ANNUAL ACCOUNTS 2016

ROYAL COSUN

CONSOLIDATED BALANCE SHEET

(after profit appropriation; in EUR million)

	Notes	31-12-2016	31-12-2015
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	109.6	123.9
Tangible fixed assets	(2)	630.1	604.3
Financial fixed assets	(3)	22.2	24.9
		761.9	753.1
Current assets			
Inventories	(4)	608.3	633.8
Trade and other receivables	(5)	305.2	290.9
Cash and cash equivalents	(6)	114.6	95.1
		1,028.1	1,019.8
Total assets		**1,790.0**	**1,772.9**
EQUITY AND LIABILITIES			
Group equity			
Capital and reserves	(7)	1,155.6	1,140.6
Minority interests	(8)	22.5	24.3
		1,178.1	1,164.9
Provisions	(9)	62.4	77.0
Non-current liabilities	(10)	67.8	68.1
Current liabilities	(11)		
Current liabilities to credit institutions and liabilities of a financing nature		11.3	12.8
Other current liabilities, accruals and deferrals		470.4	450.1
		481.7	462.9
Total equity and liabilities		**1,790.0**	**1,772.9**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2016	2015
Net turnover	(14)	1,987.5	1,947.7
Changes in inventories of finished products		-/- 30.2	21.4
Other operating income	(15)	17.6	17.6
Total operating income		**1,974.9**	**1,986.7**
EU levies	(16)	11.0	11.0
Cost of raw materials and consumables	(17)	1,202.6	1,211.1
Cost of outsourced work and other external costs	(18)	336.1	350.6
Staff costs	(19)	243.0	255.0
Amortisation and depreciation on intangible and tangible fixed assets		100.2	97.6
Other changes in the value of intangible and tangible fixed assets	(20)	1.6	-
Other operating expenses		3.5	2.2
Total operating expenses		**1,898.0**	**1,927.5**
Operating profit		**76.9**	**59.2**
Interest receivable and similar income		2.5	2.0
Interest payable and similar charges		-/- 5.9	-/- 8.1
Financial income and expense	(21)	**-/- 3.4**	**-/- 6.1**
Result from ordinary activities before taxation		**73.5**	**53.1**
Taxation	(22)	-/- 17.8	-/- 7.8
Share in results from participating interests		0.2	0.0
Result from ordinary activities after taxation		55.9	45.3
Minority interests		-/- 0.3	0.2
Net result		**55.6**	**45.5**

CONSOLIDATED CASH FLOW STATEMENT

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2016	2015
Operating profit		76.9	59.2
Depreciation and amortisation		100.2	97.6
Other value adjustments		1.6	-
Changes in provisions	(24)	-/- 9.6	0.2
Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	(24)	40.2	-/- 91.7
Cash flow from business operations		**209.3**	**65.3**
Interest received (paid)		-/- 4.1	-/- 6.6
Income tax paid		-/- 14.6	-/- 4.2
Other movements		-/- 0.4	-/- 0.8
		-/- 19.1	-/- 11.6
Cash flow from operating activities		**190.2**	**53.7**
Investments in (in)tangible fixed assets		-/- 120.8	-/- 108.6
Proceeds from the sale of tangible fixed assets		2.2	3.8
Acquisitions of participating interests		-	-/- 2.0
Cash flow from investing activities		**-/- 118.6**	**-/- 106.8**
Gross distribution under sugar beet payment/business termination regulations	(30)	-/- 51.5	-/- 179.0
Changes in long-term receivables		-/- 1.3	-/- 5.8
Changes in non-current liabilities	(24)	2.3	9.4
Changes in current liabilities to credit institutions and liabilities of a financing nature		-/- 1.5	-/- 48.2
Cash flow from financing activities		**-/- 52.0**	**-/- 223.6**
Changes in cash and cash equivalents		**19.6**	**-/- 276.7**
Cash and cash equivalents at the beginning of the year		95.1	370.5
Exchange and translation gains and losses on cash and cash equivalents		-/- 0.1	0.3
Cash and cash equivalents at participating interests acquired		-	1.0
Cash and cash equivalents at the end of the year		**114.6**	**95.1**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(in EUR million)

TRANSLATED FINANCIAL STATEMENTS

These Annual Accounts is an English translation of the original Dutch publication. In the event of textual inconsistencies between the English and the Dutch versions, the latter shall prevail.

GENERAL

Coöperatie Koninklijke Cosun U.A. (hereinafter: 'Cosun'), with its registered office in Breda, the Netherlands, processes and prepares raw materials, mostly from agricultural sources, producing semi-manufactures for the international food and beverage industry and the food service industry (restaurants, caterers and wholesalers), and finished products that are sold to customers through retail outlets. The group also processes organic residuals into products such as bio-ethanol and animal feed.

The activities are classified as follows:

- Sugar activities: sugar and bio-energy from residual currents (Suiker Unie).
- Potato activities: potato products, such as chilled, frozen and dried potato products and potato specialities (Aviko and Rixona).
- Other activities: fruit and vegetable products (SVZ), inulin (Sensus), animal feed and starch (Duynie Group) and innovation (Cosun Biobased Products).

APPLICABLE STANDARDS

The annual accounts have been prepared in accordance with the legal requirements as set out in Title 9, Book 2 of the Netherlands Civil Code. For the cooperative profit and loss account, Cosun has availed itself of the exemption available under Section 402, Book 2 of the Netherlands Civil Code.

CONSOLIDATION PRINCIPLES

The consolidated annual accounts include the financial data of Cosun and its group companies and other companies controlled by the company. Group companies acquired during the year under review are included as from the date at which direct or indirect influence can be exercised on the business and financial policy. The results of group companies sold are incorporated up to the moment the overriding control ended. Intercompany payables, receivables and transactions, as well as profits already recognised on these within Cosun but not yet realised, are eliminated in the consolidated annual accounts. The group companies are consolidated in full with the third-party minority interest being presented separately. Joint ventures are consolidated proportionally.

LIST OF PARTICIPATING INTERESTS

In accordance with Articles 379 and 414, Book 2 of the Netherlands Civil Code, a list of data on group companies and other participating interests has been filed with the Chamber of Commerce.

ACQUISITIONS AND DISPOSALS

No acquisitions were made in 2016.

The following acquisitions were made in 2015:
Duynie acquired the remaining 10% shares in Beuker S.R.O., Slovakia, on 29 October. Cosun increased its interest in Eemshaven Sugar Terminal C.V. by 32.7% as from 9 December, giving it power of control over policy.

No disposals took place in 2015 or 2016.

ACCOUNTING POLICIES

GENERAL

The accounting policies adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention. Insofar as not stated otherwise, assets and liabilities are shown at nominal value. An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is included in the balance sheet if it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

POLICIES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency and the functional currency of the annual accounts of Cosun is the euro (EUR). The costs and income arising from transactions in foreign currencies or monetary receivables and payables, are translated at the functional exchange rate on transaction date or the rate prevailing at balance sheet date respectively. Translation gains and losses are taken to the profit and loss account. The net investment in foreign participating interests is translated at the exchange rate prevailing at balance sheet date. Foreign currency profit and loss account items of foreign participating interests are translated at the average exchange rate. Translation gains and losses are taken directly to the statutory reserve for exchange rate differences as part of Cosun's group equity, less tax effects if applicable. If a foreign operation is fully or partially sold, the respective amount is transferred from the reserve for translation differences to the other reserves. Translation gains and losses on long-term financing and financial instruments used to hedge exchange rate risks arising from foreign participating interests are treated accordingly.

NETTING

Assets and liabilities are shown net of each other in the annual accounts only if and in so far as:

- there is a reliable legal instrument to net and simultaneously settle the assets and the liability, and
- there is a firm intention to settle the net amount or the two items simultaneously.

