscuit products are mainly sold to business-to-business clients. As ForFarmers focuses on providing products and services to farmers, and its product portfolio is attuned accordingly, the decision has been taken to sell Leafield. The sale concerns a share transaction of the entity Leafield Feeds Ltd. that comprises the production site in Wakefield, West Yorkshire and 15 employees. Since the transaction is effective as per 30 June 2016, the corresponding assets and liabilities of Leafield Feeds Ltd. were deconsolidated and fully transferred to SugaRich.

Indirect transport business Wheyfeed (United Kingdom)

In 2016, the Group sold the indirect transport business of Wheyfeed 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.

Disposals 2015

In 2015 the Group sold its 6% share ownership of Adaptris (United Kingdom) to RBI. The shares were transferred on 2 October 2015. A book profit of €1.1 million was recorded as other operating income.

8. Revenue

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

In thousands of euro	2016	2015
The Netherlands	856,911	855,857
Germany	461,478	454,348
Belgium	136,837	146,564
United Kingdom	630,668	768,387
Other EU countries	22,534	18,257
Other countries outside the EU	534	1,057
Total	**2,108,962**	**2,244,470**

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

In thousands of euro	2016	2015
Compound feed	1,712,056	1,842,912
Other revenue	396,906	401,558
Total	**2,108,962**	**2,244,470**

The decrease of the revenue of €135.5 million is mainly caused by a negative currency impact of €88.2 million, further the net effect of acquisitions and divestments cause a positive effect on the revenue of €34.4 million. This results in a like-for-like decrease of €81.7 million. This decrease is a result of lower raw material prices, partly compensated with higher volume.

The other revenue mainly relates to the sale of single feed, other trading products and provided services (the latter is immaterial for separate presentation).

9. Cost of raw materials and consumables

In 2016 the write down of inventories to net realisable value was €35 thousand (2015: €20 thousand).

10. Other operating income

Under the other operating income amounts are included that relate to the disposal of Leafield Feeds Ltd. €0.8 million (United Kingdom), the disposal of vehicles of Wheyfeed €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 (2015: €1.1 million for the disposal of Adaptris and €0.3 million for the sale of the Cranswick site - both in the United Kingdom). For disclosure about the disposals and assets held for sale reference is made to Note 7 respectively Note 25.

11. Operating expenses

The like-for-like decrease of the operating expenses was €4.0 million. The other changes can be explained by a negative currency impact (-€17.2 million), the net effect of acquisitions and divestments (€1.2 million) and incidental items (€1.9 million comprising restructuring costs).

A. Other operating expenses

In thousands of euro	2016	2015
Utilities, transport and maintenance expenses	125,917	132,745
Sales expenses	9,813	15,415
Other	31,172	40,857
Total	**166,902**	**189,017**

The other operating expenses decreased by €22.1 million, of which €8.8 million was caused by a currency impact. The expenses decreased by €0.2 million due to the net effect of acquisitions and divestments. The like-for-like decrease of the other operating expenses amounts €13.1 million. The expenses for utilities, transport and maintenance decreased amongst others due to the OneForFarmers initiatives and the lower costs for diesel and electicity. The sales expenses decreased mainly due to a lower net addition to the allowance for impairment in respect to trade receivables. The other expenses in 2016 include also a one-off expense relating to the listing on Euronext. (€1.5 million).

B. Research and development expenses

In 2016 the Group incurred an amount of €4.8 million

(2015: €4.9 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
2016			
Audit of the financial statements	569	371	940
Other audit engagements	-	36	36
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**569**	**407**	**976**
2015			
Audit of the financial statements	501	336	837
Other audit engagements	131	36	167
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**632**	**372**	**1,004**

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 are relating to 'Other audit engagements', were charged to the financial year in which the services were rendered.

12. Net finance costs

In thousands of euro	2016	2015
Foreign exchange gain	-	976
Interest income related parties	-	1
Other interest income	1,664	1,887
Total finance income	**1,664**	**2,864**
Foreign exchange expense	-444	-
Pension interest expenses	-2,098	-2,307
Other interest expenses	-1,506	-2,065
Other financial expenses	-1,144	-1,054
Total finance expenses	**-5,192**	**-5,426**
Net finance costs recognised in profit or loss	**-3,528**	**-2,562**

As a result of the devaluation of the Pound sterling, a loss was incurred in 2016 relating to foreign exchange results. In 2015 there was a positive foreign exchange result as a result of the appreciation of the Pound sterling compared to the euro.

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

The other financial expenses result include amortisation of €0.4 million (2015: €0.4 million) which relates to capitalized cost in realtion 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	2016	2015
Profit for the year, attributable to the owners of the Company	53,260	50,707

Weighted-average number of shares

	2016	2015
Issued shares at 1 January	106,261,041	106,261,040
Issued priority share during the year	-	1
Effect of treasury shares held (weighted-average during the year)	-110,881	-433,273
Weighted average number of shares at 31 December	**106,150,160**	**105,827,768**

Basic earnings per share

In euro	2016	2015
Basic earnings per share	0.50175	0.47914

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 2015 and 2016, except for 1 priority share during 2015 with a par value of €1.00 that has no dilutive effect on the basic earnings per share. The priority share is not entitled to dividend. 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 and 2016), the other plan relates to other employees (applicable for 2015 and 2016). 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 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 plan.

Participation plans 2016

On 15 April 2016, the Group offered two 2016 participation plans to the employees. One plan relates to members of the board 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 depository receipts being purchased. The employee is entitled to buy depository receipts at a discount of between 13.5% and 20% on the fair value of the depository receipt at the grant date, for which additional depository receipts are provided. The conditions of both plans are consistent with the participation plans applicable for 2015 and 2014.

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:

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

After the awards there were no cancellations or modifications to the awards in 2016.

Participation plans 2015

(i) Members of the Executive Committee and senior management

In terms of the 2015 participation plan, as per 17 April 2015 (grant date), members of the Executive Committee and senior management were entitled to buy depository receipts of the Company from their 2014 bonus (both the Netherlands and Foreign participation plans) and/or upon surrender of surplus holiday rights (only the Netherlands).

The employee was entitled to buy depository receipts at a discount of between 13.5% and 20% of the grant date fair value of the depository receipt, for which additional depository receipts. Additional depository receipts were provided for the value of the discount.

The Group was liable for employment tax obligations relating to the discount. The foreign employee tax obligation was based on the fair value of the depository receipts on settlement date.

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

- 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 depository receipts were granted in 2015.
- Foreign participation plan: A service related vesting condition applies, in that the employee will not be entitled to receive the additional depository receipts if employee leaves within 3 years after allocation. Additional depository 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 depository receipts, including the cash-settled employee tax obligations, is limited to the amount of total costs that the Company bears for comparable Dutch employees.

During the 2015 year, 24 employees in the Netherlands and 9 employees in foreign countries participated in the 2015 participation plans. A total number of 239,049 and 34,529 depository receipts were granted respectively for the Netherlands and the Foreign 2015 participation plan.

There were no cancellations or modifications to the awards in 2015 and 2016.

(ii) Other employees
In terms of the 2015 participation plan, as per 17 April 2015 (grant date), employees were entitled to buy depository receipts of the Company from own payment (both Netherlands and Foreign participation plans) and/or upon surrender of surplus holiday rights (only the Netherlands).

The employee was entitled to buy depository receipts at a discount of between 13.5% of the grant date fair value of the depository receipt. Additional depository receipts were provided for the value of the discount.

The Group was liable for employment tax obligations relating to the discount. The foreign employee tax obligation was based on the fair value of the depository receipts on settlement date.

Key differences between the Netherlands and Foreign participation plans for the additional depository receipts:
- 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 depository receipts were granted in 2015.
- Foreign participation plan: A service related vesting condition applies, in that the employee will not be entitled to receive the additional depository receipts if employee leaves within 3 years after allocation. Depository 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 depository receipts, including the cash-settled employee tax obligations, is limited to the total value of the discount provided.

During the 2015 year, 325 employees in the Netherlands, 103 employees in foreign countries participated in 2015 participation plans. A total number of 297,327 and 73,025 depository receipts were granted respectively for the Netherlands and the Foreign 2015 participation plan.

In 2016 a total of 4,825 granted depository receipts were cancelled as result of leavers. There were no cancellations or modifications to the awards in 2015.

Participation plan 2014
In terms of the 2014 participation plan, as per 15 April 2014 (grant date), members of the Executive Committee and senior management were entitled to buy depository receipts of the Company from their 2013 bonus (both the Netherlands and Foreign participation plans) and/or upon surrender of surplus holiday rights (only the Netherlands).

The employee was entitled to buy depository receipts at a discount of between 13.5% and 20% of the grant date fair value of the depository receipt. Additional depository receipts were provided for the value of the discount.

The Group was liable for employment tax obligations relating to the discount . The foreign employee tax obligation was based on the fair value of the depository receipts on settlement date.

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

- 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 depository receipts were granted in 2014.
- Foreign participation plan: A service related vesting condition applies, in that the employee will not be entitled to receive the additional depository receipts if employee leaves within 3 years after allocation. Depository 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 depository

receipts, including the cash-settled employee tax obligations, is limited to the total value of the discount provided.

During the 2014 year, 22 employees in the Netherlands, 8 employees in foreign countries participated in 2014 participation plans. A total number of 215,174 and 21,730 depository receipts were granted respectively for the Netherlands and the Foreign 2014 participation plan.

In 2016 a total of 634 granted depository receipts were cancelled as result of leavers. There were no cancellations or modifications to the awards in 2015.

B. Measurement of fair values

Participation plans 2016

The value of the depository receipt of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depository receipts, was determined as the average of the closing prices in the 5 trading days during the period 19 - 25 April 2016, which average amounted to €6.24. The value of the employee tax obligation amounts to €96 thousand.

Participation plans 2015

(i) Members of the Executive Committee and senior management

The value of the depository receipt for which the employee could buy their depository 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 average amounted to €5.04. The value of the employee tax obligation amounts to €81 thousand.

(ii) Other employees

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

Participation plan 2014

The fair value of the depository receipts at the grant date (16 April 2014), being the first day after the shareholders approved the purchase of the depository receipts, represents the depository receipt value of €3.22 on Van Lanschot's MTF trading platform. The value of the employee tax obligation amounts to €53 thousand.

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 depository receipts for the employees in the Netherlands participation plan were fully granted in 2016 respectively 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 €569 thousand (2015: €462 thousand) of which €319 thousand was classified as current (2015: €269 thousand as current). The cumulative share-based payment reserve relating to the Foreign participation plan amounts to €187 thousand (2015: €23 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 2016	31 December 2015
Liability for net defined benefit obligations	15B	60,959	67,216
Liability for other long-term service plans	15E	4,369	3,258
Total		**65,328**	**70,474**

For details on the related employee benefit expenses, see 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.

