

A n n u a l

R e p o r t



2013 / 2014
Cooperative Agrico U.A.





Say
choice
say
Agrico

Theme

Agrico likes to spread the message that they are the right choice for its business relations. Since 2012, our slogan has been 'Say choice, say Agrico'. Everyone makes choices, every moment of the day. A choice is the outcome of a process, whereby several options are being considered, sometimes after an extensive analysis, sometimes in a split second. Rationale and intuition play an important role.

The Agrico organisation also makes choices. We make them in our strategy, the development of new varieties, and our everyday operational activities. Agrico also offers alternatives. We offer our business relations a choice with our wide range of varieties, our branches abroad, diverse delivery conditions, and variety of personal contacts.

The illustrations in this Annual Report are based on the notion of 'Choice'. We hope that the Report will clarify the choices which Agrico makes and show why you should do business with Agrico and continue to do so.

We wish you enjoyable reading.

Annual Report Contents

From the organisation

Report of the Supervisory Board

Management report

Management and control

Annual accounts

Other information

From the organisation

Foreword	4
Profile	6
Statistics	7
Structure	8

Report of the Supervisory Board

9

Management report

Research	13
Seed potatoes	15
Table potatoes	21
Internal organisation structure	24

Management and control

Cooperative affairs	28
Corporate governance	29
Personal details	31
Risk profile	35

Annual accounts

Contents	37
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Other information

Independent Auditor's report	60
Proposed appropriation of operating results after tax	61

Foreword

Agrico on the move!

For the Agrico organisation, the 2013/2014 financial year was dominated by the new corporate management model. A long process, started at the General Meeting in December 2012, ultimately came to a conclusion on 24 June 2014 with the adoption of the new Articles of Association by the Board of Members of Cooperative Agrico U.A. This process has shown that the commitment of the members of our Cooperative continues to be enormous, and is an example for cooperative Holland.

The financial year will also go down in history as a year in which many things happened on the world stage. The revolution in Ukraine, which was followed by the Russian violation of Ukraine's sovereignty. The bringing down of the Malaysian aircraft MH17, which makes you realise how much we travel and how many risks we take. The reciprocal Russian boycott resulted in a very negative mood on the European fruit and vegetable markets. In years of surplus yields, Russia is always considered a big buyer of consumption potatoes, but this is not expected to happen now. The Ebola virus in West Africa that has the potential to spread much further. The civil war in Syria, which is completely getting out of hand, partly because of the failure of the rest of the world to take action. And the unrest in Iraq and Libya. All areas where we want to sell a great deal of seed. This also means that we need to adapt to circumstances at the start of every season. It will be an enormous challenge for us to sell seed in the countries that are mentioned above.

The financial crisis has entered calmer waters. As a result, the sudden bankruptcies of countries and banks seem to slip into the background. We are already reaping the benefits of our more stringent policy of recent years in respect of demanding payment security. We have hardly needed to make any contingency provisions in the year under review. Payment arrangements for amounts overdue from previous years have been observed.

The 2013/2014 financial year was a good potato year. Expectations were very high at the start of the season, but it grew disappointing towards the end, with very low prices for consumption potatoes. However, we were still able to pay good prices to all product groups. The kilogram yields per hectare were good, as a result of which the financial returns per hectare were also good or even very good. The financial position of the enterprise was again strengthened; the operating result after tax was 2.8 million euros.

During the General Meeting of December 2013, Mr C.A.A.M. Gommeren was elected as a member of the Board of Governors. Mrs M. Barendregt stepped down after 12 years as a member of the supervisory bodies. The 40th anniversary ended in November 2013 during the annual varieties' presentation. The central theme was 'The Netherlands', because PotatoEurope had also been held in the Netherlands. On the Saturday after the varieties' presentation, we organised an Open Day to present

ourselves to interested parties. Over 1,000 people, including inhabitants of the Northeast Polder and the surrounding areas, and the family and friends of staff visited us on that wonderful day.

During this financial year, a great deal of work was put into a rethinking the strategy that was adopted in 2012. In the autumn of 2014, the outcome will be presented to the Supervisory Board and the Board of Members.

The discussion about the future of the NAK (General Inspection Service for Agricultural Seed and Seed Potatoes) has given us a great deal to think about. The agreement between the current government coalition parties stipulates that there was to be a review of the performance of the various Independent Administrative Bodies. In recent years, our government has become directly involved in more and more tasks instead of delegating them. The government's urge to gain more control is prompted by cases of malpractice such as those discovered in the housing associations and food scandals. The inspection of planting stock has become the victim of that trend. The same applies to Skal, the organic inspection service. Much lobbying in The Hague by a range of organisations and a protest by a group of seed potato growers has shown that the message has now clearly reached the politicians. Let's hope we now see actions to follow the words.

Arable farming can look back on a number of very good years, with good prices for many products. But the 2014 harvest seems like a completely different season: cereal prices are in a free fall. All the horror stories about food shortages in the world are suddenly far away again thanks to good yields everywhere. Nonetheless, extremes will increase as a result of issues such as climate change and the subsequent volatility on the raw material markets.

We foresee an excellent future for the potato. The potato acreage in Asia and Africa is increasing much faster than the drop in acreage in Europe and North America. The challenge for us is to take on business in these countries in the most appropriate way. The potato market is big and diverse and it constitutes many challenges. This is endorsed by our staff at home and abroad. The community involvement of our personnel is strong, in good times and bad. This past year, David Mackay, 49, one of our field staff, died suddenly in Scotland. At such moments we are there to help each other.

Finally, I would like to thank every one who has contributed to the fine results of the Agrico Group in the 2013/2014 financial year.



Jan van Hoogen
algemeen directeur



Profile

Who are we?

Agrico is a cooperative enterprise, active in the seed and consumption potato markets and in the development of new varieties.

Agrico: a reliable supplier of high-quality produce.



The core business of our enterprise lies in the marketing of a product of protected varieties, either developed by Agrico itself or acquired from third parties for whom Agrico acts as a representative. In order to be able to do this, we run our own breeding station, and we collaborate closely with a selection of breeders.

Because of our protected varieties, we want to be active in larger areas where certified seed potatoes are cultivated in countries that recognise plant breeders' rights. We are a world player in the market-oriented development of potato varieties and in the cultivation and marketing of high-quality seed and consumption potato varieties that are grown both organically and conventionally.

We aim to contribute as much as possible to the income of our members. The payment rates either per 100 kg or per hectare and in comparison with the competition act as a benchmark. Preconditions:

hereby is the continuity of the enterprise expressed in a minimum solvency ratio of 40% on the balance sheet date.

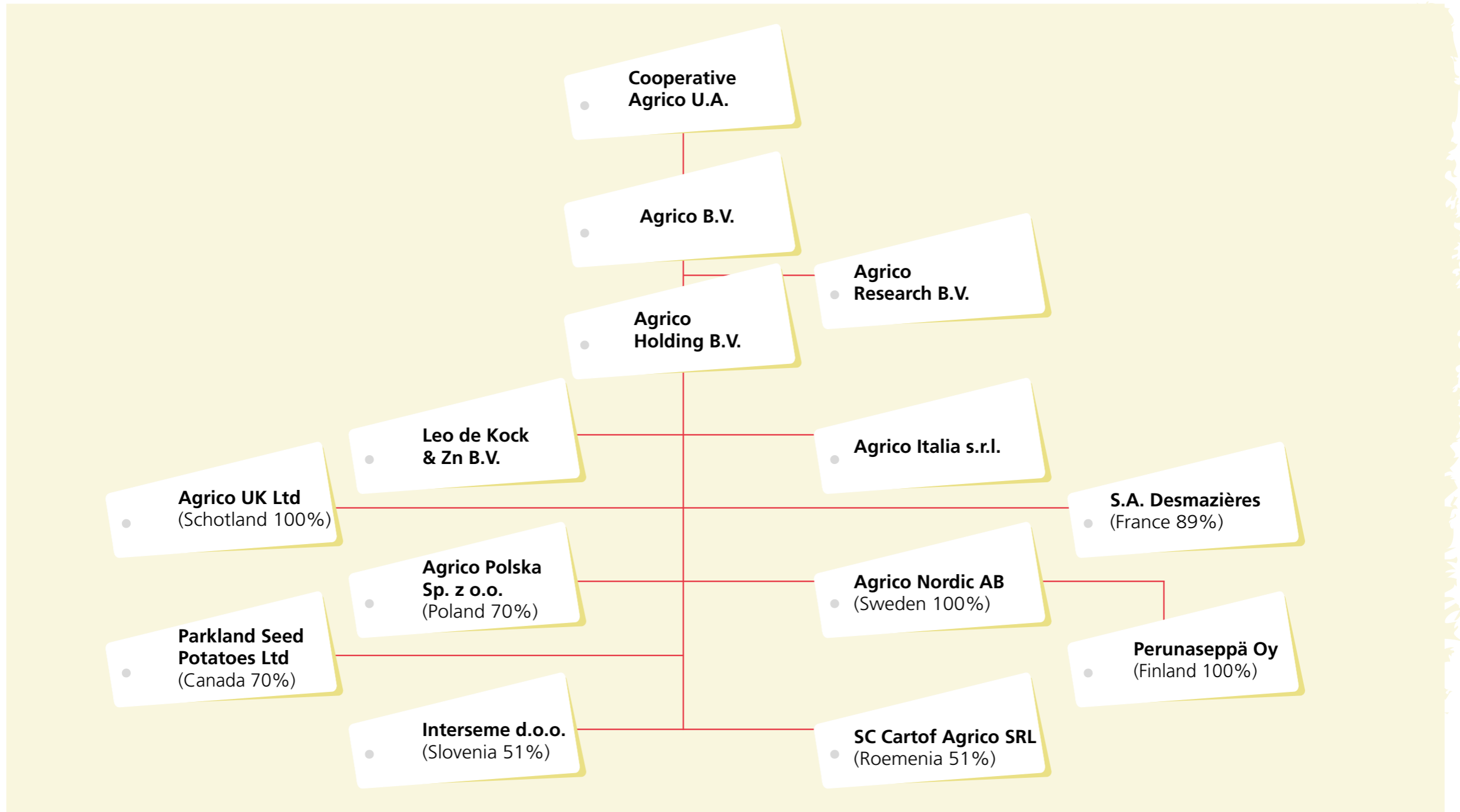
We conduct our activities in an efficient, responsible and result-driven way, offer a challenging environment for our employees, and are a reliable supplier of high-quality produce for our buyers.

Our core values are: result-driven, innovative as a result of our careful attention to continuous improvement, concentration on people, safety and the environment, mutual trust and confidence, open in both word and deed, and socially-responsible entrepreneurship.

Statistics

	2013/2014	2012/2013	2011/2012		2013/2014	2012/2013	2011/2012
Finances				Delivery			
x EUR 1.000				Acreage of seed potatoes	11,927	11,733	11,320
Consolidated net turnover	269,884	259,180	205,616	Quantity supplied	412,208	411,420	358,145
Gross margin	30,530	27,733	24,237				
Results after tax	2,840	2,771	567	Acreage of consumption potatoes	1,556	1,548	1,349
				Quantity supplied	67,947	67,845	62,614
Reserves	24,982	22,000	19,606				
Certificate capital	6,933	7,103	7,171	Totals			
Share of third parties	1.108	764	658	Members	1,430	1,476	1,487
Total Group equity	33,023	29,867	27,435	Farms	883	911	897
				Personnel	208	199	188
Fixed assets	21,781	23,031	23,553				
Balance sheet total	56,789	54,634	50,956				
Solvency	58.2%	54.7%	53.8%				
Cash flow from operating activities	7,398	7,403	11,638				
Balance of cash and cash equivalents	14,219	8,844	2,971				
Debt to members	8,001	6,723	4,785				

Group structure



A good year for growers and organisation alike

During the 2013/2014 financial year, the Board of Governors monitored the procedures within Agrico itself. On 24 June 2014, the Board of Members adopted a significant amendment to the Articles of Association of the Cooperative, which entailed the incorporation of the Board of Governors into the Executive Board (now renamed the Cooperative Board). The Executive Board (Cooperative Board) represents a personal union with members of the Supervisory Board of Agrico B.V.

