Annual Report 2016
Amsterdam Commodities N.V.

ACOMO

Annual Report 2016
Amsterdam Commodities N.V.

CONTENTS

HISTORY

1908

Acomo's predecessor, N.V. Rubber Cultuur Maatschappij Amsterdam (RCMA), listed on the Amsterdam Stock Exchange

1982

RCMA is subject to a reverse take-over by Catz International resulting in a fresh start as an international commodity trading house

2000

New name: Acomo, short for Amsterdam Commodities N.V.

1908 - late fifties

RCMA operates mainly in rubber and palm oil plantations in Indonesia

2000

Tovano welcomed to the Group

2006

Tefco EuroIngredients joins the Group

2009

Snick EuroIngredients added to the Group

2011

Acomo shares included in the AScX index

2015

Snick EuroIngredients and Tefco EuroIngredients integrated into a single EuroIngredients proposition

2016

Catz International celebrates 160 years of trading

FOCUS ON FOOD

2010

Full focus on trading and distributing niche food products by divesting the minority shareholding in rubber.

Red River Commodities, Red River-van Eck, Van Rees Group and King Nuts & Raaphorst added to the Group

2014

SIGCO Warenhandel welcomed to the Group

2016

Container Tea & Commodities joins the Group

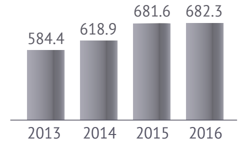
HIGHLIGHTS OF 2016

Sales

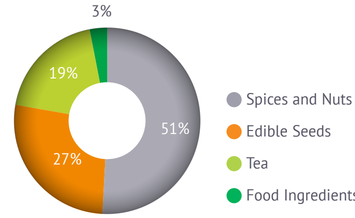
+ 0.1%

CAGR
+ 5.3%

Per year (in € millions)



Per segment

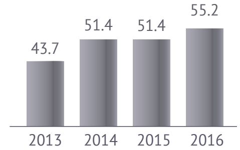


EBITDA

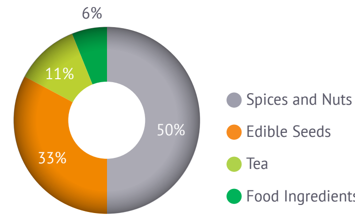
+ 7.3%

CAGR
+ 8.1%

Per year (in € millions)



Per segment

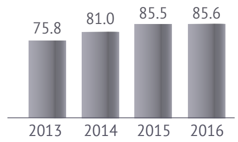


Net operating assets

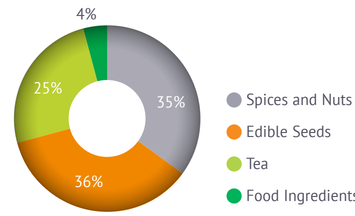
+ 0.1%

CAGR
+ 4.1%

Per year (in € millions)



Per segment



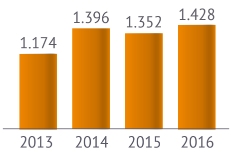
Share information

Earnings per share

+ 5.6%

CAGR
+ 6.8%

Per year (in €)

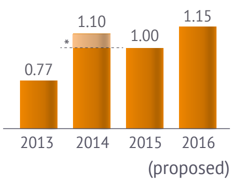


Dividend per share

+ 15.0%

CAGR
+ 14.3%

Per year (in €)



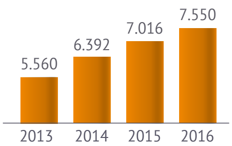
* *Special dividend of € 0.10 per share*

Equity per share

+ 7.6%

CAGR
+ 10.7%

Per year (in €)

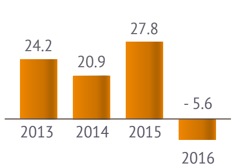


TSR

- 5.6%

Four year average
+ 16.8%

Per year (in %)



FIVE-YEAR OVERVIEW

	2016	2015	2014	2013	2012
Consolidated figures (in € millions)					
Sales	682.3	681.6	618.9	584.4	593.1
Gross margin	114.6	110.0	101.8	91.9	87.6
EBITDA	55.2	51.4	51.4	43.7	43.9
EBIT	50.4	47.1	47.4	40.2	41.1
Financial result	(3.1)	(3.0)	(2.8)	(2.6)	(2.7)
Corporate income tax	(12.9)	(11.8)	(11.5)	(10.2)	(11.4)
Net profit	**34.4**	**32.3**	**33.1**	**27.4**	**27.0**
Impact of specific one-off items on net profit	-	0.9	0.3	(1.7)	(0.6)
Net working capital	94.1	87.4	81.9	69.8	68.6
Net operating assets	85.6	85.5	81.0	75.8	77.7
Shareholders' equity (before final dividend)	182.9	168.3	151.9	130.8	121.1
Total assets	353.6	348.9	337.2	277.2	265.8
Ratios					
Solvency	51.7%	48.2%	45.1%	47.2%	45.6%
Return on equity (ROE)	19.6%	20.1%	23.4%	21.7%	23.2%
Return on net capital employed (RONCE)	18.4%	18.1%	20.9%	19.9%	20.2%
RONCE operating companies (excluding goodwill)	23.6%	23.3%	27.1%	25.9%	26.3%
Dividend pay-out ratio	80.8%	74.2%	78.8%	65.6%	60.2%
Net debt/total equity	0.49	0.64	0.61	0.58	0.63
Key performance indicators (in €)					
Earnings per share	1.43	1.35	1.40	1.17	1.16
Dividend per share (2016: proposed)	1.15	1.00	1.10	0.77	0.70
Equity per share at year-end	7.55	7.02	6.39	5.56	5.21
Share price at year-end	20.90	23.20	19.01	16.55	13.90
Share price high	24.64	25.83	19.01	16.95	14.35
Share price low	19.00	18.85	16.19	13.90	10.00
Price/earnings ratio at year-end	14.6	17.2	13.6	14.1	12.0
Market capitalization per 31 December (in millions)	506.3	556.6	451.8	389.4	323.1
Net cash flow from operating activities (in millions)	47.0	20.7	22.3	19.1	5.6
Number of shares outstanding (in thousands)					
Weighted average	24 069	23 858	23 679	23 333	23 248
At year-end	24 225	23 991	23 767	23 532	23 248
Fully diluted at year-end	24 273	24 187	24 044	23 911	23 650
Exchange rates (against 1€)					
US dollar at year-end	1.052	1.086	1.210	1.379	1.319
% change	-3.1%	-10.2%	-12.3%	4.5%	1.8%
Average US dollar	1.107	1.110	1.329	1.328	1.286
% change	-0.3%	-16.5%	0.1%	3.3%	-7.7%