FINANCIAL INSTRUMENTS

The financial statements includes the following primary financial instruments: loans granted, trade and other receivables, cash and cash equivalents, loans received, other financing commitments, trade payables and other payables. The financial statements also includes derivative financial instruments (derivatives).

PRIMARY FINANCIAL INSTRUMENTS

Primary financial instruments are initially recognized at fair value which includes the attributable transaction costs. After initial recognition, primary financial instruments are carried at amortised costs using the effective interest method, less impairment losses. The effective interest method is used to recognize transaction costs in the profit and loss account. Loans granted and other receivables are restated if there is objective evidence of an impairment. The fair value of cash and cash equivalents is equal to the nominal value; cash and cash equivalents are freely available to Cosun unless stated otherwise.

DERIVATIVE FINANCIAL INSTRUMENTS (DERIVATIVES)

Currency derivatives, interest derivatives and forward commodity transactions

Cosun uses derivatives to hedge the exchange rate, interest rate and price risk from balances and highly probable future sales and purchases. Forward exchange contracts, interest rate swaps, forward commodity contracts and other derivative financial instruments are used to hedge these risks. Derivatives are initially recognized at fair value. After initial recognition derivatives are stated at cost or lower fair market value unless cost price hedge accounting is applied. At initial recognition the cost price is equal to the fair value. Cosun applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the derivatives and the future transaction in the profit and loss account.

If cost price hedge accounting is applicable the accounting policies are defined below:

- As long as the hedged financial asset or liability is not recorded in the balance, the derivative will not be recorded.
- As soon as the hedged position of the expected transaction leads to the recognition of a primary financial instrument, the gains or losses associated with the derivative are recognised in the profit-and-loss account in the same period in which the primary financial instrument affects profit or loss.
- Cosun periodically assesses the effectiveness of its hedging relationships. The results from the non-effective part of the hedge relationship are included in the profit-and-loss account.
- Should the transaction no longer be expected to take place, so the derivative no longer meets the conditions for cost price hedge accounting, or is sold, the accumulated profit or the accumulated loss is recognised in the profit-and-loss account.
- Translation gains and losses on primary financial instruments are compensated by changes in value of currency derivatives. The book value of a currency derivative is carried by the difference between the applicable exchange rate as at balance sheet date and the hedged exchange rate.
- The value of a currency derivative is amortized over the duration of the currency swap.

INTANGIBLE FIXED ASSETS

Goodwill is the excess of the purchase price and the fair value of the identifiable assets and liabilities of the acquired participating interest at the date of acquisition. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable at the moment of acquisition. The capitalised goodwill is amortised according to the straight-line method over the estimated useful life, in general between 5 and 20 years.

Other tangible fixed assets (excluding CO_2 emission allowances) are carried at cost net of accumulated depreciation and other downward value adjustments. Other intangible assets are depreciated on a straight-line basis over their estimated useful lives, generally between three and five years.
Cosun obtained CO_2 emission allowances at zero cost. The company has not recognized its surplus CO_2 emission allowances obtained for nothing. Cosun acquires emission allowances to meet future deficiencies. The acquired emission allowances are stated at cost and will be charged to the result at time of use.

TANGIBLE FIXED ASSETS

Land and buildings, machinery and equipment and other tangible fixed assets are stated at cost of purchase or manufacture, less accumulated depreciation and other downward value adjustments. Grants and subsidies are deducted from the cost of purchase or manufacture of the asset in question.

Depreciation is calculated as a percentage of the cost of acquisition or manufacture according to the straight-line method on the basis of useful life. Land, tangible fixed assets in production and prepayments are not depreciated. Maintenance expenditure is only capitalised if it extends the useful life of the asset.

FINANCIAL FIXED ASSETS

Non-consolidated participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under the net asset value method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognized directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests. The group's share in the results of the participating interests is recognized in the profit and loss account.

If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve.

If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been made good.

Following application of the net asset value method, the group determines whether an impairment loss has to be recognized in respect of the participating interest. At each reporting date, the group assesses whether there are objective indications of impairment of the participating interest. If any such indication exists, the group determines the impairment loss as the difference between the recoverable amount of the participating interest and its carrying amount, taking it to the profit and loss account.

Other long-term receivables are carried at amortised cost, less a provision deemed necessary for uncollectibility.

IMPAIRMENT OR VALUE ADJUSTMENT OF FIXED ASSETS

Cosun recognises intangible, tangible and financial fixed assets in accordance with accounting policies generally accepted for financial reporting in the Netherlands. Pursuant to these policies, assets with a long life should be subject to an impairment test in the case of changes or circumstances arising that lead to the suspicion that the book value of the asset will not be recovered.
The recoverability of assets in use is determined by comparing the book value of an asset with the future net cash flow that the asset is expected to generate. In the case of a higher book value, the difference is charged to the result. Assets for sale are stated at book value or lower market value, less selling costs.

INVENTORIES

Raw materials and consumables are carried at the lower of cost in accordance with the FIFO ('first in, first out') method. Finished products are valued on the basis of cost of manufacture, including the purchase costs of used raw materials and consumables and the other costs directly attributable to manufacture. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture. Members' bonus is not included in the valuation of inventory. Goods for resale are valued at cost. Cost includes the purchase price plus additional related costs. Land designated as project development land is valued at the historical cost of acquiring the land and other costs, which are directly attributable to the development.
When valuing inventories, account is taken of any value adjustment occurring on the balance sheet date including, if applicable, lower net realisable value.

RECEIVABLES

Short-term receivables that do not explicitly bear interest are initially measured at fair value and subsequently carried at amortised cost, less a provision for doubtful debts were necessary. Provisions are determined on the basis of individual assessment of the collectibility of receivables.

FAIR VALUE

Fair value represents the amount for which an asset is traded or an obligation settled between properly informed independent parties prepared to enter into a transaction.

AMORTISED COST

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction (effected directly or through a provision being formed) for impairment and doubtful debt.

EQUITY

Pursuant to Guideline 620 of the Dutch Accounting Standards Board, the part (2%) of the paid-up capital that is payable on demand by the members is recognised as a liability in the consolidated annual accounts. As a result the consolidated equity differs from the equity in the cooperative annual accounts.

In so far as members are eligible to payment under the Sugar Beet Delivery Payment Regulations or the Cessation of Business Regulations, the payment is charged to equity the moment it is paid.

A standard payment regulation applies when a member obtains shares. The present value of the amount payable is recognised under receivables.

MINORITY INTERESTS

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

PROVISIONS

A provision is recorded when:

- There is a present legal or constructive obligation as a result of a past event.
- A reliable estimate can be made.
- It is probable that an outflow of economic benefits will be required to settle the obligation.

The provisions are valued at the discounted expected future cash flows.

PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the company has the power to withdraw this surplus, if it is likely that the surplus will flow to the company and if the receivable can be reliably determined.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members) are recognised and measured in accordance with Dutch pension plans (see previous section). For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date.
This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Other deferred employee benefits

For other deferred employee benefits (such as jubilee) provisions are recorded. This provision is recorded at present value. The calculation of the present value is based on commitments, expected average remaining working period and age of the employees.

NEGATIVE GOODWILL

Given its long-term nature, negative goodwill is presented as a non-current liability. The negative goodwill is recognised in the profit and loss account in proportion to the weighted average of the remaining useful life of the acquired depreciable assets.

LONG-TERM LEASE OBLIGATIONS

Agreements are assessed as to whether they contain a lease on the basis of economic reality on the contract date.

In case of financial lease (where the costs and benefits of the asset leased are borne entirely or almost entirely by the lessee) the leased asset and the associated debt on the date on which the agreement is entered into are recognised in the balance sheet at the lower of the asset's fair value at the date on which the agreement was entered into and the present value of the minimum lease payments. The initial direct costs borne by the lessee are included in the initial recognition of the asset. Lease payments are broken down into interest expense and repayment and the outstanding obligation, using a constant rate of interest over the remaining net obligation.