The Supervisory Board consists of seven members, five of whom are currently from the circle of members. The composition was changed during this financial year. In December 2013, Mr C.A.A.M. Gommeren was elected for the vacancy that had arisen after the resignation of Mrs M. Barendregt. Mr Gommeren has an arable farm in

Kruisland. Mrs Barendregt was a member of the supervisory body of Agrico for twelve years. The Board is very grateful for her major contribution to the development of the Cooperative. As Vice-chairman she is being succeeded by Mr A.H. Vermeulen.

The Board of Members has discussed the Annual Accounts of the Cooperative in the presence of the auditors and intends to adopt them in December. The annual accounts have been audited by Ernst & Young Accountants LLP, and provided with an unqualified opinion. The Supervisory Board has approved the annual accounts of Agrico B.V. as drawn up by the Management Board and granted the Board discharge for its management.

The Supervisory Board met 14 times in the year under review. The Board met more often than in recent years because of the changes in the corporate management model. During the regular meetings especially the following items were discussed: strategic developments, acquisition opportunities, budgets, quarterly reports, risk inventory and growers interests.

The Board paid a working visit to Egypt. The commercial opportunities and accompanying risks in that country have often been high on the agenda of the Board in recent years. The visit has contributed to a better understanding of the local situation, each other's problems and any possible solutions. There is a great deal of unrest in many parts of the world. This also concerns countries to which Agrico supplies seed and consumption potatoes. This means that we had to draw heavily on the professionalism of the Management Board and the staff. The Supervisory Board is concerned about the risks that are arising in many areas, but has confidence in the approach of the Executive Board.

The 2013/2014 financial year was a good year for both the grower and the organisation. The Supervisory Board wants to compliment the Executive Board and the staff at home and abroad on the results and thank them for their dedication and commitment.

*On behalf of the Supervisory Board
Emmeloord, 14 November 2014
Jan Wolthuis, Chairman*

Personalia

Surname J.J. Wolthuis
Occupation Crop grower
Other positions Member of the Univé members' council, Groningen
First appointment 2004
Term / Resignation 2016

Surname P.J. van Maldegem
Occupation Crop grower
Other positions Member of the Rabobank Noordenveld members' council, West Groningen
First appointment 2011
Term / Resignation 2015*

Surname A.N.I.M. Kemmeren
Occupation Crop grower
Other positions -
First appointment 2007
Term / Resignation 2015*

Surname G. Welling
Occupation Business administrator
Other positions Supervisory director (Vice-chairman) Rabobank, Emmen-Coevorden
First appointment 2010
Term / Resignation 2014*

Surname A.H. Vermeulen
Occupation Crop grower
Other positions -
First appointment 2011
Term / Resignation 2015*



Surname T. Branbergen
Occupation Management consultant
Other positions Supervisory director at construction company M.J. de Nijs Holding B.V., Warmenhuizen, member of Executive Board of the foundation and in that capacity supervisor of Vastgoed Syndicering Nederland, Driebergen. Member of Supervisory Board of the Energy Valley Foundation
First appointment 2003
Term / Resignation 2015

Surname C.A.A.M. Gommeren
Occupation Crop grower
Other positions Agent for industrial potatoes
First appointment 2013
Term / Resignation 2017*

* eligible for reappointment

Introduction

Each harvest year is a surprise

The seed and consumption potato markets are largely determined by the prevailing mood. Supply and demand have a significant effect on the operating result. Exceptional is that the supply is annually decided during a brief period which is characterised by considerable uncertainty about the size of the yield. The demand usually follows later.

**As in previous years,
the 2013 harvest year in
Europe again suffered exceptional
weather conditions.**

The production of potatoes fluctuates from year to year because of the weather conditions during the growing and harvesting periods. As in previous years, the 2013 harvest year in Europe again suffered exceptional weather conditions. Superabundant rainfall in Central Europe suggested crop failures resulting in a fear of enormous shortages of consumption potatoes. During the Weuthen Kartoffeltag in August 2013, all the specialists predicted a shortage before the end of the season.

The very high prices of consumption potatoes in the supermarkets led to a significant drop in the consumption of potatoes in several countries, Germany and the United Kingdom in particular. In addition, the crop estimates kept increasing as a result of which, contrary to all earlier expectations, the price for consumption potatoes dropped to a record low in the second half of the season.

Agrico was able to benefit from the optimistic mood at the start of the season as far as the sale of seed potatoes was concerned. Moreover, markets outside Europe were good. The effect reflected in the annual accounts was a higher turnover in seed potatoes (up 7.4%), but a lower turnover in consumption potatoes (down 8.4%). Overall, the turnover of the Group rose to 270 million euros. After deduction of costs and payments, the remaining amount was 2.84 million euros. This amount has been accounted for in the annual accounts as follows: release from appropriated reserve for ware potatoes EUR 0.11 million; interest credited to capital certificates 0.06 million euros. addition to the reserves 2.89 million euros.

The average price for seed potatoes, all sizes categories A through S, amounted to 29.60 euros per 100 kg. Our biggest variety in the table potato market is the Milva. The price paid out for this variety in the 40/+ size, delivery in week 9, amounted to 17.12 euros.

The composition of the Group changed in this financial year. We increased the share in our participation in Canada from 49% to 70%. The share of Agrico varieties in North America increases annually and the prospects for further growth are good. As we now have a majority interest, Parkland has been included in the consolidated annual accounts.

Moreover, we have taken an interest of 30% in the Turkish company AR Tarim. The Turkish government wants to reduce the import of seed and promote the production of locally-produced seed. AR Tarim has been an agent/importer of our seed for many years and they possess the correct permits for trading and producing seed. In total 1.1 million euros goodwill was paid for these two acquisitions. The goodwill will be written off over five years.

Prospects

In regard to consumption potatoes, the 2014/2015 financial year certainly started badly. The yield estimates in Europe were such that the surplus of some growers could not be sold. At the moment, there are no rays of hope that the market might change.

When focusing on the sale of seed potatoes, we are very much concerned about the situation in the Middle East and the possible rapid spread of unrest into the direction of other Islamic countries. This development will no doubt have an enormous impact on our trade. For the sales of seed from the 2014 harvest, we expect a drop in the export of seed to countries such as Iraq. If this unrest were to affect a country like Algeria, it would endanger the export. The political situation in the Russian Federation and the surrounding countries could certainly also set off the powder keg. It would be a fine thing if this situation could quickly be stabilised.

The kilogram yield per hectare is high almost everywhere, but demand is uncertain especially in Europe. The results in the 2014/2015 financial year are expected to be moderate for both grower and organisation. However, we will seize every opportunity to sell our crops.

From the European viewpoint, the 2013 harvest was one with unusual weather conditions.



Developing new varieties is a fantastic activity. On 9 November 2013, our breeding station Agrico Research B.V. held an open day for interested parties from the surrounding areas. Our staff allowed the visitors a unique insight into the world of potato breeding. The Open Day was a great success.

Research

**The art of
choosing between
throwing away
and not
throwing away**

That breeding potatoes is a risky business became apparent when our breeding station was confronted with a possible infection with the Potato Spindle Tuber Viroid (PSTVd). This viroid is considered a quarantine pathogen in the European Union. Businesses that have officially been declared infected must be cleared out by order of the authorities. After consulting Plantum, the NVWA (Netherlands Food & Consumer Product Safety Authority) ordered a testing regime for all the breeding material in the entire potato breeding sector. During this extensive testing at Agrico Research, no infection was established. Further regulations will be drawn up at sector level, to prevent the risk of introducing quarantine diseases.

Our breeding station introduces new varieties into the seed potato circuit exclusively via mini tubers. When setting up stocks for the production of mini tubers, they are first tested for PSTVd. The only danger of infection at our breeding station could have come from affiliated individual breeders who also grow seed.

During the financial year, the plans for the greenhouse complex renewal have been elaborated further. Points of focus were the necessary capacity per activity and the possible improvements in regard to current crop cultivation techniques and methods. The plans are expected to be implemented in 2015/2016.

At this moment, our Dutch breeders' group has 27 members. Due to the situation around PSTVd, two individual breeders decided to stop with immediate effect. On the other hand, one new breeder decided to join the group.

Together with other breeding companies, Agrico Research participates in research projects. Some of these projects focus on comprehending specific characteristics such as resistance to Scab and Erwinia. Other projects are based on genetics. An example is the 'Genome-Wide Association Study' project, looking into the genetics of important agricultural characteristics. Interim reports show that this is a very complex matter.

Varieties

Five new varieties were registered for the Dutch List of Agricultural Varieties during the past financial year. One of the affiliated individual breeding companies, Konst Research B.V., is developing the robust Vogue variety, which is suitable for the traditional export markets in Northern Africa and Southern Europe. The firm table potato variety Laudine was registered on behalf of the Niederösterreichische Saatbaugenossenschaft in Austria; this will have to find its way to the markets of North-western Europe. The Allstar variety of breeder J.L. Spijkman was registered as a starch potato. It has the essential resistance to Potato cyst nematode and Wart disease, pathovars 1 and 6, which makes the variety suitable for cultivation in the Dutch and German starch potato areas. The last two registered varieties come from our own breeding station. The Basin Russet variety has a good resistance to *G. pallida* and is suitable for the production of French fries for the so-called fast food segment. The Alicante variety, finally, is a crisps variety that is also resistant to *G. pallida* and has a high dry matter content.

**Our breeding station
introduces new varieties into
the seed potato circuit
exclusively via mini tubers.**



**Say choice, say...
Better choice of varieties
with DNA technology**

**Marien Winters,
Manager Agrico Research**

'Every year, we at Agrico Research, make a choice which seedlings can stay and which ones will have to go. The development of modern DNA technology enables the breeder to make better choices that are better underpinned. I expect that these choices will produce a number of trend-setting sustainable varieties in the coming years.'

Seed potatoes

Growing seed potatoes will always be customised work

Commerce

With our protected varieties as a firm basis, seed from the Netherlands is mainly sold for the export and that from the participations abroad for the local markets. This financial year, a record amount of Dutch seed was exported. Only in the year 1991, the amount was slightly higher.

The quality of our product is of great importance for our trading success. Quality is of the utmost importance for us and, together with our growers, we are continuously working on improvement.

With the exception of the United Kingdom, all European countries bought more seed. It was generally expected that many early potatoes would have to be exported to Central Europe at an early stage. The processing industry also focused on contracting early potatoes for fear of a gap between old and new harvests. The export of Dutch seed to countries within Europe rose by 8% to 482,000 tons.

A great deal of time and energy was put in the export of seed potatoes to Russia. Sustained effort was invested in solving phytosanitary problems that had arisen, both on a European level by organisations such as Europatat and on a Dutch national level by the Potato Organisation NAO. It was ultimately possible to enter into an agreement with Russia and we were able to sell a limited amount of seed to Russia after all, even though a large part of the originally planned amount had meanwhile been shipped to alternative destinations. The situation in Ukraine and the strong devaluation of the local currency made it difficult for our customers to import expensive seed from the Netherlands.

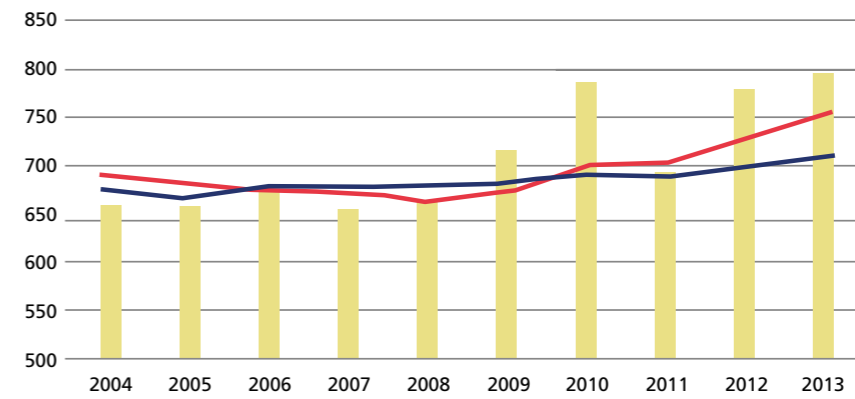
In Northern Africa, the drop in the Dutch export to Algeria was significant. After record sales of 115,000 tons in 2012/2013, the country purchased only 75,000 tons in this financial year, but that had been expected. We are confident that Algeria continues to be a stable and expanding market for the sale of Dutch seed. With some promising varieties such as Manitou, Rudolph and Faluka, we have a secure package for the future. After the liquidity problems in 2012, Egypt once again imported the amount of seed that is normal for the country. The export from the Netherlands rose by 7,000 tons. We introduced our new varieties Destiny, Arizona and Faluka here.

