ANNUAL REPORT 2013

KONINKLIJKE COÖPERATIE AGRIFIRM U.A.

agrifirm

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1. Agrifirm profile

On 1 June 2010, the Agrifirm U.A. cooperative in Meppel and the Cehave Landbouwbelang cooperative in Veghel merged to form Coöperatie Agrifirm U.A. established in Apeldoorn. Agrifirm is a company with clear core values and brand equity that is recognised in the marketplace. In 2012 Coöperatie Agrifirm U.A. received the Royal designation.

Agricultural farmers are of vital importance to society. Enterprising farmers and market gardeners are aware of this and have been anticipating social trends for years. Farmers and market gardeners established the first cooperatives around the year 1900. Together they acquired greater strength, for example, in the purchase and sale of products. The role of the cooperative has grown along with trends in the market and in society. The interests of members are decisive in this respect. Agrifirm's mission, as a cooperative of farmers and market gardeners, is to create sustainable value for its members.

Agrifirm is active throughout the entire Netherlands in the livestock, arable farming and horticulture sectors. In addition, it has a national and international network of subsidiaries. Agrifirm supplies products and services for animal feed and the cultivation of crops. Agrifirm creates sustainable value for its members by supporting customers by providing sustainable and profitable products and concepts to enable the farmer/grower to achieve the best results, and by realising growth in value for the company, which Agrifirm partly transfers to the members through cooperative profit-sharing.

CORE VALUES

Agrifirm is synonymous with cooperation, fair business practices and quality. These are Agrifirm's core values.

Agrifirm wants to strengthen its position on the Dutch market in terms of sales and perception by being a front runner in terms of knowledge and innovation, and through customer-oriented consulting services. The company wants to expand its market share within the core area of the Netherlands, as well as beyond, through organic growth and profitable acquisitions. To realise this ambition, Agrifirm works with well-trained employees who are sincerely interested in their customers. The company has a strong Research & Development department (Agrifirm Innovation Centre) and the company has sufficient financial resources.

BRAND EQUITY

Agrifirm’s brand equity is as follows: innovative, committed, results-oriented and sustainable.

Innovative
Agrifirm is a front runner when it comes to innovation, by offering new products, knowledge and concepts. Agrifirm is progressive in terms of market approach and product innovation.

Committed
Agrifirm's thinking and actions are always customer-oriented. The issues faced by farmers and the opportunities available to them form the starting point. Agrifirm's employees are inspired in this respect through their personal affinity with the agricultural sector.

Result-oriented
Agrifirm provides solutions that focus on the customer's results. Only those products and services that contribute to a higher yield for the farmer or the market gardener are of interest to Agrifirm.

Sustainable
Only sustainable agriculture and horticulture are future-proof. This is ultimately the only form in which this economic activity is socially accepted (licence to produce). Agrifirm's employees themselves believe in the necessity and feasibility of this sustainable agriculture and horticulture.

Agrifirm is competitive in the marketplace in terms of price and service. It differentiates itself as the player of choice when it comes to providing farmers and market gardeners with innovative solutions that produce better results. Agrifirm closely monitors changes in the issues faced by customers. The company develops innovative products and services on the basis of customer needs and its own Research & Development. Agrifirm integrated its own and external knowledge into new services and operates on the basis of leading concepts. As such Agrifirm is synonymous with sustainable and innovative concepts that enable customers to anticipate the challenges of today and tomorrow.

2. Key figures

(all amounts are stated in millions of euros unless indicated otherwise)

	2013	**2012**	**2011**	**2010**	**2009**
Revenues and result					
Net turnover	2,532	2,436	2,272	1,983	1,906
Operating income *(excluding exceptionals)*	33.3	18.5	23.5	37.2	31.6
Operating income as % of turnover	*1.3%*	*0.8%*	*1.0%*	*1.9%*	*1.7%*
Exceptional charges	-	-	6.0	22.7	8.5
Operating income	33.3	18.5	17.5	14.5	23.1
Net finance expense	-7.6	-7.9	-6.7	-2.4	-4.4
Result participating interests	4.9	16.9	5.6	13.6	45.9
Profit before income tax	30.6	27.5	16.4	25.8	64.5
Net income	**20.4**	**21.1**	**10.0**	**24.7**	**59.6**
Net assets					
Fixed assets	366.1	352.4	372.2	369.1	422.1
Net working capital	146.0	263.2	176.1	150.2	103.0
Total net assets	**512.1**	**615.6**	**548.3**	**519.3**	**525.1**
Financing					
Group equity	393.2	382.4	367.4	367.8	368.0
Provisions	17.4	24.4	17.6	30.9	15.2
Net debt	101.5	208.8	163.3	120.6	141.9
Total financing	**512.1**	**615.6**	**548.3**	**519.3**	**525.1**
Group equity as % of balance sheet total	*48.6%*	*42.7%*	*45.7%*	*48.5%*	*48.4%*
Investments					
Investments fixed assets	56.6	53.4	32.3	35.6	41.4
Depreciation fixed assets	31.7	28.9	28.0	27.5	26.9
Cash flow					
Cash flow from operating activities	110.8	8.7	4.1	74.5	114.7
Member distributions					
Member dividend & member/client discount	12.8	13.3	9.5	21.4	33.9
Staff					
Number of employees year-end *(in FTEs)*	2.956	3,106	3,028	3,126	3,044
Sales volume (x 1,000 tonnes)					
Compound feed	4,109	4,155	4,135	4,326	4,470
Co-products	2,508	2,217	2,230	2,229	1,998
Premixes & concentrates	442	414	352	[1]	[1]
Total animal feed	**7,059**	**6,786**	**6,717**	**6,555**	**6,468**
Cereals, potatoes, onions and carrots	688	617	663	691	785
Fertilisers	377	374	391	376	404
Total arable products	**1,065**	**991**	**1,055**	**1,067**	**1,189**
Total sales volume	**8,124**	**7,777**	**7,772**	**7,622**	**7,657**
Crop protection products *(in € millions)*	119.8	116.5	119.5	104.9	106.4

[1] *tonnes not available*

3. Report of the Supervisory Board

The Supervisory Board forms a personal union together with the Board of the Coöperatie Agrifirm U.A. At 31 December 2013 the Supervisory Board comprised the following persons:

T.P. Koekkoek, Almkerk (Chairman),	>	due to stand down and eligible for reappointment in 2014
A.A.J.M. Kamp, Raamsdonk (Vice-chairman)	>	due to stand down and eligible for reappointment in 2016
A.J.C.M. Görtz, Baarlo	>	due to stand down and ineligible for reappointment in 2017
Ms R.T. Koopmans-Van Dalen, Oosterwolde	>	due to stand down and eligible for reappointment in 2015
A.M.M. Lammers, Bavel (external)	>	due to stand down and ineligible for reappointment in 2017
J.T.P.M. Rooijakkers, Dalfsen (external)	>	due to stand down and ineligible for reappointment in 2016
M.G. Scholtens, Luttelgeest	>	due to stand down and eligible for reappointment in 2014
Vacancies		

In 2013, in accordance with the merger arrangements, no new candidates were nominated to replace the two members due to stand down and ineligible for reappointment, Mr A.C.J.M. van Vught, Rijkevoort, and Mr A.S.J. Kapiteijn, Anna Paulowna. We owe these two gentlemen a debt of gratitude for their efforts as members of the Supervisory Board of Agrifirm and its legal predecessors. Based on his flower bulb-related expertise and international experience, Tim Kapiteijn has made an excellent contribution to Agrifirm's development. Noud van Vught played a major role in the development of the cooperative in the southern part of Agrifirm's field of operations. His commitment and passion for the sector and his prominent role in the formation of Agrifirm is very much appreciated.

In addition, in 2013 both members of the Supervisory Board due to stand down and eligible for reappointment, Mr Görtz and Mr Lammers, were nominated for a subsequent term by the instituted Nomination Committee. The Members Council unanimously supported these nominations.

Due to the departure of two Supervisory Board members in 2013, the Supervisory Board now comprises the desired and agreed-upon number of eight persons (including two external Supervisory Board members). The reduction was achieved through natural attrition, based on the specified schedule of rotation. The schedule of rotation has been established for an extended period of time. The vice-chairmanship, previously the purview of Mr Van Vught, has been taken over by Mr Kamp. In 2103, Mr van der Meijden indicated that he was no longer able to function as an Agrifirm Supervisory Board member for personal reasons. The development of his companies has constrained the time he is able to devote to properly fulfil his supervisory board membership. The Members Council took the opportunity to bid him farewell during its September meeting. We would also like to thank Paul on behalf of the Supervisory Board for his efforts and commitment!

The instituted Nomination Committee will submit a candidate pursuant to an application process.

The following table reflects the positions and ancillary positions of the members of the Supervisory Board per ultimo 2013.

Supervisory director	***Position***	***Profession***	***Ancillary positions***
Mr T.P. (Theo) Koekkoek	Chairman	Agricultural entrepreneur arable / poultry farming	> Board member of the Nationaal Coöperatieve Raad *(Dutch National Cooperatives Council)* > Supervisory Board member of Stichting Achmea Rechtsbijstand *(Achmea Legal Aid Foundation)* > Chairman of the Supervisory Board of Rabobank Altena

Mr A.A.J.M. (Arian) Kamp	Vice-chairman	Agricultural entrepreneur dairy farming	> Chairman of the Supervisory Board of Rabobank Amerstreek > Chairman of the Association of Rabobanks for the South-western Netherlands (12 banks in the provinces of Zeeland and West-Brabant) > Member of the Rabobank Nederland Central Association Meeting
Mr A.J.C.M. (Ton) Görtz	Member	Agricultural entrepreneur pig farming	> Board member of the Limburg Agricultural and Horticultural Association (LLTB) Pig Farming Section
Ms R.T. (Rieneke) Koopmans–van Dalen	Member	Agricultural entrepreneur dairy farming	> Board member of DOC Kaas BV
Mr A.M.M. (Ton) Lammers	External Supervisory Director		> Supervisory Board member Gezondheidsdienst voor Dieren BV *(Animal Health Service)*
Mr J.T.P.M. (Jan) Rooijakkers	External Supervisory Director	Advisor board Twence Holding BV	> Member of the Confederation of Netherlands Industry and Employers (VNO-NCW) and their representative on the Overijssel Social and Economic Council (SER) > Board member Stichting Warmtenetwerk *(Heating Network Foundation)*
Mr M.G. (Marcel) Scholtens	Member	Agricultural entrepreneur arable farming	> Member of the Dutch General Inspection Service for Agricultural Seed and Seed Potatoes (NAK) Advisory Council

Agrifirm's 2012 Financial Statements were adopted by the Members Council in March 2013. The Members Council subsequently granted the members of the Executive Board discharge for the policies pursued and the members of the Supervisory Board discharge for the supervision exercised.

In 2013, Agrifirm recalibrated its strategic policy lines and incorporated them into the 2014-2016 Strategic Plan: 'Agrifirm the best company in its market by 2016'. It became necessary to recalibrate the strategic policy lines due to changing market trends and the need/desire to be able to increasingly position Agrifirm as a distinct entity. This topic was discussed and approved by the Supervisory Board and the Members Council on various occasions. This provides Agrifirm with clear policy lines that provide the basis for the Executive Board and the executive boards of subsidiaries to continue to further develop their companies.

The strategy focuses on four pillars: market growth, well-organised business structure, financial strength and satisfied employees. This approach is to yield additional customers for member companies and greater profit for other operating activities. This underpins Agrifirm's ambition of continuing to expand its core activities and on this basis also to operate in the market as a leading player.

The Supervisory Board met ten times; in the absence of the executive board for part of the meetings. The financial reporting was discussed with the Executive Board each quarter. Other important subject areas were the potential acquisitions and divestments. In addition, new opportunities for financing Agrifirm were investigated.

In 2013, working visits were made to branches in Germany (Agrifirm GmbH) and China (Nuscience) combined with on-site meetings. Trends and strategy were extensively discussed with local management during these visits.

The Supervisory Board operates the following committees: the Remuneration Committee, the Audit Committee and the Nomination Committee.

The Audit Committee comprises the following members: Mr T. Lammers (Chairman), Mr M. Scholtens and Mr A. Kamp. The Audit Committee met several times in and without the presence of the external auditor. The following, non-exhaustive, topics were discussed during these meetings: financial performance, assignment, execution and reporting by the external auditor, risk management and automation.

The Remuneration Committee comprises: Mr T. Koekkoek (Chairman), Mr T. Lammers, Mr N. van Vught and Mr J. Rooijakkers. Following the retirement of Mr van Vught, Mr A. Kamp joined this committee. The Remuneration Committee met several times to discuss the performance and remuneration of the Executive Board. Decisions on this subject were taken by the full Supervisory Board.

The task of the Nomination Committee is to issue recommendations to the Members Council in support of new appointments and reappointments to the Supervisory Board. This committee comprises Mr T. Koekkoek (Chairman) and Mr A. van Vught on behalf of the members of the Supervisory Board. Following the retirement of Mr Van Vught, Mr A. Kamp joined this committee. In addition, the committee also comprises two members from the Members Council and one member from Agrifirm's Central Works Council. This committee met several times during the past year and, among other things, met with candidates eligible for reappointment. In addition, a profile was developed to enable the right candidate to be selected to fill the vacancy that arose.

The Supervisory Board, in its meeting of 11 March 2014, attended by the auditor, was informed of the 2013 financial result. While the Board expressed its overall satisfaction, there definitely are components where there are opportunities for further improving the result.

Looking back on 2013, it was a year with major differences within the companies of our members and within Agrifirm, in a financial and general sense. These challenging circumstances have demanded a great deal from our employees and we are therefore very much indebted to them! It also demands a great deal from our members and the individuals among them who carry management responsibility; thank you for your confidence. Indeed, the goal we want to jointly pursue is clear: the best resources and the best employees so that we can be the best company in our market for our members/customers!

Apeldoorn, 11 March 2014

Supervisory Board of the Royal Agrifirm Group

T.P. Koekkoek > Chairman

4. Report of the Executive Board

2013: difficult markets, good cost control, higher market share

PEAKS AND VALLEYS IN THE RESULTS OF THE AGRIFIRM GROUP

The economic crisis and the alternating market situations caused the companies of the Royal Agrifirm Group to post highly divergent results. The result achieved by the Agrifirm Group was € 20.4 million.

It is with mixed feelings that the Executive Board of Agrifirm looks back on 2013. The Agrifirm Feed and Agrifirm Plant member companies experienced positive development.

Agrifirm Feed achieved its budget estimates after a difficult first six months of the year. There are highly divergent developments in the various sectors. The minimal earnings in the pig farming and laying-hen farming sectors have played a key role in recent years. Working capital management and stringent debtor management consequently were additional spearheads.

Agrifirm Plant made major strides in improving its result and in reducing working capital requirements. A customer satisfaction survey conducted by Agrifirm Plant furthermore shows that customers highly value the reliability and knowledge of this company.

The Nuscience Group, Agrifirm's specialties division, also showed excellent development in 2013. The result target was amply achieved. In addition, acquisitions were completed in Serbia and Brazil and the organisation has been structured with a focus on a future-oriented way of working for this global activity.

The Feed Europe companies in Belgium, Germany and Poland experienced a difficult year. Market conditions played a major role in this respect. Hungary managed to achieve an excellent result, while the company also specifically pursued and acquired sales in neighbouring Romania.

The Co-products division experienced a difficult year. The suppliers of products are increasingly aware of the value of their residual products and perceive this as an additional source of revenue. This puts the margin of these products under pressure. Aside from this, the situation concerning the production of dry co-products in Germany required a great deal of attention. It was decided to transfer this activity to the Netherlands effective 2014.