Under the defined benefit plan the Group was exposed to actuarial risks related to the guarantee premium that was to be settled even after the termination of the insurance contract. The commitments under the plan were calculated on the basis of actuarial calculations, with discounting at the applicable discount rate. The defined benefit plan was partly funded.

In 2015, the Group initiated a plan to harmonize the post-employment plans applicable for the Dutch subsidiaries. As a result, 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.

The closing of the post-employment plans resulted in a settlement expense of €393 thousand in 2015.

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 2016 amounts to €14,437 thousand (31 December 2015: €11,753 thousand). The increase in this liability is caused by the decrease 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 2016 amounts to €5,509 thousand (31 December 2015: €5,306 thousand).

The Belgian subsidiaries have two insured benefit plans for their employees which qualify as defined benefit plans as from 2016 as a result of changes in laws and regulations. In 2015 these plans qualified as only defined contribution plans. The net liability related to the defined benefit plans in Belgium per 31 December 2016 amounts to €185 thousand (31 December 2015: not applicable).

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, 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, 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 UK 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 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 million (equivalent to €11.7 million at the exchange rate of 31 December 2016) to make up a portion of the deficit in UK 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 2016 amounts to €40,828 thousand (31 December 2015: €50,167 thousand). The decrease of this liability is mainly caused by the above-mentioned adjustment in financial assumptions and the foreign currency effect due to the decline of the Pound sterling.

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.

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	301	-	301	14	315
Past service credit	-	-	-	-	-
Administrative expenses	-41	650	609	-	609
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:					
demographic assumptions	-340	-	-340	-	-340
financial assumptions	35,582	-	35,582	414	35,996
experience adjustment	5,696	-	5,696	-34	5,662
Return on plan assets excluding interest income	-	-40,791	-40,791	-	-40,791
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					
Acquired through acquisition	-	-	-	-	-
Employer contributions (to plan assets)	-	-2,440	-2,440	-	-2,440
Employer direct benefit payments	-	-	-	-304	-304
Employee contributions	-	-	-	-	-
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**

2015

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	290,242	-224,785	65,457	5,756	71,213
Included in profit or loss					
Current service cost	3,175	-	3,175	19	3,194
Past service credit	-	-	-	-	-
Settlement	-11,360	11,753	393	-	393
Administrative expenses	-	631	631	-	631
Interest cost (income)	9,841	-7,635	2,206	101	2,307
	1,656	**4,749**	**6,405**	**120**	**6,525**
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:					
demographic assumptions	-15	-	-15	-	-15
financial assumptions	-14,659	-	-14,659	-245	-14,904
experience adjustment	-3,034	-	-3,034	-29	-3,063
Return on plan assets excluding interest income	-	10,679	10,679	-	10,679
Remeasurement loss (gain)	**-17,708**	**10,679**	**-7,029**	**-274**	**-7,303**
Effect of movements in exchange rates	12,466	-9,201	3,265	-	3,265
	-5,242	**1,478**	**-3,764**	**-274**	**-4,038**
Other					
Acquired through acquisition	-	-	-	-	-
Employer contributions (to plan assets)	-	-6,188	-6,188	-	-6,188
Employer direct benefit payments	-	-	-	-296	-296
Employee contributions	781	-781	-	-	-
Benefits paid from plan assets	-7,917	7,917	-	-	-
	-7,136	**948**	**-6,188**	**-296**	**-6,484**
Balance as at 31 December	**279,520**	**-217,610**	**61,910**	**5,306**	**67,216**

The remeasurement loss (these are actuarial loss/gain and return on plan assets) of €527 thousand (2015: gain €7,303 thousand) after tax amounted to €210 thousand (2015: gain €4,851 thousand), see Note 16B. The change in the actuarial 'remeasurement result', compared to 2015, is mainly due to the decrease in the discount rate in 2016 (in 2015, there was an increase in the discount rate), partially offset by the effect from the adjustment of the inflation reference RPI to CPI in the BOCM PAULS Pension Scheme (United Kingdom), see A. 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 2016	31 December 2015
Shares	43,155	45,929
Real estate	7,649	10,289
Bonds	108,374	99,429
Cash and other assets	853	563
Other (insurance contracts)	77,124	61,400
Total	**237,155**	**217,610**

Actuarial assumptions

	2016	2015
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	1,40% - 2,70%	2,20% - 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*	1.00%	0.00%
Weighted-average assumptions to determine defined benefit cost		
Discount rate	2,00% - 3,90%	1,80% - 3,70%
Future salary growth	N/A	N/A
Future pension growth	1,50% - 2,90%	1,50% - 2,90%
Inflation	1,50% - 3,00%	1,50% - 3,00%
Salary increase*	1.00%	2.55%

** 2016: only applicable for Belgium, 2015: only applicable for The Netherlands*

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:

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_2015"

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

	2016	2015
Longevity at age 65 for current pensioners		
Males	20.2	20.9
Females	24.0	23.7
Longevity at age 65 for current members aged 45		
Males	22.7	23.0
Females	25.7	25.7

As at 31 December 2016, the weighted-average duration of the defined benefit obligation was 18.3 years (31 December 2015: 16.0 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 €298 million (31 December 2015: €285 million) by the amounts shown below:

In thousands of euro	31 December 2016	31 December 2015
Decrease of 0.25% to discount rate	14,286	12,310
Increase of 0.25% to discount rate	-13,382	-11,585
Decrease of 0.25% to inflation	-7,386	-7,474
Increase of 0.25% to inflation	7,766	7,878
Increase of 1 year to life expectancy	9,220	6,154

Employer contributions

The Group expects to pay €15.7 million in contributions to its defined benefit plans in 2017 (2016: €3.3 million). This increase compared to last year is the result of a commitment by ForFarmers to make up a portion of the deficit in the UK pension plan in 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	2016	2015
Wages and salaries		123,241	124,353
Social security contributions		15,460	15,027
Post-employment expenses		9,476	7,709
Expenses related to other long-term service plans	15E	1,917	1,088
Equity-settled share-based payments	14	371	275
Cash-settled share-based payments	14	77	27
Total		**150,542**	**148,479**

The employee benefit expenses increased by €2.1 million, this includes a decrease of €7.0 million due to a currency effect. The increase is caused by additional post-employment expenses, additions to the restructuring provision, the full-year effect of strenghtening of the organisation and the net effect of acquisitions and divestments.

The post-employment expenses are specified as follows:

In thousands of euro	Note	2016	2015
Current service costs	15B	315	3,194
Settlement	15B	-	393
Administrative expenses	15B	609	631
Release of provision for pension liabilities related to aquisition of Hendrix UTD		-	-2,536
Expenses related to post-employment defined benefit plans		**924**	**1,682**
Contributions to defined contribution plans		8,552	6,027
Post-employment expenses		**9,476**	**7,709**

The interest charges related to the defined benefit plans amounting to €2,098 thousand (2015: €2,307 thousand) are recognised in the finance costs.

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

The expenses relating to the equity-settled share-based payments and cash-settled share-based payments relate to the depository receipts granted to the employees according to the employee participation plans for 2016, 2015 and 2014 as disclosed under Note 14.

Number of employees per staff category 2016

Converted to full-time equivalents	The Netherlands	Foreign countries	Total
Production and logistics	374	894	1,268
Commercial	286	346	632
Other	197	176	373
Balance as at 31 December	**857**	**1,416**	**2,273**

Number of employees per staff category 2015

Converted to full-time equivalents	The Netherlands	Foreign countries	Total
Production and logistics	385	977	1,362
Commercial	270	347	617
Other	197	194	391
Balance as at 31 December	**852**	**1,518**	**2,370**

Movement number of employees

Converted to full-time equivalents	2016	2015
At 1 January	2,370	2,286
Acquisitions	4	47
Divestments	-43	-
Joiners	263	308
Leavers	-321	-271
Balance as at 31 December	**2,273**	**2,370**

In the Netherlands, 4 full-time equivalents were added due to the acquisition of Vleuten-Steijn (in 2015: increase 47; due to the acquisition of Countrywide in the UK as from 1 May 2015).

Income taxes

16. Income taxes

A. Amounts recognised in statement of profit or loss

In thousands of euro	2016	2015
Current tax expense		
Current year	12,861	13,858
Changes in estimates related to prior years	318	-95
Total	**13,179**	**13,763**
Deferred tax expense		
Origination and reversal of temporary differences	2,315	776
Changes in tax rate	-306	-963
(De)recognition of deferred tax assets	-99	621
Changes in estimates related to prior years	-745	682
Total	**1,165**	**1,116**
Total tax expenses	**14,344**	**14,879**

The total tax expense excluded the Group's share of tax expense of the equity-accounted investees of €889 thousand (2015: €1,053 thousand), which has been included in 'share of profit of equity accounted investees, net of tax', see G.

B. Amounts recognised in Other Comprehensive Income (OCI)

	2016			2015		
In thousands of euro	Before tax	Tax benefit (expense)	Net of Tax	Before tax	Tax benefit (expense)	Net of Tax
Remeasurement of defined benefit liabilities	-527	317	-210	7,303	-2,452	4,851
Foreign operations – foreign currency translation differences	-9,495	1,381	-8,114	2,737	-558	2,179
Cash flow hedges - effective portion of changes in fair value	657	-164	493	-	-	-
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	-621	155	-466	-	-	-
Equity-accounted investees - share of other comperhensive income	-1	-	-1	15	-	15
Total	**-9,987**	**1,689**	**-8,298**	**10,055**	**-3,010**	**7,045**
Current tax benefit (expense)		1,381			-558	
Deferred tax benefit (expense)		308			-2,452	
Total		**1,689**			**-3,010**	

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 / 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 €1,381 thousand in 2016 (2015: €558 thousand negative).