Significant was the increase in the export to Asia. Countries such as Iraq, Israel, Lebanon and Syria clearly bought more seed. We have invested a great deal in our marketing structures in these countries in recent years and this policy seems to be paying off. In addition to the older Riviera and Arnova varieties, the new varieties such as Volare and Arizona are doing very well in these regions.

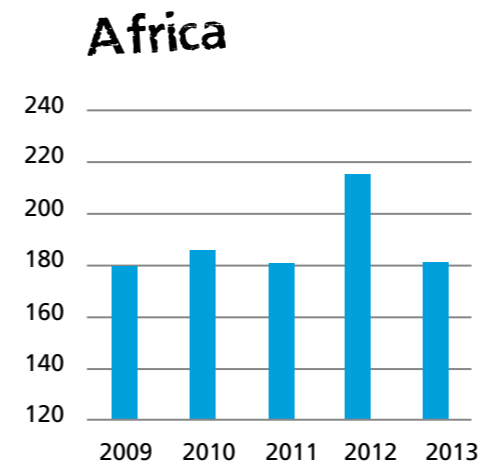
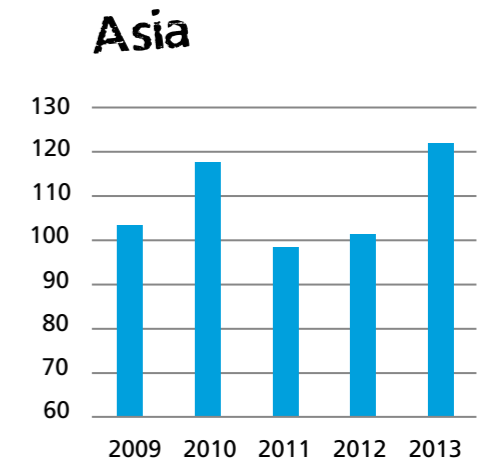
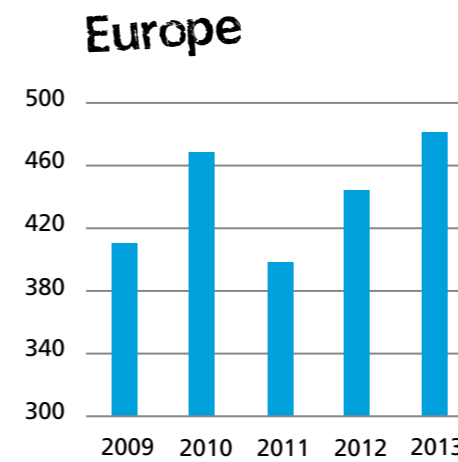
However, the current political situation there is giving us cause for concern. The rise of Islamic State and the influence of its ideology seem to be having a major impact on the entire Arab world and we will undoubtedly encounter some problems as well.

The market for organic seed got off to a flying start. Before 1 January, sales were going well. After that, the season became more difficult. A considerable part of the production is exported, the biggest markets being France and Israel. The export percentage rose from 34% to 49%. Sales on the home market are holding steady from year to year.

Significant is the increase in the export to Asia.



Explanation of diagrams
Export of Dutch seed potatoes p.a. overall and by continent (x 1,000 tons). The red and blue lines are the 5- and 10- year progressive average respectively.





Seed potatoes Operations

The quality of our product is of great importance for trading success. Quality is of the utmost importance for us and, together with our growers, we are continuously working on improvement.

Within this framework, and asked by Agrico, one of our employees has carried out a graduation assignment under the name 'Performance Management System for Potato growers'. We really want to start using this system, for when an individual grower understands his own performance and can compare his statistics with reference groups, he will consciously choose specific actions to improve his farm management and consequently his performance. Matters that can be monitored include quality, complaints, logistical performance and sustainability. This financial year, on the interactive grower's portal My Agrico, a comparison was made for each grower of the yield and the income per hectare per variety against the regional average and against Agrico as a whole.

In January, we always organise meetings with our seed potato growers. These meetings were very well attended once again this financial year. Attendance is, in fact, increasing every year: the most recent meeting was attended by over 70% of the growers. From now on, these meetings will be called product group meetings. At these meetings, we provide information about the trade situation, and growers and staff discuss matters of concern, along with other positive subjects within the potato world as a whole and Agrico in particular.

This financial year, in close consultation with the growers, we implemented a new system for the seed potato storage allowance. The existing system was complex and difficult to check. The new system is now only related to the moment of delivery. This method of storage is now separate from the allowance. Growers retain their responsibility for storage. As from 1 December, they will receive an allowance per week for all the potatoes that are paid for via the pool.

As a business, Agrico is fully compliant with the hygiene protocol. This means that we don't do business with (transport) companies that don't abide by the protocol. The 2013 harvest was used to gain experience with the protocol and to create awareness. The NAK (General Inspection Service for Agricultural Seed and Seed Potatoes) will monitor enforcement during the 2014 harvest. In this way, we will all work together as best we can to prevent Ring rot and fulfil the conditions, which our customers require of us.

Adequate is not good enough.



Say choice, say...
New potato friend


Robert Sleutel (right), potato friend and future Agrico grower

'Last year, I attended the Agrico Young Farmers' day as a potato friend of an Agrico grower. Moreover, I received a certificate for GlobalGAP at AgriPlace via an Agrico trajectory. These positive experiences have led to the intention to start growing for Agrico in the coming season. I am currently talking with Marc Kalkdijk, one of Agrico's field staff, about how to set up this collaboration.'



Seed potatoes Subsidiary companies

Our subsidiary companies, usually producing local seed, are established in France, the United Kingdom, Sweden, Finland, Poland, Slovenia and Canada. In general, the results were good. Exceptions were the companies in Scandinavia.

 **France**
Desmazières, Monchy-le-Preux
G. Fontaine, 22 staff

Our subsidiary company in France, Desmazières, again realised a record turnover and sales this year. In terms of percentage, the gross margin was slightly higher than in 2012/2013, while the indirect costs remained at the same level. The effect was a good net result after tax.

The new Artemis, Excellency and Manitou varieties developed well in the fresh potato segment. Moreover, with the exponentially expanding production of the Fontane and Markies varieties, Desmazières has built up a firm position in the market for the processing industry.

The growers in France were paid a slightly higher price than in 2012/2013. This partly compensated for the lower kilogram yield per hectare.


This financial year, attention was devoted again to the development of the organisation: the job descriptions have all been rewritten, a project was started for the introduction of a completely new automation system, and a start was made with the conversion of the current certification for sustainability to ISO 26000.

 **United Kingdom**
Agrico UK, Castleton
A. Gibson, 17 staff

After the extreme 2012/2013 season with shortages due to abundant rainfall, the year 2013/2014 was back to normal. Partly due to the few losses, the supply was now clearly higher, but the demand was slow. There were hardly any promotional campaigns and the consumer was scared off by the high price level.

This market situation also had consequences for the seed potato trade. The season was difficult, as a result of which the growers received a moderate price, but they could understand the situation. Various parties in the market are showing an interest in our new varieties: the Arsenal and Performer varieties in particular are doing well.

The financial result was somewhat disappointing, but still positive.

 **Slovenia**
Interseme, Ljubljana
P. Štuhec, 5 staff

Interseme is a relatively small, but profitable participation. Small amounts of seed of a large number of varieties are sold to growers and traders every year. The turnover can be compared with that of the 2012/2013 financial year, but a higher margin improved the net result.

Points to be addressed are the large number of varieties, the payment risks, and a good advance planning. The aim is to replace the free varieties with Agrico varieties.



Sweden, Finland



Agrico Nordic, Jönköping

J. Slijkhuis, 6 staff

The situation of the subsidiary company in Sweden and Finland is worrying. In Finland, there was a problem with local mismanagement during this financial year. Although action was taken in the form of dismissal, this could not prevent financial losses. The situation in Sweden remains worrisome. The cost price of the locally-produced seed is too high to make the cultivation of seed profitable for both grower and organisation. An important cause is the relatively low kilogram yield per hectare. Moreover, the economic situation of agriculture in Sweden is problematic.

We have adjusted the size of the acreage and that of the organisation. In the 2014/2015 financial year, we will consider whether and in which way the activities in these countries can be continued. In the annual accounts, the earlier formed goodwill has been written off and the valuation of the company adjusted.



Poland

Agrico Polska, Lebork

D. Johnston, 5 staff

As a result of a lower yield per hectare and a further decrease in potato acreage, the production in Poland was 30% lower this financial year than in 2012/2013. The market for table potatoes is growing, but the product must be washed and be of good quality. In addition, storage characteristics are becoming increasingly important. There is therefore an increasing demand for specific varieties. This is a positive development for Agrico. The demand for seed potatoes was good and the price level was higher than in 2012/2013.

The financial result was good and almost at the same level as in 2012/2013. The new Madeleine and Rosagold varieties were successfully introduced this financial year.



Canada

Parkland Seed Potatoes, Edmonton

K. Sawatzky, 3 staff

Agrico increased its interest in Parkland from 49% to 70% this financial year. The company had a successful year. Both the turnover and the net result are considerably higher than in the 2012/2013 financial year. Parkland targets markets in Canada, the United States and Mexico. There were no exports to the latter destination due to phytosanitary requirements.

Part of the production comes from Alberta. Quality problems as a result of careless handling are a point of attention here. Parkland wants to increase the growing acreage further, both in Canada and in the United States.



Say choice, say...
Extension of collaboration with Parkland

Caroline, Kirby en Paul Sawatzky van Parkland

Caroline, Kirby and Paul Sawatzky of Parkland
'An important choice for Parkland was the extension of the collaboration with Agrico this past year. Because of the increase in shares, Agrico now has a majority interest in our company. We are very happy about that. Over the years, Agrico has shown itself to be a reliable partner, which offers us a strong network and a great deal of knowledge and experience, which is very good for us.'

Table potatoes

From high expectations to disappointing reality

The 2013/2014 season was one of high expectations that didn't materialise. The start of the season for the sales of consumption potatoes was very promising. From December 2013, however, it became clear that the supply estimates had been too low and that the high price level was putting pressure on sales.

We anticipated the falling demand in December by selling more at lower prices, as a result of which we sold the quantity from the pool in accordance with the sales planning. An excellent choice in a market that is showing a downward price spiral, but also a difficult one, because it called for measures that went against the grain. Large quantities could be sold on the German table potatoes market.

The Erika, a firm variety, was further introduced and proved to be successful. Not only was this Dutch product received well, the cultivation tests abroad were also very successful. We want to expand this variety significantly in the coming years, and this will widen the range of varieties for European retailers. We have formulated a policy that will strengthen the ties with the firms and retailers in Europe that sell products in small packaging. We are expecting the first results in the 2014/2015 financial year.

We have been active in the market for organic potatoes for many years now. First, under the brand name Bioselect and later as Agrico. In February 2014, we reached the milestone of selling 250,000 tons of organically-grown potatoes. During the Biovak in Zwolle, we focused attention to that fact together with the organic potato growers.

The 2013/2014 season was a record year for organically-grown potatoes. On the one hand, because of the increase in acreage and on the other because of a high kilogram yield per hectare as a result of an excellent growing season.

In the summer of 2013, the prices were very high. Many consumers stopped buying organically-grown potatoes during this period, leading to a noticeable fall in sales through supermarkets. To bring them under the attention of the consumer again, many promotional activities were organised at the start of the Dutch potato season in September. This brought a considerable proportion of the consumers back again. Sales in the Netherlands were not sufficient to sell the entire harvest here. Although the price level in Germany was slightly lower, we made an early decision to supply our German buyers on a weekly basis. In the second part of the season, this price difference had disappeared.

For many years, the fungal disease Phytophthora has been a threat to the cultivation of organic potatoes.

The Carolus variety is resistant to this fungal disease. This season for the first time, the variety was trialled on a larger scale and it will be commercially introduced in 2014/2015, supported by a special PR campaign. The unique 'red eye' of this variety will be used as an eye catcher.

Table potatoes



Leo de Kock

Leo de Kock, Purmerend

C. ten Napel, 40 staff

The changing mood of the market also played a major role at our subsidiary for freshly-packaged potatoes. Obligations entered into in early autumn, to cover initially-expected shortages, were bought at a price that proved - in retrospect – to be too high. On the other hand, the spring of 2014 brought advantages due to the lower price level of the produce from Southern Europe.