BV Oldambt, Agrifirm Exlan and NutriControl achieved good results in the services division. This is an exceptional achievement, because the government restricted the benefits of red diesel (BV Oldambt) and accelerated reduction in the BSE sampling requirement (NutriControl) and because of the construction freeze announced in the province of Noord-Brabant (Agrifirm Exlan). For Abemec and Agrifirm Winkel BV it turned out to be difficult to absorb the impact of the economic crisis, as a consequence of which the results lagged projections. The new partnership established with BayWa in December 2013, represents a major opportunity for further growth in the mechanisation market in the Netherlands for Abemec.

In terms of the participating interests, the equity interest in Agrovision was divested in 2013. The sale of the shares in this company is consistent with the strategy to focus on the Agrifirm Group's core activities. Plukon experienced a difficult year due to a number of factors, including poor development of the poultry meat market. By contrast, Holland Malt experienced a good year and made a substantial contribution to the result.

Agrifirm's financial position developed positively. Besides receipts from sales of participation and other assets and deceasing prices of raw material, various initiatives were started to lower working capital. As a result, net debt reduced by more than 50% and solvency increased significantly.

POSITIVE ORGANISATIONAL DEVELOPMENT

In accordance with its newly adopted strategy, Agrifirm wants to be the best company in its markets by 2016. An effective company organisation, with a great deal of attention to cost control and/or reduction, is an important element in this. This approach has prevented the economic crisis from affecting the result to an even greater extent. Examples of this are the high service levels that have been maintained in the Welkoop-Boerenbond shops in spite of a reduction in staff and the outsourcing of logistics in the Feed companies. As such the organisation is in a strong position for further developments in the coming years. Major steps have also been taken in other areas within the organisation. Risk management is a key element in this respect. Steps have been taken to better enunciate and safeguard these risks. In addition, the Business Excellence Programme, which is geared towards process improvements, is producing such positive results that this structure is embedded as a standard in the organisation of multiple companies within the Group. The results from various projects are broadly disseminated and applied. This promotes customer-orientation, reduces costs and promotes synergy among companies.

The second employee satisfaction survey was conducted within the Agrifirm Group in 2013. The survey showed that employee satisfaction and commitment has significantly increased. People are proud to be able and to be afforded the opportunity to work for Agrifirm and perceive plenty of opportunities for development within their positions and within the company.

2013 MEMBER DIVIDEND ADOPTED

The moderate results of the non-member companies in 2013 means that a 0.5 percent Member Dividend on 2014 revenues has been adopted. This represents an amount of € 6 million that will be distributed at the beginning of 2015. This way Agrifirm rewards its members by letting the yield on invested capital flow back to members in the Netherlands.

INVESTMENTS TO CONTINUE

Agrifirm will continue to invest in the various components of the company and in the agricultural sector. In terms of the latter, Agrifirm in 2013 assumed a leading role in the establishment of a Manure Investment Fund. The resources from this fund are used to encourage entrepreneurs to implement solutions designed to help reduce or solve the nationwide excess manure issue in the Netherlands.

An amount of € 56.6 million was invested by the company in 2013. In addition, a non-controlling interest was acquired in Sto Posto, the market leader in the compound feed market in Serbia. This company immediately started to contribute to the result of the Agrifirm Group.

Agrifirm Feed has implemented various improvements in its factories and has initiated work on expanding the capacity of the cattle feed factory in Drachten. Agrifirm Plant together with Graansloot in Kampen has completed the first phase of the new cereals storage facility. The second phase will be completed in 2014. Agrifirm’s Nuscience subsidiary has increased its investment in production capacity in China, renovated the Pre-Mervo factory and acquired a majority interest in the specialty company Novi-Mix in Serbia. In addition, in December all shares were acquired of the Brazilian firm Metachem Nutrientes.

A partnership was established with the German company BayWa in December. The joint company Agrimec was formed as part of this process. Abemec will become a subsidiary of this company. This will enable Agrifirm’s mechanisation branch to continue to develop independently on the Dutch market.

‘THE BEST COMPANY’

The Agrifirm strategy, which was re-established in 2013, is primarily focused on improving performance towards customers and within the internal organisation. Various operational improvements have already resulted in cost savings and better service to customers. At the same time, multiple innovations have been introduced in practice that enable customers to improve the result of their company. A new aspect in this regard is that Agrifirm also identifies the sustainable 'food-print' for every innovation, and is able and wants to communicate about this aspect.

In 2013, a large amount of time and energy was invested in positioning Agrifirm in various markets as an innovative and more distinct brand. The initial effects of this should become visible in the market in 2014. Differentiating factors in this respects are the three adopted operating principles, namely 'passion for our profession', 'on top of things' and 'working towards tomorrow'.

The Members' Days have taken on a major role in the contact with members. In 2013, over 2,250 members (13% of members) attended these days, which enable the Executive Board and management, among others, to be in direct contact with members. In addition, members of the Executive Board each month visit customers/members at their farms in order to keep abreast of current developments and especially to hear about and discuss customers' experiences with Agrifirm.

The Members' Days will once again be held in 2014 during which the 2013 results and the plans for 2014 and beyond will be discussed, while at the same time the sectors will further explain their value to members in various locations.

Apeldoorn, 11 March 2014

Executive Board of the Royal Agrifirm Group

A. Loman	>	Chairman (CEO)
J.G.J. Vessies	>	Financial director (CFO)
J. Helsen	>	Operational director (COO)

5. Koninklijke Coöperatie Agrifirm U.A.

ROYAL DESIGNATION

The Coöperatie Agrifirm U.A. has been granted the right to carry the Koninklijk (Royal) designation since 14 September 2012. The major reason for granting the Royal designation was the 100-year anniversary of Cehave (established on 26 May 1911). The designation is conferred on Coöperatie Agrifirm U.A. The name of the cooperative was therefore changed to Koninklijke Coöperatie Agrifirm U.A.

MEMBERS COUNCIL AT FULL STRENGTH

The new Members Council Coöperatie Agrifirm U.A. was created on 1 June 2010 from the two existing Members Councils. The area of operations was subdivided into 28 districts in this regard.

During the Members' Days in 2103, 12 new members were elected to the Members Council, and 11 members were due to step down and ineligible for reappointment. The new members filled the vacancies that arose in 2012 and brought the number of members back up to 90. 15 members of the Members Council were due to step down and eligible for reappointment; all were re-elected by acclamation.

The basic principle for the Members Council is that each district should have at least three delegates. With only two members, District 16 is an exception. A few districts supply an additional delegate because the sales in these districts are higher than the average. Every two years (effective 1 January 2011) the sales per district are reviewed and where necessary a proposal to adjust the number of members per district is submitted. No such adjustment was required in 2013. Each member is appointed for a period of four years and can be reappointed twice. In seeking out new members it is important that the various agricultural and horticultural sectors continue to be represented in the future.

The first annual study day for the Members Council was held in November. During this day, the Members Council in particular reviewed and intensively discussed its own performance. Prior to this study day the district board members completed a questionnaire about the various aspects concerning the performance of the Members Council. A number of conclusions, recommendations and/or suggestions will be further developed in 2014. The idea of holding this annual study day, during which ideas were also exchanged in small groups, is receiving a great deal of support from the Members Council.

The Members Council met four times in 2013. In addition to the three regularly scheduled meetings, an additional Members Council meeting was convened on 5 November. A potential strategic project was extensively discussed during this meeting.

During the annual excursion day for the Members Council and the Board, to which any partners were also invited, the Agrifirm Plant site in Emmeloord was visited and in addition there was a tour of the new Graansloot cereals storage facility in Kampen. Both sites are an essential component of the plans for the future of Agrifirm Plant.

Key agenda items discussed during the Members Council meetings included the financial results of the various companies and for the Agrifirm Group as a whole. In addition the renewed Strategic Plan 'Agrifirm the best company in its market by 2016' was discussed and approved. Furthermore, the meetings on various occasions discussed potential acquisitions and their implications for Agrifirm. This specifically involved an assessment to determine how these plans fit into the strategic plan.

In the March meeting, the Members Council adopted the 2012 Financial Statements, and granted the Supervisory Board of Agrifirm Group BV discharge for the supervision exercised and the Executive Board of Agrifirm Group BV and the Board of Coöperatie Agrifirm U.A. discharge for the policies pursued. During this meeting the Members Council bade farewell to the members of the Supervisory Board due to stand down and ineligible for reappointment, Mr T. Kapiteijn and Mr N. van Vught. A farewell meeting was organised for the latter due to his prominent role as Chairman of Cehave Landbouwbelang and Vice-chairman of the current Agrifirm. Attendance at this occasion was very high. In addition, Supervisory Board members Mr T. Görtz and Mr T. Lammers were reappointed. Furthermore, the meeting was also used as an occasion to bid farewell to the 11 members of the Members Council due to stand down and ineligible for reappointment.

An interim update with the most important financial and market trends was sent to the Members Council in June of 2013. This meets the Members Council's requirement of regularly receiving information during the year.

The organisation also bade farewell to Supervisory Board member Mr P. van der Meijden in September. Personal reasons motivated his retirement from the Supervisory Board. If possible the Nomination Committee might submit a proposal to fill the vacancy created as a result, in March 2014.

The Members Council set the 2013 Member Dividend at 0.5% during the December meeting. This dividend will be paid in January 2015. This percentage is lower than the 2012 Members Profit. The financial developments were such that fewer funds were available in 2013 for disbursement via this Agrifirm members-oriented system.

SECTOR COUNCILS

The sector councils were instituted in 2011. Sector councils for dairy farming, pig farming, laying-hen farming, broiler farming, arable farming and horticulture were created during this process. These councils will have an advisory function for the executive boards of the Agrifirm Plant and Agrifirm Feed companies. In 2013, Agrifirm Plant also organised meetings for the Fruit and Flower Bulbs target groups. This enables the organisation to even better anticipate trends within specific sub-sectors within the agricultural and horticultural sectors. Agrifirm Feed has also implemented a biological sounding board for this purpose. Each sector council met twice; the poultry farming councils have adopted a higher meeting frequency (four times). The minutes of the sector councils are shared with the Members Council and the Board for information.

YOUNG MEMBERS COUNCIL

The Agrifirm Young Members Council organised six meetings in 2013. At the start of the new season in September, 7 new members joined the Council following the departure of 7 members in April. Additional members are still required from several districts for the Young Member's Council.

The annual Agrifirm Young Member's Day was held in January 2013 in the Orpheus Theatre in Apeldoorn. Approximately 450 young farmers from the agricultural and horticultural sectors attended this successful day with the theme 'What will I be faced with in the future?'. Various approaches to discussing the global food supply were used throughout the day and what young farmers can do to anticipate this. The Agrifirm Young Member's Council is the organiser and host for this day.

6. Agrifirm group companies

Agrifirm is made up of several operating companies that operate within the Netherlands and abroad. There are companies operating in the Netherlands, Belgium, Germany, France, Britain, Spain, Hungary, Poland, Ukraine, Serbia, Romania, Bulgaria, Russia, Brazil and China. The developments this year of each company are described below.

Member companies

AGRIFIRM FEED

A partner for the farmer, for better results on the farm

In 2013, Agrifirm Feed converted its organisation into a future-oriented decisive organisation. More than ever before, achieving the best possible result for the farmer on the farm is a top priority. The markets in which Agrifirm Feed operates displayed a highly variable picture in 2013. Agrifirm's market share grew in the dairy cattle and laying-hen poultry sectors. The situation in the other sectors was stable. Agrifirm Feed's financial results were satisfactory.

Developments on the market for raw materials had a major impact on the revenue trends of livestock farmers in 2013 as well. The prices for raw materials were high at the beginning of the year. Once the new harvest came into sight prices declined to a more normal level as a result of which operating results, particularly in the pig farming and poultry sectors improved somewhat. The continuous attention focused on product improvement and innovation meant that Agrifirm's clients achieved better technical results. However, the financial balances in the various sectors were under considerable pressure, forcing Agrifirm Feed to devote a great deal of attention to tight debtor management.

Agrifirm was very successful in the dairy farming sector, with excellent technical results and innovative market introductions. Actions were specifically focused on anticipating trends for 2015. Many dairy cattle farmers are preparing to expand their production in 2015. This requires productive animals, which is why Agrifirm Feed in 2013 introduced the Opfok 24 livestock raising concept. This concept devotes full attention to young livestock breeding, which enables more productive, healthy animals to be brought into production as milk cows within a period of two years. The concept was well-received by dairy farmers.

In the pig farming sector, the changing market structure, in which increasingly more larger farms with specialised sites are emerging, demands a different field service approach. This is why the sales organisations include increasingly more specialised consultants. This way they remain a valuable discussion partner for the increasingly evolving entrepreneurs.

Agrifirm Feed is aiming for an efficient organisation and low prices. Further organisational adjustments were required for this purpose. For example, in 2013, the company announced the outsourcing of the transport function, as a result of which Agrifirm's drivers were transferred to the employment of a number of specialised transport companies as of 1 January 2014. Delivering feed this way results in price reductions.

This way of working more efficiently translates into measures that have been introduced throughout the entire organisation. Agrifirm wants its partner role for the farmer to expand, which must result in demonstrably better (technical) results.

Innovation and product development are important tools in this respect. In 2013, new concepts were developed in various sectors, such as Optima Vitae for the broiler farming sector, Big Control for the sow farming sector, WeideKompas for the dairy farming sector and Soliq for the laying-hen farming sector. The positive result for the farmer is not the only key factor in this respect; sustainability aspects also play a role. For that matter these two aspects often go hand-in-hand.

In 2013, the collaboration between Agrifirm Feed and Agrifirm Exlan was further intensified. In addition, there was cooperation with Agrifirm Plant in order to exploit its knowledge about the cultivation of crops in support of optimal roughage production and roughage management.

In the compound feed production segment, all sites have switched over to 6-day production using 4 shifts. This has significantly improved the use of the production lines and lowers the cost price. Exchanging production with subsidiaries across the border, such as Agrifirm Belgium and Agrifirm Germany optimises production and lowers transportation costs.

Collaboration within the chain is another area of attention for Agrifirm Feed. As market leader, Agrifirm Feed takes the lead where necessary in future-oriented issues and in the collaboration with other parties in the chain. Sustainability is increasingly becoming a condition for operating successfully in this respect.

In 2013, effort was also devoted to the further development of food safety. The contamination of corn with aflatoxin required a great deal of attention. Coordination within the entire chain/feed sector was specifically pursued in this respect and an evaluation was conducted to determine where gains can be made in preventing and/or controlling a possible future contamination.

Wim Maaskant, Managing Director Agrifirm Feed:
"We need to use our size and innovative strength in support of the results of our customers and as such we want to be THE partner of choice for animal feed and roughage production."

AGRIFIRM PLANT

Desired growth realised in all market segments

Agrifirm Plant managed to achieve all of its key objectives in 2013. The market share and customer satisfaction grew in all key product groups. The logistics adjustments within the company were successfully implemented. Furthermore, a satisfactory financial result was achieved due to the reduced use of capital.

From a technical cultivation perspective, 2013 experienced an extended cold spring causing crops to only slowly get up to speed. This lost ground was recouped during the course of the growing season and the harvests in the late summer and autumn were excellent, while the disease rate remained low throughout the season. The price of cereals fell over the course of 2013 as a result of which the balance for this crop declined. Although the yields in the fruit and flower bulb cultivation sectors were good with reasonable prices, both sectors experienced problems. The export of flower bulbs suffered a major hit due to the economic crisis as a result of which this sector has suffered from poor financial results for some time. The fruit trees are still suffering the after-effects of the heavy frost in the spring of 2012 as a result of which many trees should have been replaced. However, these new plantings were also unavailable due to this frost. This put the yield per hectare under pressure.

