for farmers

the total feed business

ANNUAL REPORT 2014

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

Cover photo

The most important link in the transfer of knowledge on the farm is the well-trained and expert specialists and advisers of ForFarmers. They are the contact person for the customer and advise on nutritional solutions and on matters like business development and management. But also on sustainable feed concepts, like Gildehoen in the poultry sector in the Netherlands. This is a concept for slow-growing broiler chickens and was developed by ForFarmers in association with a chain partner.
On the cover an example of a Gildehoen poultry house.

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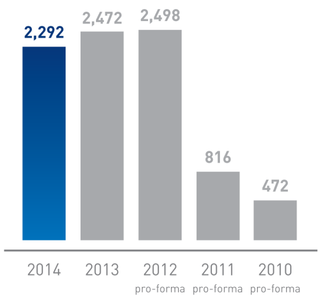
FORFARMERS IN THE PICTURE

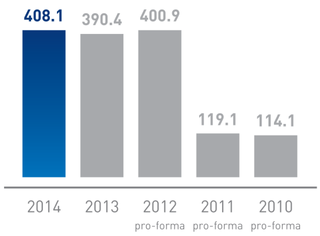
ForFarmers is an international company, active in North-West Europe, offering nutritional solutions for conventional and organic livestock farming. ForFarmers has 42 production locations for its feed activities in the Netherlands, Belgium, Germany and the UK. The company's headquarters are in Lochem (the Netherlands).

KEY FIGURES

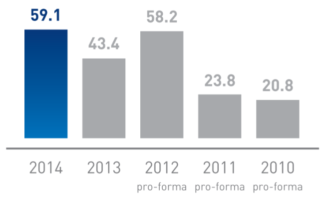
Revenue
€ x million



Gross profit
€ x million



Operating result
€ x million



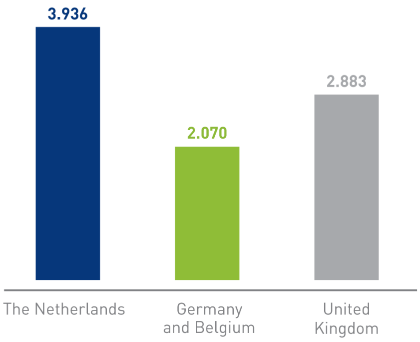
ForFarmers results

Revenue
€ 2,292 million

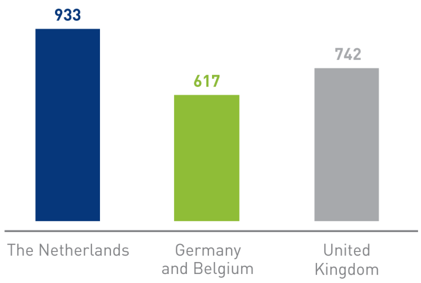
Gross profit
€ 408.1 million

Operating result
€ 59.1 million

Volume Total Feed 2014
tons x 1,000



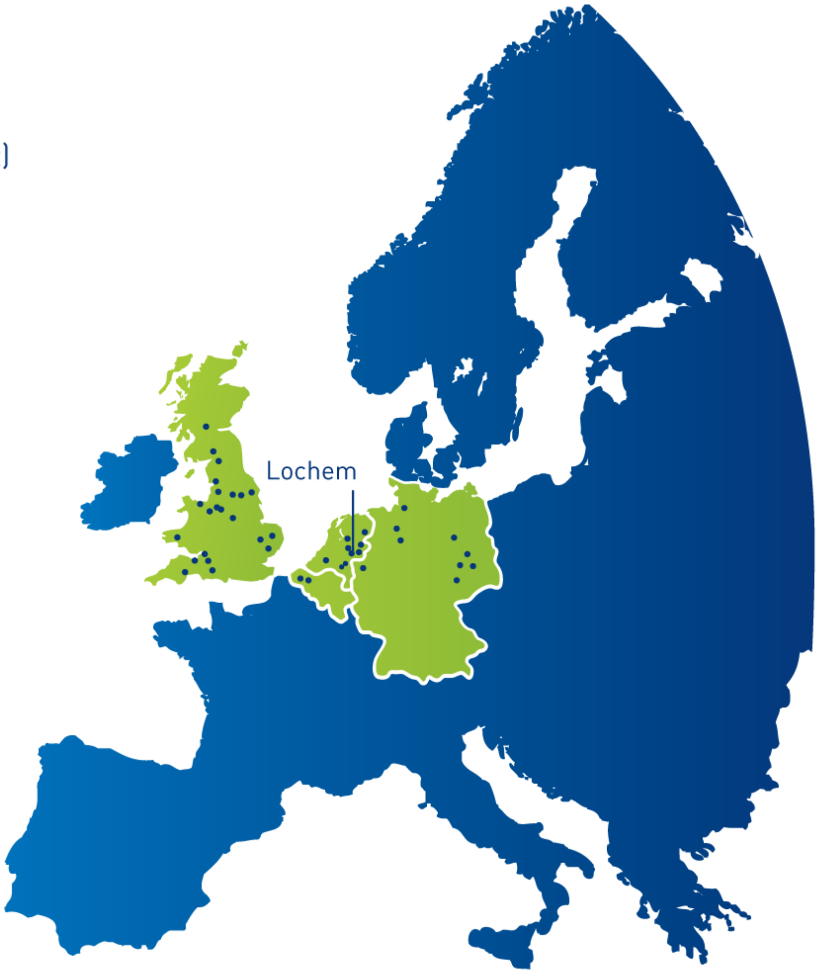
Revenue 2014
€ x million



	2014	2013
Consolidated profit and loss account (€ million)		
Revenue	**2,292.0**	2,472.2
Gross profit	**408.1**	390.4
Operating result excluding incidental items	**59.2**	45.4
Operating result (EBIT)	**59.1**	43.4
Operating result before depreciation and amortisation excluding incidental items	**88.2**	71.3
Operating result before depreciation and amortisation (EBITDA)	**88.1**	69.3
Result after tax	**39.0**	31.1
Consolidated balance sheet (€ million)		
Equity	**360.6**	338.4
Balance sheet total	**708.0**	774.5
Average capital employed	**455.7**	501.5
Net debt	**-24.1**	8.7
Cash flow (€ million)		
Net cash from operating activities	**90.1**	54.9
Acquisitions and disposals of subsidiaries	**-18.0**	73.6
Addition to intangible fixed assets and tangible fixed assets	**-25.6**	-28.8
Ratios		
Operating result before amortisation and exceptionals as % of revenue	**3.8%**	2.9%
Return on average capital employed (ROACE)	**19.3%**	13.8%
Solvency ratio (equity of the parent divided by total assets)	**50.9%**	43.7%
Key data per share (€)		
Basic earnings per share	**0.368**	0.294
Dividend per share	**0.176**	0.136
Share price at year-end	**3.73**	3.08
Other key data		
Number of outstanding shares at year-end (x 1 million)	**105.8**	105.8
Total enterprise value (€ million)	**394.6**	325.8
Number of employees at year-end (in fte's)	**2,343**	2,214

FACTS AND FIGURES

#1 in Europe
>25.000 customers
2,343 fte (fulltime-equivalent)
42 production facilities



PER COUNTRY	The Netherlands	United Kingdom	Germany	Belgium
				
Revenue*	**38%**	**32%**	**22%**	**7%**
fte (fulltime-equivalent)	**830**	**1,093**	**342**	**78**

*1% of revenue was realised in other countries

COMPANY PROFILE

ForFarmers B.V. (hereinafter: ForFarmers) is divided up into operating companies - Business Units - which are active in one or more countries. With an annual revenue of € 2.3 billion, a gross profit of € 408 million and a result after tax of € 39 million, mainly active in the ruminant, swine, poultry and horse sectors, ForFarmers is the European market leader in the feed business. ForFarmers has 2,343 employees (converted into full-time equivalents at year end).

ForFarmers wants to contribute towards a better return for customers by offering optimal animal feed solutions. With the Total Feed Business the organisation provides a complete range of products, from feed to seeds and fertilisers, so that the customer always gets the best nutritional total solution.

Together with its products, ForFarmers offers customers additional knowledge and advice in the area of feed, animal husbandry and business development, targeted towards the individual customer's objectives and his business situation. The company has broad and in-depth nutritional knowledge, which is continually increased and expanded, based on research and innovation and the market's newest insights. This combination of the best nutritional feed solution with the accompanying advice enables farmers to realise a demonstrably better return.

Sustainability as a basic principle

Sustainable business is one of the basic principles and therefore one of ForFarmers core values. This is expressed in more efficient feed production and logistics but also by the development of innovative products and animal welfare concepts which ensure that animals utilise the feed better, thus improving feed efficiency and animal health. In this way ForFarmers contributes towards economically feasible and sustainable feed production. An indispensable link in this is the ForFarmers innovation centre which works closely together with renowned research institutes, universities and strategic partners.

2014

- Examination and preparation of trading platform to public exchange
- Introduction of the new strategy Horizon 2020
- Implementation of "The Total Feed Business"
- Introduction of One ForFarmers
- Strategic collaboration with Agrifirm in purchasing seeds and fertilisers
- Strategic collaboration with Nutreco and sale of the export activities of BOCM PAULS International outside of the 4 core countries to Nutreco in young animal feed and specialties
- Acquisition of HST Feeds in the UK
- Acquisition of Wheyfeed in the UK
- Announcement of the potential acquisition of the Countrywide Farmers feed and forage activities in the UK

2014

2013 – 2012

2013:

- Finalising integration of ForFarmers and Hendrix
- Appointment of Yoram Knoop as CEO of ForFarmers

2012

- Acquisition of Hendrix (the Netherlands, Germany and Belgium) and BOCM PAULS (UK)
- Sale of majority interest in Cefetra

2007 – 2003

2007

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

2006

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

2005

Introduction of new name ForFarmers

2003

New focus on core: compound feed and commodities

2000

2000

Merger ABC and CTA to ABCTA

1896

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

1896

Incorporation of Cooperative 'Welbegrepen Eigenbelang'

HISTORY AND OWNERSHIP STRUCTURE

ForFarmers has built up a rich history during its development from local compound feed cooperative to the leading European feed company, going back to the year 1896 when one of the predecessors of ForFarmers was established. The name ForFarmers has existed since 2005, which was when Coöperatie ABCTA announced that it wanted to continue under this name in order to realise its international growth ambitions. ABCTA arose in 2000 from the merger of the East Netherlands cooperatives ABC and CTA. The main activity of these cooperatives was the purchase of raw materials and the production of livestock feed for affiliated members.

Separation of the business and cooperative

In order to grow further, the business and the cooperative were split up in 2007. The cooperative is now called FromFarmers. The equity of the cooperative will be put on name of the members of the cooperative through "feed equivalents" and the purchase of feed. This means members are individual joint owners of the ForFarmers undertaking. In this way the organisation avoided the assets of existing members being diluted because of the implemented growth strategy.

Ownership structure

Until 2006 around 80-85% of the ForFarmers customers were also members of the cooperative. The growth of the company means that as of the beginning of 2014 this is only around 15% of the customer base. Coöperatie FromFarmers as at 31 December 2014 controls 68.9% ForFarmers B.V. 31.1%, the cooperative manages directly and 37.8% indirectly on behalf of the members.
Together with the certificates of the members, the control was 74.1%. The remaining 25.9% is in the hands of third parties. FromFarmers has 6,272 members in the Netherlands, Germany and Belgium and is based in Lochem. The management of shareholdings in ForFarmers B.V. is the cooperative’s core business.

International growth

ForFarmers was already active in Germany serviced from the Netherlands, but the undertaking only acquired its first production locations in Germany and hence a greater position on the German market after the acquisitions of the Bela Groep in 2006 and BM in 2007. The acquisitions in 2012 of Hendrix (active in the Netherlands, Germany and Belgium) and BOCM PAULS (active in the UK) resulted in rapid growth. Hendrix and BOCM PAULS were both respected companies with more than one hundred years of history in the livestock feed industry. The interest in Cefetra (57.4%), a trader in compound feed raw materials, was sold in the same year. ForFarmers is reinforcing its position in the Netherlands and Germany with these takeovers, acquiring a good position in Belgium and a leading position in the UK. A number of investments and smaller acquisitions followed after 2012.

Within the scope of One ForFarmers, the approach that stands for a clear-cut manner of working and the transformation to one brand name, the organisation has chosen a powerful brand name for the entire organisation. This creates a strong and reliable image on the international market. In the UK, the rebranding of BOCM PAULS to ForFarmers was started in 2014. ForFarmers DML is the new name for Feeds Marketing in the UK and as of 1st January 2015 for FarmFeed Hedimix in the Netherlands. Rebranding of the other ForFarmers companies will be completed during 2015. In the future, the organisation will use the name ForFarmers in the Netherlands, Belgium, Germany and the UK.
The organisation will continue to use the brand Pavo for its horse feed activities, Reudink for the organic market and the name PoultryPlus for the broiler breeding market.

VISION AND CORE VALUES

The major challenge for the agricultural sector is to responsibly meet the growing demand for food by efficiently using raw materials, soil and energy. ForFarmers is an essential link in the food chain and provides an important contribution to sustainable production with the Total Feed Business. The Total Feed solutions of ForFarmers enable livestock producers to produce food in an efficient and sustainable manner, with food safety, animal welfare and the environment in mind. ForFarmers innovations and sustainable nutritional solutions strengthen the competitive position of farmers in the countries where ForFarmers is active.

ForFarmers has therefore defined its vision that the organisation aspires to be the leading livestock nutrition company in the agricultural market by supplying Total Feed solutions on farm, enabling farmers to produce high-quality meat, milk and eggs. The company's economic and sustainable solutions support farmers in optimising their business in terms of profitability, feed safety and working convenience. This makes ForFarmers an essential link in the food chain.

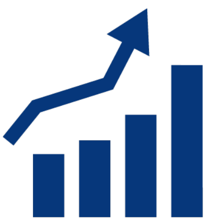
Core values

An organisation's core values say what it is about, function as a compass and form the essence of the business culture. In 2014 ForFarmers has redefined its core values. These core values - ambition, sustainability and partnership - are central to ForFarmers operations. Customers experience the effect of these core values in the attitude and conduct of the people representing ForFarmers.

Ambition
ForFarmers aims for continually higher results, both on farm level as within the own organisation. Starting points are leadership, an excellent team and excellent performances. The organisation expects its managers to function as role models, communicating the vision, encouraging their team and ensuring excellent performance of tasks and work. Recruiting, developing and keeping the best people and motivating them to perform even better as a team is crucially important.

Sustainability
'We are here to stay'. In other words: ForFarmers has a long-term orientation, based on trust and transparency. The organisation adheres to local rules and procedures and considers the welfare and safety of its stakeholders in everything it does. In addition, ForFarmers respects natural sources, by proactively promoting sustainable food production and animal welfare.

Partnership
Everything that ForFarmers does is focused on providing the best service to its customers, externally and internally. ForFarmers invests in sustainable relationships with all of its stakeholders. They are essential for long-term success.



Ambition

We drive for next level results

Sustainability

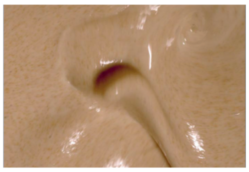
We are here to stay

Partnership

We believe in win-win

BUSINESS MODEL





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

Total Feed Business

The farmer's need for nutritionally optimal solutions is becoming broader and increasingly demands customised work. ForFarmers coordinates its products and advice accordingly and offers a complete range. The Total Feed approach, which ranges from compound feed and blends, feed for young animals and specialities, raw materials and co-products to seed and fertilisers, means that ForFarmers can offer a total solution. As a result ForFarmers can coordinate its products and advice during the entire production cycle to the farmer, which is convenient for the customer and leads to a better return.

Core activities are feed production, logistics and providing Total Feed solutions based on nutritional expertise. For all other products such as premixes, specialities, additives and seeds, the company chooses to partner with companies which specialise in these products. ForFarmers has a strategic collaboration with Nutreco for young animal feed and specialities and with Agrifirm for the purchase of fertiliser, seeds and crop protection products.

Business in a dynamic market

ForFarmers buys raw materials such as cereals, soya and maize to make feed products. The raw material market has been volatile in the last year and is dominated by globally operating suppliers of raw materials and a small number of suppliers of premixes and additives.
ForFarmers combines these materials into compound feed or concentrates and supplies it to farmers or supplies the customer with these products unmixed and unprocessed but quality controlled and accompanied by the correct feeding management advice. The latter is crucial because with the right advice ForFarmers ensures the correct use of these products in the Total Feed package for the customer.

ForFarmers works in a strongly consolidated and competitive market where the share of the top five feed manufacturers differs per country: in the Netherlands and the UK there are some large parties and the remaining share of the market is spread over a large number of small players. In Germany and Belgium the market is more fragmented.
In general, the animal feed market is currently stable. In the UK however we are seeing growth in all segments except for the ruminant sector that exhibits a stable picture.
The above, in addition to the increasing scale of agricultural companies, has set off a process of takeovers and consolidation amongst compound feed producers, causing major changes to market dynamics.

From purchase to advice

In all its activities ForFarmers continually has external factors to deal with, such as:

- Food safety;
- Volatile raw material prices;
- Legislation (for example on antibiotics use, fertiliser sales and milk quota);
- Sustainability (impact of farming on the environment, raw materials becoming scarcer, energy consumption);
- Animal health;
- Change in the genetic potential of animals and plants;
- Temporary import restrictions caused by political tensions.

Volatile sales prices for farmers, the increasing pressure from social organisations to set requirements for sustainability and animal welfare together with the growing pressure from retail on the sector to find cheaper solutions for these requirements also play a role.

ForFarmers makes appropriate considerations from purchase to advice within set boundaries to reach the optimal total solution for the farmer, so that he realises a better return; this is the essence of ForFarmers activities.

REPORT FROM THE CEO

ForFarmers wants to be the partner where nutritional total solutions are concerned. With that in mind ForFarmers is working on its transformation into the leading European Total Feed company. A number of important choices have been made this year in the Horizon 2020 strategy.

GROWTH AND PROFESSIONALISATION

The Total Feed Business means that ForFarmers supplies compound feed as well as products such as raw materials, co-products, specialities, seeds and fertilisers. The starting point is that the farmer receives a total nutritional solution, which is consistent with his objectives and business situation.

ForFarmers also collaborates increasingly with strategic partners - such as Nutreco in the field of young animal feed and specialities and Agrifirm in the purchase of fertilisers, seeds and crop protection. This is a win-win situation for all parties with the aim of providing a total package of high-quality products and advice resulting in a higher return for the farmer.

Growth

ForFarmers wants to continue to grow - autonomously under our own steam - but also through acquisitions. We strengthened our position last year, on the one hand through the Total Feed approach roll out and on the other hand by the acquisitions of Wheyfeed Ltd and HST Feeds Ltd and the announced proposed acquisition of the feed and forage business of Countrywide Farmers, all in the UK. We have also grown in the organic sector. The fact that, since October 2014, Agrifirm produces all organic feed at ForFarmers subsidiary Reudink has also contributed to this.

However, we have had to recognise that intensive livestock farming on the European continent in particular has not had an easy year. In addition there are regions of the Netherlands, the UK and Germany that encountered bird flu at the end of 2014. This was a particularly frustrating and costly matter for all involved to which the organisation responded promptly and professionally. Crisis management was excellent and the measures announced by the government to prevent the risk of bird flu spreading were responded to swiftly and suitably. During this period ForFarmers was able to continue supplying its customers.

Sustainability concepts

Animal welfare and animal health are becoming increasingly important. Therefore ForFarmers is investing in the "Gildehoen", a concept for slow-growing broiler chickens. This concept was given a huge boost in 2014 by growing interest from the retail sector. In addition, the retail sector has also introduced some interesting sustainability concepts that are in line with ForFarmers sustainability policy. By our involvement in these initiatives we have been able to further expand our leading position in animal welfare concepts.

Further professionalisation

In order to further professionalise the management of the organisation and implement the new strategy, in 2014 the Board of Directors made two appointments and a number of tasks were redistributed. Stijn Steendijk joined the management team as director of Strategy & Organisation and Steven Read as director of Purchasing, Pricing & Formulation. Nico de Vos, who used to be director of Nutrition, was made director of Operations & Supply Chain.

An important element was the One ForFarmers approach. This approach stands for a clear-cut manner of working so that the potential of the various ForFarmers companies is optimally used for customers. The use of talent throughout countries in senior and other management positions encourages mutual knowledge exchange between business divisions. This has led to knowledge and competence being more effectively and widely used, and enabling us to provide a better Total Feed solution for the customer and so doing to improve his return.

One ForFarmers is also about the transformation to one brand name for the entire organisation. This rebranding to the ForFarmers brand was started in October 2014 in the UK. This process, including the switch in the Netherlands and Belgium from ForFarmers Hendrix to ForFarmers, is planned to be completed during 2015.

Public exchange

During the General Meeting in April 2014 the shareholders approved the examination by the Board of Directors of what the advantages and disadvantages of a public listing would be. A listing on a public exchange is not an urgent matter for ForFarmers. The organisation has adequate financial resources to meet its growth objectives, also through the flexible credit facility taken out this year. The current trading platform is not very accessible for institutional investors. In order to lift this restriction, the Supervisory Board approved the announcement that the company intends to be listed on the Amsterdam Stock Exchange in 2016. A final resolution will be adopted in the shareholders' meeting in April 2016.

2014 was a year of further integration and transition, with huge steps being taken internally and externally. Together with a satisfactory financial result, the company's solid basis was further strengthened and we have a sound foundation to build on in the coming years. The dedication and involvement of all employees have been crucial for this. The Board of Directors greatly appreciates this and thanks everyone involved for their contribution and the customers for their confidence in the organisation.

Lochem, 18 March 2015

Yoram Knoop
CEO ForFarmers

MARKET

Market trends may not have changed fundamentally in recent years but an acceleration can be perceived in certain developments. The consumption of meat, eggs and dairy products has stabilised in Western Europe and there is growing interest in sustainable production, food safety and animal welfare. European laws and subsidy rules are changing such as the antibiotics reduction in continental Europe and the abolition of the milk quota. In addition, livestock farmers are encountering lower and more volatile sale prices.

Also impacted by these developments, farms are increasing in size and smaller enterprises are closing down sooner than previously assumed. These influences also result in more complex customer demand.

MARKET DEVELOPMENTS

Raw materials market

The main raw materials that ForFarmers purchases are cereals such as wheat and barley as well as sunflower, maize, soya and palm oil. Cereal co-products are also an important category, including wheat yeast concentrate, wheat starch, beer yeast and distillers grains. Another category is micro-ingredients such as vitamins, minerals and vegetable oils.

Even though harvests were good last year, raw materials are becoming scarcer. This is caused by an increasing demand for food due to a growing global population. The growing demand for biofuels, which these raw materials are also used for, also has an impact. In addition, raw material prices are volatile. It is expected that this volatility will remain high in the coming years.

Since the cost price of feed is determined for the most part by the prices that ForFarmers pays for its raw materials, the procurement process is a crucial activity. The increased scope and greater geographical spread enable ForFarmers to profit from scale advantages when purchasing raw materials but also to achieve internal efficiencies in the procurement process by sharing knowledge.

Volatility of purchase prices makes it complex to reach the right pricing of livestock feed. The knowledge and experience at the purchasing department enables ForFarmers to react to changing raw material prices and change - when needed - formulations (while maintaining performance at farm level) and try to limit volatility in its pricing in as much as possible.

The rate at which raw material prices are adjusted and translated into feed prices depends on many factors and differs per country. ForFarmers acknowledges the interest of good coordination between procurement activities and commercial sales activities. This philosophy forms one of the main aspects of risk management with regard to the procurement process at ForFarmers.

With a view to food safety, the quality of all raw materials used for livestock feed must be safeguarded. In collaboration with national and international trade associations, ForFarmers is developing standards and minimum criteria that raw material suppliers and the purchased raw materials must satisfy. The implementation of the standards and criteria is a continual process. ForFarmers is committed to this and in that respect only purchases raw materials from approved suppliers.

Farmers

The prices achieved for end products supplied by farmers are often not at the desired level because of retailer pressure. In addition, increased regulation means that farmers are experiencing continual upward pressure on costs. This can compromise the competitive position of farmers in the North-West European region compared to farmers in other regions and has led to further scale-increase in North-West Europe. In recent years the number of livestock producers has decreased by between 3% and 9% per year. However, because the average farm has also grown in size, total feed consumption is expected to remain stable in coming years.

Scale increase in the agricultural sector will continue in the next few years. The farming business is becoming more complex, structurally changing the demand for nutritionally optimal solutions. Demand is broadening and to an increasing extent requires a differentiated and even more professional approach. At the same time farmers are becoming more businesslike and more focused on increasing their return. This means the need for monitoring technical and financial results on the farm is increasing.

ForFarmers is continually investing in improving the feeding efficiency of its products so that livestock farmers can produce more milk, meat and eggs with less feed and less environmental burden.

Feed industry

Internationally speaking the feed market is extremely fragmented. In the Netherlands, the five largest feed companies together have a market share of around 75% whereas the remaining 25% is distributed over around 90 other feed manufacturers. In the UK the six largest companies have around 54% market share for compound feed and blends. In other European countries there is even greater fragmentation. The European market for feed production is characterised by increasing consolidation. Scale is a crucial factor to being competitive and leading in all regions. It also enables the organisation to make the necessary investments in nutrition and innovation and to continually train the sales organisation in order to provide farmers with the best possible nutritional solution in a world which is becoming increasingly demanding and complex is of utmost importance.

Government

In recent years, legislation with regard to sustainability and the environment has increased in all countries where ForFarmers is active. Examples include extra requirements for farmers with regard to fertiliser application, antibiotics use, animal housing and welfare. Even though these developments may affect the profitability of farmers in the short term, entrepreneurs also see the positive effects and the opportunities they offer. The resulting changes to farming practices lead to a better image for the sector and in turn also to improvement of the competitive position. ForFarmers fulfils a leading role in advising farmers and helps them with how to turn these developments into opportunities.

Retail

For retail organisations, price is an important factor in the purchase of products. In particular in the poultry sector the retailer has a dominant role in establishing the purchase price. The same applies for the swine sector although to a lesser extent. Thanks to a strong milk processing industry with better access to international sales markets this sector is better able to limit this risk. Despite this it could not prevent the recent drop in the milk price. Consequently farmers are challenged to produce at as low as possible cost price. In addition, retail organisations are encouraging the sale of products produced in their own country.

Consumers

The consumer's demand for sustainable food products is still increasing. The number of welfare-friendly products on shop shelves is growing and farmers are responding to this trend. However, the relatively high price of these products is what can make consumers decide whether to buy or not. The increasingly strict requirements made on sustainable products challenge the farmers focussing on this segment. Thanks to its nutritional knowledge, ForFarmers is able to support them in the development of sustainable concepts. An example of animal welfare initiatives where ForFarmers has worked together with chain partners is the "Gildehoen" concept in the Netherlands. This is a welfare concept for broiler chickens developed by ForFarmers in association with chain partners. Dozens of companies have joined this initiative that started in 2011 and that aims to reduce the use of antibiotics to zero. Another example is in the UK, where almost 50% of sows are housed outdoors. ForFarmers produces special feed and feed concepts adapted to the specific nutritional needs of these animals. In Belgium ForFarmers is closely involved in the 'Delhaize voor iedereen' concept, the label under which Delhaize will be marketing all its fresh pork coming from pigs receiving flaxseed in feed, in order to get extra omega 3 in the meat. Another clear consumer trend is the increasing demand for local products from the country or district. This trend is manifesting itself in several countries but in particular in the UK and Germany.

TRENDS IN EUROPE

Consumers

Short term
Increasing price sensitivity

Long term
More attention for sustainability, animal welfare and health

Retail

Consolidation/ increase of scale

More buying power, lower prices

Influencing consumers and industry in the field of sustainability and health

Processing industry

Highly fragmented:
- Less trading power to retail
- Need to add value
- Continuous pressure on prices

DEVELOPMENTS 2014

Bird flu

In November 2014, the poultry sector was affected by various outbreaks of bird flu in the Netherlands, the UK and Germany. The outbreak has been restricted to some local producers and has been contained.
In common with the entire sector, ForFarmers customers encountered the restrictive measures imposed by the government to prevent the disease spreading. ForFarmers used extra transport for the distribution of livestock feed in the areas in question which incurred extra cost in order to be able to keep serving all customers.
Sales continued to be disrupted in the first months of 2015 because supply and preparation of new broiler chicks was temporarily interrupted by these measures.