In the Netherlands, the consumption of fresh potatoes was disappointing. However, the total sales of packaged potatoes rose by 3%. The shift to smaller packaging units continued. The turnover was nearly the same as the 2012/2013 result. There were no weak quarters in this financial year, albeit that the good result was mainly realised in the first half-year.

The company continues to innovate and invest in product and process. A new product line for steamed potatoes was developed for the market. Moreover, the continued growth in the sales of the sweet potato is still surprising. Investments in the operational process include a new system for storage, production and order processing. Another innovation is the implementation of a completely automated production line for kilo packaging. With the aid of a robot system, it was possible to increase the production speed and to package bigger-sized potatoes. Finally, the initial plans were drafted in this financial year for the construction for new premises combined with a modest extension of the refrigerated storage area.

In imitation of Agrico, Leo de Kock has also obtained ISO 26000 accreditation for sustainability. This certification is a welcome addition to the BRC certification, which was also obtained in this financial year.



Say choice, say...

Choosing a
new packaging line

**Claris ten Napel,
Managing Director of Leo de Kock**

'In the past year, we invested in a new automated production line for our one kilo packaging. This enables us to serve the market even better with a better and faster service. In addition, this saves us costs. Our orders can suddenly increase, especially in promotional weeks. Thanks to this machine, we're able to anticipate better.'



Roemenia

Cartof Agrico, Braşov

S. Maniou, 4 staff

The marketing year in Romania showed two different sides. In the period from August up to and including December, the prices were good and a considerable quantity could be marketed. The demand was good and many growers held onto their crops awaiting even better prices later in the season. In January, the supermarkets started to import potatoes from their 'own' countries: Carrefour and Auchan from France, Metro from Germany and Delhaize from Belgium. The result was a surplus of locally-produced potatoes with ever-falling prices. In July, the price was at the historic low of 40 euros per ton.

This had a negative influence on the financial result. The company just failed to break even.

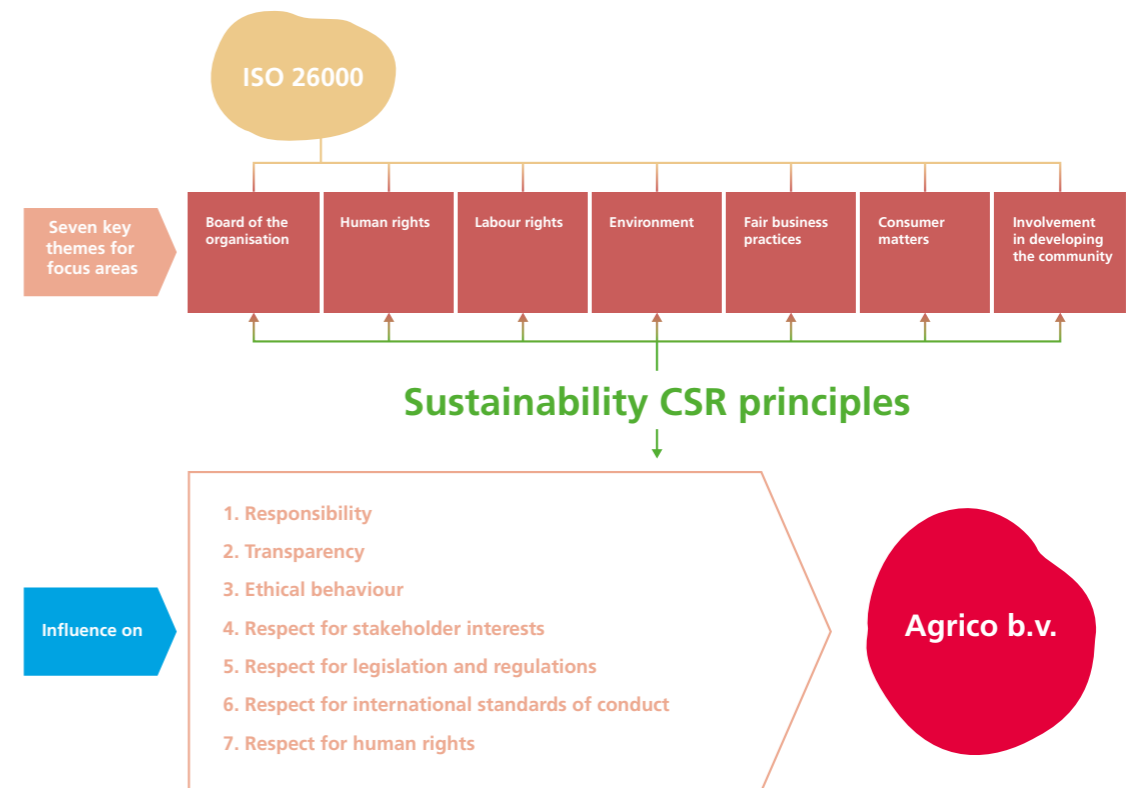


Internal organisation structure

Attention for staff and sustainability

Socially-responsible Entrepreneurship (SRE)

Since 2012/2013, our sustainability policy has been given shape by ISO 26000. This is an internationally-recognised guideline that was especially developed for putting sustainable entrepreneurship into practice. We are proud that this self-declaration has again been approved.



ISO 26000 distinguishes seven key themes and seven CSR principles. Within this model, on the basis of a prioritisation matrix, concrete action points have been formulated. We account for our actions to our stakeholders via a so-called reference matrix. The reference matrix report is published on our website and can be accessed by any interested party.

Our ISO 26000 self-declaration was again approved in 2013/2014, extended by the NEN (Dutch Standards Agency) and published on the ISO 26000 publication platform.

Meanwhile, we have also introduced our sustainability policies to our subsidiary companies. Leo de Kock (Purmerend), our company for small-packaged potatoes, was the first company of its kind in the Netherlands to realise the ISO 26000 self-declaration in August 2014, which was subsequently approved and published on the NEN platform. Our French subsidiary Desmazières started the implementation of the ISO 26000 guideline in April 2014 and hopes to complete this procedure successfully with a self-declaration in the autumn of 2014. Agrico UK has been working with the 'Investors in People' programme for some years now; this programme focuses on the sustainable employability of staff. In June 2014, the company received the 'Peoples Choice Award' for this programme. In the 2014/2015 financial year, Agrico UK will integrate the ISO 26000 system into its present CSR programme. Finally, Agrico Research has become a member of the Agrico CSR task force to also warrant the ISO 26000 policy for this subsidiary.

This annual report specifies the activities that have been carried out from the aspect of sustainability:

- The Open Day at our Agrico Research breeding station;
- The scheme of a different interview cycle between immediate managers and staff, to begin with an initial interview;
- In-house training during the winter months in the areas of foreign languages and ICT;
- The introduction of the Agrico Fitness Programme for staff.

CO₂

The emission of CO₂ has our very special attention. To be able to actually measure and control the emission of CO₂ at Head Office, we are using an online tool, the 'Environment Barometer'. The barometer is programmed with the most important parameters and calculates our CO₂ load in tons. Between 2008 and 2012, the CO₂ load at Head Office had been reduced from 759 tons to 646 tons. This financial year, the load was further reduced to 596 tons of CO₂. We want to look for new initiatives to achieve a further reduction. For the 2014/2015 year, the task force is aiming for another 5% reduction.

Our branch of industry cannot operate without transport. Logistics have a major impact on the total CO₂ load in the world. For this reason, we commissioned a survey into the CO₂ load of the transport of potatoes and the factors that influence it. In addition to actual calculations, a scenario analysis was also carried out. We will continue to look for appropriate initiatives to compensate for the CO₂ emissions. Within this framework, in collaboration with the Forest Management Agency (SBB), Agrico organised a Tree Plant Day in the Kuinderbos for Agrico staff and their families on 29 March 2014. Although this Tree Planting Day was a symbolic gesture, it was an enormous success. The enthusiasm of the children was absolutely wonderful.



Staff and organisation

The Agrico organisation continues to change. Last year, we developed several instruments which we have implemented in this financial year or have expanded with new initiatives.

Interview cycle

The pilot of the remodelled interview cycle proceeded in a positive way. We decided to implement the instrument with the harvest year as the periodic cycle. In the spring of 2014, both the immediate managers and the staff received information about the interview cycle as well as instructions on how to successfully implement the interviews. As from the 2014/2015 financial year, the new interview cycle will be fully introduced, starting with the so-called initial interview.

Training

This financial year, an organisation-wide language development programme was organised for our staff. Three language teachers taught groups of staff in German, English and French. This was a success on both sides, because of which the training will be continued.

Today's working environment no longer is conceivable without computers. This discipline is also constantly changing, which is why there will also be in-house training in this domain in the 2014/2015 financial year.

Working conditions

Absence due to ill health at the three Dutch branches for 2013/2014 was:

	2013/2014		2012/2013	
	Short	Long	Short	Long
Agrico B.V.	0,58%	3,84%	1,03%	3,24%
Agrico Research B.V.	0,9%	2,63%	0,94%	3,99%
Leo de Kock B.V.	2,42%	3,31%	2,85%	2,09%

Short: less than 42 days, long: more than 42 days

We continue to pursue an active policy to keep our staff as healthy as possible as far as the work relationship is concerned, which is why we have started the Agrico Fitness Programme. The programme includes three elements, which all contribute towards an active life, vital food, relaxation and mental fitness.

The system is as follows:

1. The awareness-raising and stimulation programme.
2. The Fitcoach fitness programme that, with personal supervision, on the basis of a pedometer, maps out your activities in a portal.
3. The Personal lifestyle club, a portal full of trivia, fitness programme and dietary advice. The programme starts with some baseline tests, which gives the employee insight into his current health situation including cholesterol and glucose levels.

Pay and conditions

The pay and conditions committee carried out a thorough review of the conditions of employment package in this financial year. The aim of the task force was to formulate a modern, balanced package. The conditions of employment must be characteristic, fit the Agrico culture and be 'attractive' to current and new employees. The review demonstrated that the current conditions of employment are good and basically meet the necessary requirements. Consequently, the basis will remain unchanged and apply to everyone.

The pension scheme was reviewed by a different task force. We are obliged to adopt the BPF/AVH basic pension scheme. However, because this scheme has a low pension accrual, Agrico has arranged for a supplementary scheme. The existing supplementary scheme had become too expensive, as a result of which the financial latitude for pay and conditions had been considerably curtailed. Together with the Works Council, the task force presented proposals for a new supplementary scheme, in line with the new fiscal legislation that came into force on 1 January 2014. Starting points were a competitive scheme with good pension provisions, easy to implement and explain, and manageable in costs.

The scheme has been presented to all the staff and over 95% has reacted in a positive way to the revised scheme. The Works Council also consented to the revised scheme, after which it came into force on 1 January 2014.

Works Council

In the past financial year, the Works Council was actively involved in all the HRM items described in this chapter. By thinking along, advising or participating in task forces, it promotes the interests of staff and organisation alike. There are regular consultations between the Works Council and the Executive Board. These consultations are held in a positive atmosphere.

The new management model has also been appraised and approved by the Works Council. Its view is that the new model will improve the external control of Agrico B.V. and lead to a stronger cooperative.

Emmeloord, 14 november 2014

J.J. van Hoogen



Say choice, say...
Choose Agrico

**Judith Borgijink, employee',
Growers logistics, region West**

'I decided to start working at the Growers' logistics department of Agrico in September 2013. I was on the look-out for an interesting job near Emmeloord, preferably in the agricultural sector. My motivation to start working for Agrico is that it is a healthy, internationally-operating company in the agricultural sector with its Head office in Emmeloord. In addition, Agrico offers excellent conditions of employment and opportunities to broaden my knowledge.'

Cooperative affairs

This financial year, the Executive Board, the Board of Governors and the Board of Members held extensive consultations about a new corporate management model for Agrico. The starting point was that the membership of the Cooperative will continue to be the basis for the supply of the product, but that all trade activities will be conducted through Agrico B.V.

On 24 June, the Board of Members adopted a major amendment of the Articles of Association of both Agrico B.V. and the Cooperative Agrico U.A. Before the change, Agrico used the so-called 'executive management model', whereby the Managing Director of the Cooperative also formed the Executive Board and the supervision was exercised by the Board of Governors. In the new model, the Executive Board of the Cooperative (Cooperative Board) consists again of members of the Cooperative supplemented by external experts.