Knowledge and experience ensure that our blends add value to our customers' consumer products

Passionate and dedicated people carry Acomo into the future

In 2016, Acomo yet again improved on its achievements of previous record years. In a nutshell, volumes and margins grew as people throughout our businesses created value for our stakeholders.

It's to the people of Acomo that we dedicate this Annual Report 2016. Through consecutive years of growth, it has been these 600 men and women whose hard work has raised the bottom line of earnings for Acomo, its shareholders and its partners in the chain. Their passion for our business and products are the key to Acomo's success and it is they who will carry us into to the future.

For an indication of the value that our people created this past year, let's have a look at the overall figures for the Acomo Group. We closed the books with a net profit of € 34.4 million, an increase of € 2.1 million (7%) compared with the previous year. Earnings per share also increased, from € 1.35 to € 1.43, while equity per share went up from € 7.02 to € 7.55 and the return on net capital employed amounted to 18.4%. As a result, we were able to increase our dividend to € 1.15 per share, which is 15% higher than the dividend in 2015.

Results of the product segments

In the product segments we see excellent results in Spices and Nuts, with a strong first half of the year and an even better second half. Catz International – which celebrated its 160th year in business – was again the largest contributor to the profits of the Group and achieved growth in both volume and margins to set yet another record result in volatile market circumstances. King Nuts & Raaphorst overcame the challenges of the first months of 2016 with increased efforts and excellent positions. As a result, our colleagues in this segment recorded their best result in history.

Edible Seeds showed excellent recovery from setbacks in the previous year. Both in Europe and the US the challenges from 2015 were firmly addressed, resulting in improved margins and results. This segment also saw the establishment of a new business: trading house Red River Global Ingredients, which operates from Canada and focuses on imports and exports as well as intra-continental trade. Edible seeds are their main product, with additional trade in related products such as pulses. Albeit a separate entity from our other North American companies, Red River Global Ingredients will nevertheless utilize their processing capacity and source their products when it's mutually beneficial.

Tea had a challenging year which led to a drop in absolute gross margin which we were not able to make up for in other areas. Our first year in India after the acquisition closed exactly as we aimed for despite steep drops in tea harvests in southern India, which went through its driest year in three decades. A solid business framework is in place and our people in Tea have a true passion for their products. They are ready to seize the opportunities offered by the general tea market and in niches such as organic produce and other specialties.

Good results again in Food Ingredients, which continued its steady growth after the investments of 2015 and the integration of Tefco and Snick in a single proposition. Snick EuroIngredients continues to strengthen its market share in the Benelux countries and is considering its options to deploy its successful business model in the wider region.

Maintained strength at Group level

Our overall organization is healthy and strong, with good opportunities for growth in all segments. We constructively deal with threats utilizing our effective systems of risk management and our qualified people. In the past few years we have seen an influx of new talent: young, eager to learn and comfortably at home in the familial and entrepreneurial culture of Acomo and the operating companies. In 2016 we continued our efforts to meet new talent and offer employees the opportunities to develop their skills and expertise.

Similarly, we continued our schemes to improve business systems and the IT infrastructure. 2017 will see the final stages of the rollout of the Van Rees ERP system and we will continue to invest in improvements.

When it comes to IT Acomo chooses to use solid and proven technology, with a focus on enterprise resources and risk management. Awareness and prevention of cyber security has our full attention, and we are addressing it through continuous awareness raising and best practice procedures. More than anything, however, our business is healthy and strong because of the dedication of our people. Acomo is fortunate in having the right people who deal responsibly with what is entrusted to them.

Responsible by nature

When it comes to sustainable business and corporate responsibility, Acomo follows a course that flows naturally from our history and culture. As global traders in mostly agricultural products we are in a unique position to oversee the whole chain. We are able to see opportunities where others might see challenges. We translate these CSR opportunities into business cases which will positively benefit our business and that of our partners.

We support customers and suppliers alike in their efforts to act responsibly and achieve healthy business results. We support efforts to meet food safety regulations by, for instance, helping plantations of various origins to operate pesticide-free. In sunflower seeds, we have been helping improve water management while increasing yields by the introduction of innovative soil sensors. Together with our valued partners we are continuously looking for possibilities to achieve sustainable development and long-term growth for all our stakeholders.

Grateful and proud

Presenting this Annual Report 2016 to you is among my final actions as CEO of Acomo. My four-year term now comes to an end and I look back with pride and gratitude. With pride because together we have been able to take our business from strength to strength. And with gratitude because I am fully aware that it was always a collaborative effort. Acomo's success is down to the people in the trading rooms, the offices, the processing facilities, the warehouses, the farms, the plantations. I thank them for their dedication and I thank the Supervisory Board and the shareholders for giving me their trust.

Together with CFO Allard Goldschmeding I will be happy to further explain Acomo's results and expectations in this Annual Report 2016 and at the general meeting of shareholders in Rotterdam on 25 April 2017. I am pleased to invite you to that meeting.