C. Reconciliation of effective tax rate

In thousands of euro	2016		2015	
Profit before tax		**68,121**		**66,169**
Less share of profit of equity-accounted investees, net of tax		-3,816		-4,681
Profit before tax excluded the share of profit of equity-accounted investees, net of tax		64,305		61,488
Tax using the Company's domestic tax rate	25.0%	16,076	25.0%	15,372
Effect of tax rates in foreign jurisdictions	0.0%	-17	-0.1%	-49
Change in tax rate	-0.5%	-306	-1.6%	-963
Tax effect of:				
Non-deductible expenses	1.1%	698	1.7%	1,019
Tax incentives	-2.5%	-1,581	-2.8%	-1,708
(De)recognition of deferred tax assets	-0.1%	-99	1.0%	621
Prior year adjustments	-0.7%	-427	1.0%	587
Total	**22.3%**	**14,344**	**24.2%**	**14,879**

D. Movement in deferred tax balances

Deferred tax relates to the following items

2016								Balance at 31 December	
In thousands of euro	**Net balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised directly in equity**	**Acquisitions through business combinations and disposals**	**Reclass and other [1]**	**Net**	**Deferred tax assets**	**Defferet 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

Deferred tax relates to the following items

2015 — Balance at 31 December

In thousands of euro	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Acquisitions through business combinations and disposals	Reclass and other [1]	Net	Deferred tax assets	Defferet tax liabilities
Property, plant and equipment	-15,240	1,014	-	-	-	-821	-15,047	655	-15,702
Intangible assets	-4,318	706	-	-	-	-204	-3,816	204	-4,020
Inventory and biological assets	-91	96	-	-	-	2	7	114	-107
Receivables and other assets	906	-1,254	-	-	-	83	-265	571	-836
Employee benefits	16,020	-2,352	-2,452	1,005	-	784	13,005	13,005	-
Other non-current provisions and liabilities	-	-	-	-	-	-	-	-	-
Equity-settled share-based payments	-	-	-	-	-	-	-	-	-
Other liabilities	-1,063	171	-	-	-	193	-699	-	-699
Tax losses and tax credits	1,468	503	-	-1,020	-	9	960	3,601	-2,641
Offsetting	-	-	-	-	-	-	-	-15,015	15,015
Deferred tax assets (liabilities)	**-2,318**	**-1,116**	**-2,452**	**-15**	**-**	**46**	**-5,855**	**3,135**	**-8,990**

(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. ForFarmers 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

Deferred tax assets have not been recognised in respect of tax losses carried forward in Germany as management has established that it is uncertain whether future taxable profits would be available against which these losses can be utilised, and therefore this amount has been included in the balance of unrecognised losses of €3.9 million at 31 December 2016 (31 December 2015: €4.2 million), with a tax effect of €1.1 million (31 December 2015: €1.3 million). The tax losses can be carried forward indefinitely, but management 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 €3.2 million (31 December 2015: €3.3 million), with a tax effect of €0.6 million (31 December 2015: €0.7 million). These tax losses can only be utilised against a future tax gain on the sale of specific assets such as real estate. As management does not have plans to dispose real estate, the recovery of the deferred tax asset is highly uncertain and as such not recognised.

Also in the Netherlands no 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 management intent to sell or liquidate this particular real estate. Also it is not expected that the possibility for fiscal depreciation will increase significantly in the near future for this particular real estate, because management does expect that the fiscal valuation by the Dutch tax authorities ("WOZ waarde") of these objects will not decline significantly in the near future, what would create posibilities for fiscal depreciation. This concerns at 31 December 2016 an amount of €2.9 million (31 December 2015: €2.1 million), with a tax effect of €0.7 million (31 December 2015: €0.5 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.

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

	2016	2015
Tax rates		
The Netherlands	25.00%	25.00%
Germany (average)	28.90%	30.00%
Belgium	33.99%	33.99%
United Kingdom (average)	20.00%	20.25%

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 €889 thousand (2015: €1,053 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 2015	150,525	193,381	54,454	4,196	402,556
Acquisitions through business combinations	-	-	-	-	-
Additions	672	3,641	3,623	16,335	24,271
Reclassification assets under construction	332	10,379	1,874	-12,585	-
Disposals	-1,545	-9,821	-5,002	-	-16,368
Effect of movements in exchange rates	3,737	5,990	101	67	9,895
Balance as at 31 December 2015	**153,721**	**203,570**	**55,050**	**8,013**	**420,354**
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**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2015	-57,828	-117,211	-37,243	-	-212,282
Depreciation	-4,149	-12,219	-3,831	-	-20,199
Disposals	1,656	9,491	4,194	-	15,341
Effect of movements in exchange rates	-2,302	-3,107	-74	-	-5,483
Balance as at 31 December 2015	**-62,623**	**-123,046**	**-36,954**	**-**	**-222,623**
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 assets	-	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**
Carrying amounts					
At 1 January 2015	92,697	76,170	17,211	4,196	190,274
At 31 December 2015	91,098	80,524	18,096	8,013	197,731
At 31 December 2016	84,249	64,341	34,776	11,383	194,749

In the United Kingdom the construction of a new production facility (Exeter) and a central office (Bury St. Edmunds) has begun. This requires an investment of £10 million respectively £4 million (equivalent to €11.7 million respectively €4.7 million at the exchange rate of 31 December 2016), of which a portion has been recognised as Assets under construction.

B. Impairment loss

There were no indicators in 2016 and 2015 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 2016, the net carrying amount of leased equipment was €236 thousand (2015: €352 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 2015	49,430	24,354	1,803	10,049	-	85,636
Acquisitions through business combinations	1,976	12,072	-	-	-	14,048
Additions	-	360	-	635	-	995
Dipsosals	-	-	-992	-8	-	-1,000
Effect of movements in exchange rates	1,456	1,253	67	568	-	3,344
Balance as at 31 December 2015	**52,862**	**38,039**	**878**	**11,244**	**-**	**103,023**
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
Divestments	-	-	-	-	-	-
Additions	-	500	-	586	963	2,049
Dipsosals	-	-	-	-4	-	-4
Effect of movements in exchange rates	-3,948	-5,124	-	-1,427	-	-10,499
Balance as at 31 December 2016	**64,483**	**42,454**	**878**	**10,399**	**963**	**119,177**
Accumulated amortisation and impairment losses						
Balance as at 1 January 2015	-	-3,549	-1,803	-2,936	-	-8,288
Amortisation	-	-3,112	-	-2,273	-	-5,385
Dipsosals	-	-	992	8	-	1,000
Impairment loss	-	-454	-	-	-	-454
Effect of movements in exchange rates	-	-132	-67	-495	-	-694
Balance as at 31 December 2015	**-**	**-7,247**	**-878**	**-5,696**	**-**	**-13,821**
Balance as at 1 January 2016	-	-7,247	-878	-5,696	-	-13,821
Divestments	-	-	-	-	-	-
Amortisation	-	-3,356	-	-2,310	-	-5,666
Impairment loss	-	-	-	-	-	-
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**
Carrying amounts						
At 1 January 2015	49,430	20,805	-	7,113	-	77,348
At 31 December 2015	52,862	30,792	-	5,548	-	89,202
At 31 December 2016	64,483	32,907	-	3,828	963	102,181

The goodwill and other changes 'acquisitions through business combinations' of €24.608 thousand relate to the acquisition of Vleuten-Steijn (2015: total of €14.048 thousand acquired intangible assets and goodwill of Countrywide Farmers) see note 5.

B. Amortisation

The amortisation of customer relations, trademarks and software is included in the depreciation and amortisation expense. The disposals of the trade and brand names in 2015, relate to trade names which are no longer in use by the Group.

C. Impairment test

(i) Impairment testing for cash generating units containing goodwill

From 2016 onwards, the Group performs its annual goodwill impairment test in the third quarter and at another time if there is a trigger for impairment. In connection with the IFRS transition, the test of 2015 was performed in the fourth quarter of that year. Goodwill is monitored and tested at the level of the clusters. The Group evaluates, among other things, 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 2016	31 December 2015
The Netherlands	34,881	19,312
Germany/Belgium	4,017	4,017
United Kingdom	25,585	29,533
Total	**64,483**	**52,862**

Information about the net realisable value including the key assumptions

2016

For the 2016 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. This method was changed compared to 2015 so that the Group has better reference to its internal performance measures when determining the valuation.

The key assumptions used in the estimation of value in use per cash generating unit in 2016 were as follows.

In percentage	Discount rate	Terminal value growth rate	Expected EBITDA growth rate (average of next five years)
The Netherlands	8.31%	0.75%	2.90%
Germany/Belgium	8.45%	0.75%	8.16%
United Kingdom	8.87%	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.

The value in use of the cash generating units is determined based on the budget 2016 and the medium term plans to 2020. For the period after 2020 a growth rate equal to the forecasted long-term inflation rate is used, as is common practice in the market.

2015

For the 2015 goodwill impairment test, the recoverable amount of the different cash generating units was based on fair value less costs of disposal, estimated using an earnings multiplier model. The earnings multiples are based on a mix of trading multiples of peer companies, analysts' multiples and transaction multiples. The Group has estimated the recoverable amount to be the midpoint of the recoverable amounts calculated from using the different earnings multiples. The fair value measurement was categorised as a Level 2 fair value based on the inputs in the valuation technique used. Given the similarity of the different cash generating units (CGUs), the Group has used the same earnings multipliers in determining the fair value less costs of disposal of the different CGUs.

The key assumptions the Group used in the estimation of the recoverable amount are set out below and concern EBITDA (operating profit adding back the amounts of depreciation and amortisation) multiples. The values assigned to the key assumptions represented management's assessment of trends in the relevant industries and were based on historical data from both external and internal sources.

In order to determine an EBITDA on which earnings multiples can be applied, EBITDA is normalized for incidental items. The developments of EBITDA has been estimated, taking into account past experiences, adjusted as follows:

- Gross margin growth was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price development. An assessment has been made on margin development and not on sales price development. The commodity price development is hard to predict.
- Estimated cash flows related to a restructuring that is expected to be carried out in the forecasted year were reflected in the estimated EBITDA.

Earning multiples used in estimating the fair value in 2015 were 7.1x consistent for all cash generating units.

Result of the goodwill impairment test and sensitivity analysis
The result of the goodwill impairment test of the cash-generating units shows that the recoverable amount exceeds the carrying amount of the cash generating units, and no impairment was required (2015: ditto). In these cases a reasonable adjustment of the assumptions did not result in recoverable amounts below the carrying amounts of these cash generating units (2015: ditto).

(ii) Impairment on intangible assets other than goodwill

During 2015 the Group recognised an impairment of €454 thousand relating to customer relations in the United Kingdom.

19. Investment property

A. Reconciliation of carrying amount

In thousands of euro	2016	2015
Balance at 1 January	**822**	**5,400**
Reclassification to non-current assets held for sale	-	-4,579
Currency translation adjustment	-	1
Other changes	8	-
Balance as at 31 December	**830**	**822**
Cost	3,735	8,505
Accumulated depreciation	-2,905	-7,683
Carrying amounts at 31 December	**830**	**822**

Investment property comprises a number of Industrial properties that are no longer in use for the Group's feed activities and will be disposed in the future. In 2016 there were no material changes occurred in the composition and size of investment property.

