Press Release

Lochem, 16 August 2018

ForFarmers posts first half-year 2018 results

Highlights for first-half 2018[1]:

- Total Feed[2] volume: +2.1% at 4.8mT; growth in the Netherlands and Germany/Belgium, decline in the United Kingdom
- Compound feed volume: +0.7% at 3.3mT; stable in the Netherlands and the United Kingdom, growth in Germany/Belgium
- Net revenue: +2.8% at €1,141.6 million; like-for-like growth equalled 3.9%
- Gross profit: +5.0% at €217.7 million; like-for-like growth (6.2%) in all clusters due to a.o. product mix, volume growth at specialties, contribution from strategic partnerships and passing on of higher energy prices
- Underlying EBITDA: +1.2% at €52.3 million; like-for-like increase in all clusters (totalling 4.4%)
- Incidental gain of €5.4 million (pre-tax), mainly relating to the sale of the arable activities in the Netherlands
- Profit (attributable to shareholders): +14.5% at €34.8 million
- Basic earnings per share: +20.7% at €0.35, total increase of €0.06, of which €0.04 from profit growth and €0.02 from the effect of the share buy-back programme

[1] Results for the first half of 2018 are compared to the results for the same period of 2017

[2] Total Feed covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (including DML products), seeds and other products (such as forage).

Consolidated key figures

In millions of euro (unless indicated otherwise)	For the six months ended 30 June 2018	2017	Total change in %	Currency	Acquisition [6]	Like-for-like [7]
Total Feed volume (x 1.000 ton)	4,825	4,725	2.1%		0.1%	2.0%
Compound feed[8]	3,322	3,300	0.7%		0.1%	0.6%
Revenue	1,141.6	1,110.6	2.8%	-0.6%	-0.5%	3.9%
Gross profit	217.7	207.3	5.0%	-0.6%	-0.6%	6.2%
Operating expenses	-177.6	-169.1	5.0%	-0.7%	0.1%	5.6%
EBITDA[1]	57.2	51.5	11.1%	-0.5%	-2.7%	14.3%
Underlying EBITDA[2]	**52.3**	**51.7**	**1.2%**	**-0.5%**	**-2.7%**	**4.4%**
Operating profit	45.2	38.7	16.8%	-0.3%	-3.6%	20.7%
Underlying Operating profit[2]	39.8	39.0	2.1%	-0.3%	-3.6%	6.0%
Profit attributable to shareholders of the Company	34.8	30.4	14.5%			
Net cash from operating activities	40.1	36.7	9.3%			
Underlying EBITDA / Gross profit	24.0%	24.9%				
ROACE[3]	26.3%	23.4%				
ROACE[4]	20.1%	17.6%				
Basic earnings per share (x €1)	0.35	0.29	20.7%			

	30 June 2018	31 Dec. 2017
Equity	414.5	409.9
Solvency[5]	52.8%	52.1%

(1) EBITDA is operating profit before depreciation and amortization.
(2) Underlying means excluding incidental items.
(3) ROACE means underlying EBITDA divided by 12-month average capital employed
(4) ROACE underlying EBIT divided by 12-month average capital employed
(5) Solvency ratio is equity divided by total assets.
(6) Relates to the net impact of acquisitions/divestments
(7) Like for like is the change excluding acquisitions and divestments and currency impact.
(8) Prior year has been adjusted to conform to the current year presentation
General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

Commenting on the first-half 2018 results ForFarmers CEO Yoram Knoop said:

"We are satisfied with the progress we have made in the first half of 2018 with regard to all four pillars of the Horizon 2020 strategy. Our focus on improving on-farm returns was once again reflected in an improved feed efficiency for the animals of our customers. In addition it helped us win more new customers. Total Feed volume saw like-for-like growth and the relating gross profit showed even stronger growth. It is encouraging that we were able to realise a like-for-like improvement in underlying EBITDA in all the clusters, with Germany/Belgium in particular achieving a satisfactory increase.

In addition to our own product innovations we also pursue our Total Feed concept through the formation of strategic partnerships. Accordingly, our strategic partnership with Nutreco (since 2014) was recently extended for five years.

The announcement of the acquisition of a 60% stake in Tasomix, Poland, was an important milestone in terms of acquisitions, one of the four pillars of the strategy. As from early July this year we are operational in five countries and have considerably strengthened our position in the European poultry sector. Furthermore we announced our intention to acquire Voeders Algoet in Belgium and Maatman in the Netherlands – both companies that will integrate well within our local organisations.

Our Executive Committee team was recently completed with the appointment of Arthur van Och as Director Supply Chain. Steven Read, who was appointed COO of ForFarmers UK at the beginning of 2018, has made a vigorous start on the business transformation in the United Kingdom.

With respect to the topic of sustainability, we are noticing an increasing pressure in the public opinion and in (proposed) government measures on the agricultural sector to reduce their carbon footprint. We are supporting farmers with feed concepts and tools, with which farm data can be analysed and clarified. Farmers can, for instance, monitor phosphate emission and take measures to reduce this. The increase in the number of LTIs[1] in the first six months of 2018 is a point of concern. It is taking longer than anticipated to translate increasing awareness of our employees into safer conduct.

As of this moment, the influence of recent developments (both political and climatological) on our volumes and result for the second half of this year is difficult to predict. We have confidence in the execution of our strategy, both by our existing operations and by the recently acquired companies. We are on track to realise our previously stated medium term guidance."

[1] LTI stands for Lost Time Incident: an injury resulting in absence from work

Review of the consolidated results of ForFarmers for the first half of 2018

(compared to the first six months of 2017)

Total Feed[1] volume was up 2.1% at 4.8 million tonnes with the increase being almost wholly like-for-like. In the Netherlands and Germany/Belgium clusters the increase was mainly due to higher sales of DML[2] products. In the United Kingdom there was a decline in Total Feed volume.

Volume growth for Total Feed was larger than for compound feed, which reported growth of 0.7%. Like-for-like growth was 0.6% and 0.1% was due to the net effect of acquisitions and divestments. In the Netherlands compound feed volume was virtually stable. The impact on volume of the decline in the dairy herd due to the phosphate reduction measures was offset by volume growth in the poultry sector. Compound feed volume rose in the Germany/Belgium cluster, once again mainly in the poultry sector. Compound feed volume in the United Kingdom was more or less stable as a result of growth in the ruminant sector and a reduction in the swine sector. The dealer that was acquired last year also contributed to volume growth.

Revenue rose by €31.0 million (2.8%) to €1,141.6 million. Like-for-like growth equalled 3.9%. The net impact of acquisitions and divestments was a negative 0.5% and the currency translation effect was a negative 0.6%. On average prices of raw materials were higher. As is customary, changes in raw material prices were passed on to customers.

Gross profit rose by 5.0% to €10.4 million with an like-for-like increase of 6.2%. The net impact of acquisitions and divestments was a negative 0.6%.The currency translation effect was also a negative 0.6%. The increase in gross profit was the result of higher volumes, an improved product mix with more specialties and the contributions from strategic partnerships. Furthermore the increased energy prices were passed on to customers.

Total operating expenses increased by 5.0% to €177.6 million. The like-for-like increase was 5.6%, partly attributable to the growth in volumes and a slight increase in the number of FTEs. All clusters saw an increase in production and transportation expenses as a result of higher energy prices and increased use of third-party logistics. Moreover there were increased M&A advisory fees (by €0.8 million) in connection with the planned acquisitions, as well as IT expenses related to the rollout of various (new) applications. There was a €0.4 million release from the provision for bad debts (first half year 2017: release of €1.1 million). The impact of acquisitions and divestments on total operating expenses was a positive 0.1%. The currency translation effect was a negative 0.7%.

Operating profit (EBIT) rose by €6.5 million (16.8%) to €45.2 million. The increase included an incidental gain of €5.4 million, mainly relating to the sale of the arable activities in the Netherlands.

Depreciation[3] was €0.7 million lower at €12.1 million. Higher depreciation charges as a result of the increased investment programme (around €40 million per annum in 2017 and 2018) were offset by the translation effect of the Pound sterling and the reversal of a past impairment (€0.5 million) on a feed mill in 2014. This regards the (second) feed mill in Deventer, which was reopend to produce non-genetically modified (non-GMO[4]) feed.