Russian import bans

In August 2014 Russia imposed a full import ban on food products from Western companies. This was in addition to an import ban imposed by the Russian authorities in January 2014. The swine sectors in the Netherlands and Germany in particular are feeling the effects of these sanctions. In these countries the self-sufficiency is high, meaning that export is important for sales. Consequently pork prices have dropped further in 2014.
The dairy sector in North-Western Europe is also feeling the effects of the full import ban. The prices of dairy products were under pressure in the second half of 2014. The effect on the poultry market is more limited since only around 7% of the entire EU export production is intended for the Russian market.

STRATEGY

In order to respond to structural market developments and trends, with 2020 in mind ForFarmers has posed itself the question: how can the organisation best prepare for developments in the markets where ForFarmers is active? The resulting strategy is called Horizon 2020.

HORIZON 2020

Horizon 2020 builds further on the foundations of 'Route 16', an important driver for the developments within the various ForFarmers companies in 2013 and 2014. Since then, the organisation has realised many objectives of Route 16. The outlook is now towards 2020 and during the last financial year the development of the new Horizon 2020 strategy was completed and a start was made on implementing plans. The new strategy focuses on further enhancing the organisation and realising its ambitions. Focus, creation of value and growth (autonomously and through acquisitions) are the keywords of Horizon 2020.

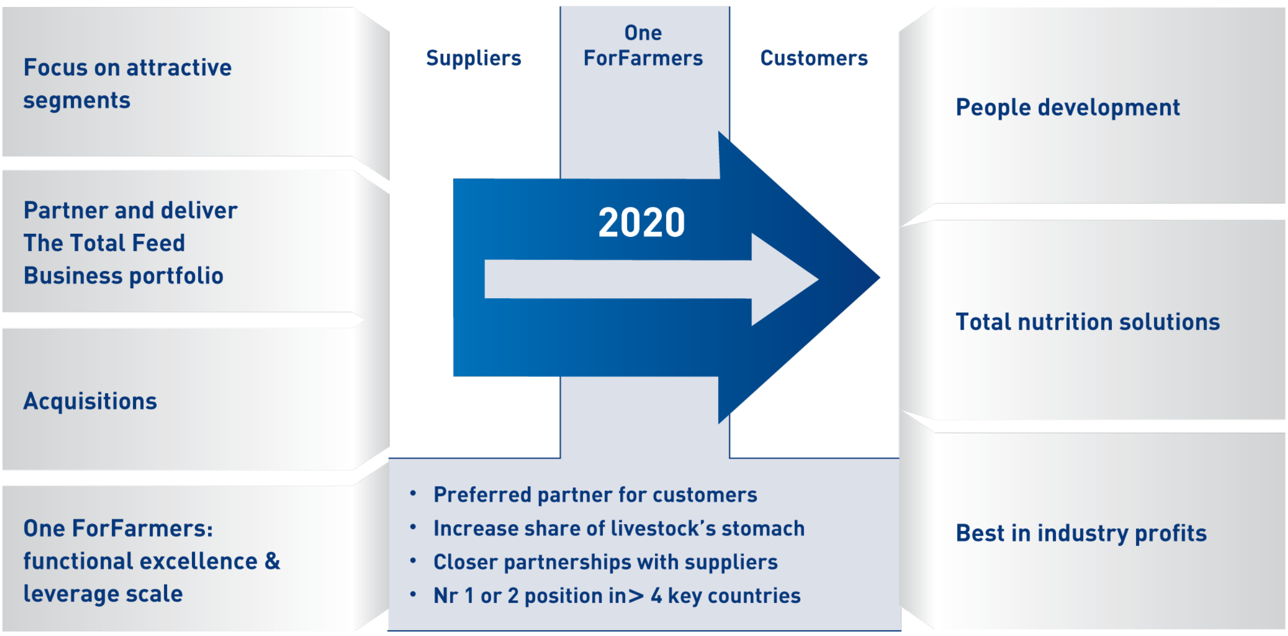
ForFarmers aspires to be the leading and most attractive feed business by offering nutritional total solutions for the farm. Sustainability is an integral part of business operations where using scarce raw materials, environmental impact and animal welfare are concerned. The organisation realises this by producing feed products in an increasingly efficient manner and, where possible, using raw materials which are co-products from the food and biofuels industry. The impact of minerals on the environment through manure is mitigated by using innovative production techniques so that these minerals and other nutrients are efficiently utilised by the animal.

This is how ForFarmers provides economically viable and sustainable products and services, which support farmers to optimise their business with regard to profitability, food safety and working convenience. This makes ForFarmers an essential link in the food chain.

Strategic direction

Horizon 2020 has determined the ForFarmers strategic course in the next few years. Choices have been made with regard to product groups and market segments with growth potential as well as to the establishment of a purposeful organisation that is able to identify market opportunities. Core values and competences, which are needed to carry out the strategy successfully have been defined. Important conditions for success are innovation, talent management and a culture focused on performance improvements and even more attention on creation of value on the farm.

THE LEADING TOTAL FEED PARTNER FOR FARMERS IN EUROPE



Strong starting point

As well as a healthy financial basis, ForFarmers has a number of strong starting points, which it can further build on. The company has powerful brands such as ForFarmers, Reudink and Pavo, and has good market positions in the countries where it is active. In addition, ForFarmers can also offer extra added value because it has specific nutritional knowledge from its Nutrition Innovation Centre as well as experts in livestock production.

In order to continue providing this added value, ForFarmers continually implements innovative programmes in order to launch new products and concepts on to the market. ForFarmers enables its employees to develop through courses and training. Cooperation with a number of strategic partners also contributes to ForFarmers strong position.

Four focal points

ForFarmers has defined four focal points in Horizon 2020:

Focus on attractive segments
Scale increase, in combination with the pressure on margins from the retail sector and increasing requirements for food safety and sustainability, leads to increasingly complex business operations in the agricultural sector. This widens the demand for nutritional solutions on the farm meaning a more customised approach for each customer segment is required. ForFarmers responds to this by taking a differentiated approach to its farmers. This means that ForFarmers coordinates its nutritional knowledge and products and services package to the size and development stage of the businesses of its farmers.

Partner in and deliver the Total Feed portfolio
The Total Feed approach is key in the strategy to serving different farmers in the right way. Based on this approach, ForFarmers provides a complete portfolio of Total Feed solutions consisting of high quality advice and products, which bring the farmer the best return. Broad and specialist knowledge is essential for providing customers with the most appropriate advice.
ForFarmers also continues to develop and expand its products and services portfolio through strategic partnerships. Exchanging knowledge is an important element of these partnerships.

Acquisitions
ForFarmers strategy in the first instance is focused on autonomous growth. ForFarmers sets itself the goal of reaching the number one or two position in all areas where it is active. In markets where this position has not yet been reached, or the business is not yet active, a choice can be made to grow through acquisitions. In this respect in the last financial year, ForFarmers acquired Wheyfeed Ltd and HST Feeds Ltd in the UK, which have subsequently been integrated and announced the proposed acquisition of Countrywide Farmers feed and forage business.
Smaller acquisitions, which accentuate specific points of the portfolio, will also be looked into. Here ForFarmers restricts itself to attractive markets in European countries and regions bordering on Europe.

One ForFarmers
ForFarmers continued the rollout of One ForFarmers in 2014. This approach is focused on further professionalisation of the organisation, a clear-cut manner of working and optimal use of scale advantages. Where possible, systems and processes are standardised. In this respect, support services such as the Nutrition Innovation Centre, Marketing and Communication have been restructured in order to work more efficiently and more process and segment focused.

The structure has also been adjusted in the German organisation: previously independently operating divisions have been combined and a new uniform working manner has been introduced. One management team has been formed that will ensure an effective national management model, more synergy in processes and the use of efficiency gains in business operations.

The management model has also been changed in the UK where logistics has been decoupled from the operational regional responsibility because it can be more efficiently controlled nationally. In addition, a sector-based approach in the area of marketing and innovation in the UK has been chosen.

The One ForFarmers approach will also mean that the familiarity and appeal of ForFarmers as a European market leader and international employer in the livestock feed sector grows. Rebranding to the ForFarmers brand was started in the second half of 2014. Rebranding will be completed in 2015.

The expected results of Horizon 2020

ForFarmers expects to be able to achieve the following results with the implementation of Horizon 2020:

- Further development of management and employees by targeted management development and training programmes;
- An optimal offer of nutritional total solutions;
- Healthy profitability, in line with the best in the industry.

RESULTS 2014

In the 2014 financial year ForFarmers showed a strong improvement of the operating result. The new strategy and emphasis on operational efficiency cast the first fruit.

FORFARMERS OPERATING RESULT € 59 MILLION

In the 2014 financial year ForFarmers showed a strong improvement of the operating result from € 43.4 million to € 59.1 million. The operating result excluding incidental items improved from € 45.4 million in 2013 to € 59.2 million in 2014 (30.3%). The operating result and the operating result excluding incidental items (1) is as follows:

(€ x million)	2014	2013	Δ	Δ%
Operating result	59.1	43.4	15.7	36.1
Restructuring costs / impairment fixed assets	2.1	2.0	0.1	
Book results sold Business Units	-2.0	-	-2.0	
Operating result excluding exceptional items [1]	59.2	45.4	13.8	30.3

[1] Exceptional items concern costs with regard to restructurings and book results on disposal and/or impairment of assets and Business Units.

The improvement of the operational result due to acquisitions amount to € 1.7 million, the effect due to foreign exchange rates to € 0.9 million. In 2014 additional costs have been incurred due to the bird flu (€ 1.0 million) as well as additional costs related to the study of and the preparation for a potential public exchange listing and the transformation to one brand ('rebranding'). In 2013 additional provisions for receivables of € 9.0 million were made.
If the above amounts are to be disregarded, there is an improvement in the operating result of € 3.2 million. This is partly realised by improved margins and partly by cost savings.

The result after tax in 2014 amounts to € 39.0 million, which is an increase of € 7.9 million (25.2%) compared to the previous financial year. The result after tax was, apart from the aforementioned effects, also affected by non-recurring charges (€ 1.5 million after taxes) due to the offsetting of interest swaps that no longer formed an effective hedge under the newly concluded funding facility of € 300 million. Due to the new funding facility the capitalised closing fees of the previous funding facility were also written off. In 2013 there was an incidental book profit of € 1.6 million resulting of the sale of the minority interest in Agrovision.

The 2014 financial year was dominated by the further international expansion through the acquisitions of HST Feeds and Wheyfeed in the United Kingdom. These acquisitions have already contributed to the profit per share in 2014. In December 2014 ForFarmers announced the proposed acquisition of the feed and roughage activities of Countrywide Farmers. The transaction requires the approval of the UK competition authorities which is currently still pending. These acquisitions are aligned with the expansion of the product and service portfolio, one of the pillars of the new strategy of ForFarmers.

Over the last 12 months ForFarmers announced the new strategy named Horizon 2020. Part of this strategy is the One ForFarmers approach, that aims to realise a more intensive cooperation within the group. Within the framework of this programme a start was made to rebrand the activities in the United Kingdom to the ForFarmers brand and this brand will be carried by all ForFarmers companies within six months.

In addition a start was made with the investment to strengthen our organisation. The professionalisation and growth in scale or our farmer customers continues and their demands consequently change. Focus on the customer proposition combined with our strong operational efficiency enables us to further expand our market leadership. During the second half of 2014 the internal objectives resulting from the tightened strategy were developed further and implemented.

2014 results compared to 2013

The sales, measured in the *Total Feed volume*, increased by 5.0% over the entire year 2014. The acquisition effect is 3.2%. This increase can be traced to the swine sector and also to the layers sector. All countries contributed to the increase of the Total Feed volume. Total Feed includes compound feed, roughages, DML (Dry Moist Liquid) and other products (f.e. fertilisers).

The *revenue* that was realised during the 2014 financial year amounts to € 2,292 million (including acquisitions of € 41.7 million), which compared to the 2013 financial year indicates a decline of € 180.2 million (7.3%), including foreign exchange effects. This decline is the result of falling prices of raw materials in 2014 that were passed on to customers.

In the past financial year the *gross profit* increased from € 390.4 million to € 408.1 million (4.5%). The effect of acquisitions amounts to approximately € 11.2 million. In addition the effect of the price development of the British Pound contributed to a higher margin of € 6.9 million. The gross profit in the United Kingdom in 2014 was affected negatively by the relatively warm weather in the first months of the financial year (approximately € 2.2 million) compared to the same period in 2013. In addition the margin was under pressure in the DML (Dry Moist Liquid) segment in the United Kingdom as the longer-term purchase prices were fixed (approximately € 2.5 million). Adjusted for these effects the gross profit increased by approximately € 4.3 million (1.1%). In the Netherlands the gross profit remained almost steady; an increase could be observed in the other countries.

In 2014 ForFarmers sold the export activities of BOCM PAULS International to Nutreco (proceeds € 1.9 million). The net proceeds from this transaction were recorded under *other operating income*. The sale of the share in Subli (proceeds € 0.2 million), which was sold to AgruniekRijnvalei as at 15 July 2014, was also recorded under this heading. The effects of these sales proceeds were adjusted in the underlying operating result excluding incidental items.

The *operating expenses* increased from € 351.5 million in 2013 to € 355.6 million in 2014. The operational costs decline by 1.0% in case of adjustment for the amounts indicated below. In both years there was a non-recurring charge of € 2.1 million (2014) and € 2.0 million (2013) as a result of the proposed closing down of a plant in Deventer and the downward valuation of land in 2013 (the effects hereof were adjusted in the underlying operating result). As a result of the acquisitions the costs increased by € 9.4 million, the currency exchange effect amounts to € 5.9 million. Adjusted for these effects the costs declined by € 11.2 million. This decline is partly due to the fact that in 2013 € 9.0 million were added to the provision for bad debts. The operating expenses also include, compared to the previous year, non-recurring costs that are related to the study of and the preparation for the potential public exchange listing as well as the additional costs as a result of the bird flu (€ 1.0 million) at the end of 2014.

The *operating result* increased to € 59.1 million compared to € 43.4 million in 2013. All countries contributed to this increase. The operating result excluding acquisitions (€ 1.7 million) and foreign exchange (€ 0.9 million) effects amounted to € 56.5 million. The underlying operating result excluding incidental recurring items improved from € 45.4 million in 2013 to € 59.2 million in 2014 (30.3%). This improvement is explained above.

The *result after taxes* increased by 25.2% to € 39.0 million. In 2014 there was an additional funding costs (net € 1.5 million) as a result of the refinancing that was completed successfully in October 2014. The result in 2013 was affected positively by non-recurring proceeds of net € 1.6 million on account of the sale of the minority interest in Agrovision.

Investments

The production facilities of ForFarmers consist of the necessary capacity to meet the market demand. In the past year investments amounted to € 24.0 million (2013: € 29.1 million) and exceeded the level of the depreciation. In the past year investments were mostly made in transport assets that were previously leased in the UK. In addition, large investment projects are on-going at the locations in Lochem and Almelo. On account of the closing down of one of the plants in Deventer, investments were made in the other plants in order to facilitate the reallocation of the volume. In addition investments were made in the normal course of replacement of production and transport assets and fitting out plants to the requirements of the production master plan. The investments for the 2015 financial year will be predominantly related to the regular replacement of production and transport assets. Through these replacements ForFarmers has the ambition of keeping its production and logistical processes at an optimal level and, where possible, improving.

Employees

In 2014 the number of employees increased to 2,343, based on fulltime-equivalent. Compared to 2013 this is an increase of 129 employees of which 124 can be explained by the acquisitions in the UK in 2014. In addition there is a slight increase in Germany, in particular due to increasing activity. ForFarmers keeps building on a world-class team in order to realise its strategic ambitions. By giving substance to the One ForFarmers way of working, investments are being made in the development of the organisation in the years to come. Further developments in the area of employees are included in the chapter Employee relations of this report.

Cash flows and funding

In the 2014 financial year ForFarmers was able to improve the cash flow from operational activities by € 35.2 million to € 90.1 million. This improvement is the result of a better operating result and an improvement of the operating capital that can be explained by the lower prices of raw materials, which results in a lower inventory position and a lower receivables level.

In addition in the 2014 financial year ForFarmers focused strongly on the control of the outstanding receivables balance, the first effects of which are already visible at the end of 2014. The total decline of the liquid assets by € 65.9 million can be explained by the refunding of the group, which took place in October 2014. With this refunding loans from banks were repaid and new loans were contracted, the net effect results in a decline of the liquid assets by € 103.0 million in 2014.

The newly concluded funding agreement has a continuous credit facility of € 300 million in multiple currencies (the 'new facility'). This new facility replaces the facilities at ForFarmers B.V. and BOCM PAULS LTD., at the value of € 120 million and £ 86 million respectively with terms up to 2015, 2017, and 2019. The agreement for the new facility, which has a term up to 31 January 2020, is unsecured and designed for general operating activities.

The new facility means a larger, more flexible and uniform funding structure for ForFarmers B.V. with favourable terms and conditions. This offers ForFarmers optimal support during the organic growth and the acquisitions with which the company intends to realise its strategy.

ForFarmers complied with the bank covenants.

The solvency of the company increased from 43.7% in 2013 to 50.9% in 2014. This increase can be explained by the increase of the net result and thus the higher equity and due to the refunding as a result of which a considerable part of the non-current loans was repaid with existing resources. This resulted in a decline of the balance sheet total. The healthy balance sheet and the liquidity position of ForFarmers make it possible that the ambitions of the focused strategy, Horizon 2020, can be realised in a responsible manner.

DEVELOPMENTS PER COUNTRY

Key figures per segment in 2014

	Total Feed volume (tons x 1,000)			Revenue (€ x million)		
	2014	2013	Δ%	2014	2013	Δ%
The Netherlands	3,936	3,880	1.4	933	1,074	(13.1)
Germany and Belgium	2,070	1,925	7.5	617	659	(6.4)
United Kingdom	2,883	2,662	8.3	742	739	0.3
Total	**8,889**	**8,467**	**5.0**	**2,292**	**2,472**	**(7.3)**

Netherlands

In the Netherlands the Total Feed volume increased slightly compared to 2013 by 1.4%. This increase is basically caused by the increase of volume in co-products (DML). The sales of compound feed declined slightly (2.1%); this took place in all sectors with the exception of the broilers sector where a slight increase can be seen. The biggest decrease took place in poultry in the layers sector; here a permanent decline of the number of animals is noted resulting in a decline in demand for compound feed. The decline of the feed use is in line with the decline in the market. In the swine sector there is still the issue of a shrinking market as a result of which a number of farmers have decided to discontinue their activities, in particular in the east of the Netherlands. As a result of the remaining pig producers increasing in size, changes in feeding systems lead to an increase in the use of home mixing and a decline in the sales of compound feed.

The gross profit remained stable and amounts to € 180.4 million. The contribution to the gross profit from the organic feed of Reudink is higher in 2014 than in 2013. This margin growth is caused by additional sales volumes resulting from the toll manufacturing activities for Agrifirm. Finally there was a good roughage and arable farming season which resulted in higher volume, mostly in the first half of 2014 compared to last year, contributing positively to the gross profit.

The sale of the share in Subli as at 15 July 2014 resulted in extraordinary proceeds that were recorded under other operating income. However, the closing down of the plant in Deventer resulted in non-recurring costs of € 2.1 million.

Germany and Belgium

Germany

With regard to Germany there was growth of the Total Feed volume (9.3%). In particular the swine and layers sector contributed to the increase in sales and the cattle sector stabilised in a declining market. In addition the sales of simple feed increased. The sales efforts that were made in the first half of 2014 form the basis for the growth in sales. The focus on specific expanding sectors also contributed to growth, in particular in the swine sector. The higher sales resulted in a higher gross profit to € 58.0 million in 2014. The positive developments at the transhipment activities of the joint venture HaBeMa also contributed to the improvement in gross profit.

Belgium

In 2014 the volume of Total Feed increased by 2.5%, in particular due to the increase of new customers in the swine and cattle sectors. The poultry sector declined in approximately the same proportions. The gross profit increases to € 24.2 million, inter alia due to the volume effect in compound feed but also due to the effect of the synergies in the area of nutritional knowledge.

United Kingdom

The Total Feed volume increased again by 8.3%, basically due to the acquisition of HST Feeds on 1 February 2014 and Wheyfeed on 1 July 2014. Excluding these acquisitions there was a slight decrease in volume of 1.7%. The swine and poultry sectors performed well in terms of volume whilst the volume in the cattle sector declined slightly. In the first half of 2014 there was a slight decrease, mostly explained by the contrasting weather conditions in the first half of 2014 compared to 2013, in the second half of 2014 there is question of an increase. In addition the margin was under pressure in the DML (Dry Moist Liquid) segment as the longer-term purchase prices were fixed. The gross profit in 2014 increased, basically due to acquisition effects and currency exchange effects. The autonomous gross profit declined slightly due to the aforementioned weather conditions and the margin in the DML segment. In the second half of 2014 additional costs were incurred as a result of the change to One ForFarmers. The costs were incurred for the 'rebranding'. Compared to 2013 the total operating expenses were lower, partly because in 2013 an additional allocation was made to the receivables provision.

In 2014 ForFarmers sold the export activities of BOCM PAULS International to Nutreco. A non-recurring income of approximately € 1.9 million derives from this transaction, which was recorded as other operating income.

Dividend proposal

It is proposed to pay out 50% of the result after taxes, adjusted for extraordinary results (e.g. book profits and taking taxes into account), as dividend. This corresponds to an amount of € 18.7 million. The proposal is to pay out € 0.176 (2013: € 0.136) per depositary receipt, an increase of 29.4%.

Special developments

In conformity with the authorisation granted by the General Meeting (GM) to appoint a new auditor the Board of Supervisory Directors appointed KPMG Accountants N.V. With effect from the 2014 financial year KPMG Accountants N.V. will perform the audit of the annual accounts of ForFarmers B.V.

Future

The current economic conditions as well as the development in legislation and regulations compel farmers in all segments that ForFarmers is active in to further professionalise. This offers opportunities to ForFarmers for further growth through segmentation in its customer approach. The expansion of the Total Feed concept also offers ForFarmers the possibility of offering a large product portfolio to both existing and new customers in the four home countries.

In the coming year ForFarmers will continue investing in the professionalisation of the organisation and the further implementation of One for Farmers to be able to increase operational efficiency. Costs will also be incurred within the framework of the rebranding.

The returns in the sectors of our customers are under pressure. These returns are influenced by:

- Export restrictions to Russia;
- Changes in consumer needs;
- Changes in legislation and regulations;
- Porcine Epidemic Diarrhoea (PED) developments in the swine segment;
- Increasing milk volumes and decreasing milk prices in the cattle segment.

The prices of raw materials will continue fluctuating in the coming year due to the uncertainty regarding world economic developments and political instability. In addition the changing flow of information relating to harvest expectations also has a considerable influence on pricing. This continuing fluctuation in the prices of raw materials will also affect the returns of our customers and ForFarmers. The exchange rate fluctuations between the British Pound and the euro may also affect the result of ForFarmers.

ForFarmers does not make any specific statements about the result forecasts for 2015. The aim is to increase the profit in the long term and to become one of the best performing companies in the industry.

SUSTAINABILITY

The urgency to improve the sustainability of the food chain remains undiminished. The world population and prosperity will increase significantly in certain parts of the world as a result of which the demand for food will also increase. By 2050 not only 9 billion people need to be fed (compared to 6 billion now) but average food consumption per person will also be considerably higher.

SUSTAINABILTY AS AN INTEGRAL PART OF BUSINESS

Sustainability affects all aspects of the business. The potential social and environmental impact of food production results in an ever more critical approach towards companies in the industry. ForFarmers also observes an increasing need amongst its stakeholders – ranging from farmers, the processing industry, consumers, employees, social organisations and shareholders – to gain an insight into the economic, social, and environmental impact of its business activities.

As a company at the heart of society, ForFarmers wants to comply with this requirement as fully as possible. Due to its role as a buyer and processor of raw materials and a supplier of Total Feed solutions to farmers, ForFarmers is in the position to play a key role in responsibly handling natural resources. Hence sustainability is one of the core values of ForFarmers.

Responsibility

ForFarmers acknowledges responsibility as a player in the food production chain to produce more and healthier food, to make less claims on (scarce) resources like raw materials, land and energy, and to actively contribute to animal welfare. ForFarmers therefore strives to positively and proactively contribute to a positive development of the industry and to limit possible adverse effects of its business operations to a minimum.

In 2014, to underline the significant importance of sustainable business operations, ForFarmers formulated, as part of Horizon 2020, sustainability objectives. The conviction is that apart from a reduction of adverse effects for the environment and a more efficient use of natural resources, a well-considered sustainable policy also contributes to operational innovations, development of new products and markets, higher motivation amongst employees, higher appreciation by customers and finally contributes to a positive image of the industry.

ForFarmers also explicitly includes the health, safety, and motivation of its staff in its definition of sustainability. ForFarmers realises that only a safe, resilient and driven organisation can attain the proposed results as formulated in its sustainability objectives. Considering the importance of sustainability to ForFarmers, the responsibility for sustainability was placed with the Board of Directors and the senior management of the organisation.

Sustainability objectives

For many years ForFarmers has been active in enhancing the sustainability of its own production process. The organisation accomplishes this through, for instance, the procurement of sustainable raw materials and reduction in energy consumption during the production and the transport of products.
Furthermore ForFarmers assists farmers to improve the

sustainability of their business via innovations that further reduce the required quantity of feed per unit of output.

Sustainabilty is one of the core values of ForFarmers. This, combined with the fact that it is also part of the Horizon 2020 strategy, ensures that sustainability has been enshrined in the business operations as one of the three core values. A structure with four key themes and measureable objectives (KPI's = key performance indicators) per theme has been created. In 2015 a start is being made to also include these KPIs in team objectives, in the performance reviews of employees and in the performance criteria of the senior management.

To implement and further expand the Horizon 2020 sustainability vision in the coming years, the Sustainability Platform was set up under the responsibility of the Board of Directors. The Platform, chaired by the Director of Corporate Affairs, consults and maintains contact with stakeholders both within and outside the company. In addition the Platform coordinates and monitors the progress of the initiatives per key theme on the basis of existing and yet to be developed KPI's and provides for reporting of the results. In the coming years these objectives will be be given more substance and tightened further.

As part of the sustainability policy, it was also decided that projects that are of a sustainable nature and comply with certain criteria may have a longer payback period than usual with ForFarmers for investments projects.

Key theme	Objectives 2020
Procurement of raw materials	- 100% sustainable soy/palm oil - Further expand leading position in use of residual products of food industry
Environment	- 10% less energy consumption (KWh) per tonne of produced feed compared to 2013 - At least 10% more kilometres per litre of fuel during transport - Improvement of feed efficiency with in average 1% per year - Reduction of zinc and copper in feed
Animal health and welfare	- Further expand leading position in special products and management programmes for animal welfare
People and society	- >70% reduction of incidents with absence with respect to 2013 - Intensification of social projects
Reporting	- Increasing trend in proper comparative reporting on social, environmental, and economic indicators - Auditable reporting

Sustainability themes

The four key themes for sustainability of ForFarmers are closely in line either with existing activities or areas where ForFarmers intends to intensify its activities. All themes are therefore close to the key activities of the company to guarantee substantial direct or indirect influence.

The four key themes are:

- responsible procurement of raw materials;
- environment;
- animal health and welfare;
- people and society.

Responsible procurement of raw materials

ForFarmers has criteria that purchased raw materials must comply with and has implemented processes that ensure that suppliers of raw materials also comply with these criteria. These criteria, based on standards of (inter☐)national alliances like the Round Tables for soy and palm oil, are for example the absence of illegal deforestation, responsible working conditions, and application of sustainable production techniques and processes. ForFarmers commits to the requirement to exclusively purchase raw materials from certified suppliers which will ensure that ForFarmers achieves its objectives.

ForFarmers objective is to purchase 100% of soy and palm oil responsibly by 2020. In the Netherlands and Belgium industry-wide arrangements were agreed for soy. These countries expect to already exclusively purchase responsibly produced soy in 2015. In the United Kingdom and Germany these kinds of industry-wide arrangements have not yet been agreed and ForFarmers actively participates in initiatives to accomplish similar arrangements.

During the production of feed ForFarmers also uses residual products from the food and biofuel industries. This way the organisation actively contributes to the efficient use of residual flows that are released during another production process.

Environment
Natural resources like land, energy and water are limited. Both costs and new regulations put pressure on farmers to use these resources efficiently. The reduction of the environmental impact at the farm therefore holds the full attention of ForFarmers.