In 2012, Agrifirm Plant worked on improving the company's general performance in the market. This approach was continued in 2013 and it is possible to conclude that the effects of this approach are becoming increasingly clear. Agrifirm Plant wants to realise growth in all sectors, that is the arable farming, fruit, flower bulbs, tree cultivation and public greenery sectors. This was successfully actioned in 2013, as a result of which the market position in all sectors has improved. Furthermore, a customer satisfaction survey was conducted in 2013. The survey showed that 84 percent of customers is satisfied to very satisfied. This is an exceptionally good score. The survey clearly showed that cultivators consider Agrifirm Plant a reliable and expert partner.

Agrifirm Plant continued to implement its logistics plan in 2013. The further consolidation to a limited number of buildings combined with an efficient carriage paid delivery system produced significant cost savings in combination with high service levels.

A cereals storage facility that is capable of storing a maximum of 130,000 tonnes of cereals was realised in partnership with Graansloot in Kampen. The facility replaces the closed cereals storage sites in the various regions. In 2013, 80,000 tonnes were processed via this site compared to a projected volume of 65,000 tonnes.

The 'From the Farm' concept was introduced for the cereals season. This involves the pick-up of cereals from farms by professional transporters. This eliminates the need for cereal growers to drive their cereals to cereal receiving sites themselves. This results in time savings and less traffic pressure from tractors driving on roads during the cereals harvesting season. The concept performed above expectations. More than 40,000 tonnes of cereals were picked up this way in the Flevopolder. This concept will also be introduced in other areas with a high 'cereals density'.

'Carriage paid delivery' is a logistics concept that Agrifirm Plant has further expanded for crop protection in 2013. This means that there is no longer a need to keep on-site inventories. Farmers order their products that are subsequently delivered to their farms. To anticipate urgent customer situations, an emergency service is available that will deliver the ordered products to the farm within three hours. This new emergency service had an excellent start in 2013. To be able to execute this concept properly, the national distribution centre was established in Son with Van den Anker, a warehousing company that also looks after the logistics. Regional distribution centres have been established in Emmeloord, Langeweg and Hoogezand, which enable Agrifirm's entire field of operations to be easily and quickly supplied. The Emmeloord site was redesigned for this purpose, and the sowing seed operations were modernised as part of this initiative.

The acquisition of Agri-E-trade in 2013, enabled Agrifirm Plant to start the online trading platform www.uienhandel.com. This online trading platform brings buyers and sellers together and satisfies the need for more transparent and objective quality measurement of offered onions in the market. This enables the seller to make the most out of the market.

Based on its focused and innovative solutions, Agrifirm Plant has managed to considerably reduce its capital requirements. Effective from 2013, Agrifirm Plant offers cereal growers various payment options, whereby growers can choose the option that best fits their specific operating situation.

In addition to devoting a great deal of attention to improving internal processes, Agrifirm Plant remains strongly focused on growth. In this respect it is important to consider not only the commercial workforce, but also for everyone to contribute to improving customer satisfaction. This broad commitment and the strong focus on customer service have resulted in market growth in 2013.

Drees Beekman, Managing Director Agrifirm Plant:
"Every day a little better; this is how we achieve the agreed upon objectives. Meeting our agreements, accurate and short lines for the customer; with this approach we demonstrate our passion for our profession."

Feed Europe

AGRIFIRM BELGIUM

Result from feed operations meets expectations; egg contracts further phased out

Agrifirm Belgium has reinforced its position in the free range feed sector; the contract commitments in the egg sector are being quickly phased out, in order to reduce losses on these contracts like in 2013. The concept-based market approach has made this further market growth possible. In addition, the focus is on cost control.

Approximately 5 percent organic growth was achieved last year, even though no new contracts were concluded in the egg sector. Strong growth was also realised in the broiler farming sector. The concepts developed in the Netherlands are well-received in Belgium. Especially future-oriented companies opt for a better result over the longer term, whereby creating sustainable value for the customer is a key theme.

Aside from the volumes for the growing Belgian market, the factory in Grobbendonk also produces laying-hen livestock feed for the Dutch market. Production was further optimised for this purpose last year by investing in an amino acid dosing system and a sieving system. The organisation was adjusted as well: all departments with customer contact are now jointly accommodated in the factory offices making fast coordination possible.

In addition to organic growth, which includes the acquisition of several larger companies as customer, Agrifirm Belgium is also looking for collaboration with other companies as a means of realising growth. For example, Agrifirm Belgium entered into a partnership with Voeders Debaeke. The pig farming operation experienced a difficult period in Belgium at the beginning of 2013 due to low meat prices and high raw material and feed prices. This pressure abated in the second half of 2013 due to lower feed prices and better meat yields.

In 2014, Agrifirm Belgium will start with the new Soliq system. This system will be introduced to the market during the Agri Days to be held in the city of Geel. This confirms the image that Agrifirm Belgium is a company for front runners in the sector.

In 2013, the new SAP software as well as an innovative factory automation system were installed and are now operational. Learning how to work with and the conversion to these systems placed a heavy load on this small organisation (35 persons), but was completed successfully.

Agrifirm Belgium is one of the initiators of the Vlaanderens Trots (Flanders Proud) productions. These video productions display the livestock farming sector in Flanders in a positive light. In 2013, a production about pig farming was initiated. Vlaanderens Trots Legpluimvee (laying-hen poultry) will be presented in 2014, together with top chef Gert De Mangeleer.

Adrie Brands, Director Agrifirm Belgium:
“Aiming for a structurally profitable feed operation, whereby we collaborate with the best farmers in Belgium. We make the best feed and create sustainable value for them.”

AGRIFIRM POLSKA

Better quality and more reliable debtors

The necessary refinement of the debtor’s policy resulted in the loss of customers and revenues at the beginning of 2013. By the end of 2013, the customer balance was once again positive and the result fell in line with budget estimates. The internal focus on the consistent quality of feed and the organisation offers a great deal of opportunities for 2014.

The moderate prices in the intensive livestock farming sector in recent years made it necessary to fine tune Agrifirm Polska's debtor management at the beginning of 2013. In a number of instances this forced the company to let go of customers and to make better arrangements with farms concerning the method used to repay feed-related debts. This quality initiative in the financial domain caused Agrifirm Polska to lag budget estimates. Sales once again increased during the year, as a consequence of which the financial results in the last quarter accordingly fell in line with budget estimates.

The strong focus on feed quality produced better results in, for example, the broiler farming sector (60 percent of sales). This also helped raise Agrifirm's image among livestock farmers to a higher level. This improvement in Agrifirm Polska's image is consistent with the company's goals and has resulted in an increase in the number of customers. These customers have since come to include the largest farms in the poultry farming sector in Poland. The total feed sales were also affected by the long winter which meant that stalls stood empty for a longer period of time than usual. Due to the severe winter, stalls were not constructed, because this meant high heating costs and additional sickness rates.

The customer approach increasingly brings the technical and financial results for the customer to the forefront. This switch from quantity to result demands a great deal from the specialists in the field. Customers are not (yet) always used to being approached this way. This approach applies to the introduction of the new Royal feed line for the broiler farming sector and Hybrid for the meat pig farming sector. These are high quality products and are especially suited for use by farms that are aiming to achieve the highest possible bottom line. Agrifirm Polska also wants to make these figures transparent for the entire sector, which would enable it to underline its unique position in the market at the same time.

A great deal of attention was devoted to mutual coordination within the organisation, as well as the restructuring of the sales department. Coordination with production is now more structured, as is consultation with the financial department. The emphasis here is also on daring to assume responsibility in taking decisions. Transportation was outsourced in 2013. Arrangements have been made with external transporters to ensure that they will apply the Agrifirm corporate image to their transport facilities.

John Dortmans, Director Agrifirm Polska:
"Our people do focus on enabling farmers to achieve a better result."

AGRIFIRM DEUTSCHLAND

Market trends positive, financial performance disappointing

Using its strategy of providing products combined with guidance as a means of realising the objectives set by farmers, Agrifirm Deutschland is gaining territory in the German market, which traditionally is highly price oriented.

In 2013, the broiler feed factory started up production in Losten with a specific focus on new farms in the eastern part of Germany. It is a growth market that due to increased resistance from the population, is much slower to get up to speed than expected. At the end of 2103, production was approximately 40,000 tonnes. Continued growth to 60,000 - 70,000 tonnes is feasible in 2014. At the end of the first year, the new factory was already running at break-even. From a technical perspective, the factory, with 8 employees, is running perfectly.

The factories in the western part of Germany are located in Neuss and Drentwede. In the pig farming sector, the poor financial situation is negatively affecting farm development. Farmers in this situation are looking for the lowest price. Furthermore, farms are regularly halting operations. In addition to the intensive branch, many German farmers are also engaged in plant-based production. At these farms, the combination of a livestock farming sector and an arable farming sector within Agrifirm Deutschland is a highly beneficial supplement.

In the cattle farming sector, customers are discovering the benefits of the strategy, whereby in addition to quality feed, attention is also devoted to advice and guidance in farm development. Heading towards 2015, which is when the milk quotas will disappear, it is important for farmers to be ready for this. Agrifirm Deutschland is appreciated in this respect. Higher revenues are the consequent result. Due to the effort of a new team of information officers, a significant number of large farms have become customer in the eastern part of Germany. Single raw materials are a perfect ingredient for the rations at these farms.

Germany was also faced with the contamination of corn with aflatoxin. This necessitated a recall. A positive factor in this is that Agrifirm Deutschland demonstrated that it was able to quickly and effectively trace and retrieve its products. Revenues in the plant sector grew by 10 percent in 2013. A new shed has been built in Rheden to provide for better cereal storage facilities and to make transhipment easier. An area of attention for the German organisation is the capital requirements that arise during the intake of cereals. These are currently still too high and actions needed to reduce capital requirements are being introduced.

The organisation has invested a great deal in the structured training of employees, in part due to the implementation of the SAP software application. Furthermore, the switch to concept-based working on farms has led to an inflow of younger employees. These employees also worked on the approximately 100 so-called Futtertisch (kitchen table) discussions, with 30 farmers participating at each meeting. In 2013, the management team reached its full complement with the addition of a new financial manager and a production manager.

Herman ter Haar, Director Agrifirm Deutschland:
"Being alert means that we very quickly pick up signals coming from the market and anticipate accordingly. In this respect we are the discussion partner for the modern farmer, who is aware of what is happening in the customer's operations."

AGRIFIRM MAGYARORSZÁG (HUNGARY)

Opting for customers with a future

Agrifirm Magyarország experienced a good year; revenues as well as the result matched budget estimates. The high raw material and feed prices in the first half of 2013 caused additional attention to be devoted to debtor management however. Customers in this market are increasingly opting for the concept-based, future-oriented approach.

In 2013, several sectors in Hungary experienced a positive price trend. For example, the price of pig meat and most certainly turkey meat rose to a good level. The recovery in the broiler farming sector was less pronounced. Combined with the decline in the price of raw materials, and therefore feed prices, in the second half of the year this produced a larger margin for farmers. Farmers are continuously looking for opportunities to improve their technical results and consequently settle on Agrifirm's concept-based approach. In addition to the advice provided on the basis of this concept, the high feed quality produced by the Agrifirm Magyarország production sites is a key point. Investments in the installation of new compression lines in Györ and Kaba were made for this purpose in 2013. An additional benefit of this investment is that the new lines also reduce energy use. A number of flat sheds was furthermore replaced by silos in Kaba, resulting in a 70 percent reduction in logistics handling costs.
The market in Romania (Transylvania) was further developed in 2013. This country has a great deal of potential in terms of the development of agricultural undertakings, while farmers have little confidence in local suppliers. Agrifirm Magyarország anticipates this potential by supplying

customers in the Hungary-Romania border region. Growth in revenues primarily occurred in the broiler and laying-hen poultry sector.

The Kern concept developed in the Netherlands was introduced for broilers in 2013. On average this caused the feed conversion on farms to drop by 10 points. The constant quality that is being supplied gives the involved farmers certainty that this improvement is not just a one-time occurrence. To further support this fact, Agrifirm Magyarország is also actively involved with farmers to ensure that the technical results are better administered and analysed.
A great deal of attention was devoted internally to safety and risk management aspects. Employees are directly involved in improving safety at the workplace. This promotes a positive working atmosphere due to the clarity that arises concerning the way of working at production sites and the coordination within departments.

Otto van der Linden, Director Agrifirm Magyarország:
“The marketing of profitable Agrifirm concepts together with a team of local professionals leads to better results for customers.”

Specialities

NUSCIENCE GROUP

Financially strong year with many new projects

The Nuscience Group experienced a financially successful year across its full breadth. In addition, Nuscience completed acquisitions in Serbia and Brazil, and production in China was significantly ramped up, while construction of a new factory commenced in Drongen.

In 2013, plans to operate with a single organisation and two production sites in the Benelux continued to be implemented. The Preconex production in Antwerp was phased out and transferred to the factory in Utrecht in support of these plans. Furthermore, construction of the new factory in Drongen, alongside the existing site, was initiated. In Utrecht, the production of MervoBest was expanded and preparations are being made for the construction of a new premix factory.

All components of the Nuscience Group contributed to the positive result in 2013. The development of the market in Spain was very positive. A turnaround has clearly been made here. This trend is expected to continue. The markets in Poland and Hungary (and Romania) also exhibited a positive trend. The Nuscience companies in the Benelux and the Ukraine managed to achieve very good results. The Chinese market is the definitive front runner when it comes to achieving positive results. The existing factory in Guangxi, which was located in a slower developing agricultural region, was sold there in 2013. Furthermore, production in Suzhou was almost doubled and plans for a new factory in Tianjin are in the final stages. One of the elements at the root of these results is the benefit derived from the collective purchase of raw materials for all markets. This has produced clear synergy benefits.

The company Novi-Mix was acquired in Serbia. The acquisition provides access to the fast growing countries in the Balkans. The integration of this company into the Nuscience Group is proceeding smoothly. The Group also managed to complete an interesting acquisition in Brazil prior to the end of the year. Metachem Nutrientes is interesting to the Group due to its specific in-house technology, as well as its presence in the important Brazilian market!

A key event for the organisation in Western Europe is the introduction of AX as its ERP system. The system will first be implemented in Hungary, followed by the Benelux in 2014. Thorough education and training is planned as part of the implementation.

Patrick Keereman: CEO Nuscience Group
"A sound combination of growth through acquisitions and organic growth means that we have been able to realise double digit growth in added value for years. We furthermore safeguard this added value by being highly innovative whereby third party technologies will also be given an opportunity!"

Co-products

AGRIFIRM CO-PRODUCTS

Turbulent year after a growth spurt in 2012

Operations doubled in size in 2012 and the Agrifirm Co-products division was created. Aside from the further development of the organisation in 2013, the situation in Germany required a great deal of attention.

Revenues from co-products increased last year due to organic growth and the acquisition of James and Son in Britain at the end of May 2012. The financial results were disappointing due to the strong pressure on margins in all countries where the Co-products division operates. In addition, during the course of the year it became apparent that the situation pertaining to German operations was not future-proof. Drastic measures had to be taken to guarantee the profitable and secure sale of dry products. This is why it was decided to move production to a new site in Erp in the Netherlands. All other activities, such as procurement, sales, logistics, administration and processing at producer sites remain unchanged in Germany.

Important steps were taken in the development of the organisation. Every country was assigned its own management team, while a Works Council was also formed in the Netherlands.

Producers of foodstuffs are very important as suppliers and the organisation was therefore further restructured accordingly in 2013. In addition, greater attention was devoted to education and training throughout the entire organisation.