[1] 'Total Feed' covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (including DML products), seeds and other products (such as forage).
[2] DML products: Dry, Moist and Liquid by-products
[3] Depreciation also includes amortisation and impairment
[4] Non-GMO stands for non-genetically modified organisms

In millions of euro	For the six months ended 30 June 2018	2017	Δ	Δ%
EBITDA	**57.2**	**51.5**	**5.7**	**11.1%**
Gain on sale of investments and assets held for sale	-4.9	-0.1	- 4.8	
Restructuring cost [2]	-	0.4	-0.4	
Underlying EBITDA[3]	**52.3**	**51.7**	**0.6**	**1.2%**
FX effect	0.2		0.2	
Underlying EBITDA, at constant currencies[1]	52.5	51.7	0.8	1.6%

(1) 2018: Sale of agriculture activities to CZAV (NL) and supplementary payment on sale of a subsidiary (UK)
(2) 2017: Introduction shared service center Continent Europe
(3) 'Underlying EBITDA' means EBITDA excluding incidental items
General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

EBITDA increased by 11.1% to €57.2 million. The sale of the arable activities in the Netherlands resulted in an incidental gain of €4.5 million. Furthermore, there was an incidental gain in the United Kingdom of €0.4 million.

Underlying EBITDA at constant currencies rose by 1.6% to €52.5 million. Like-for-like growth was 4.4% and was mainly driven by improvement in the second quarter. The net impact of acquisitions and divestments was a negative 2.7% and included M&A advisory fees in connection with the announced acquisitions.

The EBITDA/gross profit ratio fell from 24.9% to 24.0% due to the rise in energy and transport costs.

The contribution from German transshipment joint venture HaBeMa was down 42.6% at €1.1 million due to a sharp fall in the volume of trade as a result of parties in the market for raw materials being reticent.

The effective **tax rate** was 22.4% (first half year 2017: 24.2%). The lower tax rate was attributable to changes in the valuation of deferred tax assets in Germany and the catch-up effect of tax benefits on specific investments in the United Kingdom.

Profit (attributable to shareholders) rose by 14.5% to €34.8 million.

Basic earnings per share were up 20.7% to €0.35. The total increase was €0.06 of which €0.04 was from profit growth and €0.02 from the effect of the share buy-back programme that largely took place in the second half of 2017 and was concluded at the end of February 2018.

The number of employees as at 30 June 2018, presented in full-time equivalents (FTEs), was 2,325, unchanged from 31 December 2017. The number of employees in the Netherlands and Belgium remained virtually stable, while there was a 3% increase in the number of employees in Germany following the reinforcement of the commercial organisation. The number of FTEs in the United Kingdom was down by around 1.5% due to organisational changes in line with the transformation of the UK business. The total number of employees at ForFarmers was 2% higher than at 30 June 2017.

Capital structure and solvency

Group equity rose to €414.5 million over the first six months of 2018, up €4.5 million compared to 31 December 2017. The increase was the net effect of the addition of the 2018 half-year result (€35.1 million) minus the dividend distribution (€30.1 million) and the amount (€6.1 million) relating to the share buy-back programme concluded in February 2018. Other comprehensive income was directly recognised in group equity and comprised a remeasurement (€7.1 million) of defined benefit liabilities (mainly in the United Kingdom) and cash flow hedges combined with currency translation differences (-€1.3 million) mainly relating to the purchase price (PLN 242 million) for the acquisition of a 60% stake in Tasomix. The purchase amount in zlotys was hedged when the acquisition was announced in February 2018.
Solvency improved from 52.1% at end-2017 to 52.8% at 30 June 2018.

The **net balance of available cash and cash equivalents minus bank loans and other borrowings** (long and short-term) was €63.0 million (end-2017: €67.1 million). The net reduction in the balance was largely attributable to the fact that operating cash flow was predominantly used for the dividend payout.
The payment of around €57 million for the acquisition of 60% of the shares in Tasomix was made after the balance sheet date.

Net working capital decreased from €69.2 million at end-2017 to €67.4 million at 30 June 2018.
Inventory was virtually stable. The percentage of overdue receivables was 14.6% at 30 June 2018 compared to 14.9% at end-2017.

Capital investments in tangible and intangible fixed assets equalled €16.3 million (H1 2017: €20.8 million) with around €7 million being invested in both the Netherlands and the United Kingdom. As well as the (routine) renovation of bulk silos a number of exceptional investments were made. The decision was taken in the Netherlands, for example, to reopen the (second) feed mill in Deventer to meet the growing demand for non-GMO feed. Work also started on the construction of a biomass plant in Lochem. The plant will produce steam by using wood chips from the surrounding area, a sustainable way of meeting a large part of the entire energy requirement of the production plant. The transport fleet in the United Kingdom was further modernised. The investments in Germany and Belgium mainly concerned maintenance and other routine investments.

Net cash flow from operating activities rose from €36.7 million to €40.1 million, mainly driven by the increased profit for the period.

ROACE[1] increased from 23.4% to 26.3% as a result of the annualised impact of the reduction in working capital in 2017. The ratio based on underlying EBIT rose from 17.6% to 20.1%.

[1] ROACE is underlying EBITDA divided by 12-month average capital employed

Results per cluster

2018 In thousands of euro	For the six months ended 30 June The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	2,243,252	1,133,877	1,448,152	-	4,825,281
Revenue	**567,994**	**287,727**	**321,634**	**-35,793**	**1,141,562**
Gross profit	**113,140**	**40,915**	**63,688**	**-38**	**217,705**
Other operating income	4,695	5	387	3	5,090
Operating expenses	-76,835	-34,340	-58,530	-7,936	-177,641
Operating profit	**41,000**	**6,580**	**5,545**	**-7,971**	**45,154**
Gain on sale of investments and assets held for sale[1]	-4,509	-	-413	-	-4,922
Reversal impairment[2]	-484	-	-	-	-484
Incidental items	**-4,993**	**-**	**-413**	**-**	**-5,406**
Underlying operating profit[3]	**36,007**	**6,580**	**5,132**	**-7,971**	**39,748**
Depreciation and amortisation[4]	3,369	1,736	5,927	1,520	12,552
Underlying EBITDA[3]	**39,376**	**8,316**	**11,059**	**-6,451**	**52,300**
Underlying EBITDA / Gross profit[3]	34.8%	20.3%	17.4%		24.0%
ROACE[5]	**52.9%**	**22.7%**	**11.1%**	**-7.4%**	**26.3%**
ROACE[6]					20.1%

(1) Sale of agriculture activities to CZAV (NL) and supplementary payment on sale of a subsidiary (UK)
(2) Reopening second mill Deventer
(3) Underlying means excluding incidental items
(4) Excluding (reversal) impairment
(5) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.
(6) ROACE underlying EBIT divided by 12-month average capital employed

2017 In thousands of euro	For the six months ended 30 June The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
Total Feed volume (in tons)	2,222,209	1,027,308	1,475,064	-	4,724,581
Segment revenue	**560,022**	**267,836**	**315,651**	**-32,903**	**1,110,606**
Gross profit	**110,212**	**36,139**	**60,754**	**208**	**207,313**
Other operating income	180	169	152	-	501
Operating expenses	-76,068	-31,577	-55,403	-6,037	-169,085
Operating profit	**34,324**	**4,731**	**5,503**	**-5,829**	**38,729**
Gain on sale of investments and assets held for sale	-115	-	-	-	-115
Restructuring cost [1]	-	384	-	-	384
Incidental items	**-115**	**384**	**-**	**-**	**269**
Underlying operating profit[2]	**34,209**	**5,115**	**5,503**	**-5,829**	**38,998**
Depreciation and amortisation[3]	3,708	1,868	5,544	1,604	12,724
Underlying EBITDA[4]	**37,917**	**6,983**	**11,047**	**-4,225**	**51,722**
Underlying EBITDA / Gross profit[2]	34.4%	19.3%	18.2%		24.9%
ROACE[4]	**46.2%**	**16.2%**	**12.3%**	**-7.4%**	**23.4%**
ROACE[5]					17.6%

(1) Introduction shared service center Continent Europe
(2) Underlying means excluding incidental items
(3) Excluding (reversal) impairment
(4) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.
(5) ROACE underlying EBIT divided by 12-month average capital employed

Price developments in the sectors

Average milk prices in Europe were lower compared to the historically high levels seen in the first half of 2017. This was due to an increase in European milk production, especially in the second half of 2017. However, milk production in the Netherlands declined in 2018 due to the reduction of the dairy herd.

Average pig prices in Europe were lower than last year when prices were well above the longer-term average. Prices started to fall in the second half of 2017 due to an increase in the pig population and a slowdown in exports from Europe because of increased competition from the United States.

At the beginning of the year average egg prices were high owing to the tight supply of eggs in the wake of the fipronil case especially in the Netherlands. Since then prices have come down again. Prices for broilers benefited from trade restrictions imposed on Brazil, which supplied around half of European imports.

