

Lochem, 26 August 2016

## Increasing operating profit first half year of 2016 through Total Feed approach and efficiency programme One ForFarmers

### Highlights first half year of 2016\*:

- Volume of Total Feed increased by 2.9% to 4.6 million tonnes mainly driven by growth in the Netherlands and Germany/Belgium
- Revenue decreased by 4.4% to €1,070.5 million, due to decreasing raw material prices that were passed on and the devaluation of the Pound sterling, partly compensated by acquisitions
- Gross profit – excluding the negative currency effect – remained fairly stable based on a positive contribution of the Netherlands and Germany/Belgium and a decrease in the United Kingdom
- EBITDA\*\* increased by 7.2% to €46.0 million: the result of cost reductions, following further implementation of the efficiency programme One ForFarmers, and of acquisitions.  
EBITDA excluding incidental items grew by 8.2% to €46.3 million
- The transition from the trading platform (for depositary receipts) to the listing of the ForFarmers shares (FFARM) on the stock exchange EURONEXT Amsterdam (24 May) proceeded successfully
- In July the acquisition of Vleuten-Steijn in the Netherlands was announced as a result of which the position of ForFarmers in the swine section will be further strengthened. The acquisition is pending approval of the competition authorities.

[\*] Results first six months of 2016 are compared to the first six months of 2015

[\*\*] Operating result excluding depreciations and amortisation

### Consolidated key figures

In millions of euro (unless indicated otherwise)	For the six months ended 30 June					
	2016	2015*	Total change in %	Currency	Like-for-like	Acquisition
Total Feed volume (x 1.000 ton)	4,562	4,434	2.9%		1.3%	1.6%
Compound feed	3,135	3,163	-0.9%			
Revenue	1,070.5	1,120.1	-4.4%	-1.8%	-4.1%	1.5%
Gross profit	206.5	210.5	-1.9%	-2.1%	-1.0%	1.2%
Operating expenses	-176.1	-181.2	2.8%	2.3%	1.4%	-0.9%
EBITDA**	46.0	42.9	7.2%	-1.6%	5.5%	3.3%
<b>EBITDA excluding incidental items</b>	<b>46.3</b>	<b>42.8</b>	<b>8.2%</b>	<b>-1.6%</b>	<b>6.5%</b>	<b>3.3%</b>
Operating profit	32.8	30.7	6.8%	-1.6%	5.3%	3.1%
Profit after tax	25.0	24.7	1.2%			
Basic earnings per share (x € 1)	0.236	0.231	2.2%			
	<b>30 June 2016</b>	<b>31 December 2015</b>				
Equity	396.7	407.2				
Solvability***	57.3%	55.2%				

\* The figures for the six months ended 30 June 2015 are presented based on IFRS. For further information, please refer to the Annual Report 2015.

\*\* EBITDA is operating profit before depreciation and amortization

\*\*\* Solvency ratio is equity divided by total assets

General remark: percentages are presented based on the rounded amounts in million euro



### Yoram Knoop, CEO ForFarmers:

'In the first half year farmers were still facing challenges due to continuing pressure on prices for milk, meat and eggs. By focusing on improving the returns on farm with our Total Feed approach, the volume of feed that farmers bought from us has increased. The acquisition that we made in the United Kingdom last year also contributed to our result. Both in macro political and macroeconomic terms, the first six months of 2016 continued being restless with the Brexit as the most significant event. The weakening of the Pound sterling had an adverse effect on our results due to the translation of the Pound sterling into Euro. In these challenging circumstances we were able to improve our 'underlying EBITDA'\*, largely through the implementation of our efficiency programme One ForFarmers. These results and the fact that we announced an important acquisition in the Netherlands after balance sheet date, are fully in line with our Horizon 2020 strategy.

The fact that our depositary receipts could previously

already be traded via the trading platform was instrumental for the smooth transition to Euronext Amsterdam. ForFarmers believes in a strong future for the agricultural sector and we continue to dedicate ourselves to this fully. With that we mean the continuity of the farm, but also the future in a broader sense: a healthy future for the sector and for sustainable food manufacturing as a whole. We do this in close collaboration with our customers, for a better return at the farm, a healthier livestock and a higher efficiency. Our specialised and expert advisors offer Total Feed solutions on the basis of specific advice. We want to propagate this message even more powerfully and that is why we now launch our mission 'For the Future of Farming'. Everything that we do, we do, because we believe in it. That is good for the farmer and therefore for all stakeholders', says Yoram Knoop, CEO of ForFarmers.

\* 'Underlying EBITDA' is the operating result before depreciations and amortisation (EBITDA) excluding incidental items.

## Review ForFarmers consolidated results first half year 2016

(compared to the first six months of 2015)

The **Total Feed volume** increased by 2.9% (128,000 tonnes): more Total Feed was sold in both the Netherlands and the Germany/Belgium cluster (4.2% and 2.9% respectively). The growth of the volume in the United Kingdom cluster (1.1%) comprises a like-for-like decline (-3.6%) which was more than compensated by the acquisition of Countrywide in May last year. The total volume of Total Feed supplied by ForFarmers can be divided in a like-for-like increase of 57,000 tonnes (1.3%) and an increase through acquisitions of 71,000 tonnes (1.6%). ForFarmers observed a slight decline of the total volume of *compound feed*: the ruminant sector showed a stable to slight volume decrease. The swine sector showed a decline. The compound feed volume in the poultry sector increased.

The decrease (-4.4%) of **revenue** over the first six months of 2016 to €1,070.5 million is the result of a combination of the passing on of lower raw material prices and the effect of the devaluation of the Pound sterling (€20.4 million, -1.8%) which was partly compensated by acquisition effects (€17.0 million,

+1.5%) and the effect of the 2.9% increase in volume.

With an impact of -2.1%, the devaluation of the Pound sterling is the main explanation for the reported decrease (-1.9%) of the **gross profit**. The Netherlands and Germany/Belgium reported a growth of their gross profit (4.4% and 6.8% respectively), due to, among other things, a better mix of the sold Total Feed volume and a positive contribution of strategic partnerships. In the United Kingdom, the gross profit excluding the currency effect decreased (-6.6%) due to the continuing low milk price and the pressure on the liquidity positions of farmers, as a result of which more lower-value feed products were purchased.

Total **operating expenses** decreased by €5.1 million, to €176.1 million. The like-for-like decrease of the operating expenses amounted to €2.6 million (-1.4%). The effect of the devaluation of the Pound sterling was - €4.1 million (-2.3%) and the effect of acquisitions (+€1.6 million, +0.9%). The like-for-like decrease is largely due to the ongoing implementation of the efficiency programme One ForFarmers.