The business operations of ForFarmers affect the environment in two ways: via the production and supply of feed but also via positive environmental effects that customers accomplish through the high feed efficiency of the feed supplied by ForFarmers. ForFarmers therefore focuses on these aspects. As far as support to farmers is concerned ForFarmers focuses on increasing feed efficiency. Thanks to the improved understanding of nutritional values of raw materials, the ration can be geared to the needs of animals ever more accurately. This usually results in better use of the feed and the minerals present therein (higher feed efficiency) and a reduction of nitrogen and phosphate in the manure of animals, which is better for the enviroment.

Like nitrogen and phosphate, zinc and copper can also have an adverse effect on the environment. Zinc and copper are, however, indispensable elements in animal feed. Via innovative production methods ForFarmers is now able to process zinc in the feed in a manner that it is better absorbed by animals. In this way ForFarmers was able to reduce the amount of zinc in feed rations in 2014. It is an example of how the company contributes to the reduction of the environmental impact of this substance

When reducing the environmental impact within its own business operations, ForFarmers has focused on the energy consumption in the production and the supply of feed. In recent years, ForFarmers has been able to reduce the energy consumption in manufacturing considerably. But the company has now taken this a step further. By 2020, energy consumption must have been reduced by 10% compared to 2013. This reduction will be realised through more efficient energy consumption during manufacturing, transport and other operating resources. To attain this goal the company will introduce specific energy objectives and implementation plans for each business unit in 2015.

Animal health and welfare
Animal health and welfare are very important to the consumer and regulations in this area are continuously tightened. However, these aspects are also crucial to the farmer and hence an important source for new markets and products. ForFarmers therefore proactively supports its customers to realise a higher health level at their company, via both feed and advice that have a positive impact on the health and life of the animals. This enables customers to achieve a higher level of health of their business, allowing animals to produce both more and live longer.

In addition, ForFarmers has a specific management approach per sector in the area of animal health that supports farmers. For instance via the Agroscoop programme which is a tool with which farmers can monitor and improve a range of financial, technical and business key indicators and can diligently monitor animal health. This approach showed that a focus on sustainability also results in a higher return.

As market leader in feed solutions in North Western Europe, ForFarmers plays a proactive role in (inter-)national initiatives that intend to reduce the use of antibiotics at farm / animal level. The Gildehoen concept, a sustainable chain concept for chickens developed by ForFarmers in association with chain partners, is a good example. Dozens of companies have meanwhile joined this initiative that started in 2011 and that aims to reduce the use of antibiotics to zero.

ForFarmers organic feed, which is offered to organic farmers under the brand name Reudink, also focuses on the enhancement of animal welfare. In this market ForFarmers occupies a leading position in Europe.

People and society
In respect to employees, health and safety are very important aspects. Besides that quality control in view of food and feed safety receives the full attention of the

organisation. ForFarmers intends to propagate its vision on sustainability more and to continue participating in social projects.

ForFarmers wants to offer its employees a safe work environment. In this context ForFarmers monitors lost time incidents (LTI's). In the previous financial year the company recorded 43 LTI's (including third parties that work for us). The objective is to reduce this by 70% by 2020. To accomplish this each employee is required to report near misses. By working safely, addressing each other on conduct, and reporting and solving unsafe situations the company works on a safer work environment and a higher safety awareness. The health and safety of employees is, after all, a condition for success, like the safety and quality of all products. The Health, Safety & Quality Department supports line management to guarantee this. Via norms, procedures, rules and annual audits, the chance of incidents, accidents and damages within the company, with employees, customers, and at other companies in the food chain is reduced to a minimum.

In 2014 HSQ performed the required risk assessments and evaluations and safety audits. In addition ForFarmers implemented a number of safety initiatives used in the United Kingdom in the Netherlands.

Another aspect within the People and Society theme is that ForFarmers intends to propagate its sustainability vision externally and participates in social projects. Some examples of projects that ForFarmers supported in 2014 are:

- *Educational project Feed on Tour:* via a guest lesson and an associated excursion to a farm in the vicinity children aged 9 up to and including 12 were introduced to farming, the feed industry and the sustainability issues that are important in the industry.

- *Big Challenge:* ForFarmers supports the BIG Challenge/Alpe d'HuZes with which funds are raised for cancer research. In 2014 the ForFarmers team also actively contributed to the success of this cycling event; a senior manager of ForFarmers is chairman of this organisation.

- *Wageningen University Fund:* since 2013 ForFarmers has participated in the Lignine Project. This project examines how, with the help of funguses, sources like straw that are difficult to digest can be made suitable for, for instance, goat feed. The application is meant for developing countries.

- *The Prince's Dairy Initiative:* ForFarmers supports The Prince's Dairy Initiative that helps small to medium-sized dairy farms in the UK to improve efficiency. The initiative, which started in 2012 with 74 farmers, has expanded to five regions in the United Kingdom. All large processors in the dairy industry also support the project. The objective is to help approximately 300 farmers via this project in the coming three years.

STAKEHOLDER RELATIONS

ForFarmers has various groups of stakeholders. Whether it concerns customers, employees, shareholders or interest groups, ForFarmers takes its social role and responsibility towards all of these groups seriously and that means an open dialogue with its stakeholders.

CUSTOMER RELATIONS

'Working together on an ever better result in an open dialogue. That is what I expect of my feed supplier.'

Sabine Grobbink, swine farmer

ForFarmers wants to be an attractive partner for agricultural businesses by making a maximum contribution to the return of agricultural companies. Feed and arable solutions with the accompanying advice from ForFarmers enable farmers to produce quality products such as milk, meat, eggs and cereals.

ForFarmers wants to stand out by offering farmers added value. That is why it continually asks itself how it can make a contribution to the farmer's return with feed and management advice. For example by increasing milk production, improving piglet vitality or the ability of the sow to raise piglets and improving intestinal health of layer hens. The improvement of soil fertility is also a key consideration.

Knowledge

As well as the quality of products and services, knowledge is a defining factor for the realisation of this ambition. In order to safeguard and further expand the knowledge level of the organisation ForFarmers has its own Nutrition Innovation Centre (NIC). There are joint ventures with strategic partners, research institutes, colleges and universities. The ensuing knowledge and new insights are then translated at a local level and applied on the farm.

The most important link in the transfer of knowledge on the farm is the well-trained and expert specialists and advisers of ForFarmers. They are the contact person for the farmer and not only advise them on nutritional solutions but also on matters such as business development and management. Farmers are also informed about new products and concepts in customer magazines, newsletters and mailshots. ForFarmers also organises regular meetings, study days and workshops with farmers and participates in (international) trade fairs.

Innovative products and concepts

Knowledge and innovation are essential for North West European farmers. As land and labour are relatively expensive in this part of the world, farmers must produce more efficiently compared to other countries, in order to be able to compete at global level. ForFarmers therefore provides its customers with innovative and distinctive products, offering the best possible value for money and associated knowledge. Constant improvements allow the organisation to help farmers with continuing to produce in an economically viable manner and subsequently realise their business objectives. ForFarmers NIC coordinates the feed innovations within ForFarmers. The NIC conducts its own research and works together with research institutes like Schothorst Feed Research (the Netherlands), ILVO (Belgium), Haus Riswick and Haus Düsse (Germany) and universities in, to name but a few, the Netherlands, Belgium, Germany, the UK and Austria. ForFarmers has entered into a strategic research and knowledge exchange partnership with Nutreco. ForFarmers is developing new products both faster and more effectively, via so-called co-innovation and co-creation with various different international companies.

Healthy animals and a reduction in the use of antibiotics were once again main themes and central focus points for customers in 2014 where the innovation and development of feeds was concerned.
A good balance between feed costs and feed quality remains a top priority. The Total Feed approach means that the ForFarmers companies provide the animals with the essential nutrients; this can be realised via complete compound feed, via supplementary products or mineral mixtures.

Examples of product innovations and concepts in 2014:

Swine sector

- Piglet vitality check and colostrum score: this approach is focussed on improving the vitality through better colostrum provision resulting from better nutrition for the sow.
- New transition feeders for sows: the nutrition for sows plays a particularly important role during the birthing period. The new transition feeders will result in fitter sows, which will be able to give birth more easily and subsequently raise the piglets themselves.
- Energy rating of fermented feed: the fermentation of swine feed is a process during which lactic acid is formed. Lactic acid is good for the swines' intestinal health. The strengthening of fermented feed is now becoming increasingly more popular as a result of the major advantages which can be realised for both the animals' health and feed utilisation. ForFarmers has mapped out the amount of usable energy for the animals, specifically for fermented feeds, allowing for better rations to be compiled in case of fermentation.

Poultry sector

- Introduction of soy free feeds: the market is demanding increased use of locally produced protein sources which can serve as a soy replacement. ForFarmers is reacting to this market demand with these new soy free feeds.
- Improvement of the feed conversion and foot pad score: chicks' healthy foot pad scores are an important aspect in the poultry sector. Both management and feed play an important role in order to achieve this. ForFarmers has developed the Forza Feetfit concept, in order to systematically improve the health of the foot pads.

Dairy sector

- Renewed feed appreciation for corn and grass in Feed2Milk: Feed2Milk is ForFarmers feed approach for dairy cattle. A large proportion of the ration for ruminants is made up of roughage (grass, corn). A good estimate of the grass and corn's nutritional value is important in order to compile an optimal ration. ForFarmers is constantly conducting research into this specific area and has recently introduced some important improvements. Feed2Milk was also introduced as a feed approach in the UK in 2014.
- Introduction of RumiBuffer and transition feeds.

Equine sector
- Pavo introduced the Pavo PodoLac grazing season in the equine sector last year. This feed provides the unborn foal with important nutrients and supports the mare's milk yield.

Market conformity

ForFarmers regularly assesses the customer experience and degree of customer satisfaction by conducting surveys. This is an objective way of measuring how the company "scores" with customers and where necessary improvement actions can be initiated.
In addition, in the Netherlands, ForFarmers works with focus groups organised by sector to understand market and customer developments. The focus groups also have the task of assessing whether products are competitive. A focus group consists of customers and representation from Coöperatie FromFarmers and meets twice a year to discuss new developments in the market and at ForFarmers.

EMPLOYEE RELATIONS

'ForFarmers is developing rapidly. But manufacturing and delivering high-quality feed for and to our customers remains our trade!'

Michel Bomer, all-round operator planning ForFarmers

ForFarmers aspires to be a valued international employer, an "employer of choice". This demands good employment practices, attention targeted on the employee and an open, informal organisation where employees can work together pleasantly and effectively.

The international work environment and the broad development options at ForFarmers are ingredients to retain good employees and attract the right people in a market with a limited supply of the desired talent, in particular in the field of nutrition. For vacancies in marketing, engineering, legal, finance, HR and IT the organisation has to look further than the agricultural sector. Employment market communication will be further detailed in 2015.

In line with Horizon 2020, the core values have been updated: ambition, sustainability and partnership. Supporting values and expectations have been formulated for each core value; specific matters on which agreements can be made with employees at annual appraisals, and so that management can effectively manage.
"Ambition" stands for leadership, world-class teams and excellent execution.
"Sustainability" covers corporate social responsibility and integrity. Following on from this, the Code of Conduct was enhanced in 2014 and all ForFarmers employees have been informed about this at the beginning of 2015. The Code of Conduct is an overview of the company principles, values and rules that apply for everyone working at ForFarmers. Matters such as business integrity and the responsibilities of both the organisation and the employee

have been included.
"Partnership" is measured by customer focus and stable long term relationships.

Talent development

In order to bring the new Horizon 2020 strategy into practice as an organisation, the One ForFarmers approach is not only concerned with a consistent manner of working and optimal use of scale advantages for the growing organisation, but also the further development and professionalisation of employees. Horizon 2020 challenges employees as to their flexibility and willingness to change, as well as to further develop themselves.

To support employees in this matter the HR department has developed an internationally applicable and clear HR development cycle: a cycle and appraisal system focused on personal development, where the employee and manager formulate objectives, define personal growth agreements and annually evaluate the progress. Through this approach, which has been in force since 2014, ForFarmers further details its employment practices and talent development. It also provides valuable information for strategic staff planning, such as follow-up policy.

ForFarmers is building a world-class team in order to realise its strategic ambitions, where attention to the personal development of employees is indispensable. The HR department is facilitating this with a number of development programmes such as a Management Development programme for senior management and a Development programme for employees with the potential and ambition to grow.

In addition, a Ruminant and Swine Academy will be started. This is a course with a modular format at both a basic and advanced level where knowledge is shared with regard to products and solutions. These development programmes will help translate the strategic objectives of the organisation to the daily working environment.

Participation

ForFarmers has the intention to introduce a share participation plan for all permanent employees. This allows employees in all countries the opportunity to participate in the success of ForFarmers. The plan offers all employees the opportunity to buy certificates of ForFarmers up to € 5,000 at a discount of 13.5%. The aim is to create a stronger bond with the organisation, and to promote personal entrepreneurship.
At the General Meeting in April 2015 approval is requested to commence with the purchase of the shares. The Supervisory Board will then decide each year whether the plan can be executed again in the new year.

Harmonisation of employment conditions

As a result of the various acquisitions in recent years, different employment conditions exist for different groups of employees at ForFarmers. In 2014 important steps were taken to harmonise the employment conditions in the Netherlands. This is a significant task because it must lead to attractive and, where possible, uniform employment conditions at a national level in the countries where ForFarmers is active. This is an essential element of good employment practice. The new regulations will be implemented systematically in the Netherlands in 2015. Furthermore, in each country ForFarmers is working on the pension schemes being as optimal as possible subject to the national tax preconditions and/or collective labour agreements.

Health, safety and quality

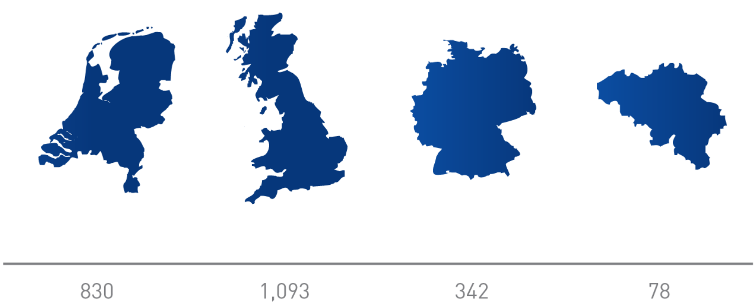
ForFarmers wants to offer employees a safe work environment. The basic principle is that employees who come to work healthy also go home healthy. ForFarmers' approach to health, safety and quality is explained in the chapter Sustainability.

Employee representation

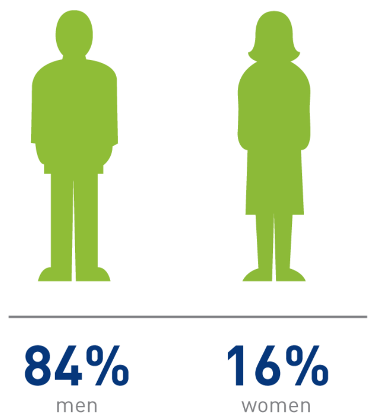
In the various countries ForFarmers has properly functioning employee representation or formal works councils who are involved in the organisation development, but who also play a critically constructive role by reviewing developments from an employee's perspective.
In the Netherlands, the integration of employment conditions was an important matter in the discussion with the works councils. Furthermore, permission was given to change from a day shift to four shifts at the Reudink production location and positive advice was given for the request for closing of the production location Deventer 4 and the related request for consent Change schedule Deventer.

A European Works Council will be organised as of 1 January 2015, consisting of delegates from the various countries. The European Works Council will meet representatives of the board of ForFarmers biannually to receive further information about strategic cross-border organisational developments.

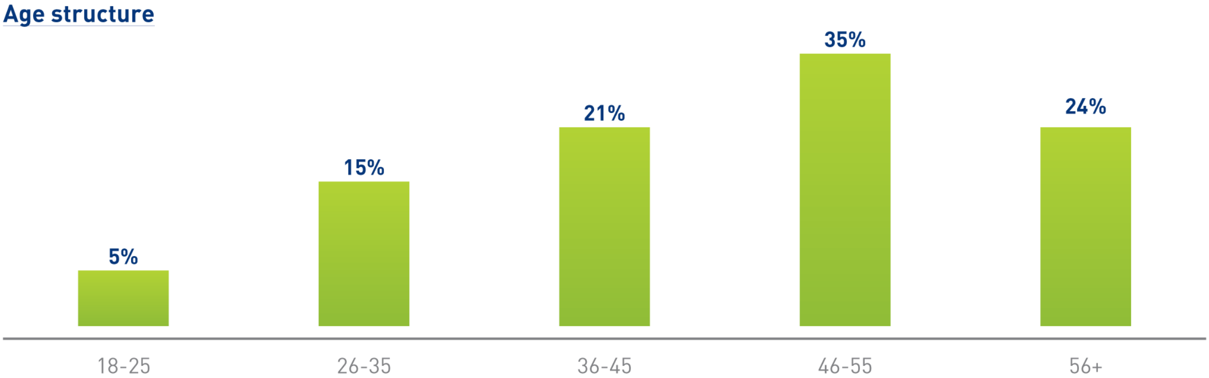
Employees per country in fulltime-equivalent at year end



Sex



Age structure



SHAREHOLDER RELATIONS

'Helping to build on the growth of the company as a member of Coöperatie FromFarmers, majority shareholder of ForFarmers, is energising.'

Arjan Schrijver, dairy farmer and member of Coöperatie FromFarmers

ForFarmers considers it extremely important to have open and good contact with its shareholders. This applies both towards members of Coöperatie FromFarmers, major shareholder of ForFarmers, as to third parties which may also act in ForFarmers certificates.

A part of ForFarmers customers in the Netherlands have a cooperative background. They are members of the Coöperatie FromFarmers, major shareholder of ForFarmers B.V. Incidentally, members do not have a purchase obligation with ForFarmers.
In 2007 ForFarmers started the Equity on Name project with the conviction that members of the cooperative should be involved in ForFarmers growth strategy. This project means that in a period of around ten years the biggest part of the collective assets (82.5%) will gradually (maximum of 10% per year) be put on name of the members of the cooperative. In 2014 the members' council resolved that approximately 17.5% of the capital will not be put on name of the members of the cooperative. The members of the cooperative can withdraw these assets in the form of certificates in ForFarmers B.V. and, since 2010, trade on a platform where third parties can also trade in certificates. It is also possible for non-members of the cooperative to participate in the development of ForFarmers B.V.

Contact with shareholders

Direct contacts with current shareholders were limited in 2014. During the year a number of one-on-one conversations were held with members of the board and these parties.

ForFarmers is also seeking contact with potential new shareholders. There were various activities focused on parties with a potential interest in purchasing ForFarmers certificates through the multilateral trading facility operated by Van Lanschot Bankiers. In addition, a meeting was organised for a number of interested investors at ForFarmers headquarters.

In 2014, the Statutory Board of ForFarmers attended the meetings of the members' council and the annual members event of Coöperatie FromFarmers. The information exchange at these meetings takes place under the preliminary conditions as indicated here below.

Lastly, each year the General Meeting is held, which all certificate holders may attend and where the annual figures are explained. Last financial year, ForFarmers also published first half 2014 figures in a press release consistent with good financial and communication practice.

Disclosure

How information is provided to shareholders is in accordance with the requirements of the Dutch Financial Supervision Act. In this way ForFarmers informs shareholders and potential shareholders punctually, simultaneously and in full about relevant developments. This is monitored by the Dutch Authority for the Financial Markets (AFM).
Price-sensitive information is distributed by means of a press release that is also published on the company's website and submitted to the AFM. The Board of Directors is ultimately responsible for assessing price-sensitive news and deciding together with the Compliance Officer and the responsible Legal Counsel whether the disclosure obligation applies.

Independent analyst reports

SNS Securities regularly publishes a report of its analysts, which discuss the developments at ForFarmers and provide independent advice to financial parties on the trade in certificates. ForFarmers aims to expand the independent provision of information to shareholders and potential shareholders through analyst reports in 2015.
At the beginning of 2015 Rabobank also published its analyst's report on the sector where ForFarmers is active, as well as on ForFarmers itself.

OTHER STAKEHOLDER RELATIONS

As a committed organisation ForFarmers maintains active dialogue with various organisations with interests or representatives in the sector in which it is active. This concerns trade associations, NGOs, retail organisations and regulators.

An important topic that comes up in the dialogue with stakeholders is sustainability. As part of maintaining these relationships, ForFarmers supports sector-wide sustainable initiatives, which lead to a combined approach by the entire agricultural sector.

Trade associations

As market leader ForFarmers is not only a member of but is also active in trade associations of producers of animal feed and suppliers of arable products in all countries where the company is active. The relevant trade associations are Nevedi (Nederlandse Vereniging Diervoederindustrie) in the Netherlands, AIC (Agricultural Industries Confederation) in the UK, DVT (Deutscher Verband Tiernahrung) in Germany and BEMEFA (Beroepsvereniging van Mengvoeder Fabrikanten) in Belgium. Initiatives undertaken by these trade associations in recent years (actively supported by ForFarmers) include the purchase of sustainable soy (the Netherlands and Belgium), sustainable palm oil (UK, Belgium and the Netherlands) and sustainable fish-meal (UK).

As well as the national trade associations ForFarmers is a member of the European trade association FEFAC (European Feed Manufacturers' Federation). ForFarmers is represented at various levels within FEFAC. The company is a member of the Sustainability Committee and of the Technical Secretariat of the Product Environmental Footprint (PEF) Pilot Study. The European Commission has made a number of proposals for the development of communal methodology to measure environmental performances of products and organisations and has set up a number of different surveys to this end. FEFAC has made a successful application for a pilot study for feed for food-producing animals as part of this EU initiative.

Non-governmental organisations (NGOs)

ForFarmers is a member of the Round Table on Responsible Soy (RTRS). In 2014 ForFarmers actively participated in a FEFAC initiative to draw up guidelines for the purchase of sustainable soy. The definitive formulation and publication of these guidelines is expected to be completed in the first quarter of 2015. In addition, in the Netherlands, ForFarmers is a partner in IDH, The Sustainable Trade Initiative. IDH's objective is to assist in making international trade chains more sustainable by entering into coalitions between companies, social organisations, authorities and other interested parties.

Retail organisations

ForFarmers maintains contacts with the Consumer Goods Forum (CGF) through trade associations such as Nevedi (the Netherlands) and the AIC (UK). This forum is a global platform for the consumer goods sector with a board consisting of 50 CEOs from its members. Its most important objectives are in the field of sustainability and food safety.

Regulatory bodies

Regulators such as Defra (Department for Environment, Food & Rural Affairs) in the UK, NVWA (Nederlandse Voedsel and Warenautoriteit) in the Netherlands and FAAV (Federaal Agentschap voor de Veiligheid van de voedselketen) in Belgium, in collaboration with the trade associations in the various countries, gave a commitment that 100% of all palm oil sourced would have to be produced sustainably at the end of 2015. The Round Table on Sustainable Palm Oil (RSPO), where ForFarmers is represented through the national trade association, has developed principles, criteria and a certification scheme for sustainable palm oil production. As well as purchase of palm oil from RSPO certified suppliers, through a specially set up platform, "GreenPalm" certificates can be purchased which guarantee that a certain quantity of palm oil has been sustainably sourced.

SHARES OF FORFARMERS

As of 2007, under the Equity on Name programme, the Company's equity has largely been transferred from the Coöperatie FromFarmers to its members. In exchange for incorporating the activities in ForFarmers B.V., Coöperatie FromFarmers U.A. in 2007 acquired 100 million of the 106 million shares issued in ForFarmers B.V.

In 2010, 100 million shares in ForFarmers B.V., which were owned by Coöperatie FromFarmers, were transferred to the trust office "Stichting Administratiekantoor ForFarmers", which issued a corresponding number of certificates.

In the period from 17 April 2014 until 14 July 2014 ForFarmers B.V. bought 250,000 of its own certificates. This purchase programme was approved at the shareholders' meeting of 15 April 2014. The certificates were purchased for an average price of € 3.29 per certificate, therefore a total of € 823,485. These purchases were part of the purchase programme announced on 17 April 2014. The purchase is for a new employee participation plan. A lock up period of three years applies until 15 April 2017. The objectives of the employee participation plan include loyalty, commitment and remuneration. It is part of the harmonisation of employment conditions for the various countries and has been approved by the Supervisory Board of ForFarmers.

Certificate holders can claim the voting rights on certificates at the trust office. The cooperative can claim unlimited voting rights for the certificates that it owns. For the other certificate holders this is capped at 5% in principle. The Supervisory Board of ForFarmers can decide to raise this percentage to a maximum of 15%.

Trading platform

As of 8 November 2010 it has been possible for members and external parties to trade in certificates through a multilateral trading facility. F. Van Lanschot Bankiers N.V. operates this trading platform and has a permit from the Dutch Authority for the Financial Markets (AFM). Members of the Coöperatie FromFarmers as well as third parties can trade in certificates of ForFarmers B.V. on this trading platform. In 2014 there were 2,962 transactions in certificates. A total of 16,249,920 certificates were traded in these transactions (based on double counting). This means an average of 66,872 certificates per day. In its role as liquidity provider, SNS Securities N.V. is obliged to support the trade in certificates of ForFarmers on its trading platform by issuing permanent purchase and sale orders. In order to make this possible ForFarmers B.V. has made a total of € 5 million available. The SNS operation as liquidity provider is fully independent of the company and it must adhere to the guidelines of the AFM.

Potential transition of the trading platform to a public exchange

ForFarmers is aiming to reach a broader investment public by a public exchange listing. The public exchange is known to all investors and easily accessible. By listing on a public exchange the ForFarmers shares can acquire a realistic market value over time. There are more potential investors who can act on a public exchange (for example institutional investors). A potentially greater demand for certificates makes price-setting less dependent on the number of interested parties that may only act on the trading platform. This is important for the current certificate holders. This is expected to lead to a more balanced price development.
Furthermore, ForFarmers is more visible to investors on the public exchange and has more options for attracting capital and raising liquidity (quantity of transactions). At this time ForFarmers has no need to raise extra capital to fund the Horizon 2020 ambitions.

In the General Meeting of April 2014 the certificate holders gave consent to the Board of Directors and Supervisory Board to further examine and prepare a transition to the trading platform of the public exchange. Furthermore, the shareholders approved the articles of association in which a number of protective measures have been laid down to prevent a hostile takeover by third parties.

These protective measures are:

- *Oligarchic rights:* this concerns provisions in the articles of association of ForFarmers B.V., which assign certain special rights to the Executive Board, the Supervisory Board and/or holders of special shares (priority).

- *Priority shares:* this means that Coöperatie FromFarmers has and will retain control over important issues, such as:
  - The cooperative has a right of recommendation for four of the six Supervisory Board members of ForFarmers B.V. With a stake of less than 50% the cooperative has this right for three of the six Supervisory Board members;
  - As long as Coöperatie FromFarmers has more than 50% of the voting rights it will also have the control right over how the role of the Chairman of the Supervisory Board of ForFarmers B.V. is detailed;
  - Issues of new shares must be approved by 75% of the Supervisory Board.

The priority share expires as soon as the voting right of the cooperative drops below 20%.

- *Protective preferential shares:* these protective shares must prevent a hostile takeover, as well as any undesired change to the company structure. In summary, a new, independent foundation is to be set up, with an independent board, which will have the ability to obtain and exercise, on a temporary basis (up to two years) a majority of the voting rights at the General Meeting. This will work through the ownership of the protective preferential shares issued.

A final decision on the move from trading platform to a public exchange must be made at a General Meeting of ForFarmers B.V.

Breakdown of certificates issued as per 31 December 2014

	31-12-2014		31-12-2013	
Total number of certificates	106,261,040		106,261,040	
Held by ForFarmers	466,210		466,392	
Number of certificates issued	**105,794,830**		**105,794,648**	
Coöperatie FromFarmers U.A.	32,890,993	31.1%	40,044,544	37.9%
Participation accounts of members	40,003,655	37.8%	38,398,806	36.2%
Coöperatie FromFarmers U.A. (directly)	**72,894,648**	**68.9%**	**78,443,350**	**74.1%**
Certificates of members	5,540,904	5.2%	4,759,820	4.5%
Coöperatie FromFarmers U.A. (indirectly)	**78,435,552**	**74.1%**	**83,203,170**	**78.6%**
Certificates in lock-up	301,834	0.3%	135,911	0.1%
Other certificate holders	27,057,444	25.6%	22,455,567	21.3%
Total	**105,794,830**	**100.0%**	**105,794,648**	**100.0%**
Coöperatie FromFarmers U.A. (directly)		68.9%		74.1%
Coöperatie FromFarmers U.A. (indirectly)		74.1%		78.6%

As at the end of 2014, Coöperatie FromFarmers held, including the voting right on the certificates of the members, 74.1% of the control in ForFarmers B.V.