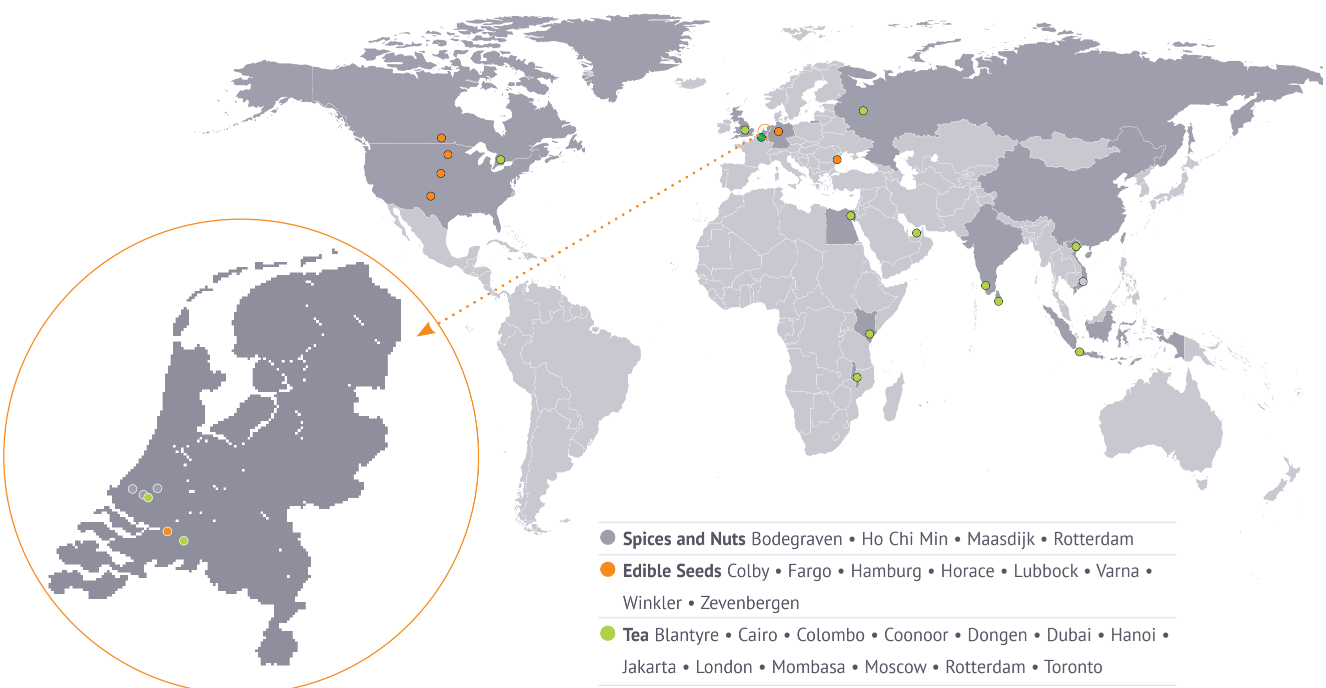
Erik Rietkerk,
Chief Executive Officer

The Acomo Group

Amsterdam Commodities N.V. ('Acomo' or 'the Company') is the holding company of an international group of companies active in the worldwide sourcing, processing, trading, packaging and distribution of natural food products and ingredients for the food and beverage industry (together 'Acomo Group' or 'the Group'). The product range comprises more than 500 main products including spices, nuts, dried fruits, tea, seeds (especially sunflower seeds) and natural food ingredients. The Group is active in more than 90 countries and employs close to 600 people.

Bridging your needs

As a Group we source, trade, process, package and distribute natural food products and ingredients



- **Spices and Nuts** Bodegraven • Ho Chi Min • Maasdijk • Rotterdam
- **Edible Seeds** Colby • Fargo • Hamburg • Horace • Lubbock • Varna • Winkler • Zevenbergen
- **Tea** Blantyre • Cairo • Colombo • Coonoor • Dongen • Dubai • Hanoi • Jakarta • London • Mombasa • Moscow • Rotterdam • Toronto
- **Food Ingredients** Ruddervoorde

Acomo is a public limited liability company listed on the Amsterdam stock exchange (Euronext Amsterdam). The activities of the Group are being carried out by the group companies in four segments:

Acomo Group

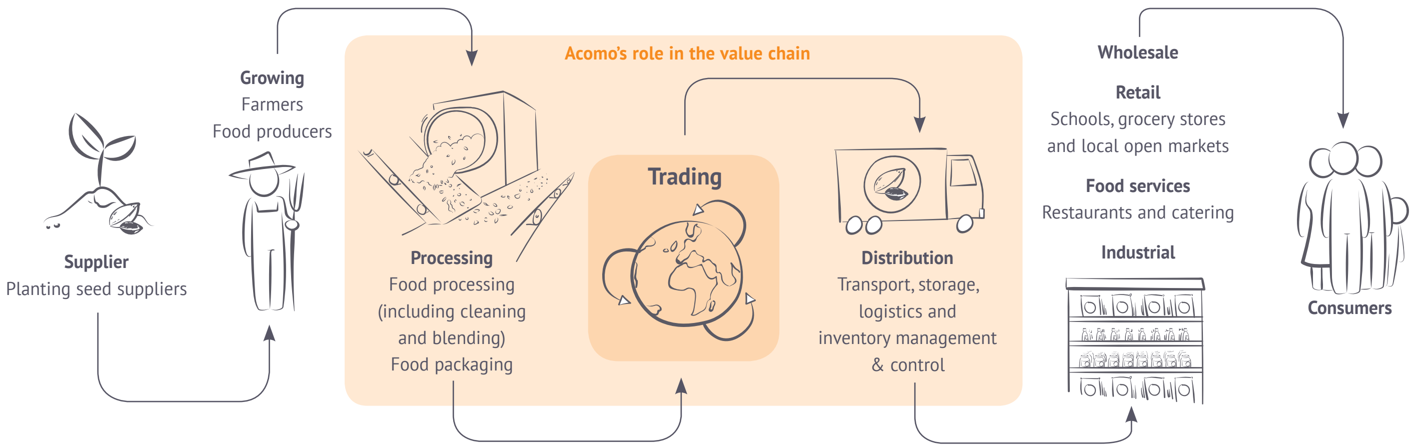
SPICES AND NUTS	EDIBLE SEEDS	TEA	FOOD INGREDIENTS
Catz International B.V. Rotterdam, the Netherlands Ho Chi Min, Vietnam **Tovano B.V.** Maasdijk, the Netherlands **King Nuts B.V.** Bodegraven, the Netherlands	**Red River Commodities Inc.** Fargo, USA **Red River Global Ingredients Ltd.** Winkler, Canada **Red River-van Eck B.V.** Zevenbergen, the Netherlands **Red River Bulgaria EOOD** Varna, Bulgaria **SIGCO Warenhandels-gesellschaft mbH** Hamburg, Germany	**Van Rees Group B.V.** Rotterdam, the Netherlands *with offices in:* Blantyre, Malawi; Cairo, Egypt; Colombo, Sri Lanka; Coonoor, India; Dubai, UAE; Hanoi, Vietnam; Jakarta, Indonesia; London, UK; Mombasa, Kenya; Moscow, Russia; Rotterdam, the Netherlands; Toronto, Canada	**Snick EuroIngredients N.V.** Ruddervoorde, Belgium