The expenses also included additional costs of €1.5 million for the listing on the stock exchange and an incidental item of €1.6 million with respect to the organisation in the United Kingdom. The net addition to the provisions for bad debts was €0.7 million lower than in the comparative period last year.

Depreciations and amortisation increased by €1.0 million to €13.2 million: €0.9 million like-for-like increase, €0.4 million due to acquisitions and a negative currency translation effect of €0.3 million.

In millions of euro	For the six months ended 30 June		Δ	Δ%
	2016	2015		
<b>EBITDA</b>	<b>46.0</b>	<b>42.9</b>	<b>3.1</b>	<b>7.2%</b>
Gain on sale of investments and assets held for sale	- 1.3	- 0.1	- 1.2	
Restructuring cost / Impairment non-current assets	1.6	-	1.6	
<b>Underlying* EBITDA</b>	<b>46.3</b>	<b>42.8</b>	<b>3.5</b>	<b>8.2%</b>
FX effect	0.7	-	0.7	
Underlying* EBITDA, at constant currencies	47.0	42.8	4.2	9.8%
Operating profit (EBIT)	32.8	30.7	2.1	6.8%
Underlying* operating profit (EBIT)	33.4	30.6	2.8	9.2%

\* 'Underlying' entails excluding incidental items

The growth of EBITDA over the first six months of 2016 of 7.2% includes the translation effect of - €0.7 million of the Pound sterling (-1.6%) and two incidental items: a total book profit, reported under other operating income, on the sale of land in Oss (€0.9 million) and the sale of Leafield in the United Kingdom (€0.4 million). In addition, restructuring costs (€1.6 million) were included relating to the decision for a reorganisation in the United Kingdom.

The **underlying EBITDA** accordingly increased by 8.2% to €46.3 million.

The number of employees on 30 June 2016, presented in fulltime equivalents, was 2,314, slightly lower than on 31 December 2015 (2,370) mostly due to the already initiated restructuring and a divestment in the United Kingdom.

The **profit for the period** increased by €0.3 million (1.2%), to €25.0 million. Two elements contributed to this:

- in 2015 the net finance expenses were affected positively by a one-off currency effect of €0.7 million, and
- the net result of the joint venture HaBeMa was nearly half of the result it reported in 1H 2015 mainly because the warehousing activities were then relatively very high and in the first six months of this year there was considerably less warehousing due to falling raw material prices.

The effective tax burden over the first six months of 2016 arrives at 23.3% compared to 27.0% over the comparative period in 2015 when this percentage was affected by some one-off expenses.

## Results per cluster

For the six months ended 30 June 2016

In thousands of euro	The Netherlands	Germany / Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	2,050,530	976,705	1,535,023	-	4,562,258
<b>Revenue</b>	<b>501,623</b>	<b>261,436</b>	<b>339,066</b>	<b>-31,627</b>	<b>1,070,498</b>
<b>Gross profit</b>	<b>98,409</b>	<b>34,490</b>	<b>73,391</b>	<b>160</b>	<b>206,450</b>
Other operating income	1,392	541	466	3	2,402
Operating expenses	-68,679	-30,242	-65,482	-11,657	-176,060
<b>Operating profit</b>	<b>31,122</b>	<b>4,789</b>	<b>8,375</b>	<b>-11,494</b>	<b>32,792</b>
Gain on sale of investments and assets held for sale	-910	-	-374	-	-1,284
Restructuring cost / Impairment non-current assets	-	-	1,573	-	1,573
<b>Incidental items</b>	<b>-910</b>	<b>-</b>	<b>1,199</b>	<b>-</b>	<b>289</b>
<b>Underlying operating profit</b>	<b>30,212</b>	<b>4,789</b>	<b>9,574</b>	<b>-11,494</b>	<b>33,081</b>
Depreciation, amortisation and impairment	4,240	1,940	5,654	1,358	13,192
<b>Underlying EBITDA</b>	<b>34,452</b>	<b>6,729</b>	<b>15,228</b>	<b>-10,136</b>	<b>46,273</b>

For the six months ended 30 June 2015

In thousands of euro	The Netherlands	Germany / Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	1,967,124	948,814	1,518,419	-	4,434,357
<b>Segment revenue</b>	<b>500,408</b>	<b>262,364</b>	<b>386,199</b>	<b>-28,839</b>	<b>1,120,132</b>
<b>Gross profit</b>	<b>94,259</b>	<b>32,280</b>	<b>83,557</b>	<b>417</b>	<b>210,513</b>
Other operating income	923	318	212	6	1,459
Operating expenses	-68,740	-29,186	-74,564	-8,738	-181,228
<b>Operating profit</b>	<b>26,442</b>	<b>3,412</b>	<b>9,205</b>	<b>-8,315</b>	<b>30,744</b>
Gain on sale of investments and assets held for sale	-	-	-137	-	-137
Restructuring cost / Impairment non-current assets	-	-	-	-	-
<b>Incidental items</b>	<b>-</b>	<b>-</b>	<b>-137</b>	<b>-</b>	<b>-137</b>
<b>Underlying operating profit</b>	<b>26,442</b>	<b>3,412</b>	<b>9,068</b>	<b>-8,315</b>	<b>30,607</b>
Depreciation, amortisation and impairment	4,207	1,765	5,042	1,167	12,181
<b>Underlying EBITDA</b>	<b>30,649</b>	<b>5,177</b>	<b>14,110</b>	<b>-7,148</b>	<b>42,788</b>

The strong increase of milk production, as of the ending of the milk quota system, in combination with a weakening demand due to, among other things, the export ban to Russia, resulted in low milk prices, often below cost price level. This resulted in the fact that, predominantly in the United Kingdom, farmers were compelled to reduce their cattle herd. Meanwhile the first signs of recovery have become visible in the market.

Lately, swine farming faced the negative effect of high

production and the lost export to Russia, as a result of which there was considerable pressure on prices. Production has meanwhile decreased and demand has improved, mostly from China, leading to better prices again.

The poultry sector experienced relatively good prices at the beginning of 2016 which, however, have come under pressure in the last months. The broiler sector is affected by growing competition (mainly from Poland and Ukraine).