The Co-products division now operates in 6 European countries as follows: the Netherlands, France, Germany, Romania, Bulgaria and Britain. With the exception of Germany and Britain, these countries exhibited growth in revenues.

The collaboration with Agrifirm Feed in the Netherlands is steadily improving, which at the same time results in greater efficiency and service for the livestock farming sector. Reciprocal innovations are being used in this respect. A key innovation is the mixing of liquid and dry by-products into a stackable wet compound feed for cattle. In the new factory developed for this purpose in 's-Hertogenbosch teething problems have been quickly overcome and the production process is running according to plan.

The marketing and sale of wet compound feed for cattle has since come up to full speed. The sale of the two product versions Gluco+ and Proti+ is on an upward trend.

Ed Brouwer, Director Agrifirm Co-products:
"A great deal of attention on what customers want and together with customers explore what we can do for them."

Services

ABEMEC

Solid step forward in reinforcing market position

Abemec acquired a strong strategic partner in the mechanisation market through its joint venture with BayWa in Germany. In comparison to 2012, Abemec achieved higher revenues and made further progress in its 'Unburdening the Customer' concept. The biennial show, attended by 14,000 visitors, was a major success.
Over the past year, Abemec invested a great deal of energy in its strategic development. In December it concluded a joint venture with BayWa in Munich for this purpose. BayWa AG is a globally operating organisation whose core activities include trade, logistics and supplementary services in agriculture, energy and building materials. The partnership was given shape with the formation of the company Agrimec in which Abemec will operate as an independent company and in which Agrifirm will hold 51% of the shares. The background to the partnership between Agrifirm and BayWa is the ambition of both companies to reinforce their position on the mechanisation market. They are doing this by consolidating their sales and distribution knowledge and experience in Agrimec. This joint venture is expected to particularly yield benefits on the procurement side. As an independent organisation, BayWa sells approximately 3,000 Fendt agricultural tractors each year, a figure that is comparable to the total annual sales of tractors in all of the Netherlands.

Farmers are cautious with investments in tractors and equipment. Especially the dairy farming sector has adopted a wait-and-see attitude, in spite of the positive milk prices. One of the reasons for this is the lack of clarity concerning developments after the abolition of the milk quotas. In spite of this Abemec managed to achieve higher revenues than in 2012. In the fruit cultivation sector, Abemec is experiencing very positive developments with its three-row spraying technology and unmanned operations. Since its introduction, 16 three-row spraying systems are in operation in actual practice and unmanned driving is being applied at two sites. These technologies save the farmer a great deal of manpower.

The 'Unburdening the Customer' concept is increasingly taking shape. This also includes performing on-site maintenance. With an eye on the mandatory periodic vehicle inspection (APK) for tractors slated to go into effect in 2016, Abemec has also invested in a mobile 'brake bank'. It is the first brake bank in the Netherlands. Furthermore, the organisation is now subdivided into a front and back office. This makes it possible to help customers even faster.

Further improvement can still be made in the maintenance of machines by increasingly using a scheduled maintenance approach. The work flow experienced by mechanics still includes too many peak loads. Bringing the importance of maintenance to the attention of customers is an essential element in this respect, for example by offering maintenance contracts at the time of purchase. Furthermore, the Occasion app was developed and introduced last year. This app is a first in the world of mechanisation and makes data about the available tractors and implements quickly and digitally available.

Abemec has been investing in the training of its staff for years. Last year, 12 mechanics earned their Level 4 diploma at the Abemec Academy. This diploma is equivalent to higher education in engineering and technology. This training also stimulates the commitment of employees, something that was clearly evident during the organisation of the biennial Abemec Show. The fact that this show is successful and well-known can be concluded from its 14,000 visitors.

Hans Quint, Managing Director Abemec:
"Collaboration with BayWa is a perfect fit with our strategy and holds out a great deal of promise for the future."

AGRIFIRM WINKEL BV

Recession is eating into revenues; costs under control

The long cold spring was responsible for the fact that consumers barely spent any money on the spring items sold in Welkoop-Boerenbond shops. In spite of the positive summer months the shops were unable to recoup their arrears in relation to the budgeted revenues. Focused management significantly limited costs and margins remained up to par.

Generally speaking, the spring sales are an important first part of the annual revenues for the 59 Welkoop-Boerenbond shops that form part of the Agrifirm Winkel BV organisation. These sales largely disappeared in 2013, because the cold spring persisted for a long time, causing customers to spend a lot less on fitting up their gardens and the like. Since the recession already had a braking effect on sales, revenues continued to lag budget estimates until well into May. Revenues rose back up to par during the summer months, in part due to the reasonable summer weather and in part due to the somewhat more positive economic news. Furthermore, Agrifirm Winkel BV managed to limit the decline more effectively than its sector peers who were faced with contractions of over 10 percent.

At the end of 2012, the organisation, motivated by the recession, had already begun to monitor its costs even more tightly. This caused the organisation to shrink to 559 employees, over 60 less than in 2012. In addition to holding two farmer’s late opening events, the introduction of the customer card also made it possible to organise two successful VIP late opening events for customers.

Agrifirm Winkel BV currently comprises 59 shops, with the 60th shop slated to open its doors in Apeldoorn in 2014. Three shops moved and reopened, namely in Nunspeet, Meppel and Lemmer. This produced a positive impulse to revenues at those locations. Furthermore, 7 locations were redesigned in accordance with the latest formula specifications, whereby in addition to a new shop layout, the lighting and the design of the shop also plays an important role. To ensure that staff can provide the customer with the required high service level, they receive a great deal of training concerning appropriate sales techniques. Mind-set and attitude are essential in this respect. This method of working results in excellent name recognition and a high level of appreciation on the part of consumers.

The pension scheme for Agrifirm Winkel BV staff, which includes a high percentage of young employees, migrated to the pension scheme for the retail sector in 2013. This scheme is better tailored to the specific characteristics of the retail organisation.

In spite of the fact that in 2013, 73 Boerenbond shops of the IJsvogel Group left the Agri Retail franchise organisation, the franchiser’s purchasing power has remained up to par. Suppliers like to continue to sell their products via the remaining 158 Welkoop-Boerenbond shops. The Agri Retail organisation has been aligned with this reduction in revenues however.

As we move towards 2104, consumer confidence is showing signs of recovery. Reason for Agrifirm Winkel BV to bring revenues back up to a higher level in 2014 with a very committed organisation.

Teije de Jong, Director Operations Agrifirm Winkel BV:
“Taking steps to ensure that our shops are up-to-date for the customer as well as staff.”

NUTRICONTROL

Anticipating market trends leads to a cautious recovery

Various trends on the laboratory market caused NutriControl to experience a difficult year. By properly anticipating these market trends and by taking appropriate measures, NutriControl achieved a very positive result in 2013.

The economic crisis is causing large food companies to once again insource their research, or to once again perform these activities in-house. Even laboratories that outsource certain research to affiliated laboratories are taking a careful look to see how they could nevertheless keep these revenues for themselves. In 2013, this trend translated into a deterioration of revenues for NutriControl. Amended EU regulations resulted in putting a halt to the mandatory BSE testing of slaughtered cattle. The result of this amendment was that these tests completely dried up as a source of income. Furthermore, customers are even more focused on cost savings as a result of the economic crisis. A more focused procurement policy, as well as quality control cutbacks have also resulted in a reduction in revenues for NutriControl.

As a result 2013 was off to a modest start for NutriControl. By taking the right measures (including a more transparent organisation structure and a greater focus on commerce) and by implementing these measures in 2013, NutriControl has moved towards cautious recovery. The structure of the new organisation holds promise for the future, in part because it is founded on a collective vision based on a broadly supported market analysis. A spearhead in this respect is to conduct research in animal feed. This sector has a persistent need for innovative research, in part due to the refined measures related to food safety. In addition, biochemical research appears to be a growing market.

To keep in touch with the market, 15 customers will be interviewed each quarter. This initiative was started up at the end of 2013. The requirements, opinions or directions identified by these customers will serve as a guideline for further development. In addition, it adds an essential element to the customer relationship. This customer orientation has been paired with greater internal efficiency, which is to reduce the elapsed time of the various analyses. This is facilitated by digitisation.

In the area of field safety, several food scandals provided an added impulse to the need for testing. For example, the ‘beef mixed with horse meat’ scandal has resulted in increased biochemical testing. Furthermore, the corn originating from the Eastern bloc contaminated with aflatoxin resulted in added requirements for testing for mycotoxins. The number of tests for dioxin, particularly in eggs, is increasing. In relation to the above-referenced trends, NutriControl has developed the ‘Horse’ PCR analysis, which enables customers to test whether horse meat has been mixed in with beef. In addition, NutriControl has significantly expanded its testing capacity for aflatoxin and other mycotoxins. At the end of 2013, NutriControl further expanded its test portfolio with GMO analysis. This enables NutriControl to determine whether cereal-based products contain genetically modified materials.

Jörgen van den Ende, Managing Director NutriControl:
“Quality throughout our work is what we aim for: Customer-oriented, Operational Excellence and High Quality Work.”

BV OLDAMBT

A two-faced year

Grass growth in 2013 was disappointing, while alfalfa yields were normal. Nevertheless, BV Oldambt managed to close off the year on a positive note. Sharp focus on costs, full commitment to projects and leveraging the synergy within the Agrifirm Group are key concepts.

The grass dryers received approximately 20 percent fewer green crops in 2013. The principal reason for the lower supply of grass was that growth was much reduced due to the cold and late 2013 spring. This therefore required livestock farmers proportionally to use more grass as livestock feed themselves. The selling prices of grass dryer products stayed at a comparable level as other raw materials. This, combined with strict cost control, meant that BV Oldambt achieved good results.

Due to the warm, dry summer the growth of alfalfa developed well. Fifty percent of this crop is exported in dry form to Germany, Britain and Denmark by BV Oldambt. In addition, BV Oldambt supplies several niche markets in Asia (Japan). Alfalfa appears to be a growth market, which is why BV Oldambt is further developing its activities in this area. North Germany is an increasingly more important alfalfa production area for BV Oldambt.

Production of straw products grew by 15%, which meant that the straw production hall had to be expanded. A steadily better and growing collaboration with the Feed companies within the Agrifirm Group also help to achieve further revenue growth. BV Oldambt has traditionally supplied the chunks in 800 kg big bags, while the new packing line produces and staples 20 kg bags.

After the EU grant for artificially dried products was eliminated in 2012, the government in 2013 suspended the red diesel scheme. Ecological development is an important aspect of European agriculture policy. Papilionaceous flowers are admitted as crops that can be removed from ecological focus areas. This provides opportunities for the drying plant. This is why BV Oldambt is also a participant in various projects, such as the management of bird fields or the exploitation of lands that form part of nature compensation schemes. In this respect BV Oldambt, together with Agrifirm Plant among others, looks for ways in which multiple objectives can be achieved.
In addition there is a hemp-related project. This project attempts to separate and collect the protein-rich leaves, which allows the hemp stems to dry better and faster. These leaf residues in dried and compressed form constitute a suitable source of protein for cattle and other livestock.

BV Oldambt, has a stable organisation that is continuing to evolve as part of the Agrifirm Group. In 2013, the company took a seat on the Central Works Council (COR).

Eiko Jan Duursema, Director BV Oldambt:
“Working on new products, new concepts, realising the emphasis on quality improvement, that is what it is all about. The will to belong among the best and to dare to proclaim this with pride.”

AGRIFIRM EXLAN

The best solution to every specific issue

In 2013, Agrifirm Exlan personally experienced its strong dependence on the regulations for agricultural farmers. The construction freeze announced in the Province of Noord-Brabant impeded the progress of many initiated plans and projects. Nevertheless, Agrifirm Exlan achieved higher revenues and expanded its position in the market.

Due to the breadth of projects that can be supported as an aid to farmers in the agricultural and horticultural sectors, it is necessary for Agrifirm Exlan to demonstrate what it does and does not stand for through means of a clear profile. Indeed, the playing field varies from providing support for permit applications, building projects, providing advice in the area of mineral efficiency and coaching of farmers to trade in production rights. In 2013, work therefore continued in full force on profiling the company towards customers, as well as training employees to enable them to increasingly operate as responsible experts in this market. This leads to greater visibility in the sector and to clearer choices in terms of the work carried out within projects. A consequence of this is that the utilisation rate improved and that revenues rose in relation to 2012. This enabled Agrifirm Exlan to achieve a positive financial result in 2013.

The construction freeze announced in October for the Province of Noord-Brabant meant that less work could be carried out in that province during recent months. These government measures are difficult to manage.

Many dairy farmers are preparing for the elimination of the milk quotas scheme in 2015. This is resulting in many development projects. All of Agrifirm Exlan's areas of focus are often addressed during these projects, including coaching of farmers. This provides the dairy/cattle farmer with additional tools and information to enable him/her to make the right choices.

The dialogue with the environment is receiving increased attention as part of expansion plans. From the experiences gained from farmers' coaching it is evident that a great deal can be accomplished with this in many projects. Agrifirm Exlan supports these initiatives. The desire for decentralisation in legislation means that, in addition to national rules, increasingly more provincial and local rules will apply as well. Agrifirm Exlan ensures that farms, in spite of these more complex rules, can make use of current opportunities.

Last year, Agrifirm Exlan has started up pilot groups in which dairy farmers discover the opportunities in the Kringloopwijzer, a livestock life cycle management guide. Kringloopwijzer is an important management tool for gaining insight into a farm's areas for improvement, in addition to offering the opportunity of placing more minerals on the farm.

Gerrit Schilstra, Director Agrifirm Exlan:
"Recommending the smartest solution that is the best fit for the relevant farmer and that produces the highest possible financial benefits. This is the challenge faced each day by Agrifirm Exlan's specialists."

7. Corporate governance

INTRODUCTION

From the perspective of corporate governance, the following management boards are relevant in terms of Koninklijke Coöperatie Agrifirm U.A. (hereinafter: the Cooperative or the Agrifirm Cooperative), the Agrifirm group (hereinafter: Agrifirm) and Agrifirm Group BV:

> the Members Council of the Agrifirm Cooperative;
> the Board of the Agrifirm Cooperative and/or the Supervisory Board of Agrifirm Group BV;
> the Executive Board of Agrifirm Group BV.

The Executive Board and the Supervisory Board (the Board) are responsible for the corporate governance structure within Agrifirm and compliance with the Corporate Governance Code (the Frijns Code). Any deviations from the Code are supported by a sound rationale for the benefit of the Members Council and are briefly explained in the Annual Report.

STRUCTURE

The Agrifirm Cooperative is a cooperative under Dutch law and has approximately 17,750 Dutch members. The cooperative is managed by the Board, which is appointed by the cooperative's Members Council. The cooperative holds all shares in Agrifirm Group BV.

Agrifirm Group BV is a private limited company under Dutch law and functions as the holding company of Agrifirm's group companies and participating interests.
On 1 January 2013, the Supervisory Board consisted of 10 persons. The Supervisory Board forms a personal union together with the Board of the Cooperative. Four members of the Supervisory Board were due to step down in March 2013. Two of them, Mr A.C.J.M. van Vught and Mr A.S.J. Kapiteijn, were ineligible for reappointment. In accordance with agreements concerning the reduction in the number of Supervisory Board members, no new candidates were nominated to replace them. Messrs A.M.M. Lammers and A.J.C.M. Görtz were reappointed by the Members Council by acclamation following a positive recommendation from the Nomination Committee. In 2013 Mr P.P.J. van der Meijden stepped down from the board due to personal circumstances. In the Members Council meeting of March 2014 the vacancy might be filled.