The capitalised asset leased is depreciated over the shortest period of the lease term or the useful life of the asset if there is no reasonable certainty that the lessee will become the owner at the end of the lease term.
In case of operational lease, lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

DETERMINATION OF THE RESULT

Net turnover concerns the income from goods and services delivered to third parties, less discounts awarded and turnover tax. Turnover is only recorded if there is reasonable assurance that future benefit will be accrued by the business and that such benefit can be estimated reliably. Income is recorded when the significant risk and rewards of ownership have been transferred to the buyer, receipt of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably and there is no continuing involvement of the legal entity with the goods.

Members receive a members' bonus for the beet they deliver. The members' bonus is recognised as cost of raw materials and consumables.

The share in the result of participating interests represents Cosun's share in the result of these participating interests (if the participating interest is valued at net asset value) or the dividend received or other value adjustment (if the participating interest is valued at cost).

TAXES

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

Deferred tax assets, including off-settable tax losses, are stated in so far as it is deemed probable that they will be realised in future and are calculated on the basis of the tax rate applicable at the time at which they are expected to be realised.

In so far as valuations for tax purposes differ from the policies described in this section, a provision is formed for any resultant deferred tax liabilities, calculated at the tax rate applicable at the time are expected to be paid.

THE USE OF ESTIMATES

During the preparation of the annual accounts, the management must, in accordance with the general prevailing policies, make certain estimates and assumptions that co-determine the stated amounts. The actual results may deviate from these estimates.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currencies have been translated into euros at average exchange rates. The cost of group companies acquired and the selling price of group companies disposed of are included in cash flow from investing activities.

(1) INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2016	244.2	28.7	272.9
Accumulated amortisation and other value adjustments as at 1 January 2016	126.8	22.2	149.0
BOOK VALUE AS AT 1 JANUARY 2016	**117.4**	**6.5**	**123.9**
Movements:			
- Investments	-	0.2	0.2
- Disposals	-	-/- 0.3	-/- 0.3
- Transfer	-	0.4	0.4
- Amortisation	-/- 12.4	-/- 1.6	-/- 14.0
- Other changes in value	-/- 0.6	-	-/- 0.6
BOOK VALUE AS AT 31 DECEMBER 2016	**104.4**	**5.2**	**109.6**
At cost as at 31 December 2016	244.2	28.7	272.9
Accumulated amortisation and other value adjustments as at 31 December 2016	139.8	23.5	163.3

GOODWILL

The goodwill related to acquisitions, is amortized over 5 to 20 years. A period of 20 years applies to investments that have a strategic character and an expected economic useful life of at least 20 years.

OTHER INTANGIBLE FIXED ASSETS

The other items under intangible assets, including software and licensing expenses, are amortised over a period of three to five years.

(2) TANGIBLE FIXED ASSETS

Movements in tangible fixed assets were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2016	398.8	1,085.9	75.1	26.6	8.3	1,594.7
Accumulated depreciation and other changes in value as at 1 January 2016	209.9	726.9	53.6	-	-	990.4
BOOK VALUE AS AT 1 JANUARY 2016	**188.9**	**359.0**	**21.5**	**26.6**	**8.3**	**604.3**
Movements:						
- Investments	10.5	75.6	6.6	26.5	1.4	120.6
- Disposals	-/- 0.6	-/- 1.0	-/- 0.2	-/- 0.1	-	-/- 1.9
- Transfer	0.1	20.7	-/- 1.4	-/- 18.7	-/- 1.2	-/- 0.5
- Depreciation	-/- 12.6	-/- 70.2	-/- 5.7	-/- 0.3	-	-/- 88.8
- Other changes in value	-/- 0.5	-/- 0.4	-/- 0.1	-	-	-/- 1.0
- Exchange differences	-/- 0.9	-/- 1.0	-/- 0.7	-	-	-/- 2.6
BOOK VALUE AS AT 31 DECEMBER 2016	**184.9**	**382.7**	**20.0**	**34.0**	**8.5**	**630.1**
At cost as at 31 December 2016	404.8	1,167.2	75.6	34.0	8.5	1,690.1
Accumulated depreciation and other changes in value as at 31 December 2016	219.9	784.5	55.6	-	-	1,060.0

The expected useful life and associated depreciation period is 10 to 40 years for the buildings, 10 to 20 years for the machinery and equipment and four years on average for the other tangible fixed assets. The insured value of the buildings, machinery, equipment and inventories is EUR 3.3 billion (2015: EUR 3.3 billion).

The group is the benefical, not legal, owner of buildings with a book value of EUR 13.9 million (2015: EUR 14.1 million) and machinery and equipment with a book value of EUR 1.9 million (2015: EUR 2.1 million) under financial lease contracts.

(3) FINANCIAL FIXED ASSETS

Movements in financial fixed assets were as follows:

	PARTICIPATING INTERESTS	RECEIVABLES FROM PARTICIPATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2016	3.8	0.8	10.2	8.9	1.2	24.9
Movements:						
- Additions and issuances	-	-	1.5	0.3	-	1.8
- Repayments and releases	-	-	-/- 0.5	-/- 1.8	-	-/- 2.3
- Movements in favour of/charged to the result	-	-	0.5	-/- 1.5	-/- 0.2	-/- 1.2
- Share in results of participating interests and dividend received	-/- 0.1	-	-	-	-	-/- 0.1
- Reclassified as short-term receivables	-	-	-/- 0.9	-	-	-/- 0.9
BALANCE AS AT 31 DECEMBER 2016	**3.7**	**0.8**	**10.8**	**5.9**	**1.0**	**22.2**

PARTICIPATING INTERESTS

The participating interests relate, among other, to the non-consolidated interest in Aviko Kloosterboer Verpakkingen B.V. and in the Spanish potato specialities company Eurofrits, S.A. As significant influence can be exercised on these interests, they are stated based on net asset value. The minority interest in Eemshaven Sugar Terminal C.V. was increased to a majority interest in 2015.

RECEIVABLES FROM MEMBERS

The net present value of the non-interest-bearing receivables from members (EUR 10.8 million) relate to the long-term portion of amounts still to be deposited for issued shares (2015: EUR 10.2 million).

DEFERRED TAX ASSETS

The deferred tax assets item relates to the recognised available tax losses and temporary differences in the fiscal and commercial valuations. It is expected that EUR 2.2 million (2015: EUR 1.9 million) of this receivable will be recovered within one year.

The tax loss carry-forwards, insofar as they are not included in the balance sheet under deferred tax assets, amounts to EUR 12.1 million gross (2015: EUR 6.2 million).

OTHER RECEIVABLES

Other receivables consist of capitalised costs incurred for the conclusion of a new financing agreement expiring in June 2021.

(4) INVENTORIES

	31-12-2016	31-12-2015
Land	8.4	10.4
Raw materials and consumables	68.6	69.0
Finished products and goods for resale	531.3	554.4
	608.3	**633.8**

Of the inventories EUR 0.6 million (2015: EUR 1.6 million) is stated at lower recoverable amount. The provision for obsolete inventories amounts to EUR 6.5 million (2015: EUR 6.6 million). The land included in inventory relates to grounds being developed for business park AFC Nieuw Prinsenland near Dinteloord.

Inventories with a carrying amount of EUR 3.8 million (2015: EUR 3.7 million) have been pledged as security to the bank.

(5) TRADE AND OTHER RECEIVABLES

	31-12-2016	31-12-2015
Trade accounts receivable	235.8	239.0
Receivables from members	1.0	0.9
Income tax receivable	2.6	1.4
Other tax receivables	38.7	21.1
Other receivables, prepayments and accrued income	27.1	28.5
	305.2	**290.9**

OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

This item relates to amounts receivable of EUR 21.7 million (2015: EUR 24.0 million) and advance payments of EUR 5.4 million (2015: EUR 4.5 million).
In 2015 the prepayments and accrued income included an interest rate swap to hedge the interest rate risk of a loan with a term of less than one year. As at 31 December 2015, the fair value of the interest rate swap was EUR 0.1 million negative.