At the end of 2015 the land site Oss in the Netherlands has been reclassified from investment property to asset held for sale as management had initiated a plan to sell the respective site and expected that the site would be sold within twelve months after balance sheet date. In the first half-year of 2016, the land site Oss was sold for €5.6 million resulting 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.

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 2015: €2.0 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	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 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
	· Assessment of collectability of receivables related to specific investment property in the Netherlands	· Location would be considered to be a more preferred location
		· Collectability of related receivable would be assessed to be better

20. Equity-accounted investees

In thousands of euro	31 December 2016	31 December 2015
Interest in joint venture	21,653	19,714

In thousands of euro	2016	2015
Share of profit of equity-accounted investees, net of tax		
Joint venture	3,816	4,651
Other	-	30
	3,816	**4,681**

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 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 €889 thousand (2015: €1,053 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 2016	31 December 2015
Percentage ownership interest	50%	50%
Non-current assets	**40,546**	**38,340**
Cash and cash equivalents	2,376	1,920
Other current assets	21,207	22,100
Current assets	**23,583**	**24,020**
Loans and borrowings	-5,730	-6,780
Other non-current liabilities	-9,424	-8,507
Non-current liabilities	**-15,154**	**-15,287**
Loans and borrowings	-1,282	-1,213
Other current liabilities	-4,387	-6,431
Current liabilities	**-5,669**	**-7,644**
Net assets (100%)	**43,306**	**39,429**
Group's share of net assets (50%)	21,653	19,714
Carrying amount of interest in joint venture	**21,653**	**19,714**

In thousands of euro	Note	31 December 2016	31 December 2015
Revenue		155,877	176,012
Depreciation and amortisation		-4,009	-3,666
Net finance costs		-812	-316
Income tax expense		-1,818	-2,219
Profit (100%)		9,410	11,408
Other comprehensive income (100%)		-2	30
Profit and total comprehensive income (100%)		**9,408**	**11,438**
Profit (50%)		4,705	5,704
Group's share of tax expense of equity-accounted investee	16G	-889	-1,053
Group's share of profit, net of tax		**3,816**	**4,651**
Other comprehensive income, net of tax (50%)	26	-1	15
Group's share of profit and total comprehensive income, net of tax		**3,815**	**4,666**
Dividends received by the Group		**2,766**	**5,753**

21. Trade and other receivables

In thousands of euro	Note	31 December 2016	31 December 2015
Trade receivables		183,457	200,374
Related party receivable	37	4,226	4,046
Loans to employees		409	500
Other investments		28	38
Taxes (other than income taxes) and social securities		4,982	10,401
Forward exchange contracts used for hedging (derivatives)	31D	36	-
Fuel swaps used for hedging (derivatives)	31D	115	-
Prepayments		5,288	6,855
Other receivables and accrued income		26,147	21,741
Total		**224,688**	**243,955**
Non-current		10,952	12,532
Current		213,736	231,423
Total		**224,688**	**243,955**

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, livestock, 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 as from now.

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 (Financial Instruments).

22. Inventories

In thousands of euro	31 December 2016	31 December 2015
Raw materials	53,546	63,053
Finished products	9,241	9,616
Other inventories	7,237	11,006
Total	**70,024**	**83,675**

The decline in inventories is mainly caused by a decrease in the average price of raw materials and the fact that as per 2016 part of the grain intake from customers is outsourced to third parties.

Other inventories include trading inventories which are part of the Group's Total Feed business, and include, amongst others, fertilizers and seeds.

In 2016, an amount of €35 thousand was written off on inventories (2015: €20 thousand).

For important purchase commitments reference is made to the explanation of the commitments and contingencies under Note 36.

23. Biological Assets

A. Reconciliation of carrying amount

In thousands of euro	2016	2015
Balance at 1 January	6,096	5,010
Purchases of livestock, feed and nurture	34,222	35,705
Sales of livestock	-37,449	-36,612
Change in fair value	2,248	1,993
Balance as at 31 December	**5,117**	**6,096**

As at balance sheet date the poultry livestock comprises of 1,144,592 animals (2015: 1,494,846 animals) with a value of €5.1 million (2015: €6.1 million). The poultry livestock relate to hens and a number of roosters, reared to an age ranging between 16 and 20 weeks, and then are sold to hatcheries. The full biological asset balance is a current balance.

B. Measurement of fair values

Fair value hierarchy

The fair value measurement for the roosters and hens has been categorised as Level 3 fair values 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, management 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	2016	2015
Amounts recognised in statement of profit or loss		
Change in fair value (realised)	2,297	2,100
Change in fair value (unrealised)	-49	-107
Total	**2,248**	**1,993**
Amounts recognised in statement of financial position		
Change in fair value (unrealised)	179	228

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 (3.6%)	· the number of hens 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. Management performs regular industry trend analyses for hens and rooster volumes and pricing.

Agricultural risk

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 acquisitions, capex and paid dividend.

In thousands of euro	31 December 2016	31 December 2015
Deposits	43,073	30,062
Current bank accounts[1]	109,781	103,003
Cash and cash equivalents in the statement of financial position	**152,854**	**133,065**
Bankoverdrafts[1]	-45,535	-46,565
Cash and cash equivalents in the statement of cash flows	**107,319**	**86,500**

(1) The accounting policy with regard to netting has changed. See Note 2 for additional comments

25. Assets held for sale

Reconciliation of carrying amount

In thousands of euro	2016	2015
Balance at 1 January	**4,579**	**834**
Reclassification from investment properties	-	4,579
Disposal	-4,579	-834
Currency translation adjustment	-	-
Balance as at 31 December	**-**	**4,579**

At the end of 2015 the land site Oss in the Netherlands has been reclassified from investment property to asset held for sale as the Executive Committee had initiated a plan to sell the respective site and expected that the site would be sold within twelve months after balance sheet date. 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 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Ordinary shares – par value €0.01 (2015: €1.00)	106,261,040	106,261,040	144,617	144,617
Priority share – par value €0.01 (2015: €1.00)	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 2016, 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.

(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. Given that Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2017, 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, Coöperatie FromFarmers U.A. as priority share holder:

(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 400,000 (2015: 620,420) of its (depositary receipts) shares to be able to re-issue the depository receipts in relation to the employee participation plans. Besides the repurchase of the abovementioned number of shares, the 82,502 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 2016, the Group held 77.580 of the Company's shares (2015: 399,429).

The movement in the treasury shares can be summarised as follows:

The movement of treasury shares

	Number of shares		Amount par value in euro	
	2016	**2015**	**2016**	**2015**
Balance at 1 January	399,429	466,210	399	466
Repurchase Employee participation plan	400,000	620,420	189	620
Re-issuance Employee participation plan	-455,664	-642,960	-5	-643
	-	-	-314	-
Other movements through trading platform	-266,185	-44,241	-268	-44
Balance as at 31 December	**77,580**	**399,429**	**1**	**399**

The other movements relates to depository 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 2016 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.

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 statutory reserves.

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 48 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	2016	2015
€0.23299 per qualifying ordinary share (2015: €0.17629)	24,734	18,707
	24,734	**18,707**

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	2016	2015
€0.24218 per qualifying ordinary share (2015: €0.23299)	25,715	24,665
	25,715	**24,665**

D. Other comprehensive income accumulated in reserves, net of tax

		Attributable to owners of the Company					
In thousands of euro	Note	Translation reserve	Hedging reserve	Other reserves and retained earnings	Total	Non-controlling interest	Total OCI
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 comperhensive income	16B	-	-	-1	-1	-	-1
Total		**-8,114**	**27**	**-211**	**-8,298**	**-**	**-8,298**
2015							
Remeasurement of defined benefit liabilities	15B , 16B	-	-	4,851	4,851	-	4,851
Foreign operations – foreign currency translation differences	16B	2,179	-	-	2,179	-	2,179
Equity-accounted investees - share of other comperhensive income	16B	-	-	15	15	-	15
Total		**2,179**	**-**	**4,866**	**7,045**	**-**	**7,045**

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	2016	2015
Operating profit (EBIT)		**67,833**	**64,050**
Depreciation and amortisation (including impairment loss)		26,044	26,038
EBITDA		**93,877**	**90,088**
Gain on sale of investments**	10	- 1,152	- 1,378
Gain on property, plant and equipment**	10	- 103	
Gain on sale of assets held for sale**	10 , 25	- 900	-
Gain on sale of investments and assets held for sale		**- 2,155**	**- 1,378**
Restructuring cost		1,887	1,281
IFRS effect on employee benefits in The Netherlands**		-	400
Restructuring cost / Impairment non-current assets		**1,887**	**1,681**
Underlying* EBITDA		**93,609**	**90,391**
Foreign currency effect		3,288	-
Underlying* EBITDA, at constant currencies		96,897	90,391

** 'Underlying' entails excluding incidental items*
*** Incidental items as per the definition of the Group*

ForFarmers' monitors capital using a ratio return on average capital employed (ROACE). This ratio is defined as the EBITDA to average capital employed (the 12-month average of the sum of equity and non-current liabilities adjusted for cash and cash equivalents and assets held for sale). 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 2016 was €432.8 million (2015: €470.2 million) and the ROACE was 21.6% (2015: 19.2%).

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 2016 and 31 December 2015 was as follows:

In thousands of euro	Note	2016	2015
Loans and borrowings	28	45,778	53,165
Bank overdrafts	24	45,535	46,565
Less: cash and cash equivalents	24	-152,854	-133,065
Net debt		**-61,541**	**-33,335**
Operating profit before depreciation, amortisation and impairment (EBITDA)		93,877	90,088
Adjustments as per financing agreement		3,207	-44
Normalised EBITDA		**97,084**	**90,044**
Leverage ratio (net debt to normalised EBITDA ratio)		-0.63	-0.37
Interest coverage ratio (operating profit to net financing costs)		-19.23	-25.00

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.

Employee participation plan

From time to time ForFarmers' purchases its own shares on the market. The shares are solely intended to be used for its share based payment plans (Note 14). The annual general meeting of shareholders needs to approve share purchase plans. The purchase is outsourced and ForFarmers only determines the maximum number of shares, not the timing, and not the price.