The Executive Board of Agrifirm consists of three persons: the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

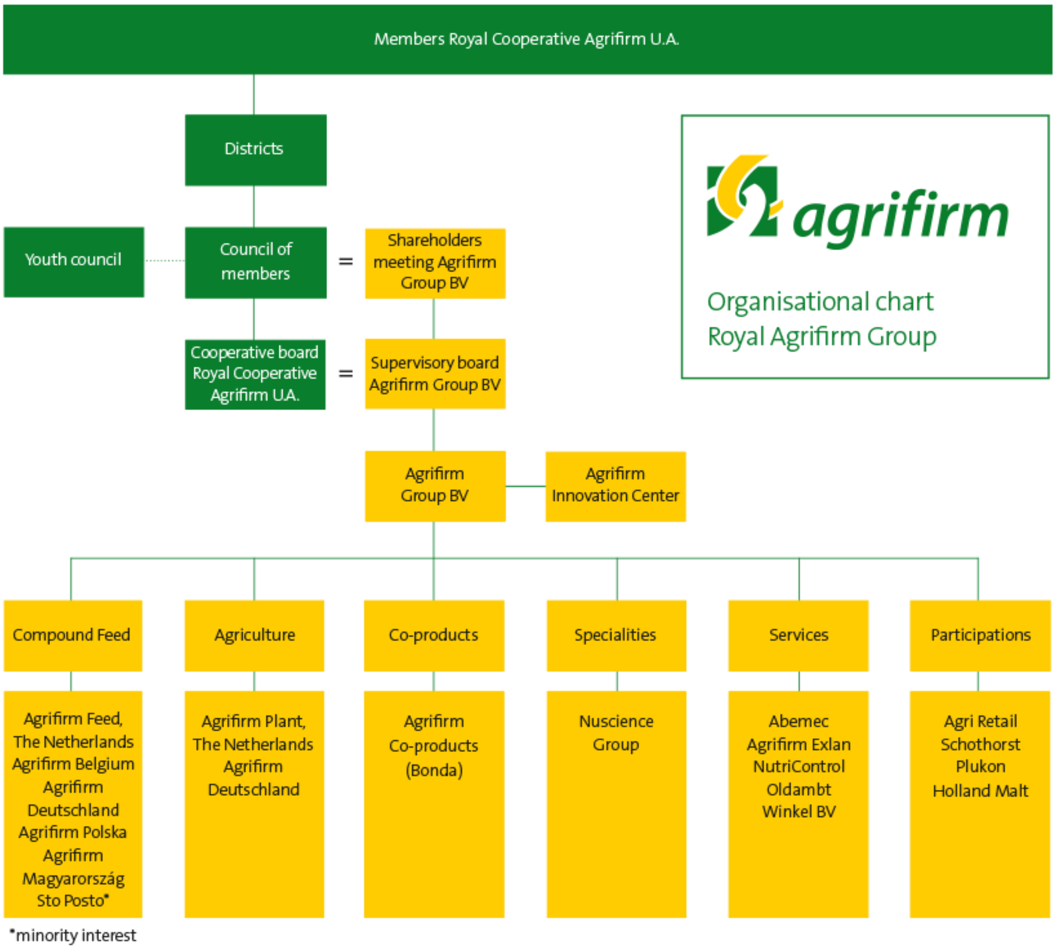
THE MEMBERS COUNCIL OF THE COOPERATIVE

The Board has subdivided the members of the Cooperative into 28 geographically delimited districts. The members in a district select a minimum of three representatives for each district (District 16, with two representatives, is an exception) for the Members Council. The other members of the Members Council are appointed to a district by the Board of the Cooperative in relation to revenues. The Members Council consisted of 90 members on 1 January 2013, which is the target number. The term of office of the members of the Members Council is a maximum of three times 4 years. At least three Members Council meetings are held each year.
The Board of the Cooperative requires the approval of the Members Council for certain resolutions as described in the Articles of Association. Approval is required for the following (non-exclusive) items:

> amendment of the Articles of Association of the Cooperative and the Articles of Association of Agrifirm Group BV;
> appointment of members to the Board of the Cooperative;
> important transactions, including entering into strategic partnerships and real estate transactions;
> acquisition and disposal of participating interests in group companies or non-controlling interests;
> providing collateral;
> important investments.

The Articles of Association specify when and at what amounts the above resolutions and other resolutions require the approval of the Members Council.

Furthermore, the Members Council is charged with adopting the financial statements, Agrifirm's strategic long-term plan, as well as determining the profit appropriation and granting discharge for the supervision exercised to the Supervisory Board of Agrifirm Group BV and granting discharge for the policies pursued to the Board of Koninklijke Coöperatie Agrifirm U.A. and the Executive Board of Agrifirm Group BV.



Organisation chart as at 31 December 2013

THE BOARD OF THE COOPERATIVE

The Board of the Cooperative is responsible for the day-to-day operations of the Cooperative. This includes looking after the interests of the members of the Cooperative in the companies directed by Agrifirm Group BV and its group companies. The Board of the Cooperative consists of 8 members, 6 of whom, from the agricultural and horticultural sectors, and selected from among the members of the Cooperative, supplemented by two external members: a financial specialist (financial profile) and a specialist in the area of strategy and managing large (international) companies (management profile). There is 1 vacancy, which might be filled at the meeting of the Members Council in March 2014. The members of the Board are appointed by the Members Council on the basis of the nominations submitted by the Board. The Members Council may also dismiss a member of the Board. The Board of the Cooperative also forms the Supervisory Board of Agrifirm Group BV. The term of office of the members of the Board is a maximum of three times four years.

In order to comply with the per 1 January 2013 enacted law management and supervision, a balanced position of the seats in the board over male and female members is strived for. At this moment the Board (which forms also the Supervisory Board) is for 12,5% female. When vacancies occurred in the last years, female candidates were favoured. However, no female candidates with equal capacities were found. With future vacancies in the Board the preference is again a female candidate. In the profile of the current vacancy of the Board is included that in case of equal capacities a female is preferred.

THE GENERAL MEETING OF SHAREHOLDERS OF AGRIFIRM GROUP BV

The cooperative owns 100% of the shares in Agrifirm Group BV. As such, the Cooperative has complete control within the General Meeting of Shareholders of Agrifirm Group BV. The Board of the Cooperative exercises the voting rights in the General Meeting of Shareholders of Agrifirm Group BV on behalf of the Cooperative, in certain instances – as described in the Articles of Association – subject to the prior approval of the Members Council.

THE SUPERVISORY BOARD OF AGRIFIRM GROUP BV

The Supervisory Board appoints the members of the Executive Board, supervises its performance and has the authority to approve certain decisions of the Executive Board – as described in the Articles of Association – including:

- the long-term strategic plan;
- important transactions, including entering into strategic partnerships and real estate transactions;
- acquisition and disposal of participating interests in group companies or non-controlling interests;
- important investments;
- attracting bank financing and providing collateral.

The Articles of Association specify when and at what amounts the above decisions and other decisions require the approval of the Supervisory Board. Members to the Supervisory Board are appointed for a term of a maximum of three times four years. Performance is assessed after each term. The Supervisory Board has a Remuneration, Nomination and Audit Committee.

The Remuneration Committee at a minimum comprises the external member of the Supervisory Board with the management profile and the Chairman of the Supervisory Board. The task of this committee is to prepare the decision-making process concerning the remuneration policy and the individual remuneration of the members of the Executive Board.

The Nomination Committee prepares the decision-making process for the Supervisory Board concerning the selection criteria and the appointment procedure for the members of the Executive Board and the Supervisory Board.

The Audit Committee comprises the external member with the financial profile and 2 other members of the Supervisory Board. The Chairman of the Supervisory Board is not a member of the Audit Committee. The Audit Committee performs preparatory tasks related to the accuracy and completeness of the financial reporting, the internal accounting and control systems, risk management, compliance with regulations, as well as the appointment and work methods of the external auditor.

The committees do not have any independent decision-making authority and report to the full Supervisory Board.

THE EXECUTIVE BOARD OF AGRIFIRM GROUP BV

The Executive Board is responsible for the strategy, policy and operating activities within Agrifirm. The Executive Board is appointed for an indeterminate period of time. The Executive Board's terms and conditions of employment are established by the Supervisory Board.

AGRIFIRM AND THE NETHERLANDS CORPORATE GOVERNANCE CODE

Agrifirm voluntarily applies the Corporate Governance Code. The Board and the Executive Board have committed to the Members Council that they will give substance to the Corporate Governance Structure and compliance with the Code. The voluntary application means that the Code can be tailored to Agrifirm and its cooperative character. Any deviations from the Code will be supported by a sound rationale for the benefit of the Members Council. Substantial changes will be submitted to the Members Council. In addition, Agrifirm has an Ethical Business Code of Conduct and a Whistle-blowing Procedure.

Deviations from the Code

Agrifirm deviates from the Code in five areas:

> The Executive Board of Agrifirm Group BV is appointed for an indeterminate period of time. The provision stipulating that members of the Executive Board should be appointed for a period of four years has therefore not been implemented (Best Practice II.1.1 of the Netherlands Corporate Governance Code). The ability of the Cooperative to influence the performance of the members of the Executive Board is anchored due to the fact that the Board of the Cooperative:
  - holds the majority (100%) of the votes in the General Meeting of Shareholders of Agrifirm Group BV;
  - forms a personal union with the members of the Supervisory Board of Agrifirm Group BV;
  - nominates the members of the Supervisory Board of Agrifirm Group BV.

> The chairmanship of the Remuneration Committee is provided by the Chairman of the Supervisory Board in view of the major importance Agrifirm attaches to the coordinating role of the Chairman of the Supervisory Board in relation to the remuneration of the members of the Executive Board.

> The discharge of other supervisory board memberships and ancillary positions by Supervisory Board members as well as Executive Board members will be assessed on an individual basis by the Supervisory Board in terms of the nature and the time requirements of the Supervisory Board memberships and/or the ancillary positions. Every member of the Supervisory Board and the Executive Board must ensure that he/she can devote sufficient time and attention to Agrifirm, thus ensuring the proper discharge of responsibilities.

> The remuneration and other contractual agreements for the individual members of the Executive Board are not published (Best Practice II.2 of the Netherlands Corporate Governance Code).

> Finally, in general, the following components/provisions have not been adopted:
  - provisions related to listed companies, shares, options and/or securities;
  - the publication of sensitive information on the company's website;
  - a one-tier management structure;
  - the issue of depositary receipts for shares;
  - responsibilities of institutional investors and shareholders;
  - internal audit function.

8. Risk management

RISK PROFILE AND MODEL

Agrifirm's activities expose it to a wide range of financial and operational risks. Agrifirm management acknowledges that managing risks is an essential element of doing business. Accepting a certain level of risk is a prerequisite for achieving the Agrifirm's strategic objectives and financial targets. The achievement of business objectives is contingent, in part, on external economic factors, the unpredictability of market developments, disasters and human factors.

In general, Agrifirm adopts a prudent attitude with respect to the acceptance of significant business risks. A risk's significance is determined by the likelihood of it occurring and its potential impact on Agrifirm's strategic objectives and financial targets.

RESPONSIBILITY

The Executive Board is responsible for managing the risks associated with the company's objectives and the reliability of the internal and external financial and other reports. Agrifirm bases its internal control structure on the principle that the management of the operating companies bear the primary responsibility for the day-to-day performance, compliance and monitoring of the systems that have been put in place to manage the key operational risks, to which the company is exposed, as well as possible.

CHARACTERISTICS OF INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

In designing and evaluating the structure of our risk management and control systems, the internationally acknowledged COSO framework for internal control is used as a frame of reference. This has been expanded in the Agrifirm Corporate Guidelines, which also cover a joint, risk-based framework of internal controls.

Within Agrifirm this is an on-going process of identifying, analysing, validating, monitoring and evaluating significant risk areas and the controls put in place, and of communicating and reporting about such process. The risk management model is used by all operating companies of Agrifirm. The model provides management of operating companies with tools to identify, classify and control risks, and to report them to the Executive Board in an unambiguous way.

Agrifirm also has the following guidelines, procedures, systems and organisational measures in place for controlling its business processes:

- principles for the Code of Conduct and an Ethical Business Code of Conduct governing all employees of Agrifirm;
- whistle-blowing procedures;
- systems for operational and financial planning, such as setting budgets and other operational and financial targets;
- guidelines and procedures for the format and drafting of management reports and financial reporting;
- periodic review of the achievement of set targets based on pre-defined critical success factors for all operational and functional disciplines;
- guidelines and procedures for financing activities and controlling currency, interest rate risks en fixed-term deposits;
- guidelines for the continuity and reliability of electronic data processing;
- guidelines for the management of production processes and quality controls based on internationally recognised and certified methodologies and in line with the applicable laws and regulations in the countries in which Agrifirm operates;
- a quality assurance system for raw materials;
- guidelines for internal control and monitoring, including authorisation procedures and segregation of duties;
- Letters of Representation for Agrifirm's group companies.

The complete set of the controls listed above ensures that reasonable assurance is obtained that strategic and operational objectives are achieved, that the company's (financial) reporting is reliable, and that relevant laws and rules are complied with.

In 2013, as part of their assignment to audit Agrifirm's annual financial statements, the external auditor performed independent audits in order to check to what extent the system of internal control and administrative organisation were adequate. These audits were preformed according to a programme set up in consultation with the Audit Committee of the Supervisory Board. The information thus collected is used to make improvements to the internal risk management and control systems.

In 2013 Agrifirm and the Dutch Tax authorities signed the covenant 'horizontaal toezicht' for the fiscal unity of Koninklijke Coöperatie Agrifirm U.A.. In this covenant the framework is written down how the Tax authorities and Agrifirm cooperate in order to work effectively and efficiently together. Important condition to be able to apply for this covenant is to show the quality of the internal control processes related to taxes. The Tax authorities reviewed these processes and existing discussion points with the Tax authorities were solved.

With however much care these systems and controls are designed, they do not provide absolute assurance that operational and financial corporate objectives will be achieved. Neither can all inaccuracies, errors or violations of laws and regulations be prevented using these systems.

BUSINESS PLANNING AND REVIEW

The company pursues a system of budgeting and planning using standard procedures and detailed guidelines. The Executive Board regularly reviews with the management boards of the operating companies the achievement of strategic and operational objectives, as a result of periodic financial and operational reports, the annual budgeting cycle and risk analysis. The risk monitoring results are reported during the half-year review meetings and are presented to the Executive Board for evaluation. The risk management model consequently forms an integral part of Agrifirm's business planning and budgeting control cycle.

MANAGEMENT STATEMENT

With respect to the limitations that are inevitably inherent to any risk management and internal control system, our internal risk management and control systems provide reasonable assurance that our financial reports are free of material misstatement and that these systems were adequate and effective in 2013.

The phrase 'reasonable assurance' has been used for the level of assurance that would be provided by a director acting with due care under the given circumstances. The set of procedures involving the internal risk management and control systems, and the related findings, recommendations and measures have been discussed with the Audit Committee, the Supervisory Board and the external auditor.

