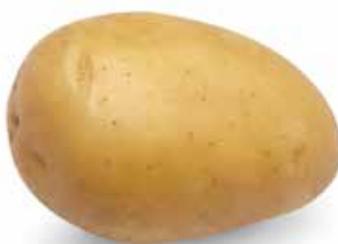
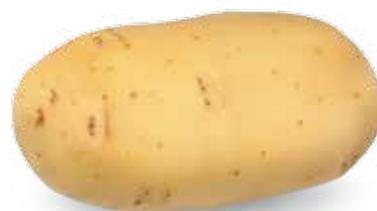
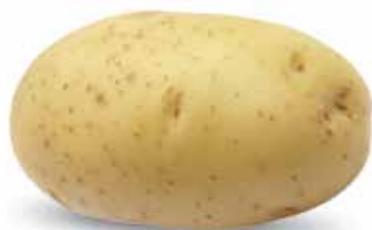


ANNUAL REPORT
2013 | 2014



VERENIGING HZPC



BOARDS

Board of the HZPC Association (Vereniging HZPC)

J.P. Lindenbergh, Chairman	Wehe den Hoorn
J.R. de Jong, Vice-chairman	Sexbierum
J.J.M. van der Heijden, Secretary	Kruisland
P.C.M. Haenen	Luttelgeest
S. Wijma	Sint Maarten

Board of Growers

C.J. Biemond, Chairman	Godlinze
M.H.G. Wijtten, Vice-chairman	De Cocksdorp
N. Gilliam, Secretary	Pingjum
J. Bonnema	Ens
R. Clevering	Den Aniel
D.J. Bierma	Waaxens
N. Hoornsman	Wieringerwerf
E. Maerman	Emmeoord
G. Miedema	Stiens
C.A.J. Simons	Steenbergen
J. van 't Westeinde	Nieuwolda

Board of Breeders

K. Dijkstra, Chairman	Dronten
A. Doppenberg, Vice-chairman	Anna Paulowna
D. Bierma-Hoogterp	Oude Bildtzijl
W.R.L. Scholtens	Molenrij
F.P. van der Zee	Kloosterburen

Supervisory Committee

W.J. Topma, Chariman	Bolsward
J.F. Botma	De Morra
J.H. te Raa	Blankenham

Young Members Group

F. Hazenberg, Chairman	Emmeoord
G. Andringa	Minnertsga
H. Annema	Nes
A. Bos	Oldehove
D. Bouwsema	Eenum
L. Bovée	Ouwerkerk
S. de Bruyckere	Wieringerwerf
W. Hoogterp	St. Jacobiparochie
J.A. Krol	St. Annaparochie
C. J. de Laat	Zeerijp
A. Leber	Emmeoord
D.J. Saal	De Cocksdorp
A. Vaandrager	Bant
J. Werkman	Den Aniel

REPORT OF THE BOARD (VERENIGING HZPC)

At the meeting of 9 October 2014, the Board of the HZPC Association discussed the annual accounts of the 2013/2014 financial year. The annual accounts will be presented to the General Meeting of Shareholders for approval.

The Association holds 783,725 shares in the Company and is therefore sole shareholder of HZPC Holland B.V.

The Association has issued all the shares in the form of certificates to natural persons and legal persons that comply with specific requirements. On behalf of its members, the Board carries out the duties of shareholder at the General Meeting of Shareholders of HZPC Holland B.V.

The activities of HZPC Holland B.V. are centred on the potato; HZPC carries out research, breeds varieties and grows seed potatoes, consumption potatoes and mini tubers.

Eighty percent of the purchases stem from variable contracts, which ensure that HZPC's purchasing and sales positions are relatively risk-free. Sales can still be influenced by phytosanitary obstacles or political measures. These real risks are, however, spread over the 85 countries HZPC deals with, and that means that we are not too dependent on any one country. Properly functioning ICT systems are essential for HZPC. HZPC is running a limited foreign exchange risk, because most seed and consumption potato export transactions are carried out in euros. This makes the transaction risk low.