The Netherlands

In thousands of euro	2018	2017	Δ%
	For the six months ended 30 June		
Total Feed volume (in tons)	2,243,252	2,222,209	0.9%
Revenue	**567,994**	**560,022**	
Gross profit	**113,140**	**110,212**	**2.7%**
Other operating income	4,695	180	
Operating expenses	-76,835	-76,068	
Operating profit	**41,000**	**34,324**	**19.4%**
Gain on sale of investments and assets held for sale[1]	-4,509	-115	
Reversal impairment[2]	-484	-	
Incidental items	**-4,993**	**-115**	
Underlying operating profit[3]	**36,007**	**34,209**	
Depreciation and amortisation[4]	3,369	3,708	
Underlying EBITDA[3]	**39,376**	**37,917**	**3.8%**
Underlying EBITDA / Gross profit[3]	34.8%	34.4%	
ROACE[5]	**52.9%**	**46.2%**	

(1) 2018 Relates to the agriculture activities to CZAV
(2) 2018: Reopening second mill Deventer
(3) Underlying means excluding incidental items
(4) Excluding (reversal of) impairment
(5) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and sector developments

All livestock farmers were affected by the growing pressure being put on the agricultural sector by the government to achieve environmental targets. The measures imposed have forced many dairy farmers to reduce the size of their herds in order to lower phosphate emissions and to make additional investments to purchase phosphate rights. An outline agreement for the swine sector was announced recently; this 'Warm restructuring of pig farming' is aimed at innovating and restructuring the Dutch swine sector in order to improve the living environment in the so-called livestock-rich areas. For pig farmers this will mainly mean restrictions on odour nuisance and harmful emissions. The restructuring will be on a voluntary basis and will be implemented over the coming years.

Results

Total Feed volume grew by 0.9% to 2.2 million tonnes. Like-for-like volume growth was 1.2%, including the contribution from the recently formed strategic partnership with Baks in the area of moist feed for pigs. The sale of the arable portfolio had a minimal impact on volume. There was a small increase in Total Feed volume in the ruminant sector. This was in spite of the reduction in the dairy herd compared to last year. More feed was sold in the swine sector as a result of factors including the introduction of specialist sales teams and the contribution from the partnership with Baks. Volumes were also up in the poultry sector, for both broilers and layers. Reudink, which caters exclusively to organic farmers, once again reported nice volume growth.

Gross profit rose by 2.7% with the increase being due to volume growth, more specialties in the product mix and the positive contribution from the strategic partnerships. Increased energy costs were passed on to customers. The gross profit also included a divestment impact.

Operating expenses increased by 1.0%. The rise in production and transport costs outpaced volume growth in percentage terms but this was largely offset by lower pension costs, a release from the provision for bad debts and the reversal of the impairment in relation to the feed mill in Deventer.

Underlying EBITDA grew by 3.8% as a result of volume growth (0.9%), enhanced gross profit (2.7%) and the limited increase in operating expenses (1.0%). The underlying EBITDA/gross profit ratio increased from 34.4% to 34.8%.

Germany / Belgium

In thousands of euro	For the six months ended 30 June 2018	2017	Δ%
Total Feed volume (in tons)	1,133,877	1,027,308	10.4%
Revenue	**287,727**	**267,836**	
Gross profit	**40,915**	**36,139**	**13.2%**
Other operating income	5	169	
Operating expenses	-34,340	-31,577	
Operating profit	**6,580**	**4,731**	**39.1%**
Gain on sale of investments and assets held for sale	-	-	
Restructuring cost [1]	-	384	
Incidental items	**-**	**384**	
Underlying operating profit[2]	**6,580**	**5,115**	
Depreciation and amortisation[3]	1,736	1,868	
Underlying EBITDA[2]	**8,316**	**6,983**	**19.1%**
Underlying EBITDA / Gross profit[2]	20.3%	19.3%	
ROACE[4]	**22.7%**	**16.2%**	

(1) 2017: Introduction shared service center Continent Europe
(2) Underlying means excluding incidental items
(3) Excluding (reversal of) impairment
(4) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and sector developments

In Germany the Düngeverordnung ('fertiliser ordinance') came into force, a regulation that aims to mitigate the environmental impact of phosphate and nitrate in the swine sector in particular and sets limits on how much manure farmers are allowed to disperse. This means extra costs for livestock farmers (in all sectors). Consumer demand for non-genetically modified (non-GMO) dairy products, and therefore demand for non-GMO feed, continues to increase in Germany.

In Belgium there is increasing consumer focus on both quality and provenance of foodstuffs and hence growing attention for restricting the use of antibiotics in feed. ForFarmers is actively involved in advising farmers on this topic. Moreover there is increasing demand for non-GMO feed, at present in particular from goat and layer farmers.

Voeders Algoet

In June 2018 ForFarmers announced its intention to acquire Voeders Algoet, a producer of swine and ruminant feed based in Zulte, Belgium. Completion of the transaction is expected in the next months. The acquisition will make ForFarmers the second largest feed company in Belgium and create new opportunities for achieving scale benefits.

Results

Total Feed volume grew by 10.4% to 1.1 million tonnes with particularly strong growth in demand for DML products. This can partly be explained by the fact that the sale of DML products to Belgian customers is now accounted for in Belgium and no longer as part of the cluster the

Netherlands. In addition there were increased sales of compound feed and concentrates to existing and new clients. Low prices for cattle made for a challenging market in Belgium in particular. Despite this, volume sold to cattle farmers in this cluster increased thanks to the efforts of the reinforced sales team. Volume growth was also achieved in the slightly contracting swine sector partly as a result of the successful introduction of the NOVA concept for sows alongside the existing VIDA piglet feed range. There was also an increase in volume in the poultry sector.

Gross profit increased by €4.8 million or 13.2% to €40.9 million as a result of higher volumes, a better product mix with more specialties and the contributions from the strategic partnerships. Furthermore the increased energy prices were passed on to customers.

Total operating expenses were up by €2.8 million (8.8%). The increase in volume-related costs was smaller than volume growth (10.4%) despite the increase in energy prices. Personnel costs were higher. There was an addition to the provision for bad debts whilst the 2017 first-half results included a release from the provision.

Underlying EBITDA rose by 19.1% with the increase being the result of 10.4% growth in volume, a 13.2% rise in gross profit and an 8.8% increase in operating expenses. The underlying EBITDA/gross profit ratio rose from 19.3% to 20.3%.

United Kingdom

	For the six months ended 30 June		
In thousands of euro	**2018**	**2017**	**Δ%**
Total Feed volume (in tons)	1,448,152	1,475,064	-1.8%
Revenue	**321,634**	**315,651**	
Gross profit	**63,688**	**60,754**	**4.8%**
Other operating income	387	152	
Operating expenses	-58,530	-55,403	
Operating profit	**5,545**	**5,503**	**0.8%**
Gain on sale of investments and assets held for sale[1]	-413	-	
Restructuring cost / Impairment non-current assets	-	-	
Incidental items	**-413**	**-**	
Underlying operating profit[2]	**5,132**	**5,503**	
Depreciation and amortisation[3]	5,927	5,544	
Underlying EBITDA[2]	**11,059**	**11,047**	**0.1%**
Underlying EBITDA / Gross profit[2]	17.4%	18.2%	
ROACE[4]	**11.1%**	**12.3%**	

(1) Supplementary payment on the sale of a subsidiary
(2) Underlying means excluding incidental items
(3) Excluding (reversal of) impairment
(4) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 27 of the financial statements 2017.

Market and sector developments

In the ruminant sector demand for performance feed increased, mainly because there was less roughage available than last year. The number of dairy farmers is declining whilst the dairy herd remains fairly stable. Milk prices were at a lower level than in the first half year of 2017.

The demand for pig meat is increasing. As a result pig prices have started rising again. A recent large acquisition in the swine sector by one of the three largest processors is indicative of the ongoing consolidation in this sector. The poultry sector is seeing growing consumer interest in chicken meat and eggs.

Although the financial situation of livestock farmers has improved in the recent period, farmers (small and medium-sized farming businesses) remain reluctant to take investment decisions to grow their businesses, primarily because of the continuing uncertainty about the impact of Brexit.

Progress of the business transformation project

Steady progress is being made with the business transformation in the United Kingdom. The merger of the ruminant sales teams to create a single commercial organisation has been completed and work is ongoing to build a clear market proposition. The policy in the swine sector is mainly focused on further margin improvement. The focus also remains on maintaining the reliability of the delivery service to customers at lower costs. The desired efficiency improvement has however not yet been realised. The previously announced objective of achieving cost savings of £5 million by 2020 (compared to 2016) remains in place.

Results

Total Feed volume decreased by 1.8% to 1.4 million tonnes. The like-for-like decrease was 2.4%, mainly as a result of the decision to discontinue certain (loss-making) DML activities.
The acquisition of a dealer in May 2017 boosted volume by 0.6%.

Compound feed volume remained about stable. Volume in the ruminant sector was higher, particularly to dairy farmers. Volume was lost in the swine sector, primarily as a result of not extending contracts with low margins. Lower volumes were also sold to the poultry sector, where ForFarmers has a limited presence.

Reported gross profit rose by 4.8%; at constant currencies the increase was 7.2%. The increase was due to the implementation of the policy to enhance margins, the contribution from the strategic partners and the passing on of higher energy prices to customers.