Financial calendar ForFarmers

24-03-2015 Publication annual figures 2014
17-04-2015 General Meeting
20-04-2015 Ex-dividend date
24-04-2015 Payment of Dividend
28-08-2015 Publication half year figures 2015
22-03-2016 Publication annual figures 2015
15-04-2016 General Meeting
26-08-2016 Publication half year figures 2016

General Meeting

The General Meeting will be held on 17 April 2015 at the venue "Witkamp" in Laren (Gld).

Dividend proposal 2014

The General Meeting on 17 April 2015 will be asked to approve a proposal to pay out a dividend of € 0.176 per share of € 1.00 nominal (2013: € 0.136). This corresponds to a payout ratio of 50% of the normalised result after tax.

ForFarmers dividend policy is to pay a dividend of between 40% and 50% of the result after tax, adjusted for extraordinary results (such as book profits, and taking taxes into account) minus the difference between dividends received from non-consolidated interests and the dividend percentage for the company as a whole. This method takes the strategy and a healthy balance sheet structure into account. Within these principles, ForFarmers B.V. aims for a stable development of the cash dividend paid to its shareholders.

Closing rate certficates as per day

GOVERNANCE

The Board of Supervisory Directors (the 'Board') reflects on a dynamic 2014. In this report the Board explains how substance was given to the supervision and how the Board of Directors was assisted in work and deed. The most important items with respect to content that the Board was involved in this year are also discussed.

REPORT FROM THE BOARD OF SUPERVISORY DIRECTORS

Supervision

The discussions within the Board mostly took place on the basis of presentations by the Board of Directors, various external advisors, and input from various stakeholders. In order to prepare the agenda items, topics were often reviewed in advance in a meeting of one of the committees. During the meetings, the Board was informed by the Board of Directors about strategic developments, investment proposals, financial results, organisational developments, operational progress and specific market trends.

Strategy

Horizon 2020

During the financial year the Board was closely involved in, and agreed with, the new strategy Horizon 2020. The Board concludes that the implementation of the strategy is already in full swing. It supports the Board of Directors in the tightening of the positioning of the business model in order to anticipate trends in the market and the associated changing needs and wishes of farmers.

Strategic partnerships

In 2014 ForFarmers entered into several strategic partnerships. The conclusion of partnerships forms an important component of the strategy in terms of the expansion of the product portfolio and the utilisation of production capacities. The decision regarding the choice of the strategic partners was discussed extensively with the Board of Directors and the Board was actively involved in the preparations of these transactions.
In the second half of the year ForFarmers Business Unit Reudink started manufacturing organic feed for Agrifirm. In addition, in November the existing strategic cooperation agreement with Nutreco in the area of the purchasing of premixes, additives, and specialties was renewed. Through this renewed partnership cooperation has become even more intensive in the area of research, innovation and the marketing of high-quality nutritional products. Finally, in December ForFarmers joined forces with Agrifirm in the area of the purchasing and knowledge of fertilisers, seeds, and crop protection.

Acquisitions

During 2014 ForFarmers conducted various acquisitions in the United Kingdom: HST Feeds and Wheyfeed. The proposed acquisition of the feed and roughage sector of Countrywide was also announced. These acquisitions were discussed extensively with the Board and the latter gave its consent to the same. Acquisitions form an important component of the strategy of ForFarmers. In the countries where ForFarmers is active the company pursues a number one or number two position.

Possible transition to a public stock exchange

In 2014 the Board gave consent to the Board of Directors to start an exploratory study and preparation of the possible transition from the current trading platform to the public stock exchange. This was subsequently approved by the shareholders in the General Meeting of April 2014. During the financial year the Board was closely involved in this matter and discussed this with the board of directors and various external advisors. The outcome of the study will be presented at the shareholders' meeting of April 2015.

Reinforcement of the Board of Directors and management

In the year under review the Board proposed an expansion of the Board of Directors under the articles of association to the General Meeting (GM). After Yoram Knoop took office as CEO of ForFarmers on 1 January 2014, Jan Potijk and Arnout Traas were subsequently, in conformity with the nomination of the Board, appointed to the Statutory Board of Directors under the articles of association at the General Meeting of 17 September 2014.

The Board was also involved in the expansion of the Board of Directors from 6 to 8 members and a reallocation of the duties in order to steer and give substance to the new strategy of the company in a more specific manner. For instance, Nico de Vos was appointed as Operations & Supply Chain Director (previously CNO). Steven Read, previously Business Director of ForFarmers UK, was appointed as Purchasing, Pricing & Formulation Director, and Stijn Steendijk started as Strategy & Organisation Director. The COOs focus on the business units and the other members of the Board of Directors manage the executive departments. This expansion enables a flat organisational structure and a more unequivocal way of working.

In 2014 the Board held evaluation interviews with all members of the Board of Directors. Two members of the Board met with one member of the Board of Directors. The conclusions from these meetings were discussed in the plenary Board.

Funding and financial reporting

In October, to replace existing facilities, the Board of Directors concluded an agreement with a consortium of banks for a continuous credit facility of € 300 million in various currencies. This new facility results in a larger, more flexible, and more uniform funding structure for ForFarmers with more favourable terms and conditions than the previous facilities. The Board assessed and approved the proposals for the new facility. In addition, the Board received internal financial reports and these were elucidated and mutually discussed in the meetings by the Board of Directors. The Board also assessed the 2013 annual accounts and the 2014 semi-annual report.

Other subjects

The delivery of sustainable performance is part of the strategy. This involves business practices with respect for people, the environment and the surroundings. ForFarmers does this by offering innovative nutritional solutions. The objectives in the area of sustainability were established in Horizon 2020. These objectives were assessed and endorsed by the Board. The delivery of sustainable performance is also related to the manner that ForFarmers handles safety and the development of employees. During the year the Board was informed of the management development programme and the development of the senior management at ForFarmers. In addition the members of the Board were present at one of the management conferences.

In 2014 the Board was closely involved in the appointment of KPMG as the new auditing accountant. The selection took place on the basis of a tendering procedure in the course of which potential candidates presented their international expertise, industry knowledge, and knowledge of the agricultural sector. The Audit Committee prepared the selection. On the basis of this preliminary selection the Board adopted its unanimous resolution. It was authorised to do so by the General Meeting.
The Board discussed the conclusions of the Audit Committee regarding the (internal) risk management systems and the most important risks that ForFarmers is confronted with. The Board endorses and supports the internal risk management system as described in the risk management part of this report.

The Board supports the development to create an ever-clearer division between the activities of the company and those of the cooperative. The cooperative does, however, remain an important depositary receipt holder for ForFarmers and plays an important role in the General Meeting of the company in that capacity. The General Meetings that ForFarmers held, in April and September respectively, were prepared by the Board in its regular meetings.

COMPOSITION AND MEETINGS OF THE BOARD OF SUPERVISORY DIRECTORS

From left to right: Cees van Rijn, Jan Markink, Sandra Addink-Berendsen, Jan Eggink, Henk Mulder, Vincent Hulshof

Board of Supervisory Directors

In 2014 the composition of the Board changed. During the meeting of the Board in May the resolution was adopted to appoint Mr Jan Eggink as the new chairman of the Board. Mr Eggink succeeded Mr Jan Markink who became vice-chairman effective as of that date. In addition, in its role as priority shareholder, Coöperatie FromFarmers nominated Mr Vincent Hulshof on account of the resignation of Mr Hajé Nordbeck earlier in the year. Mr Hulshof was appointed during the General Meeting of 17 September.

The Board now has the following composition:

Cees van Rijn

(1947, Dutch national)

Member of the Board of Supervisory Directors since 2012 and is eligible for re-election in 2016. Within the Board he is chairman of the Remuneration Committee and member of the Audit Committee. Mr Van Rijn is supervisory director at Incotec Group B.V., Detail Result Groep N.V., Plukon Food Group B.V., Vion Food Group and FloraHolland. He is also supervisory officer at the Leiden University Medical Centre and member of the Board of the Foundation Continuity SBM Offshore. He is also a member of the Public Interest Committee of PwC Accountants.

Jan Markink

(1954, Dutch national)

Swine farmer, member of the Board of Supervisory Directors since 2000 of which he was the chairman from 2002 up to 2014. He participates in the Audit Committee, the Nomination Committee, and the Remuneration Committee. He retires from office in 2015. Mr Markink is a member of the Provincial Executive of Gelderland, chairman of the Board of Supervisory Directors of the Accon AVM Group, and member of the Supervisory Board of 'Het Assink Lyceum'.

Sandra Addink-Berendsen

(1973, Dutch national)

Cattle farmer, member of the Board of Supervisory Directors since 2010 and is eligible for re-election in 2018. Within the Board Mrs Addink-Berendsen is chairwoman of the Audit Committee. Mrs Addink-Berendsen is a member of the Board of Supervisory Directors of Royal FrieslandCampina N.V. and member of the Board of Directors of Dairy Cooperative FrieslandCampina U.A. In addition she is the treasurer of the Foundation Hessenheemfonds.

Jan Eggink

(1959, Dutch national)

Cattle farmer, member of the Board of Supervisory Directors since 2002 and chairman since May 2014. Within the Board he is chairman of the Nomination Committee. He retires from office in 2018. Up to 1 August 2014 Mr Eggink was a member of the Board of Supervisory Directors of Rabobank Graafschap-Noord.

Henk Mulder

(1947, Dutch national)

Member of the Board of Supervisory Directors since 2010, re-elected in 2014, and eligible for re-election in 2018. Within the Board he participates in the Nomination Committee. Mr Mulder is chairman of the Board of Supervisory Directors of Plukon Food Group B.V., member of the Board of Directors of Lion/Mustard B.V., and Supervisory Director at Toeca Holding BV.

Vincent Hulshof

(1962, Dutch national)

Swine farmer, member of the Board of Supervisory Directors since 2014 and eligible for re-election in 2018. Mr Hulshof is also a member of the Board of the Cooperative Topigs.

Effective from 1 January 2014 Messrs Eggink and Markink are tasked with the management duties of Coöperatie FromFarmers U.A.

Members of the Board of Supervisory Directors are also members of the Board of Stichting Administratiekantoor ForFarmers (‘ForFarmers Office Foundation’).

The composition of the Board of Supervisory Directors and of the Board of Directors does not conform to the target percentage of at least 30% women within the meaning of section 276 of Book 2 of the Dutch Civil Code. The organisation pursues a proper distribution of men and women. At the moment ForFarmers does not comply with this aim yet. In the future the organisation will take this aim into account upon the intake of new candidates.
At the meeting of the Supervisory Board of March 18, 2015 it was decided to adopt the Supervisory Board retirement schedule.

Meetings and presence

In 2014 the Board met in plenary meetings on seven occasions. These meetings of the Board were always held in the presence of the Board of Directors. There were two meetings by telephone. The Board of Supervisory Directors was present in full during all meetings, barring during two meetings during which 1 member was not present but did take note of the items on the agenda and had communicated his standpoint prior to the meeting. In addition the Board met five times without the Board of Directors as outlined in the meeting schedule. Finally the respective members met in the three committees (see next page).

Self-evaluation

At the beginning of 2014 a self-evaluation exercise was carried out. This exercise was supervised by an external advisor. The composition and the scope of the Board and of the various committees, the profile of the members, and the mix of experience and background were examined. Items that were discussed during the evaluation were the performance of the Board and the role of the Board in the build-up to the possible public stock exchange listing. The findings of this evaluation, and in particular the future role of the chairman of the Board, were discussed in a separate meeting of the Board and the advisor.

Retirement schedule Supervisory Board

Name	Year last appointment	Eligible for re-election in	Retiring at the latest in
J.W. Eggink	2014		2018
J. Markink	2012		2015
J.W. Addink-Berendsen	2014	2018	
H. Mulder	2014	2018	
C.J.M. van Rijn	2012	2016	
V.H.M. Hulshof	2014	2018	

COMMITTEES OF THE BOARD OF SUPERVISORY DIRECTORS

Audit Committee

In 2014 the Audit Committee met ten times. The committee discussed the 2013 annual accounts, the 2013 annual report, the 2014 half-year figures, relevant press releases, the Management Letter, and the 2014 internal and external audit plan extensively with the Board of Directors and the external auditor.
In the months of May up to and including July the Audit Committee met four times within the framework of the selection of the new auditor. The selection criteria were determined in the first meeting, which were subsequently adopted by the Board. The decision-making with regard to the external auditor took place by the Board. After the selection the definitive audit approach was agreed on with KPMG.

The Audit Committee met twice with the leaving external auditor EY without the presence of the Board of Directors. In addition a meeting with the new auditor KPMG took place in November. During the year the staffing of the finance department was discussed, amongst other items, in the light of a possible transition to a public stock exchange. The company conducted an analysis of the differences between the current accounting principles and the IFRS accounting principles.

Selection and Nomination Committee

In 2014 the Selection and Nomination Committee met four times. The committee prepared a profile for the vacancy that occurred as a result of the departure of Mr Nordbeck; this profile was established by the Board and discussed with the members' council of Coöperatie FromFarmers. The committee held interviews with several candidates and recommended Mr Hulshof to the Board, who was recommended by Coöperatie FromFarmers on the basis of the right vested in the same. The Board approved this nomination. On 17 September Mr Hulshof was appointed in the General Meeting as member of the Board of Supervisory Directors of ForFarmers B.V.
In September 2014 the Board recommended two candidates, Mr Arnout Traas and Mr Jan Potijk, for appointment by the General Meeting as Statutory Director under the articles of association. In addition the committee held interviews with all individual members of the Board of Directors and there was positive interim evaluation with CEO Yoram Knoop.

On the proposal of the committee, the Board prepared a profile for the succession of Mr Markink as member of the Board whose term expires in 2015. The Nomination Committee discussed this profile with the members' council of FromFarmers after which the members' council of Coöperatie FromFarmers recommended potential candidates. The Nomination Committee was responsible for the preparation and held the interviews with the candidates. Mr Wunnekink, who was recommended by Coöperatie FromFarmers on the basis of the right vested in the same, was recommended to the Board. The Board approved this nomination. Mr Wunnekink is proposed for appointment as member of the Board of Supervisory Directors of ForFarmers B.V. during the General Meeting of 17 Aril 2015.

Remuneration Committee

In 2014 the Remuneration Committee met twice. In addition a number of conference calls were held. During this financial year the remuneration policy for the Board of Directors was established by the Board of Supervisory Directors after preparatory activities by this committee.
The Board of Directors harmonised the remuneration principles for senior management with the Remuneration Committee. The short-term and the long-term bonuses for the Board of Directors are part of this remuneration policy. The bonus targets for the Board of Directors for both 2014 and 2015 were established. This also applies to the long-term bonuses for the Board of Directors (a period of three years). The remuneration policy and the bonus schemes were discussed and approved by the plenary Board. The Remuneration Committee discussed the realisation of the board bonuses stipulated in 2013 with the Board of Directors and established the bonus amounts. The Board approved the established bonus amounts.
The Remuneration Committee discussed the 2014 share participation scheme for senior management. This scheme offers the senior managers the possibility of dedicating a maximum of 70% of the gross short-term bonus amount to

the purchase of depositary receipts for ForFarmers shares. The price at which it is possible to purchase is the closing price of the first trading day of ex-dividend listing. This purchase can take place at a discount of 20%. A lock-up period of three years also applies to these depositary receipts for shares. This scheme was proposed to the Board by the Remuneration Committee and approved by the Board. The General Meeting approved the purchase of the shares for the benefit of this scheme in April 2014.

In 2014 a share participation scheme for all employees in addition to the senior management participation scheme was discussed. The Board approved the principles of the schemes. The price at which the depositary receipts can be purchased for the senior management programme is the average closing price of the first five trading days after ex-dividend listing. The plan for all employees offers the possibility of purchasing depositary receipts for ForFarmers shares to a maximum of € 5,000.00 at a discount of 13.5%. A lock-up period of three years also applies to this scheme. The price at which the depositary receipts can be purchased for the all employees programme is the average closing price of the first five trading days as from 1 June 2015. This scheme will first be implemented in 2015. The Board of Supervisory Directors will then each year decide whether the schemes can again be implemented in the new financial year. The purchase of the necessary shares is proposed to the General Meeting of 17 April 2015.

Committees

J.W. Addink-Berendsen	Audit Committee (chairwoman)		
J.W. Eggink		Nomination Committee (chairman)	
J. Markink	Audit Committee	Nomination Committee	Remuneration Committee
H. Mulder		Nomination Committee	
C.J.M. van Rijn	Audit Committee		Remuneration Committee (chairman)

Activities of the Board outside the meetings

Outside the meetings there has been ample contact between the chairman, the other members of the Board and the Board of Directors about the various items.

Management conference
In October ForFarmers held a conference for the senior management in Noordwijk. During this conference the tightened strategy was presented in the presence of the plenary Board. The Board discussed ForFarmers in a broader context and long-term developments with the broader management. Items that were discussed included the trend towards scaling-up of customers and synergy advantages that can be realised through internal centralisation.

Works Council
The two-tier board structure was passed on to ForFarmers Netherlands B.V. in 2014. On the recommendation of the Works Council Mr Nordbeck was appointed supervisory director there. ForFarmers B.V. does not have a Centralised Works Council.

Education
In 2014, within the framework of the ongoing education of the entire Board, the Board of Directors held a presentation about the market developments in the sector. In addition an external expert informed the Board extensively about the proposed transition to a public stock exchange. In addition various members of the Board participated in courses at various organisations.

Annual accounts and dividend

The Board discussed the 2014 annual report with the Board of Directors and the external auditor (KPMG), approved in the meeting of 18th of March 2015. KPMG issued an unqualified audit opinion. On 17 April 2015 the annual accounts will be proposed to the General Meeting for adoption.

The dividend for 2014 that is proposed is in conformity with the applicable dividend policy of ForFarmers and amounts to € 0.176 per share (pay-out ratio of 50% of the qualifying net profit). The dividend will be made payable on 24 April 2015.

In conclusion

Under the supervision of the Board of Directors and other managers and with the dedication, knowledge, and commitment of all employees good progress was made in 2014. This goes hand in hand with the positioning and strategy of ForFarmers as tightened in the past year, which benefits both our customers and our shareholders.

We thank the Board of Directors, the employees, and the works councils for their dedication and commitment and we are convinced that with Horizon 2020 ForFarmers has a bright future ahead.

Lochem, 18 March 2015

The Board of Supervisory Directors

J.W. Eggink (chairman)
J. Markink (vice-chairman)
J.W. Addink-Berendsen
V.H.M. Hulshof
H. Mulder
C.J.M. van Rijn

COMPOSITION OF THE BOARD OF DIRECTORS

From left to right: Steven Read, Nico de Vos, Arnout Traas, Yoram Knoop, Iain Gardner, Ronald van de Ven, Stijn Steendijk, Jan Potijk

Composition of the Board of Directors

To guarantee the continuity in the decision-making within the organisation, the Statutory Board of Directors under the articles of association of ForFarmers B.V. was expanded from one to three persons: Yoram Knoop (CEO), Arnout Traas (CFO) and Jan Potijk (COO). This was resolved in the shareholders' meeting of 17 September 2014.

In 2014 two new members were added to the team of the Board of Directors of ForFarmers B.V. This resulted in HR, marketing, innovation, communication, purchasing, pricing, formulation, and operational excellence being represented at board level. This was necessary to guarantee the relationship between all the companies that jointly form ForFarmers and to be able to realise the growth ambition of ForFarmers in a responsible manner.

General Manager (CEO)

Yoram Knoop (1969, Dutch national), employed by ForFarmers since 2013 and CEO of ForFarmers B.V. since 1 January 2014. He is part of the Statutory Board of Directors under the articles of association and is also chairman of the Board of Directors. As CEO of ForFarmers he is ultimately responsible for all strategic and operational affairs. His employment is for a fixed term up to the general meeting in 2018, with the option of renewal of the agreement. On account of his position he is a member of the Steering Group of FEFAC.

Finance Director (CFO)

Arnout Traas (1959, Dutch national), employed by ForFarmers as the Finance Director since August 2011 and member of the Statutory Board of Directors under the articles of association since 17 September 2014. He is responsible for Controlling / Administration, Information Technology, Legal Affairs, Risk Management and M&A. His employment is for an open term.

Director (COO)

Jan Potijk (1958, Dutch national), employed by ForFarmers since August 1983 and a member of the Board of Directors since July 2000. He has been a member of the Statutory Board of Directors under the articles of association since 17 September 2014. His current position is Director and in this role he is responsible for the activities of ForFarmers in the Netherlands, ForFarmers DML, Pavo and Reudink. His employment is for an open term. On account of his position he is a member of the Board of Directors of Nevedi and Foundation Gezinsbedrijf Plus.

Director (COO)

Ronald van de Ven (1961, Dutch national), since August 1983 employed by one of the predecessors of ForFarmers in the Netherlands and since April 2012 employed by ForFarmers and member of the Board of Directors. As Director responsible for the activities of ForFarmers in Belgium and Germany. His employment is for an open term. On account of his position he is a member of the Board of Directors of the DVT (Deutsche Verband Tiernahrung E.V.).

Director (COO)

Iain Gardner (1962, British national), since March 1988 employed by the predecessor of ForFarmers in the United Kingdom and since July 2012 employed by ForFarmers and member of the Board of Directors. He is responsible for the activities of ForFarmers in the United Kingdom. His employment is for an open term.

Operations & Supply Chain Director

Nico de Vos (1956, Dutch national), employed by ForFarmers since March 1988 and member of the Board of Directors since June 1995. His current position is Operations & Supply Chain Director. This position focuses on the realisation of operational excellence programmes and he is responsible for Engineering & Projects, Continuous Improvement and Logistics. His employment is for an open term. On account of his position he is a member of the Board of the Industrial Circle Lochem. the Foundation GMP+ International and ‘Bevordering Studie Diervoering’

Strategy & Organisation Director

Stijn Steendijk (1969, Dutch national), employed by ForFarmers as Strategy & Organisation Director and member of the Board of Directors since July 2014. Marketing, Communication, Corporate Affairs, Innovation, and HR fall under his responsibility.

Purchasing, Pricing & Formulation Director

Steven Read (1963, British national), since September 1986 employed by the predecessor of ForFarmers in the United Kingdom and since July employed by ForFarmers. He is member of the Board of Directors since July 2014. As Purchasing, Pricing & Formulation Director he is responsible for the purchasing, optimisation, and pricing policy. His employment is for an open term.

RISK MANAGEMENT

ForFarmers considers the acceptance of risks and the recognition of opportunities as an inherent part of realising its strategic objectives. Risk management contributes to the realisation of the strategic objectives and provides for compliance with corporate governance requirements. Through an active monitoring of risk management, ForFarmers aims to create a high level of awareness in terms of risk control. The Board of Directors is responsible for risk management of the company as a whole. It delegated this responsibility to the management team of the Business Units, which are supported by the various group departments. The setup and coordination of risk management takes place from the Group Control Department.

In the 2014 financial year further attention was given to risk management within the wider organisation. Where in 2013 the risk pertained to the purchasing functions, in 2014 an analysis took place of the risks from all disciplines and the various Business Units within the organisation.

Risk appetite

Generally speaking ForFarmers has a careful approach when it comes to risks. The risk appetite differs per (sub-)category of the risks. Upon the realisation of the strategic objectives the organisation accepts the relevant risks to a certain degree. For other categories ForFarmers defined a low risk profile. For instance when it comes to the health and safety of our employees and other interested parties, or with regard to food safety. The risk appetite for each (sub-)category of objectives and the respective considerations are provided below.

Strategic objectives
Upon the realisation of the growth objective, important investments will be made as part of the strategy and further expansion of the (international) activities. ForFarmers has an average risk preparedness in this respect in order to realise its business and strategic objectives.

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

- *Reputation:* ForFarmers reputation is crucial to the confidence that customers and society have in the organisation. A very low to low level of risk acceptance applies to reputation.
- *Sustainability:* ForFarmers attaches great value to sustainable resources, the environment, energy and reduction of waste, animal health and welfare, and people and society. A very low to low level of risk acceptance also applies here. When managing these risks ForFarmers has the basic principle of ‘economic sustainability’. This means that each and every initiative with regard to sustainability must be commercially feasible, both to customers and to ForFarmers.

Operational objectives
As a result of the scope of the company and the high volatility of the prices of the raw materials the risks with regard to purchasing have increased in recent years. As a consequence, ForFarmers is confronted with a number of risks during the realisation of its operational objectives. With regard to the purchasing function ForFarmers applies a low to average level of risk acceptance. As a result of competition and the high volatility of the prices of raw materials the control of the risks with regard to the purchasing of raw materials is important. Therefore, ForFarmers focuses on the control of risks with regard to purchasing. In this context the risk boundaries that were defined on the basis of the ‘value at risk’ principle that are applicable to the organisation as a whole are translated to the various business units.

Financial objectives
ForFarmers applies a very low to low level of risk acceptance for risks that may have a considerable effect on the financial results and the reliability of the (financial) information of ForFarmers. Foreign exchange positions with regard to raw materials are hedged by ForFarmers. Foreign exchange risks related to assets abroad are partly hedged by borrowed funding in the same currency. The original acquisition investment in BOCM PAULS is not hedged. ForFarmers is partly funded by means of interest-bearing debts, which brings about an interest risk. The developments regarding the interest and foreign exchange markets are followed accurately by the Corporate Governance & Compliance Department and, where this is considered expedient, the risks are hedged by means of swaps and other financial instruments. ForFarmers must always be able to comply with its financial obligations. This is ensured via a robust capital and liquidity position.

Compliance
ForFarmers has a very low level of acceptance for risks that may affect compliance with legislation and regulations, regardless of the fact whether they are related to the business community in general or to our industry in particular. In 2014 ForFarmers further tightened the Code of Conduct and in early 2015 all employees of ForFarmers were informed about this. The Code of Conduct is an overview of the business principles, values, and rules of conduct that are applicable to everybody who is employed within ForFarmers. Integrity and the responsibilities of both the organisation and the employee are discussed. ‘Partnership’ is measured based on customer orientation, stable relationships, and entrepreneurship. ForFarmers observes a ‘zero tolerance’ with regard to any and all risks that may result in a breach of the Code of Conduct of ForFarmers.

Risk Management in 2014

In 2014 ForFarmers gave further attention to the integral risk management. Within the framework of this programme the top 25 risks were identified and quantified, and were discussed with the senior management of the organisation. A continuous inventory is taken of the available internal control measures and the degree that they are in line with the risk preparedness of ForFarmers. By making use of internal guidelines, quality systems, audits, reporting and monitoring systems and insurances most of the important risks are controlled. These control measures have the objective of reducing risks and the potential consequences thereof and of guaranteeing the continuity of the company.

The integral risk management at ForFarmers is aimed at obtaining certainty about the realisation of objectives in the area of:

- continuity of the services;
- reliability of the supply of financial information;
- compliance with relevant legislation and regulations, policy guidelines, and procedures;
- monitoring of assets and other properties.

The systems for risk management and internal control of ForFarmers are aimed at supporting the realisation of strategic and financial objectives in an optimal manner. An adequately organised risk management and internal control system does not guarantee that the strategic and financial objectives are realised. It can neither guarantee that human mistakes, unforeseen circumstances, incorrect reports, fraud, and non-compliance with legislation and regulations are excluded entirely.

The most important risks with the relevant control measures are outlined below.

Price development and availability of raw materials
For its key activities ForFarmers relies on raw materials of agricultural origin, e.g. wheat, maize, soy meal, and barley. The pricing on the market for these raw materials is very volatile and is influenced by the quality and scope of the realised harvests. In addition the demand from the biofuel industry and the speculative trade by financial investors play a role. ForFarmers follows the development in the area of prices and availability of raw materials closely. A purchasing policy has been defined per Business Unit as indicated above.

Foreign exchange and interest risks
The purchasing of raw materials and the conclusion of sale and purchase agreements may imply foreign exchange risks. Foreign exchange positions with regard to raw materials are hedged by ForFarmers. Foreign exchange risks relating to assets abroad are hedged as indicated above. The Corporate Governance & Compliance Team follows the compliance principles meticulously. The risks are hedged by means of swaps and other financial instruments.