Great Britain also applies its Bribery Act outside its national borders. Subsequently, this Act also applies to HZPC's Dutch and international holdings and activities. The British Act in question also holds HZPC responsible for acts by any third parties that HZPC does business with, which are mostly its agents. The British Bribery Act is becoming increasingly comprehensive and strict, and can lead to considerable financial penalties. Even worse can be the collateral reputation damage, which can seriously endanger the company's business operations. For this reason, a Code of Business Conduct has been drawn up this year by HZPC to meet the demands of the British law. This Code of Conduct will be introduced into the entire company in the coming year. Managers will instruct their staff. The Board has appointed a compliance officer who must regularly check that the Code of Conduct is being complied with.

OF THE HZPC ASSOCIATION

HZPC often delivers large quantities of seed potatoes to its customers within a short period of time. Although HZPC regularly uses safeguards such as advance payments, letters of credit and bank guarantees, the operating result is susceptible to payment risks. Because of the ongoing worldwide crisis, this risk has considerably increased.

Over the 2013/2014 financial year, HZPC Holland B.V. achieved a net operating result of 9.2 million euros. The return on the average capital and reserves was 23.7%. The Supervisory Board has appropriated 64 % of the net profit of the Company to the shareholder, which corresponds to an amount of 5.9 million euros. This represents a dividend of 7.50 euros per certificate. This dividend has been incorporated in the annual accounts of the Association.

The year 2013/2014 was financially a good year for HZPC. The gross margin increased further compared to previous years. The result of the year under review was the highest in recent years.

With regard to the most important success factor for such a company as HZPC, i.e. the percentage of the total seed potato harvest that can, in fact, be sold as such, HZPC did really well this year.

You will find some key financial data below:

Year		2009/10	2010/11	2011/12	2012/13	2013/14
Net profit	x eur 1,000	3,623	8,571	4,442	1,016	9,199
Return on Equity	in %	11.1	25.1	12.0	2.6	23.7
Net profit per share	x eur 1	4.62	10.94	5.67	1.30	11.74
Dividend per share	x eur 1	3.00	7.00	3.75	1.00	7.50
Dividend as % of the profit	in %	65	64	66	77	64
Share price per 30 June	x eur 1	44.00	53.20	64.35	77.90	93.50
Dividend as % of that price	in %	6.8	13.2	5.8	1.3	8.0

The HZPC Holland B.V. Articles of Association stipulate which decisions will have to be presented to the General Meeting of Shareholders and, subsequently, to the Board.

The General Meeting of Shareholders met three times in this past year. Discussion items on the agenda included

Moreover, the long-term strategy of the company was also successfully implemented this year. The long-term sales and production plans were tested again this year against the market expectations and production volumes.

The year 2013/2014 was influenced by various geopolitical developments. For example, the Russian market for seed potatoes was blocked and, at this moment, the uncertain situation in Ukraine is still playing a negative role in respect of the sales expectations for the coming season. In the same way, the unstable political situation in the Middle East has led to a slowdown in sales this year, and this is expected to continue into the coming year. The deliveries to Egypt went fully according to plan. Payments were made without any problems. In accordance with long-term agreements, HZPC has been able to collect part of the amounts overdue from past deliveries.

The development of new markets also costs money. Last year, HZPC entered into a joint venture with Mahindra Agribusiness. This joint venture was officially launched in August 2014.

the progress of the company's results. The Meeting also approved the proposed joint venture in India. Other items on the agenda were the HZPC strategy and other related matters.

The stock trading day was organised by Rabobank in May 2014. In connection with that, on behalf of the Board, the Management team carried out an evaluation interview with Rabobank representatives. It became clear at that meeting that there were several opportunities for improvement. Arrangements have been made with Rabobank, which arrangements will be followed up by the Management Board in September and October 2014.

Mr M. Ubbens was again available for re-election to the Supervisory Board after his first term of office ended in the year under review. The Board has reappointed Mr Ubbens as a member of the Supervisory Board on the recommendation of the Supervisory Board. Mr P.C.M. Haenen was appointed as a member of the Board and Messrs J.P. Lindenberg and S. Wijma were reappointed to the Board.

Two stock trading days for the trading of HZPC certificates were again held during this financial year. The stock price rose on both occasions (once by 9% and once by 10%) to a final price of EUR 93.50. The Association did not own any certificates at the end of the 2013/2014 financial year.