Total operating expenses were up by 5.6%. At constant currencies the increase was 8.0%, with most of the rise being like-for-like. Production and transportation expenses rose mainly as a result of the higher energy prices. Furthermore additional costs were incurred as a result of having to use third-party logistics companies in order to be able to supply all customers at the time they requested. Depreciation increased, mainly as a result of the mill in Exeter becoming operational at the end of 2017.

Reported underlying EBITDA was virtually unchanged (+0.1%). Despite the decline in volume (-1.8%) the higher gross profit (+4.8%) was sufficient to absorb the higher operating expenses (5.6%). At constant currencies underlying EBITDA (including the acquisition impact) increased by 2.3%. The reported underlying EBITDA/gross profit ratio fell from 18.2% to 17.4%.

An amount of €0.4 million was received (earn-out) following the realisation of agreed targets in relation to the sale of a share participation in 2015. This was recognised as an incidental gain.

Central and support expenses

In thousands of euro	For the six months ended 30 June 2018	 2017	 Δ%
Gross profit	**-38**	**208**	**-118.3%**
Other operating income	3	-	
Operating expenses	-7,936	-6,037	
Operating profit	**-7,971**	**-5,829**	**36.7%**
Gain on sale of investments and assets held for sale	-	-	
Restructuring cost / Impairment non-current assets	-	-	
Incidental items	**-**	**-**	
Underlying operating profit(1)	**-7,971**	**-5,829**	
Depreciation and amortisation(2)	1,520	1,604	
Underlying EBITDA(1)	**-6,451**	**-4,225**	**52.7%**
ROACE(3)	**-7.4%**	**-7.4%**	

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

Operating expenses are exclusive of overhead costs passed on to the operational clusters. The €1.9 million increase in central operating expenses was partly due to increased M&A advisory fees (€0.8 million) in connection with the planned acquisitions. IT expenses increased due to the further rollout of (new) applications to support various business processes.

Sustainability

ForFarmers formulated five sustainability objectives for three themes (Environment, People & Society, Animal health & Animal welfare) in conjunction with its stakeholders. KPIs are set for the objectives to 1) reduce phosphate emissions, 2) reduce green house gas emissions, 3) minimise the use of land, water and energy, 4) ensure safe and fair working conditions and 5) improve feed safety. Improving animal health and welfare is considered to be an integral part of Total Feed solutions.

The pressure on (dairy) farmers to reduce phosphate emissions is particularly large in the Netherlands. ForFarmers aims to improve the phosphate efficiency on farm through the supply of specific feed that leads to lower phosphate emissions and tools, such as calculator modules, with which farmers can measure the impact of business decisions on margin over purchased feed and phosphate efficiency and consequently on the carbon footprint.

Fitting the second objective, ForFarmers recently started a test with a special bulk truck that is fitted out with an electric pump to unload compoud feed (in stead of using diesel) and as such is emission free. It is expected that up to 25% diesel usage per bulk truck can be saved daily. The decision to construct a biomass plant in Lochem fits both the second and third sustainability target. This installation will make it possible to produce steam by using wood chips from local sources and deploying the steam to largely meet the energy requirement of the mill in a sustainable manner.

With respect to the fourth objective: the focus on safe and good working conditions with the objective of reducing the number of LTIs (lost time incidents) remains undiminished. Safety training sessions again took place in the first half of 2018. Continuous attention was devoted to the health & safety policy by means of communication campaigns on the company intranet, as well as instructions which took place on the shop floor. Despite all this, the number of LTIs was 19% higher. In order to reduce the number of LTIs, all employees will need to adopt a safety-focused mentality and safety-first working practices.

The Nutrition Innovation Centre focuses on developing and improving feed concepts that improve the health of animals and consequently their performance. At the end of April 2018 Apollo was launched, a feed concept specially developed for healthy broilers to grow efficiently. A good start in life is a precondition for healthy and efficient growth of broilers and helps the farmer to improve his return. The Apollo concept is characterised by smart diet changes, which reduce the risk of stress or diseases for the birds and leads to an easier start and better feed conversion.

Subsequent events

Tasomix

In early July 2018 ForFarmers announced that the acquisition of 60% of the shares of Polish company Tasomix had been completed. As a result ForFarmers is now operational in five countries. Tasomix is part of the cluster Germany/Belgium/Poland and new regions. ForFarmers made an initial cash payment of PLN 242 million (around €57.1 million). The second payment (for this 60% stake) will be made in 2021, with the amount (earn-out) being fully dependent on achieving specified operational targets with the new feed mill.

ForFarmers will fully consolidate the Tasomix results in its consolidated financial statements as of 1 July 2018. The Tasomix management remains in place so that the strengths of both companies can be optimally used. The purchase agreement includes call and put options on the remaining 40% of the shares.

In 2017 Tasomix produced 402kT of feed (2016: 395kT). Normalised revenues in 2017 were PLN 451 million (€105.9 million[1]) (2016: PLN 429 million, €98.3 million). Normalised EBITDA in 2017 was PLN 33 million (€7.8 million) (2016: PLN 34 million, €7.8 million). Results in the first half year of 2017 were impacted by a change in product mix due to the outbreak of bird flu.

The new feed mill in Pionki, with maximum capacity of 350kT, is currently producing its first compound feed concepts.

[1] All euro amounts are calculated based on the average exchange rates of the relating year (PLN versus euro)

Maatman

In early July 2018 ForFarmers announced it was acquiring the compound feed activities of Maatman veevoeders. Through the transaction ForFarmers will gain a customer portfolio as well as a sales team with specific knowledge and experience primarily in the poultry sector but also in the ruminant sector in the Netherlands and Germany.

In 2017 Maatman sold 114kT of feed and fertiliser. The production of feed is outsourced to multiple parties, including ForFarmers (approximately 60% of total volume). The transport activities (15 bulk tankers) of Maatman are included in the transaction.

The transaction was recently approved by the German competition authorities. The activities of Maatman will be integrated into ForFarmers the Netherlands with effect from 3 September 2018.

Outlook

The global tensions with respect to import tariffs could possibly have a positive impact on the European export of pig meat to China, Mexico, Japan and Canada. The unusual warm and dry summer could negatively impact the crop yields of some raw materials and that could lead to rising raw material and feed prices. This could have a negative influence on the liquidity of farmers. Ruminant farmers could possibly need more compound feed given the shortage of roughage on farm.

Like-for-like volume development in the Netherlands will most likely be impacted somewhat by the measures to reduce phophate emissions in the dairy sector. It is not yet clear what the exact impact will be of the measures that were recently announced for the swine sector in the Netherlands, as implementation is on voluntary basis.

In order to continue to support the strong growth for the mid-term in Germany, ForFarmers intends to construct a new feed mill (capacity of approximately 300kT) in Wesel, West Germany. ForFarmers will also continue to look for appropriate acquisition targets in Germany.

Market circumstances in the United Kingdom appear to be improving. In some cases, however, the UK business transformation leads to non renewal of low margin business contracts with customers, which could impact volumes. ForFarmers strives for a healthy price/quality ratio as well as a sustainable return for the products and services that the company delivers to its customers.

Furthermore, the announced acquisitions (Tasomix, Voeders Algoet and Maatman) are consolidated at closing, in the second half of this year.

ForFarmers reiterates its guidance for the medium term of an average annual increase in underlying EBITDA in the mid-single digits at constant currencies, excluding the impact of significant Acquisitions (i.e Tasomix) and barring unforeseen circumstances.

Declaration by the Executive Board

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the Executive Board states that to the best of its knowledge the 2018 Interim financial statements, which comprise the Company and its subsidiaries (jointly 'the Group' or 'ForFarmers') and the Group's interest in its joint venture, give a true and fair view of the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the condensed consolidated financial statements.

This press release contains information that qualifies as inside information in the sense of Article 7 paragraph 1 of the EU Market Abuse Regulation.

Lochem, 16 August 2018

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Arnout Traas, CFO
Jan Potijk, COO

Conference calls and audio webcasts

For the press:
Messrs Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO) will present the ForFarmers 2018 half-year results today from **08.30 – 09.30 am**. This can be followed via an audio webcast (in Dutch). To listen to the live audio webcast, you can log on via the corporate website www.forfarmersgroup.eu. The slides used during the presentation can be found on the corporate website. The audio webcast will be available on the website afterwards.

For analysts:
Messrs Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO) will present the ForFarmers 2018 half-year results today from **10.00 – 11.00 am**. This can be followed via an audio webcast (in English). To listen to the live audio webcast, you can log on via the corporate website www.forfarmersgroup.eu. The slides used during the presentation can be found on the corporate website. The audio webcast will be available on the website afterwards.