(6) CASH AND CASH EQUIVALENTS

An amount of EUR 0.7 million (2015: EUR 0.4 million) is not available on demand.

(7) CAPITAL AND RESERVES

For a breakdown of capital and reserves, please refer to the notes to the cooperative annual accounts.
The consolidated statement of total recognised gains and losses is as follows:

	2016	2015
Net result	55.6	45.5
Translation differences on foreign participating interests	-/- 1.9	4.3
Total result recognised by Cosun	**53.7**	**49.8**

(8) MINORITY INTERESTS

	2016	2015
Balance as at 1 January	24.3	26.3
Movements:		
- Share in results	0.3	-/- 0.2
- Capital movements and change in consolidation	-/- 0.3	1.1
- Dividend paid to minority interests and liquidation distributions	-/- 1.7	-/- 3.4
- Exchange differences and other movements	-/- 0.1	0.5
BALANCE AS AT 31 DECEMBER	**22.5**	**24.3**

The minority interests consist largely of third-party shares in the Slovenian sugar factory Tovarna Sladkorja Ormoz d.d. in liquidation, the potato-processing factory Gansu Aviko Potato Processing Co. Ltd, Rain Biomasse Wärme GmbH, the trading company Limako B.V., Agri Bio Source Europe B.V., Martin Amberger Kartoffelverarbeitung Dolli-Werk GmbH & Co. KG and Eemshaven Sugar Terminal CV.

(9) PROVISIONS

	31-12-2016	31-12-2015
Deferred tax liabilities	28.9	33.9
Restructuring and reorganization	1.8	4.2
Pensions and other deferred employee benefits	16.3	21.9
Other provisions	15.4	17.0
	62.4	77.0

Of the provisions an amount of EUR 47.9 million (2015: EUR 49.5 million) has an expected term of more than one year.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	RESTRUCTURING AND REORGANISATION	PENSION AND OTHER DEFERRED EMPLOYEE BENEFITS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2016	33.9	4.2	21.9	17.0	77.0
Movements:					
- Additions	0.7	1.3	2.6	3.6	8.2
- Withdrawals	-/- 5.4	-/- 1.6	-/- 8.0	-/- 4.6	-/- 19.6
- Mutation to profit and loss account	-/- 0.3	-/- 2.1	-/- 0.2	-/- 0.6	-/- 3.2
BALANCE AS AT 31 DECEMBER 2016	**28.9**	**1.8**	**16.3**	**15.4**	**62.4**

DEFERRED TAX LIABILITIES

The provision for deferred tax liabilities arises from the timing differences between fiscal and commercial profit determination. Of the deferred tax liabilities, EUR 21.2 million (2015: EUR 28.3 million) are long term in nature.

RESTRUCTURING AND REORGANISATION

The provision for restructuring and reorganisation relates mainly to the restructuring at Aviko.

PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS

Several pension plans and other deferred employee benefits apply within Cosun. The life-long pension plans for the staff of Cosun Holding, Coöperatie Cosun (including Suiker Unie) and Sensus are administered by the Cosun occupational pension fund. As at 31 December 2015, the Aviko pension fund was wound up and the assets and commitments were transferred to the PGB pension fund. This fund administers the pension plans of the member companies of the former Aviko pension fund as from 2016.

COMPANY PENSION FUND	ESTIMATED COVERAGE AS AT 31-12-2016	BASIC FEATURES PENSION SYSTEM
Pension fund Cosun	114.1	Average pay pension plan

The company pension fund has conditional indexation for inactive employees.

The pension scheme is based on a fixed contribution and average salary with conditional indexation. The employer has guaranteed the accrual and indexation of the assets for the members of the Cosun Pension Fund to the end of 2023 in so far as they cannot be funded from the contribution. The guarantee relates to indexation of up to 2% to the end of 2016 and is then lowered in steps to 1.2% in 2023. As at 1 January 2017 no additional commitment for the guaranteed indexation was applicable.

A number of schemes have also been implemented within an industrial-sector pension fund or own management (long service award and mortality schemes) by the company concerned. In the implementation of these various schemes, local legal frameworks are taken into account and the regulations are carried out as described in the terms and conditions of employment.

The main actuarial assumptions were:

	2016	2015
Discount rate	1.5 %	2.0 %
Future salary increases	2.0 %	2.0 %

The Cosun pension fund applies the AG2016 projection table, adjusted for the High income class, as its mortality table.

OTHER PROVISIONS

The other provisions have been recorded for risks with respect to environment, obligations for demolition of assets, liabilities for the disposal of soil tare and other risks amounting to EUR 15.1 million (2015: EUR 16.4 million). In addition, a provision of EUR 0.3 million (2015: EUR 0.6 million) has been recorded for contractual risks, claims and fines.

The discount rate to discounting the future cash flows applied for is 0.5% to 1.5% depending on the term (2015: 1.5% to 2% depending on the term).

(10) NON-CURRENT LIABILITIES

	31-12-2016	EFFECTIVE INTEREST RATE	31-12-2015	EFFECTIVE INTEREST RATE
Debts to credit institutions	2.0	4.7 %	1.9	4.6 %
Debts to institutional investors	31.0	5.3 %	31.0	5.3 %
Debts to members	17.5	2.4 %	14.6	2.5 %
Negative goodwill	4.2	-	6.8	-
Lease obligation	13.1	7.6 %	13.8	7.6 %
	67.8		**68.1**	

DEBTS TO CREDIT INSTITUTIONS

The non-current debts to credit institutions have a residual term of between one and five years. None of these debts carries variable interest.

DEBTS TO INSTITUTIONAL INVESTORS

Amounts owed to institutional investors consist entirely of a loan placed with a Dutch financial parity member with a lump-sum repayment in 2018. The loan is denominated in euros and amounts EUR 31.0 million (2015: EUR 31.0 million). Financing is provided based on certain financial conditions agreed by the parties. All of these conditions are met.

DEBTS TO MEMBERS

The Debts to members relates to the members' loan programme introduced in 2015. Members of Cosun can loan to Cosun part of the payments which they receive from Cosun. The loan has a fixed interest rate and a term between 2 and 5 years. The loans are subordinated to other creditors.

NEGATIVE GOODWILL

The negative goodwill, relating to acquisitions is released to the result based on the weighted average remaining life of the acquired depreciable assets.

LEASE OBLIGATION

This relates mainly to lease obligations in respect of a distribution centre and a groundwater treatment plant.

(11) CURRENT LIABILITIES

	31-12-2016	31-12-2015
Debts to credit institutions	11.0	12.5
Liabilities of a financing nature	0.3	0.3
Total debts to credit institutions and liabilities of a financing nature	**11.3**	**12.8**
Payables to members	125.3	120.2
Payables to suppliers and trade creditors	191.4	181.4
Income tax payable	7.9	14.3
Other taxes and social security contributions payable	12.2	8.9
Other current liabilities and accruals	133.6	125.3
Total other current liabilities, accruals and deferrals	**470.4**	**450.1**

DEBTS TO CREDIT INSTITUTIONS

A five-year EUR 400 million financing arrangement was concluded with a bank syndicate in July 2014. The arrangement was extended for one more year in 2015 and again in 2016 by a further year. As at 31 December 2015 and 2016, no use had been made of this arrangement.

OTHER LIABILITIES ACCRUALS AND DEFERRALS

The other current liabilities and accruals relate to production levies, interest, holiday entitlements, bonuses and other expenses still to be paid.

(12) DERIVATIVE FINANCIAL INSTRUMENTS

GENERAL

Cosun's treasury policy is aimed at hedging exchange and interest rate risks as much as possible. The exchange rate risk on financing contracts in foreign currency regarding group companies is hedged by currency swaps. Cosun neither holds nor issues derivatives for trading purposes.