Credit and liquidity risks contracting parties
Credit risks may occur when contracting parties of ForFarmers, e.g. suppliers or buyers, do not comply with their contractual obligations. The contracting parties are assessed on a number of criteria. If so desired, additional arrangements are agreed on, including the establishment of additional securities. If required and where possible risks are insured. The correct settlement of the obligations and the developments at contracting parties are followed accurately. Due to the difficult market conditions of the past years the credit risks have increased, in particular in the swine and poultry sectors. ForFarmers contacts the contracting parties at an early stage if the credit and liquidity risks increase.

Liquidity risks
ForFarmers must always be able to comply with its financial obligations. This is ensured via a healthy capital and liquidity position. In 2014 ForFarmers concluded a new funding agreement (multicurrency revolving facility agreement) with ABN AMRO Bank, Rabobank, Lloyds Bank and BNP Paribas that is free from securities with which the funding of the company by ABN AMRO Bank and Rabobank respectively the funding of BOCM PAULS with Lloyds Bank were renegotiated. The agreement has a term up to 31 January 2020. The amount of the funding consists of a maximum of € 300 million of which a nominal amount of £ 43.1 million (€ 55.3 million) was utilised as at the date of the balance sheet.

Pension risks
The applied pension schemes of the Dutch and Belgian consolidated companies are defined contribution schemes that were placed with insurance companies. This means that these Business Units are only subject to the obligation to pay the stipulated contributions to the insurance companies. At the German Business Units an in-company defined benefit pension scheme is in place for a limited number of persons. External developments may have a negative effect on the level of the provision to be created by ForFarmers.

In the United Kingdom, BOCM PAULS operated a defined benefit pension scheme up to 30 September 2006. After 1 October 2006 this scheme no longer has any new participants. As from that date a new scheme was implemented on the basis of a defined contribution. The obligations within the framework of this scheme were placed with an insurance company. External developments may have a negative effect on the capital position of the defined benefit pension fund and could imply that BOCM PAULS needs to make additional payments. The risk management model of the investments are assessed periodically. The implementation of the investment model takes place by a fiduciary manager.

Quality risks
The quality of raw materials is of essential importance to the production of safe and reliable compound feed. ForFarmers is linked to the cooperation with secure feed Trust Feed. The objective of Trust Feed is to guarantee food safety. For a number of years the participating parties have shared their knowledge in the area of monitoring, quality control, tracking & tracing and crisis management. Specific arrangements were agreed on regarding the choice of raw materials and suppliers. The basis for these choices is a sound and objective risk analysis that takes place from the origin of a raw material up to the actual delivery. In addition ForFarmers applies its own procedures and relies on instruments to signal any potential pollution at an early stage and to subsequently take proper measures. Analyses are carried out in both its own laboratories and by external parties.

Market risks
ForFarmers follows the developments in the market closely and adjusts its policy where required. Multiple market risks are possible.

- *Livestock and animal diseases:* as a result demand for raw materials and/or compound feed may fluctuate, which may affect the results of ForFarmers. The outlook for each sector is influenced by a number of factors, including the prices of agricultural products and the costs of compliance with legislation and regulations, including environmental legislation and regulations. Animal diseases may have a negative effect on the number of animals and may result in transport restrictions that are officially imposed. Due to geographic distribution of activities and a distribution of the activities over various animal species ForFarmers limits these risks.

- *Price development energy and fuel prices:* a part of the costs of ForFarmers consists of energy and fuel costs. Changes in these prices affect the costs of production and transport of products of ForFarmers. Higher costs cannot in all instances be passed on in the sales prices, which may affect the result negatively. In the past years the prices of fuel and energy have been relatively volatile.

For the purchasing of energy ForFarmers prepared a purchasing policy. Part of this policy is to, where necessary, hedge price risks via financial instruments and commodity agreements. The enforcement of this purchasing policy is monitored. The developments on the markets for energy and fuels are followed closely.

- *Legislation and regulations:* changes in and compliance with legislation and regulations at the European, national or local level may affect the activities of ForFarmers or its contracting parties. This regards legislation regarding the environment, food safety, and production processes. ForFarmers follows the developments in the area of legislation and regulations applicable to itself and to its contracting parties closely and adjustments as a result of the changed legislation are, where necessary, implemented. Compliance with legislation within ForFarmers is established via periodic reviews.

FINANCIAL STATEMENTS 2014

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

€ x 1.000, before appropriation of results

ASSETS		31.12.2014	31.12.2013
FIXED ASSETS			
Intangible fixed assets			
Goodwill		46,510	41,516
Other intangible fixed assets		27,945	12,796
	(4)	**74,455**	**54,312**
Tangible fixed assets			
Land and buildings		90,922	91,877
Plant and machinery		87,037	72,041
Other operating assets		18,041	23,137
Assets under construction		4,196	9,406
Other non-current fixed assets		5,686	5,930
	(5)	**205,882**	**202,391**
Financial fixed assets			
Investments in associates	(6)	37	712
Receivables	(7)	4,946	5,503
Deferred tax assets	(31)	16,382	14,969
		21,365	**21,184**
Total fixed assets		**301,702**	**277,887**
CURRENT ASSETS			
Stocks	(8)	**88,484**	**99,977**
Receivables			
Trade and other receivables	(9)	229,006	241,460
Related party receivables	(10)	219	870
Taxes and social security	(11)	7,682	7,478
		236,907	**249,808**
Cash and cash equivalents	(12)	**80,925**	**146,840**
Total current assets		**406,316**	**496,625**
TOTAL ASSETS		708,018	774,512

€ x 1.000

EQUITY AND LIABILITIES

		31.12.2014	31.12.2013
GROUP EQUITY			
Equity	(13)	360,593	338,367
Minority interests in group equity	(14)	4,363	4,328
		364,956	**342,695**
PROVISIONS			
Pensions	(15) (16)	66,094	59,299
Restructuring	(15)	268	653
Deferred tax liabilities	(15) (31)	17,286	16,251
Soil decontamination	(15)	2,115	2,176
Other provisions	(15)	7,650	7,224
		93,413	**85,603**
NON-CURRENT LIABILITIES			
Debts to credit institutions	(17) (18) (21)	53,471	128,490
Other debts	(17)	665	761
		54,136	**129,251**
CURRENT LIABILITIES			
Debts to credit institutions	(18)	3,332	27,099
Trade and other payables	(19)	181,339	179,219
Taxes and social security	(20)	10,842	10,645
		195,513	**216,963**
TOTAL EQUITY AND LIABILITIES		708,018	774,512

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€ x 1.000		2014	2013
Revenue	(24)	**2,292,014**	**2,472,172**
Cost of raw materials and consumables		1,883,928	2,081,803
Gross profit	(25)	**408,086**	**390,369**
Other operating income		6,619	4,581
Operating income		**414,705**	**394,950**
Personnel expenses	(26)	138,537	124,466
Depreciation and amortisation	(27)	28,958	25,866
Other operating expenses	(28)	188,109	201,189
Operating expenses		**355,604**	**351,521**
Operating result		**59,101**	**43,429**
Financial income	(29)	2,435	2,627
Financial expenses	(30)	-8,110	-4,907
Net financing expenses/income		**-5,675**	**-2,280**
Result before taxation		**53,426**	**41,149**
Taxes	(31)	-13,584	-11,333
Share in results from associates	(32)	-	1,795
Group result after tax		**39,842**	**31,611**
Minority interest	(33)	-888	-489
Result after tax		38,954	31,122

Earnings per share

(in euro)		2014	2013
Basic earnings per share	(13)	**0.37**	**0.29**
Diluted earnings per share	(13)	**0.37**	**0.29**

In order to provide the required insight, pursuant to BW Article 2:362 sub 4 second sentence, ForFarmers has chosen for the above presentation of the profit and loss account. The cost of raw materials and consumables are here by deducted from the revenue, resulting in the presentation of the gross profit. ForFarmers considers this as a key performance indicator. This classification does not impact equity and result compared to the Dutch standards of financial statement classification ('Besluit Modellen Jaarrekening').

Comparative figures have been adjusted compared to the 2013 financial statements as a result of changes in accounting policy, see changes in accounting policy, page 80.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ x 1.000	2014	2013
Result after tax	**38,954**	**31,122**
Exchange rate differences on translation of foreign subsidiaries	2,325	-411
Actuarial results UK and Germany	-4,673	-4,879
Total other comprehensive income (after taxation)	**-2,348**	**-5,290**
Total comprehensive income	36,606	25,832

CONSOLIDATED CASH FLOW STATEMENT

€ x 1.000		2014	2013
Operating result		**59,101**	**43,429**
Adjusted for:			
Depreciation and amortisation	(27)	28,958	25,866
Changes:			
Provisions		-3,656	-10,171
Stocks		13,311	11,048
Receivables		21,205	9,395
Short-term debts, excluding debts to credit institutions		-7,622	-12,594
Cash flow from operating activities		**111,297**	**66,973**
Interest received		2,514	2,462
Dividend received		-	1,405
Interest paid		-5,986	-4,655
Other financial expenses paid		-2,745	-279
Income tax paid		-14,950	-10,997
Net cash flow from operating activities	(36)	**90,130**	**54,909**
Investments in:			
Intangible fixed assets	(4)	-1,709	-
Tangible fixed assets		-23,914	-28,847
Acquisitions (less acquired cash and cash equivalents)	(2)	-17,984	-3,851
Disposals of:			
Tangible fixed assets		1,192	400
Financial fixed assets	(6) (7)	2,508	4,969
Subsidiaries		-	77,457
Cash flow from investment activities	(36)	**-39,907**	**50,128**
Receipts from long-term liabilities and bank credit		50,113	479
Repayment of long-term liabilities and bank credit		-153,099	-29,249
Dividend paid	(13)	-14,419	-12,150
Sale of own shares	(13)	39	2,140
Cash flow from financing activities	(36)	**-117,366**	**-38,780**
Net cash flow		**-67,143**	**66,257**
Currency and Exchange rate differences on monetary items		1,228	-333
Increase (decrease) of cash		-65,915	65,924
Cash and cash equivalents at beginning of book year	(12)	146,840	80,916
Cash and cash equivalents per end of book year	(12)	80,925	146,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Key activities

ForFarmers B.V. holds its registered office in Lochem (the Netherlands) and is part of a group of which Coöperatie FromFarmers U.A. (also with its registered office in Lochem) is the group head. The address is Kwinkweerd 12, 7241 CW Lochem.
The consolidated financial statements include the financial results of ForFarmers B.V. (the "company") and its subsidiaries (jointly the "Group" or "ForFarmers") for the financial year ended 31 December 2014.
ForFarmers is an international organisation, active in North Western Europe, that offers nutritional solutions for both conventional and organic livestock farms mainly in the ruminant, swine, poultry and equine sectors. In 2014 the revenues of ForFarmers amounted € 2.3 billion, the gross profit amounted € 408 million. ForFarmers wants to contribute to a better return for customers by offering optimal feed solutions. With the Total Feed Business the organisation offers a complete range of products, from feed to seeds and fertilisers.

Applied accounting standards

The company prepared the financial statements in accordance with the financial reporting requirements of Part 9 of Book 2 of the Dutch Civil Code. The accounting principles that are applied to the measurement of assets and liabilities and the determination of the result are based on historic cost, with the exception of the following balance sheet items of material importance:

- financial instruments, other than derivatives, stated at fair value at the first recognition and subsequently stated at amortised cost and upon deduction of possible impairments (the latter only in the case of financial instruments recognised as asset);
- derivatives measured at fair value;
- net defined benefit liability or assets, measured at the fair value of plan assets less the present value of the defined benefit obligation;
- first recognition of individual assets and liabilities based on purchase price accounting method after final acquisition.

If necessary for its compliance with the 'true and fair view' requirement referred to in Section 2:362(1) of the Netherlands Civil Code, the company discloses additional information in the notes to the financial statements concerning fair value when applying the historical cost method.

Functional currency and presentation currency

The consolidated financial statements have been prepared in Euros. This is also the functional currency of ForFarmers. All financial information that is presented in Euros is rounded to the nearest thousand, unless indicated otherwise. The functional currency and the presentation currency of ForFarmers and the business operations abroad did not change compared to last year.
For the activities in the UK, British Pound is the functional currency that, apart from the euro, is used as the only important foreign currency within ForFarmers:

End rate
31 December 2014: 1 Euro = 0,7789 British Pound
31 December 2013: 1 Euro = 0,8337 British Pound
Average rate
2014: 1 Euro = 0,8061 British Pound
2013: 1 Euro = 0,8493 British Pound

Application of section 402 of Book 2 of the Dutch Civil Code

The financial information of the company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account of the company exclusively states the share of the result of participating interests after tax and the result after tax.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

ACCOUNTING PRINCIPLES

General

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognized when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences. The following accounting principles are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions:

Depreciations and residual value
The depreciation rates are based on the estimated useful life of the assets taking into consideration a residual value. The applicable depreciation rates are further explained in the accounting principles for tangible fixed assets.

Intangible fixed assets
When determining the value of the various intangible assets, assumptions were made regarding the customer churn, the value and the expected use of brand names.

Receivables and loans
Valuation of receivables and loans granted is done including the aspect of bad debts.

Deferred taxes
The estimates mainly relate to the utilisation of carry forward tax losses and uncertain tax positions.

Provisions personnel schemes, e.g. anniversary and pensions
These estimates relate in particular to the interest rates and rates of personnel revenue, disability, mortality and retirement to be used, as well as the inflation assumptions and career tables.

Other provisions
The estimates mainly relate to expected future cash outflows and terms when there is a legal or constructive obligation from the past.

Changes in accounting policy

Amended standard gross or net presentation of sales
The Guideline 270.105a-d of the Dutch Accounting Standards Board (hereinafter referred to as the “RJ”)

addressed the question whether sales must be accounted gross or net. For financial years effective as from 1 January 2014 it was clarified that amounts that the company receives for its own account must be recognised as gross sales. Amounts that the legal entity receives for third parties are not recognised as gross sales. In addition indicators were added on the basis of which it can be assessed whether amounts are received for one's own account and must therefore be recognised gross:

- the legal entity is primarily responsible for the delivery or the performance, e.g. on account of the fact that it is responsible for the services provided to the customer;
- the legal entity is subject to the stock risk;
- the legal entity is able to determine the price, even if this is indirectly, for instance when delivering additional goods or providing additional services;
- the legal entity is subject to the credit risk in respect of the amount payable by the customer.

As ForFarmers has changed its accounting to this principle, this affects a number of agreements that were concluded in the poultry industry where in the previous financial years the sales were recorded gross and that are, effective from 1 January 2014, recorded net. The result of this change means a presentational change for which in 2013 the revenue and the cost of raw materials and consumables both decrease by € 87.5 million, which does not further affect the equity as at 1 January 2014 and the total result over 2013.

Basis for consolidation

Business combinations

Business combinations are recorded in the current financial year in accordance with the purchase price accounting method. In determining the value of the various intangible assets, assumptions have been made regarding the customer base, the value and the expected use of brand names. Assessing the fair value of the various tangible fixed assets requires assumptions regarding the remaining economic and technical life.

In determining the fair value of the acquired assets and liabilities ForFarmers focused in particular on the following aspects:

- the fair value of tangible fixed assets;
- identifiable brand names;
- identifiable customer base;
- the fair value of acquired receivables and debts;
- deferred tax liability associated to the acquired assets and liabilities;
- goodwill.

The assistance of independent external and internal experts on valuation was used in order to value the various components, particularly for the validation of the models and the valuation of the acquired tangible and intangible assets. The way the purchase-price allocation has been done is in accordance with the provisions of Dutch law on preparation of financial statements.

The identified asset and liability categories have been valued at their fair value as per the date of the acquisition. At the date of preparation of the financial statements, the purchase-price allocation calculations for each of the acquisitions during the book year are not final yet. Dutch legislation permits a final incorporation into the accounts before the end of the first financial year following the year in which the acquisition took place.

The company valued the acquired liabilities at their fair value as per the date of acquisition. An interest of third parties in an acquisition is stated at the proportionate share in the fair value of the identifiable assets and liabilities.

The acquisition price is equal to the total enterprise value including the net liabilities. The costs directly related to the acquisition, such as legal and other consultancy costs, have been added to the acquisition price.

For a description of the acquisitions please refer to the explanatory notes to the consolidated balance sheet and the profit and loss account.

Group companies

The financial information of the company and its group companies as at 31 December of the financial year are included in the consolidated financial statements. Group companies are legal entities and companies over which control is exercised.

The group companies are fully consolidated from the date that control commences until the date that control ceases. The items in the consolidated financial statements are determined according to uniform accounting principles.

Loss of control

At the moment of loss of control, the assets and liabilities of the group company, possible minority interests, and other components of equity related to the group company are derecognised. Any surplus or deficit arising from the loss of the control is recognised in the profit and loss account. If ForFarmers retains any interest in the previous group company such interest is measured at fair value at the date control ceases. Subsequently it is accounted as an associate (accounted for according to the equity accounting method).

Associates and joint ventures

Associates are entities in which ForFarmers has significant influence, but not control, over the financial and operational policies. Significant influence is presumed to exist when ForFarmers holds between 20% and 50% of the voting power in another entity. A joint venture is a contractual arrangement whereby ForFarmers and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Associates are recorded on the basis of the equity accounting method and are at the first recognition stated at cost. This cost price of the investment includes the transaction costs. In accordance with this method the participating interests are recognised in the balance sheet at the share of the company in the net equity value plus its share in the results of the participating interests as from the moment of acquisition, determined in accordance with the principles as outlined in these financial statements. The share of the company in the result of participating interests is recognised in the profit and loss account. If, and to the extent that, the company cannot without limitation accomplish payment of the positive results to itself the results are included in a statutory reserve. Its share in the direct equity increases and decreases of the participating interests are also included in the statutory reserve. The associates are classified under the financial fixed assets. Joint ventures are consolidated proportionately if there is joint control.

The share of third parties in the equity and in the result is stated separately in the consolidated financial statements.

Other participating interests

Participating interests where the company does not exercise significant influence on the financial and operating policy are stated at the lower of cost or market value (the highest of the value in use and the net realisable value) and are classified under the financial fixed assets. Dividends are recorded in the profit and loss account at the moment that they have been made payable.

Principles for the conversion of foreign currencies

Transactions in foreign currencies

Monetary balance sheet items are converted at the exchange rate as per balance sheet date. Non-monetary balance sheet items in foreign currency, which were stated on the basis of historical cost, are converted at the exchange rate as per transaction date. The non-monetary balance sheet items in foreign currency, which were stated at current cost, are converted at the currency rate at the moment of measurement of the item. Revenue, expenses and profit of transactions in foreign currency are converted at the moment of the transaction at the then applicable exchange rate. Exchange rate differences that occur during the settlement or the conversion of monetary items in foreign currency are accounted for in the profit and loss account.

Foreign business operations

Goodwill arising from acquisition of foreign business operations is regarded as an asset of the foreign business operations and is converted at the exchange rate as per balance sheet date. At the balance sheet date the assets and liabilities of the foreign business operations are converted into ForFarmers' presentation currency (Euro) at the exchange rate as per balance sheet date and the income and expenditure in the profit and loss account are converted at the average exchange rate of the year. The resulting exchange rate differences are accounted for in the statutory reserve for exchange rate differences. When the foreign business operations are disposed, the relevant cumulative amount of exchange rate differences included in the equity is recorded in the profit and loss account as part of the result on the sale.

Financial instruments

Financial instruments include investments in shares, trade and other receivables, cash, loans and other financial commitments, derivative financial instruments (derivatives), trade and other payables. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account.

Financial instruments held for trading

ForFarmers does not have financial instruments held for trading that are quoted on an active market that were acquired with the purpose to sell on the short term.

Loans granted and other receivables

Loans granted and other receivables, also including trade receivables, are primary financial assets with fixed or determinable payments that are not quoted on an active market that are, after the first recognition, stated at amortised cost on the basis of the effective interest method minus the impairments. With the first recognition these receivables are recorded at fair value minus the directly related transaction costs. If there are no discount, premium or transaction costs then the amortised cost equals the nominal value of the receivable.

If the term exceeds more than one year, then these receivables are accounted for under financial fixed assets.

Cash and cash equivalents

The cash and cash equivalents relate to cash, bank balances, and current deposits. The cash and cash equivalents are stated at nominal value.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities (also including trade payables) and other financial liabilities are, after the first recognition, stated at amortised cost on the basis of the effective interest method. With the first recognition these debts are recorded at fair value minus the directly related transaction costs. If there are no discount, premium or transaction costs then the amortised cost equals the nominal value of the debt.

Non-current liabilities include debts with a remaining term of more than one year. The repayments payable in the short term (within one year) are recognised under the current liabilities.

Derivatives and hedge accounting

ForFarmers uses derivative financial instruments such as forward exchange contracts and interest rate swaps to cover the incurred risks relating to interest rate and currency fluctuations. In addition ForFarmers uses forward contracts and futures within its purchase process for raw materials. At inception, such financial instruments are valued at fair value.

When first recording the transactions, ForFarmers classifies the derivatives under the scope of RJ 290 on a portfolio basis in the following subcategories:

Derivatives upon application of cost hedge accounting
Hedges are recorded to cost hedge accounting if the following conditions are met:

- (1) the general hedge strategy, (2) how the hedge relationships are in line with the objectives of risk management and (3) the expectation regarding the effectiveness of these hedge relationships have been documented;
- the hedge instruments involved in the type of hedge relationship and hedged positions have been documented;
- the hedge is effective.

Possible ineffectiveness is accounted for in the profit and loss account as long as the hedge relationship is still sufficiently effective. When there is no effective hedge relationship then the hedge accounting is terminated.

The hedges that comply with these strict terms and conditions for hedge accounting are recorded as follows.

If the hedged item is accounted for in the balance sheet at cost then the derivative is also stated at cost. As long as the hedged item in the cost hedge has not been accounted for in the balance sheet yet the hedge instrument is not revalued. If the hedged position of an expected future transaction results in a financial asset or a financial liability then the associated profits or losses, not yet accounted for in the result in the same period(s), are accounted for in the profit and loss account in respect of which the acquired asset or the commitment affects the result. If the hedged position results in measurement in the balance sheet of a non-financial asset (e.g. recognition of a stock or a tangible fixed asset) or a binding agreement, then the 'off balance' profits or losses kept are accounted for in the first cost or other book value of the asset or the liability that occurs when the hedged future transaction (measurement of acquired tangible fixed asset or liability) takes place (also referred to as: 'basis adjustment').

If the hedged item concerns a monetary item in foreign currency, the derivative, insofar as it contains currency elements, is also valued at the present value as per the balance sheet date. If the derivative contains currency elements, the difference between the present value as per time of inception of the derivative, and the forward rate at which the derivative will be settled, is spread over the term of the derivative.

Until recorded in the profit and loss account, any realised profits or losses made on hedge instruments are recorded in the balance sheet as accruals.

Cost hedge accounting is discontinued in case:

- the hedge instrument expires or is sold, discontinued or exercised. The cumulative realised result on the hedge instrument that had not yet been recorded in the profit and loss account when there was an effective hedge, is recorded separately in the accruals on the balance sheet until the hedged transaction takes place;
- the hedge relationship no longer meets the criteria for hedge accounting. If the hedged position concerns a transaction expected in the future, the hedge results are recorded as follows:
  - if the expected transaction is still expected to occur, hedge accounting is ceased from that date. The associated cumulative result on the hedge instrument that was kept out of the profit and loss account (or off-balance sheet) during the period in which the hedge was effective, continues off-balance sheet or on the balance sheet, depending on the situation;
  - if the expected transaction is no longer expected to occur, the associated cumulative result on the hedge instrument that was kept out of the profit and loss account (or off-balance sheet) during the period in which the hedge was effective, is transferred to the profit and loss account.

Derivatives embedded in agreements
Financial instruments also include derivative financial instruments embedded in agreements. These are separated by the company from the basis agreement and recorded separately if:

- the economic features and risks of the basis agreement and the embedded derivative are not closely related;
- a separate instrument with the same terms and conditions as the derivative embedded in the agreement would comply with the definition of a derivative; and
- the combined instrument is not stated at fair value with measurement of changes in value in the profit and loss account.

ForFarmers did, in this context, not separate derivatives from the basis agreement as the aforementioned terms and conditions were not met or there was no material separable embedded derivative. In these instances the non-separated embedded derivatives are accounted for in accordance with the basis agreement.

Other derivatives
Other derivatives with a listed underlying value are valued at fair value after the first valuation. Gains and losses resulting from changes in fair value are recorded in the profit and loss account.

Other derivatives with a non-listed underlying value are valued at cost or lower fair value after the first valuation. Gains and losses are recorded in the profit and loss account as soon as the derivatives are transferred to a third party or undergo an extraordinary revaluation.

Impairments of financial assets

A financial asset that is not stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the profit and loss account. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

Impairment losses below (amortised) cost of investments in equity instruments that are stated at fair value through profit or loss, are recognised directly in profit or loss.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Intangible fixed assets

Recognition and measurement
An intangible fixed asset is recognised in the balance sheet if it is probable that the future economic benefits will flow to ForFarmers; and the costs of the asset can be reliably determined.

Expenditures relating to an intangible fixed asset that does not meet the conditions for capitalisation (for example expenditure on research and internally developed brands, logo's, publication rights and customer bases) is accounted for directly in the profit and loss account.

The intangible fixed assets are valued at the acquisition cost or manufacturing cost less the cumulative depreciation or the lower realisable value (the higher of asset value or direct market value). Intangible fixed assets are amortised periodically on the basis of estimated economic life. The economic life and amortisation method are reviewed at the end of each financial year.

The intangible fixed assets acquired as part of the acquisition of a group company are recorded at the fair value as per date of acquisition.

Goodwill
The positive difference between the acquisition price and the company's share in the fair value of the acquired identifiable assets and liabilities at the date of transaction, is capitalised as goodwill in the year of acquisition, and annually amortised.

Permitted adjustments of the acquisition price lead to an adjustment of the goodwill. Later adjustments of the fair value of the identifiable assets and liabilities are recorded in the goodwill, provided the change is made before the end of the first financial year commencing after the date of acquisition. Adjustments identified thereafter are recorded in the profit and loss account.

Other intangible fixed assets
The other intangible fixed assets are recorded at acquisition cost, and annually amortised.

Subsequent costs
Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit and loss account as incurred.

Amortisation
For the various acquisitions, the following annual amortisation rates are applied per category of intangible fixed assets that are based on the estimated useful life of the asset:

- goodwill 5 – 10%;
- customer bases 5 – 10%;

- trade and brand names 5 – 50%;
- software 20 – 33%.

The amortisation of the customer base is based on the historical development of the customer portfolio. The amortisation of trade and brand names depends on the period for which the trade and brand names will actually still be used.

Tangible fixed assets

Recognition and measurement
Tangible fixed assets are valued at purchase price, less annual fixed amounts of depreciation and accumulated impairment losses. The cost of self-manufactured assets comprises:

- costs of material and direct labour costs;
- any other costs directly attributable to the making the asset ready for use;
- if the group has an obligation to remove the asset, an estimate of the cost of dismantling and removing the items.

The category 'Other non-current fixed assets' comprises land, houses and other assets that are no longer being used. Such assets are valued at purchase price, less annual fixed amounts of depreciation and accumulated impairment losses. At the moment a value increase is realised at sale, the revaluation is recorded as a separate item in the profit and loss account.

Subsequent costs
Subsequent costs are capitalised only when it is probable that the future economic benefits embodied in the specific asset will flow to ForFarmers. The costs of repairs and maintenance are recognised when they are incurred.

Depreciation
Tangible fixed assets are depreciated on a straight-line basis in the profit and loss account over the estimated useful life of the relevant asset.

The annual depreciation rates are as follows based on the estimated useful life of the relevant asset:

- land not depreciated;
- buildings 2 – 10%;
- machines and installations 5 – 20%;
- other operating assets 10 – 33%.

When determining the depreciation a residual value is taken into account. Depreciation methods, useful life and residual value are evaluated periodically and adjusted where necessary.

Impairments

For tangible and intangible fixed assets an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, then the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If it is not possible to determine the recoverable value of an individual asset, then the recoverable value of the cash flow generating unit to which the asset belongs is estimated.

If the carrying value of an asset (or a cash flow generating unit) is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value. In case of an impairment loss of a cash flow generating unit, the loss is first allocated to goodwill that has been allocated to the cash flow generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset (or cash flow generating unit) is estimated.

Reversal of an impairment loss that was recorded in the past only takes place in case of a change in the estimates used to determine the recoverable value since the recording of the last impairment loss. In such case, the carrying value of the asset (or cash flow generating unit) is increased up to the amount of the estimated recoverable value, but not higher than the carrying value that would have applied (after depreciation) if no impairment loss had been recorded in prior years for the asset (or cash flow generating unit).