Special is that the Cooperative Board is a personal union with the Supervisory Board of Agrico B.V. The Cooperative still has a Managing Director but he has now a different legal position.

In the old model, the pool management was the responsibility of the Managing Director and the Board of Governors. In the new situation, this task is transferred to so-called Pool committees. The Pool committees promote the interests of the growers in matters regarding cultivation, storage and delivery of seed and consumption potatoes. Together with the Management Board of Agrico B.V., the committees lay down the conditions, regulations and procedures in regard to the cultivation contracts. Changes will only be made if the Pool committees and the Management Board have reached agreement.

The staffing has been agreed as follows. The members of the Board of Governors have become members of the Executive Board of the Cooperative, further to be known as the Cooperative Board. As the Board of Members was to be reduced from 30 to 18 members, the members of the Board of Members were asked to indicate whether they wished to take a seat in a Pool committee or continue their jobs in the Board of Members. Further vacant situations will be filled by appointment from the members of the Cooperative during the payment meetings held in June and July 2014.

Duty to supply

Another important amendment concerns the obligation of the members to supply the Cooperative. A hundred percent obligation to supply is completely outdated. In order to meet the requirements of entrepreneurship of our growers and, at the same time, to guarantee the stability of the Cooperative, the obligation to deliver has been adjusted to a minimum of 50% of the acreage or a minimum of 20 hectares. The exact percentage can only be established if the Cooperative knows the total potato acreage of a particular member. For that reason, the Articles of Association now provide that members are obliged to submit an annual record of their total potato acreage. The members have four years to comply with the new rules.

Corporate governance

From the viewpoint of corporate governance, the following bodies are relevant for the Cooperative Agrico U.A.: the Board of Members of the Cooperative; the Cooperative Board or as the case may be the Supervisory Board of Agrico B.V.

Structure

Cooperative Agrico U.A. is a cooperative operating under Dutch law with 1,430 Dutch members (883 businesses). The Cooperative is managed by the Cooperative Board, which is appointed by the Board of Members. The Cooperative holds all the shares in Agrico B.V.

Agrico B.V. is a private limited company (with two-tier board status) incorporated

under Dutch law. The trading activities of the Cooperative have been placed in Agrico B.V. Moreover, Agrico B.V. acts as the holding company of the group companies and participating interests. As of 31 July 2014, the Supervisory Board consisted of seven members. The Supervisory Board forms a personal union with the Cooperative Board of Agrico B.V.

The new Management and Supervision (Public and Private Companies) Act includes a provision on the balanced division of seats on the Supervisory Board between men and women. Agrico has drawn up a Supervisory Board profile for the members of the Board.

The Board of Members of the Cooperative

The members of the Board of Members are appointed by the General Meeting of Members and are nominated by the Board of Members. For its recommendations, the Board of Members is assisted by a nomination commission, which will always include two or three members of the Board of Members and one member of the Cooperative Board. On 31 July 2014, the Board of Members consisted of 22 members. In December 2014, the Board will be reduced to the desirable number of 18 members. The maximum term of office is two terms of four years. At least four meetings of the Board of Members will be held every year.

The Cooperative Board needs the specific approval of the Board of Members for certain resolutions as defined in the Articles of Association. Approval is required for:

- amendments to the Articles of Association of the Cooperative
- providing security
- starting unrelated activities
- important investments

The Articles of Association also prescribe when and for what amounts, resolutions, including those mentioned above, require the approval of the Board of Members. Furthermore, the Board of Members is charged with the appointment of the members of the Cooperative Board, the adoption of the annual accounts, and the strategic long-term plan. Finally, resolutions which the Cooperative Board adopts in the capacity of Meeting of Shareholders of Agrico B.V. are subject to the approval of the Board of Members.

The Cooperative Board

The Cooperative Board is responsible for the every-day affairs of the Cooperative including the promotion of the interests of the members. The Cooperative Board consists of seven members, five of whom are drawn from the circle of members, supplemented by two external members. The criterion applicable to members of the Cooperative Board drawn from the circle of members is that they can only be appointed if they supply at least 75% of their acreage to the Cooperative. The chairman is elected. The members of the Cooperative Board are appointed by the Board of Members on the recommendation of the Cooperative Board. The Board of Members is authorised to dismiss a member of the Board. The Cooperative Board also forms the Supervisory Board of Agrico B.V. The maximum term of office of members of the Cooperative Board is two periods of four years.

The General Meeting of Shareholders of Agrico B.V.

The shares of Agrico B.V. are owned outright by the Cooperative. As such, the Cooperative has full control over the General Meeting of Shareholders of Agrico B.V. The Cooperative Board exercises its voting rights at the General Meeting of Shareholders on behalf of the Cooperative, but needs the prior approval of the Board of Members.

The Supervisory Board

The Supervisory Board appoints the members of the Management Board, supervises their performance and the general course of affairs. The Supervisory Board advises the Management Board on request or its own initiative. The Supervisory Board has laid down rules regarding its composition and all that needs to be regulated in connection with this supervisory body. Certain decisions of the Management Board, as described in the Articles of Association of Agrico B.V., require the approval of the Supervisory Board. They include:

- the strategic long-term plan
- important transactions, including entering into strategic alliances and real estate transactions
- the buying and selling of participating interests in group companies or minority shareholdings
- important investments
- the contracting of bank loans and the furnishing of security.

The Articles of Association of Agrico B.V. determine when and for what amounts the above and other decisions qualify for approval by the Supervisory Board. The members of the Supervisory Board are appointed for a maximum period of two terms of four years. The members of the Supervisory Board are appointed by the General Meeting of Shareholders on the recommendation of a nomination commission. The nomination commission consists of the chairman and one other member of the Supervisory Board, two members of the Board of Members and a member of the Works Council.

Management Board

The Management Board is responsible for the strategy, the policy and the operational activities within Agrico. The Management Board is appointed for an indefinite period of time. The conditions of employment of the Management Board are determined by the Supervisory Board.



Personal details

Agrico B.V.

Management Board

- J.J. van Hoogen, Emmeloord, Managing Director

Management Team

- P.J. Dijk, Heerenveen, Commercial Manager Ware potatoes
- J.H. Hoogenboom, Leeuwarden, Finance Manager & Controller.
- W.B. van der Werff, Emmeloord, Commercial Manager Seed potatoes
- H. van der Woude, Emmeloord, Operations Manager

Works Council

- J. Wielenga, Emmeloord, Chairman
- A. Sikkema, Emmeloord, Vice-chairman
- F.F. Drijfhout, Emmeloord, Secretary
- P.N. Zee, Westwoud
- R.J. Lindenbergh, Heerenveen
- J. te Riele, Monnickendam
- H.J. van Eijken, Sommeldijk

Supervisory Board

- J.J. Wolthuis, Den Andel, Chairman (2016)
- G. Welling, Emmen, Vice-chairman (2014)*
- A.N.I.M. Kemmeren, Tollebeek, Secretary (2015)*
- T. Branbergen, Groningen (2015)
- C.A.A.M. Gommeren, Kruisland (2017)*
- P.J. van Maldegem, Vierhuizen (2015)*
- A.H. Vermeulen, Swifterbant (2015)*

Joined:

- C.A.A.M. Gommeren, Kruisland

Resigned:

- Mevr. M. Barendregt, Schermerhorn



Personal details

Cooperative

Members of Merit

- C.J.M. van Arendonk, Lelystad
- Ph. van den Hoek, Lelystad
- J.J.M. Pronk, Slootdorp

Cooperative Board

- J.J. Wolthuis, Den Andel, Chairman (2016)
- A.H. Vermeulen, Swifterbant, Vice-chairman (2015)*
- A.N.I.M. Kemmeren, Tollebeek, Secretary (2015)*
- T. Branbergen, Groningen (2015)
- C.A.A.M. Gommeren, Kruisland (2017)*
- P.J. van Maldegem, Vierhuizen (2015)*
- G. Welling, Emmen (2014)*

Joined:

- C.A.A.M. Gommeren, Kruisland

Resigned:

- Mevr. M. Barendregt, Schermerhorn

Board of Members

- R.K. Bakker, Spijk (2016)
- J.W. Bakker, Munnekezijl (2017)*
- W.K. den Bakker, Marknesse (2017)*
- J. Bos, Huizinge (2016)*
- J. de Bruijckere, Aardenburg (2015)
- P.P.J.M. Cryns, Swifterbant (2017)*
- R.J. ter Haar, Lelystad (2014)
- J.R. de Jong, Odoom (2014)*
- B. Minkhorst, Hummelo (2016)*

- J. Poppe, Nagele (2016)*
- J.N.M. Remijn, Tollebeek (2014)
- C.A.M. Rennen, Zeewolde (2014)
- P.C. Roose, Bant (2018)*
- R. Stokman, Biddinghuizen (2016)*
- H. van Straalen, Benthuizen (2014)
- A.M.J.M. van Tiggelen, Kruisland (2015)*
- M.P. Torringa, Leens (2015)*
- J.A. Verbruggen, Middenmeer (2016)*
- A.J. Verwer, Kraggenburg (2018)*
- J.L. de Winter, Oosternieland (2015)
- M.S. Witte, Den Burg (2017)*
- G.M. Wuestenenk, Creil (2017)*

Joined:

- P.C. Roose, Bant
- A.J. Verwer, Kraggenburg

Resigned:

- G.W.J. ten Dam, Espel
- B. Scholtens, Luttelgeest

Young Members Group

- L. Vogels, Firdgum, Chairman(2016)
- L. de Winter, Oudeschans, Vice-chairman (2014)*
- J. den Boer, Zonnemaire (2015)*
- A. Eising, Lelystad (2015)
- N. Grijsen, Zeewolde (2014)*
- R. Hack, Dinteloord (2014)*
- F. Kielstra, Wieringerwerf (2015)

Personal details

Joined:

- V. Koekoek, Luttelgeest
- S. Visser, Wieringerwerf

Resigned:

- J. Barendregt, Schermerhorn
- M. Bouma, Rutten

Appeals Committee

- A. van der Linde, Bant, Chairman (2014)*
- IJ. Meirink, Oosternijkerk (2019)*
- A.C.P.M. Nooren, Lelystad (2018)*
- M.H. van Stee, Boyl (2019)*
- M.P.J.M. Sturm, Wieringerwerf (2017)*
- N.E. Wiertsema, Spijk (2017)*

Joined:

- IJ. Meirink, Oosternijkerk

Resigned:

- J. Bos, Westeremden

Variety Committee

- J.J. van Hoogen, Emmeloord, Chairman
- C. Koster, Kampen, Secretary
- M. Vossen, Medemblik, advisor
- J.T.M. Dekker, Emmeloord, (temporarily)
- E. Pot, Emmeloord (2016)
- F.J. Vos, Dronten (2017)*
- M. Winters, Steenwijk (2017)*

Resigned:

- L. Klok, Marknesse

Pool Committee for organically-grown seed and consumption potatoes

- E.P. Rienks, Dronten, Chairman (2015)
- J.M. Bokdam, Biddinghuizen
- M. Schieman, Lelystad (2014)*
- W. Snippe, Zeewolde
- J. van Woerden, Biddinghuizen (2014)*

Joined:

- J.M. Bokdam, Biddinghuizen
- W. Snippe, Zeewolde

Resigned:

- W. Bakker, Munnekezijl
- T. Verdonschot, Dronten

Pool Committee for conventionally-grown consumption potatoes

- M.G. Scholtens, Luttelgeest, Chairman
- N.A. Flohil, Emmeloord
- J.C. Jansen, Middenmeer
- J.H. van der Veen, Dronten
- R.A.M. Zijlmans, Wieringerwerf

Personal details

Pool Committee for conventionally-grown seed potatoes

Central Region

- J.J. van der Velde, Tollebeek, Chairman
- A.W.W. van Gastel-Topper, Ens
- H.G. Kram, Espel
- J.L. Vermeer, Swifterbant

Region South-west

- A. Braspenning, Hoeven
- A.J. van der Wel, Zevenhuizen

Region North-west

- A.J. Goudsblom, Sint Maarten
- E.J. Konijn, Middenbeemster

Region North

- A.J.W.M. Claassen, Vierhuizen
- L. Olivier, Hallum
- T.A. van der Zee, Tzummarum
- M. Zwiers, Wijster

(...) year of resignation * re-electable



Say choice, say...