EXCHANGE RATE RISK

The following table shows the contract volumes and fair market value of the contracts outstanding at 31 December all of which have been concluded with financial institutions with a short term credit rating of A2 or higher.

	CONTRACT VOLUME 31-12-2016	BOOK-VALUE 31-12-2016	FAIR MARKET VALUE 31-12-2016	CONTRACT VOLUME 31-12-2015	BOOK-VALUE 31-12-2015	FAIR MARKET VALUE 31-12-2015
Forward exchange contracts and currency swaps:						
US dollar	111.2	-/- 1.0	-/- 2.6	97.9	-/- 1.2	-/- 2.5
Pound sterling	82.0	-	-/- 1.1	73.6	0.1	0.6
Polish zloty	-/- 10.7	-/- 0.2	-/- 0.1	0.6	-	0.1
Australian dollar	13.7	-/- 0.1	-/- 0.4	9.3	-	-/- 0.1
Swedish crown	0.4	-	-	1.9	-	-
Canadian dollar	-	-	-	-/- 0.4	-	-
Czech koruna	0.1	-	-	1.7	-	-
Russian ruble	0.8	-/- 0.1	-/- 0.1	0.9	0.1	0.1
TOTAL	**197.5**	**-/- 1.4**	**-/- 4.3**	**185.5**	**-/- 1.0**	**-/- 1.8**

The contract volume is the product of the contracted amount and applicable exchange rate as at the balance sheet date. The book value is the part of the contract volume for which the hedged position has resulted in a financial active or financial liability, and is carried as the difference between the exchange rate as at balance sheet date and the hedged exchange rate. The fair value pertains to the total contract volume.

As in 2015, the forward exchange contracts and currency swaps have mainly a term shorter than one year. The contract volume with a term longer than one year amounts to EUR 9.0 million (2015: EUR 4.0 million).

PRICE RISK

	BOOK VALUE 31-12-2016	FAIR MARKET VALUE 31-12-2016	BOOK VALUE 31-12-2015	FAIR MARKET VALUE 31-12-2015
Commodity futures contracts	-	2.0	-	-/- 3.4
Listed futures contracts	-	1.9	-	-

As in the previous year, most commodity futures contracts had a term of less than one year. Some of these contracts had not been exercised as at 31 December 2016. Margin calls of EUR 1.0 million apply to the listed futures contracts.

CREDIT RISK

Credit risks differ by country and individual counterparty and are managed by means of credit limits for each country and counterparty. The credit risk relating to derivatives and other financial instruments is managed by only concluding contracts with financial institutions with a credit rating of A or higher for long-term or a S&P rating of A2 or higher for short-term.

INTEREST RATE RISK

To manage interest rate risks the interest on the permanent financing needs is covered by the derivate financial instruments below:

	CONTRACT VOLUME 31-12-2016	BOOK VALUE 31-12-2016	FAIR MARKET VALUE 31-12-2016	CONTRACT VOLUME 31-12-2015	BOOK VALUE 31-12-2015	FAIR MARKET VALUE 31-12-2015
Other interest rate derivatives	-	-	-	6.0	-/- 0.1	-/- 0.1

The fair value of all other interest rate derivatives with a term to maturity of less than one year was EUR 0.1 million negative in 2015.

(13) OFF BALANCE SHEET COMMITMENTS

SECURITIES PROVIDED

Financing agreements include negative pledges with pari passu clauses. A number of group companies have given security to credit institutions and tax authorities in the form of non-possessory pledges on inventories, machinery and business equipment, silent pledges on receivables and mortgages on a number of properties.

Cosun has provided conditional security for the EUR 31.0 million (2015: EUR 31.0 million) liabilities to institutional investors by means of a pledge on goods.

CLAIMS

Cosun and/or its group companies are involved in a number of legal cases in connection with the group’s ordinary activities. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed – partly on the basis of legal advice – that the total obligations arising from these will not have any significant effect on the consolidated financial position. Provisions have been formed for all third party claims likely to be awarded for which the size of the potential settlement can be reasonably estimated.

GUARANTEES

Cosun has given guarantees to third parties to an amount of EUR 27.8 million (2015: EUR 30.1 million).

LONG-TERM FINANCIAL COMMITMENTS

Long-term unconditional commitments have been entered into in respect of rent and operating lease. The obligations ensuing from this amount to EUR 20.2 million (2015: EUR 21.6 million). The rental and lease instalments payable within one year amount to EUR 6.3 million (2015: EUR 6.0 million). Instalments payable after five years amount to EUR 1.0 million (2015: EUR 2.5 million). Contingent investment liabilities amount to EUR 43.4 million (2015: EUR 26.2 million).

(14) NET TURNOVER

The break-down of net turnover per product group is as follows:

	2016	%	2015	%
Sugar activities	749.9	37.7	734.0	37.7
Potato activities	814.6	41.0	757.3	38.9
Other activities	423.0	21.3	456.4	23.4
TOTAL	**1,987.5**	**100.0**	**1,947.7**	**100.0**

Net turnover per geographical region can be broken down as follows:

	2016	%	2015	%
The Netherlands	599.6	30.2	613.5	31.5
Rest of the EU	1,074.4	54.0	1,022.5	52.5
Rest of Europe	37.2	1.9	39.0	2.0
North and South-America	121.4	6.1	129.4	6.7
Rest of the world	154.9	7.8	143.3	7.3
TOTAL	**1,987.5**	**100.0**	**1,947.7**	**100.0**

(15) OTHER OPERATING INCOME

The book profit on sold assets, insurance payments received, grants, reimbursements received for services to third parties and rental income are included under these revenues.

(16) EU LEVIES

Production levies are imposed by the EU to finance the sugar market regime.

(17) COST OF RAW MATERIALS AND CONSUMABLES

This item includes the cost of raw materials and consumables, purchased finished goods and production-related energy costs. Sugar beet purchases from members amounted to EUR 237.3 million (2015: EUR 230.2 million). This amount includes EUR 70.6 million payable as members' bonus (2015: EUR 69.3 million).

(18) COST OF OUTSOURCED WORK AND OTHER EXTERNAL COSTS

This expense item includes, among other things, rental costs, research costs, repair and maintenance costs, indirect energy costs, transport costs, office expenses, selling expenses, insurance costs and IT costs, insofar as such expenses are charged by third parties.

The total Research & Development costs, including staff costs, amounted to EUR 18.4 million (2015: EUR 15.3 million).

(19) STAFF COSTS

	2016	2015
Wages and salaries	188.4	188.8
Social security contributions	31.9	32.2
Pension costs	22.7	34.0
	243.0	**255.0**

NUMBER OF EMPLOYEES

Expressed in full-time equivalents, the average number of employees at Cosun during the 2016 financial year was 3,896 (2015: 3,912). The employees were engaged in the following product groups (average number of employees):

	2016	2015
Sugar activities	836	851
Potato activities	2,101	2,055
Other activities	959	1,006
TOTAL	**3,896**	**3,912**
Of whom employed outside the Netherlands	1,935	1,875

(20) OTHER CHANGES IN THE VALUE OF INTANGIBLE AND TANGIBLE FIXED ASSETS

In 2016 the impairment on tangible fixed assets amounts to EUR 1.6 million. The change in value in 2015 amounted to nil.

(21) FINANCIAL INCOME AND EXPENSE

Financial income and expenses include interest on interest bearing receivables and debts.