All group companies are 100% subsidiaries.

Our business model: bridging your needs

Acomo's group companies source, process, trade, pack and distribute natural food products and ingredients. In these activities the companies strive to add value in each part of their respective value chain. We supply peace of mind by bridging the specific needs of multiple stakeholders.

Our value chain



Our role in the value chain is to bridge the specific needs of our customers, allowing them to fully focus on their core activities. We support our trading activities with specific value-adding services such as storage, blending, cleaning, processing, packaging and distribution.

In order to optimize our sourcing we have regular contacts with growers and farmers. We also use other forms of data collection like for instance weather data. This enables us to maintain high quality standards and also to keep buyers fully informed of market developments and product availability. We make use of innovative techniques to develop new products in collaboration with our suppliers. In sunflower seeds, for instance, we supply growers with innovative hybrids of confectionary seeds. We give growers peace of mind by contracting to buy all harvested raw sunflower seeds. We also bridge the entry to the market for small producers by opening our sales and marketing network for them. We help our customers reduce volatility in their end products by providing future and longer-term pricing, thereby bridging the need for price certainty.

Source

We source natural agricultural products from all over the world. Through our worldwide networks we are able to always source the right quality and quantities. We help our growers and suppliers to sell their production by providing access to the world market.

Trade

In support of our trading activities and to create more options for our partners and ourselves, we provide services such as storage, blending, cleaning, processing and vendor-managed inventory solutions.

Deliver

We deliver high-quality and safe products to our customers in the food and beverage industries around the world. We help our customers by delivering on time and according to specifications regardless of price volatility.

We bridge the needs of both ends of the value chain

At multiple destinations we store our customers' products and provide vendor-managed inventory solutions. This allows us to ensure the quality of our products, to secure the proper and timely execution of contracts under all circumstances, to reduce price volatility and to reduce the working capital needs of our customers. In collaboration with our customers we also develop new products and customized (functional) blends that are tailor-made according to their specifications. To ensure the high quality and safety of our products we not only maintain extensive communication with farmers and our suppliers, but we also apply rigorous quality control programmes, work with certified partners and continuously invest in our facilities and highly qualified staff. By bridging the distance between origin and destination of our products we always supply high-quality products, on time and in spec.

We are committed to supplying peace of mind to all our partners. Entrepreneurship, modesty, long-term growth, reliability and passion for our products are important values within the companies of the Acomo Group and in their relationships with shareholders, customers, suppliers and other partners. These values are important cornerstones in the way we conduct our business. Together with our partners we are continuously exploring new opportunities for improvement and growth. The leading factors are reliability and contract security. Acomo's keys to success are its worldwide sourcing capabilities, absolute reliability of contracts, effective risk management, operational excellence and socially responsible entrepreneurship.

Our keys to success

WORLDWIDE SOURCING CAPABILITIES	ABSOLUTE RELIABILITY OF CONTRACTS	EFFECTIVE RISK MANAGEMENT	OPERATIONAL EXCELLENCE	SOCIALLY RESPONSIBLE ENTREPRENEURSHIP
Global network	Contract = contract	In everything	Experienced teams	Throughout the chain
Right quality	Proven reliability	By everyone	Market intelligence	Strong partnerships
Right quantity	Trusted partners	Effective tools	Throughout the chain	Technology-driven
Right time	Long-term relations	Volatility countered	Result-oriented	In our culture

Our strategy and mission

Acomo mission

Our mission is to achieve long-term sustainable growth of shareholders' value through consistent growth of earnings per share, allowing for continued high dividend pay-outs representing above-market dividend returns.

Group strategy: Focus on Food

We pursue growth of the earnings per share by maximizing opportunities in the international sourcing, trading, processing, packaging and distribution of niche food commodities, ingredients and semi-finished products for the food and beverage industry.

Acomo actively pursues a three-tier policy to achieve long-term sustainable growth:

- Autonomous value creation within and through our subsidiaries by diversification of the product assortment, geographies and channels. Here, security of supply and food safety requirements motivate the active quest for expansion in the value chain.
- Bolt-on acquisitions of companies active in one of our existing segments whereby we can strengthen our market position and/or geographical presence.
- Acquisitions of leading companies in agri-commodities or ingredients for the food and beverage industry which will add new, growing segments to our segment portfolio, preferably in non-listed products.