Go forward with a new management model

Jan van Hoogen, Managing Director

'One of the most important choices, which we made in 2013/2014, was the introduction of a new management model. This model became operational last summer and has led to the establishment of a Members' Cooperative Board, a Supervisory Board and Pool committees in addition to the already existing Board of Members, Appeals Committee and Young Members Group. I expect this to be a good move towards the realisation of the intended expansion of influence and commitment of the members.'

Risk profile

Agrico has a risk assessment in place that is periodically updated. The material risks that threaten the Cooperative have been identified as accurately as possible in the assessment, both as regards probability and impact.

The overall risk profile of Agrico is positively influenced by the fact that its activities mainly focus on a single product: the potato. Furthermore, over 80% of the purchasing consists of so-called pool agreements, which means there are hardly any high-risk buying or selling positions.

Given the operating activities, the quality and availability of the product are of major importance. An important associated risk is that the sale of potatoes can be influenced by phytosanitary problems. In collaboration with third parties, quality inspections take place based on internationally recognised and certified methods, and supplementary research focused on viral and bacterial diseases is carried out. Other guarantees are: sufficient spreading of acreages over various growing areas, support for growers, and a payment system that is based on quality.

The loss of important customers can also greatly influence the Cooperative's payment capacity. As Agrico sells potatoes all over the world, this risk is significantly reduced. The policy pursued by Agrico focuses on building up and maintaining long-term relationships with its buyers.

Agrico often delivers large quantities of potatoes to its customers within a short period of time. Although it regularly uses safeguards such as advance payments, letters of credit and bank guarantees, the result is susceptible to payment risks. These risks are more manifest in some regions due to the economic crisis and to political instability. Agrico has tightened its policy by working with limits for each buyer. A provision has also been formed on the balance sheet for overdue accounts from past financial years. The credit risk on deliveries for the past harvest year is based on the most recently-available information on the payment capacity of the customer.

Agrico has an extensive network of agents and distributors. The guidelines and regulations for fighting corruption are international and violation can have considerable financial consequences. The British Bribery Act also has its consequences for companies with a subsidiary in the United Kingdom. This means that this Act is also applicable to Agrico and its participating interests. This financial year, within this framework, a start was made with a Code of Conduct for Agrico staff. This Code will be introduced in its entirety in 2014/2015, will form the basis for commercial trading, and be an item on the agenda during commercial consultations and the HR interview cycle.

Agrico also recognises the danger that a calamity such as a fire or an explosion could result in a significant disruption of business continuity. Assets are insured against an appraised value that is linked to appropriate customised cover for the risk of trading losses. The increasing dependency on ICT systems is overcome through the monitoring of these operations by an external party, through internal and external back-up procedures, and a 'shadow system' at an external disaster recovery location.

To finance its activities, Agrico is partly dependent on interest-bearing loans. The Cooperative is able to make use of committed banking credit facilities, allowing it to meet its borrowing requirements with a degree of flexibility. To cover its cyclic borrowing requirements, Agrico has concluded a specific financing arrangement geared to these changing needs.

Selling potatoes all over the world involves foreign exchange risks. These risks are focused on the American Dollar and the British Pound. The currency risks ensuing from operational and financing activities are hedged by means of forward exchange contracts.

The system of internal control and monitoring, including authorisation procedures and the separation of duties, aims at recognising risks at an early stage and keeping them within manageable limits.

The sum total of the above-mentioned measures ensures that reasonable safeguards are in place, that strategic and operational objectives are achieved, that the financial and other reporting provided by the company is reliable, and that all relevant legislation is observed.





Underlying principles

Accounting principles	38
Valuation principles	39
Principles for the determination of results	42

Consolidated annual accounts

Consolidated balance sheet	43
Consolidated profit and loss account	44
Consolidated cash-flow statement	45
Notes on the consolidated balance sheet	46
Notes on the consolidated profit and loss account	51

Unconsolidated annual accounts

Unconsolidated balance sheet	53
Unconsolidated profit and loss account	54
Notes on the unconsolidated balance sheet	55

Underlying principles

Accounting principles

Consolidation

The consolidated annual accounts include the financial data of the Cooperative and its Group companies as at the end of the financial year 31 July 2014. Group companies are legal entities and other companies in which Agrico exercises a controlling interest.

The Group companies are consolidated fully into the Group with effect from the date on which a controlling interest has been acquired in the Group company. Group companies are no longer included in the consolidation as from the date on which there is no longer a controlling interest. The value of items in the consolidated annual accounts is calculated on the basis of uniform principles to determine the valuation and results.

Third-party interests in equity, capital and reserves and in the results are shown as separate items in the consolidated annual accounts.

The presentation of the Cooperative's profit and loss account is based on Section 402 of Title 9 in Book 2 of the Dutch Civil Code [Burgerlijk Wetboek].

Incorporated in the explanatory notes are the consolidated annual accounts of the enterprises that are part of the AGRICO Group, i.e. Cooperative Agrico U.A. (an excluded liability cooperative) based in Emmeloord and its subsidiaries:

Agrico B.V., Emmeloord, which in turn includes:

- Kweek- en researchbedrijf Agrico B.V., Emmeloord
- Agrico Holding B.V., Emmeloord, which includes:
 - Agrico Project B.V., Emmeloord
 - Bioselect B.V., Dronten [NL]
 - Agrico Italia s.r.l. (a limited liability company), in Bologna, Italy
 - Leo de Kock & Zn B.V., Purmerend [NL]
 - S.A. Desmazières (89.12%), in Monchy-le-Preux, France
 - Agrico UK Ltd., in Castleton, Scotland
 - Agrico Polska Sp. z o.o. (70%), in Leżbork, Poland
 - SC Cartof Agrico SRL (51%), in Braşov, Romania
 - Interseme d.o.o. (51%), in Ljubljana, Slovenia
 - Agrico Nordic AB, in Jönköping, Sweden, which includes the 100% subsidiary Perunaseppä Oy, Finland.
 - Parkland Seed Potatoes Ltd. (70%), in Edmonton, Canada.

Non-consolidated

The 30% participation in AR Tarim Tohumculuk ve Sanayi Ticaret A.S., in Izmir, Turkey (acquired w.e.f. 19 March 2014).

Change in the presentation

The comparative figures that are shown in the consolidated profit and loss account and the consolidated cash flow statement for the financial year 2012/2013 have been adjusted to correspond with the method used for the presentation of the figures for 2013/2014. The figures shown in the consolidated profit and loss account under 'Payroll expenses' no longer include the item 'temporary staff': this item has been moved to 'Other operating expenses'. This adjustment has no impact on the operating results after taxation or on the value of equity, capital and reserves.

Netting

An asset and an item of borrowed capital are only netted in the annual accounts if and insofar as:

- a sound legal instrument is available to facilitate the netting and simultaneous settlement of the asset and the item of borrowed capital; and
- there is a resolute intention to settle the balance itself or both items simultaneously.

Foreign currency

Assets and liabilities valued in foreign currency have been converted on the basis of the exchange rate at the balance sheet date.

Any differences arising from exchange rate fluctuations have been incorporated into the profit and loss account. An exception has been made for exchange rate differences arising from the conversion into euros of the equity, capital and reserves of foreign consolidated participations at the beginning of the financial year, the conversion of the profit and loss account of such participations, and any intra-group financing provided to these holdings. These differences have been deducted from or added to the capital and reserves.

Valuation principles

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

Financial instruments

Financial instruments included in the balance sheet are valued at their amortised cost price unless otherwise indicated. Off-balance sheet financial instruments, or derivatives concluded to hedge currency and risks, are valued in accordance with the value of the hedge position.

The results on derivatives are accounted for together with the results of the hedge position. The Cooperative does not hold derivatives for speculative or trading purposes.

Intangible assets

The positive difference between the acquisition price of a participation and the share in the true value of the acquired identifiable assets and liabilities at the time the participation was acquired is entered as 'Goodwill' on the balance sheet.

Goodwill is depreciated in accordance with the anticipated economic life, with a maximum of ten (10) years.

Software obtained from third parties is valued at the purchase price, less amortisation on the basis of its expected economic life.



Tangible fixed assets

The tangible fixed assets - land, buildings, machinery, plant, etc. - are valued at the purchase price less depreciation on the basis of the expected economic life, taking a residual value into account where necessary. Investments related to research are depreciated on the basis of the expected duration of the research activities.

The investment subsidies and special regional allowances already received have been deducted from the purchase price of the business asset(s) in question.

Annual depreciation schedule as a percentage of purchase price:

	%
Land	0
Buildings	2 – 5
Roadways and paving	10
Machinery and installations	10 – 20
Other fixed assets	15 – 20
Residential buildings (up to a maximum of 50 percent of the value for the purposes of the Valuation of Immovable Property Act)	3 – 4

Financial fixed assets

Participations in which the Group can exercise significant influence on commercial and financial policies are valued on the basis of the capital mutation method. In accordance with this method, participations are included in the balance sheet according to the Group's share of the net asset value plus the Group's share in the operating results of the participation and in the direct mutations in the equity, capital and reserves of the participation as from the date of acquisition, calculated on the basis of the principles set out in these annual accounts, less the Group's share in the dividend disbursed by the participation. The Group's share in the operating income and expenditure of the participation can be found in the profit and loss account. If and insofar as the Cooperative is not free to make disbursement of positive operating results to the Group, those operating results are added to a statutory reserve fund. The Group's share in the direct increases

or reductions to the equity, capital and reserves are also incorporated into the statutory reserve fund, with the exception of revaluations of assets; these are incorporated into the revaluation reserve.

If, using the capital mutation method, the value of the participation has fallen to zero, the method will no longer be used and the participation will continue to be valued at zero as long as circumstances remain unchanged. Other long-term interests in the participation which are deemed to form part of the net investment will also be included in this strategy. If and insofar as the Group acts as guarantor for all or part of the debts of the participation, or there is a constructive obligation to that end, a provision will be formed to enable the participation to discharge its debts.

Any subsequently received share in the profits of the participation will only be shown as such if and insofar as the cumulative value of losses has been made good.

Loans provided

On initial recognition, any loans provided will be included at their true value plus any directly attributable transaction costs; this does not apply to financial assets accounted for in the profit and loss account at their true value plus or minus changes in value.

After initial recognition, loans are valued at their amortised cost price in accordance with the effective interest method. Income and expenditure in this respect is accounted for in the profit and loss account as soon as investments are transferred to a third party or undergo an exceptional reduction in value, and also via the amortisation or depreciation process.

Stocks

Stocks of raw materials and production supplies (packaging and spare parts) are valued at their purchase price or market value if lower.

Receivables

Receivables are valued at amortised cost price less a provision for bad debts. Where amortisation is not possible, the amortised cost price corresponds with the nominal value.

Provisions

A provision has been formed for obligations which will probably need to be settled and for which a reasonable estimate can be made of their value. The value of the provision is determined on the basis of a best estimate of the amounts that would be needed to settle the obligations in question and the attendant losses at the balance sheet date.

A provision has been formed in respect of deferred tax liabilities arising as a result of temporary differences in the valuation of assets and liabilities between the fiscal balance sheet and these annual accounts; the value of this provision is calculated on the basis of prevailing tax rates. Deferred tax assets are reported with due consideration for the likelihood of realisation in the future.

The premiums payable to the pension provider are accounted for as a charge against the profit and loss account. Premiums still to be paid are accounted for as accruals and deferred income at the end of the financial year; advance premium payments made are accounted for as prepayments and accrued income.

A provision will be formed for any obligations in addition to the premiums payable to the pension provider if, at the balance sheet date, there is a legally enforceable or constructive obligation to the pension provider and/or the employee, it is probable that settlement of the obligation will lead to an outflow of resources, and a reliable estimate can be made of the total value of the obligation. The provision for additional obligations to the pension provider and/or employee has been valued on the basis of the best estimate of the amounts that would be necessary to settle the obligations in question at the balance sheet date.

The provision for pensions relates to the funding of the future unconditional indexation at 1.5% of pension entitlements accrued via the pension insurance provider up to 1 January 2000 by employees who continue in the Company's service until retirement date.



The provision has been calculated by actuarial methods on the basis of factors such as the CBS life-expectancy tables 2008, 100% participation, and an actuarial interest rate of 2%.

The provision for service anniversaries has been formed on the basis of factors such as commitments in collective labour agreements; termination of service and mortality risk have been taken into account.

The other provisions are reported at their nominal value.

Provisions are for the most part long-term.