Note to the editor / For additional information:
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Company profile

ForFarmers N.V. ('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.
ForFarmers is active in the Netherlands, Belgium, Germany and the United Kingdom and as of July 2018 also in Poland. With sales of approximately 9.6 million tonnes of feed annually, ForFarmers is market leader in Europe. In 2017 ForFarmers had 2,325 employees and revenues amounted to over €2.2 billion.

ForFarmers will be publishing its Q3 Trading Update on 1 November 2018.

ForFarmers N.V., Postbus 91, 7240 AB Lochem, T: +31 (0)573 28 88 00, F: +31 (0)573 28 88 99, info@forfarmers.eu/en/, www.forfarmersgroup.eu/en/

Enclosures:
Half-year report 2018

Notifications and disclaimer

REPORTING STANDARDS

PUBLICATION 2018 HALF-YEAR REPORT
The 2018 half-year report (incl. interim financial statements) will be available from 16 August 2018 on the ForFarmers website (www.forfarmersgroup.eu).

REPORTING STANDARDS
The results in this press release are derived from the ForFarmers 2018 half-year 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: presented percentages are calculated on the rounded amounts in million euro with one decimal.

SUPERVISION
In view of the fact that shares can be freely traded 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

01-11-2018	Q3 2018 Trading Update
13-03-2019	Publication annual results 2018
26-04-2019	Annual General Meeting of Shareholders
02-05-2019	Q1 2019 Trading update
15-08-2019	Publication first half-year 2019 results
31-10-2019	Q3 2019 Trading Update

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.

INTERIM FINANCIAL STATEMENTS 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	30 June 2018	31 December 2017
Assets			
Property, plant and equipment	13	212,391	205,904
Intangible assets and goodwill	14	93,731	96,229
Investment property		830	830
Trade and other receivables	22	8,354	9,298
Equity-accounted investees	15	23,205	24,018
Deferred tax assets		3,048	2,998
Non-current assets		**341,559**	**339,277**
Inventories	16	72,303	72,010
Biological assets		4,801	4,714
Trade and other receivables	22	214,498	208,170
Current tax assets		1,370	86
Cash and cash equivalents	22	149,978	161,297
Assets held for sale	17	-	1,737
Current assets		**442,950**	**448,014**
Total assets		784,509	787,291
Equity			
Share capital	18	1,063	1,063
Share premium		143,554	143,554
Treasury share reserve		-61	-55
Translation reserve		-6,469	-5,692
Hedging reserve		-566	-
Other reserves and retained earnings		237,165	207,878
Unappropriated result		34,796	58,554
Equity attributable to shareholders of the Company		**409,482**	**405,302**
Non-controlling interests		**4,976**	**4,629**
Total equity		414,458	409,931
Liabilities			
Loans and borrowings	22	39,152	44,508
Employee benefits	20	36,150	46,910
Provisions		1,567	2,249
Trade and other payables		8,063	8,255
Deferred tax liabilities		11,753	9,939
Non-current liabilities		**96,685**	**111,861**
Bank overdrafts	22	47,824	49,690
Loans and borrowings	22	27	28
Provisions		1,235	1,132
Trade and other payables	22	221,038	206,982
Current tax liability		3,242	7,667
Current liabilities		**273,366**	**265,499**
Total liabilities		370,051	377,360
Total equity and liabilities		784,509	787,291

Condensed consolidated statement of profit or loss

In thousands of euro	Note	For the six months ended 30 June 2018	2017
Revenue		1,141,562	1,110,606
Cost of raw materials and consumables		-923,857	-903,293
Gross profit	8	**217,705**	**207,313**
Other operating income	9	5,090	501
Operating income		**222,795**	**207,814**
Employee benefit expenses		-76,589	-75,410
Depreciation, amortisation and impairment	13 , 14	-12,068	-12,724
Other operating expenses		-88,984	-80,951
Operating expenses	10	**-177,641**	**-169,085**
Operating profit		**45,154**	**38,729**
Finance income		500	863
Finance costs		-1,728	-1,666
Net finance costs		**-1,228**	**-803**
Share of profit of equity-accounted investees, net of tax	15	1,062	1,849
Profit before tax		**44,988**	**39,775**
Income tax expense	12	-9,845	-9,178
Profit for the year		35,143	30,597
Profit attributable to:			
Shareholders of the Company		**34,796**	**30,423**
Non-controlling interests		347	174
Profit for the year		35,143	30,597
Earnings per share in euro[1]			
Basic earnings per share		0.35	0.29
Diluted earnings per share		0.35	0.29
Underlying EBITDA	11	**52,300**	**51,722**

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

Condensed consolidated statement of comprehensive income

		For the six months ended 30 June	
In thousands of euro	Note	**2018**	**2017**
Profit for the year		**35,143**	**30,597**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	20	8,511	174
Equity-accounted investees - share of other comprehensive income		-	-
Related tax		-1,449	-148
		7,062	**26**
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		-1,024	-1,761
Cash flow hedges - effective portion of changes in fair value		-754	-12
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-	-
Related tax		435	221
		-1,343	**-1,552**
Other comprehensive income, net of tax		**5,719**	**-1,526**
Total comprehensive income		40,862	29,071
Total comprehensive income attributable to:			
Shareholders of the Company		**40,515**	**28,897**
Non-controlling interests		347	174
Total comprehensive income		40,862	29,071

Condensed consolidated statement of changes in equity

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
		Attributable to shareholders of the Company									
Balance as at 31 December 2017		**1,063**	**143,554**	**-55**	**-5,692**	**-**	**207,878**	**58,554**	**405,302**	**4,629**	**409,931**
IFRS 9 adjustment	2	-	-	-	-	-	-97	-	-97	-	-97
Balance as at 1 January 2018		**1,063**	**143,554**	**-55**	**-5,692**	**-**	**207,781**	**58,554**	**405,205**	**4,629**	**409,834**
Addition from unappropriated result		-	-	-	-	-	58,554	-58,554	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	34,796	34,796	347	35,143
Other comprehensive income		-	-	-	-777	-566	7,062	-	5,719	-	5,719
Total comprehensive income		**-**	**-**	**-**	**-777**	**-566**	**7,062**	**34,796**	**40,515**	**347**	**40,862**
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	18	-	-	-	-	-	-30,053	-	-30,053	-	-30,053
Purchase of own shares		-	-	-6	-	-	-5,873	-	-5,879	-	-5,879
Equity-settled share-based payments		-	-	-	-	-	-306	-	-306	-	-306
Total transactions with shareholders of the Company		**-**	**-**	**-6**	**-**	**-**	**-36,232**	**-**	**-36,238**	**-**	**-36,238**
Balance as at 30 June 2018		1,063	143,554	-61	-6,469	-566	237,165	34,796	409,482	4,976	414,458

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
		Attributable to shareholders of the Company									
Balance as at 1 January 2017		**1,063**	**143,554**	**-1**	**-3,609**	**27**	**229,816**	**53,260**	**424,110**	**4,880**	**428,990**
Addition from unappropriated result		-	-	-	-	-	53,260	-53,260	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	30,423	30,423	174	30,597
Other comprehensive income		-	-	-	-1,543	-9	26	-	-1,526	-	-1,526
Total comprehensive income		**-**	**-**	**-**	**-1,543**	**-9**	**26**	**30,423**	**28,897**	**174**	**29,071**
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends		-	-	-	-	-	-25,716	-	-25,716	-1,000	-26,716
Purchase of own shares		-	-	-25	-	-	-23,545	-	-23,570	-	-23,570
Adaptation par value shares		-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payments		-	-	-	-	-	61	-	61	-	61
Total transactions with shareholders of the Company		**-**	**-**	**-25**	**-**	**-**	**-49,200**	**-**	**-49,225**	**-1,000**	**-50,225**
Balance as at 30 June 2017		1,063	143,554	-26	-5,152	18	233,902	30,423	403,782	4,054	407,836

Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June 2018	2017
Cash flows from operating activities			
Profit for the year		35,143	30,597
Adjustments for:			
Depreciation	13	9,698	9,542
Amortisation	14	2,854	3,182
Reversal of impairment losses on plant and equipment	13	-484	-
Change in fair value of biological assets (unrealised)		-	137
Net (reversal of) impairment loss on trade receivables		-447	-1,148
Net finance costs		1,228	803
Share of profit of equity-accounted investees, net of tax		-1,062	-1,849
Gain on sale of property, plant and equipment / investment property		-327	-342
Gain on sale of participating interests	9	-413	-
Gain on sale of assets held for sale	9	-4,509	-
Equity-settled share-based payment expenses		80	255
Expenses related to post-employment defined benefit plans		546	399
Expenses related to long term incentive plans		73	1,070
Income taxes expense		9,845	9,178
		52,225	**51,824**
Changes in:			
Inventories & biological assets		-357	3,324
Trade and other receivables		-5,827	-6,189
Trade and other payables		14,056	19,269
Provisions and employee benefits		-3,912	-15,722
Cash generated from operating activities		**56,185**	**52,506**
Interest paid		-704	-1,020
Income taxes paid		-15,412	-14,740
Net cash from operating activities		40,069	36,746
Cash flows from investing activities			
Interest received		460	863
Dividends received from equity-accounted investees		2,123	2,426
Proceeds from sale of property, plant and equipment / investment property		1,311	1,128
Proceeds from sale of participating interests, net of cash disposed	9	413	-
Proceeds from sale of assets held for sale		5,650	-
Acquisition of subsidiary, net of cash acquired		-	-184
Acquisition of property, plant and equipment	13	-15,881	-20,182
Acquisition of intangible assets	14	-382	-628
Net cash used in investing activities		-6,306	-16,577
Cash flows from financing activities			
Proceeds from purchase and sale of treasury shares		-5,879	-20,031
Proceeds from sale of treasury shares relating to employee participation plan		1,503	2,335
Repurchase of treasury shares relating to employee participation plan		-2,192	-3,151
Payment of financial lease		-17	-158
Redemption bank loan		-5,683	-
Dividend paid	18	-29,077	-25,716
Net cash used in financing activities		-41,345	-46,721
Net increase/decrease in cash and cash equivalents		**-7,582**	**-26,552**
Cash and cash equivalents at 1 January[1]		111,607	107,319
Effect of movements in exchange rates on cash held		-1,871	454
Cash and cash equivalents as at 30 June[1]		102,154	81,221

(1) Net of bank overdrafts

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (the 'Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2018 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 that offers nutritional solutions for both conventional and organic livestock farms. ForFarmers gives its very best 'For the Future of Farming': for the continuity of farming and for a financially secure sector.

The interim financial statements were authorised for issuance by the Executive Board and Supervisory Board on 16 August 2018.

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 2017 ('last annual financial statements'), which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EUIFRSs, 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 understand 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, except for the adoption of IFRS 9 (financial instruments) and IFRS 15 (revenue from contracts with customers) as of 1 January 2018.

IFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments. The transition to IFRS 9 resulted in an impact of €97 thousand (net of taxes), which has been recorded in retained earnings at 1 January 2018. Refer to the condensed consolidated statement of changes in equity.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has adopted IFRS 15 using the so-called cumulative effect method.

For explanatory notes on the standards issued but not yet effective reference is made to Note 26.

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

Comparative information

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

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:

Rate:	€1,00 =
Rate as at 31 December 2016	£0.8562
Rate as at 30 June 2017	£0.8793
Rate as at 31 December 2017	£0.8872
Rate as at 30 June 2018	£0.8861
Rate as at 30 June 2018	PLN4.3732

Average rate	€1,00 =
H1 2017	£0.8606
H1 2018	£0.8798

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 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.

'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 paid 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 overseeing 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 market to identical assets or liabilities. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing

information on an ongoing basis.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The 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

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, amongst other things, compound feed and blends, feed for young animals and specialities, raw materials and coproducts, seeds 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 comparable 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 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 of 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

For the six months ended 30 June 2018

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	533,416	286,512	321,634	-	1,141,562
Inter-segment revenues	34,578	1,215	-	-35,793	-
Revenue	**567,994**	**287,727**	**321,634**	**-35,793**	**1,141,562**
Gross profit	**113,140**	**40,915**	**63,688**	**-38**	**217,705**
Other operating income	4,695	5	387	3	5,090
Operating expenses	-76,835	-34,340	-58,530	-7,936	-177,641
Operating profit	**41,000**	**6,580**	**5,545**	**-7,971**	**45,154**
Depreciation, amortisation and impairment	2,885	1,736	5,927	1,520	12,068
EBITDA	**43,885**	**8,316**	**11,472**	**-6,451**	**57,222**
Property, plant and equipment	86,599	36,353	85,431	4,008	212,391
Intangible assets and goodwill	42,751	4,797	41,968	4,215	93,731
Equity-accounted investees	-	23,205	-	-	23,205
Other non-current assets	2,023	7,299	2,315	595	12,232
Non-current assets	**131,373**	**71,654**	**129,714**	**8,818**	**341,559**
Current assets	**221,866**	**141,900**	**114,481**	**-35,297**	**442,950**
Total assets	**353,239**	**213,554**	**244,195**	**-26,479**	**784,509**
Equity	-210,532	-85,162	-49,194	-69,570	-414,458
Liabilities	-142,707	-128,392	-195,001	96,049	-370,051
Total equity and liabilities	**-353,239**	**-213,554**	**-244,195**	**26,479**	**-784,509**
Capital expenditure[1]	6,125	2,092	7,283	763	16,263
Working Capital	10,399	26,792	33,635	-3,396	67,430
Underlying EBITDA[2]	39,376	8,316	11,059	-6,451	52,300
Underlying EBITDA / Gross profit	34.8%	20.3%	17.4%		24.0%

For the six months ended 30 June 2017

In thousands of euro	The Netherlands	Germany/Belgium	United Kingdom	Group / eliminations	Consolidated
External revenues	528,219	266,716	315,651	20	1,110,606
Inter-segment revenues	31,803	1,120	-	-32,923	-
Revenue	**560,022**	**267,836**	**315,651**	**-32,903**	**1,110,606**
Gross profit	**110,212**	**36,139**	**60,754**	**208**	**207,313**
Other operating income	180	169	152	-	501
Operating expenses	-76,068	-31,577	-55,403	-6,037	-169,085
Operating profit	**34,324**	**4,731**	**5,503**	**-5,829**	**38,729**
Depreciation, amortisation and impairment	3,708	1,868	5,544	1,604	12,724
EBITDA	**38,032**	**6,599**	**11,047**	**-4,225**	**51,453**
At 31 December 2017					
Property, plant and equipment	82,860	36,288	82,572	4,184	205,904
Intangible assets and goodwill	43,309	4,772	43,351	4,797	96,229
Equity-accounted investees	-	24,018	-	-	24,018
Other non-current assets	2,378	7,424	98	3,226	13,126
Non-current assets	**128,547**	**72,502**	**126,021**	**12,207**	**339,277**
Current assets	**191,384**	**167,072**	**101,787**	**-12,229**	**448,014**
Total assets	**319,931**	**239,574**	**227,808**	**-22**	**787,291**
Equity	-180,419	-78,753	-38,226	-112,533	-409,931
Liabilities	-139,512	-160,821	-189,582	112,555	-377,360
Total equity and liabilities	**-319,931**	**-239,574**	**-227,808**	**22**	**-787,291**
Working Capital	14,403	24,131	41,270	-10,635	69,169
For the six months ended 30 June 2017					
Capital expenditure[1]	6,934	2,332	10,341	1,203	20,810
Underlying EBITDA[2]	37,918	6,983	11,047	-4,226	51,722
Underlying EBITDA / Gross profit	34.4%	19.3%	18.2%		24.9%

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

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

		For the six months ended 30 June	
In thousands of euro	Note	**2018**	**2017**
Segment operating profit		**45,154**	**38,729**
Finance income		500	863
Finance costs		-1,728	-1,666
Share of profit of equity-accounted investees, net of tax		1,062	1,849
Profit before tax		**44,988**	**39,775**

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

Other non-current assets include investment property, non-current trade and other receivables and deferred tax assets.

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

The Group is not reliant on any individual major customers.

5. Seasonality of operations

There is no significant seasonal pattern when comparing the first with the second half of a year.

6. Business Combinations

Acquisitions 2018

There were no significant acquisitions in the six months ended 30 June 2018. Refer to Note 25 for the (announced) acquisitions of the second half year.

Acquisitions 2017

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

7. Disposals

Disposals 2018

In the six months ended 30 June 2018 ForFarmers disposed its agriculture activities to CZAV. This concerns non-livestock feed related products (e.g. fertilizers, crop protection products and seeds) that ForFarmers supplies to Dutch farmers. CZAV acquired these activities and the associated storage facility on 5 February 2018. ForFarmers received €5.7 million on the completion date of the transaction, which resulted in a gain of €4.5 million.

Disposals 2017

There were no disposals in the six months ended 30 June 2017.

8. Gross profit

Gross profit increased compared to the six months ended 30 June 2017. Excluding the negative foreign currency effect (€1.3 million) and net acquisition/divestment effect (€1.2 million negative) gross profit increased by €12.9 million.

9. Other operating income

The other operating income in the six months ended 30 June 2018 mainly relates to the sale of the agriculture activities to CZAV. ForFarmers received €5.7 million on the completion date of the transaction, which resulted in a gain of €4.5 million. Furthermore, Forfarmers received a supplementary payment of €0.4 million for the sale of a subsidiary (2015) in the United Kingdom.

10. Operating expenses

The increase in total operating expenses amounting to €8.6 million contains a negative foreign currency effect (€1.2 million) and net acquisition/divestment effect (€0.2 million). Without these effects the operating expenses increased by €9.6 million, due to higher energy costs, diesel and freight costs and an increase in costs for IT licenses. The annual increase in personnel costs is partly compensated by lower pension costs.