## The Netherlands

In thousands of euro	For the six months ended 30 June	
	2016	2015
Total Feed volume (in tons)	2,050,530	1,967,124
<b>Revenue</b>	<b>501,623</b>	<b>500,408</b>
<b>Gross profit</b>	<b>98,409</b>	<b>94,259</b>
Other operating income	1,392	923
Operating expenses	-68,679	-68,740
<b>Operating profit</b>	<b>31,122</b>	<b>26,442</b>
Gain on sale of investments and assets held for sale	-910	-
Restructuring cost / Impairment non-current assets	-	-
<b>Incidental items</b>	<b>-910</b>	<b>-</b>
<b>Underlying operating profit</b>	<b>30,212</b>	<b>26,442</b>
Depreciation, amortisation and impairment	4,240	4,207
<b>Underlying EBITDA</b>	<b>34,452</b>	<b>30,649</b>

The Total Feed volume increased by 4.2% to 2.1 million tonnes, primarily due to a growth in the volume in the ruminant sector that was still limited by the milk quota system in the first quarter of 2015. The volume sold by ForFarmers in the swine sector remained stable compared to last year whilst the market as a whole decreased. ForFarmers also sold more feed to the poultry sector. Although the volume that we sold for broilers decreased because of animal welfare concepts (fewer animals on the same surface area), this was more than compensated by the increase in feed sold for layers. Since a couple of months, however, egg prices have come under pressure due to increasing competition from abroad. Reudink reported a strong increase of volume of its organic feed, also because the demand for organic feed in general is growing.

The gross profit increased by 4.4% to €98.4 million: a combination of the volume increase with slightly higher margins per tonne partly driven by strategic partnerships, and a strong growth in the organic segment.

Due to the growth of volume and the associated higher production and transport costs the total operating expenses increased slightly, but decreased per tonne Total Feed. The other – non volume- related – operating expenses remained fairly stable. In addition, less central overhead expenses (-€0.4 million) were allocated. Furthermore, Pavo and Reudink contributed positively to the growth of underlying EBITDA by 12.7% to €34.5 million.

## Germany / Belgium

In thousands of euro	For the six months ended 30 June	
	2016	2015
Total Feed volume (in tons)	976,705	948,814
<b>Revenue</b>	<b>261,436</b>	<b>262,364</b>
<b>Gross profit</b>	<b>34,490</b>	<b>32,280</b>
Other operating income	541	318
Operating expenses	-30,242	-29,186
<b>Operating profit</b>	<b>4,789</b>	<b>3,412</b>
Gain on sale of investments and assets held for sale	-	-
Restructuring cost / Impairment non-current assets	-	-
<b>Incidental items</b>	<b>-</b>	<b>-</b>
<b>Underlying operating profit</b>	<b>4,789</b>	<b>3,412</b>
Depreciation, amortisation and impairment	1,940	1,765
<b>Underlying EBITDA</b>	<b>6,729</b>	<b>5,177</b>

The Total Feed volume in the cluster Germany/Belgium increased by 2.9%, to 1.0 million tonnes, mainly in the ruminant sector due to the further roll-out of the Total Feed concept and direct sales on farm. Our volume in the poultry sector increased somewhat both in Germany and Belgium and in the swine sector the growth mostly took place in East Germany.

The gross profit increased by 6.8% to €34.5 million which can largely be explained by more volume and

margin per tonne as a result of an improved product mix and a larger share of direct sales on farm.

As a result of the strengthening of the organisation with, among other things, additional sales advisors and due to higher volumes, the total operating expenses increased slightly, but decreased per tonne Total Feed. In addition, more central overhead costs (€0.6 million) were charged. Underlying EBITDA increased substantially to €6.7 million (+28.9%).

## United Kingdom

In thousands of euro	For the six months ended 30 June	
	2016	2015
Total Feed volume (in tons)	1,535,023	1,518,419
<b>Revenue</b>	<b>339,066</b>	<b>386,199</b>
<b>Gross profit</b>	<b>73,391</b>	<b>83,557</b>
Other operating income	466	212
Operating expenses	-65,482	-74,564
<b>Operating profit</b>	<b>8,375</b>	<b>9,205</b>
Gain on sale of investments and assets held for sale	-374	-137
Restructuring cost / Impairment non-current assets	1,573	-
<b>Incidental items</b>	<b>1,199</b>	<b>-137</b>
<b>Underlying operating profit</b>	<b>9,574</b>	<b>9,068</b>
Depreciation, amortisation and impairment	5,654	5,042
<b>Underlying EBITDA</b>	<b>15,228</b>	<b>14,110</b>

The Total Feed volume in the United Kingdom increased by 1.1% to 1.5 million tonnes: volume net of acquisition decreased by 55,000 tonnes (- 3.6%), which was in line with the general market developments.

This shortfall was more than compensated by the volume sold by Countrywide, the company which was acquired in May last year. Whilst the volume in the ruminant and the swine sector decreased, an increase of volume was achieved in the poultry sector.

The like-for-like development of the gross profit (excluding acquisition and currency effects) showed a decrease of 9.9%. This is largely the result of an increase in volume off-take from dairy farmers of the lower-value feed products due to the lower milk price and constraints in farmers' liquidity positions. Countrywide contributed €2.6 million (+3.1%) to the gross profit. Due to the devaluation of the Pound sterling there was a translation effect of - €4.5 million (- 5.4%). The reported total gross profit accordingly decreased by 12.2%.

The operating expenses decreased in the first half year of 2016, despite an incidental item of €1.6 million, on lower volume-related expenses and an increased efficiency. Moreover, less central overhead costs

(€0.8 million) were allocated. Underlying EBITDA amounted to €15.2 million (1H15: €14.1 million), which includes an impact of - €0.7 million currency translation.

In order to effectively respond to the market developments, and in line with the Horizon 2020 strategy, a reorganisation process was initiated in June 2016. The purpose is to streamline the organisation in the United Kingdom in order to realise the roll-out of the Total Feed concept that is offered direct on farm and to enhance customer intimacy. Furthermore, efficiency needs to be improved through full integration of the acquisitions, further consolidation of local offices and the introduction of new processes. The associated incidental item amounted to €1.6 million in the first half of 2016.

In the second half of this year further plans are being made, including projects to simplify the route to market, optimise customer focus and to further increase efficiencies in the supply chain. These projects will require additional investments. The reorganisation will be completed by the end of 2017 so that its positive effects will contribute to the results as of 2018.

## Capital structure and solvency

**Equity** decreased by €10.5 million to €396.7 million over the first six months of 2016 (compared to 31 December 2015). This is due mainly to the addition of the first half year 2016 net result (€25.0 million), to the payment of dividend (€24.7 million) and because the translation effect of the United Kingdom operating segment (- €6.4 million) and the change in the pension scheme (net effect of - €5.7 million) were processed as direct changes in the equity capital. The **solvency** increased further from 55.2% at the end of 2015 to 57.3% as of 30 June 2016.