(22) TAXATION ON RESULTS FROM ORDINARY ACTIVITIES

The corporate income tax disclosed in the profit and loss account amounts to EUR 17.8 million (2015: EUR 7.8 million) on a result of EUR 73.5 million (2015: EUR 53.1 million). The effective tax rate was 24.2% (2015: 14.7%). The difference from the nominal tax rate can be specified as follows:

	2016	%	2015	%
Profit before taxation	73.5		53.1	
Income tax based on Dutch tax rates	18.4	25.0	13.3	25.0
Effect of different/foreign tax rates	-/- 1.3	-/- 1.8	-/- 1.4	-/- 2.6
Non-deductible charges / permanent differences	0.1	0.1	-/- 1.0	-/- 1.9
Effect of change in valuation of tax losses, assets or temporarily differences	1.6	2.2	-/- 1.4	-/- 2.7
Adjustment for prior periods	-/- 0.2	-/- 0.2	-/- 1.4	-/- 2.6
Other	-/- 0.8	-/- 1.1	-/- 0.3	-/- 0.5
TOTAL TAX BURDEN	**17.8**	**24.2**	**7.8**	**14.7**

The impact of changes in the valuation of tax losses in 2016 is mainly attributable to the non-valuation of losses in foreign entities. In 2015 this was also explained by the realisation of a tax gain on the liquidation loss of L. P. Boots Deutschland GmbH.
The adjustments to prior years relate partly to changes in response to the filling of final returns for prior years. Prior year adjustments in 2015 also related to the outcome of the discussion between the Dutch and the U.S. tax authorities on transfer pricing methodology to be used for one of the activities.

(23) FEES OF THE AUDITOR

The following fees have been charged by Ernst & Young Accountants LLP to the company, its subsidiaries and other consolidated companies, as referred to in article 2:382a (1 and 2) of the Netherlands Civil Code.

In the year 2016 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.3	0.3	0.6
Tax advisory services	-	0.5	0.5
TOTAL	**0.3**	**0.8**	**1.1**

In the year 2015 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.3	0.2	0.5
Tax advisory services	-	0.3	0.3
TOTAL	**0.3**	**0.5**	**0.8**

The fees stated above for the audit of the financial statements are based on the total fees for the audit of the 2016 financial statements, regardless of whether the procedures were already performed in 2016.

(24) CASH FLOW STATEMENT

Movements in the cash flow statement can be derived largely from the movements in the relevant balance sheet items. The balance sheet movement and the cash flow statement movement of certain items are reconciled below:

	WORKING CAPITAL	PROVISIONS	NON-CURRENT LIABILITIES
Balance as at 1 January 2016	474.6	-/- 77.0	-/- 68.1
Balance as at 31 December 2016	443.1	-/- 62.4	-/- 67.8
Balance sheet movements	**31.5**	**-/- 14.6**	**-/- 0.3**
Adjustments for:			
- Changes in consolidation	7.7	5.0	-
- Release negative goodwill	-	-	2.6
- Reclassification	1.0	-	-
CASH FLOW	**40.2**	**-/- 9.6**	**2.3**

COOPERATIVE BALANCE SHEET

(after profit appropriation; in EUR million)

	Notes	31-12-2016	31-12-2015
ASSETS			
Fixed assets			
Intangible fixed assets	(25)	69.4	77.2
Tangible fixed assets	(26)	268.5	258.3
Financial fixed assets	(27)	430.0	609.0
		767.9	944.5
Current assets			
Inventories	(28)	310.2	335.0
Trade and other receivables	(29)	378.6	199.5
Cash and cash equivalents		80.1	74.4
		768.9	608.9
Total assets		**1,536.8**	**1,553.4**
EQUITY AND LIABILITIES			
Shareholders' equity	(30)		
Share capital		7.0	7.0
Share premium		53.4	53.4
Reserve for participating interests		7.6	5.6
Reserve for exchange differences		3.2	5.0
Other reserves		1,086.4	1,070.8
		1,157.6	1,141.8
Provisions	(31)	31.7	41.0
Non-current liabilities	(32)	58.1	55.3
Current liabilities	(33)		
Current liabilities to credit institutions and liabilities of a financing nature		2.0	0.1
Other current liabilities, accruals and deferrals		287.4	315.2
		289.4	315.3
Total equity and liabilities		**1,536.8**	**1,553.4**

COOPERATIVE PROFIT AND LOSS ACCOUNT

(in EUR million)

FOR THE FINANCIAL YEAR	2016	2015
Cooperative result after taxation	-/- 5.9	11.0
Profit of participating interests after taxation	62.3	34.5
NET RESULT	**56.4**	**45.5**
APPROPRIATION OF PROFIT IN ACCORDANCE WITH ARTICLE 1 OF THE SUGAR BEET DELIVERY PAYMENT REGULATIONS		
Result of participating interests less dividends received	38.7	14.8
Cooperative result including dividends from participating interests	17.7	30.7

NOTES TO THE COOPERATIVE ANNUAL ACCOUNTS

(in EUR million)

GENERAL

Insofar as notes on items in the cooperative balance sheet and profit and loss account are not provided below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

ACCOUNTING POLICIES

The cooperative balance sheet and profit and loss account are prepared using the same accounting policies as applied for the consolidated balance sheet and profit and loss account.

(25) INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2016	174.6	6.0	180.6
Accumulated amortisation and other changes in value as at 1 January 2016	100.6	2.8	103.4
BOOK VALUE AS AT 1 JANUARY 2016	**74.0**	**3.2**	**77.2**
Movements:			
- Amortisation	-/- 7.6	-/- 0.2	-/- 7.8
BOOK VALUE AS AT 31 DECEMBER 2016	**66.4**	**3.0**	**69.4**
At cost as at 31 December 2016	174.6	6.0	180.6
Accumulated amortisation and other changes in value as at 31 December 2016	108.2	3.0	111.2

(26) TANGIBLE FIXED ASSETS

Movements in tangible fixed were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2016	142.4	431.6	9.3	10.6	5.1	599.0
Accumulated depreciation and other changes in value as at 1 January 2016	71.3	262.2	7.2	-	-	340.7
BOOK VALUE AS AT 1 JANUARY 2016	**71.1**	**169.4**	**2.1**	**10.6**	**5.1**	**258.3**
Movements:						
- Investments	1.7	26.5	0.1	21.6	-	49.9
- Disposals	-	-/- 0.1	-	-	-	-/- 0.1
- Depreciation	-/- 1.9	-/- 36.7	-/- 0.7	-/- 0.3	-	-/- 39.6
- Transfer	-	3.2	-	-/- 3.2	-	-
BOOK VALUE AS AT 31 DECEMBER 2016	**70.9**	**162.3**	**1.5**	**28.7**	**5.1**	**268.5**
At cost as at 31 December 2016	144.1	458.7	9.1	28.7	5.1	645.7
Accumulated depreciation and other changes in value as at 31 December 2016	73.2	296.4	7.6	-	-	377.2

(27) FINANCIAL FIXED ASSETS

	31-12-2016	31-12-2015
Participating interests in group companies	275.4	267.8
Receivables from group companies	142.7	329.7
Receivables from members	10.8	10.2
Deferred tax assets	0.1	0.1
Other receivables	1.0	1.2
	430.0	**609.0**

Movements in financial fixed assets were as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2016	267.8	329.7	10.2	0.1	1.2	609.0
Movements:						
- Share in result of participating interests	62.3	-	-	-	-	62.3
- Additions and issuances	-	64.0	1.5	-	-	65.5
- Repayments and releases	-/- 27.5	-/- 25.7	-/- 0.5	-	-	-/- 53.7
- Dividend	-/- 23.6	-	-	-	-	-/- 23.6
- Exchange results	-/- 1.7	-/- 0.3	-	-	-	-/- 2.0
- Other movement	-/- 1.9	-	-	-	-	-/- 1.9
- Movements in favour of/charged to the profit and loss account	-	-	0.5	-	-/- 0.2	0.3
- Reclassification to current	-	-/- 225.0	-/- 0.9	-	-	-/- 225.9
BALANCE AS AT 31 DECEMBER 2016	**275.4**	**142.7**	**10.8**	**0.1**	**1.0**	**430.0**

PARTICIPATING INTERESTS IN GROUP COMPANIES

Suiker Unie GmbH & Co. KG is a subsidiary and is included in the consolidated financial statements of Royal Cosun as of 31 December 2016. Suiker Unie GmbH & Co. KG uses the exemption to prepare, audit and disclose the financial statement in accordance with article 264b German Commercial Code.