For the six months ended 30 June 2017 the operating expenses include an incidental item of €0.4 million, which relates to restructuring costs recognised under employee benefit expenses due to a project to centralise back office activities.

11. Underlying EBITDA

The Executive Committee presented the 'Underlying EBITDA' as a performance measure, as they follow this performance measure on a consolidated level and they believe that this measurement is relevant to understand the Group's financial performance. The definition of Underlying EBITDA is similar to the annual report 2017. Underlying EBITDA is not a performance measurement under IFRS. The Group's definition of underlying EBITDA may not be compared to similarly titled performance measures and disclosures of other entities. The increase of Underlying EBITDA is caused by a higher increase in the margin than the costs.

Income taxes

12. Income tax expense

Income 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 (excluding the share of the result participation accounted for based on the equity method, after taxes) of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 30 June 2018 is 22.4% (six months ended 30 June 2017: 24.2%). The lower effective tax rate is the result of an adjusted valuation of deferred tax assets in Germany and an acceleration effect on tax benefits regarding specific investments in the United Kingdom.

Assets

13. Property, plant and equipment

Movements on property, plant and equipment during the six months ended 30 June 2018 are specified as follows:

In thousands of euro	**Total**
Cost	
Balance as at 1 January 2018	443,886
Acquisitions through business combinations	-
Divestments	-
Additions	15,881
Reclassification from intangible assets	107
Disposals	-1,255
Other movement	1,235
Effect of movements in exchange rates	74
Balance as at 30 June 2018	**459,928**
Accumulated depreciation and impairment losses	
Balance as at 1 January 2018	-237,982
Divestments	-
Depreciation	-9,698
(Reversal of) impairment losses on plant and equipment	484
Reclassification from intangible assets	-16
Disposals	867
Other movement	-1,235
Effect of movements in exchange rates	43
Balance as at 30 June 2018	**-247,537**
Carrying amounts	
At 1 January 2018	205,904
At 30 June 2018	212,391

The investments mainly consist of trucks (€3.1 million), investments in the new production facility Exeter (€1.9 million), a new process control system (€1.4 million) and the reopening of the second feed mill in Deventer (€0.8 million). Depreciation contains a reversal of impairment of €0.5 million in relation to the reopening of a second mill in Deventer (Netherlands).

The other movement relates to the reversal of the impairment of the reopened mill in Deventer. This other movement has no impact on the originial book value of the tangible fixed assets.

14. Intangible assets and goodwill

Movements on intangible assets and goodwill during the six months ended 30 June 2018 are specified as follows:

In thousands of euro	Goodwill	Intangible assets	Total
Cost			
Balance as at 1 January 2018	63,929	32,300	96,229
Acquisitions through business combinations	-	-	-
Divestments	-	-	-
Additions	-	382	382
Reclassification to property, plant and equipment	-	-107	-107
Disposals	-	-107	-107
Effect of movements in exchange rates	29	50	79
Balance as at 30 June 2018	**63,958**	**32,518**	**96,476**
Accumulated amortisation and impairment losses			
Balance as at 1 January 2018	-	-	-
Divestments	-	-	-
Amortisation	-	-2,854	-2,854
Reclassification to property, plant and equipment	-	16	16
Disposals	-	107	107
Effect of movements in exchange rates	-	-14	-14
Balance as at 30 June 2018	**-**	**-2,745**	**-2,745**
Carrying amounts			
At 1 January 2018	63,929	32,300	96,229
At 30 June 2018	63,958	29,773	93,731

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 the third quarter of 2017 for 2017. For the six months ended 30 June 2018 no indicators for potential impairment were identified for goodwill nor for other intangible assets.

15. Equity-accounted investees

The amounts under equity-accounted investees (€23,205 thousand as per 30 June 2018, respectively €24,018 thousand as per 31 December 2017) fully relate to HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa), 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 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.

16. Inventory

At 30 June 2018 the total amount of inventories increased slightly compared to 31 December 2017. During the six months ended 30 June 2018 there were no material inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2017: idem).

17. Assets held for sale

At the end of 2017 a number of transportation vehicles were classified as assets held for sale due to the announced strategic partnership between ForFarmers and Baks. Furthermore, a storage facility, customer relationships and goodwill were classified as assets held for sale based on the announced sale of the agriculture activities to CZAV. During the six months ended 30 June 2018 these assets have been sold. Refer to Note 7 and 9 for more details.

Equity and liabilities

18. Equity

At 30 June 2018, the authorised share capital comprised 106,261,040 ordinary shares and 1 priority share of €0.01 each. At the balance sheet date all shares were issued and fully paid.

Dividend

At the General Meeting of 26 April 2018 the dividend was approved at €0.30 per share, which resulted in a total dividend of €30.1 million (including dividend taxes to be paid to the tax authorities).

In accordance with the dividend policy the payable dividend is offset with outstanding Group trade receivables and the receivable from the Coöperatie FromFarmers U.A. This results in an actual payment of dividend (including dividend tax to be paid to the tax authorities) in 2018 of €29.1 million.

The treasury shares are not entitled to dividend.

Share buy-back programme
During the six months ended 30 June 2018 the Group has completed the share buy-back programme, which has been disclosed in the notes of the last annual financial statements. At 30 June 2018 the treasury shares amounted to €60.0 million (including purchasing costs).

19. Share-based payment arrangement
On 26 April 2018, the Group launched two employee participation plans. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. For both plans the participants are required to remain in service for 36 consecutive months to be entitled to the discount on the depositary receipts being purchased. The employee is entitled to buy depositary receipts at a discount between 13.5% and 20% on the fair value of the depositary receipt at the grant date, for which additional depositary receipts are provided. The conditions of both plans are consistent with the participation plans applicable for 2017 which have been disclosed in the notes of the last annual financial statements.

During the six months ended 30 June 2018, 46 employees (of which 11 foreign employees) participated in the participation plan for the Executive Committee and senior management and 583 employees (of which 143 foreign employees) participated in the participation plan for other employees.

The value of the depositary receipts of the Company, for which the employee could buy their depositary receipts, was determined as the average closing price in the 5 trading days during the period 2 May - 8 May 2018 and amounted to €11.72. The foreign employee tax obligations is based on the fair value of the depositary receipts on settlement date.

The total number of participants of all active employee participation plans comprises 26.7% of the total number of the Group's employees.

20. 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 2018**	**31 December 2017**
Liability for net defined benefit obligations	31,105	41,686
Liability for other long-term service plans	5,045	5,224
Total	**36,150**	**46,910**

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

In thousands of euro	**Total net defined benefit liability**
Balance at 1 January 2018	41,686
Included in profit or loss	
Current service cost	204
Administrative expenses	342
Interest cost (income)	461
	1,007
Included in Other Comprehensive Income	
Remeasurement gain	-8,511
Effect of movements in exchange rates	106
	-8,405
Other	
Employer contributions (to plan assets)	-3,183
	-3,183
Balance as at 30 June 2018	**31,105**

Gains as results of remeasurements of €8.5 million is mostly caused by actuarial gains due to the increased interest rate in the United Kingdom for the six months ended 30 June 2018.

21. Provisions
The decrease of the provisions is mainy due to the release of the provision for onerous contracts on a rent agreement as a result of the decision to use the warehouse till the end of the rent contract.

Financial instruments

22. 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.

30 June 2018

	Carrying amount				Fair value			
In thousands of euro	**Mandatory at FVTPL - others[1]**	**Fair value - hedging instruments**	**Amortized costs**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Forward exchange contracts used for hedging (derivatives)	-	-	-	-				
Fuel swaps used for hedging (derivatives)	-	-	-	-				
	-	**-**	**-**	**-**		**-**		**-**
Financial assets not measured at fair value								
Equity securities (other investments)	-	-	28	28				
Trade and other receivables[2]	-	-	222,824	222,824				
Cash and cash equivalents	-	-	149,978	149,978				
	-	**-**	**372,830**	**372,830**				
Financial liabilities measured at fair value								
Contingent consideration	-8,063	-	-	-8,063			-8,063	-8,063
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	-47,824	-47,824				
Unsecured bank loans	-	-	-39,089	-39,089				
Finance lease liabilities	-	-	-90	-90				
Trade and other payables[3]	-	-	-221,038	-221,038				
	-	**-**	**-308,041**	**-308,041**			**-8,063**	**-8,063**

(1) Fair value through profit and loss
(2) Excluding derivatives and other investments
(3) Excluding contingent consideration

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
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.
Interest rate swaps and fuel swaps	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative financial instruments are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.	Not applicable.
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast sales volume, the amount to be paid under each scenario and the probability of each scenario.	• Forecast annual sales volume growth rate. • Forecast receipts gross trade receivables. • Risk-adjusted discount rate. The estimated fair value would increase (decrease) if: • the annual sales volume growth rate were higher (lower); • the receipts of the gross trade receivables vary positive (negative) from the standard payment terms; or • the risk-adjusted discount rate were lower (higher).