The Supervisory Committee follows the implementation of the procedures for trading in certificates as laid down in the stock trading regulations. Mr J.H. te Raa has been appointed as a member of this Committee after Mr A. Miedema's term of office had ended. It is prescribed that the Board appoints one member of the Supervisory Board on the recommendation of the certificate holders, one on the recommendation of the Supervisory Board, and one on the recommendation of the organising bank. Rabobank has taken over the organisation of the stock trading day. On the recommendation of this bank, Mr W.J. Topma was reappointed as a member of the Supervisory Committee.

The Board also discussed any possible amendments to the Regulations to prevent the misuse of inside information, and has sought legal advice in this matter. With a view to the expected legislative changes in 2015 and their consequences for the Regulations, the Board has decided to put this item on the agenda once more for in the spring of 2015. This means that the current Regulations will remain in force for the time being.

This financial year, nine grower-certificate holders have used the possibility to take out a loan for the purchase of certificates. Six loans have now been fully repaid. Twenty-six grower certificate holders are currently participating in this scheme. The total amount involved amounted to EUR 202,668 (EUR 188,019 last year) on the balance sheet date.

The total number of certificate holders has remained more or less unchanged. On 30 June 2014, there were 1,301 certificate holders, two more than a year previously. The number of members of the Association is 1,055 (81% of the number of certificate holders).

The 2013/2014 financial year of the Association shows a negative operating result of EUR 35,016. As the Association no longer owns any certificates, the income will be limited to the interest received on the liquid assets.

The Boards of Growers and Breeders also met with the HZPC Management team and staff on several occasions during this financial year. During these consultations, the arrangements made in respect of the grower and breeder contracts were reviewed and, where necessary, adjusted to the developments in the sector and in the company.

Finally, the Board wishes to thank everyone for their efforts during the past financial year.

Joure, 16 October 2014

On behalf of the Board,

J.P. Lindenberg, Chairman

J.J.M. van der Heijden, Secretary

BALANCE SHEET

(after profit appropriation)

x eur 1,000	30-06-2014	30-06-2013
ASSETS		
Fixed assets		
Financial fixed assets		
HZPC Holland B.V shares for certificate holders	15,674.5	15,674.5
Receivables from certificate holders	202.3	188.0
Total fixed assets	15,876.8	15,862.5
Current assets		
Receivables		
Dividend to be received from HZPC Holland B.V.	4,996.2	666.2
Current account HZPC Holland B.V.	101.2	188.6
	5,097.4	854.8
Cash and cash equivalents		
Banks	380.6	294.9
Total current assets	5,478.0	1,149.7
Total assets	21,354.8	17,012.2
LIABILITIES		
Capital and reserves		
Reserves	443.5	478.5
Long-term liabilities		
Issued certificates of shares	15,674.5	15,674.5
Other long-term debts	202.3	188.0
	15,876.8	15,862.5
Current liabilities		
Dividend to be paid to certificate holders	4,996.2	666.2
Other debts	38.3	5.0
	5,034.5	671.2
Total liabilities	21,354.8	17,012.2

PROFIT AND LOSS ACCOUNT

x eur 1,000	2013/14	2012/13
INCOME		
Dividend return on certificates of shares under HZPC Holland B.V. control	-	-
Other income	-	-
Total income	-	-
EXPENSES		
Other operating expenses	-73.6	-72.9
Charged through to HZPC Holland B.V.	38.7	42.1
Total expenses	-34.9	-30.8
Interest income and charges	-0.1	0.3
Net result	-35.0	-30.5

NOTES TO THE ANNUAL ACCOUNTS

Founding of the HZPC Association (Vereniging HZPC)

The HZPC Association was founded on 29 November 1999 through a legal merger between the Coöperatie De ZPC Pootgoed Belangen B.A. which had been converted into an Association and the Stichting Administratiekantoor Hetteema which had been converted into an Association.

The HZPC Association holds legal title to 100% of the shares in HZPC Holland B.V, Joure (NL).

Activities

The Association's objects are:

- a. the issuing and management of share certificates in the Company;
- b. the promotion of certain material interests of its members/certificate holders;
- c. the promotion of certain material interests of its growers;
- d. the promotion of certain material interests of its breeders.