The net cash balance per 30 June 2016 arrives at a net cash position of €52.8 million compared to €33.3 million at the end of 2015, as a result of which there is a net improvement in the net cash position. The working capital decreased by €6.4 million to €122.6 million. The decrease in raw material prices contributed to this.

The **investments** in fixed assets over the first six months of 2016 amounted to a total of €10.0 million, and the **depreciations** on assets (excluding customer base) amounted to €11.6 million. Because the planned investment in the new factory in Exeter (€10 million) has begun and taking into account the investments for the new office location (approx. €4 million) in the United Kingdom, as a result of the planned centralisations, the investments will be higher in the second half of 2016.

## Events after the reporting date

On 22 July 2016, ForFarmers announced the takeover of VleutenSteijnVoeders. The acquisition is still pending approval by the competition authorities in the Netherlands and Germany. The transaction of approximately € 30 million will be paid in two parts: 70% at closing and approximately 30% after three years, on the achievement of targets which have been specified in advance. The acquisition is expected to be closed before the end of 2016.

## Outlook

It is expected that the devaluation of the Pound sterling will have a larger negative effect in the result of the second half of 2016, as compared to the second half of 2015.

Although the sentiment around the ruminant sector is still poor, the first signs of recovery are visible in the market. The expectation for the swine sector has improved in the short-term due to the increasing export of pork to China. It seems the poultry sector will be more influenced by increasing competition and price pressure. ForFarmers confirms its earlier announced guidance for the medium term of an on average annual increase of EBITDA growth in the mid single digits at constant currencies, barring other unforeseen circumstances.

ForFarmers will publish a "trading update" on 23 November 2016.



## Conference calls and audio webcasts

### For the Press:

Messrs Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO) will present the ForFarmers 2016 half-year results today from **08.30 – 09.30 am** in a conference call (in Dutch). For access to the live audio webcast of the conference call, you can log in via the corporate website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu). You can also download the presentation slides via the corporate website. The audio webcast will remain available on the website.

### For analysts:

Messrs Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO) will present the ForFarmers 2016 half-year results today from **10.00 – 11.00 am** in a conference call (in English). For access to the live audio webcast of the conference call, you can log in via the corporate website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu). You can also download the presentation slides via the corporate website. The audio webcast will remain available on the website.

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## Company profile

ForFarmers (Lochem, the Netherlands) 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. By working side-by-side with farmers ForFarmers delivers real benefits: better returns, healthier livestock and greater efficiency. This is achieved by offering tailored and Total Feed solutions and a targeted approach with specialist and expert support.

With sales of approximately 9.0 million tons of feed annually, ForFarmers is market leader in Europe. ForFarmers has 2,370 employees and production facilities in the Netherlands, Belgium, Germany and the United Kingdom. In 2015, the turnover arrived at €2.2 billion.

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### Appendices:

- Interim Financial Statements 2016: condensed consolidated interim financial statements

## Notifications and disclaimer

### REPORTING STANDARDS

#### PUBLICATION 2016 HALF YEAR REPORT

The 2016 half year report (incl. condensed consolidated interim financial statements) will be available from 26 August 2016 on the ForFarmers website ([www.forfarmersgroup.eu](http://www.forfarmersgroup.eu)).

#### REPORTING STANDARDS

The results in this press release are derived from the ForFarmers 2016 interim financial statements, which have not been audited by the external auditor, and have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS).

General remark: percentages are presented based on the rounded amounts in million euro.

#### SUPERVISION

In view of the fact that shares are freely tradable on Euronext Amsterdam, ForFarmers operates under the supervision of the Financial Markets Authority (AFM) and the company acts in accordance with the prevailing regulations for share-issuing companies.

#### Important dates

23-11-2016	Publication Q3 2016 Trading Update
14-03-2017	Publication 2016 annual results
26-04-2017	Annual General Meeting
17-08-2017	Publication first half-year 2017 results

### FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements, including those relating to ForFarmers legal obligations in terms of capital and liquidity positions in certain specified scenarios. In addition, forward-looking statements, without limitation, may include such phrases as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimated" and words with a similar meaning. These statements pertain to or may affect matters in the future, such as ForFarmers future financial results, business plans and current strategies. Forward-looking statements are subject to a number of risks and uncertainties, which may mean that there could be material differences between actual results and performance and expected future results or performances that are implicitly or explicitly included in the forward-looking statements. Factors that may result in variations on the current expectations or may contribute to the same include but are not limited to: developments in legislation, technology, jurisprudence and regulations, share price fluctuations, legal procedures, investigations by regulatory bodies, the competitive landscape and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statements or the actual results of ForFarmers, are discussed in the last published annual report. The forward-looking statements in this press release are only statements as of the date of this document and ForFarmers accepts no obligation or responsibility with respect to any changes made to the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Condensed consolidated statement of financial position

In thousands of euro	Note	30 June 2016	31 December 2015
<b>Assets</b>			
Property, plant and equipment	12	187,640	197,731
Intangible assets and goodwill	13	79,547	89,202
Investment property		819	822
Trade and other receivables	21	13,013	12,494
Equity-accounted investees	14	18,409	19,714
Other investments	21	30	38
Deferred tax assets		3,686	3,135
<b>Non-current assets</b>		<b>303,144</b>	<b>323,136</b>
Inventories	15	67,319	83,675
Biological assets		6,856	6,096
Trade and other receivables	21	212,265	231,423
Current tax assets		2,635	39
Cash and cash equivalents	21	99,793	88,293
Assets held for sale	16	-	4,579
<b>Current assets</b>		<b>388,868</b>	<b>414,105</b>
<b>Total assets</b>		<b>692,012</b>	<b>737,241</b>
<b>Equity</b>			
Share capital	17	1,063	106,261
Share premium	17	143,554	38,356
Treasury share reserve	17, 18	-5	-399
Translation reserve		-1,857	4,505
Hedging reserve		349	-
Other reserves and retained earnings		223,870	203,081
Unappropriated result		25,001	50,707
<b>Equity attributable to owners of the Company</b>		<b>391,975</b>	<b>402,511</b>
<b>Non-controlling interests</b>		<b>4,718</b>	<b>4,643</b>
<b>Total equity</b>		<b>396,693</b>	<b>407,154</b>
<b>Liabilities</b>			
Loans and borrowings	21	46,988	52,967
Employee benefits	19	70,123	70,474
Provisions		3,343	3,475
Deferred tax liabilities		8,352	8,990
<b>Non-current liabilities</b>		<b>128,806</b>	<b>135,906</b>
Loans and borrowings	21	-	1,991
Provisions	20	2,566	1,049
Trade and other payables	21	158,129	183,152
Current tax liability		5,818	7,989
<b>Current liabilities</b>		<b>166,513</b>	<b>194,181</b>
<b>Total liabilities</b>		<b>295,319</b>	<b>330,087</b>
<b>Total equity and liabilities</b>		<b>692,012</b>	<b>737,241</b>