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Equity securities (non-current)	For investments in equity instruments that do not have a quoted market price in an active market for an identical instrument (i.e. a Level 1 input) disclosures of fair value are not required.	Not applicable.
Loans and receivables (non-current)	Discounted cash flows.	Not applicable.
Cash, trade and other receivables and other financial liabilities (current)	Given the short term of these instruments, the carrying value is close to the market value.	Not applicable.
Other financial liabilities (non-current)	Discounted cash flows. The fair value of the long-term debts is equal to the carrying value as floating market-based interest rates are applicable consistent with the financing agreement.	Not applicable.

Cash and cash equivalents

The decrease of the cash and cash equivalents to €150.0 million (31 December 2017: €161.3) is mainly due to the dividend payment of €29.1 million, redemption of the external loans of the United Kingdom (€5.7 million) and the redemption of the bank overdrafts of ForFarmers International of €24.0 million. As a result the bank overdrafts decreased accordingly.

Exposure to commodity risk

During the six months ended 30 June 2018 the Group has entered into derivatives to hedge the risks associated with the acquisition of Tasomix (refer to Note 25). In the frame of these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied. The remaining contractual maturities of these derivatives were settled at 28 June 2018 and the payment to Tasomix has been made on 2 July 2018.

Other information

23. Commitments and contingencies

The total future minimum rentals payable under non-cancellable operating leases increased to €25.0 million (31 December 2017: €16.3 million). The increase is mainly due to increases in lease payments and extensions of rent periods of factory locations in the United Kingdom.

The other commitments and contingencies, as disclosed in the last annual financial statements, did not change materially during the six months ended 30 June 2018.

24. Related parties

During the six months ended 30 June 2018 there were no material changes in respect of the nature and size of the related parties compared with the last annual financial statements.

25. Events after the reporting date

Tasomix

Following the announcement on 20 February last, ForFarmers ('ForFarmers') announces that it is operational in Poland through Tasomix, as of 3 July 2018, as all conditions for closing the earlier announced 60% share purchase transaction have been fulfilled including approval by the competition authorities. Through this transaction ForFarmers is operational in five countries and has taken another step in strengthening its position as the leading feed company in Europe.

ForFarmers has paid PLN 242 million (currently approximately €57.1 million) in cash and has received 60% of the shares. This first payment comprises two operational mills, a new head office and an initial payment for the new feed mill under construction. A second payment ('earn-out') for this transaction (i.e. the 60% stake in Tasomix) will be made in 2021, the amount of which fully depends on specified operational targets to be delivered by the new feed mill and will be measured at fair value. ForFarmers will fully consolidate the Tasomix results in its consolidated financial statements as of 1 July 2018, but shall run the company as a true joint venture cross leveraging the strengths of both companies. The agreement includes a call and put option for the remaining 40% shares.

Tasomix, mainly active in the poultry sector, has strong management and some 250 employees. The company operates two production facilities (in Biskupice and Kaboro) with a joint capacity of approximately 450kT and is currently manufacturing its first quantities of feed in its new facility in Pionki. In 2017, Tasomix produced 402kT feed, mainly for poultry farmers, but also for ruminant and pig farmers. The head office of Tasomix is located next to the largest mill in Biskupice (south west of Warsaw). The new feed mill in Pionki (south of Warsaw) has a maximum capacity of approximately 350kT. This mill will manufacture feed for a dedicated poultry integrator, which is linked to the owners of Tasomix. The agreement has been signed. The mill will also serve non-integrated poultry farmers and pig farmers.

Tasomix provides ForFarmers access to a European market with an above average growth rate in the attractive poultry sector. In recent years, Poland has become the largest broiler producing country in Europe, serving the local market and exporting to mostly EU countries. ForFarmers sees opportunities to benefit from the expertise within Tasomix and to leverage its capabilities in Poland. This transaction is in line with ForFarmers' Horizon 2020-strategy to grow both organically and through acquisitions in Europe and surrounding regions and strengthens ForFarmers' poultry proposition.

Algoet

ForFarmers is acquiring Voeders Algoet, a feed company established in Zulte, close to the Belgian ForFarmers sites. As a result, ForFarmers strengthens its position as feed company in Belgium with the offer of Total Feed solutions.

Voeders Algoet sells around 150,000 tonnes of compound feed to swine and ruminant farmers. In the split financial year (1 July to 30 June) 2016/2017, the company generated sales of approximately €40 million with an operating result before amortisation and depreciation (EBITDA) of approximately €2 million.

ForFarmers will pay approximately 7 times Voeders Algoet's EBITDA. Closing of the transaction is expected to take place in the second half year of 2018, pending, amongst others, approval from the Belgian competition authorities. Voeders Algoet's results will be consolidated in the results of ForFarmers as of closing date. Voeders Algoet's current management and 22 staff form part of the transaction. In addition, 12 bulk trailers are included in the acquisition. As a result, ForFarmers is starting its own transport activities in Belgium. Voeders Algoet will be integrated into ForFarmers Belgium. Over time, Voeders Algoet's feed production will probably be transferred to the current ForFarmers factories in Izegem and Ingelmunster.

Maatman
ForFarmers acquires the compound feed activities of Maatman veevoeders en kunstmest VOF ('Maatman'), which is primarily active in the poultry sector but also in the ruminant sector in the Netherlands and Germany. Through this transaction, ForFarmers acquires a customer portfolio and a sales team with specific knowledge and experience.

Maatman has 16 staff members, including the current two managers who are also owners of the company. In 2017, Maatman sold 114,000 tonnes feed and fertilizer to poultry and ruminant farmers. The production of feed is outsourced to multiple parties, amongst which ForFarmers (approximately 60% of total volume). The transport activities (15 bulk tankers) of Maatman are part of the transaction.

ForFarmers is paying Maatman a price for the assets/liabilities transaction based on an enterprise value of €7 million, which amounts to an EBITDA multiple of approximately 7. Payment will largely take place at closing of the transaction and the remainder after meeting certain targets ('earn-out'). The transactions was recently approved by the German competition authorities. The activities of Maatman will be integrated into ForFarmers the Netherlands with effect from 3 September 2018.

26. Standards issued but not yet effective
New standards and amendments to standards issued but not yet effective as of the date of publication of these Group's interim financial statements are set out 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 shall adopt these standards and interpretations when they become effective and are endorsed by the European Union (EU).

IFRS 16 - Leases, effective 1 January 2019 (IASB and EU)
For lessees, IFRS 16 (issued on 13 January 2016) requires most leases to be recognised on-balance, eliminating the distinction between operating and finance leases. IFRS 16 supersedes IAS 17 Leases and related interpretations. Under IFRS 16 a lessee recognises a right-of-use asset and lease liability. The right-of-use asset is treated similarly to other non-financial assets and is depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. In addition this liability accrues interest.

The group does not intend to apply IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Furthermore, the group does not intend to apply IFRS 16 to leases of intangible assets.

Transition
The Group intends to apply the modified retrospective transition approach and as a consequence only apply the IFRS 16 lease definition to the lease contracts which at transition date comply with the IAS 17 lease definition and does not restate comparative information. The cumulative effect of initially applying IFRS 16 will be recorded as an adjustment to equity. Furthermore, the Group considers to classify on transition date all leases with a remaining lease term shorter than 1 year as a short term lease, and use the same discount rate for all leases with the same characteristics, In addition, initial direct costs will most likely not be taken into account in the measurement of the right of use asset.

Impact
The Group has completed a preliminary assessment of the potential impact on its consolidated financial statements but has not yet completed its final assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, currency developments, the composition of the Group's lease portfolio at that date, acquisition effects, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

Thus far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of land, buildings, factory facilities, company cars and trucks.

The current assessment indicates that IFRS 16 could lead to the recognition of 'Right of use' assets and lease liabilities between €18.0 million and €28.0 million.

Based on the preliminary assessment the decrease of operating expenses could be between €3.5 million and €6.0 million, which could be offset by an increase of depreciation and interest between €4.0 million and €6.5 million.

As a result key performance measures such as (underlying) EBITDA and ROACE will change, with an expected decrease of ROACE (based on underlying EBITDA) between 0.0% and 1.0% and an expected decrease of ROACE (based on underlying EBIT) between 0.5% and 1.5%.

The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified as cash flow from financing activities.

Other standards and amendments on standards

The Group has performed an assesment on the possible effects of the amendments of IAS 12 (income taxes), IFRS 2 (Share-based payments) and IAS 40 (investment property). The Group does not expect any impact on the current financial position and results and will apply these amended standards when endorsed by the EU.

Lochem, 16 August 2018