28. Loans and borrowings

In thousands of euro	31 December 2016	31 December 2015
Unsecured bank loans	45,564	52,810
Finance lease liabilities	88	157
Total non-current	**45,652**	**52,967**
Current portion of finance lease liabilities	126	198
Total current	**126**	**198**

The financing arrangement, concluded in 2014, has no short term repayment obligations as at 31 December 2016 (nor as per 31 December 2015). 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 2016	Carrying amount 31 December 2016	Face value 31 December 2015	Carrying amount 31 December 2015
Unsecured bank loan (floating rate)	GBP	LIBOR + 0,7%	2020	46,718	45,564	54,496	52,810
Finance lease liabilities	GBP	4% - 4.4%	2016-2020	228	214	372	355
Total interest-bearing liabilities				**46,946**	**45,778**	**54,868**	**53,165**

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 (€46.7 million) (31 December 2015: £40.0 million (€54.5 million)) was used as at 31 December 2016. 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 2016 ratio the said margin amounts to 0.7% (2015: 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 2016 and per 31 December 2015, 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 2016 as well as per 31 December 2015.

(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 2015: €1.8 million, overdraft facility with an interest rate of 1.214%).

C. Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 December 2016			31 December 2015		
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	132	6	126	200	2	198
Between 1 and 5 years	96	8	88	172	15	157
More than 5 years	-	-	-	-	-	-
Total	**228**	**14**	**214**	**372**	**17**	**355**

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.

29. Provisions

2016

In thousands of euro	Soil deconta-mination	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**

2015

In thousands of euro	Soil deconta-mination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2015	2,009	764	268	681	5,833	9,555
Provisions made during the year	-	-	254	24	1,050	1,328
Provisions released during the year	-804	-	-41	-	-1,825	-2,670
Provisions used during the year	-321	-141	-227	-113	-3,076	-3,878
Effect of discounting	40	-	-	46	105	191
Translation difference	-1	-	-	-	-1	-2
Balance as at 31 December 2015	**923**	**623**	**254**	**638**	**2,086**	**4,524**
Non-current	923	100	-	638	1,814	3,475
Current	-	523	254	-	272	1,049
Balance as at 31 December 2015	**923**	**623**	**254**	**638**	**2,086**	**4,524**

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 of the provision in 2015 is caused by the disposal of property and plant.

B. Demolition costs

A provision for demolition costs was recognized 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 non-current.

C. Restructuring

Upon the integration of the activities of different acquisitions, the Group decided to adjust the organisation in order to realise the long-term objectives. The restructuring provision concerns the costs related to this organisational adjustment. Following the announcement of the plans, 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 and are mainly related to United Kingdom.

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 contingent liabilities originating from prior acquisitions and disposals. The release during 2015 is related to an adjusted estimation of several (conditional) obligations.

30. Trade and other payables

In thousands of euro		31 December 2016	31 December 2015
Trade payables due to related parties	37	2,123	1,720
Other trade payables		82,267	97,717
Accrued expenses		70,553	71,585
Trade payables		**154,943**	**171,022**
Taxes (other than income taxes) and social securities		6,383	12,130
Contingent consideration	6A	7,660	-
Other payables		**14,043**	**12,130**
Total		**168,986**	**183,152**
Non-current		7,660	-
Current		161,326	183,152
Total		**168,986**	**183,152**

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 2016

		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	-	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*	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 liabilites	28	-	-	-	-	-214	-214				
Trade and other payables**	30	-	-	-	-	-161,326	-161,326				
		-	**-**	**-**	**-**	**-252,639**	**-252,639**				

** Excluding derivatives and other investments*
*** Excluding contingent consideration*

31 December 2015

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 not measured at fair value											
Equity securities (other investments)	21	-	-	38	-	-	38				
Trade and other receivables*	21	-	-	-	243,917	-	243,917				
Cash and cash equivalents	24	-	-	-	133,065	-	133,065				
		-	**-**	**38**	**376,982**	**-**	**377,020**				
Financial liabilities not measured at fair value											
Bank overdrafts	24	-	-	-	-	-46,565	-46,565				
Unsecured bank loans	28	-	-	-	-	-52,810	-52,810				
Finance lease liabilites	28	-	-	-	-	-355	-355				
Trade and other payables	30	-	-	-	-	-183,152	-183,152				
		-	**-**	**-**	**-**	**-282,882**	**-282,882**				

** Excluding other investments*

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 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 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;
- reinsurance of the credit risk at various business units.

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, livestock, 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 responsible for more than 1% of the turnover). For a further explanation of the trade and other receivables reference is made to Note 21.

At 31 December 2016, the allowance for impairment in relation to trade and other receivables was as follows:

In thousands of euro	31 December 2016	31 December 2015
Gross trade and other receivables	246,837	265,139
Allowance for impairment in respect of trade and other receivables	-22,149	-21,184
Total	**224,688**	**243,955**
Non-Current (among which loans)	10,952	12,532
Current	213,736	231,423
Total	**224,688**	**243,955**

At 31 December 2016, the ageing of trade and other receivables was as follows:

31 December 2016

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	178,788	22,168	200,956
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	**207,261**	**39,576**	**246,837**
Impairment	-	-22,149	-22,149
Total	**207,261**	**17,427**	**224,688**

At 31 December 2015, the ageing of trade and other receivables was as follows:

31 December 2015

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	201,896	8,807	210,703
Past due < 30 days	24,893	1,165	26,058
Past due 31 - 60 days	5,643	900	6,543
Past due 61 - 90 days	2,175	523	2,698
Past due > 90 days	7,076	12,061	19,137
Gross amount	**241,683**	**23,456**	**265,139**
Impairment	-	-21,184	-21,184
Total	**241,683**	**2,272**	**243,955**

The Executive Committee believes that the unimpaired amounts that are not past due date, or past due date less than 30 days, 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	2016	2015
Balance at 1 January	21,184	16,007
Write-offs during the year	-2,158	-1,593
Releases during the year	-1,822	-930
Addition during the year	5,177	7,613
Translation difference	-233	87
Balance as at 31 December	**22,148**	**21,184**
Non-current	6,052	3,714
Current	16,096	17,470
Balance as at 31 December	**22,148**	**21,184**

The balance of added and released amounts during the year is €3,355 thousand (2015: €6,683 thousand). An amount of €899 thousand (2015: €4,573 thousand) of this balance was recognised as net impairment loss through the statement of profit or loss. The remaining balance of €2,456 thousand (2015: €2,110 thousand) was recognised as result of acquisition effects. The net impairment loss recognised through the statement of profit or loss accordingly is €3,674 thousand lower compared to the net additions in 2015.

The higher addition to the allowance as per 31 December 2015 relates to several customers mainly in the swine sector. These customers have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to the economic circumstances. The write-offs during 2016 in the allowance for impairment resulted from the higher addition to the allowance in 2015. The increase of the non-current part of the allowance is caused by the transfer from overdue receivables to loans for a number of customers.

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 'single 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 36 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.

The Group maintains the following unsecured facility amounting to €300 million in total.

- €200 million is dedicated to roll over loans. Interest would be payable at the rate of Euribor/Libor plus 70 basis points (2015: Euribor/Libor plus 70 basis points).
- €100 million is dedicated to the overdraft need and can be drawn down to meet short-term financing needs. Interest would be payable at the rate of Euribor/Libor plus 70 basis points (2015: Euribor/Libor plus 70 basis points).

Furthermore ForFarmers Thesing, Germany, has a unsecured financing agreement with a maximum amount of €6 million. This facility is not used at the balance sheet date (31 December 2015: €1.8 million, overdraft facility with an interest rate of 1.214%).

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 2016

		Carrying amount	Contractual cash flows				
In thousands of euro	Note		**Total**	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non-derivative financial liabilities							
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	30	154,943	154,943	154,943	-	-	-
		253,916	**255,324**	**200,610**	**26**	**54,688**	**-**

The Company has the availabilty of cash and cash equivalents at 31 December 2016 amounting to €152,854 thousand.

31 December 2015

		Carrying amount	Contractual cash flows				
In thousands of euro	Note		**Total**	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non-derivative financial liabilities							
Bank overdrafts	24	46,565	46,565	46,565	-	-	-
Unsecured bank loan	28	52,810	58,036	708	708	56,620	-
Finance lease liabilites	28	355	372	200	114	58	-
Trade payables	30	171,022	171,022	171,022	-	-	-
		270,752	**275,995**	**218,495**	**822**	**56,678**	**-**

The Company has the availabilty of cash and cash equivalents at 31 December 2015 amounting to €133,065 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. For the decrease of the financial lease obligations see Note 28.

(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. In addition, 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 forward currency contracts with a fair value of €36 thousand to hedge foreign currency exposure at 31 December 2016 (31 December 2015: no forward currency contracts in place).

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:

	31 December 2016		31 December 2015	
	€	**£**	**€**	**£**
Trade and other receivables	136,844	75,212	139,076	76,982
Cash and cash equivalents less bankoverdrafts	124,621	-14,815	102,504	-11,748
Unsecured bank loans	-	-40,000	-	-40,000
Finance lease liabilities	-	-183	-	-261
Trade and other payables	-119,936	-41,685	-116,185	-49,153
Net statement of financial position exposure	**141,529**	**-21,471**	**125,395**	**-24,180**

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 € =	**2016**	**2015**	**31 December 2016**	**31 December 2015**	**31 December 2014**
£	0.8195	0.7258	0.8562	0.7340	0.7789

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 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 2016**	**31 December 2015**
Fixed-rate instruments		
Financial assets	10,924	12,494
Variable rate instruments		
Financial liabilities	45,564	52,810

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 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		Equity	
In thousands of euro	**50 basis points increase**	**50 basis points decrease**	**50 basis points increase**	**50 basis points decrease**
31 December 2016				
Variable-rate instruments	-228	228	-180	180
31 December 2015				
Variable-rate instruments	-264	264	-205	205

Commodity price risk

The major part of ForFarmers' cost of sales consists of raw materials. The raw materials markets have become highly volatile in recent years, 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.

Other market price risk
The Group unlisted equity securities are susceptible to equity price risk arising from available-for-sale equity investments. These investments are managed on an individual basis and all buy and sell decisions are approved by the Executive Committee.

Sensitivity analysis – equity price risk
These equity investments are not listed on a regulated exchange. The Group does not consider a change in the factors influencing the value of these investments to have a material impact on its profit and loss or equity, due to the relative size of the Group's investments in these entities in addition to the entities having limited operating activities.

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.