Group strategy

UNIQUE SELLING POINTS

Global sourcing capabilities

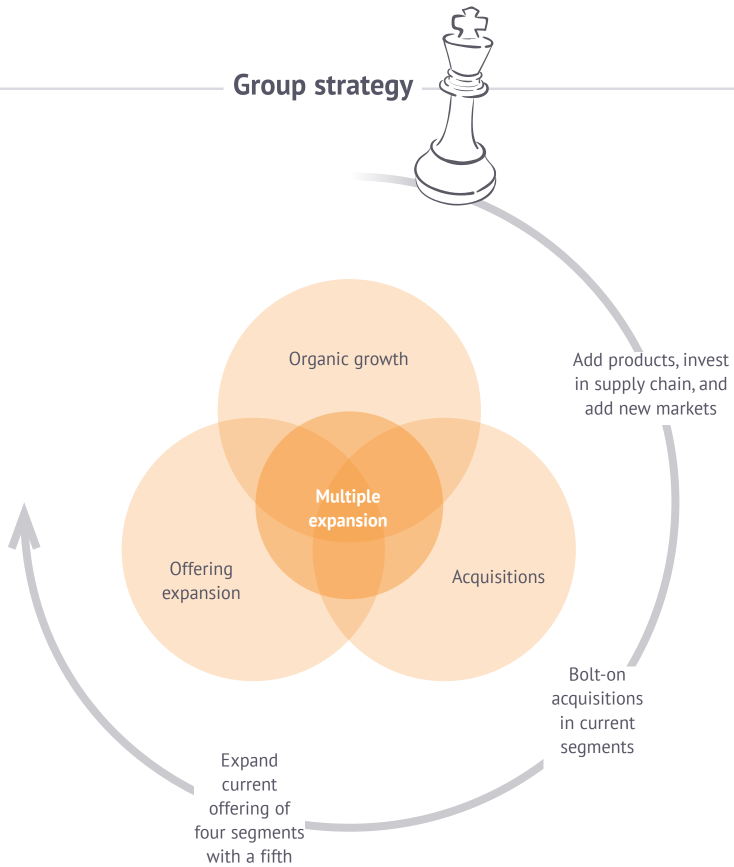
Reliability of contracts

Strong risk management culture

Operational excellence

Sustainable supply chains

Predictable and consistent quality



BARRIERS TO ENTRY

Increasing food safety requirements

Reputation and solid brand names

Capital requirements

Customer network

Scarcity of skilled employees

Our operational and financial selection criteria are strict as we do not want to compromise our existing activities and other achievements and values of the Group.

Financial objectives

Among the financial objectives of the Company and its subsidiaries are:

- Maintaining the Group's traditionally strong dividend policy. This policy means that we pay out a substantial share of the annual net profit to our shareholders in cash every year. The pay-out ratio is subject to the free cash flow and solvency position and also depends on investment opportunities of the Group;
- Achieving an annual net profit of more than 15% of shareholders' equity in the long term;
- Safeguarding and strengthening our capability to generate future profits by maintaining a strong balance sheet and healthy financial ratios. We aim to maintain a consolidated solvency of around 40%, with a minimum of 30%;
- Maintaining adequate credit lines to ensure the financing of our subsidiaries' (trading) activities at all times, regardless of price volatility in the international commodities markets.

Roles of the holding company

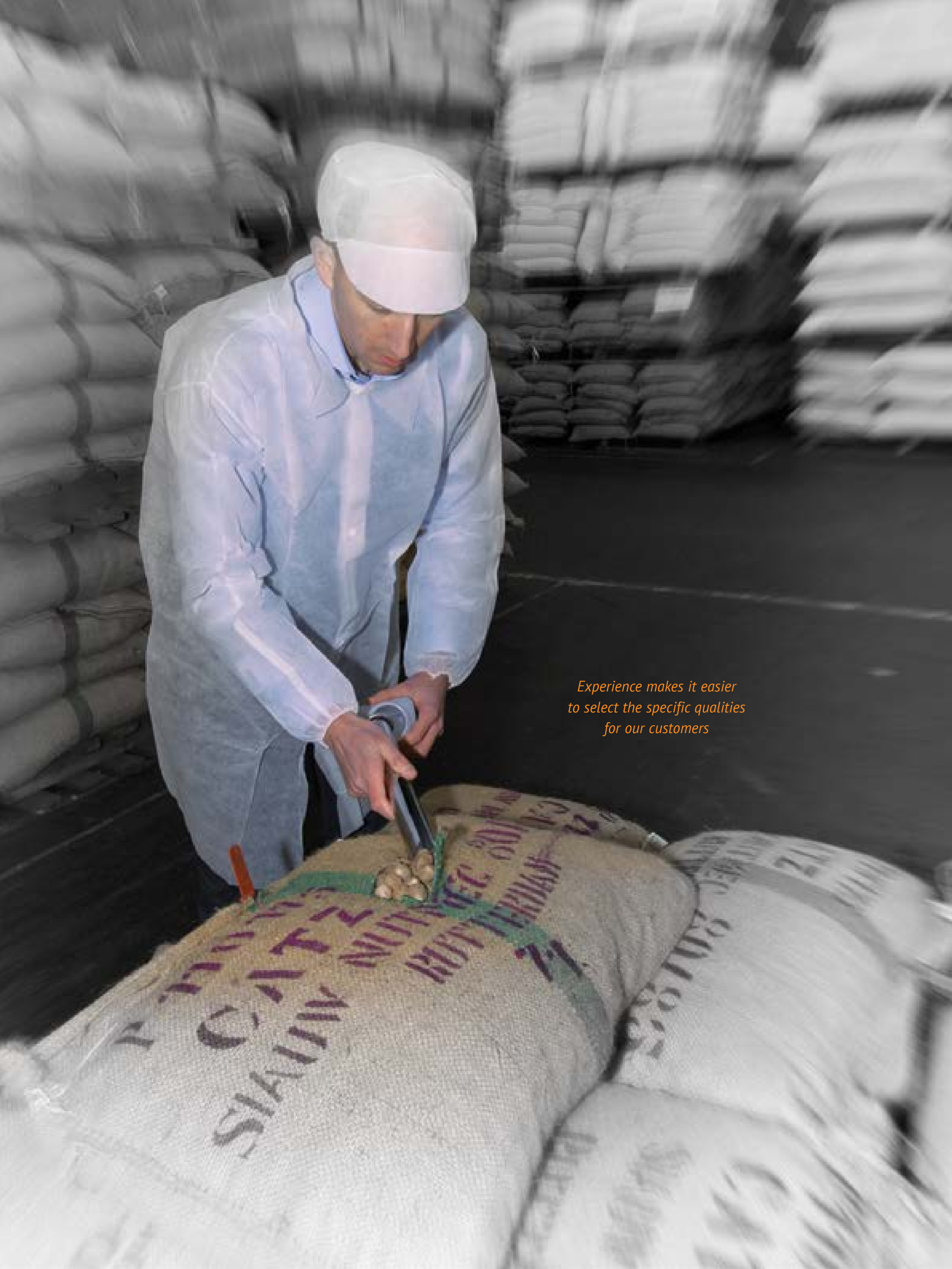
Acomo is the holding company of the Group. It holds the shares in and has legal control over the Group's subsidiaries. Acomo has been listed on Euronext Amsterdam since 1908. The holding company is intentionally kept small, flexible and cost-efficient. Today the holding company employs eight FTEs.