Financial year

The financial year of the Association runs from 1 July up to and including 30 June.

Standards applied

The annual accounts have been drawn up according to the statutory provisions of Title 9 of Book 2 of the Dutch Civil Code [Burgerlijk Wetboek].

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF RESULTS

General

The principles that have been applied for the valuation of assets and liabilities and the determination of results are based on historical costs.

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

Assets are included in the balance sheet when it is probable that economic benefit will accrue to the company in the future and the value can be reliably determined. Liabilities are included in the balance sheet when it is probable that the settlement of that liability will be accompanied by an outflow of resources which represent future economic benefit and the value can be reliably determined.

Income is included in the profit and loss account when an increase of the economic potential occurs which can be reliably determined and is accompanied by an increase in the value of an asset or a reduction of the value of a liability. Expenses are incorporated when a reduction of the economic potential occurs which can be reliably determined and is accompanied by a reduction in the value of an asset or an increase of the value of a liability.

If a transaction leads to the transfer of all or nearly all future economic benefits and all or nearly all risks in connection with the asset or the liability to a third party, the asset or liability will no longer be included in the balance sheet. Furthermore, an asset or liability is no longer included in the balance sheet from the date on which it no longer fulfils the criteria of being of probable future economic benefit and it is no longer possible to reliably determine the value.

Income and expenses are allocated to the period to which they relate. Income is accounted for once all major risks in relation to the trade commodities have been transferred to the buyer.

Rounding

The annual accounts are presented in thousands of euros, the functional currency of the Association.

Use of estimates

The compilation of the annual accounts requires that the Board forms judgements and makes estimates and assumptions that have an effect on the application of principles and the reported value of assets and liabilities, and of profits and losses.

The actual results may deviate from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are included in the period for which the estimate is revised and for future periods affected by the revision(s).

Financial instruments

Financial instruments are understood to mean both primary financial instruments and receivables and debts as derivative financial instruments (derivatives). For the principles of primary financial instruments reference is made to the individual balance sheet items.

Financial fixed assets

Participating interests and certificates on which no significant influence is exercised are valued at acquisition price or lower market value.

Loans are included at amortised cost price based on the effective interest method less special impairment losses.

The other financial fixed assets are, during the first processing, valued at true value, including transaction costs (if material). During the first processing, valuation takes place at amortised cost price based on the effective interest method, less any possible impairment losses.

Revenues from receivables and other securities that are classified as financial fixed assets, are accounted for in the year to which these are related.

Dividends are accounted for in the period to which they are related. Interest received is accounted for during the period to which it applies, taking into account the effective interest rate applicable to the asset in question. Any profits or losses are accounted for under financial profits and losses.

Receivables

Receivables are at first processing valued at true value, including transaction costs (if material). After first processing, valuation takes place at amortised cost price based on the effective interest method less special impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Liquid assets

The liquid assets, insofar as not stated otherwise, are freely available for the Association.

Capital and reserves

Financial instruments that are designated as equity instruments are presented under capital and reserves. Payments to holders of these instruments are deducted from the capital and reserves after any related benefits arising from after-tax profit have also been deducted.

Financial instruments that are designated as a financial obligation are presented under borrowed capital. Interest, dividends, profits and losses relating to these financial instruments are accounted for in the profit and loss account as costs or revenues.

Provisions

Provisions are valued either at the nominal value of the expenditure that is expected to be necessary to settle the liabilities and losses, or the cash value of the expenditure.

Long-term and current liabilities

Long-term and current liabilities and other financial obligations are at the first processing valued at true value. During the first processing, valuation takes place at amortised cost price based on the effective interest method. If there are no share premiums or discounts or transaction costs, the amortised cost price equals the nominal value of the debts.

Revenue recognition

The Association includes the revenues under net sales when all important rights to economic benefits as well as all important risks with regard to the transactions are transferred to the purchaser, when delivery has taken place, the value is determined or is payable and there is reasonable security that the sales price is recoverable. Normally, these criteria are satisfied at the moment the product or the service is delivered and acceptance, if required, is obtained.