9. Financial Statements

(all amounts are stated in thousands of euros unless indicated otherwise)

Consolidated Balance Sheet as at 31 December

	2013		2012	
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	35,466		42,717	
Software	6,971		6,068	
Prepayments on intangible fixed assets	548		438	
		42,985		**49,223**
Property, plant & equipment				
Land and buildings	108,837		101,874	
Plant and machinery	82,593		82,535	
Other fixed assets	24,687		23,092	
Fixed assets under construction	12,719		4,708	
Assets not employed in business operations	5,765		184	
		234,601		**212,393**
Financial fixed assets				
Participating interests	61,124		58,070	
Receivables from participating interests	860		1,075	
Other non-current assets	12,066		14,778	
Deferred tax assets	14,468		16,852	
		88,518		**90,775**
Current assets				
Inventories				
Raw materials and consumables	71,993		94,623	
Finished product and goods for resale	118,685		139,017	
Livestock	2,589		4,304	
		193,267		**237,944**
Receivables				
Trade receivables	197,097		221,437	
Taxes and social security contributions	6,973		8,271	
Other current assets	22,200		61,751	
		226,270		**291,459**
Cash and cash equivalents		**24,332**		**14,572**
TOTAL ASSETS		**809,973**		**896,366**

EQUITY AND LIABILITIES

	2013		2012	
Equity				
Group equity				
Shareholders' equity	388,755		380,053	
Non-controlling interest	4,468		2,356	
		393,223		**382,409**
Liabilities				
Provisions				
Pensions	266		839	
Deferred tax liabilities	940		995	
Other provisions	16,161		22,611	
		17,367		**24,445**
Non-current liabilities				
Debt	6,748		7,975	
Other non-current liabilities	23,850		8,687	
		30,598		**16,662**
Current liabilities				
Bank debt	95,203		206,648	
Trade payables	154,616		157,274	
Taxes and social security contributions	16,066		18,865	
Other non-current liabilities	102,960		90,063	
		368,785		**472,850**
TOTAL EQUITY AND LIABILITIES		**809,973**		**896,366**

Consolidated Profit & Loss Account

	2013		2012	
Net turnover		**2,531,646**		**2,436,446**
Change in inventories of finished product	569		95	
Other operating income	23,628		22,690	
		24,197		**22,785**
Total revenues		**2,555,843**		**2,459,231**
Cost of raw materials and consumables	-2,082,453		-1,984,137	
Personnel costs	-177,314		-190,344	
Depreciation and amortisation	-41,966		-41,367	
Other operating expenses	-220,821		-224,919	
Total operating expenses		**-2,522,554**		**-2,440,767**
Operating income		**33,289**		**18,464**
Result participating interests		4,903		16,935
Financial income	2,493		2,782	
Financial expenses	-10,123		-10,686	
Net finance expense		**-7,630**		**-7,904**
Profit before income tax		**30,562**		**27,495**
Income taxes		-8,707		-5,352
Profit for the period		**21,855**		**22,143**
Non-controlling interest		-1,478		-998
NET INCOME		**20,377**		**21,145**

Consolidated Cash Flow Statement

	2013		2012	
Net income	**20,377**		**21,145**	
Non-controlling interest	1,478		998	
Adjustments to reconcile profit for the period with cash flow from operating activities:				
> Result participating interests	-4,903		-16,935	
> Dividends received from participating interests	3,267		2,968	
> Depreciation and amortisation	41,966		41,367	
> Provisions	-6,519		6,890	
> Change deferred taxes	2,332		-133	
> Result sale of assets and group companies	-8,710		-10,764	
> Currency translation differences	124		-2,283	
> Others	-1,662			
		47,750		**43,253**
Changes in working capital:				
> Inventories	44,628		-26,516	
> Trade receivables	23,469		-25,500	
> Other non-current assets	-5,087		-4,966	
> Trade payables	-3,163		42,179	
> Other non-current liabilities	3,248		-19,760	
		63,095		**-34,563**
Cash flow from operating activities		**110,845**		**8,690**
Capital expenditure	-40,873		-53,380	
Proceeds from sale of assets	14,070		16,454	
Divestments/investments financial fixed assets	48,742		2,803	
Investments in group companies	-5,743		-8,850	
Cash flow used in investing activities		**16,205**		**-42,973**
New long-term debt	2,401		70	
Repayment of long-term debt	-4,810		-4,394	
Dividend / member dividend	-3,436		-10,534	
Cash flow from financing activities		**-5,845**		**-14,858**
CHANGE CASH AND CURRENT BANK DEBT		**121,205**		**-49,141**

Notes to the Consolidated Financial Statements

(all amounts are stated in thousands of euros unless indicated otherwise)

INTRODUCTION AND EXPLANATORY NOTES

These are the financial statements of Koninklijke Coöperatie Agrifirm U.A., established at 1 June 2010, having its registered offices in Apeldoorn, the Netherlands. The Company Financial Statements as well as the Consolidated Financial Statements have been drawn up in accordance with the statutory requirements of Part 9, Book 2 of the Dutch Civil Code.

CONSOLIDATION PRINCIPLES

Koninklijke Coöperatie Agrifirm U.A. and its subsidiaries (hereinafter referred to as Agrifirm) are entered in the Consolidated Financial Statements for the year ending on 31 December 2013. The subsidiaries are fully consolidated in the Consolidated Financial Statements and all mutual balance sheet items, income and expenses within Agrifirm are fully eliminated. The financial statements of the subsidiaries are drawn up for the same reporting year as that of the parent company using consistent accounting policies. The initial consolidation or deconsolidation follows on the date on which control over policy is transferred to Agrifirm or on which control over policy is transferred to third parties, respectively. The share of third parties in subsidiaries (non-controlling interests) is stated separately on the balance sheet and the profit and loss account.
Possible shares in joint ventures are recorded under financial assets as participating interests when Agrifirm does not have predominant control over the relevant participating interest.

PARTICIPATION IN GROUP COMPANIES AND NON-CONTROLLING INTERESTS

The participating interests are held via Agrifirm Group BV and are fully consolidated. Unless otherwise indicated, the participating interests are 100% owned.

In accordance with Articles 379 and 414, Book 2 of the Dutch Civil Code, a list of data on group companies and other interests associated with the Financial Statements has been filed in the Trade Register of the Chamber of Commerce Oost Nederland located in Apeldoorn, the Netherlands. Agrifirm's key group companies are as follows:

Holding and corporate services
Agrifirm Group BV Apeldoorn, the Netherlands

Compound feed
Agrifirm Feed BV, Apeldoorn, the Netherlands
Agrifirm Belgium NV, Grobbendonk, Belgium
Agrifirm Polska Sp. zoo, Szamotuły, Poland
Agrifirm Deutschland GmbH, Neuss, Germany[1)]
Agrifirm Magyarország Zrt., Kaba, Hungary

Agriculture
Agrifirm Plant BV, Apeldoorn, the Netherlands

Premix & concentrates
Nuscience NV, Drongen, Belgium
Pre-Mervo BV, Utrecht, the Netherlands

Co-products
Bonda’s Veevoederbureau BV, Hillegom, the Netherlands

Services

Abemec BV, Veghel, the Netherlands [2)]
Agrifirm Winkel BV, Drachten, the Netherlands
NutriControl BV, Veghel, the Netherlands
Agrifirm Exlan BV, Veghel, the Netherlands
BV Oldambt, Oostwold, the Netherlands

[1)] Compound feed as well as agriculture activities.
[2)] At 19 December 2013 an agreement was reached with the Germany company BayWa A.G. to transfer Abemec in 2014, after approval of the Dutch competition authorities (NMA), to Agrimec BV in which BayWa will obtain a 49% share. The closure of the transaction with BayWa A.G. is expected in March 2014, after approval of the Dutch competition authorities (NMA).

Non-controlling interests

Important non-controlling interests held via Agrifirm Group BV excluded from the consolidation:
Agri Holding BV (40,7%), Ede, the Netherlands
Holland Malt Holding BV (43,0%), Lieshout, the Netherlands
Plukon Food Group BV (20,0%), Wezep, the Netherlands
Schothorst Feed Research BV (18,92%), Lelystad, the Netherlands
Sto Posto DOO (35,0%), Belgrade, Serbia

Basis of preparation and significant accounting policies

GENERAL

The accounting policies adopted for the valuation of assets and liabilities and the determination of the result are based on historical costs. Unless stated otherwise, assets and liabilities are shown at nominal value. An asset is included in the balance sheet when it is probable that its expected future economic benefits will flow to the company and the value of these benefits can be reliably measured. A liability is included in the balance sheet if it is expected that its settlement will result in an outflow of funds and the amount thereof can be reliably measured. The income and expenses are accounted for in the period to which they relate.

POLICIES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency, which equates to the functional currency, used in Agrifirm's financial statements is the euro (€). The costs and income arising from transactions in foreign currencies and non-monetary balance sheet items or monetary receivables and payables are translated into euros at the exchange rate applicable on the transaction date or balance sheet date respectively. Translation gains and losses are taken to the profit and loss account. Turnover, expenditure and income in the profit and loss account are translated into euros at the exchange rate applicable at the time of the relevant transaction. This rule does not apply for turnover, expenditure and income of foreign consolidated participating interests; these are translated at the average exchange rate. Translation gains and losses on equity of foreign consolidated participating interests are taken directly to group equity, less tax effects if applicable. Translation gains and losses on long-term financing and financial instruments used to hedge exchange rate risks are treated accordingly. Goodwill paid in foreign currency is translated into euros using the exchange rate at transaction date and does not result in translation gains or losses.

FINANCIAL INSTRUMENTS

Financial instruments include loans granted, trade and other receivables, cash items, loans and other financing commitments, trade and other payables, as well as derivatives and derivative financial instruments. Financial instruments embedded in contracts are recognised in accordance with the host contract.

Loans granted and trade and other receivables

Loans granted and trade and other receivables are carried at amortised cost, less impairment losses.

Loans and other financial obligations

Loans and other financial obligations are carried at amortised cost.

Derivative financial instruments

Agrifirm uses derivative financial instruments to hedge the exchange and interest rate risks arising from primary financial instruments. Agrifirm also uses derivative financial instruments to hedge the exchange rate risks arising from future sales and purchases in foreign currencies. Forward exchange contracts, interest rate swaps and other derivative financial instruments are used to hedge exchange rate and interest rate risks.

HEDGE ACCOUNTING

Currency and forward commodity contracts

Forward commodity contracts with a listed underlying value will only be closed and held for own use. Agrifirm applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the currency and forward commodity contract (forward contract) and the future hedged transaction in the profit and loss account. The application of cost price hedge accounting leads to the following exception to the above-mentioned accounting policies and accounting treatment for financial instruments.

As long as the forward contract concerns an expected future transaction, the forward contract will not be revalued. As soon as the hedged position of the expected future transaction leads to the recognition of a financial asset or financial liability, the gains or losses associated with the forward contract are recognised in the profit or loss account in the same period in which the asset or liability affects the profit or loss. The results from the non-effective part of the hedge relationship are included in the profit and loss account. If a forward contract no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative profit or loss that has not yet been included in the profit and loss account is recognised as deferred income/liability on the balance sheet until the expected transaction has taken place. Should the transaction no longer be expected to take place, the accumulated profit or the accumulated loss is reclassified to the profit and loss account.

Interest rate swaps

Interest received and paid in relation to interest rate swaps are accounted for in the profit and loss account in the period to which they relate. Unsettled interest income and expense is presented under receivables and accrued income and current liabilities and accruals respectively. If an interest rate swap no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative profit or loss that has not yet been included in the profit and loss account is recognised as deferred income/liability on the balance sheet until the expected transaction has taken place. Should the transaction no longer be expected to take place, the accumulated profit or the accumulated loss is reclassified to the profit and loss account.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at historical cost less annual straight-line depreciation over a maximum of 10 years and any impairment losses. Impairment losses are accounted for if the realisable value is lower than the book value. The realisable value is the higher of the net selling price or value in use. Impairment losses and amortisation are directly accounted for in the profit and loss account. Research and development expenditure is not capitalised but is treated as costs in the year in which it is incurred.

Goodwill

Intangible fixed assets obtained in the acquisition of a group company are recognised against fair value at the time of acquisition. When the fair value of an intangible asset cannot be determined by reference to an active market, the asset value is limited such that it does not create or increase negative goodwill. In case of an acquisition, the negative difference between the acquisition price and Agrifirm's share in the fair value of the identifiable assets and liabilities at the time of acquisition is recognised as badwill in the balance sheet. This badwill is released to the profit and loss account with the occurrence of operational losses which were expected at the time of acquisition.

An acquisition is recognised in the financial statements based on the purchase accounting method. In the case of an acquisition, the positive difference between the acquisition price and Agrifirm's share in the fair value of the identifiable assets and liabilities at the time of the acquisition is recognised as goodwill in the balance sheet. Goodwill is amortised over the estimated life with a maximum of 5 years for a commercial company and 10 years for a production company. These estimated lives are based on the nature and foreseeable estimated life of the acquired business, the stability and foreseeable estimated life of the industry sector, as well as the estimated employment term of key persons and the extent to which the business depends on the existing management team.
Permitted adjustments to the purchase price result in an adjustment of goodwill. Subsequent adjustments to the fair value of identifiable assets and liabilities are reflected in goodwill, provided the adjustment is made before the end of the first book year after the acquisition.

Research & development
Research and development expenses are not capitalised, in general the benefits will be realised directly by the members and not by Agrifirm.

Other intangible fixed assets
Other intangible fixed assets including software will be depreciated on a straight-line basis over five years.

PROPERTY, PLANT & EQUIPMENT
Property, plant & equipment are carried at cost or cost of manufacture less straight-line depreciation based on the remaining expected useful economic life of the asset concerned. In general, buildings are depreciated over a maximum of 25 years, plant and machinery over 10 years and other tangible fixed assets over three to five years. In the event that tangible fixed assets are impaired, they are stated at their realisable value, provided this is permanently less than their book value. The realisable value of land and buildings is determined on the basis of valuations conducted by independent appraisers (net realisable value). The realisable value of plant and machinery is determined on the basis of their value in use taking into account the future use of the assets concerned. Any immovable property that is not used directly for business purposes is stated at the lowest of its value determined in accordance with the same principles as in the case of land and buildings, or its net selling price or lower value in use. Maintenance expenditure is only capitalised if it extends the useful life of the asset.

FINANCIAL FIXED ASSETS
Unconsolidated participating interests over whose commercial and financial policy the group exerts significant influence are carried at their net asset value. Other participating interests are stated at cost less any reduction of their value that may be necessary, if it is expected to be permanent. Long-term receivables are carried at their nominal value less a provision for doubtful debts where necessary.

Deferred tax assets due to temporary valuation differences between company accounts and the accounts for tax purposes or due to compensable losses are accounted for if and insofar as it may reasonably be assumed that the relevant assets will be realised. Deferred tax assets are calculated on the basis of the tax rate applicable at the time at which these are expected to be realised and are valued at net present value.

IMPAIRMENT OR VALUE ADJUSTMENT OF FIXED ASSETS
Agrifirm recognises non-current assets in accordance with accounting policies generally accepted for financial reporting in the Netherlands. Pursuant to these policies, assets with a long life should be subject to an impairment test in the case of changes or circumstances arising that lead to the expectation that the book value of the asset will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the present value of the future net cash flow that the asset is expected to generate. In the case of a higher book value, the difference is charged to the result. Assets for sale are stated at book value or lower market value, less selling costs.

INVENTORIES
Stocks of raw materials and consumables are stated at historical cost free warehouse. However, if on balance sheet date, selling prices of finished products reveal that a loss is to be expected, raw material value based on historical cost is reduced to lower market value and a provision is established to cover all existing raw materials positions that have not been received physically. Stocks of finished products, goods for resale and livestock are carried at the lower of historical cost or market value. The costs of any finished products, being their total production costs, are

determined in accordance with the first-in-first-out (FIFO) method. Production costs include part of the direct expenses as well as part of the variable component of indirect production costs. The historical cost of livestock is deemed to include all related variable expenses, including the cost of feeding this livestock. Provisions are established for obsolete inventories and weight losses.

RECEIVABLES

Trade and other receivables are stated at their nominal value less a provision for doubtful debts. The term of these trade and other receivables is less than one year. Provisions are determined on the basis of individual assessment of the collectability of receivables.

CASH AND CASH EQUIVALENTS

This refers to all cash and bank deposits at call. Cash and cash equivalents are stated at their nominal value.