An impairment loss for goodwill is not reversed in a subsequent period, unless the previous impairment loss was caused by an extraordinary specific external event that is not expected to recur and if there are successive external events that undo the effect of the earlier event.

As a departure from the above, on each balance sheet date the recoverable value is determined for the following assets (regardless of whether there are indications of impairment):

- intangible fixed assets that have not yet been taken into use;
- intangible fixed assets that are amortised over a useful life of more than 20 years (starting from the time when they are taken into use).

Financial fixed assets

Participating interests

The accounting principles for participating interests have been described at paragraph Basis for consolidation.

Receivables

The accounting principles for receivables have been described at paragraph Financial instruments.

Deferred taxes

The accounting principles for deferred taxes have been described at paragraph Taxes.

Stocks

Stocks of raw materials for animal feed products are valued at the lower of cost or market value at balance sheet date, plus any additional costs. Trading stocks are valued on the same basis, deducting a provision for obsolete stock. Stocks of finished products are valued at the cost of the raw materials used, plus costs of manufacturing.

Living stocks are valued at cost, plus additional costs for feed and care.

Trading stocks and stocks of finished products are written down if there is an indication of a lower expected market value. Outstanding contract positions and associated currency transactions are not included in the stock value.

Receivables (relating current assets) and cash and cash equivalents

The accounting principles for receivables relating to current assets and cash and cash equivalents have been described at paragraph Financial instruments.

Provisions

Provisions are created for liabilities of which it is likely that they will need to be settled, and of which the value can be reasonably estimated. A provision is created only if there is a liability that is legally enforceable or a constructive liability. The size of the provision is determined by the best estimate of the amounts required to settle the liabilities and losses concerned as per balance sheet date. Provisions are recorded at nominal value, with the exception of the provision for anniversary-related obligations and pensions.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit and loss account in the periods in which employees supply the related services. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The used pension plans of the Dutch consolidated companies are defined contribution plans, which have been placed with insurance companies by means of collective defined contribution agreements. This implies that these group companies are only subject to the obligation to pay the agreed contributions to the insurance companies.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension obligation or pension asset with regard to defined benefit plans are annually calculated for each plan on the basis of expected future developments in discount rates, salaries and life expectancy less the fair value of the fund investments related to the plan. The present value of the obligations is calculated actuarially using the project unit credit method. The discount rate used is the return at the balance sheet date on high-quality corporate bonds with at least an AA credit rating and with maturity dates similar to the term of the pension obligations.

Remeasurement of the net pension obligation or pension asset, comprising actuarial gains and losses that occur resulting from changes in the assumptions for the calculation of the pension obligations, the return on plan assets (excluding interest), and the impact of effect of the asset ceiling (if applicable), is carried out for each individual plan and recognised immediately in the consolidated statement of other comprehensive income.

ForFarmers determines the net interest expenses (income) of the defined benefit plan by multiplying the net pension obligation or pension asset by the discount rate used to measure the defined benefit plan at the start of the year. Changes in the net pension obligation or pension asset during the year as a result of benefits being paid out are taken into account. The net interest expenses and other expenses related to the defined benefit plan are recognised in the profit and loss account.

ForFarmers recognises results due to adjustment or curtailment of pension plans in the profit and loss account at the time an adjustment or curtailment occurs or at the moment that a restructuring provision is formed.

A gain or loss from a settlement of a defined benefit plan is recognised in the profit and loss account at the moment that settlement takes place.

The part of the pension obligations that qualifies as a defined benefit plan mainly relates to the pension plans of (former) employees of BOCM PAULS (UK), which was closed on 30 September 2006. The remaining part is related to a limited number of persons at the German group companies for whom an in-house defined benefit plan exists. Only for the measurment of the net pension obligation or pension asset with regard to these plans in the UK and Germany ForFarmers applies IAS 19R on the basis of article RJ 271.101 respectively RJ 271.321.

Other non-current employee benefits
The net obligation of other non-current employee benefits (anniversary payments) is recognised equally as the defined benefit obligations.

Current employee benefits
Current employee benefit obligations are measured on an undiscounted basis and are expensed at the time the related services is provided. A liability is recognised for the amount expected to be paid as a current employee benefit if ForFarmers has a legally enforceable or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Non-current liabilities

The accounting principles for non-current liabilities have been described at paragraph Financial instruments.

Current liabilities

The accounting principles for current liabilities have been described at paragraph Financial instruments.

Revenue

General
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing involvement with the goods. If it is probable that a discount shall be granted and this can be determined reliably the discount is deducted from the sales when revenue is recognised.

Commissions
When the group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission received by the group in respect of the transaction. This concerns amongst others to the accounting principle of the aforementioned agreements that ForFarmers has within the poultry industry for which a change in accounting principle has been implemented.

Government grants
Government grants are initially recognised in the balance sheet as deferred income when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. Grants that compensate the group for expenses incurred are recognized in the profit and loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the group for the cost of an asset are recognized in the profit and loss account on a systematic basis over the useful life of the asset,if it is within reason expected that it shall become unconditional in time. This grant is accounted for in the profit and loss account through reduction of the depreciation costs over the period of the expected useful life.

Costs of raw materials and consumables

This regards the costs of raw materials and consumables of the sold products or the costs for obtaining the sold products. The costs of raw materials and consumables are calculated according to the first-in-first-out principle.

Other operating expenses

Other operating expenses are determined taking into account the aforementioned accounting principles for valuation and recorded in the reporting year to which they relate. Foreseeable liabilities and potential losses stemming from causes occurring before the end of the financial year are recorded if they became known before the financial statements were made and the further conditions for recording provisions are met.

Leasing

Whether or not an agreement contains a lease element is assessed on the basis of the economic reality at inception of the contract. The contract is regarded as a lease agreement if the execution of the agreement depends on the use of a specific asset, or if the agreement includes the right to use a specific asset. In the case of finance lease (where the benefits and costs associated with ownership of the leased asset are borne wholly or mainly by the lessee), the leased asset and the associated liability are recorded in the balance sheet at the time of inception.

In the case of operating lease, the lease payments are charged to the profit and loss account, linearly over the lease period.

Financial income and expenses

Financial income comprises interest received on loans and receivables from third parties, dividend income, positive changes to the fair value of financial assets valued at fair value after incorporating changes in value in the profit and loss account, gains on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income. Financial income is recognised in the profit and loss account as it accrues using the effective interest method.

Financial costs comprises interest expenses on borrowings and other obligations to third parties, fair value losses on financial assets at fair value through profit or loss, unwinding the discount on provisions, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income.

Foreign currency gains and losses of trade receivables and trade payables are recognised as a component of the operating result. All other foreign currency gains and losses are reported on a net basis either as financial income or as financial expenses, depending on whether the foreign currency movements are in a net gain or loss position.

Taxation

The tax recorded includes any tax due over the financial year, as well as the movements in liabilities and assets for deferred taxes. The tax burden also takes into account tax-exempt items and costs that are non-deductible or partially deductible.

A deferred tax liability is recorded for all temporary tax differences. For all deductible temporary differences and for losses available for future offset, a deferred tax asset is recorded insofar as it is likely that fiscal profit will be available to be offset.

The valuation of deferred tax liabilities and -assets is based on the fiscal consequences of the manner in which the company intends to realise or settle assets, provisions, debts or accruals/deferred income as per balance sheet date.

Share in results from associates

For participating interests in which significant influence is exercised, the share of the result of those participating interests is included. For other participating interests, the dividends are recorded in the financial year in which they have been received.

Segmentation

The identified operational segments regard the individual segments within ForFarmers for which financial information is available that is frequently assessed by the board of directors in order to reach decisions on the allocation of the available resources to the segment and to determine the performances of the segment. In 2014 this segmentation was first disclosed in the financial statements at the level of the profit and loss account, see note 1 for the breakdown per segment. Inter-segment pricing is determined on arm’s length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise joint expenses.

Cash flows

The cash flow statement has been prepared according to the indirect method. Cash flows in foreign currencies have been recorded against the transaction rate. Exchange rate differences for cash and cash equivalents are shown separately in the cash flow statement. Receipts and payments for interest, dividends received and corporate taxes have been included under cash flow from operating activities. Dividends paid have been included under cash flow from financing activities. Transactions not involving an exchange of cash, including financial lease, are not included in the cash flow statement. The payment of lease instalments under the finance lease contract are shown as a cash-out under financing activities as far as the repayment is concerned and as a cash-out under operating activities as far as the interest is concerned.

Determination of fair values

A number of ForFarmers' accounting principles and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. If applicable, further information about the assumptions made in determining fair values is disclosed in the notes.

Tangible fixed assets

The fair value of tangible fixed assets recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement costs when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible fixed assets

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

Stocks

The fair value of stocks acquired in a business combination is determined based on the estimated selling price in the ordinary course of business operations less the estimated cost of completion and sale plus a reasonable profit margin based on the effort that is required to complete and sell the stocks.

Trade receivables and trade payables, other receivables and debts

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

Derivatives

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

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Segmentation

ForFarmers distinguishes three segments consisting of:

- the Netherlands;
- Germany and Belgium;
- the UK.

This allocation is consistent with the organisation structure and internal management reporting.

2014	Netherlands	Germany and Belgium	United Kingdom	Elimination / reconciling items	Total
Revenue 1)	**960,890**	**688,208**	**741,743**	**-98,827**	**2,292,014**
Gross profit	180,386	82,236	145,464		408,086
Operating profit before depreciation, amortisation and impairment (EBITDA)	**51,301**	**21,222**	**25,984**	**-10,448**	**88,059**
Depreciation and amortisation					-28,958
Operating profit					**59,101**
Net financing expenses/income					-5,675
Taxes					-13,584
Group result after tax					**39,842**
Minority interest					-888
Result after tax					38,954

1) Revenue includes both net sales from third parties and intercompany sales that have been eliminated in the column Elimination / reconciling items for the reconciliation with the profit and loss account.

ForFarmers first applied and explained its segmentation this way as of 2014. Therefore no comparative figures are included as in 2013 the overhead costs were allocated in a non-comparable manner.

2. Acquisitions

Acquisitions 2014

HST Feeds Ltd (UK)

On 3 February 2014 ForFarmers acquired 100% of the share capital of HST Feeds Ltd. HST Feeds Ltd is based in Crewe in the UK sells approximately 140,000 tonnes of ruminant and poultry compound feed in the northwest of England. The company employs 57 employees and in 2013 the turnover amounted to € 43 million. HST Feeds Ltd is part of ForFarmers UK. The price paid is based on an enterprise value of € 15 million, including cash and cash equivalents.

The transaction was accounted for according to the purchase accounting method. The positive difference between the acquisition price and the fair value of the acquired identifiable assets and liabilities is capitalised as goodwill. The goodwill has provisionally been set at € 3.2 million. The goodwill is amortised over 10 years from the moment of acquisition.

Wheyfeed Ltd (UK)

On 2 July 2014 ForFarmers acquired 100% of the share capital of Wheyfeed Holdings Ltd, owner of Wheyfeed Ltd. Wheyfeed Ltd, established near Nottingham, sells and distributes approximately 200,000 tonnes of liquid by-products per year in the UK. The company has 82 employees and a fleet of 35 tanker lorries. The company had a split financial year and the turnover over the last financial year, which was closed on 31 May 2014, amounted to € 9 million. Wheyfeed Ltd is part of ForFarmers UK. The price paid is based on an enterprise value of the company of € 5 million.
The transaction was accounted for according to the purchase accounting method. The positive difference between the acquisition price and the fair value of the acquired identifiable assets and liabilities is capitalised as goodwill. The goodwill has provisionally been set at € 2.1 million. The goodwill is amortised over 10 years from the moment of acquisition.

Other acquisitions

In the 2014 financial year ForFarmers acquired, within the framework of the integration of the dealer activities of Hendrix, 100% of the shares in De Peel Consultancy B.V. and De Peel Voeders B.V. This acquisition took effect on 1 January 2014. The transaction value amounted to € 1.2 million. This amount fully qualified as goodwill because, with the acquisition of Hendrix in 2012, the underlying customer base had already been acquired. The goodwill is amortised over 10 years from the moment of acquisition.

2013 acquisitions

Albert E. James & Son Ltd. (UK)

On 19 February 2013 BOCM PAULS acquired the feed business of Albert E. James & Son Ltd. in Bristol (UK). This merchant has annual sales of 12,000 tonnes of feed of which 10,500 tonnes are in bulk. Following the acquisition, cattle farmers now deal directly with BOCM PAULS and the chain costs have been reduced.

Dealer activities swine sector

In the course of 2013 the dealer activities in the swine sector in the Netherlands were integrated in the ForFarmers Hendrix organisation.

The acquisitions in 2013 were recognised according to the purchase accounting method. The total transfer value of these acquisitions amounted to € 3.8 million and is amortised over a period of 10 years. The entire amount has been allocated to goodwill on account of the fact that, with the acquisition of Hendrix in 2012, the underlying customer bases had already been acquired.

Identifiable assets acquired and liabilities assumed

The major assets acquired and liabilities assumed recognised at the acquisition date are as follows:

	2014	2013
Goodwill	6,340	3,808
Customer base	9,571	-
Tangible fixed assets	4,971	-
Stocks	732	-
Receivables	5,201	43
Provisions	-748	-
Deferred tax liabilities	-2,180	-
Liabilities	-5,903	-
Purchase price paid	**17,984**	**3,851**

Goodwill adjustments

In 2014 adjustments did not appear to be necessary with regard to the purchase price allocation of acquisitions from 2013.

3. Disposals

2014 disposals

Subli

On 1 July 2014 ForFarmers sold its 50% share ownership of Subli to Agruniek Rijnvallei, the other shareholder of Subli. Agruniek Rijnvallei has therefore become 100% owner of Subli. The shares were transferred on 15 July 2014 as a result of which the company no longer has policymaking influence in Subli as at the end of 2014. A book profit of € 0.2 million was recorded in the profit and loss account in the course of which sales proceeds were accounted for as other operating income and the disposal costs still to be paid by ForFarmers as operating expenses.

Export activities BOCM PAULS International (UK)

In 2014 BOCM PAULS (UK) transferred its export activities in the countries in which it is not primarily active to Nutreco. This relates to the export of young animal feed and represents an annual turnover of €8.5 million. This transaction did not result in a sale of participating interests. A net profit of € 1.9 million was accounted for in the profit and loss account under other operating income.

2013 disposals

Agrovision

On 4 June 2013 ForFarmers, in association with Agrifirm and Siva-producten, concluded an agreement with CoMore B.V. regarding the disposal of the shares in Agrovision B.V. The shares were transferred with retrospective effect as from 1 April 2013. The result from the sale has been recorded under ´Share in results from associates´. The transaction result is net € 1.6 million.

4. Intangible fixed assets

2014

	Goodwill	Customer base	Trade and brand names	Software	Total
Carrying amount end of 2013	41,516	12,512	284	-	54,312
Reclassification	354	-646	-	7,640	7,348
Cost	45,433	14,396	1,800	8,315	69,944
Accumulated amortisation	-3,563	-2,530	-1,516	-675	-8,284
Carrying amount beginning of 2014 after transfers	**41,870**	**11,866**	**284**	**7,640**	**61,660**
Acquisitions	6,414	9,691	-	-	16,105
Additions	-	-	-	1,709	1,709
Currency translation differences	1,384	1,012	-	23	2,419
Amortisation	-3,158	-1,764	-284	-2,232	-7,438
Carrying amount end of 2014	**46,510**	**20,805**	**-**	**7,140**	**74,455**
Cost	53,130	24,948	1,800	10,045	89,923
Accumulated amortisation	-6,620	-4,143	-1,800	-2,905	-15,468
Carrying amount end of 2014	**46,510**	**20,805**	**-**	**7,140**	**74,455**

2013

	Goodwill	Customer base	Trade and brand names	Software	Total
Carrying amount beginning of 2013	40,493	13,999	1,549	-	56,041
Acquisitions	3,808	-	-	-	3,808
Currency translation differences	-310	-256	-22	-	-588
Amortisation	-2,475	-1,936	-538	-	-4,949
Carrying amount end of 2013	**41,516**	**12,512**	**284**	**-**	**54,312**
Cost	45,079	15,042	1,800	-	61,921
Accumulated amortisation	-3,563	-2,530	-1,516	-	-7,609
Carrying amount end of 2013	**41,516**	**12,512**	**284**	**-**	**54,312**

Goodwill is amortised on a straight-line basis over the period that the acquisition makes a positive contribution to the result, which may exceed 5 years, depending on the strategic character of the acquisition. The amortisation period does not exceed 20 years.

The reclassification is mainly related to the capitalised software that was classified as a tangible fixed asset in 2013.

5. Tangible fixed assets

2014

	Land and buildings	Plant and machinery	Other operating assets	Assets under construction	Other non-current fixed assets	**Total**
Carrying amount end of 2013	91,877	72,041	23,137	9,406	5,930	202,391
Reclassification	245	84	-7,260	-	-417	-7,348
Cost	146,158	192,013	51,464	9,406	8,235	407,276
Accumulated depreciation	-54,036	-119,888	-35,587	-	-2,722	-212,233
Carrying amount beginning of 2014 after transfers	**92,122**	**72,125**	**15,877**	**9,406**	**5,513**	**195,043**
Additions	348	7,128	3,363	13,199	-	24,038
Acquisitions	1,582	3,449	-	-	-	5,031
Transfers from assets under construction	575	14,863	3,163	-18,601	-	-
Transfers to other non-current fixed assets	-185	-	-	-	185	-
Currency translation differences	1,719	2,715	5	192	50	4,681
Disposals	-636	-189	-542	-	-24	-1,391
Impairments	-	-1,442	-	-	-38	-1,480
Depreciation	-4,603	-11,612	-3,825	-	-	-20,040
Carrying amount end of 2014	**90,922**	**87,037**	**18,041**	**4,196**	**5,686**	**205,882**
Cost	149,269	219,008	57,673	4,196	8,440	438,585
Accumulated depreciation	-58,347	-131,971	-39,632	-	-2,754	-232,703
Carrying amount end of 2014	**90,922**	**87,037**	**18,041**	**4,196**	**5,686**	**205,882**

2013

	Land and buildings	Plant and machinery	Other operating assets	Assets under construction	Other non-current fixed assets	Total
Carrying amount beginning of 2013	94,638	70,349	19,336	5,316	6,314	195,953
Additions	2,336	3,998	5,233	17,500	-	29,067
Transfers from assets under construction	788	8,367	4,167	-13,322	-	-
Transfers to other non-current fixed assets	-1,678	-	-	-	1,678	-
Currency translation differences	-576	-550	-70	-88	-	-1,284
Disposals	-9	-33	-386	-	-	-428
Impairments	-	-	-	-	-2,062	-2,062
Depreciation	-3,622	-10,090	-5,143	-	-	-18,855
Carrying amount end of 2013	**91,877**	**72,041**	**23,137**	**9,406**	**5,930**	**202,391**
Cost	145,913	191,929	59,751	9,406	8,652	415,651
Accumulated depreciation	-54,036	-119,888	-36,614	-	-2,722	-213,260
Carrying amount end of 2013	**91,877**	**72,041**	**23,137**	**9,406**	**5,930**	**202,391**

The ´Other non-current fixed assets' were valued by an independent expert or are valued based on third party offers. This category includes, amongst others, industrial sites in Deventer and Oss. The site in Oss was purchased with the aim of building a new factory for compound feed. Through the acquisition of Hendrix in 2012, ForFarmers now has production capacity in the south of the Netherlands. As a result, there will be no investment in a new factory and the land will be sold in the future. The site in Deventer is related to the land of the Deventer 4 plant, which was decommissioned on 1 January 2015 (€ 185 thousand). The associated machinery and equipment of this plant that could not be deployed or moved to other locations were fully impaired (impairment loss € 1.4 million). As part of the acquisition of BOCM PAULS, it was agreed with the former shareholders that they are entitled to the proceeds from the sale of a number of locations currently classified as 'Other non-current assets'. All rights and obligations arising from the sale are attributable to the former shareholders. As a consequence, these assets are not valued on the balance sheet.

With the exception of the tangible fixed assets of HaBeMa, there are no mortgage-backed securities on the tangible fixed assets as the result of the new credit facility that is unsecured, see note 21. For off-balance sheet commitments related to investments reference is made to note 22.

6. Financial fixed assets: investments in associates

	2014	2013
Carrying amount at beginning of financial year	**712**	**2,072**
Disposals	-71	-1,535
Share in results from associates	-	1,795
Dividend received	-	-1,664
Reclassification	-604	44
Carrying amount at end of financial year	**37**	**712**

The disposal in 2014 concerns the sale of Subli. The disposal in 2013 concerns the sale of Agrovision.

7. Financial fixed assets: receivables

	2014	2013
Carrying amount at beginning of financial year	**5,503**	**11,387**
Repayments	-2,437	-3,940
Additions	2,926	446
Current part	-1,046	-2,390
Carrying amount at end of financial year	**4,946**	**5,503**

The receivables under financial fixed assets consist of loans with a term exceeding 1 year that are largely interest-bearing and mainly include loans to customers for which securities were provided in the form of feed equivalents, participation accounts, live stock, and immovable property. An amount of € 0.7 million is included in connection with loans to (former) employees. The level of interest is equal to the interest on Dutch state loans, but at least equal to the interest referred to in Article 59 of the Wages & Salaries Tax Implementing Regulation 2001. The repayment of the loan is a minimum of 7.5% per annum of the original nominal value starting from 2015. As a security for the obligations, a right of distraint was established on the certificates purchased with the loan amount, the market value of which per balance sheet date exceeds the balance of the loans.

8. Stocks

	2014	2013
Raw materials	66,739	77,862
Finished product	10,046	11,447
Trading stocks	6,886	5,092
Live stock	4,813	5,576
Total	**88,484**	**99,977**

On the stock an allowance for obsolete stock has been deducted for a total of € 397 thousand (2013 € 232 thousand).

For important purchase commitments reference is made to the explanation of the commitments and contingencies under note 22.

9. Trade and other receivables

	2014	2013
Trade receivables	211,101	222,455
Other receivables, prepayments and accrued income	17,905	19,005
Total	**229,006**	**241,460**

The other receivables, prepayments and accrued income consist of the current part of loans to customers with a term shorter than 1 year, unbilled revenue to customers, and prepayments to suppliers. The loan to the (former) board of directors amounted to € 2 million and, recorded as current receivables was fully repaid early 2014.

	2014	2013
Trade receivables	224,944	243,070
Allowance for bad debts	-13,843	-20,615
Total	**211,101**	**222,455**

In 2014 the allowance for bad debts decreased, in particular due to a write-off of the receivable from a major debtor in the UK for which the allowance had already been created in 2013.

The movement in the allowance for bad debts can be represented as follows:

	2014	2013
Begin value	**20,615**	**8,216**
Write-off	-9,833	-1,817
Release	-651	-480
Addition	3,712	14,696
End value	**13,843**	**20,615**

10. Related party receivables

This concerns a receivable which ForFarmers has against Coöperatie FromFarmers U.A. for the amount of € 219 thousand (2013: € 870 thousand).

11. Taxes and social security

	2014	2013
Income tax	-	447
VAT	7,682	7,031
Total	**7,682**	**7,478**

For an explanation of the income tax reference is made to note 31.

12. Cash and cash equivalents

	2014	2013
Deposits	31,038	48,107
Current bank accounts	49,887	98,733
Total	**80,925**	**146,840**

The outstanding deposits have an initial term of 3 to 6 months and can be withdrawn almost immediately without any costs (with a maximum notice period of 1 month), subject to any potential interest impact.

The cash and cash equivalents are at the free disposal of the company.
The decline of the cash and cash equivalents is explained by the refunding in October 2014 in the course of which a part of the cash and cash equivalents was used for the repayment of the loans.

13. Equity

	2014	2013
Share capital		
Balance at beginning and end of financial year	106,261	106,261
Share premium reserve		
Balance at beginning and end of financial year	38,356	38,356
Statutory reserve for exchange rate differences		
Balance at beginning of financial year	-1,572	-203
Exchange rate differences on valuation of participating interests	2,325	-411
Transfer from other reserves	-	-958
Balance at end of financial year	**753**	**-1,572**
Other statutory reserves		
Balance at beginning of financial year	4,194	4,938
Transfer from unappropriated result	5,374	3,680
Transfer from/to other reserves	-871	391
Release through dividend distribution	-2,146	-3,864
Sale of participating interest	-17	-951
Balance at end of financial year	**6,534**	**4,194**
Other reserves		
Balance at beginning of financial year	160,006	120,852
Transfer from statutory reserves	3,034	5,374
Sale of own shares	39	1,781
Transfer from unappropriated result	11,329	36,878
Actuarial results	-4,673	-4,879
Balance at end of financial year	**169,735**	**160,006**
Unappropriated result		
Balance at beginning of financial year	31,122	52,700
Dividend paid	-14,419	-12,150
Addition profit previous year to other reserves	-11,329	-36,870
Addition profit previous year to statutory reserves	-5,374	-3,680
Profit current financial year	38,954	31,122
Balance at end of financial year	**38,954**	**31,122**
Total equity at end of financial year	360,593	338,367

The proposed profit appropriation of the 2013 result was effectuated in 2014. This means that a dividend of € 14.4 million was paid out during 2014.

Further explanation is included in the explanatory notes on the company financial statements (note 6).

Statutory reserves

Statutory reserves contain exchange rate differences, the undistributed results and direct changes in equity of participating interests and the part that is related to loans to staff for the sale of shares certificates in the period 2007 – 2009. Direct changes in equity do not include the changes in equity that derive from the relationship with the shareholder, such as paid-in share premium. The (change in the) statutory reserve is only recognised if, and to the extent that, ForFarmers B.V. cannot realise payment of the equity of the participating interest to itself without restrictions.

Basic earnings per share

The calculation of the basic earnings per share as per 31 December 2014 is based on a profit of € 39.0 million attributable to the certificate holders and an average number of shares of 105.8 million which is specified as follows:

Average number of shares in millions	**2014**	**2013**
Number of shares	106.3	106.3
Number of own shares	-0.5	-0.5
Average number of shares during the year	**105.8**	**105.8**

Diluted earnings per share

The calculation of the diluted earnings per share as per 31 December 2014 is based on a profit of € 39.0 million attributable to the certificate holders and an average number of shares of 105.8 million whereby the dilutive effect is considered insignificant resulting in an equal earnings per share.

14. Minority interests in group equity

	2014	2013
Value at beginning of financial year	**4,328**	**4,199**
Minority interests' share of dividend	-880	-360
Minority interests' share of financial results	888	489
Minority interests' share of other equity movements	27	-
Value at end of financial year	**4,363**	**4,328**

In 2013 and 2014 the minority interests in group equity regards the minority interest in ForFarmers Thesing GmbH & Co KG (40%) and Leafield Feeds Ltd (24%).

15. Provisions

	Pensions	Restructuring	Deferred tax liabilities	Soil decontamination	Other provisions	Total
Value at beginning of 2013	**65,854**	**1,395**	**20,863**	**2,740**	**6,666**	**97,518**
Acquisitions and divestments	635	-	87	-	1,045	1,767
Change in provisions	4,302	684	-1,471	-555	-376	2,584
Paid	-10,626	-1,426	-	-9	-113	-12,174
Transfer deferred taxes	-	-	-2,971	-	-	-2,971
Exchange rate differences	-866	-	-257	-	2	-1,121
Value at beginning of 2014	**59,299**	**653**	**16,251**	**2,176**	**7,224**	**85,603**
Acquisitions	98	-	2,175	-	-	2,273
Change in provisions	6,926	47	-1,218	266	1,317	7,338
Paid	-1,999	-432	-	-327	-898	-3,656
Transfer to current liabilities	-1,537	-	-	-	-	-1,537
Exchange rate differences	3,307	-	78	-	7	3,392
Value at end of 2014	**66,094**	**268**	**17,286**	**2,115**	**7,650**	**93,413**

Pension provision

For an explanation of the pension provision reference is made to the explanation of the pensions (note 16).

Restructuring provision

The restructuring provision concerns costs that are related to the adjustment of the organisation in order to realise the long-term objectives.

Deferred taxes provision

For an explanation of the provision for deferred tax reference is made to the explanation of the taxes (note 31).

Soil decontamination provision

The soil decontamination provision relates to the expected unavoidable costs of cleaning polluted sites.

Other provisions

The other provisions are related mainly to anniversary payments and demolition costs.