The holding company's main tasks are:
- Managing our investments in subsidiaries and assisting the subsidiaries in the areas of CSR, IT, human resources, finance, legal, tax, business development projects and other matters;
- Setting and implementing the Group's strategy, including merger, acquisition and disposal activities, taking into account acceptable levels of risks relating to the strategy and relevant aspects of corporate social responsibility;
- Ensuring the financing of the Group's strategy and trading activities;
- Assessing and monitoring effective risk management and control systems with regard to the subsidiaries' activities, including compliance with laws and regulations in the various countries in which the Group operates;
- Encouraging synergies through knowledge sharing between the subsidiaries, including the implementation of best practices in the context of risk management;
- Carrying out all the obligations and (legal) responsibilities which apply to a listed holding company, including the implementation and monitoring of effective corporate governance and socially responsible business policies, the preparation of annual and other periodic reports, consolidation, audit, PR and IR activities, and maintaining contacts with shareholders, AFM, Euronext and other authorities.

Roles of the operating companies

The subsidiaries are the operating companies of the Group. They perform trading and processing activities in their own name and for their own account. To a great extent, they operate autonomously under the responsibility of their own management and financial control. Specific trading and financial guidelines and risk limits are in place per operating company, per product and per activity. The large subsidiaries are supervised by their own supervisory boards, which may include members of the Supervisory Board and/or Management Board of the Company.

The operating companies are divided into four product segments, which are presented on the following pages.



Experience makes it easier
to select the specific qualities
for our customers

Spices and Nuts

Catz International is a leading trading house and supplier of spices, nuts, coconut products, dehydrated vegetables and dried fruit. Founded in 1856, the company uses its experience and market knowledge to recognize and anticipate market opportunities. Catz International has daily contact with growers, farmers and aggregators and is present in all the major growing areas at regular intervals. The information flow from these suppliers, combined with excellent transparency on supply, demand and other data such as weather, puts Catz in a position to have a profound insight into market developments and thereby service its customers in the best way possible.

Catz International has a leading position in Europe and has a function as market maker and supplier to industry, retail and wholesalers. For several years, Catz International has made the largest contribution to the Group in terms of sales and profit.

Tovano is specialized in shelled and unshelled nuts, dried fruits, dates, chocolate, rice crackers and snack products. Quality, food safety and flexibility in packaging and presentation are key factors of its business proposition.

Tovano's history covers more than six decades. It has earned the company a worldwide network of trusted suppliers and a good reputation. Tovano is known for being a reliable partner that imposes high standards in food safety. Furthermore, the company is able to tailor its products to each customer's requirements and wishes. As retail organizations, fruit and vegetable exporters, industrial food-processing companies, wholesalers and traders all have experienced at first hand.

King Nuts & Raaphorst is an established name in the world of nuts, dried fruit, rice crackers and superfoods. Since 1981 the company has been importing its products from around the world to supply customers in Europe. Products with added value are packaged to suit buyers' needs. King Nuts & Raaphorst supplies products in bulk packaging as well as in smaller packs upon customer request. With a storage capacity of 5,000 pallets in its warehouses, the company has the necessary in-house scope and space to ensure fast delivery and consistent quality. Products are transported on a daily basis by the company's own vehicle fleet as well as by external carriers.

King Nuts & Raaphorst imports its products in bulk. Nuts are processed in its own and third-party production facilities. These are tested for quality at every stage of the process. Qualified employees operating state-of-the-art equipment guarantee a consistent top result.

*We source and distribute spices, nuts, dried fruits and dehydrated vegetables to and from over 80 countries all over the world.
With a global network of partners we maintain constant contact with growers and producers to keep up with market developments.*

Our SunButter® people ensure that children with allergies can have a happy lunch experience

Edible Seeds

Red River Commodities specializes mainly in confectionary sunflower seeds, both in-shell and kernels, and other specialty crops. It operates from five different US sites, with headquarters in Fargo, North Dakota, USA. With production facilities in a variety of geographical areas in the Midwest, from north to south, Red River Commodities does not depend on the growing conditions of any single location. This has earned the company a solid reputation and a leadership position. The processing facilities for cleaning, sorting, grinding, custom roasting and packaging are located in Fargo and Horace, North Dakota, in Colby, Kansas, and in Lubbock, Texas. From there, products for human consumption and wild bird food are shipped across the US and exported outside the US.

Red River Commodities' customers can be found in the snack industry, retail industry and in retail chains that sell wild bird food products. Its subsidiary SunGold Foods is active in roasting, salting and flavouring sunflower, soybean and other specialty products. The company also provides contract packaging for customers in a peanut- and tree-nut-free environment. The SunButter subsidiary produces and sells SunButter®, a healthy alternative to peanut butter made from specially grown, oil-rich sunflower seeds. SunButter® is completely peanut-, tree-nut- and gluten-free. Packed with nutrition, SunButter® is an excellent choice for people with peanut allergies. It is distributed through US school systems, retailers and through internet-based sales. The wild bird food business supplies special blends as bird food for DIY and other outlets throughout the US. The portfolio also includes other special bird food products like suets, mealworms and feeders.