Repayments and releases relate to a share premium distribution made by Cosun Holding B.V. to the Cooperative. Other movements relate mainly to the elimination of unrealised results from downstream sales.

RECEIVABLES FROM GROUP COMPANIES

Receivables from group companies are mainly long-term loans granted to Aviko Holding B.V. (EUR 25 million), Aviko B.V. (EUR 40 million), Sensus B.V. (EUR 10 million), SVZ International B.V. (EUR 15 million) and Duynie Holding B.V. (EUR 15 million).

RECEIVABLES FROM MEMBERS

The non-interest bearing receivables from members (EUR 10.8 million) relates to the market value of the long-term portion of amounts still to be deposited for issued shares (2015: EUR 10.2 million).

OTHER RECEIVABLES

The other receivables relate to capitalised costs for the conclusion of a new financing agreement expiring in June 2021.

(28) INVENTORIES

	31-12-2016	31-12-2015
Land	8.4	10.4
Raw materials and consumables	7.9	7.3
Finished products and goods for resale	293.9	317.3
	310.2	**335.0**

The land included in inventory relates to grounds being developed for business park AFC Nieuw Prinsenland near Dinteloord. The valuation of inventories takes account of obsolete stock. The provision for obsolete stock amounts to EUR 1.5 million (2015: EUR 1.5 million).

(29) TRADE AND OTHER RECEIVABLES

	31-12-2016	31-12-2015
Trade accounts receivable	62.7	63.6
Receivables from group companies	289.0	115.5
Short-term portion of amount still to be paid up for issued shares	1.0	0.9
Other tax receivables	16.2	6.0
Other receivables and accrued income	9.7	13.5
	378.6	**199.5**

RECEIVABLES FROM GROUP COMPANIES

This item mainly relates to the loan to Cosun Holding B.V. (EUR 225 million).

(30) CAPITAL AND RESERVES

ISSUED SHARE CAPITAL AND SHARE PREMIUM

	CAPITAL AND RESERVES	SHARE PREMIUM	TOTAL 2016	TOTAL 2015
Balance as at 1 January	7.0	53.4	60.4	60.6
Movements:				
- Shares issued	1.8	1.2	3.0	7.0
- Shares redeemed and withdrawn	-/- 1.8	-/- 1.2	-/- 3.0	-/- 7.2
BALANCE AS AT 31 DECEMBER	**7.0**	**53.4**	**60.4**	**60.4**

The total number of issued shares is 154,637 (2015: 154,856), with the nominal value amounting to EUR 45.40 per share. In 2016, 8,469 shares were issued and 8,688 shares were redeemed and withdrawn. Based on RJ 620, EUR 1.2 million (2015: EUR 1.2 million) has been presented as liability in the consolidated annual accounts. For tax purposes, the share premium is regarded in full as paid up.

STATUTORY RESERVES, OTHER RESERVES AND RESULTS

	RESERVE FOR PARTICIPATING INTERESTS	RESERVE FOR EXCHANGE DIFFERENCES	OTHER RESERVES	TOTAL 2016	TOTAL 2015
Balance as at 1 January	5.6	5.0	1,070.8	1,081.4	1,171.1
Movements:					
- Profit appropriation	-	-	56.4	56.4	45.5
- Paid to members	-	-	-/- 38.7	-/- 38.7	-/- 139.5
- Exchange differences	-	-/- 1.8	-	-/- 1.8	4.3
- Transfer	2.0	-	-/- 2.0	-	-
- Other movements	-	-	-/- 0.1	-/- 0.1	-
BALANCE AS AT 31 DECEMBER	**7.6**	**3.2**	**1,086.4**	**1,097.2**	**1,081.4**

The net result 2016 of EUR 56.4 million has been added to the other reserves.

RESERVE FOR PARTICIPATING INTERESTS

The reserve for participating interests is that part of movements in equity that are not freely disposable as from the moment of consolidation.

OTHER RESERVES

Under article 46 of the articles of association, payments take place to members and contracted parties. Effective from January 2000, these payments are in accordance with the Sugar Beet Delivery Payment Regulations; previously the Cessation of Business Regulations had been applicable. The payment amount depends on the average number of tonnes of sugar beets delivered, the average cooperative result including the dividend from participating interests per tonne of sugar beet for the three previous financial years, and a factor per campaign. Payments are deducted from the other reserves.

Until 2017 the payments will also be made based on the Cessation of Business Regulations, for which the amount depends on the number of shares possessed by the members, the number of financial years that the shares have been in the possession of the members, and the average cooperative result including dividend from participating interests per share for the three previous financial years. The payment takes place from the moment business operations ceased, or after a delivery period 30 consecutive campaigns at the moment the member uses the Cessation of Business Regulations or 2017 at the latest.

Some of the former CSM Suiker growers claimed a payment under the Beet Delivery Regulations in 2016 after having supplied beet for 10 successive years. The gross payment in 2016 based on the cooperative's results including dividend from participating interests for the period 2013-2015 amounted to EUR 51.5 million (net amount: EUR 38.6 million, charged to other reserves).

If all members eligible to payment under the Cessation of Business Regulation and the Beet Delivery Regulation, the total payment as at 31 December 2016 would amount to EUR 43.9 million (2015: EUR 89.8 million).

DIFFERENCE BETWEEN CONSOLIDATED AND COOPERATIVE EQUITY

Pursuant to Guideline 620 of the Dutch Accounting Standards Board, the part (2%) of the paid-up capital that is payable on demand by the members is recognised as a liability in the consolidated annual accounts. The elimination of the minority interest's downstream sales have also been corrected. Adjustment has also been made for the elimination of the minority interest's downstream sales. As a result the consolidated equity differs from the equity in the cooperative annual accounts.

	31-12-2016	**31-12-2015**
Consolidated capital and reserves	1,155.6	1,140.6
Impact RJ 620	1.2	1.2
Correction of the elimination of downstream sales	0.8	-
COOPERATIVE CAPITAL AND RESERVES	**1,157.6**	**1,141.8**

(31) PROVISIONS

	31-12-2016	31-12-2015
Deferred tax liabilities	15.8	19.6
Restructuring and reorganisation	-	0.1
Pensions and other deferred employee benefits	10.4	14.6
Other provisions	5.5	6.7
	31.7	**41.0**

EUR 21.5 million (2015: EUR 25.9 million) of the provisions is long term in nature.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	RESTRUCTURING AND REORGANISATION	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2016	19.6	0.1	14.6	6.7	41.0
Movements:					
- Release to profit and loss account	0.6	-	1.9	2.9	5.4
- Withdrawals	-/- 4.4	-/- 0.1	-/- 6.1	-/- 4.1	-/- 14.7
BALANCE AS AT 31 DECEMBER 2016	**15.8**	**-**	**10.4**	**5.5**	**31.7**

DEFERRED TAX LIABILITIES

The provision for deferred tax liabilities has been formed for temporary differences in the recognition of profit for tax and financial reporting purposes. Of the deferred tax liabilities, EUR 9.2 million (2015: EUR 15.2 million) is long term in nature.

(32) NON-CURRENT LIABILITIES

	31-12-2016	EFFECTIVE INTEREST RATE	31-12-2015	EFFECTIVE INTEREST RATE
Debts to institutional investors	31.0	5.3%	31.0	5.3 %
Lease obligation	9.6	8.4%	9.7	8.4 %
Debts to members	17.5	2.5%	14.6	2.5 %
TOTAL NON-CURRENT LIABILITIES	**58.1**		**55.3**	

The item Debts to members relates to the members' loan programme introduced by Cosun in 2015. The amount loaned bears interest, has a fixed term between 2 and 5 years and is subordinated to other creditors.