## Condensed consolidated statement of profit or loss

In thousands of euro	Note	For the six months ended 30 June	
		2016	2015
Revenue		1,070,498	1,120,132
Cost of raw materials and consumables		-864,048	-909,619
<b>Gross profit</b>	8	<b>206,450</b>	<b>210,513</b>
Other operating income	9	2,402	1,459
<b>Operating income</b>		<b>208,852</b>	<b>211,972</b>
Employee benefit expenses	10, 18, 19	-76,981	-73,966
Depreciation and amortisation	12, 13	-13,192	-12,181
Other operating expenses		-85,887	-95,081
<b>Operating expenses</b>	10	<b>-176,060</b>	<b>-181,228</b>
<b>Operating profit</b>		<b>32,792</b>	<b>30,744</b>
Finance income		561	2,093
Finance costs		-2,582	-2,593
<b>Net finance costs</b>		<b>-2,021</b>	<b>-500</b>
Share of profit of equity-accounted investees, net of tax		1,485	2,822
<b>Profit before tax</b>		<b>32,256</b>	<b>33,066</b>
Income tax expense	11	-7,180	-8,168
<b>Profit for the period</b>		<b>25,076</b>	<b>24,898</b>
Profit attributable to:			
<b>Owners of the Company</b>		<b>25,001</b>	<b>24,666</b>
Non-controlling interests		75	232
<b>Profit for the period</b>		<b>25,076</b>	<b>24,898</b>
Earnings per share in euro *)			
Basic earnings per share		0.236	0.231
Diluted earnings per share		0.236	0.231

## Condensed consolidated statement of comprehensive income

In thousands of euro	Note	For the six months ended 30 June	
		2016	2015
<b>Profit for the period</b>		<b>25,076</b>	<b>24,898</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability (net of tax)	19	-5,698	-4,676
		<b>-5,698</b>	<b>-4,676</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences (net of tax)		-6,362	4,911
Cash flow hedges - effective portion of changes in fair value (net of tax)	21	453	-
Cash flow hedges - reclassified to profit or loss (net of tax)	21	-104	-
		<b>-6,013</b>	<b>4,911</b>
<b>Other comprehensive income, net of tax</b>		<b>-11,711</b>	<b>235</b>
<b>Total comprehensive income</b>		<b>13,365</b>	<b>25,133</b>
Total comprehensive income attributable to:			
<b>Owners of the Company</b>		<b>13,290</b>	<b>24,901</b>
Non-controlling interests		75	232
<b>Total comprehensive income</b>		<b>13,365</b>	<b>25,133</b>

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

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

Attributable to owners of the Company											
In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2016</b>		<b>106,261</b>	<b>38,356</b>	<b>-399</b>	<b>4,505</b>	-	<b>203,081</b>	<b>50,707</b>	<b>402,511</b>	<b>4,643</b>	<b>407,154</b>
Addition from unappropriated result		-	-	-	-	-	50,707	-50,707	-	-	-
<b>Total comprehensive income</b>											
Profit		-	-	-	-	-	-	25,001	25,001	75	25,076
Other comprehensive income		-	-	-	-6,362	349	-5,698	-	-11,711	-	-11,711
<b>Total comprehensive income</b>		-	-	-	<b>-6,362</b>	<b>349</b>	<b>-5,698</b>	<b>25,001</b>	<b>13,290</b>	<b>75</b>	<b>13,365</b>
<b>Transactions with owners of the Company</b>											
Contributions by and distributions											
Dividends		-	-	-	-	-	-24,732	-	-24,732	-	-24,732
Purchase/sale of own shares	18	-	-	-33	-	-	-1,430	-	-1,463	-	-1,463
Adaptation par value shares	17	-105,198	105,198	427	-	-	-427	-	-	-	-
Equity-settled share-based payments	18	-	-	-	-	-	2,369	-	2,369	-	2,369
<b>Total transactions with owners of the Company</b>		<b>-105,198</b>	<b>105,198</b>	<b>394</b>	-	-	<b>-24,220</b>	-	<b>-23,826</b>	-	<b>-23,826</b>
Balance as at 30 June 2016		1,063	143,554	-5	-1,857	349	223,870	25,001	391,975	4,718	396,693

For the six months ended 30 June 2015

Attributable to owners of the Company											
In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2015</b>		<b>106,261</b>	<b>38,356</b>	<b>-466</b>	<b>2,326</b>	-	<b>169,262</b>	<b>48,140</b>	<b>363,879</b>	<b>4,363</b>	<b>368,242</b>
Addition from unappropriated result		-	-	-	-	-	48,140	-48,140	-	-	-
<b>Total comprehensive income</b>											
Profit		-	-	-	-	-	-	24,666	24,666	232	24,898
Other comprehensive income		-	-	-	4,911	-	-4,676	-	235	-	235
<b>Total comprehensive income</b>		-	-	-	<b>4,911</b>	-	<b>-4,676</b>	<b>24,666</b>	<b>24,901</b>	<b>232</b>	<b>25,133</b>
<b>Transactions with owners of the Company</b>											
Contributions by and distributions											
Dividends		-	-	-	-	-	-18,707	-	-18,707	-	-18,707
Purchase/sale of own shares	18	-	-	-33	-	-	-369	-	-402	-	-402
Equity-settled share-based payments	18	-	-	-	-	-	45	-	45	-	45
<b>Total transactions with owners of the Company</b>		-	-	<b>-33</b>	-	-	<b>-19,031</b>	-	<b>-19,064</b>	-	<b>-19,064</b>
Balance as at 30 June 2015		106,261	38,356	-499	7,237	-	193,695	24,666	369,716	4,595	374,311