The provisions can be represented by term as follows:

	Less than 1 year	1-5 year	Over 5 years	Total
2013				
Pensions	3,585	11,660	44,054	59,299
Restructuring	653	-	-	653
Deferred taxes	951	9,145	6,155	16,251
Soil decontamination	300	1,876	-	2,176
Other provisions	4,486	2,131	607	7,224
Total	**9,975**	**24,812**	**50,816**	**85,603**
2014				
Pensions	2,384	15,629	48,081	66,094
Restructuring	268	-	-	268
Deferred taxes	1,545	5,893	9,848	17,286
Soil decontamination	250	1,865	-	2,115
Other provisions	1,439	4,121	2,090	7,650
Total	**5,886**	**27,508**	**60,019**	**93,413**

16. Pensions

General

Separate pension plans are applicable in the various countries where ForFarmers operates.

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

In the UK, a defined benefit plan existed up to 30 September 2006. A provision has been recorded in the consolidated balance sheet for the obligations under this plan. The accrued pension assets have been valued at current value. The obligations have been calculated on the basis of actuarial calculations, with discounting at the applicable discount rate. Actuarial results are recorded directly into equity as other comprehensive income.

As per 1 October 2006, the UK plan mentioned above was closed, so no new obligations are being incurred. From that date, a new plan exists on the basis of defined contribution. An insurance company administers the obligations under that plan.

Specification of pension provision	2014	2013
UK	52,364	42,967
Netherlands	7,650	10,825
Germany	6,080	5,507
Total	**66,094**	**59,299**

Pension provision UK

The pension obligations in the UK have been calculated on the basis of actuarial principles, using the projected unit credit method, and have been discounted at 3.7%. The net deficit after adjustment for deferred taxes is indicated separately.

The most important assumptions for the actuarial calculation, the current value of the plan assets, a specification of the assets per asset category, the current value of the obligations and the surplus/deficit compared with the value of the assets are given below.

Basic assumptions	2014	2013
Inflation	3.0%	3.3%
Discount rate	3.7%	4.6%
Pension increase	2.05%-2.9%	2.2%-3.2%
Salary increase	-	-

Based on the assumptions on mortality, the average life expectancy is 86.4 years for men and 88.9 years for women.

Breakdown of plan assets & expected return	2014 Return	2014 Current value	2013 Return	2013 Current value
Shares	6.4%	38,791	7.1%	37,304
Funds	6.0%	-	7.1%	22,632
Real estate	6.0%	9,700	7.1%	8,996
Index-related bonds	2.5%	-	3.6%	3,958
Bonds	3.7%	100,475	4.6%	30,706
Cash and other assets	2.5%	916	3.6%	10,315
Other		14		9,923
Total	**4.15%**	**149,896**	**5.85%**	**123,834**

Balance sheet	2014	2013
Current value of plan assets	149,896	123,834
Current value of obligations	202,260	166,801
Gross deficit	**52,364**	**42,967**
Less: deferred taxes	10,883	9,023
Net deficit	**41,481**	**33,944**

In 2014 an amount of € 1.8 million (2013: € 10.8 million) was contributed to the pension plan.

The movement of the gross deficit can be represented as follows:

Movement schedule gross deficit	2014	2013
Deficit at beginning of financial year	42,967	49,478
Acquisitions	98	-
Financial income and expense	2,516	-330
Additions	-1,770	-10,802
Actuarial result	5,528	4,879
Exchange rate differences	3,024	-258
Deficit at end of financial year	**52,364**	**42,967**

Breakdown of financial income and expenses	2014	2013
Interest on plan assets	5,603	6,577
Interest pension obligations	-8,119	-6,907
	-2,516	**-330**

The impact of a change in a key assumption on the present value of the defined benefit obligation ad € 202.3 million (2013: € 166.8 million) granted in respect of the UK settlements is shown in the table below.

Effect on the present value of the pension entitlements granted at December 31
€ x 1.000

	2014	**2013**
Decrease of 0.25% to discount rate	9,242	6,862
Increase of 0.25% to discount rate	-8,695	-6,591
Decrease of 0.25% to inflation	-8,303	-6,268
Increase of 0.25% to inflation	8,790	6,513
Increase of 1 year to life expectancy	5,574	4,413

For the term of the pension provision reference is made to note 15.

Pension provision Germany

The pension provision in Germany has been calculated on the basis of the following actuarial principles:

- Discount rate 2.15% (2013: 3.46%)
- Pension increase 1.5% (2013: 1.5%)
- Accounting principles Heubeck 2005G (2013: Heubeck 2005G)

The in-house pension provision amounts to € 6.1 million (2013: € 5.5 million). No separate assets have been made available for this pension obligation. Considering the limited size of this pension plan in Germany, ForFarmers refrained from the inclusion of the full disclosure.

Pension provision the Netherlands

In the Netherlands a provision has been recorded for future pension obligations that are the result of the acquisition of Hendrix UTD in 2012. In this context arrangements were agreed on with Nutreco and the pension insurer Aegon with regard to the settlement of pension entitlements that were accrued prior to the acquisition, which at the end of 2014 resulted in a provision of € 9.1 million of which € 1.5 million has been classified as current liability.

17. Non-current liabilities

	Debts to credit institutions	Investment subsidy	Total
Value at beginning of 2013	**155,409**	**859**	**156,268**
Withdrawal of loan	479	-	479
Release investment subsidy	-	-98	-98
Repayments	-15,883	-	-15,883
Redemption commitment next financial year 1)	-9,677	-	-9,677
Exchange rate differences	-1,838	-	-1,838
Value at beginning of 2014	**128,490**	**761**	**129,251**
Withdrawal of loan	49,248	-	49,248
Release investment subsidy	-	-96	-96
Redemptions	-126,000	-	-126,000
Redemption commitment next financial year 1)	-785	-	-785
Exchange rate differences	2,518	-	2,518
Value at end of 2014	**53,471**	**665**	**54,136**

[1)] The current part has been included under note 18. Debts to credit institutions.

The investment subsidy is released over the expected economic life of the asset for which the subsidy was granted. For a further explanation of the non-current liabilities, see explanatory notes concerning credit facilities (note 21).

The non-current liabilities can be represented by term as follows:

Non-current liabilities by term per 31 December 2014	1-5 year	Over 5 years	Total
Debts to credit institutions	2,476	50,995	53,471
Investment subsidy	388	277	665
Total	**2,864**	**51,272**	**54,136**

Non-current liabilities by term per 31 December 2013	1-5 year	Over 5 years	Total
Debts to credit institutions	126,561	1,929	128,490
Investment subsidy	388	373	761
Total	**126,949**	**2,302**	**129,251**

Repayment obligations in respect of the loans shorter than 1 year are presented as current debts in note 18. For a further explanation of debts to credit institutions reference is made to note 21.

18. Debts to credit institutions

	2014	2013
Debts to credit institutions	2,547	17,422
Redemption commitment long-term debts < 1 year	785	9,677
Total	**3,332**	**27,099**

The repayment obligations of the non-current liabilities are related to loans of HaBeMa. For a further explanation reference is made to the credit facilities in note 21.

19. Trade and other payables

	2014	2013
Trade payables	99,392	101,545
Other payables, deferred income and accrued expenses	81,947	77,674
Total	**181,339**	**179,219**

The other payables, deferred income and accrued expenses are, amongst others, related accrued expenses payable to suppliers, amounts received from customers in advance, and accrued personnel expenses.

The accrued expenses payable to suppliers mainly relate to raw materials and transportation of which as per 31 December invoices are not yet received (€ 27.0 million; 2013: € 25.6 million).

The accrued personnel expenses mainly relate to leave days, bonus accruals and the current part of the pension liabilities (€ 24.0 million; 2013: € 16.6 million). The increase of this accrual compared to previous year is the result of the pension- and severance payments (€ 5.0 million) that are classified as current liability in 2014.

20. Taxes and social security

	2014	2013
Income tax	5,554	4,033
VAT	849	1,173
Payroll tax and social security	4,439	5,439
Total	**10,842**	**10,645**

For a further explanation on taxation refer to note 31.

21. Credit facilities

2014

In 2014 ForFarmers concluded a new financing agreement (multicurrency revolving facility agreement) with ABN AMRO Bank, Rabobank, Lloyds Bank and BNP Paribas that is free from securities with which the previous financing arrangements of ForFarmers by ABN AMRO Bank, Rabobank and Lloyds Bank were refunded. The agreement has a term up to 31 January 2020. The amount of the facility amounts to a maximum of € 300 million of which a nominal amount of £ 43.1 million (€ 55.3 million) was used as at the date of the balance sheet. The interest on the financing is based on Euribor and/or Libor (depending on the currency that the facility is withdrawn) plus a margin of between 0.7% and 2.1%. The margin depends on the leverage ratio; on the basis of the 2014 ratio the said margin amounts to 0.7%.

Covenant guidelines
Existing guidelines for financial ratios
- Leverage ratio = net debt / EBITDA < 3
- Interest coverage ratio = operating result (EBIT) / net interest expense > 4

Net debt = total amount of all debts to credit institutions and other financiers (including financial lease commitments) less cash and cash equivalents
EBITDA = operating result before depreciation, amortisation and impairments
Net interest expense = net financial income and expense

As per 31 December 2014 the leverage ratio and interest coverage ratio amount negative 0.28 respectively 9.75. Herewith ForFarmers fully complies with the terms and conditions of the covenants as per 31 December 2014.

HaBeMa has financing agreements with HypoVereinsbank AG and Bremer Landesbank Kreditanstalt. The amount of the financing debt amounts to € 9.6 million of which € 4.8 million has been consolidated proportionally and of which € 0.8 million has been presented as current. The variable interest amounts to between 2.45% and 5.25%. Through two interest swaps of in total € 5.4 million HaBeMa fixed the interest on the debt to credit institutions at 4.3% up to and including March 2016 (€ 2.4 million) respectively up to and including January 2023 (€ 3.0 million). The fair value of the swaps as at 31 December 2014 amounts to a total liability of € 0.13 million. The swaps have been fully effective since inception.

HaBeMa's assets have been provided as security for the financing agreements entered into by HaBeMa.

ForFarmers Thesing has a financing agreement with Bremers Landesbank, free from securities, with a maximum amount of € 6 million. On this facility an amount of € 1.4 million has been used with an interest of 1.393%.

2013

In 2012, ForFarmers concluded a financing agreement (term- and revolving facilities agreement) with ABN AMRO Bank and Rabobank. The agreement expires on 31 March 2017. The maximum amount of the loan is € 120 million, € 64.0 million of which was used as per balance sheet date. The interest on the loan is based on Euribor plus a margin of 1.0% to 2.4%. The margin depends on the adjusted ratio between net interest-bearing debt and EBITDA (leverage ratio; maximum 3.5) and an interest coverage ratio (minimum 2.6).

ForFarmers complies with all conditions of the agreements as per 31 December 2013.

For the first three years (until 31 March 2015), the variable part of the interest (Euribor) has been converted, by means of an interest rate swap, to a fixed interest rate of 1.095%, plus the supplements detailed above. The nominal value of this swap decreases from € 70 million to € 56 million in line with the redemption schedule.

For the period from 1 April 2015 to 31 March 2017, the variable part of the interest has been converted, by means of an interest rate swap, to a fixed interest rate of 2.13%, plus the supplements detailed above. The nominal value of this swap decreases from € 32.4 million to € 24 million in line with the repayment schedule. The fair value of the swaps as per 31

December 2013 is negative € 1.3 million.

The swap has been fully effective since inception and there are no cash-collateral obligations. For the details of the financing agreement, see the explanation under off-balance sheet liabilities.

In 2011, BOCM PAULS concluded a financing agreement with Lloyds Banking Group. The agreement expires per 31 December 2015. The maximum amount of the loan is € 103 million (£ 86 million), of which € 70.0 million (£ 58.4 million) was used as per 31 December 2013.

The variable interest on the loan is Libor plus 1.95% to 2.50%. The interest has, by means of interest rate swaps, been fixed to Libor 0.79% for the period till September 2015, with a nominal amount of € 48 million (£ 40 million). The fair value of the swaps as per 31 December 2013 is negative € 0.016 million. The swap has been fully effective since inception.

HaBeMa has concluded financing agreements with HSH Nordbank AG, HypoVereinsbank AG and Bremer Landesbank Kreditanstalt. The amount of the loans is € 2.5 million. The variable interest ranges between 2.45% and 5.25%. By means of an interest rate swap of € 0.5 million, HaBeMa has fixed the interest on the debt to credit institutions at 4.3% for the period till March 2016. The fair value of the swap as per 31 December 2013 is negative € 0.04 million. The swap has been fully effective since inception.

ForFarmers Thesing has a financing agreement with Bremers Landesbank, free from securities, with a maximum amount of € 6 million.

Mortgage-backed securities and rights of restraint
ForFarmers B.V. (and its subsidiaries) has provided the following securities against obligations related to loans and credit facilities:

Rabobank and ABN AMRO Bank:

- mortgage-backed security for a total amount of € 170.4 million;
- mandate mortgage on the real estate in Izegem, Belgium;
- first right of restraint on the shares in ForFarmers B.V.;
- first right of restraint on the machinery, stock and (trade) receivables;
- right of restraint on the tangible fixed assets of ForFarmers Langförden GmbH;
- right of restraint on the bank accounts of ForFarmers GmbH and ForFarmers Langförden GmbH;
- right of restraint on the receivables of ForFarmers Langförden GmbH.

Lloyds Banking Group:

- mortgage-backed security on the tangible fixed assets of BOCM PAULS;
- right of restraint on receivables of BOCM PAULS.

HaBeMa's assets have been provided as security for the financing agreements entered into by HaBeMa.

22. Commitments and contingencies

2014

	2015	2016 - 2019	After 2019	Total
Rental and lease commitments	1,631	5,059	3,358	10,048
Purchase commitments raw materials	412,352	1,355	-	413,707
Purchase commitments energy (gas/electricity)	12,516	212	-	12,728
Purchase commitments fixed assets	5,126	-	-	5,126
Total	**431,625**	**6,626**	**3,358**	**441,609**

The purchase commitments of raw materials are partly relating to back to back purchases as result of existing sales contracts. A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers B.V. for the benefit of ForFarmers Hendrix B.V., ForFarmers Netherlands B.V. and ForFarmers DML B.V. For the acquisition of BOCM PAULS Ltd, guarantees have been issued amounting to € 1.3 million. For the credit facilities of ForFarmers reference is made to note 21.

2013

	2014	2015-2018	After 2018	Total
Rental and lease commitments	3,000	6,200	6,700	15,900
Purchase commitments raw materials	295,306	1,400	-	296,706
Purchase commitments energy (gas/electricity)	5,270	2,147	-	7,417
Total	**303,576**	**9,747**	**6,700**	**320,023**

Per end of 2013, there are no commitments related to investments. For IT maintenance, there is an off-balance sheet contract commitment of € 1.0 million for the year 2014.

23. Financial instruments

General

The data included in these explanatory notes provide information that is helpful when estimating the scope of risks that are associated with financial instruments both off- and on-balance sheet.

The primary financial instruments, other than derivatives, serve to fund the operational activities of ForFarmers or directly derive from these activities. In addition, ForFarmers enters into transactions in derivatives, in particular interest swaps, to hedge the interest risk that originates from the operational and funding activities of ForFarmers. The policy of ForFarmers is not to trade in financial instruments.

The most important risks on account of the financial instruments of ForFarmers are the credit risk, the liquidity risk, the cash flow risk, and the price risk consisting of the currency, interest and market risk.

Credit risk

ForFarmers is exposed to a credit risk with regard to its trade receivables, liquid assets, and derivatives. The group trades with ostensibly creditworthy parties and has set up procedures to determine the creditworthiness. In addition the group has prepared directives to limit the scope of the credit risk at each party. Moreover, the group continuously monitors its receivables and the group applies a strict credit procedure. In accordance with this policy customers are categorised and depending on their credit profile the following risk-mitigating measures are taken:

- payment in advance, immediate payment upon receipt of the goods or provision of collateral;
- hedging by means of credit letters and bank guarantees;
- reinsurance of the credit risk at various business units.

As a consequence of the distribution over geographic areas and product groups a significant concentration of credit risk in the trade receivables does not arise (no single customer is responsible for more than 1% of the turnover). For a further explanation of the trade receivables reference is made to note 9.

Cash and cash equivalents are kept by first-class international banks, i.e. banks with at least a credit classification of 'single A'. Derivatives are only traded with financial institutions with a high credit rating, i.e. a credit rating of at least 'investment grade'. The maximum credit risk of ForFarmers with regard to the financial assets equals the current balance sheet value of the financial assets.

As a result of the aforementioned measures the credit risk for the group is estimated to be limited.

Liquidity risk

ForFarmers is monitoring the cash position based on periodical reports that include the cash positions in order to ensure that sufficient cash is available for the group to fulfil its commitments and to comply within the covenant guidelines for the credit facilities.

Price risk

Currency risk
As a result of the acquisition of BOCM PAULS, ForFarmers' balance sheet can be influenced by exchange rate differences between the British Pound and the Euro. ForFarmers' policy is not to hedge these differences on the net investment in foreign entities.

Interest risk
Through an interest swap a part of the payable interest on the debt to credit institutions has been fixed up to September 2015. This applies to an amount of £ 40 million (€ 51 million) that serves for the funding of BOCM PAULS for a total of £ 43.1 million (€ 55.3 million). ForFarmers' policy is to hedge interest risks partially.

For the other financial instruments reference is made to the chapter risk management on page 68.

Fair value

The fair value of the financial instruments of the group both off- and on-balance sheet is as follows:

Fair value		2014		2013
	Book value	Fair value	Book value	Fair value
Financial assets:				
Financial fixed assets: investments in associates and receivables	4,983	4,983	6,215	5,976
Receivables	236,907	236,907	249,808	249,808
Cash and cash equivalents	80,925	80,925	146,840	146,840
TOTAL	**322,815**	**322,815**	**402,863**	**402,624**
Financial liabilities				
Long-term debts	54,136	54,136	129,251	124,280
Short-term debts	195,513	195,513	216,963	216,963
	249,649	**249,649**	**346,214**	**341,243**
Off-balance sheet financial instruments:				
Interest rate swaps	-	-161	-	-1,360
TOTAL	**-**	**-161**	**-**	**-1,360**

The fair value of the financial instruments was determined with the help of available market information and estimation methods. The following methods and assumptions were used upon the determination of the fair value of the financial instruments:

Financial fixed assets

The fair value of the receivables under the financial fixed assets has been estimated based on the present value of the future cash flows against the relevant market interest including a risk premium.

Cash, receivables and short-term debts

Given the short term of these instruments, the book value is close to the market value.

Long-term debts

The market value of the long-term debts has been estimated based on the present value of the future cash flows against the relevant market interest including risk premium. Comparing to previous year the fair value of the long-term debts is equal to book value as result of the new financing agreement (refer to note 21) whereby the date of agreement (21 October 2014) is close to year end.

Interest rate swaps

The market value of these financial instruments consists of the amount that the company would receive or pay in order to settle these contracts.

24. Revenue

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

Revenue	2014	2013
Netherlands	860,005	1,056,814
Germany	505,491	493,691
Belgium	157,543	168,317
UK	733,448	727,304
Other EU countries	31,080	24,854
Other countries outside the EU	4,447	1,192
Total	**2,292,014**	**2,472,172**

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

Revenue by category	2014	2013
Compound feed	1,886,766	2,117,327
Other revenue	405,248	354,845
Total	**2,292,014**	**2,472,172**

The other revenue mainly relates to the sale of single feed, other trading products and provided services.

The influence of acquisitions on the 2014 revenue amounts to € 40 million.

25. Gross profit

The gross profit increased, compared to 2013, by € 17.7 million. This increase is evident in the UK and is positively influenced by the acquisitions of HST Feeds and Wheyfeed.

The other operating proceeds include the sales proceeds of Subli and the export activities of BOCM PAULS Ltd, see note 3.

26. Personnel expenses

	2014	2013
Salaries	115,812	103,350
Social security expenses	13,451	14,208
Pension and early retirement expenses	9,274	6,908
Total	**138,537**	**124,466**

Total number of employees Converted to full-time equivalent	2014	2013
Production and logistics	1,270	1,153
Commercial	702	715
Other	371	346
	2,343	**2,214**

The increase in the personnel expenses is caused by an increase in the number of employees. In the UK, 124 fulltime equivalents were added due to the acquisitions; HST Feeds as from 1 February 2014 and Wheyfeed as from 1 July 2014.

Total number of employees Converted to full-time equivalent	2014	2013
Beginning of financial year	2,214	2,194
Acquisitions	124	-
	2,338	2,194
Joiners	241	237
Leavers	-236	-217
End of financial year	**2,343**	**2,214**

Of the total number of employees, 1,586 (2013: 1,466) employees are employed outside the Netherlands, they are employed at the productions and logistics 1,041 (2013: 932), commercial 328 (2013: 345) and other departments 217 (2013: 189).

Remuneration

In the financial year remuneration for the board of statutory directors including pension expenses within the meaning of section 383 subsection 1 of Book 2 of the Dutch Civil Code were charged to the company and group companies for an amount of € 2.6 million, which can be broken down as follows:

€ x 1.000 Remuneration statutory board of directors	Base salary	Performance bonus (1)	Performance bonus long term (2)	Share participation plan (3)	Pensions, social securities and insurances	Other compensation	Total 2014
Y.M. Knoop	440	263	242	36	100	135	1,216
A.E. Traas	348	129	118	27	55	23	700
J.N. Potijk	313	125	110	30	51	100	729

(1) The short term performance bonus relates to the performance in the year reported and is to be paid in the subsequent year.

(2) The long term performance bonus relates to the performance over the next two years reported and is to be paid in the year after the second year.

(3) The valuation of the share certificates of share participation plan is based on Dutch GAAP accounting principles and does not reflect the value of vested share certificates.

(4) Other compensation mainly includes use of company cars and allowances for expenses.

In the financial year remuneration for supervisory directors and former supervisory directors within the meaning of section 383 sub 1 of Book 2 of the Dutch Civil Code were charged to the company and the group companies for an amount of € 275 thousand (2013: € 204 thousand).

The amount on account of loans, advances, and guarantees granted to directors and supervisory directors by the company totals € nil (2013: € 2 million).

Regarding the remuneration of the statutory board of directors in 2013, the company made use of the exemption from having to disclose the remuneration of directors based on section 383 sub 1 of Book 2 of the Dutch Civil Code.

27. Depreciation and amortisation

	2014	2013
Goodwill and other intangible fixed assets	7,438	4,949
Tangible fixed assets	20,040	18,855
Impairment of tangible fixed assets	1,480	2,062
Total	**28,958**	**25,866**

The amortisation on the goodwill and other intangible fixed assets is related to historic acquisitions. On the basis of the purchase price accounting method the various individual categories of intangible fixed assets were identified and valued. The tangible fixed assets also recognise an amount in connection with the revaluation of the assets after the acquisitions. The impairment is largely related to machines and installations pertaining to the Deventer plant, which was decommissioned on 1 January 2015, see note 5.

28. Other operating expenses

	2014	2013
Rapair and maintenance	55,705	54,980
Vehicles	31,292	29,158
Third party freight expenses	44,567	41,500
Sales expenses	9,726	8,311
Other personnel expenses	18,818	21,485
Other operating expenses	28,001	45,755
Total	**188,109**	**201,189**

The other operating costs decreased by € 13.1 million, mostly due to the costs that were higher in 2013 because of costs incurred in connection with the integration of BOCM PAULS Ltd and Hendrix UTD within ForFarmers and an additional bad debt charge.

Barring the other personnel expenses and other costs, the remaining cost categories increased slightly compared to 2013 as a result of the consolidation of the 2014 acquisitions, the increased turnover and volume, and the currency effect of the British Pound, which increased compared to the Euro.

The auditor’s costs and advisory fees accounted for in the financial statements can be specified as follows:

2014

	KPMG Accountants N.V.	Other KPMG network	Totaal KPMG	Total EY
Financial statement audit	257	310	567	-
Audit related services	63	-	63	167
Tax advisory services	-	-	-	-
Other non-audit fees	-	-	-	-
Total	**320**	**310**	**630**	**167**

2013

	Ernst & Young Accountants LLP	Other EY network	Total EY
Financial statement audit	221	317	538
Audit related services	30	28	58
Tax advisory services	148	63	211
Other non-audit fees	2	-	2
Total	**401**	**408**	**809**

The auditor’s costs with regard to the audit of the financial statements were accounted for in the financial year that the activities related to. The other auditor´s services were charged to the financial year in which the activities were performed.

29. Financial income

	2014	2013
Interest income related parties	10	25
Financial income third parties	2,425	2,602
Total	**2,435**	**2,627**

30. Financial expenses

	2014	2013
Interest expenses related parties	-	16
Interest expenses third parties	5,365	4,612
Other financial expenses	2,745	279
Total	**8,110**	**4,907**

The interest expenses increased on balance compared to 2013 due to, in particular, the following items:

- write-down of capitalised bank costs in connection with refunding (€ 0.5 million);
- higher interest expenses of pension commitments (€ 1.8 million);
- settlement of interest swaps (€ 1.5 million);
- less interest expenses caused by a decline in financial debts (- € 0.3 million).

31. Taxes

2014

Deferred tax assets relate to differences in tax and commercial measurement of provisions, in particular pension provisions (€ 13.3 million) and trade receivables (€ 1.2 million). In addition deferred tax assets were recognised for carry forward losses of € 1.9 million.

The deferred tax assets, which are expected to be utilized within a year, amount to € 1.5 million.

A total amount of € 16.7 million net operating losses (tax effect € 4.3 million) qualifies to be carried forward. An amount of € 8.3 million net operating losses (tax effect € 2.4 million) is not included in the measurement because it is expected these losses cannot be utilised within ten years.

The main components of the deferred tax liabilities relate to the fair value adjustments of the intangible (€ 4.1 million) and of the tangible fixed assets (€ 13.2 million).

The deferred tax assets and liabilities were set off to the extent permitted on the basis of the rules for financial reporting.

2013

The main components of the deferred tax liabilities are the pension obligation in the UK and the consequences of the fair value adjustments of the assets and liabilities following the acquisitions.

The movement of deferred taxes is as follows:

2014

	Deferred tax assets	Deferred tax liabilities
Bookvalue at beginning of financial year 2014	**14,969**	**16,251**
Acquisitions	-	2,175
Additions	2,872	-
Release	-2,518	-1,791
Exchange rate differences and equity movements	1,141	81
Reclassification	-82	570
Bookvalue at end of financial year 2014	**16,382**	**17,286**

2013

	Deferred tax assets	Deferred tax liabilities
Bookvalue at beginning of financial year 2013	**19,113**	**20,863**
Additions	2,417	1,170
Utilisation	-4,080	-963
Exchange rate differences	-278	-255
Reclassification	-2,973	-2,973
Goodwill adjustment	-993	-
Transfer to current taxes	1,763	-
Adjustment UK tax rate	-	-1,378
Other	-	-213
Bookvalue at end of financial year 2013	**14,969**	**16,251**

In 2014 the effective tax rate is 25.4% (2013: 26.4%) of the result before taxes, including the result of associates.

The deviation from the nominal Dutch tax rate of 25% is mainly caused by differences in tax rates in the countries in which companies of ForFarmers are based.

	2014	2013
Result on ordinary operating activities before taxes	53,426	42,944
Share in results from associates	-	-1,795
Result before tax	**53,426**	**41,149**
Reconciliation tax rate		
Standard income tax rate Netherlands 25%	13,357	10,736
Change in tax rates	-1,544	-
Share in results from associates	-	-449
Tax facilities	-639	-825
Change in valuation of tax positions	987	-
Difference non-deductible costs	1,195	1,629
Other differences	229	242
Total	**13,584**	**11,333**
Effective tax rate	**25.4%**	**26.4%**

The current tax charge amounts to € 15.7 million (2013: € 9.4 million). The deferred tax income amounts to € 2.1 million (2013: deferred tax charge of € 1.9 million). The total tax charge in the profit and loss account amounts to € 13.6 million (2013: € 11.3 million). The deferred tax income is mainly caused by a decrease of the tax rate in the UK to 20% in 2015.

The company and the Dutch group companies in which the company has a 100% interest form a fiscal unity for the purposes of income tax where ForFarmers B.V. is the head of the fiscal unity. For VAT a comparable fiscal unity exists for the Dutch group companies that also includes the ultimate parent company Coöperatie FromFarmers U.A. which is the head of this fiscal unity. Settlement of taxes within this fiscal group takes place as if each company is independently liable for tax. Each participating group company is jointly and severally liable for possible liabilities of the fiscal unity as a whole.