	2016	Excpected cash flows				2015	Excpected 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.

	2016	Excpected impact				2015	Excpected 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*										
Assets	115	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-
	151	**36**	**-**	**1**	**35**	**-**	**-**	**-**	**-**	**-**

** The contractual maturities of these 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*
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	Vechta-Langförden	100%
ForFarmers Thesing Mischfutter GmbH & Co. KG	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	Hamburg	50%

**) Participating interests as per 31 December 2016*

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 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 owners 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 (dividends to NCI: nil)	-	-1,794	-1,794
Net increase (decrease) in cash and cash equivalents	**-**	**562**	**562**

31 December 2015

	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Leafield Feeds Ltd*	Total
Percentage non-controlling interest	40%	40%	0%	
In thousands of euro				
Non-current assets	**-**	**3,608**	**-**	**3,608**
Cash and cash equivalents	-	631	-	631
Other current assets	185	15,815	-	16,000
Current assets	**185**	**16,446**	**-**	**16,631**
Loans and borrowings	-	-4,296	-	-4,296
Other non-current liabilities	-	-38	-	-38
Non-current liabilities	**-**	**-4,334**	**-**	**-4,334**
Loans and borrowings	-	-1,794	-	-1,794
Other current liabilities	-	-2,503	-	-2,503
Current liabilities	**-**	**-4,297**	**-**	**-4,297**
Net assets	**185**	**11,423**	**-**	**11,608**
Carrying amount of NCI	**74**	**4,569**	**-**	**4,643**
Revenue	-	63,199	6,383	69,582
Profit attributable to owners of the company	13	1,542	-113	1,442
OCI	-	-	-	-
Total comprehensive income	**13**	**1,542**	**-113**	**1,442**
Profit allocated to NCI	5	617	-39	583
OCI allocated to NCI	-	-	-	-

** Concerns realised results until date of acquisition remaining interest*

2015

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co, KG	Leafield Feeds Ltd,	Total
Cash flows from operating activities	-	2,067	-	2,067
Cash flows from investing activities	-	-190	-	-190
Cash flows from financing activities (dividends to NCI: nil)	-	-1,907	-	-1,907
Net increase (decrease) in cash and cash equivalents	**-**	**-30**	**-**	**-30**

34. Acquisition of non-controlling interests

In 2015, the Group acquired an additional 12.5% interest in ForFarmers BM GmbH and an additional 24% of Leafield Feeds Ltd for €687 thousand in cash, increasing its ownership respectively from 87.5% to 100% and 76% to 100%. In 2016, the Group has sold its interest in Leafield Feeds Ltd. entirely, see Note 7.

Other disclosures

35. 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 2016	31 December 2015
Less than 1 year	6,525	7,187
Between 1 and 5 years	9,031	9,505
More than 5 years	5,389	5,981
Total	**20,945**	**22,673**

For the lease payments an amount of €8,432 thousand was recognised in 2016 (2015: €11,574 thousand) in profit or loss as part of the other operating expenses. The decrease of the future lease payments has been caused by assets that were leased in the United Kingdom in the past, are currently being purchased by the company. This mainly concerns vehicles.

36. Commitments and contingencies

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**

31 December 2015

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	425,044	4,917	-	429,961
Purchase commitments energy (gas/electricity)	2,746	-	-	2,746
Purchase commitments property, plant and equipment	1,138	-	-	1,138
Total	**428,928**	**4,917**	**-**	**433,845**

The purchase commitments of raw materials are partly relating to existing sales contracts. 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. and Reudink B.V. For the acquisition of BOCM PAULS Ltd, guarantees have been issued amounting to €0.2 million (2015: €1.5 million).
For the credit facilities reference is made to Note 28.

37. Related parties

Beside the subsidiaries that operate within the Group (refer to the overview "List of main subsidiaries", note 32) and the BOCM PAULS and HST Feeds Pension Schemes (see Note 15A) , the Group has the following related parties and transactions. The related party transactions that occurred in 2015 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 (2015: 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 12.1% (31 December 2015: 39,0%) of the shares in ForFarmers N.V. as per 31 December 2016 and has issued depositary receipts in exchange for these shares. Coöperatie FromFarmers U.A. (hereinafter: de coöperatie) has a direct stake of 20.8%, and an indirect stake of 32.5% 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	Interest income	Interest expenses	Receivable from	Payable to
2016	-	-	4,216	-
2015	6	5	4,032	21

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 (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 €6.1 million (2015: €6.8 million), which can be broken down as follows:

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, allowances for life-cycle savings scheme, expenses, pension compensation own arrangement and any accrual for termination benefits.
(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 depository receipts and does not reflect the value of vested depository receipts.

2015

	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	456	410	36	89	200	41	1,232
A.E. Traas	353	150	55	11	130	17	716
J.N. Potijk	330	129	375	11	126	19	990
Executive Committee members	1,465	646	1,093	97	468	91	3,860
Total	**2,604**	**1,335**	**1,559**	**208**	**924**	**168**	**6,798**

(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, allowances for life-cycle savings scheme, expenses, pension compensation own arrangement and any accrual for termination benefits.
(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 depository receipts and does not reflect the value of vested depository receipts.

During the previous financial year no severance payments or other special remunerations were paid to (former) Executive Committee members, except for the following adjustment payments recognised in 2015 related to the incorrect processing of the life cycle scheme related to the years 2010 to 2013: in January 2016 an amount of €340 thousand was paid to former Executive Committee members. The amount related to the adjustment payment to current Executive Committee members was paid in 2015 and is already included in the above mentioned table concerning 2015.

The following table includes the ownership of the (depository receipts for) shares.

	(Depository receipts of) shares	
In numbers	**2016**	**2015**
Y.M. Knoop	222,967	164,662
A.E. Traas	100,235	85,211
J.N. Potijk	876,545	831,198
Non statutory board members	859,065	869,582
Total	**2,058,812**	**1,950,653**

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 €271 thousand (2015: €267 thousand), which can be broken down as follows:

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
H. Mulder	35.0	5.0	5.4	45.4
J.W. Addink-Berendsen	30.0	7.5	4.7	42.2
V.A.M. Hulshof	30.0	0.0	4.3	34.3
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 employers' social security contributions

2015

In thousands of euro	Attendance fee	Commission fee	Other compensation (1)	Total
Supervisory Board				
J.W. Eggink	50.0	7.5	4.2	61.7
H. Mulder	33.5	5.0	5.2	43.7
J.W. Addink-Berendsen	30.0	7.5	3.2	40.7
V.A.M. Hulshof	30.0	0.0	2.6	32.6
C.J.M. van Rijn	30.0	12.5	0.5	43.0
J. Markink	10.6	4.4	3.2	18.2
W.M. Wunnekink	21.1	3.5	2.1	26.7
Total	**205.2**	**40.4**	**21.0**	**266.6**

(1) Including employers' social security contributions

In the regular course of business the Group enters into sales transactions with members of the Supervisory Board. The following table provides the total amount of transactions.

In thousands of euro	Sales to	Purchases from
2016	468	-
2015	463	-

The following table provides the total balances of receivables from and payables to the members of the Supervisory Board.

In thousands of euro	Amounts owed by	Amounts owed to
31 December 2016	10	-
31 December 2015	14	-

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.

2016

	Depository receipts/Shares	Paticipation accounts	Total
J.W. Eggink	7,179	12,130	19,309
H. Mulder	49,500	-	49,500
J.W. Addink-Berendsen	9,640	11,187	20,827
V.A.M. Hulshof	-	6,480	6,480
C.J.M. van Rijn	-	-	-
W.M. Wunnekink	-	-	-
Total	**66,319**	**29,797**	**96,116**

2015

	Depository receipts/Shares	Paticipation accounts	Total
J.W. Eggink	7,179	11,266	18,445
H. Mulder	49,500	-	49,500
J.W. Addink-Berendsen	9,640	9,711	19,351
V.A.M. Hulshof	-	3,600	3,600
C.J.M. van Rijn	-	-	-
W.M. Wunnekink	-	-	-
Total	**66,319**	**24,577**	**90,896**

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.

D. 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	Sales to	Purchases from
Sales of goods and services		
2016	-	39,800
2015	-	39,226

The following table provides the total balances with the joint venture HaBeMa:

In thousands of euro	Amounts owed by	Amounts owed to
31 December 2016	-	2,123
31 December 2015	-	1,699

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.

38. Events after the reporting period

No events have occurred.

Accounting policies

39. 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.

40. 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 2016. 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 depository 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:	5 - 20 years
Other operating assets:	3 - 10 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.

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 depository 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.

The part of the post-employment obligations that qualifies as a defined benefit plan mainly relates to the post-employment benefit plans of (former) employees of BOCM PAULS Ltd. (United Kingdom), which was closed on 30 September 2006 and the post-employment benefit plans of (former) employees of Hendrix UTD (The Netherlands), which was closed on 31 December 2015. The remaining part is related to a limited number of persons at two German subsidiaries for whom an in-house defined benefit plan exists and the in 2014 acquired HST Feeds Ltd. For those plans also no new post-employment rights are being built up, since these plans are closed as well.

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. 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.

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. 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, and
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.

41. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 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 IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Amendments to IAS 7 Disclosure Initiative, effective 1 January 2017
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018

IFRS 9 - Financial Instruments

The IASB issued the final version of IFRS 9 on 24 July 2014 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the Group's financial assets and on hedge accounting, but not on the classification and measurement of the Group's financial liabilities. The effect with respect to the valuation of financial assets will mainly relate to the introduction of the expected credit loss model for trade receivables. Although the Group is currently assessing the impact of this standard, no estimation of impact or extent can be made yet on the Group's financial position and results. The standard becomes effective for financial years beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory.

IFRS 15 - Revenue from Contracts with Customers (including clarifications to IFRS 15)

IFRS 15 (issued on 11 September 2015, the clarifications respectively on 12 April 2016) 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 new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The Group is currently assessing the impact of this standard, but does not expect any significant impact because the Group mainly delivers goods based on pre-determined prices, has limited services and no complex (multiple) sales arrangements. The standard becomes effective for financial years beginning on or after 1 January 2018. Full or modified retrospective application is required.

IFRS 16 - Leases

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. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. 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. As with current IAS 17, under IFRS 16 lessors classify leases as operating or finance in nature.

IFRS 16 must be applied for periods beginning on or after 1 January 2019, with earlier adoption permitted if abovementioned IFRS 15 has also been applied. IFRS 16 is not yet endorsed by the EU. The Group is currently assessing the impact of the new standard and is expecting after impact on the financial position of the Group which will result in an increase in assets and liabilities. However, no estimation of impact or extent can be made yet.