Unaudited

## Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June	
		2016	2015
<b>Cash flows from operating activities</b>			
Profit for the year		25,076	24,898
<b>Adjustments for:</b>			
Depreciation	12	10,358	9,961
Amortisation	13	2,834	2,220
Change in fair value of biological assets		-24	-82
Net impairment loss on trade receivables		445	1,125
Net finance costs		2,021	500
Share of profit of equity-accounted investees, net of tax		-1,485	-2,822
Gain on sale of property, plant and equipment	12	-158	-7
Gain on sale of investments	7	-374	-
Gain on sale of assets held for sale	16	-910	-137
Equity-settled share-based payment expenses	18	231	31
Tax expense	11	7,180	8,168
		<b>45,194</b>	<b>43,855</b>
<b>Changes in:</b>			
Inventories & biological assets		14,025	7,773
Trade and other receivables		7,628	377
Trade and other payables		-18,213	-10,987
Provisions and employee benefits		-845	392
<b>Cash generated from operating activities</b>		<b>47,789</b>	<b>41,410</b>
Interest paid		-1,197	-1,437
Taxes paid		-9,781	-5,990
<b>Net cash from operating activities</b>		<b>36,811</b>	<b>33,983</b>
<b>Cash flows from investing activities</b>			
Interest received		832	972
Dividends received		2,766	5,753
Proceeds from sale of property, plant and equipment	12	560	530
Proceeds from sale of investments		535	-
Proceeds from sale of assets held for sale	16	5,575	1,000
Acquisition of subsidiary, net of cash acquired		-	-14,048
Acquisition of property, plant and equipment	12	-9,997	-6,835
Acquisition of intangible assets	13	-53	-736
<b>Net cash from (used in) investing activities</b>		<b>218</b>	<b>-13,364</b>
<b>Cash flows from financing activities</b>			
Proceeds from purchase and sale of treasury shares		1,471	107
Proceeds from sale of treasury shares relating to employee participation plan		2,115	-
Repurchase of treasury shares relating to participation plan		-2,683	-2,257
Payment of financial lease		-87	-156
Dividend paid	17	-24,732	-18,707
<b>Net cash used in financing activities</b>		<b>-23,916</b>	<b>-21,013</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>13,113</b>	<b>-394</b>
Cash and cash equivalents at 1 January	21	86,500	75,194
Effect of movements in exchange rates on cash held		180	1,927
<b>Cash and cash equivalents at 30 June</b>	21	<b>99,793</b>	<b>76,727</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2016 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture.

ForFarmers N.V. is an international organisation, active in North Western Europe, that offers nutritional solutions for both conventional and organic livestock farms mainly in the ruminant, swine, poultry and equine sectors. With its Total Feed Business the organisation offers a complete range of products, from feed to seeds and fertilisers. On 23 May 2016, ForFarmers changed its legal form from ForFarmers B.V. to ForFarmers N.V. to enable its public listing that became effective on 24 May 2016.

The interim financial statements were authorised for issuance by the Board of Directors and Board of Supervisory Directors on 25 August 2016.

The interim financial statements in this report have not been audited.

### 2. Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2015 ('last annual financial statements'), which were 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 interim financial statements do not include all of

the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The interim financial statements were prepared in accordance with the going concern principle.

### Functional and presentation currency

These interim 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 six months ended:

#### Period-end spot rate

31 december 2014:	€ 1.00 = £ 0.7789
30 june 2015:	€ 1.00 = £ 0.7114
31 december 2015:	€ 1.00 = £ 0.7340
30 june 2016:	€ 1.00 = £ 0.8265

#### Average rate

30 june 2015:	€ 1,00 = £ 0,7323
30 june 2016:	€ 1,00 = £ 0,7788

### 3. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainties with respect to

estimates were the same as those that applied to the last annual financial statements.

#### *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.

The Group 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 Group 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.

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.

## **Performance for the period**

### *4. Operating segments*

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

- The Netherlands
- Germany / Belgium
- United Kingdom

The Group's products include 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. Information related to each reportable segment is set out below. Consistent with the last annual financial statements, segment operating profit represents the earnings before interest and tax.



## Results per cluster

For the six months ended 30 June 2016

In thousands of euro	The Netherlands	Germany / Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	469,920	261,436	339,066	76	1,070,498
Inter-segment revenues	31,703	-	-	-31,703	-
<b>Segment revenue</b>	<b>501,623</b>	<b>261,436</b>	<b>339,066</b>	<b>-31,627</b>	<b>1,070,498</b>
<b>Gross profit</b>	<b>98,409</b>	<b>34,490</b>	<b>73,391</b>	<b>160</b>	<b>206,450</b>
Depreciation, amortisation and impairment	-4,240	-1,940	-5,654	-1,358	-13,192
Operating profit	31,122	4,789	8,375	-11,494	32,792

For the six months ended 30 June 2015

In thousands of euro	The Netherlands	Germany / Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	471,494	262,364	386,184	90	1,120,132
Inter-segment revenues	28,914	-	15	-28,929	-
<b>Segment revenue</b>	<b>500,408</b>	<b>262,364</b>	<b>386,199</b>	<b>-28,839</b>	<b>1,120,132</b>
<b>Gross profit</b>	<b>94,259</b>	<b>32,280</b>	<b>83,557</b>	<b>417</b>	<b>210,513</b>
Depreciation, amortisation and impairment	-4,207	-1,765	-5,042	-1,167	-12,181
Operating profit	26,442	3,412	9,205	-8,315	30,744

The reconciliation between the clusters' operating results and the Group's profit before tax is as follows:

In thousands of euro	For the six months ended 30 June	
	2016	2015
<b>Segment result</b>	<b>32,792</b>	<b>30,744</b>
Finance income	561	2,093
Finance cost	-2,582	-2,593
Share of profit of equity-accounted investees, net of tax	1,485	2,822
<b>Profit before tax</b>	<b>32,256</b>	<b>33,066</b>

The non-current assets of the clusters is as follows:

### Non-current assets

In thousands of euro	30 June 2016	31 December 2015
	<b>Non-current assets</b>	
Netherlands	100,869	101,303
Germany / Belgium	67,849	70,680
United Kingdom	130,599	150,678
Group / eliminations	3,827	475
<b>Total</b>	<b>303,144</b>	<b>323,136</b>

Non-current assets for this purpose consist of property, plant and equipment, investment properties, intangible assets and goodwill, and the Group's net investment in its joint venture HaBeMa (included in

cluster Germany / Belgium). The decrease in non-current assets relating to the United Kingdom is mainly the result of the foreign currency translation effect. Reference is made to Note 12 and 13 for more information on property, plant and equipment respectively intangible assets and goodwill.

The working capital of the clusters is as follows:

### Working Capital

In thousands of euro	30 June 2016	31 December 2015
	Netherlands	15,896
Germany / Belgium	40,652	49,048
United Kingdom	44,802	51,914
Group / eliminations	21,211	13,990
<b>Total</b>	<b>122,561</b>	<b>129,019</b>

The working capital consists of inventories, biological assets, trade and other receivables less current liabilities. The group is not dependent on any individually major customers. The decrease in the working capital relating to the United Kingdom is mainly the result of the foreign currency translation effect. Furthermore the working capital in Germany / Belgium has decreased compared to 31 December 2015, as the harvest of the second half of 2015 has

been used in the first half of 2016 which is why the inventories have decreased as per 30 June 2016. The working capital at Group has increased due to prepaid income taxes.