Debts

Debts are reported at the amortised cost price. Where amortisation is not possible, the amortised cost price corresponds with the nominal value.



Principles for the determination of results

General

Payments to members for the products they deliver in the course of the financial year are based on information known on that date, taking into account any necessary deductions to cover the costs of the Group. Adjustments are made where necessary. The figure reported in the profit and loss account shows the balance of such advances and adjustment payments, after deduction of profit-based taxes.

The net result shown in the profit and loss account therefore has only a limited significance in the context of an appraisal of the financial results. The prices received by members for their products through the Cooperative are a better indicator of the financial results.

The figures shown for income and expenditure concern the harvest year of 2013. This means that the earnings and expenses that are directly related to the 2013 harvest have been incorporated into the profit and loss account, with due consideration of the aforementioned valuation principles.

Taxes

Taxes and levies are calculated on the recognised operating result, taking into account tax exemptions and expenses that are wholly or partially non-deductible. The Cooperative and its Dutch Group companies form a fiscal entity. Netting of taxes within this entity is effected as if each company were subject to taxation on its own account. A provision has been formed for possible deferred tax liability arising from taxable temporary differences. Insofar as it is probable that taxable profit will be available for settlement, a deferred tax asset has been formed for all deductible temporary differences and unused tax losses carried forward.

Consolidated balance sheet

x EUR 1.000					
ASSETS		31 July 2014	31 July 2013	LIABILITIES	
				31 July 2014	31 July 2013
Fixed assets				Group equity	
Intangible fixed assets (1)		1,543	1,549	Equity, capital and reserves (6)	31,915
				Third-party interests in Group equity (7)	1,108
Tangible fixed assets (2)					33,023
Land	4,293		4,293		29,867
Buildings, roadways and paving	8,693		8,977	Provisions (8)	1,529
Machinery and installations	1,267		965		1,641
Other fixed assets	2,582		2,841	Long-term debts (9)	617
Unproductive assets	586		586		601
	17,421		17,662	Current liabilities	
Financial fixed assets (3)				Banks, current accounts	98
Participations	1,291		311	Trade creditors	7,004
Other investments	12		17	Taxes, contributions and social insurance schemes	432
Loans provided	1,514		3,492	Members for produce delivered	8,001
	2,817		3,820	Other debts	674
Current assets				Other liabilities	5,411
Stocks					21,620
Raw materials and supplies	1,119		1,073		22,525
Trade and other receivables (4)					
Trade receivables	13,370		15,482		
Other receivables	4,536		3,865		
Accrued income	1,666		1,807		
	19,572		21,154		
Cash and cash equivalents (5)					
	14,317		9,376		
Total assets	56,789		54,634	Total liabilities	56,789
					54,634

Consolidated profit and loss account

x EUR 1.000

	2013/2014	2012/2013
Gross margin		
Net turnover of products sold to third parties (10)	269,884	259,180
Direct costs (11)	48,483	48,861
Purchase of products (12)	<u>194,753</u>	<u>185,902</u>
Subtotal	243,236	234,763
Other income (13)	<u>3,882</u>	<u>3,316</u>
Gross margin	30,530	27,733
Expenses		
Wages, salaries and social security contributions (14)	13,049	12,318
Depreciation and amortisation (15)	3,354	2,191
Other operating expenses	<u>10,070</u>	<u>9,086</u>
Operating results	26,473	23,595
	4,057	4,138
Overall income and expenditure		
Results of participations	317	55
Income from interest etc.	32	46
Interest payable and similar charges	<u>-225</u>	<u>-308</u>
	124	-207
Pre-tax operating results	4,181	3,931
Taxes (16)	<u>-1,012</u>	<u>-1,016</u>
Operating results after tax	3,169	2,915
Third-party interests in operating results	<u>-329</u>	<u>-144</u>
Net result after taxes	2,840	2,771

Consolidated cash flow statement

x EUR 1.000	2013/2014	2012/2013		2013/2014	2012/2013
Operating activities			Used for financial activities		
Operating results	4,057	4,138	Repayment of certificate capital	-233	-188
Adjustments for:			Movement in third party shares in participations	-180	-38
Depreciation and amortisation	3,354	2,191	Loan repayments	-162	-346
Movement in provisions	81	-162	Loans received	124	-
Movement in working capital (excluding liquid assets)	1,111	2,514		-38	-346
	4,546	4,543	Used for financial activities	-451	-572
Cash-flow from operating activities	8,603	8,681	Net cash flow	5,199	6,099
Interest paid	-225	-308	Exchange rate and translation differences	176	-226
Interest received	32	46	Increase in financial resources	5,375	5,873
Tax on profits	-1,012	-1,016			
	-1,205	-1,278	This increase in the financial resources can be explained as follows:		
Operating activities	7,398	7,403	Reduced bank credit	434	222
Used for investment			Increase in cash and cash equivalents	4,941	5,651
Investments in fixed assets	-1,526	-1,807		5,375	5,873
Disposal of tangible fixed assets	107	63			
Increased interests in Group companies	-45	-			
Investments in participations	-1,781	-			
Dividend received from participations	-	82			
Income from other securities	5	-			
Repayments on loans provided	1,739	1,087			
Loans provided	-247	-157			
Used for investment	-1,748	-732			

Notes on the consolidated balance sheet

x EUR 1.000

Intangible fixed assets (1)

The composition and the movements of the intangible fixed assets can be summarised as follows:

	Opening balance as of 01-08-2013	Investments	Movements	Amortisation	Closing balance as of 31-07-2014
Goodwill	497	1,096	-	734	859
Formation expenses	41	195	102	134	-
Software	983	-	-	329	654
Other	28	7	-	5	30
	1,549	1,298	102	1,202	1,543

	Cumulative depreciation as of 31-07-2014	Acquisition value as of 31-07-2014
Goodwill	677	1,536
Formation expenses	-	-
Software	953	1,607
Other	13	43
	1,643	3,186

Notes on the consolidated balance sheet

x EUR 1.000

Tangible fixed assets (2)

The composition and the movements of the tangible fixed assets can be summarised as follows:

	Opening balance as of 01-08-2013	Investments	Disposals	Depreciation	Closing balance as of 31-07-2014
Land	4,293	-	-	-	4,293
Buildings, roadways and paving	8,977	628	2	910	8,693
Machinery and installations	965	784	-	482	1,267
Other fixed operating assets	2,841	606	115	750	2,582
Unproductive assets	586	-	-	-	586
	17,662	2,018	117	2,142	17,421

	Cumulative depreciation as of 31-07-2014	Acquisition value as of 31-07-2014
Land	-	4,293
Buildings, roadways and paving	8,069	16,762
Machinery and installations	6,302	7,569
Other fixed operating assets	6,744	9,326
Unproductive assets	2,388	2,974
	23,503	40,924

The item 'Investments' includes the sum of EUR 486,000 ensuing from the consolidation effect of the participations.

Notes on the consolidated balance sheet

x EUR 1.000

Financial fixed assets (3)

The composition and movements of the financial fixed assets can be summarised as follows:

	Participations	Other securities	Loans provided	Total
Balance as at 01-08-2013	311	17	3,492	3,820
Loan repayments	-	-5	-1,739	-1,744
Loans provided	-	-	247	247
Acquisition	940	-	-	940
Consolidation effect of the participations	-306	-	-293	-599
Result from participations 2013/2014	317	-	-	317
Exchange rate differences	29	-	-	29
Movement in provisions	-	-	-193	-193
Balance as at 31-07-2014	1,291	12	1,514	2,817

The item 'Participations' includes the 30% share in AR Tarim Tohumculuk ve Sanayi Ticaret A.Ş. in Izmir, Turkey.

The item 'Other securities' concerns claims on cooperative associations in the form of shares. In addition, Agrico participates in various Private Sector Investments Programme (PSI) projects. The value of those participations has been set at zero.

As of the balance sheet date, EUR 1.0 million of the sum outstanding under 'Loans provided' is repayable within one (1) year. At the end of the financial year, the provision for Loans provided is valued at EUR 3.9 million (31 July 2013: EUR 3.7 million).

Trade and other receivables (4)

A provision has been formed for deliveries from the 2012 harvest (and earlier) for which payment has not yet been effected. As of 31 July 2014, the provision for bad debts is valued at EUR 3.5 million (31 July 2013: EUR 3.3 million).

Other receivables, prepayments and accrued income are primarily related to VAT, corporation tax, goods and field inventories.

Notes on the consolidated balance sheet

x EUR 1.000

Cash and cash equivalents (5)

'Cash and cash equivalents' does not include any term deposits. All liquid assets are therefore immediately accessible.

Equity, capital and reserves (6)

An explanation of the mutations in equity, capital and reserves can be found under the Notes on the Balance Sheet of the Cooperative Agrico U.A.

Third-party interests in Group equity (7)

The interests of third parties in Group equity can be summarised as follows:

Balance as at 01-08-2013	764
Share in results 2013/2014	329
Dividend	-145
Movements in third-party interests	138
Exchange rate differences	10
Other changes	12
Balance as at 31-07-2014	1,108

Provisions (8)

The composition and the movements of contingency provisions can be summarised as follows:

	Deferred tax liabilities	Anniversary liabilities	Pensions	Other provisions	Total
Balance as at 01-08-2013	429	186	878	148	1,641
Deductions	-136	-31	-13	-	-180
Additions	-	41	17	9	67
Balance as at 31-07-2014	293	197	882	157	1,529

Notes on the consolidated balance sheet

x EUR 1.000

Long-term debts (9)

The composition and the movements of contingency provisions can be summarised as follows:

Balance as at 01-08-2013

Repayments

Loans provided

Balance as at 31-07-2014

Credit institutions	Participants	Total
153	448	601
-95	-67	-162
178	-	178
236	381	617

Repayment obligations for the 2014/2015 financial year amount to EUR 299,000 (2013/2014: EUR 343,000). The average interest rate on long-term debts is 4.1% (this was 4.0 during the past financial year).

Liabilities and assets not included in the balance sheet

The value of guarantees provided to third parties amounts to EUR 0.5 million.

Please refer to the comments on equity, capital and reserves in the Notes on the Unconsolidated Balance Sheet for details of an obligation to Aviko Potato B.V.

Agrico has promised members who had supplied French-fry potatoes for at least two years in the harvest period from 2008 to 2010 that they will receive an allowance based on the results from participations during the harvest period from 2011 to 2014.

A carrier has held Agrico liable for alleged damage to their equipment in connection with a delivery of potatoes. The Cooperative Board does not anticipate any significant financial repercussions from the matter.

At the end of the financial year, investment obligations amount to EUR 64,800. In addition, lease obligations to the sum of EUR 36,700 have been entered into for a period of five (5) years.

Cooperative Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V. and Leo de Kock & Sons B.V. form a fiscal entity in terms of corporation tax and VAT, and are consequently jointly and severally liable for obligations arising from the fiscal entity.

Surety

The following surety has been put up for the credit facilities provided to Cooperative Agrico U.A. by bankers:

- Joint and several liability obligations for the account of Cooperative Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V., and Leo de Kock & Zn B.V.
- Assets declaration: 40% (the proportion of consolidated risk-bearing equity less intangible fixed assets in the consolidated balance sheet total).

Cooperative Agrico U.A. has issued a '403 Declaration' for the holdings Agrico B.V. and Agrico Research B.V.

Notes on the consolidated profit and loss account

x EUR 1.000

Net turnover of products sold to third parties (10)

The invoiced turnover for consumption and seed potatoes etc. from the 2013 harvest, after deduction of discounts, etc.

Net turnover can be specified as follows:

Seed potatoes

Consumption potatoes

Other turnover

	2013/2014	2012/2013
Seed potatoes	219,691	204,507
Consumption potatoes	48,066	52,482
Other turnover	2,127	2,191
	269,884	259,180
Market share of potato sales	%	%
The Netherlands	23.5	25.5
France	12.4	12.1
Other EU countries	37.5	36.8
Countries outside the EU	26.6	25.6
	100.0	100.0

Direct costs (11)

This figure includes expenses with a direct link to sales, such as transport, commission, packaging, etc.

Purchase of products (12)

This figure includes the payments made to members for potatoes they have delivered (pooled or otherwise), storage allowances paid to members, purchases from third parties, and the costs involved in the hive-off of the ware potato department.

Other income (13)

This figure includes, among other income, any subsidy payments received.