Red River Global Ingredients trades seeds (mainly sunflower) and other specialty crops. The company, founded in 2016, is active in trading within North America and imports products from outside of North America. It serves as a supplier and customer to Red River Commodities and utilizes the Red River Commodities facilities to add value to seeds.

Red River-van Eck is specialized in the processing and distribution of mainly poppy seeds to the confectionary, spice and bakery industries. It has achieved its leading position in the industry through entrepreneurship, reliability and commitment to its customers. With more than 125 years of experience, Red River-van Eck is the company of choice for a large number of poppy seeds producers. It sources all over the globe, never compromising on quality, and has customers in both Europe as well as North America.

Red River Bulgaria oversees and coordinates the segment's growing confectionary sunflower activities in Southeast Europe. The trading activities are managed by Red River-van Eck, while Red River Bulgaria assists in sourcing the confectionary sunflower seeds. Sales are mainly focused at Europe, the Mediterranean Rim and the Middle East.

SIGCO Warenhandel is mainly active in the German market in the trade and distribution of edible seeds such as poppy seeds, sunflower seeds, sesame seeds and pumpkin seeds. Working closely with Red River-van Eck, SIGCO globally sources seeds and special nuts for the bakery and confectionary industry. SIGCO utilizes Red River-van Eck and third-party cleaning facilities, such that it is always able to timely supply its customers with high-quality products. Thanks to its warehousing capacity in Northern Germany and the Netherlands, SIGCO is in a position to service customers throughout the German market.

We source, produce, package and distribute sunflower seeds, poppy seeds and other specialty seeds for human and wildlife consumption. All our seed companies do so while maintaining a high standard through rigorous quality programmes.

Tea

Van Rees Group has been active as a global tea trader since 1819. It acts as an international supplier and processor of tea with a global network of 12 offices in tea-producing and tea-consuming countries. Its product and market expertise are rooted throughout the organization. Van Rees employs expert tea tasters in all of its offices and all of its traders undergo a rigorous training programme of tea tasting. Their combined knowledge and experience form the basis for all Van Rees's commercial activities. Supplying both the private and the public sector has earned Van Rees Group recognition in the tea industry as a true world market leader, the only one in its industry with a global footprint. Today, Van Rees Group is one of the largest cross-border tea traders in the world.

Van Rees Group has extensive knowledge of and experience with almost all the tea markets in the world. As a result, it can meet all its customers' demands in terms of colour, taste, smell, leaf form and colour under the milk. Together with customers, new products are developed at the specification of customers and at attractive costs. Van Rees prides itself on being able to meet food safety regulations in all regions of the world as it works with suppliers and growers to develop pesticide-free tea in tea-growing regions across the globe.

In the tea-producing countries India, Indonesia, Kenya, Malawi, Sri Lanka and Vietnam, Van Rees Group specialists visit local weekly tea auctions and local tea estates. The group supplies tea from any origin to both the private and the public sector in many tea-consuming countries. Sales offices in Cairo, Dubai, London, Moscow, Rotterdam, Toronto, as well as in the countries where sourcing offices are located, deal with customers' requirements every day. Blending facilities are located in Colombo, Dongen, Jakarta and Mombasa. The blending facilities operate to customer specifications.

Van Rees Group is very active in the area of sustainability. It works with growers and customers to establish sustainable supply chains for consumers.

With a global network and offices around the world we have extensive knowledge of and experience with all the main tea markets. Van Rees Group is one of the largest cross-border tea traders in the world.

We buy high-quality teas to ensure that we deliver our customers the quality they request

Food Ingredients

Snick EuroIngredients manufactures ingredients and supplies them to food producers, especially producers of savoury foods and food products. Its products are natural flavouring ingredients, raw materials, semi-finished flavourings, and wet or dry compounds and blends. The company has been active since 1993. With decades of experience and a team of highly motivated food technologists, it helps customers to select and develop the best suitable flavours and blends. Customers may also use its professional kitchen and pilot plant, all for the creation of unique and innovative concepts. Most of Snick EuroIngredients's applications can be found in sauces, soups, meat and fish preparations, mayonnaise and desserts. In the sweet product range it further provides a wide range of products for the bakery, confectionary, dairy and beverage industry.

The Food Ingredients segment is active in flavours, functional additives and specialties. In flavours, it provides meat flavours such as poultry and veal, vegetable flavours such as carrot, onion and tomato, cheese flavours, yeast extracts, spices and herbal blends. In functional additives it provides system solutions such as natural colourings, texturizers and sweeteners. And in specialties its products include a vegetarian Worchester sauce.

We produce and distribute natural food ingredients as single ingredients or functional blends to the food and beverage industry. Our applications are found in sauces, soups, meat and fish preparations and desserts.

Our highly skilled people provide the innovations that result in successful flavours for our customers


Together with our partners,
we optimize water and fertilizer usage
to improve US farming

Trading has the capacity to accelerate economic and social development

As traders we move products from places of surplus to areas of deficit while providing safe and efficient storage and optimizing efficiency in the supply chain. Our role in the supply chain enables us to build bridges between customers and suppliers all over the world. A function which is absolutely critical in the pursuit to feed a world population that might reach nine billion in 2050.

We at Acomo understand that a balance between profit, people and natural resources is the only way to achieve sustainable development and long-term growth. With existing and new partners we work together on innovative ways of doing business that contribute to more sustainable supply chains.

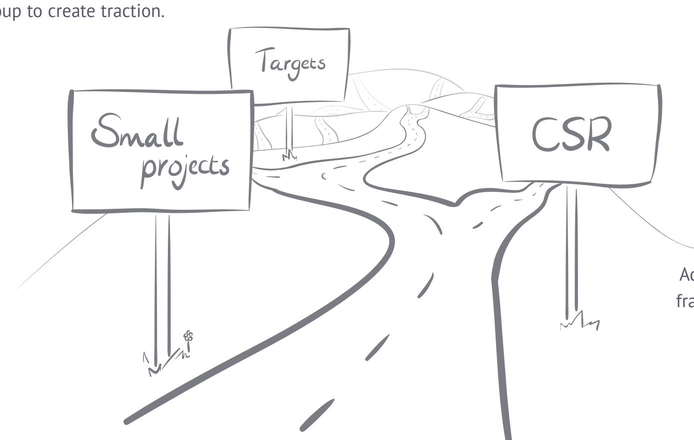
The development of CSR within the Acomo Group

4

Setting targets throughout the Group, implementing reporting processes to better inform our shareholders and other stakeholders about the progress made.