#### 5. Seasonality of operations

Except for inventory (reference is made to Note 4 and 15) there is no significant seasonal pattern when comparing the first with the second half of a year.

#### 6. Business Combinations

##### Acquisitions 2016

During the six months ended 30 June 2016, there were no acquisitions. For more information on the transaction with VleutenSteijnVoeders B.V. reference is made to Note 24. *Events after the reporting date.*

##### Acquisitions 2015

During the six months ended 30 June 2015, the Group acquired Countrywide Farmers (UK). The acquisition date was 1 May 2015. The provisional fair values of the identifiable assets and liabilities of Countrywide Farmers as disclosed in the last annual financial statements did not change during the six months ended 30 June 2016 and have become final.

#### 7. Disposals

##### Disposals 2016

As per 30 June 2016 the Group sold its interest in Leaffield Feeds Ltd. to SugaRich for € 1.3 million, resulting in a gain of € 0.4 million that has been recognised as other operating income in the statement of profit or loss. The Leaffield bread and biscuit products are mainly sold to business clients. As such, this model varies from the ForFarmers strategy to sell directly to farm and therefore the decision has been taken to sell Leaffield. The sale concerns a share transaction of the entity Leaffield 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 Leaffield Feeds Ltd. were deconsolidated and fully transferred to SugaRich.

##### Disposals 2015

During the six months ended 30 June 2015, there were no disposals of investments.

#### 8. Gross profit

Gross profit decreased by € 4.0 million compared to the six months ended 30 June 2015. Excluding the foreign currency effect (€ 4.5 million), acquisition effect (- € 2.6 million) the gross profit decreased by € 2.1 million (like-for-like decrease).

#### 9. Other operating income

Under the other operating income of six months ended 30 June 2016 an amount of € 1.3 million is included that relates to the disposal of Leaffield Feeds Ltd. as at 30 June 2016 and the disposal of a site which previously was classified as asset held for sale (reference is made to Note 16. *Assets held for sale.*)

#### 10. Operating expenses

The decrease in total operating expenses amounting to € 5.1 million can be explained by a foreign currency effect (- € 4.1 million), acquisition effect (€ 1.6 million) and incidental items (€ 1.6 million), which relate to restructuring costs in the United Kingdom, recognised under the employee benefit expenses. Without these items the total operating expenses decreased by € 4.2 million.

The increase in employee benefit expenses is mainly the result of the aforementioned restructuring costs amounting to € 1.6 million and the further strengthening of the organisation and the acquisition of Countrywide (May 2015). For more information with respect to the restructuring, reference is made to Note 20. *Provisions.*

## Income taxes

### 11. Tax expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 30 June 2016 was 23.3% (six months ended 30 June 2015: 27.0%). The decrease of the effective tax rate was primarily the result of some one-off tax charges in the six months ended 30 June 2015.

## Assets

### 12. Property, plant and equipment

The movements on property, plant and equipment during the six months ended 30 June 2016 can be specified as follows:

#### Reconciliation of the carrying amount

In thousands of euro	Total
<b>Cost</b>	
Balance at 1 January 2016	420,354
Divestments	-1,169
Additions	9,928
Disposals	-1,103
Effect of movements in exchange rates	-22,370
<b>Balance at 30 June 2016</b>	<b>405,640</b>

#### Accumulated depreciation and impairment losses

Balance at 1 January 2016	-222,623
Divestments	601
Depreciation	-10,358
Impairment	-
Disposals	701
Effect of movements in exchange rates	13,679
<b>Balance at 30 June 2016</b>	<b>-218,000</b>

#### Carrying amounts

At 1 January 2016	197,731
At 30 June 2016	187,640

The movements relating to divestments are the result of the deconsolidation of Leaffield Feeds Ltd. as per 30 June 2016, refer to note 7.

### 13. Intangible assets and goodwill

The movements on intangible assets and goodwill during the six months ended 30 June 2016 can be specified as follows:

#### Reconciliation of the carrying amount

In thousands of euro	Goodwill	Intangible assets	Total
<b>Cost</b>			
Balance at 1 January 2016	52,862	62,483	115,345
Acquisitions through business combinations	-	-	-
Additions	-	53	53
Disposals	-	-30	-30
Effect of movements in exchange rates	-3,092	-5,774	-8,866
<b>Balance at 30 June 2016</b>	<b>49,770</b>	<b>56,732</b>	<b>106,502</b>

#### Accumulated amortisation and impairment losses

Balance at 1 January 2016	-	-26,143	-26,143
Amortisation	-	-2,834	-2,834
Impairment loss	-	-	-
Disposals	-	24	24
Effect of movements in exchange rates	-	1,998	1,998
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>-26,955</b>	<b>-26,955</b>

#### Carrying amounts

At 1 January 2016	52,862	36,340	89,202
At 30 June 2016	49,770	29,777	79,547

Goodwill acquired through business combinations with indefinite lives is allocated to the Netherlands, Germany / Belgium and United Kingdom, which are also operating and reportable segments, for impairment testing. The Group performed its annual impairment test in December 2015 for 2015. For the six months ended 30 June 2016 no indicators for potential impairment were identified for goodwill nor for other intangible assets.

### 14. Equity-accounted investees

The amounts under equity-accounted investees (€ 18,409 thousand as per 30 June 2016, respectively € 19,714 thousand as per 31 December 2015) fully relate to HaBeMa Futtermittel Produktions- und

Umschlagsgesellschaft GmbH & Co. KG (HaBeMa), the only joint arrangement in which the Group participates. HaBeMa is one of the Group's suppliers and is principally engaged in trading of raw materials, storage and transshipment, 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 and consistent with the last annual financial statements, 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.

#### 15. Inventory

At 30 June 2016 the total amount of inventories decreased compared to 31 December 2015, since the seasonal effect of the harvest reflects its impact in the second half year. Furthermore, the decrease in inventories can be explained by the foreign currency translation effect.

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

During the six months ended 30 June 2016 there were no inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2015: nil).

#### 16. Assets held for sale

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 the balance sheet date. During the six months ended 30 June 2016, the land site Oss has been 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 9.

## Equity and liabilities

#### 17. Equity, capital and reserves

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 30 June 2016, the authorised share capital comprised 106.0 million ordinary shares of € 0.01 each. At balance sheet date all shares were issued and fully paid.

#### Dividend

At the General Meeting of 15 April 2016 the dividend was approved of € 0.23299 per share. On 22 April 2016 € 24.7 million was paid out as cash dividend and charged against retained earnings.