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments (issued on 19 January 2016) clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

Amendments to IAS 7 - Disclosure Initiative

The amendments (issued on 29 January 2016) require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions

The IASB and the IFRS Interpretations Committee received a number of requests related to IFRS 2 Share-based Payments. As a result, the IASB provided further clarification in the proposed amendments to IFRS 2 (Issued on June 20, 2016):

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the proposed amendments are not yet endorsed by the EU. The Group assesses the impact of the proposed changes.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

In thousands of euro (before profit appropriation)	Note	31 December 2016	31 December 2015
Assets			
Other receivables		250	118
Equity-accounted investees	44	405,739	387,449
Non-current assets		**405,989**	**387,567**
Other receivables		563	266
Receivables from group companies*	45	29,218	30,072
Cash and cash equivalents		43,365	26,101
Current assets		**73,146**	**56,439**
Total assets		479,135	444,006
Equity			
Share capital		1,063	106,261
Share premium		143,554	38,356
Treasury share reserve		-1	-399
Legal translation reserve		-3,609	4,505
Legal hedging reserve		27	-
Other legal reserves		17,099	11,521
Retained earnings		212,717	191,560
Unappropriated result		53,260	50,707
Equity attributable to owners of the Company	48	**424,110**	**402,511**
Provisions			
Provisions	49	650	1,145
Total provisions		**650**	**1,145**
Liabilities			
Deferred tax liabilities		163	163
Non-current liabilities		**813**	**1,308**
Trade and other payables		258	835
Debts to group companies	45	51,348	34,307
Taxes and social securities*	47	2,606	5,046
Current liabilities		**54,212**	**40,188**
Total liabilities		55,025	41,496
Total equity and liabilities		479,135	444,006

** The comparative figures as at 31 December 2015 have been adjusted. For further details, see Note 47.*

Company statement of profit or loss

In thousands of euro	Note	**2016**	**2015**
Revenue		-	-
Operating income		**-**	**-**
Wages and salaries		-14	305
Other operating expenses		-237	1,886
Operating expenses		**-251**	**2,191**
Operating profit		**-251**	**2,191**
Finance income		69	209
Finance costs		-715	-964
Net finance costs		**-646**	**-755**
Profit (loss) before tax		**-897**	**1,436**
Income tax expense		224	658
Share of profit of equity-accounted investees, net of tax	44	53,933	48,613
Profit for the period		53,260	50,707

NOTES TO THE COMPANY FINANCIAL STATEMENTS

42. General

The Company financial statements are part of the 2016 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 .

43. 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 39 and 40 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.

44. Investments in subsidiaries

In thousands of euro	Note	**2016**	**2015**
Carrying value at 1 January		**387,449**	**347,562**
Dividend received		-27,000	-17,023
Share in results from participating interest, net of tax		53,933	48,613
Foreign operations – foreign currency translation differences, net of tax	26D	-8,114	2,179
Remeasurement of defined benefit liabilities, net of tax	26D	-210	4,851
Other changes		-319	1,267
Carrying value at 31 December		**405,739**	**387,449**

45. Receivables from and debts to group companies

The receivables from and debt to group companies are current.

46. 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.

47. Taxes and social security

The net amount receivable and payable of taxes and social securities includes a current income tax payable amounting to €2.5 million (2015: €4.4 million).

A fiscal unity 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 fiscal unity exists for the Dutch group companies that also includes the majority shareholder Coöperatie FromFarmers U.A. which is the head of this fiscal unity. The total current receivable or liability towards the tax authorities is accounted for in the statement of financial position of the head of the fiscal unity. The comparative figures of prior year have been adjusted. Settlement of the taxes within the fiscal unity takes place as if each company is independently liable for tax.

48. Shareholders' equity

Statement of changes in equity

2016

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
		Attributable to owners of the Company								
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 , 48	-	-	-	-8,114	27	-	-211	-	-8,298
Total comprehensive income		**-**	**-**	**-**	**-8,114**	**27**	**-**	**-211**	**53,260**	**44,962**
Transactions with owners of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	48	-	-	-	-	-	-	-24,734	-	-24,734
Purchase/sale of own shares	48	-	-	84	-	-	-	916	-	1,000
Adaptation par value shares		-105,198	105,198	314	-	-	-	-314	-	-
Equity-settled share-based payments	15	-	-	-	-	-	-	371	-	371
Transfers		-	-	-	-	-	927	-927	-	-
Total transactions with owners 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

2015

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
		Attributable to owners of the Company								
Balance as at 1 January 2015		**106,261**	**38,356**	**-466**	**2,326**	**-**	**12,806**	**156,456**	**48,140**	**363,879**
Addition from unappropriated result		-	-	-	-	-	5,568	42,572	-48,140	-
Total comprehensive income										
Profit		-	-	-	-	-	-	-	50,707	50,707
Other comprehensive income	16 , 48	-	-	-	2,179	-	-	4,866	-	7,045
Total comprehensive income		**-**	**-**	**-**	**2,179**	**-**	**-**	**4,866**	**50,707**	**57,752**
Transactions with owners of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	48	-	-	-	-	-	-	-18,707	-	-18,707
Purchase/sale of own shares	48	-	-	67	-	-	-	-101	-	-34
Equity-settled share-based payments	15	-	-	-	-	-	-	275	-	275
Transfers		-	-	-	-	-	-6,853	6,853	-	-
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	-	-654	-	-654
Total transactions with owners of the Company		**-**	**-**	**67**	**-**	**-**	**-6,853**	**-12,334**	**-**	**-19,120**
Balance as at 31 December 2015		106,261	38,356	-399	4,505	-	11,521	191,560	50,707	402,511

Share capital and share premium

In thousands of euro	Ordinary shares (number) 31 December 2016	31 December 2015	Amount 31 December 2016	31 December 2015
Ordinary shares – par value €0.01 (2015: €1.00)	106,261,040	106,261,040	144,617	144,617
Priority share – par value €0.01 (2015: €1.00)	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 2016, 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.

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 depository 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 (depository 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 year the Company purchased 400,000 (2015: 620,420) of it owns shares to be able to re-issue the depository receipts in relation to the employee participation plans. Besides the repurchase of the abovementioned number of shares the 82,502 treasury shares, which were obtained on behalf of the previous liquidity provider agreement (SNS) which ended on May

24, will be used for the purpose of employee participation plans. At 31 December 2016, the Group held 77,580 of the Company's shares (2015: 399,429).

The movement in the treasury shares can be summarised as follows:

The movement of treasury shares

	Number of shares		Amount par value	
In thousands of euro	**2016**	**2015**	**2016**	**2015**
Balance at 1 January	399,429	466,210	399	466
Repurchase Employee participation plan	400,000	620,420	189	620
Re-issuance Employee participation plan	-455,664	-642,960	-5	-643
	-	-	-314	-
Other movements through trading platform	-266,185	-44,241	-268	-44
Balance as at 31 December	**77,580**	**399,429**	**1**	**399**

The other movements relates to depository receipts sold by the previous liquidity provider (SNS) independently from the company.

Legal translation reserve

The translation reserve is a legal reserve. Per balance sheet date, the assets and liabilities of foreign operations are converted into ForFarmers' presentation currency (euro) at the rate of that date, and the gains and losses in the profit account are converted at the average rate for the year. The resulting exchange rate differences are recorded directly in the legal reserve 'Translation reserve'. When the foreign operation is sold, the relevant cumulative amount of the exchange rate differences included in the equity is recorded in the profit and loss account as part of the result on sale.

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 depository 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

During the Annual General Meeting on 26 April 2017 the proposal is to distribute a dividend of €0.24218 per nominal share of €0.01 shall be submitted for approval. This proposal is as follows:

Underlying principle for the dividend policy of ForFarmers N.V. is to make available a dividend pay-out ratio between 40%-50% of the normalised result after tax attributable to the shareholders of the Company. The incidental gain on the sale of investments and assets held for sale (2016: €1,829 thousand) or profits of non-consolidated subsidiaries with a pay-out ratio lower than the ForFarmers's (not applicable for 2016) ratio are excluded from the dividend calculation. The normalised profit amounted to €51,431 thousand, which is the consolidated profit attributable to the owners of the Company of €53,260 thousand minus €1,829 thousand, being the incidental gain on sale of investments and assets held for sale. A dividend distribution is proposed of €0.24218 per ordinary share (pay-out ratio of 50% of the qualifying normalised result).

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 management 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	2016	2015
€0.23299 per qualifying ordinary share (2015: €0.17629)	24,734	18,707
	24,734	**18,707**

After the respective reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences for the Company.

In thousands of euro	2016	2015
€0.24218 per qualifying ordinary share (2015: €0.23299)	25,715	24,665
	25,715	**24,665**

49. Provisions

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 2015	**-**	**650**	**650**

In thousands of euro	Soil decontamination	Other	Total
Carrying value at 1 January 2016	1,164	2,171	3,335
Provisions made during the year	-	-	-
Releases	-454	-1,626	-2,080
Provisions used during the year	-321	-	-321
Effect of discounting	106	105	211
Carrying value at 31 December 2015	**495**	**650**	**1,145**

50. 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.

51. 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. and Reudink B.V. For the acquisition of BOCM PAULS Ltd, guarantees have been issued amounting to €0.2 million.

52. 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 37 of the explanatory notes to the consolidated financial statements. During the year under review 7 employees (2015: 7 employees) were employed by the company who were all employed in the Netherlands.

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. Given that Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2017, 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, Coöperatie FromFarmers U.A. as priority share holder:

(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.

Events after the reporting period

No events have occurred.

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 accompanying financial statements 2016

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 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands 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 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2016 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 2016;
2. the following consolidated statements for 2016: the income statement, the statements of other 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 at 31 December 2016;
2. the company profit and loss account for 2016; 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 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 3.0 million (2015: EUR 2.5 million). The materiality is determined with reference to profit before tax, of which it represents 4.4% (2015: 3.8%). We consider profit before tax as the most appropriate benchmark as we believe that for the users of the financial statements it is an important metric for the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Audit Committee of 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 head of a group of entities. The financial information of this group is included in the financial statements of ForFarmers N.V.

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 the components. Decisive were the size and / or the risk profile of the components or operations.

Our group audit mainly focused on significant group components. On this basis, we selected components for which an audit on the complete set of financial information or an audit of account balances were necessary. We scope components of ForFarmers N.V. into the group audit where they are of significant size or contain specific risks.

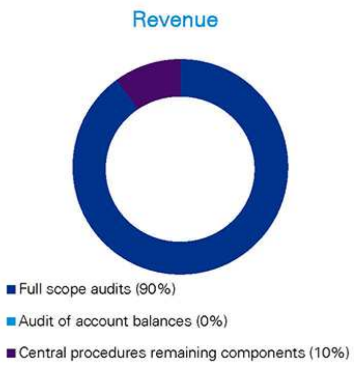
The company disclosed their main components in Note 32 of the financial statements.