A number of companies in Germany form a fiscal unity for the purposes of income tax (‘Organschaft’ for Körperschaftsteuer and Gewerbesteuer). Settlement of taxes within this fiscal unity takes place as if each company is independently liable for tax.

The companies in the UK form a fiscal unity for the purposes of income tax (‘Group Relief’) and VAT. Settlement of taxes within this fiscal unity takes place as if each company is independently liable for tax.

Tax rates	2014	2013
Netherlands	25.00%	25.00%
Germany (average)	28.00%	28.00%
Belgium	33.99%	33.99%
UK (average)	21.50%	23.25%

32. Share in results from associates

	2014	2013
Transaction result on sale of associates	-	1,608
Other participating interests	-	187
Total	**-**	**1,795**

33. Minority interest

This regards the share in the result of the company of the minority shareholders in the subsidiaries ForFarmers Thesing (40%) and Leafield Feeds Ltd. (24%).

34. Related parties

Beside the group companies, joint ventures and associates that operate within ForFarmers (refer to the overview "Main group companies, joint ventures and other participating interests as per end of the financial year"), ForFarmers has the following related parties and transactions.

Statutory board of directors, board of supervisory directors and employees
The loan to the former Statutory Board of Directors and employees, as described in note 7, were granted on the basis of the relevant policy approved by the board of supervisory directors. The loan to the former statutory board of directors became interest-bearing as per 1 January 2014 and was repaid early January 2014.

Stichting Administratiekantoor ForFarmers, (members of) Coöperatie FromFarmers U.A. and other certificate holders
Stichting Administratiekantoor ForFarmers (hereafter: STAK) holds 100% of the shares of ForFarmers B.V., and has issued certificates of which Coöperatie FromFarmers U.A. (hereafter: the cooperative) holds 68.90% as per 31 December 2014 and the remaining certificates are held by members of the cooperative and other certificate holders. The cooperative, members of the cooperative (who directly holds certificates in the company) and other certificate holders have the right to request the voting right at the STAK. As well as the STAK, the cooperative and the members of the cooperative are related parties. Between the cooperative and a number of members of the cooperative on one hand and ForFarmers on the other hand, related party transactions regularly occur with regard to sale and delivery of products and services. The related party transactions that occurred in 2014 and 2013 were done at arm's length. The members of the board of supervisory directors and the members of the membership council of Coöperatie FromFarmers U.A. did not experience any impediment in the performance of their duties during the past year as a result of transactions that they conducted.

35. Subsequent events

Feed and Forage Activities of Countrywide Farmers Plc. (UK)
On 9 December 2014 ForFarmers announced the proposed acquisition of the feed and roughage activities of Countrywide Farmers Plc. The proposed transaction includes a long-term agreement for the supply of feed and bulk products that Countrywide sells in its shops. The proposed acquisition represents an annual turnover of €158 million and annual sales of approximately 400,000 tonnes. ForFarmers is already the main producer of compound feed for Countrywide Farmers as a result of which the effect of the proposed acquisition on turnover will be limited. The price is based on an enterprise value of the company of € 19.3 million. ForFarmers expects to finalise the transaction in the first half of 2015.

On 20 February 2015 the competition authority has started its investigation, which means the legal period of 40 days has been started to determine whether this acquisition permission is granted by the authorities.

36. Cash flow statement

As explained in the accounting principles the consolidated cash flow statement is prepared based on the indirect method. Changes and cash flows are not always directly traceable to the financial statements or the notes as result of e.g. acquisitions, divestments and currency effects.

In 2014, the cash flow from operational activities amounts to € 90.1 million positive (2013: € 54.9 million positive). The increase of the operational cash flow compared to 2013 is caused by the increased profit and an improved working capital position. The effect of acquisitions on the working capital is € 33 thousand positive.

In 2014 the cash flow from investment activities is € 39.9 million negative (2013: € 50.1 million positive). The variation compared to 2013 is the result of increased investments due to acquisitions in 2014 and the effect of a payment received of € 71.2 million as result of the Cefetra sale.

The cash flow from financing activities amounts to € 117.4 million negative (2013: € 38.8 million negative) as the previous credit facility was fully repaid and a lower amount was withdrawn under the new facility which also resulted in the decline of cash and cash equivalents compared to 2013, see note 21 for a further explanation of the credit facilities.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

€ x 1.000, before appropriation of results

ASSETS		31.12.2014	31.12.2013
FIXED ASSETS			
Intangible fixed assets			
Goodwill		2,109	2,293
	(1)	**2,109**	**2,293**
Tangible fixed assets			
Other operating assets		-	8,205
Other non-current fixed assets		-	39
	(2)	**-**	**8,244**
Financial fixed assets			
Investments in subsidiaries	(3)	344,563	351,196
		344,563	**351,196**
Total fixed assets		**346,672**	**361,733**
CURRENT ASSETS			
Receivables			
Trade and other receivables		403	1,214
Receivables from group companies	(4)	11,016	82,779
Taxes and social security	(5)	13,894	22,530
		25,313	**106,523**
Cash and cash equivalents		**35,584**	**57,165**
Total current assets		**60,897**	**163,688**
TOTAL ASSETS		407,569	525,421

€ x 1.000

EQUITY AND LIABILITIES		31.12.2014	31.12.2013
EQUITY			
Share capital		106,261	106,261
Share premium reserve		38,356	38,356
Statutory reserve for exchange rate differences		753	-1,572
Other statutory reserves		6,534	4,194
Other reserves		169,735	160,006
Unappropriated result		38,954	31,122
Equity	(6)	**360,593**	**338,367**
PROVISIONS			
Other	(7)	3,513	4,156
		3,513	**4,156**
NON-CURRENT LIABILITIES			
Debts to credit institutions	(8)	-	49,600
		-	**49,600**
CURRENT LIABILITIES			
Trade and other payables		1,024	2,251
Debts to group companies	(4)	42,293	123,180
Taxes and social security		146	781
Debts to credit institutions	(8)	-	7,086
		43,463	**133,298**
TOTAL EQUITY AND LIABILITIES		407,569	525,421

COMPANY PROFIT AND LOSS ACCOUNT

€ x 1.000	2014	2013
Result excluding the share in results from associates, after tax	-2,408	-3,408
Share in results from associates	41,362	34,530
Result after tax	38,954	31,122

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL

For the accounting principles as well as the explanatory notes to the company balance sheet and profit and loss account reference is made to the policies and explanatory notes to the consolidated balance sheet and profit and loss account.

Upon preparation of the company profit and loss account section 402 of Book 2 of the Dutch Civil Code was applied. All amounts are in € x 1,000, unless indicated otherwise.

NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Intangible fixed assets

	2014	2013
Book value at beginning of financial year	**2,293**	1,711
Acquisitions	-	680
Amortisation	-184	-98
Book value at end of financial year	**2,109**	2,293

The acquisitions in 2013 concern part of the goodwill of the acquisitions of Hendrix and BOCM PAULS in 2012, including the goodwill adjustments that were concluded upon the final determination of the goodwill in 2013.

2. Tangible fixed assets

	2014	2013
Book value at beginning of financial year	**8,244**	5,049
Additions	-	4,456
Depreciation	-	-1,261
Transfer to ForFarmers Netherlands B.V.	-8,244	-
Book value at end of financial year	**-**	8,244

3. Financial fixed assets: investments in subsidiaries

	Group companies	Investments in associates	Total
Book value at beginning of 2013	**322,714**	**1,468**	**324,182**
Equity payment	1,000	42	1,042
Disposals	-	-3,250	-3,250
Share in results from group companies	32,790	1,740	34,530
Exchange rate differences group companies	-411	-	-411
Actuarial results	-4,879	-	-4,879
Other changes	-18	-	-18
Book value at beginning of 2014	**351,196**	**-**	**351,196**
Dividend received	-45,819	-	-45,819
Share in results from group companies	41,362	-	41,362
Exchange rate differences group companies	2,325	-	2,325
Actuarial results	-4,673	-	-4,673
Other changes	172	-	172
Book value at end of 2014	**344,563**	**-**	**344,563**

4. Receivables from and debts to group companies

The receivables from and the debts to group companies are current.

5. Taxes and social security

The balance of claimable taxes and premiums relates to a claim within the framework of the income tax for an amount of € 13.8 million (2013: € 19.9 million).

A fiscal unity is in place for the income tax between the company and Dutch group companies in which the company has a 100% interest. Settlement of the taxes within the fiscal unity takes place as if each company is independently liable for tax.

6. Equity

As at the end of the financial year the share capital consists of 106,261,040 shares with a nominal value of € 1.00 per share. The shares of ForFarmers B.V. are held by Stichting Administratiekantoor ForFarmers that issued certificates for the same.

Share premium reserve

The share premium reserve consists of the positive difference between the issue price and the nominal value of the issued shares.

Statutory reserve for exchange rate differences

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

Other statutory reserves

The other statutory reserves contain the undistributed results and direct changes in equity of participating interests and the part that is related to loans to staff for the purchase of certificates in the period 2007 – 2009. Direct changes in equity do not include the changes in equity that derive from the relationship with the shareholder, such as paid-in share premium. The (change in the) statutory reserve relating to participating interests is only recognised if, and to the extent that, ForFarmers B.V. cannot realise payment of the equity of the participating interest to itself without restrictions.

Other reserves

The other reserves regard the freely distributable reserves. The purchase and sale of shares in its own share capital are booked as charge of respectively as income of the other reserves. As at the end of 2014 ForFarmers B.V. holds, on balance, 466,210 shares certificates (2013: 466,392 certificates). These shares were purchased by SNS Securities. SNS Securities acts as liquidity provider on the Trade platform where it is possible to trade in depositary receipts for shares of ForFarmers B.V. The liquidity provider operates within the framework of the agreement on the Trade platform independently of ForFarmers B.V., but at the latter's risk and expense.

7. Provisions

The trend of the other provisions and the estimated term can be represented as follows:

	Soil decontamination	Other	Total
Value at beginning 2014	**1,600**	**2,556**	**4,156**
Changes in provisions	-13	-216	-229
Paid	-317	-97	-414
Value at end 2014	**1,270**	**2,243**	**3,513**
Term < 1 year	250	132	382
Term 1-5 year	1,020	2,111	3,131
Term > 5 year	-	-	-
Total	**1,270**	**2,243**	**3,513**

8. Credit facilities

The credit facility of ForFarmers B.V. only relates to the financing agreement (multicurrency revolving facility agreement) that was concluded with ABN AMRO Bank, Rabobank, Lloyds Bank and BNP Paribas in 2014 and is free from securities. For a further explanation a reference is made to note 21 of the consolidated balance sheet and profit and loss account.

9. Commitments and contingencies

Securities / guarantees
A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers B.V. for the benefit of ForFarmers Hendrix B.V., ForFarmers Netherlands B.V. and ForFarmers DML B.V. For the acquisition of BOCM PAULS Ltd, guarantees have been issued amounting to € 1.3 million.

10. Remuneration of the board of supervisory directors and the statutory board of directors

The remuneration of the board of supervisory directors and the statutory board of directors equals the remuneration of the board of supervisory directors and the statutory board of directors as declared in note 26 of the explanatory notes to the consolidated financial statements. During the year under review 7 employees were employed by the company who were all employed in the Netherlands.

Lochem, 18 March 2015

Statutory board of directors
Y.M. Knoop, Chief Executive Officer
A.E. Traas, Chief Financial Officer
J.N. Potijk, Chief Operating Officer

Board of supervisory directors
J.W. Eggink, chairman
J. Markink, vice-chairman
J.W. Addink-Berendsen
V.H.M. Hulshof
H. Mulder
C.J.M. van Rijn

MAIN GROUP COMPANIES, JOINT VENTURES AND OTHER PARTICIPATING INTERESTS AS PER END OF THE FINANCIAL YEAR

	Registered office	Interest
Netherlands		
ForFarmers DML B.V.	Lochem	100%
FF Logistics B.V.	Lochem	100%
ForFarmers Hendrix B.V.	Lochem	100%
PoultryPlus B.V.	Lochem	100%
Reudink B.V.	Lochem	100%
Stimulan B.V.	Boxmeer	100%
ForFarmers Netherlands B.V.	Lochem	100%
Germany		
ForFarmers GmbH	Vechta-Langförden	100%
ForFarmers Langförden GmbH	Vechta-Langförden	100%
ForFarmers BM GmbH (1)	Rapshagen	87.5%
ForFarmers Hamburg GmbH & Co. KG	Vechta-Langförden	100%
ForFarmers Thesing Mischfutter GmbH & Co. KG	Rees	60%
HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG(2)	Hamburg	50%
ForFarmers Beelitz GmbH	Beelitz	100%
Pavo Pferdenahrung GmbH	Goch	100%
Belgium		
ForFarmers Belgium B.V.B.A.	Ingelmunster	100%
ForFarmers Finance International B.V.B.A.	Ingelmunster	100%
UK		
Agricola Group Ltd.	Ipswich. Suffolk	100%
Agricola Holdings Ltd.	Ipswich. Suffolk	100%
BOCM PAULS Ltd.	Ipswich. Suffolk	100%
ForFarmers UK Ltd.	Ipswich. Suffolk	100%
Wheyfeed Ltd.	Stanton-on-the-Wolds. Nottingham	100%
Leafield Feeds Ltd.	Wakefield	76%

(1) The participating interest ForFarmers BM GmbH has been included in the consolidation for 100% because of the economic ownership.

(2) This joint venture has been consolidated for 50%

OTHER INFORMATION

RESULT APPROPRIATION SCHEME UNDER THE ARTICLES OF ASSOCIATION

The articles of association of the company contain the following provisions regarding the appropriation of the result.

Article 28 of the articles of association of the company reads as follows:

28.1 With the prior consent of the Board of Supervisory Directors the Board of Directors is authorised to reserve a part of the profit that has been established through adoption of the annual accounts.

28.2 That which remains of the profit after application of the aforementioned paragraph is at the disposal of the General Meeting and the General Meeting is, on the proposal of the Board of Directors, authorised to appropriate the said profit and to determine distributions. To the extent that profit is paid out, more than the statutory interest at the time that the dividend is established cannot be paid out on the Preference Shares. The dividend is calculated over the paid-up part of the nominal amount.

28.3 The Board of Directors is authorised to establish distributions to the extent that the equity exceeds the reserves that must be kept by law. The Board of Directors shall not resolve to establish a distribution if it knows or should within reason anticipate that after the distribution the company shall no longer be able to continue payment of its payable debts.

28.4 A resolution that extends to distribution requires the consent of the Board of Supervisory Directors.

28.5 Upon the calculation of each distribution the shares that the Company holds in its own share capital are not taken into account.

28.6 Upon the calculation of the amount that shall be paid out on each share only the amount of the compulsory payments on the nominal amount of the shares is taken into account. It is possible to deviate from the previous sentence, each time with consent of all Shareholders.

28.7 Unless the Board of Directors establishes a different time distributions on shares are payable immediately after establishment of the distribution.

28.8 The claim of a Shareholder on account of this article expires after a period of five years has lapsed.

PROPOSED APPROPRIATION OF RESULT AFTER TAX

A proposal is made to the general meeting to distribute the 2014 result as follows:

€ x 1.000	2014	2013
Addition to the statutory reserves	4,917	5,374
Dividend payment	18,651	14,408
Addition to the other reserves	15,386	11,340
Result after tax	**38,954**	**31,122**

During the general meeting on 17 April 2015 the proposal to distribute a dividend of € 0.176 (2013: € 0.136) per nominal share of € 1.00 shall be submitted for approval. This is 50% of the normalised result after taxes.

Underlying principle for the dividend policy of ForFarmers B.V. is to make available a dividend pay-out ratio between 40% and 50% of the result after tax. The incidental income from the sale of assets or profits of non consolidated subsidiaries with a pay-out ratio lower than the ForFarmers ratio are excluded from the dividend calculation.

This method takes into account the strategy and a healthy balance sheet structure. Within these principles, ForFarmers B.V. aims for a stable development of the cash dividend paid to its shareholders.

SUBSEQUENT EVENTS

Feed and Forage Activities of Countrywide Farmers Plc. (UK)
On 9 December 2014 ForFarmers announced the proposed acquisition of the feed and roughage activities of Countrywide Farmers Plc. The proposed transaction includes a long-term agreement for the supply of feed and bulk products that Countrywide sells in its shops. The proposed acquisition represents an annual turnover of €158 million and annual sales of approximately 400,000 tonnes. ForFarmers is already the main producer of compound feed for Countrywide Farmers as a result of which the effect of the proposed acquisition on turnover will be limited. The price is based on an enterprise value of the company of € 19.3 million. ForFarmers expects to finalise the transaction in the first half of 2015.

On 20 February 2015 the competition authority has started its investigation, which means the legal period of 40 days has been started to determine whether this acquisition permission is granted by the authorities.

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of ForFarmers B.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of ForFarmers B.V. (the company), based in Lochem. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of ForFarmers B.V. as at 31 December 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.
- the company financial statements give a true and fair view of the financial position of ForFarmers B.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2014;
2. the following statements for 2014: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes, comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2014;
2. the company income statement for 2014; and
3. the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of ForFarmers B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at EUR 2 million. The materiality is based on approximately 3.7% of the profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for users of the financial statements for qualitative reasons.

We agreed with the Board of Supervisory Directors that any misstatements in excess of EUR 0.1 million identified during the audit would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ForFarmers B.V. is the parent company of a group. The financial information of this group is included in the financial statements of ForFarmers B.V.

The audit of ForFarmers B.V. is our first-year audit. As part of this first-year audit, we performed specific transition-related procedures, including conversations with the former auditor and reviews of their audit files.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the components of the group, also based on the transition-related procedures. This was based on the size and/or the risk profile of the components or operations. On this basis, we selected components requiring an audit on the complete set of financial information or specified audit procedures on account balances.

We scope components of ForFarmers B.V. in the scope of the group audit where they are of significant size or contain specific risks. Where this did not lead to adequate coverage we used our judgement to scope in additional components for an audit on the complete set of financial information. For all components where no audit on the complete set of financial information was performed, we performed specified audit procedures instead.

The company has disclosed its main components in the financial statements on page 131. We performed a full scope audit for 15 of these components and specified audit procedures for the remaining 8 components. In addition to the procedures performed at components, the group engagement team performed audit procedures, for example on the valuation of trade receivables, goodwill and taxes.

This resulted in coverage of 90% of total group revenue and 81% of total group assets.

Audits of components were performed to materiality levels, the majority of which were based on the relevant local statutory audit materiality which is considerably lower than group materiality. For all components the materiality levels applied were below the group materiality level.

The group audit team sent detailed instructions to all component auditors as part of the group audit. These instructions included the significant areas that should be covered and set out in the required information to be reported back to the group audit team. As part of the 2014 audit, the group audit team visited the group components in the Netherlands, Germany, the United Kingdom and Belgium and had meetings with local management and the auditors of these components. The team also conducted conference calls and email exchanges with all component auditors as part of the group audit. During these visits and conference calls, the audit approach, findings and observations reported to the group audit team were discussed in more detail. In addition we performed reviews of the audit files at all auditors of the components.

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

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Supervisory Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables and revenue recognition

The valuation of trade receivables and long-term loans to customers is a key matter in our audit as these include management estimates. Furthermore, these accounts reflect approximately 32% of the balance sheet total. Included in this key matter is the related risk that revenues and trade receivables positions are not accurately or completely reported.

The audit procedures on the valuation of trade receivables and long-term loans to customers and the audit procedures on revenues were mainly performed by the component auditors. We instructed them to evaluate the reasonableness of the valuation of these receivables based on the specific trade debtor's circumstances. The component auditors evaluated management assumptions in determining the allowance, including by analysing the ageing and by evaluating specific trade debtors risks. Furthermore, the component auditors determined for a selection of outstanding amounts as at balance sheet date the subsequent collection in 2015, or determined that the trade debtors and related revenues recognised related to deliveries in 2014.

In addition to those procedures performed locally, we have evaluated, as part of our audit procedures at group level, the reasonableness of the valuation of receivables following the same approach. The component auditors evaluated various aspects regarding revenue recognition, including whether the companies correctly applied the delivery terms and conditions and whether credit notes issued close to the balance sheet date were reported in correct financial year. As part of our audit, we also evaluated the adequacy of company's disclosures in note 9 regarding the allowance for bad debts and the change in this allowance during the year and note 23 regarding credit risk.

Purchase contracts for raw materials

The company purchases raw materials for use in the production process. As at year-end, the purchase commitments for raw materials amounted EUR 414 million, as disclosed in note 22. The audit of the purchase contracts for raw materials is a key matter in our audit given the complex accounting principles involved, mainly in relation to the recognition and valuation in the financial statements and/or the related disclosure. We have specifically evaluated whether the company complied with these complex accounting principles, for example in relation to the own use of these raw materials. In addition, we evaluated the purchase policy on the proper application of these principles. Furthermore, we evaluated the adequacy of the company's disclosure of purchase commitments.

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

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

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

The Board of Supervisory Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Supervisory Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Supervisory Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the Board of Directors report and the other information

Pursuant to the legal requirements under Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report on the report of the Board of Directors and the other information contained in the financial statements):

- We have no deficiencies to report as a result of our examination whether the report of the Board of Directors, to the

extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information required under Part 9 of Book 2 of the Netherlands Civil Code has been included.
- We report that the report of the Board of Directors, to the extent we can assess, is consistent with the financial statements.

Engagement

As of the audit of the 2014 financial statements we are the auditor of ForFarmers B.V. We were engaged by the Board of Supervisory Directors, who had been authorized on 15 April 2014 by the General Meeting of ForFarmers B.V., as auditor of ForFarmers B.V. to audit the financial statements for the year ended 31 December 2014.

Amstelveen, 18 March 2015

KPMG Accountants N.V.

R.P. Kreukniet RA

OVERVIEW FINANCIAL HISTORY

€ x 1.000

Consolidated balance sheet per December 31	**2014**	**2013**	**2012**	**2011 1)**	**2010 1)**
Intangible fixed assets	74,455	54,312	50,047	-	-
Tangible fixed assets	205,882	202,391	200,043	73,287	65,739
Financial fixed assets	21,365	21,184	32,572	15,197	16,191
Total Fixed Assets	**301,702**	**277,887**	**282,662**	**88,484**	**81,930**
Stocks	88,484	99,977	111,436	273,510	271,161
Trade debtors and other receivables	236,907	249,808	341,641	262,794	214,677
Cash and cash equivalents	80,925	146,840	80,916	81,353	83,368
Total current assets	**406,316**	**496,625**	**533,993**	**617,657**	**569,206**
Total assets	708,018	774,512	816,655	706,141	651,136
Equity	360,593	338,367	322,904	276,668	244,442
Minority interests in group equity	4,363	4,328	4,199	44,790	67,731
Group Equity	**364,956**	**342,695**	**327,103**	**321,458**	**312,173**
Provisions	**93,413**	**85,603**	**97,518**	**14,218**	**16,953**
Non-current liabilities	**54,136**	**129,251**	**156,268**	**2,152**	**1,221**
Current liabilities	**195,513**	**216,963**	**235,766**	**368,313**	**320,789**
Total liabilities	708,018	774,512	816,655	706,141	651,136
Capital employed	417,396	493,956	508,971	503,873	382,750
Net debt	-24,122	8,749	105,151	145,852	54,940
Solvency ratio	50.9%	43.7%	39.5%	39.2%	37.5%
Net debt divided by equity	-0.1	0.0	0.3	0.5	0.2

1) Including Cefetra B.V., disposed end of 2012

€ x 1.000

Consolidated profit and loss account

Consolidated profit and loss account	2014	2013	Pro forma 1) 2012	Pro forma 2) 2011	Pro forma 2) 2010
Revenue	**2,292,014**	**2,472,172**	**2,497,914**	**816,361**	**472,129**
Cost of raw materials and consumables	-1,883,928	-2,081,803	-2,097,021	-697,270	-358,072
Gross profit	**408,086**	**390,369**	**400,893**	**119,091**	**114,057**
Other operating income	6,619	4,581	8,330	4,713	4,546
Operating income	**414,705**	**394,950**	**409,223**	**123,804**	**118,603**
Personnel expenses	-138,537	-124,466	-129,437	-39,932	-38,671
Depreciation and amortisation	-28,958	-25,866	-23,180	-9,746	-9,313
Other operating expenses	-188,109	-201,189	-198,357	-51,302	-47,807
Operating expenses	-355,604	-351,521	-350,974	-100,980	-96,791
Operating result	**59,101**	**43,429**	**58,249**	**23,824**	**20,812**
Financial income	2,435	2,627	3,102	2,776	2,211
Financial expenses	-8,110	-4,907	-7,133	-495	-444
Net financing expenses/income	**-5,675**	**-2,280**	**-4,031**	**4,281**	**3,767**
Result before taxation	**53,426**	**41,149**	**54,218**	**26,105**	**21,579**
Taxes	-13,584	-11,333	-14,626	-3,575	-5,814
Share in results from associates	-	1,795	852	-	508
Group result after tax	**39,842**	**31,611**	**40,444**	**22,530**	**17,273**
Minority interest	-888	-489	-1,258	-1,014	-3,776
Result after tax	38,954	31,122	39,186	21,516	13,497
Compound feed (x million tonnes)	6.49	6.35	6.25	2.48	2.38
Single feed (x million tonnes)	0.49	0.38	0.67	0.06	0.07
Roughages and DML (x million tonnes)	1.83	1.66	1.71	0.51	0.40
Other (x million tonnes)	0.08	0.08	0.07	0.07	0.06
Volume Total Feed (x million tonnes)	**8.89**	**8.47**	**8.70**	**3.12**	**2.91**
Number of employees at year-end (in fte's)	2,343	2,214	2,194	674	655
Operating result before depreciation (EBITDA)	88,059	69,295	81,429	33,570	30,125
Operating result before depreciation (EBITDA) as % of revenue	3.8%	2.8%	3.3%	4.1%	6.4%
Operating result (EBIT)	59,101	43,429	58,249	23,824	20,812
Operating result (EBIT) as % of revenue	2.6%	1.8%	2.3%	2.9%	4.4%
Dividend (€ million)	18.7	14.4			
Dividend per share (€)	0.176	0.136			

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

2) Pro forma Total Feed activities of ForFarmers excluding Cefetra

€ x 1.000

Consolidated profit and loss account

	2014	2013	2012 1)	2011 1)	2010 1)
Revenue	**2,292,014**	**2,472,172**	**6,561,518**	**5,200,158**	**4,141,369**
Cost of raw materials and consumables	-1,883,928	-2,081,803	-6,219,439	-5,055,905	-3,971,749
Gross profit	**408,086**	**390,369**	**342,079**	**144,253**	**169,620**
Other operating income	6,619	4,581	8,058	7,412	5,008
Operating income	**414,705**	**394,950**	**350,137**	**151,665**	**174,628**
Personnel expenses	-138,537	-124,466	-109,813	-51,174	-54,416
Depreciation and amortisation	-28,958	-25,866	-19,420	-10,475	-10,007
Other operating expenses	-188,109	-201,189	-157,762	-57,203	-52,910
Operating expenses	-355,604	-351,521	-286,995	-118,852	-117,333
Operating result	**59,101**	**43,429**	**63,142**	**32,813**	**57,295**
Financial income	2,435	2,627	2,807	2,776	2,213
Financial expenses	-8,110	-4,907	-10,269	-6,933	-4,846
Net financing expenses/income	**-5,675**	**-2,280**	**-7,462**	**-4,157**	**-2,633**
Result before taxation	**53,426**	**41,149**	**55,680**	**28,656**	**54,662**
Taxes	-13,584	-11,333	-13,133	-4,570	-13,252
Share in results from associates	-	1,795	13,427	-111	8,924
Group result after tax	**39,842**	**31,611**	**55,974**	**23,975**	**50,334**
Minority interest	-888	-489	-3,274	-2,048	-9,850
Result after tax	38,954	31,122	52,700	21,927	40,484
Number of employees at year-end (in fte's)	2,343	2,214	2,194	884	847
Operating result before depreciation (EBITDA)	88,059	69,295	82,562	43,288	67,302
Operating result before depreciation (EBITDA) as % of revenue	3.8%	2.8%	1.3%	0.8%	1.6%
Operating result (EBIT)	59,101	43,429	63,142	32,813	57,295
Operating result (EBIT) as % of revenue	2.6%	1.8%	1.0%	0.6%	1.4%
Dividend (€ million)	18.7	14.4	12.1	6.4	9.6
Dividend per share (€)	0.176	0.136	0.115	0.061	0.090

1) Including Cefetra B.V., disposed end of 2012