#### 18. Share-based payment arrangement

On 15 April 2016, the Group offered the two 2016 employee participation plans. 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 which have been disclosed in the notes of the last annual financial statements.

During the six months ended 30 June 2016, 34 employees (of which 8 foreign employees) participated to the participation plan for the board and senior management and 319 employees (of which 61 foreign employees) participated to the participation plan for other employees. The total number of participants comprises 15% of the total number of the Group's employees.

The value of the depository receipt of the Company, for which the employee could buy their depository receipts, was determined as the average closing price in the 5 trading days during the period 19 - 25 April 2016 which average amounted to € 6.24. The Group is liable for employment tax obligations relating to the discount of the depository receipts. The foreign employee tax obligations is based on the fair value of the depository receipts on settlement date.

Since the Group transferred the depository receipts to the participant's accounts in the second half of 2016 whilst the participant's contributions were received in six months ended 30 June 2016, the corresponding depository receipts were in custody as part of retained earnings as per 30 June 2016.

### 19. Employee benefits

Consistent with the last annual financial statements separate employee benefit plans are applicable in the various countries where the Group operates.

In thousands of euro	30 June 2016	31 December 2015
Liability for net defined benefit obligations	67,679	67,216
Liability for other long-term service and incentive obligations	2,444	3,258
	<b>70,123</b>	<b>70,474</b>

As a result of a new pension plan for employees in The Netherlands effective from 1 January 2016, no new rights are being built up in the Group's defined benefit plans (the UK and German defined benefit plans were already ended in previous years). The following table shows a reconciliation from the opening balance to the

closing balances for the net defined benefit liability and its components.

### Reconciliation of the carrying amount

In thousands of euro	Total
Balance at 1 January 2016	67,216
<b>Included in profit or loss</b>	
Current service cost	9
Administrative expenses	279
Interest cost	1,096
	<b>1,384</b>
<b>Included in OCI</b>	
Remeasurement loss	7,268
Effect of movements in exchange rates	-5,776
	<b>1,492</b>
<b>Other</b>	
Employer contributions and direct benefit payments	-2,413
	<b>-2,413</b>
<b>Balance at 30 June 2016</b>	<b>67,679</b>

The remeasurement loss of € 7,268 thousand is mainly relating to actuarial losses as result of the decreased interest rates during the six months period ended 30 June 2016. Net of tax the remeasurement loss amounts € 5,698 thousand which was recognised through Other Comprehensive Income.

### 20. Provisions

A restructuring cost of € 1,573 thousand was recognised as provision under current liabilities during the six months ended 30 June 2016. This is in respect of the Group's committed restructuring in the United Kingdom.

## Financial instruments

### 21. Financial instruments

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.

#### Carrying amounts and fair values

In thousands of euro	Carrying amount			Total
	Other investments	Trade and other receivables	Cash and cash equivalents	

#### Financial assets measured at fair value

Fuel swaps (level 2 fair value hierarchy) a		528		528
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#### Financial assets not measured at fair value

Equity securities b	30			30
Trade and other receivables c		224,750		224,750
Cash and cash equivalents d			99,793	99,793
<b>Total</b>	<b>30</b>	<b>225,278</b>	<b>99,793</b>	<b>325,101</b>

In thousands of euro	Carrying amount			Total
	Loans and borrowings	Bank overdrafts	Trade and other payables	

#### Financial liabilities not measured at fair value

Bank overdrafts e		-		-
Unsecured bank loans f	-46,988			-46,988
Finance lease liabilities g			-231	-231
Trade and other payables h			-157,898	-157,898
<b>Total</b>	<b>-46,988</b>	<b>-</b>	<b>-158,129</b>	<b>-205,117</b>

Consistent with the last annual financial statements, netting agreements have been entered into with respect to cash and cash equivalents and bank overdrafts. These netting agreements meet the criteria for offsetting in the statement of financial position. As at 30 June 2016 the netting resulted in no bank overdrafts. As at 31 December 2015 bank overdrafts amounting to € 1,793 thousand were included under current loans and borrowings. Including the cash and cash equivalents amounting to € 88,293 thousand as at

31 December 2015, the opening balance as at 1 January 2016 of the cash and cash equivalents in the statement of cash flows amounts € 86,500 thousand. The following table show the valuation technique used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Interest rate swaps, fuel swaps and future contracts (a)	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.

#### Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Equity securities (non-current) (b)	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) (c)	Discounted cash flows.	Not applicable.
Cash, trade and other receivables and other financial liabilities (current) (c,d,e,h)	Given the short term of these instruments, the carrying value is close to the market value.	Not applicable.
Other financial liabilities (non-current) (f,g)	Discounted cash flows. The fair value of the long-term debts is equal to the carrying value as floating interest rates are applicable consistent with the financing agreement.	Not applicable.

#### Exposure to commodity risk

During the six months ended 30 June 2016 the Group has entered into derivatives to hedge the risks associated with changes in fuel prices. In the frame of 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 (€ 453 thousand net of tax) are recycled in the statement of profit or loss at realisation dates of hedged items (€ 104 thousand net of tax). The remaining contractual maturities of these derivatives will expire ultimately at 31 December 2016 with corresponding cash settlement in the opening of January 2017.

## Other information

### *22. Commitments and contingencies*

The commitments and contingencies, as disclosed in the last annual financial statements, did not change materially during the six months ended 30 June 2016.

### *23. Related parties*

During the six months ended 30 June 2016 there were no changes in respect of the nature and size of the related parties compared with the last annual financial statements.

### *24. Events after the reporting date*

On 22 July 2016 ForFarmers announced to acquire the shares of VleutenSteijnVoeders B.V. ('Vleuten-Steijn'), a feed company focussed on the swine sector, predominantly in the South East of the Netherlands. ForFarmers shall acquire all shares of Vleuten-Steijn. The acquisition is still pending approval by the competition authorities in the Netherlands and

Germany. The transaction of approximately € 30 million will be paid in two parts: 70% at closing and approximately 30% after three years, on the achievement of targets which have been specified in advance. The acquisition is expected to be closed before the end of 2016. Vleuten-Steijn generated a turnover of some € 91 million in 2015 from the sale of approximately 295,000 tons of feed to mostly larger companies in the swine sector in both the Netherlands and Germany, particularly in the sow and piglet segment. Vleuten-Steijn has outsourced the feed production to third parties.

Vleuten-Steijn will remain active as an independent entity within ForFarmers, whereby the two director owners and 10 of Vleuten-Steijn's employees will remain employed by Vleuten-Steijn following the closing of the acquisition.

The closing of the transaction is expected before the end of 2016.

Lochem, the Netherlands, 25 August 2016