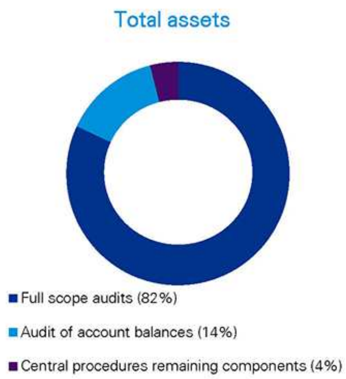
We have:

- selected 12 group entities where we performed full scope procedures;

- performed audit procedures ourselves at group level in respect of areas such as the annual goodwill impairment test, valuation of deferred tax assets, acquisitions and disposals and shared service centers;
- used the work of local KPMG auditors and a non KPMG auditor when auditing group entities. These entities are located in The Netherlands, Germany, Belgium and the United Kingdom;
- performed audit of account balances for 1 group entity and central desktop review procedures at other group entities to corroborate our assessment that there are no significant risks of material misstatement within these components.

This resulted in a coverage of 90% (2015: 91%) of revenues and 96% (2015: 97%) of total assets through full scope audits and audit of account balances.





Audits of components were performed at certain materiality levels. For all components the materiality levels applied were below the group materiality level. The majority of these were based on the relevant local statutory audit materiality. Component materiality did not exceed EUR 2.5 million (2015: EUR 2.0 million).

The group audit team sent detailed instructions to all component auditors part of the group audit. These instructions include the significant areas that should be covered and set out the information required to be reported back to the group audit team. The group audit team has visited in relation to the 2016 audit components in The Netherlands, the UK and Germany and held conversations with local management and the auditors of these components. File reviews were also performed for these components. Telephone conferences and e-mail conversations were also held with all 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.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements as a whole.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

As the transition to EU-IFRS and pension accounting in the Netherlands were more relevant in 2015 these are no longer considered as key audit matter in 2016. 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 € 183.5 million are deemed significant to our audit considering it reflects approximately 24% 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 accounts 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 debtors risks. 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 to be within the reasonable range and we assessed the disclosures in note 21 and note 31 to the financial statements being proportionate.

Valuation of goodwill

Description

Goodwill amounts € 64.5 million as at 31 December 2016 in the financial statements. 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 annual 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 and estimates to be within the reasonable range and we assessed the disclosure in note 18 to the financial statements being proportionate.

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:

- annual report;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code;

Based on the below 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 Netherlands 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 Netherlands 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.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code and other Information pursuant to Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Engagement

We are auditor of ForFarmers N.V. since 2014. We were re-engaged by the General Meeting of Shareholders as auditor of ForFarmers N.V. for the year 2016 on 15 April 2016.

Description of the responsibilities for the financial statements

Responsibilities of the Board of Directors and Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors 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 financial statements

Our objective is to plan and perform the audit 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 have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 for one 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of the Board of Directors' 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 entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review 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.

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 safegards.

From the matters communicated with the Supervisory Board, we determine 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.

Amstelveen, 13 March 2017

KPMG Accountants N.V.

R.P. Kreukniet RA

Overview financial history

Consolidated statement of financial position

	IFRS	IFRS	IFRS	Dutch GAAP	Dutch GAAP	Dutch GAAP
In thousands of euro	**2016**	**2015**	**2014**	**2014**	**2013**	**2012**
Intangible assets and goodwill	102,181	89,202	77,348	74,455	54,312	50,047
Property, plant and equipment	194,749	197,731	190,274	205,882	202,391	200,043
Financial fixed assets	36,665	36,203	34,727	21,365	21,184	32,572
Non-current assets	**333,595**	**323,136**	**302,349**	**301,702**	**277,887**	**282,662**
Inventories	75,141	89,771	83,866	88,484	99,977	111,436
Trade and other receivables	214,679	236,041	234,626	236,907	249,808	341,641
Cash and cash equivalents	152,854	133,065	77,729	80,925	146,840	80,916
Current assets	**442,674**	**458,877**	**396,221**	**406,316**	**496,625**	**533,993**
Total assets	776,269	782,013	698,570	708,018	774,512	816,655
Equity	424,110	402,511	363,879	360,593	338,367	322,904
Non-controlling interests	4,880	4,643	4,363	4,363	4,328	4,199
Total equity	**428,990**	**407,154**	**368,242**	**364,956**	**342,695**	**327,103**
Provisions	78,498	82,939	88,751	93,413	85,603	97,518
Non-current liabilities	53,312	52,967	49,749	54,136	129,251	156,268
Current liabilities	215,469	238,953	191,828	195,513	216,963	235,766
Total liabilities	776,269	782,013	698,570	708,018	774,512	816,655
Capital employed	432,837	470,162	420,258	417,396	493,956	508,971
Net debt	-61,541	-33,335	-25,714	-24,122	8,749	105,151
Solvency ratio	**55.3%**	**52.1%**	**52.7%**	**51.5%**	**44.2%**	**40.1%**

Consolidated statement of profit or loss

	IFRS	IFRS	IFRS	Dutch GAAP	Dutch GAAP	Dutch GAAP Proforma
In thousands of euro	2016	2015	2014	2014	2013	2012
Revenue	2,108,962	2,244,470	2,221,281	2,292,014	2,472,172	2,497,914
Cost of raw materials and consumables	-1,701,590	-1,820,266	-1,827,551	-1,883,928	-2,081,803	-2,097,021
Gross profit	**407,372**	**424,204**	**393,730**	**408,086**	**390,369**	**400,893**
Other operating income	3,949	3,380	6,522	6,619	4,581	8,330
Employee benefit expenses	-150,542	-148,479	-129,001	-138,537	-124,466	-129,437
Depreciation and amortisation	-26,044	-26,038	-23,788	-28,958	-25,866	-23,180
Other operating expenses	-166,902	-189,017	-184,899	-188,109	-201,189	-198,357
Operating profit	**67,833**	**64,050**	**62,564**	**59,101**	**43,429**	**58,249**
Finance income	1,664	2,864	3,074	2,435	2,627	3,102
Finance costs	-5,192	-5,426	-7,684	-8,110	-4,907	-7,133
Net finance costs	**-3,528**	**-2,562**	**-4,610**	**-5,675**	**-2,280**	**-4,031**
Share of profit of equity-accounted investees, net of tax	3,816	4,681	4,664	-	1,795	852
Profit before tax	**68,121**	**66,169**	**62,618**	**53,426**	**42,944**	**55,070**
Income tax expense	-14,344	-14,879	-13,590	-13,584	-11,333	-14,626
Profit for the year	**53,777**	**51,290**	**49,028**	**39,842**	**31,611**	**40,444**
Non-controlling interests	-517	-583	-888	-888	-489	-1,258
Profit attributable to owners of the Company	**53,260**	**50,707**	**48,140**	**38,954**	**31,122**	**39,186**
Compound feed (x million tonnes)	6.37	6.36 (1)	6.36 (1)	6.49 (2)	6.35 (2)	6.25 (2)
Single feed (x million tonnes)	0.61	0.51	0.49	0.49	0.38	0.67
Roughages and DML (x million tonnes)	2.17	2.08	1.83	1.83	1.66	1.71
Other (x million tonnes)	0.11	0.09	0.08	0.08	0.08	0.07
Volume Total Feed (x million tonnes)	**9.26**	**9.04**	**8.76**	**8.89**	**8.47**	**8.70**
Number of employees at year-end (in fte's)	2,273	2,370	2,286	2,343	2,214	2,194
Operating restult before depreciation (EBITDA)	93,877	90,088	86,352	88,059	69,295	81,429
Operating restult before depreciation (EBITDA) as % of revenue	4.5%	4.0%	3.9%	3.8%	2.8%	3.3%
Operating restult before depreciation (EBITDA) as % of gross profit	23.0%	21.2%	21.9%	21.6%	17.8%	20.3%
Operating result (EBIT)	67,833	64,050	62,564	59,101	43,429	58,249
Operating result (EBIT) as % of revenue	3.2%	2.9%	2.8%	2.6%	1.8%	2.3%
Dividend (€ million)	25.7	24.7	18.7	18.7	14.4	12.1
Dividend per share (€)	0.242	0.233	0.176	0.176	0.136	0.115

(1) Adjusted downwards by 58k tonnes, because volume of warehousing activities were included.
(2) 2014 and before: including Dutch warehousing activities

GLOSSARY

GLOSSARY

Additives	Ingredients that are added to feed to improve the feed, for instance with respect to shelf life, taste, odour or nutritional value.
Agrifirm	Dutch cooperative of farmers and horticulturists with subsidiaries in multiple countries in and outside Europe. Strategic partner of ForFarmers.
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.
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.
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.
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.
Coöperatie FromFarmers U.A.	Coöperatie FromFarmers U.A. is the majority shareholder of ForFarmers N.V.
Co-products	Products derived from the manufacturing process of human food, such as brewers' grains, which are used for animal feed.
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.
Depositary receipts	A depositary receipt is the proof of rights to a share in ForFarmers.
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.

DML	DML stands for Dry, Moist and Liquid co-products. See also co-products.
[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.
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.
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 takes 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 directors (five in 2016, four as of beginning 2017).
FAO	Food and Agriculture Organization of the United Nations.
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.
Ferment+	A complete concept for fermentation of feed at pig farms. ForFarmers developed the bacterial culture for this and supplies the raw materials and supplements. Weda Holland supplies the equipment and Van Asten Group provides test installations and feed and adapts these to the farms' requirements .
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.

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.
Fertiliser	Administration of fertilisers (nitrogen, phosphate, potassium, etc.) to the soil for optimal crop growth. Both animal and chemical fertilisers.
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 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 Pré-start	Special feed from ForFarmers for broiler chickens. Formulated to meet the specific nutrient needs of broiler chickens during the first days of life.
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.
LCA	LifeCycle Analysis. Demonstrates the environmental performance of the entire production chain.
Like-for-like	Excluding currency effects 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.
Micro-ingredients	Vitamins, minerals, medicines and other substances used in very small quantities and weighed in milligrams, micrograms or parts-per-million (ppm).
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.
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.
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.
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.
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 articles of association. These include the right of recommendation as part of a nomination for appointment of a certain number of members of the Supervisory Board and the designation and/or deliberation regarding the Chair of the Supervisory Board. Furthermore, certain important decisions require the approval of the priority shareholder.
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.
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.
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.
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.
Silage additives	Additives that counteract preservation losses in silage to gain the maximum use of nutrients in the forage.
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.
Stackable co-products	Co-products with a lot of moisture that are not fluid but stackable, for example potato starch.
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.
Statutory Board (of the Company)	The executive board of the company composed of three members.

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.
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. The products vary from mixed feed, young animal feed and special feed to wet co-products, individual raw materials, seeds and fertiliser. The advice covers all aspects of nutrition, animal husbandry and business development relevant for the customer. The tools include programmes, products and services with which livestock producers can set goals, monitor results and benchmarks and realise their objectives.
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.
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.
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.