Costs

The expenses are allocated to the period to which they relate.

Taxes over the result

The Association is liable to taxation on its own account.

NOTES TO THE BALANCE SHEET

HZPC Holland B.V shares for certificate holders

Name	Registered office	Number of shares	Participation in %
HZPC Holland B.V.	Joure	783,725	100

No updates have taken place in the HZPC Holland B.V. shares for certificate holders, 783,725 shares. These shares are valued at the nominal price of EUR 20 per share. The HZPC Association only has title to the HZPC Holland B.V. shares and holds these for the account and risk of the certificate holders. For this reason, the same amount as 'Issued certificates of shares' is included under Long-term liabilities.

The HZPC Association has no certificates under its control on the balance date. The valuation of these certificates takes place at cost price or lower market value.

x EUR 1,000

30-06-2014

30-06-2013

Receivables from certificate holders

Loans made available to certificate holders for the acquisition of certificates

Opening balance	188.0	153.2
Plus: new loans	89.6	98.1
Less: repayments	-75.3	-63.3
Closing balance	202.3	188.0

The interest percentage used varies from 0.6% to 2.8%.

Dividend to be received from HZPC Holland B.V.

The HZPC Association receives dividend from HZPC Holland B.V., after deduction of dividend tax, and pays this to the certificate holders in full.

Capital and reserves

Reserves

Opening balance	478.5	509.0
Less results of the financial year	-35.0	-30.5
Closing balance	443.5	478.5

Long-term liabilities

Other long-term debts

Loan taken out by HZPC Holland B.V. to finance the loans Issued to certificate holders. The loans have a maximum duration of 5 years.

In May 2014, the interest rate was 0.6%.

Opening balance	188.0	153.2
Plus: new loans	89.6	98.1
Less: repayments	-75.3	-63.3
Closing balance	202.3	188.0

NOTES TO THE PROFIT AND LOSS ACCOUNT

Determination of results

Operational costs are borne by HZPC Holland B.V.

x EUR 1,000	2013/14	2012/13
Other operating expenses		
Costs of stock trading days	-15.0	-10.0
Commission	-19.2	-19.8
Organisational costs	-38.7	-42.1
Bank charges	-0.7	-1.0
	-73.6	-72.9
Charged through to HZPC Holland B.V.		
Operational costs	38.7	42.1

Joure, 16 October 2014

The Board of the HZPC Association (Vereniging HZPC)

OTHER INFORMATION

OPINION OF THE INDEPENDENT AUDITOR

To: the Board of HZPC Association (Vereniging HZPC)

Statement concerning the annual accounts

We have audited the annual accounts over the period 1 July 2013 through to 30 June 2014 as presented in this report by the HZPC Association, Joure, the Netherlands. The annual accounts consist of the balance sheets as of 30 June 2014 and the profit and loss accounts over the period 1 July 2013 through to 30 June 2014 plus the explanatory notes which include an overview of the principles underlying the financial reports and other notes.

Responsibility of the Board

The Board of the Association is responsible for the preparation and fair presentation of the annual accounts, and for the preparation of the Report of the Board in accordance with Title 9 of Book 2 of the Dutch Civil Code (Burgerlijk Wetboek). The Board is also responsible for such internal control as it deems necessary to enable preparation of annual accounts that are free from material misstatement, whether due to 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 financial statements 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 Association's internal control mechanisms. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Association, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the annual accounts are a true and fair representation of the size and composition of the capital and reserves of HZPC Association as of 30 June 2014 and of the operating results over the financial year from 1 July 2013 through to 30 June 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 Report of the Board, 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 Report of the Board is compatible with the annual accounts as required by Section 391.4 of Book 2 of the Dutch Civil Code.

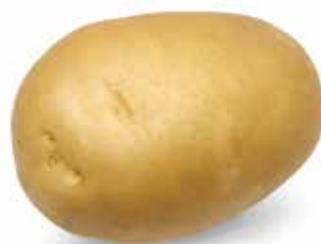
Groningen, 16 October 2014

KPMG Accountants N.V.

R.W. van Dijk RA

PROFIT APPROPRIATION

The results of HZPC Association will be credited or charged to the reserves.



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