Notes on the consolidated profit and loss account

x EUR 1.000

Payroll expenses (14)

Salaries
Social security contributions
Pension costs, including changes in the pension provision

2013/2014

9,799
1,828
1,422

13,049

2012/2013

9,243
1,555
1,520

12,318

Average number of employees in the Agrico Group

The Netherlands
Foreign subsidiaries

145

63

208

140

59

199

Depreciation and amortisation (15)

Intangible assets*
Buildings
Machinery and installations
Other fixed assets

2013/2014

1,202
910
482
750

3,344

10

3,354

2012/2013

486
580
428
704

2,198

-7

2,191

Net result of the disposal of assets (profit or loss)

* The item 'Depreciation and amortisation - goodwill and software' for the 2013/2014 financial year includes an additional amortisation of goodwill to the value of EUR 276,900.

Taxes (16)

This figure is calculated on the basis of the operating results shown, taking fiscal facilities and non-deductible items into account.

At the end of the financial year, the deductible tax losses for the Dutch fiscal entity amount to approx. EUR 4.1 million. The off-settable tax on this amount, calculated at the nominal rate of 25.0%, is EUR 1.0 million. This amount has not been included in the balance sheet.

In the context of the national random sampling of large-scale enterprises, the Dutch Tax and Customs Administration [Belastingdienst] is carrying out an audit of the Dutch fiscal entity's books in connection with VAT (turnover tax) 2013 and corporation tax 2012 (financial year 2012/2013).

Unconsolidated annual accounts

x EUR 1.000 (after proposed appropriation of net result)					
	31 juli 2014	31 juli 2013		31 juli 2014	31 juli 2013
ASSETS			LIABILITIES		
Fixed assets			Equity, capital and reserves (3)		
Tangible fixed assets (1)			Statutaire reserves	24,555	21,985
Land	328	328	Certificate capital	6,933	7,103
Buildings	1,467	1,467	Appropriated reserve, ware potato pool	792	902
Unproductive assets	446	446	Statutory reserve, participations	517	200
	2,241	2,235	Statutory reserve exchange rate differences	-882	-1,087
Financial fixed assets (2)				31,915	29,103
Participations in Group companies	29,588	26,545	Provisions (4)	54	77
Loans to Group companies	-	1,820	Current liabilities		
Loans provided	-	294	Members for produce delivered	8,001	6,723
	29,588	28,659	Other debts	436	437
Current assets				8,437	7,160
Receivables					
Group companies	8,412	4,554			
Accrued income	-	18			
	8,412	4,572			
Cash and cash equivalents	165	874			
Total assets	40,406	36,340	Total liabilities	40,406	36,340

Unconsolidated profit and loss account

x EUR 1.000

Results from ordinary activities after taxes
Share in the operating results of participations
Result after taxes

2013/2014

12

2,828

2,840

2012/2013

284

2,487

2,771

Notes on the unconsolidated balance sheet

x EUR 1.000

Tangible fixed assets (1)

The composition the movements of the tangible fixed assets can be summarised as follows:

	Opening balance as of 01-08-201	Investments	Disposals	Depreciation	Closing balance as of 31-07-2014
Land	328	-	-	-	328
Buildings	1,461	68	-	62	1,467
Unproductive assets	446	-	-	-	446
	2,235	68	-	62	2,241

	Cumulative depreciation as of 31-07-2014	Acquisition value as of 31-07- 2014
Land	-	328
Buildings	459	1,926
Unproductive assets	2,331	2,777
	2,790	5,031

Notes on the unconsolidated

x EUR 1.000

Financial fixed assets (2)

The composition and movements of the financial fixed assets can be summarised as follows:

	Participations in Group companies	Loans to Group compa- nies	Loans provided	Total
Balance as at 01-08-2013	26,545	1,820	294	28,659
Repayments	-	-1,200	-	-1,200
Transfer to Group companies	-	-620	-294	-914
Results 2013/2014	2,828	-	-	2,828
Exchange rate differences	215	-	-	215
Balance as at 31-07-2014	29,588	-	-	29,588

Equity, capital and reserves (3)

The composition and the movements of equity, capital and reserves can be summarised as follows::

	Reserves prescribed by Art. 19.2	Certificate capital	Appropriated reserve, ware potato pool	Statutory reserve, participations	Statutory reserve, exchange rate differences	Total
Balance as at 01-08-2013	21,985	7,103	902	200	-1,087	29,103
Result 2013/2014	2,570	63	-110	317	-	2,840
Repayments/Loans provided	-	-233	-	-	-	-233
Other changes	-	-	-	-	205	205
Balance as at 31-07-2014	24,555	6,933	792	517	-882	31,915

The reserves held pursuant to Article 19.2 of the Articles of Association are equal to the withheld balances of the Cooperative. No disbursement may be made from the statutory reserve for exchange rate differences beyond the level of the negative balance of that reserve.

The statutory reserve for participations has been created for losses and direct reductions in the capital, equity and reserves of the participations since the initial valuation in accordance with the net equity accounting method and for that portion of the value of the participations payment cannot be compulsorily disbursed or realised without good reason.

As from the harvest of 2011, Agrico will pay Aviko Potato B.V. the premium for member-growers who were also contracted to Agrico for the harvest of 2010. In years in which a lower price level applies, Agrico will pay Aviko Potato B.V. a supplement for those member-growers, to bring their earnings up to the agreed guaranteed price of EUR 7.15. Payment of the premium and supplementation to the guaranteed price will be effected after Aviko Potato B.V. makes the definite 'pool' price known. The agreement will expire on 31 July 2021 and will cost Agrico a maximum of EUR 1.5 million. The amount that Agrico will ultimately pay depends on price developments and decisions taken by Aviko in respect of levying premiums. Since no accurate estimate can be made of the actual amount that Agrico will ultimately pay, this obligation has not been reported in the balance sheet. The amounts to be paid by Agrico will be justified in the harvest year of payment, and deducted from the appropriated reserve.

Pursuant to Article 19.1 of the Articles of Association, certificates can be withdrawn by the Cooperative at any time against refund of the monies paid in. Separate regulations determine that, in specific cases, the certificates can be withdrawn by the Cooperative Board against refund of monies paid in. These regulations can be amended by the Cooperative Board with the approval of the Board of Members.

The Board of Members adopted revised regulations for certificates after the balance sheet date. The regulation now determines that certificates can be withdrawn by the Cooperative against repayment in the following cases:

- 15 years after issue of the certificate series, with the approval of the Cooperative Board after receiving prior approval from the Board of Members;
- On the death of the certificate holder, with the approval of the Cooperative Board;

On actual termination of a certificate holder's operating activities (at the request of the certificate holder).

Notes on the unconsolidated

x EUR 1.000

Provisions (4)

Deferred tax liabilities

The composition and the movements of the provisions can be summarised as follows:

Opening balance as of 01-08-2013

Less: released amount

Closing balance as of 31-07-2013

31-07-2014

54

77

-23

54

31-07-2013

77

77

-

77

Remuneration of external auditor (pursuant to Section 382a of Book 2 of the Dutch Civil Code)

The figure shown against 'Auditing costs' under 'Organisational costs'

is related to the following services:

Audit of the annual accounts

Fiscal advisory services

Other activities

2013/2014

122

17

7

146

2012/2013

107

22

9

138

Remuneration of Board of Governors

The amount included for the remuneration of the Board of Governors (which became the Cooperative Board as from 24 June 2014) is EUR 142,900 (last year: EUR 138,600).

As the Cooperative had only one Executive Director until 24 June 2014, no information needs to be provided about remuneration (as per the provisions of Section 383 of Title 9, Book 2 of the Dutch Civil Code). No loans have been issued.

Liabilities and assets not included in the balance sheet

The value of guarantees provided to third parties amounts to EUR 0.5 million.

Agrico U.A. is jointly and severally liable for obligations arising from the fiscal entity, in terms of both corporation tax and VAT levies in connection with turnover with Group members in the Netherlands.

Please refer to the comments on equity, capital and reserves in the Notes on the Unconsolidated Balance Sheet for details of an obligation to Aviko Potato B.V.

Agrico has promised members who had supplied French-fry potatoes for at least two years in the harvest period from 2008 to 2010 that they will receive an allowance based on the results from participations during the harvest period from 2011 to 2014.

Cooperative Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V. and Leo de Kock & Zn B.V. form a fiscal entity in terms of corporation tax and VAT, and are consequently jointly and severally liable for obligations arising from the fiscal entity.

Surety

The following surety has been put up for the credit facilities provided to Cooperative Agrico U.A. by bankers:

- Joint and several liability obligations for the account of Cooperative Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V., and Leo de Kock & Zn B.V.

Other explanatory notes

In the context of the national random sampling of large-scale enterprises, the Dutch Tax and Customs Administration [Belastingdienst] is carrying out an audit of the Dutch fiscal entity's books in connection with VAT (turnover tax) 2013 and corporation tax 2012 (financial year 2012/2013).

Independent auditor's report

To: The Board of Members of Cooperative Agrico U.A.

Statement concerning the annual accounts

We have carried out an audit of the annual accounts for the year ending 31 July 2014 as presented in this report by the Cooperative Agrico U.A. of Emmeloord. The annual accounts consist of the consolidated and unconsolidated balance sheets as of 30 July 2014, the consolidated and unconsolidated profit and loss accounts for the period from 1 August 2013 to 31 July 2014 plus the explanatory notes which include an overview of the principles underlying the financial reports and other notes.

Responsibility of the Cooperative Board

The Cooperative Board is responsible for the compilation of annual accounts that give a true and fair view of the assets and the operating results, and also for compiling the management report; both reports must comply with the provisions of Title 9 of Book 2 of the Dutch Civil Code [Burgerlijk Wetboek] as currently applicable. The Cooperative Board is also responsible for such internal control mechanisms as it deems necessary with a view to making it possible to compile the annual accounts without material inaccuracy as a result of fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion about the annual accounts on the basis of the audit we carry out. We conducted our audit in accordance with Dutch law, and with due consideration of Dutch auditing standards. This requires that we comply with all applicable ethical requirements and that we plan and carry out our audit in such a way that there is a reasonable degree of certainty that the annual accounts contain no material inaccuracies.

An audit consists of carrying out such work as is necessary to obtain administrative information about the amounts shown and the explanations given in the annual accounts. The activities selected depend on the factors which underlie the auditor's opinion, including an estimation of the risk that the annual accounts could contain material inaccuracy as a result of fraud or error.

In making this estimation, the auditor takes such internal control mechanisms into account as are relevant to compiling annual accounts that give a true and fair view of the results, so that audit activities can be carried out that are appropriate to the given circumstances. The estimation of risks does not, however, serve to form or express an opinion about the effectiveness of the Cooperative's internal control mechanisms. An audit also consists of an evaluation of the appropriateness of the principles used for financial reporting, of the reasonableness of the estimates made by the Cooperative Board, and of the overall impression obtained from the annual accounts.

We are of the opinion that the administrative information we obtained was sufficient and suitable for use as the basis on which our opinion was formed.

Opinion concerning the annual accounts

In our opinion, the annual accounts are a true and fair representation of the size and composition of the capital and reserves of the Cooperative Agrico U.A. as of 30 July 2014 and of the operating results over the financial year from 1 August 2013 through to 31 July 2014, in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code.

Statement regarding other statutory requirements

Pursuant to the provisions of Section 393.5, paragraphs e and f, of Book 2 of the Dutch Civil Code, we note that - insofar as we can determine in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code - no inadequacy is apparent from either our audit or the management report, and that the figures required by Section 392.1 paragraphs b through h of Book 2 of the Dutch Civil Code have been included. We can also state that, insofar as we have been able to judge, the management report is compatible with the annual accounts as required by Section 391.4 of Book 2 of the Dutch Civil Code.

Zwolle, 14 November 2014
Ernst & Young Accountants LLP
(signed by) J. Hetebrij RA*

* RA = Registeraccountant ≈ Chartered Accountant



Proposed appropriation of net operating results

x € 1.000

Pursuant to Article 19.2 of the Articles of Association, it is proposed by the Cooperative Board that the positive operating result 2013/2014 (EUR 2,840,000) be divided and appropriated as follows:

Release from appropriated reserve, ware potato pool
Addition to statutory reserve participations
Interest credited to certificate capital
Addition to Cooperative's reserve pursuant to Article 42

-110
317
63
2,570
2,840

This proposal has been incorporated into the balance sheet dated 31 July 2014.

Agrico

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