(33) CURRENT LIABILITIES

	31-12-2016	31-12-2015
Liabilities of a financing nature	2.0	0.1
Payables to group companies	60.9	84.3
Payables to members	125.3	120.2
Payables to suppliers and trade creditors	45.0	41.4
Income tax payable	1.1	10.8
Other taxes and social security contributions payable	2.3	2.0
Other current liabilities and accruals	52.8	56.5
TOTAL OTHER CURRENT LIABILITIES AND ACCRUALS	**287.4**	**315.2**

(34) OFF BALANCE SHEET COMMITMENTS

Several liability and guarantees

Cosun has given guarantees to third parties to an amount of EUR 28.2 million (2015: EUR 31.5 million).

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of rent and operating lease. The obligations ensuing from this amount to EUR 3.5 million (2015: EUR 4.3 million). The rental and lease instalments payable within one year amount to EUR 1.2 million (2015: EUR 1.3 million). Instalments payable after five years amount to nil (2015: nil). Contingent investment liabilities amount to EUR 12.7 million (2015: EUR 22.8 million).

(35) FEES OF THE AUDITOR

The following fees were charged to the company by Ernst & Young Accountants LLP, as referred to in article 2:382a (1 and 2) of the Netherlands Civil Code.

In 2016 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.1	-	0.1
Tax advisory services	-	0.2	0.2
TOTAL	**0.1**	**0.2**	**0.3**

In 2015 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.1	-	0.1
Tax advisory services	-	-	-
TOTAL	**0.1**	**-**	**0.1**

(36) OTHER INFORMATION

The remuneration, including pension costs as referred to in article 2:383(1) of the Netherlands Civil Code, of members of the Board amounted to EUR 0.6 million (2015: EUR 0.6 million) and that members of the Supervisory Board to EUR 0.1 million (2015: EUR 0.1 million). The remuneration was charged to the result.

Board	Supervisory Board
D.H. de Lugt	J. Bartelds
J.M. Klompe	J.L. van Driel
A.W. Bos	W.A. Blijdorp
A.J.B.P. Bossers	(08-02-2017) H. Huistra
B.R. van Doesburgh	E.H.W.J.E. Michiels
Ms. G. Prins	Ms. J.P. Rijsdijk
J.A. Smid	
J.H.D. Voncken	
S. Wijkstra	

Breda, 16 March 2017

OTHER INFORMATION

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

The appropriation of the profit for the year is laid down in the Articles of Association (Article 42, paragraphs 1 and 2) as follows: the Board shall determine what proportion of the cooperative's profit for the year shall be added to reserves. Unless the Members' Council resolves otherwise on the Boards' recommendation, the amount remaining after the above addition shall be distributed among those members who were A members or B members at the end of the financial year in question, or who had ceased to be A members or B members during or at the end of that financial year; with regard to B members, the distribution shall be made with due regard for the Membership Agreement and at the direction of the relevant C member in accordance with the quantity of produce supplied to the cooperative in that financial year and in accordance with the method of payment stipulated in the Sugar Beet Regulation.

PROPOSED PROFIT APPROPRIATION

The net result for the 2015 financial year (EUR 45.5 million) is added to the other reserves, in accordance with the decision of the Board on 16 March 2016.

The Board intends to decide that EUR 56.4 million be added to the other reserves.

The above has already been included in the cooperative's 2016 annual accounts.

INDEPENDENT AUDITOR'S REPORT

To the members, the Supervisory Board, the Board and the Board of Directors of Coöperatie Koninklijke Cosun U.A.

STATEMENT ON THE 2016 FINANCIAL STATEMENTS THAT ARE INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the 2016 financial statements of Coöperatie Koninklijke Cosun U.A. based in Breda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Coöperatie Koninklijke Cosun U.A. as at 31 December 2016 and of its results for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2016;
- the consolidated and company profit and loss account for 2016;
- the consolidated 2016 cash flow statement;
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Coöperatie Koninklijke Cosun U.A. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

MATERIALITY

Materiality	€ 16,000,000
Benchmark applied	2% of the gross margin
Explanation	In view of the cooperative nature of the entity, we believe gross margin, adjusted for the members' bonus, is a more important indicator than the results before taxes. The amount of the gross margin provides a good view of the size of the activities.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

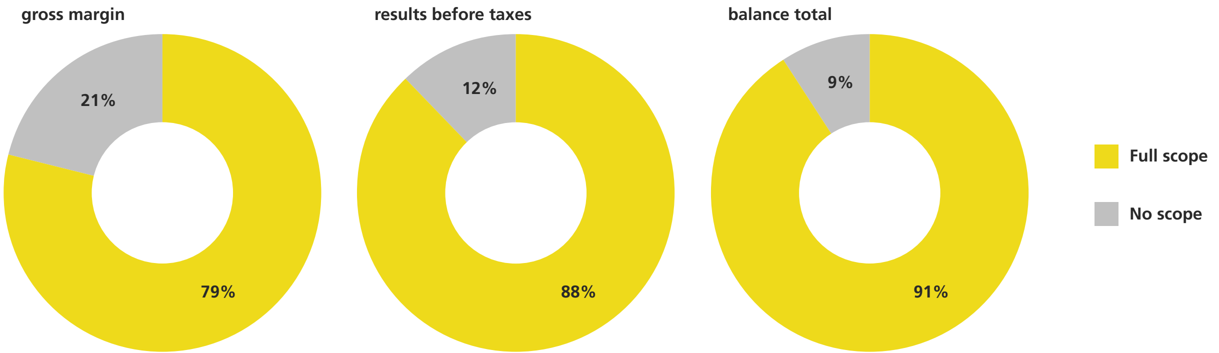
We agreed with the Supervisory Board that misstatements in excess of EUR 800,000, which are identified during the audit, would be reported to them, as would smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Coöperatie Koninklijke Cosun U.A. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatie Koninklijke Cosun U.A.

Our group audit mainly focused on the group entities that, in terms of their size, contribute the most to the gross margin, results before taxes and/or balance total. We have performed audits with all the group entities ourselves. We have not made use of the services of other accountants in the audits of the group entities.

In total, the abovementioned activities represent 79% of the gross margin, 88% of the results before taxes and 91% of the total assets of the group.



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

Our key audit matters

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

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

Risk	Our audit approach
Valuation finished products	
The size of finished products compared to the total balance sheet value is such that the audit of the stock of finished products is an important part of our audit approach. Finished products is valued at production costs, which comprises of the purchase costs of raw materials and auxiliary material and other costs that are directly attributable to the manufacturing. The attribution of the other costs is complex and surrounded by assumptions and estimates.	In the audit of the valuation of finished products, we compared the estimates made during the close of the preceding financial year to the actual costs incurred in this financial year. In addition, we checked per attributed other cost item whether it could be attributed to the production directly, and checked the parameters used per attributed cost item individually.
Loss-making contract positions	
As a result of the price volatility in the agricultural raw materials market, Coöperatie Koninklijke Cosun U.A. contracts a large portion of its raw materials before the harvest. Crop failures or other circumstances on the world food market can cause raw material prices to be very volatile, particularly around important harvest times. This can lead to loss-making positions if sales have already been laid down and there is no stock available, or raw materials have been bought for future delivery. In addition, stocks may be valued too high if the future expected sales price is lower than the valuation of the stock on the balance sheet date.	We compared the prices of the sales contract positions as at the end of the year to the valuation of the available stocks and the prices of the purchasing contracts for future deliveries. In addition, we have compared the free stocks as at the balance date to the current market prices.

STATEMENT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- about Cosun;
- key figures;
- cooperative issues;
- report;
- Cosun at work;
- Management issues: and
- other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information, including the directors report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment

We were appointed by the Board as auditor of Coöperatie Koninklijke Cosun U.A. on 29 May 2013, as of the audit for the year 2013 and have operated as statutory auditor ever since that date.

DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

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

The Supervisory Board is responsible for overseeing the cooperation's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

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

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

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

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

Naaldwijk, 16 March 2017

Ernst & Young Accountants LLP
M.A.M. Kester