THIRD-PARTY NON-CONTROLLING INTERESTS

The third-party non-controlling interests are valued at the third parties' share of the net asset value.

PROVISIONS

Provisions are stated at face value, with the exception of provisions for pensions and other employee benefits, which are based on actuarial calculations and deferred tax liabilities which are valued at present value. Provisions are recognised when Agrifirm or its group companies have a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

PENSIONS

Operating companies of Agrifirm have different pension plans in accordance with the local conditions and customs in the countries in which they operate. The majority of these plans are defined contribution plans administered by insurance companies. In general, these plans are funded by means of premiums paid to the insurance companies. The actuarial risks of these plans are borne entirely by the insurance companies. The amounts payable are incorporated directly in the profit and loss account. The contributions that are still to be paid and to be received back are entered under current liabilities and receivables, respectively.

DEFERRED TAXES

Taxes are calculated on the basis of the result before tax as shown in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses. If valuation for tax purposes differ from the policies described in this section and these result in deferred tax liabilities, a provision is formed for these liabilities. Deferred tax assets are recognised for all deductible temporary differences and available carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised. Deferred income tax assets and liabilities are measured by taking account of the tax consequences of the realisation or settlement of assets, provisions, liabilities and accruals as intended by Agrifirm and its group companies, at the balance sheet date. The deferred tax assets and liabilities are stated at the nominal rates that apply in the various countries and at discounted values. Deferred tax assets and liabilities are set off if the general conditions for netting are met.

Koninklijke Coöperatie Agrifirm U.A. and virtually all of its Dutch group companies form a fiscal unity for Dutch corporate income taxes.

NON-CURRENT LIABILITIES

Interest-bearing and non-interest-bearing non-current liabilities are carried at their nominal value increased by the directly attributable transaction costs. Interest charges are recognised in the year in which they fall due.

TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities are stated at their nominal value and are debts with a term of less than one year.

LEASING

Amounts paid in accordance with operating leases are accounted for in the profit and loss account on a straight-line basis over the term of the lease. Assets which are acquired under the terms of financial leases are stated at the lowest of the fair value or present value of the minimum instalments less accumulated depreciation. Financial lease commitments are accounted for under non-current and current liabilities.

NET TURNOVER

Net turnover is calculated as the earnings received from external parties for delivered goods and services, minus volume discounts, other discounts, price adjustments paid to customers and excluding value added tax. Member discount is a distribution of profits to the members and therefore not deducted in net turnover. Turnover is only accounted for if there is reasonable assurance that future benefit will be accrued by the business and that such benefit can be estimated reliably. Income is recognised when the significant risks have been transferred to the buyer, receipt of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably.

COST OF RAW MATERIALS AND CONSUMABLES

The cost of raw materials and consumables is calculated on the basis of historical cost.

DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible fixed assets are calculated on the basis of fixed percentages of their purchase price or cost of manufacture.

RESULT PARTICIPATING INTERESTS

The share in the result of participating interests represents Agrifirm's share in the net result of these participating interests.

INCOME TAXES

Income taxes comprises both taxes payable in the short term and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as these can be offset against losses from previous years and a deferred tax asset had not been recognised. Taxes are deducted from losses if these can be offset against profits in previous years. In addition, taxes will be deducted if and insofar as it may be reasonably expected that losses can be offset against future profits.

CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method. The purchase price of new acquired group companies and participating interests is accounted for under cash flow from investment activities. Therefore the amounts in the cash flow statement cannot always be reconciled with the consolidated balance sheet and profit & loss account.

Notes to the Consolidated Balance Sheet

ACQUISITION OF GROUP COMPANIES

The following acquisitions took place in 2013:

> 22 March 2013, 100% of the shares of the online trading platform Men's growing concept BV, trading under the name Agri-E-Trade (Netherlands) by Agrifirm Plant BV.

> 30 May 2013, the remaining 20% shares of premixes company Preconex SP NV (Belgium) by Nuscience NV.

> 30 August 2013, 51% of the shares of premixes factory Novi-Mix DOO (Serbia) by Nuscience NV. When the cooperation adds value to both companies in line with the expectations, and the results develop positively, the share may be extended to 100%. Since the exercise price is depending on multiple factors, no realistic estimate can be made of the value of this option. The value is therefore not included in the balance sheet.

> 24 December 2013, 100% of the shares of the feed additives producer Metachem Nutrientes Ltda (Brazil) by Nuscience NV. Consolidation of Metachem starts per 1 January 2014.

INTANGIBLE FIXED ASSETS

Change in the value of intangible fixed assets during the year under review:

	Goodwill	Software	Total
Balance as at 1 January 2013			
Purchase price	58,661	18,422	77,083
Accumulated depreciation	-15,944	-11,916	-27,860
Book value	**42,717**	**6,506**	**49,223**
Changes in book value			
Investments in group companies	1,601	89	1,690
Investments	1,493	3,353	4,846
Depreciation	-10,256	-2,380	-12,636
Currency translation differences	-89	-49	-138
Balance	**-7,251**	**1,013**	**-6,238**
Balance as at 31 December 2013			
Purchase price	61,666	21,815	83,481
Accumulated depreciation	-26,200	-14,296	-40,496
Book value	**35,466**	**7,519**	**42,985**

Goodwill is amortised over an estimated life of five years for a trading company and ten years for a production company. The other categories are amortised over ten years maximum. The investments in goodwill in 2013 in the amount of € 1.5 million (2012: € 2.3 million) are primarily related to the acquisition of Preconex, Novi-Mix and the non-controlling interest in Sto Posto.

PROPERTY, PLANT & EQUIPMENT

Change in the value of property, plant & equipment during the year under review:

	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under con-struction	Assets not employed in business operations	Total
Balance as at 1 January 2013						
Purchase price	269,847	325,424	72,905	4,708	196	673,080
Accumulated depreciation	-167,973	-242,889	-49,813		-12	-460,687
Book value	**101,874**	**82,535**	**23,092**	**4,708**	**184**	**212,393**
Changes in book value						
Investments in group companies	1,413		3,173			4,586
Investments	24,900	15,190	5,176	8,004		53,270
Divestments	-5,860	-32	-83			-5,975
Reclassification	-5,376	-210			5,586	0
Depreciation	-7,937	-14,760	-6,628		-5	-29,330
Currency translation differences	-177	-130	-43	7		-343
Balance	**6,963**	**58**	**1,595**	**8,011**	**5,581**	**22,208**
Balance as at 31 December 2013						
Purchase price	290,607	340,274	81,211	12,719	5,782	730,593
Accumulated depreciation	-181,770	-257,681	-56,524		-17	-495,992
Book value	**108,837**	**82,593**	**24,687**	**12,719**	**5,765**	**234,601**

Assets not employed in business operations consist of land and buildings which were previously used for business purposes and that are currently vacant or (partly) rented by third parties. Agrifirm intends to sell this property. Based on changes in book value over time and proceeds of similar property, it is anticipated that the expected net proceeds of this property exceeds the book value. In 2013 profit on the sale of predominantly real estate amounted to € 8.6 million (2012: € 10.8 million). Part of the sale of real estate concerns a sale and leaseback of retail buildings. The buildings were leased back at market rates. The result on the sales is therefore recognised in the profit and loss account.

FINANCAL FIXED ASSETS

Change in the financial fixed assets during the year under review:

	Participating interests	Receivables from participating interests	Other non-current assets	Deferred tax assets	Total
Balance as at 1 January 2013	**58,070**	**1,075**	**14,778**	**16,852**	**90,775**
Changes in book value					
Investments in group companies	1,856				1,856
Investment / repayment	-435	-215	-2,714		-3,364
Increase / decrease				-2,384	-2,384
Dividends received	-3,267				-3,267
Share in annual results	4,903				4,903
Currency translation differences	-3		2		-1
Balance	**3,054**	**-215**	**-2,712**	**-2,384**	**-2,257**
Balance as at 31 December 2013	**61,124**	**860**	**12,066**	**14,468**	**88,518**

PARTICIPATING INTERESTS

The participating interests mainly relate to the non-consolidated interests in:

- Agri Holding BV (40.75%)
- Holland Malt Holding BV (43.0%)
- Plukon Food Group BV (20.0%)
- Schothorst Feed Research BV (18.92%)
- Sto Posto DOO (35.0%)

Agrifirm values participating interests over whose commercial and financial policy the group exerts significant influence at net asset value and goodwill paid on acquisition of group companies and participating interests is capitalized.

On 4 June 2013 Agrifirm sold her 30.0% share in the capital of its participation Agrovision BV to CoMore BV.

On 30 August 2013 Agrifirm acquired 35% of the shares of the Serbian compound feed manufacturer Sto Posto DOO. When the cooperation adds value to both companies in line with the expectations, and the results develop positively, the share may be extended to 100%. Since the exercise price is depending on multiple factors, no realistic estimate can be made of the value of this option. The value is therefore not included in the balance sheet.

RECEIVABLES FROM PARTICIPATING INTERESTS

Included in receivables from participating interests are receivables arising from loans to participating interests amounting to € 0.9 million (2012: € 1.1 million). The loan still outstanding bears an interest rate of 6%. In 2013 an amount of € 0.2 million was redeemed (2012: € 7.1 million).

Of these receivables nothing (2012: nil) is repayable within twelve months following the balance sheet date.

OTHER NON-CURRENT ASSETS

The remainder of the other non-current assets are mainly loans to customers.

DEFERRED TAX ASSETS

Deferred tax assets mainly refer to tax losses carried forward and temporary valuation differences in the Netherlands and Belgium. These deferred tax assets have been capitalised on the basis of expected taxable earnings in the future. A net interest rate of 3% has been used to discount these deferred tax assets. The nominal value of the deferred tax assets amounted to € 15.9 million on 31 December 2013 (2012: € 18.4 million). The term of these deferred tax assets is maximum nine years for the Dutch part; in Belgium the losses can be carried forward indefinitely. It is anticipated that deferred tax assets amounting to € 2.1 million (2012: € 5.4 million) will be refundable within one year. The deferred tax assets declined in 2013 due to the realisation of tax losses and changes in the differences between the commercial and fiscal valuation of assets and liabilities.

At year-end 2013, Agrifirm had tax losses carried forward and valuation differences amounting to € 24.1 million (2012: € 15.1 million) for which no deferred tax assets have been capitalised in the balance sheet because taxable earnings in the near future are not certain. These tax losses relate to various operating companies in the Netherlands, Belgium and Germany.

INVENTORIES

Inventories can be specified as follows:

	2013	2012
Raw materials and consumables	71,993	94,623
Finished products and goods for resale	118,685	139,017
Livestock	2,589	4,304
Total inventories	**193,267**	**237,944**

The inventories are stated at historical cost or, if lower, market value/realisable value.

RECEIVABLES

Receivables can be specified as follows:

	2013	2012
Trade receivables	197,097	221,437
Taxes and social insurance contributions	6,973	8,271
Other current assets	22,200	61,751
Total receivables	**226,270**	**291,459**

Trade receivables are stated at their nominal value less a provision for doubtful debts. The term of the receivables is less than one year.

The considerable decrease in other current assets primarily concerns the proceeds in 2013 from the sale of the Cefetra BV and Probroed BV participation interests in 2012. The total receivables amounting to € 46.5 million were received in 2013.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are available to the company on demand.

EQUITY

The change in equity during the year is as follows:

	2013	2012
Balance as at 1 January	380,053	365,796
Member dividend	-6,289	-7,500
Member discount	-4,500	
Net income	20,377	21,145
Currency translation differences and other changes	-886	612
Balance as at 31 December	**388,755**	**380,053**

Changes in equity are elaborated upon in the Company Financial Statements.

NON-CONTROLLING INTERESTS

The change in non-controlling interests during the year under review is as follows:

	2013	*2012*
Balance as at 1 January	2,356	1,565
Share in income	1,478	998
Investment in group companies	853	
Divestments shares in group companies	40	-176
Dividend	-205	
Currency translation differences and other	-54	-31
Balance as 31 December	**4,468**	**2,356**

The investment in group companies refers to the balance of the expansion of the interests in Preconex NV to 100% and the acquisition of the majority of the shares in Novi-Mix DOO, both by Nuscience NV. The divestments related to the sale of part of the shares of Strahmann Potato GmbH. Other non-controlling interests mainly refer to Cehave Korm Ltd, a Nuscience NV group company.

PROVISIONS

Provisions can be specified as follows:

	Pensions	Deferred tax liabilities	Restructuring	Other	Total
Balance as at 1 January 2013	**839**	**995**	**13,151**	**9,460**	**24,445**
Investments in group companies					
Additions			6,085	1,500	7,585
Used and release to results	-573	-52	-10,201	-3,830	-14,656
Currency translation differences		-3		-4	-7
Balance as at 31 December 2013	**266**	**940**	**9,035**	**7,126**	**17,367**

The provisions are mainly of a short-term nature, except for the provision for deferred taxes and pensions.

Provisions for pensions primarily relate to the actuarial value of pension liabilities not insured at third-party insurers or pension funds. The provision for deferred tax liabilities mainly relates to differences in valuation for statutory and tax purposes of group companies acquired in the period 2007 to 2010. The restructuring provision relates to the projected cost of integration and restructuring of activities of the various group companies. The provision has primarily been established to cover the cost of personnel reductions and the optimisation of the number of locations. Included in other provisions are provisions for risks related to soil contamination, losses on contracts with customers, provisions for egg contracts and claims relating to product liability. The addition in 2013 is primarily related to a provision for an onerous contract.

NON-CURRENT LIABILITIES

Non-current liabilities can be specified as follows:

	2013	2012
Debt	6,748	7,975
Other non-current liabilities	23,850	8,687
Total non-current liabilities	**30,598**	**16,662**

No debt had a remaining term of more than 5 years at balance sheet date (2012: nil). The repayment commitment on long-term loans amounts to € 5.2 million next year. Most long-term loans have a variable interest rate based on Euribor plus a spread of 1.5% - 5.35%. The average interest rate on long-term loans was approximately 3.9% in 2013 (2012: 3.6%). For a loan in the amount of € 0.8 million (2012: € 2.3 million) 21.5% of the shares in Holland Malt Holding BV was provided as security. For loans amounting to € 3.1 million (2012: € 1.2 million) the assets that were acquired with the borrowed funds were provided as security. The significant increase in other non-current liabilities is the financial lease obligation of the Graansloot cereal storage facility which is capitalised under property, plant & equipment. An € 18 million guarantee was provided to the bank of the lessor of the facility. No security was provided for the other long-term loans.

Under other long-term liabilities contingent liabilities were included for an amount of € 1.0 million (2012: € 0.6 million) with respect to past acquisitions of group companies. The short-term part of this liability amounts to € 0.7 million (2012: € 2.0 million) and is included in other short-term payables.

CURRENT LIABILITIES

Current liabilities can be specified as follows:

	2013	2012
Bank debt	95,203	206,648
Trade payables	154,616	157,274
Taxes and social security contributions	16,006	18,865
Other non-current liabilities	102,960	90,063
Total current liabilities	**368,785**	**472,850**

These liabilities are of a short-term nature with a term of less than one year. Other non-current liabilities contain most importantly accruals and payable member discount / member dividend. Bank debt mainly refer to a multi-currency revolving credit facility with a group of banks ('club deal'). Amounts can be drawn on the facility up to a maximum of € 400 million, when ratios agreed upon with the banks have been met. Agrifirm Group BV and a number of Dutch group companies guaranteed this facility and provided tangible assets and receivables as security towards the group of banks. The facility is available as from 8 March 2013 and exists out of 2 parts. Part A, amounting to € 300 million has a term of 3 years and can be extended 2 times with 1 year. This extension must be applied for before the end of the first and second year. Part A additionally has an option to be extended with € 100 million. Part B, amounting to € 100 million has a term of 1 year and can be extended 4 times with 1 year. At year-end, the company applied for 1 year extension of both facilities, which was granted by the banks early in 2014. The interest rate is based on Euribor and a spread.

Financial instruments
Interest rate swaps with a nominal value of € 100 million (2012: € 20 million) as at the balance sheet date are used to cover interest rate risks with respect to liabilities with a variable interest rate. Financial instruments are not held or issued for speculative purposes. The swaps open on the balance sheet date have terms with an ending date varying from 2016 to 2020 and have an interest rate of 0.97% (2012: 1.55%). At year-end 2013 the fair value of the current swaps amounted to negative € 0.8 million (2012: negative € 1.3 million). No provision was made for this negative value due to the application of cost price hedge accounting.

Forward contracts were concluded for the purchase of raw materials to hedge the risk of price fluctuations of raw materials. Due to the lower price of raw materials than the prices agreed upon in the forward contracts, the contracts have a negative fair value of negative € 0.1 million as at 31 December 2013 (2012: negative € 0.8 million).

As of 2014 new regulation regarding reporting on financial instruments came into force. The changes have an impact on the following items:

- *Ineffectiveness:* impact on Agrifirm is considered to marginal. The critical terms of the hedged items and the hedge instruments are in general similar;
- *Embedded derivatives:* further investigation is needed, however, the first assessment is that impacts are limited;
- *Cash flow risk:* in the hedge contracts entered into by Agrifirm do not lead to significant cash flow risks.

COMMITMENTS AND CONTINGENCIES

Securities provided
Bank guarantees have been issued amounting to € 2.4 million (2012: € 1.4 million) primarily for leases and prepayments, and guarantees have been issued for other parties amounting to € 3.4 million (2012: € 1.3 million).

A work guarantee for several years is provided for all employees of Agrifirm Feed transport BV who were transferred to another employer in the process of outsourcing transport activities per 1 January 2014. An € 18 million guarantee was provided to the bank of the lessor of the Graansloot cereal storage facility.

Guarantees as defined in Article 2:403 of the Dutch Civil code have been issued by Koninklijke Coöperatie Agrifirm U.A. on behalf of most of its Dutch group companies.

Rental-, lease- and other commitments
The composition of the total liabilities can be specified as follows:

	2013	*2012*
Rent buildings	36,616	29,160
Rent and lease of transport equipment and vehicles	11,797	14,025
Other	8,196	8,320
Total off-balance sheet commitments	**56,609**	**51,505**

The increase in commitments for rent buildings is the effect of the sale and lease back of a number of shop buildings. The decrease in rent and lease of transport equipment is the effect of the outsourcing of transport by Agrifirm Feed BV. Remaining lease contracts for trucks amounting to € 5.1 million are transferred at 1 January 2014 to external transport companies.

The breakdown of the liabilities over the years can be specified as follows:

	2013	2012
Less than 1 year	11,870	18,523
From 1 - 5 years	25,364	22,260
More than 5 years	19,375	10,722
Total off-balance sheet commitments	**56,609**	**51,505**

As part of the normal business activities, contracts with purchasing and buying commitments with third parties are entered into.

Fiscal unity

Koninklijke Coöperatie Agrifirm U.A and the majority of its Dutch group companies form a fiscal unity for Dutch corporate income taxes. As a result of this, Koninklijke Coöperatie Agrifirm U.A. can be held liable for taxes of companies that are part of this fiscal unity.

Notes to the Consolidated Profit & Loss Account

NET TURNOVER

Breakdown of net turnover by activity:

	2013	*2012*
Feed the Netherlands	992,322	954,491
Arable farming and Horticulture the Netherlands	358,798	354,462
Feed Europe	498,932	495,632
Arable farming Europe	73,444	61,591
Co-products	150,076	129,332
Premixes & concentrates	296,324	278,374
Mechanisation	63,604	61,421
Retail	80,798	84,161
Other activities	17,348	16,982
Total net turnover	**2,531,646**	**2,436,446**

The geographical breakdown of net turnover is as follows:

	2013	*2012*
The Netherlands	1,603,922	1,571,000
Belgium	162,488	159,539
Germany	353,064	328,817
France	43,473	36,656
Poland	83,220	87,773
Hungary	71,014	56,356
China	99,194	91,663
Other countries	115,271	104,642
Total net turnover	**2,531,646**	**2,436,446**

TRANSACTIONS WITH ASSOCIATED PARTIES

An amount of € 1.1 billion (2012: € 1.1 billion) was supplied to and purchased from members of Koninklijke Coöperatie Agrifirm U.A. Other than this, no material transactions with associated parties took place in the year under review.

OTHER OPERATING INCOME

Other operating income mainly refers to proceeds regarding logistic services rendered to third parties, income from the lease of tangible fixed assets to third parties, and income from the sale of predominantly real estate.

PERSONNEL COSTS

The breakdown of personnel costs is as follows:

	2013	2012
Salaries and wages	119,631	119,927
Pension premiums	9,535	10,088
Other social security charges	18,679	18,619
Temporary staff	9,418	12,446
Other personnel costs	20,051	29,264
Total personnel costs	**177,314**	**190,344**

The pension agreements have predominantly an average wage basis and are defined contribution arrangements.

EMPLOYEES

Number of employees per activity (ultimo year in FTE):

	2013	2012
Feed the Netherlands	610	703
Arable farming and Horticulture the Netherlands	251	268
Feed and arable farming Europe	467	483
Co-products	208	213
Premixes & concentrates	669	642
Mechanisation	199	206
Retail	365	401
Other activities	187	190
Total number of FTE	**2,956**	**3,106**

DEPRECIATION

The breakdown of depreciation is as follows:

	2013	2012
Depreciation property, plant and equipment	29,330	27,100
Amortisation goodwill	10,256	12,422
Depreciation software	2,380	1,845
Total depreciation	**41,966**	**41,367**

OTHER OPERATING EXPENSES

Key costs included in other operating expenses relate to expenses regarding transport, utility, maintenance and repair costs.

The cost of research and development amounted to € 7.7 million (2012: € 7.4 million).

NET FINANCE EXPENSE

The breakdown of financial income and expenses is as follows:

	2013	2012
Financial income	2,493	2,782
Financial expenses	-10,123	-10,686
Net finance expense	**-7,630**	**-7,904**

Financial expenses mainly relate to interest on current bank debt. Income primarily relates to interest on long-term receivables from customers and on loans to participations.

INCOME TAXES

Income taxes is for € 2.9 million (2012: € 0.1 million) related to the Netherlands and for € 5.8 million (2012: € 5.3 million) in foreign countries. The effective corporate income tax rate (28.5%) is different from the Dutch nominal rate of 25% due to:

- the result from participating interests is not subject to taxation under the participation exemption in the Netherlands;
- other permanent differences in valuation of assets and liabilities for statutory and tax purposes;
- different nominal tax rates in foreign countries;
- some tax losses and valuation differences in the Netherlands and abroad are not valued because future realisation of these is not certain.

Notes to the Consolidated Cash Flow Statement

GENERAL

The cash flow statement is prepared on the basis of a comparison of the starting and ending balances (the indirect method). Transactions that did not generate cash flow, such as value adjustments, are eliminated. Changes as a result of the acquisition or sale of consolidated participating interests are accounted for under investments. The relevant funds comprise the balance of cash and cash equivalents as well as current bank debt.

CASH FLOW FROM OPERATING ACTIVITIES

Interest received and paid is accounted for in cash flow from operations. The changes in balances of working capital and cash flow generated by operating activities show a positive cash flow from operating activities of € 110.8 million (2012: € 8.7 million).

CASH FLOW FROM INVESTMENT ACTIVITIES

Investment activities accounted for an cash in of € 16.2 million (2012: € 43.0 million cash out). Investments are primarily for the improvement and expansion compound feed and premix factories. The € 15.8 million investment in the cereal storage location Graansloot in Kampen concerns a financial lease and is as such not included as an cash flow. Investments in new group companies were limited. The positive cash flow form divestments concerns the receipt of the receivable related to the sale of Cefetra and Probroed in 2012.

CASH FLOW FROM FINANCING ACTIVITIES

Long-term liabilities amounting to € 4.8 million (2012: € 4.4 million) were repaid. In 2013 dividends and member dividend amounting to € 3.4 million (2012: € 10.5 million) were paid out. The € 4.8 million (2012: € 5.8 million) in customer discounts paid in 2013 is included in the cash flow from operating activities.

CHANGE IN CASH AND CASH EQUIVALENTS MINUS CURRENT BANK DEBT

Cash and cash equivalents minus current bank debt increased with an amount of € 121.2 million (2012: € 49.1 million decrease). This change can be specified as follows:

	2013		***2012***	
Cash and cash equivalents start year	14,572		13,778	
Cash and cash equivalents start year	24,332		14,572	
Change in cash and cash equivalents		**9,760**		**794**
Current bank debt start year	206,648		156,713	
Current bank debt end year	95,203		206,648	
Change current bank debt		**111,445**		**-49,935**
Change cash and current bank debt		**121,205**		**-49,141**

Company Balance Sheet as at 31 December

	2013		2012	
ASSETS				
Fixed assets				
Financial fixed assets				
Participating interests in group companies	408,655		390,895	
TOTAL ASSETS		**408,655**		**390,895**

	2013		2012	
EQUITY AND LIABILITIES				
Equity				
Shareholders' equity				
Statutory reserves	16,924		18,233	
Other reserves	371,831		361,820	
		388,755		**380,053**
Liabilities				
Current liabilities				
Member dividend/discount payable	19,900		10,842	
		19,900		**10,842**
TOTAL EQUITY AND LIABILITIES		**408,655**		**390,895**

Company Profit & Loss Account

	2013		2012	
Result of group companies	20,377		21,145	
NET RESULT		**20,377**		**21,145**

Notes to the company Balance Sheet and Profit & Loss Account

(all amounts are stated in thousands of euros unless indicated otherwise)

These are the company financial statements of Koninklijke Coöperatie Agrifirm U.A., established at 1 June 2010, having its registered offices in Apeldoorn, the Netherlands. These financial statements have been drawn up in accordance with Dutch laws and regulations for financial reporting. The provision of Article 362(8), Part 9, Book 2 of the Dutch Civil Code that allows the same accounting policies to be used in drawing up the company financial statements as those used in drawing up the consolidated financial statements was invoked. For the accounting policies used for valuing assets and liabilities and drawing up the profit and loss account, we refer you to the Notes to the Consolidated Financial Statements, unless the company financial statements already include explanatory notes for the relevant items reported there.

The exemption pursuant to Article 402, Part 9, Book 2 of the Dutch Civil Code was applied for the presentation of the company profit and loss account.

A list of capital interests, prepared in accordance with legal provisions, is available at the company's offices and has been filed with the Trade Register in Apeldoorn.

FINANCIAL FIXED ASSETS

The change in the financial fixed assets can be specified as follows:

	Participating interests in group companies
Balance as at 1 January 2013	**390,895**
Changes in book value	
Result of group companies	20,377
Member dividend/discount	-1,731
Currency translation differences and other changes	-886
Balance	**17,760**
Balance as at 31 December 2013	**408,655**

All participating interests in group companies are held via Agrifirm Group BV.

EQUITY

The movement in equity can be specified as follows:

	Statutory reserve transla-tion differ-rences	Statutory reserve retained earnings partici-pations	Other reserves	Total
Balance as at 1 January 2013	**-1,200**	**19,433**	**361,820**	**380,053**
Changes in book value				
Net income			20,377	20,377
Member dividend			-6,289	-6,289
Member discount			-4,500	-4,500
Currency translation differences and other changes	-886	-423	423	-886
Balance	**-886**	**-423**	**10,011**	**8,702**
Balance as at 31 December 2013	**-2,086**	**19,010**	**371,831**	**388,755**

The Members Council approved in December 2013 the proposal of the Board to pay out an amount of € 5.7 million out of the net result over 2013 to the members of Koninklijke Coöperatie Agrifirm U.A. as dividend (‘Ledenvoordeel’, dividend on results non-member business) in 2015. This proposal is included in the financial statements. The amount to be distributed to the members will be calculated as 0.5% on their relevant transactions in 2014 from the Dutch member companies Agrifirm Feed and Agrifirm Plant and is included under other short-term payables. Due to more transactions with members in 2013 than expected, the member discount over 2012 was increased in the year with € 0.6 million.

In 2013 the Members Council approved the proposal to change the usual customer discount, which in the past was charged to the net result, into a member discount (‘Ledenkorting’, dividend on results member business). Since this payment is now exclusively to members, this payment is considered a distribution of results of the member business and therefore charged to equity as of 2013. Over the year 2013 a member discount of € 6.0 million (€ 4.5 million after corporate income tax) is reserved and is included under other short-term payables.

The remaining net result, an amount of € 10.2 million, will be transferred to equity.

Currency translation differences refer to differences in equity value of foreign participating interests. A legal reserve is retained for these differences.

AUDITOR’S FEES

The fees paid to the auditor charged with conducting the audit are as follows:

	2013	*2012*
Audit of the financial statements	915	832
Other audit services	117	116
Other non-audit services	295	797
Total fees	**1,327**	**1,745**

FISCAL UNITY

Koninklijke Coöperatie Agrifirm U.A and the majority of its Dutch group companies form a fiscal unity for Dutch corporate income taxes. As a result of this, Koninklijke Coöperatie Agrifirm U.A. can be held liable for taxes of companies that are part of this fiscal unity.

REMUNERATION MEMBERS EXECUTIVE BOARD AND SUPERVISORY BOARD

The remuneration in accordance with Article 383(1), Part 9, Book 2 of the Dutch Civil Code (including pension contributions) for the members of the Board of the Koninklijke Coöperatie Agrifirm U.A. (simultaneously the Supervisory Board of Agrifirm Group BV) is € 262 thousand (2012: € 334 thousand).

Other information

PROFIT ALLOCATION

According to Article 30 of the Articles of Association of Koninklijke Coöperatie Agrifirm U.A., a proportion of any profit revealed in the profit and loss account of the adopted financial statements may be added to the reserves. The Members Council shall decide on any balance remaining based on a proposal presented by the Board of the Cooperative.

The Members Council approved in December 2013 the proposal of the Board to pay out an amount of € 5.7 million out of the net result over 2013 to the members of Koninklijke Coöperatie Agrifirm U.A. as member dividend (‘Ledenvoordeel’) in 2015. Additionally the Members Council approved in December 2013 to pay out an amount of € 6.0 million member discount (€ 4.5 million after corporate income tax) (‘Ledenkorting’). This proposal is included in the financial statements. The remaining net result, an amount of € 10.2 million, will be transferred to equity.

EVENTS AFTER BALANCE SHEET DATE

At 19 December 2013 an agreement was reached with the Germany company BayWa A.G. to transfer Abemec in 2014, after approval of the Dutch competition authorities (NMA), to Agrimec BV in which BayWa will obtain a 49% share. The closure of the transaction with BayWa A.G. is expected in March 2014, after approval of the Dutch competition authorities (NMA).

Independent Auditor’s Report

To: the Members Council of Koninklijke Coöperatie Agrifirm U.A.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 of Koninklijke Coöperatie Agrifirm U.A. Apeldoorn, which comprise the consolidated and company balance sheet as at 31 December 2013, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Koninklijke Coöperatie Agrifirm U.A. as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, 11 March 2014

Ernst & Young Accountants LLP

s.g.d. S.G.C. Seijkens RA

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Jaap Vessies	>	Financial Director (CFO)
Joost Helsen	>	Operational Director (COO)

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