3

Time for action: small projects have been started throughout the Group to create traction.



2

Acomo published its CSR framework and a baseline on energy and waste.

1

Acomo hired a fulltime CSR coordinator at the holding, formed a CSR team with representatives from the operating companies and started the project 'Road to sustainable growth'.

Our road in corporate social responsibility (CSR) started in 2013, when we created a dedicated position for CSR within the Group. Next, we developed our framework which is helping us to create more focus in our CSR activities. We are continuously learning, but have also made big strides. Our focus in 2016 has been on projects that can make a difference. We implemented small new projects and upscaled some of our ongoing activities. We worked together with our partners to address challenges and opportunities in our pursuit of sustainable development. The next phase is one of setting targets and measuring where we are in achieving those targets.

Our stakeholders

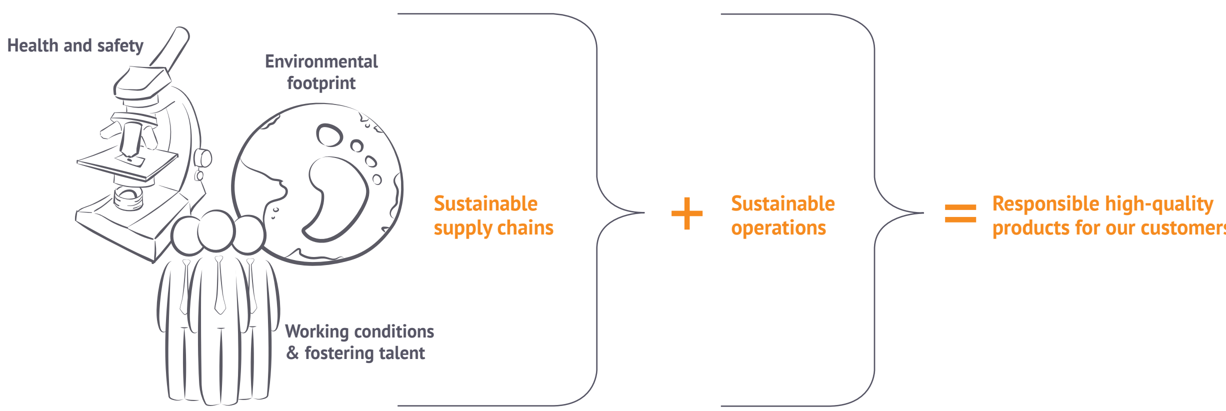
We recognize that there are limits to the direct influence we can have on social and environmental developments. The dialogue with our stakeholders, including customers, suppliers, NGO's etc, enables us to work together on practical solutions for challenges that can't be solved by one organization alone. As we are an international group of companies in various supply chains, there are many different stakeholders who have an impact on our business or are impacted by it. In our pursuit of sustainable development, we team up with our partners to address challenges and opportunities.

Our CSR framework and focus

When we were developing Acomo's CSR framework we consulted with all of our stakeholders including suppliers and customers. On the basis of these consultations we decided to focus on three topics that are most important throughout the Acomo Group: health and safety, environmental footprint and working conditions & fostering talent. We focus on business cases in our supply chains and own operations, which enable us to deliver responsible high-quality products to our customers.

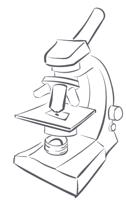
These CSR topics are to varying extents relevant for all companies in the Acomo Group, but they require a tailored approach for the different companies. Because of differences in business models, size and presence in the supply chain, the operating companies focus on their individual challenges and opportunities, while creating business cases.

CSR is on the agenda at all levels of the organization. When the Management Board and Supervisory Board agreed upon the CSR framework, the implementation of CSR activities throughout the Group became a fixed agenda item during board meetings. As all companies in the Group face their own opportunities and challenges the management of each company is responsible for the development of business cases and the implementation of CSR activities in their company. The companies are supported by a CSR coordinator at the holding.



Health and safety

Healthy and safe products are and have always been a top priority for all the companies in the Group. We are committed to providing safe products to our customers.



Health and safety

Sustainable supply chains + **Sustainable operations** = **Responsible high-quality products for our customers**

Food safety, and thereby consumer safety, is the largest single risk area in our business. Food safety is a matter of government regulation, but more than that it's a way of live in Acomo's operations. Our work with regard to food safety is not limited to our own operations, it extends to the sourcing of our products as we buy them at origin. We work closely with our suppliers to ensure that the products we buy are safe and comply with relevant regulations. The challenge many of our suppliers face especially is the use of chemicals and pesticides. We work together with these suppliers and other partners to address this complex issue.

> *Van Rees started a project of pesticide-free tea in Vietnam in 2015 and continued this during 2016. By closely working with smallholders, cooperatives and production partners in Vietnam, Van Rees was able to increase production from almost nothing to several hundred tonnes of pesticide-free tea, which we delivered to our partners in Europe and North America. As we are aware that pesticides pose significant issues to farmers in tea-growing areas, we are supporting them in the transition to pesticide-free growing methods. This allows them to increase their income while reducing health and safety risks. For the year 2017 we aim to again double our production volume of pesticide-free tea from Vietnam.* <

In our own production facilities we continue to invest in order to ensure that we operate to enhanced product safety standards and that we are ready to comply with future tightening of regulations. Our facilities are certified according to standards such as FSSC22000, ISO22000, BRC and SQF.

> *Red River Commodities invested in a new roaster for its SunButter® operation in Fargo in 2015. In 2016, the company obtained certification within a very short time frame after start-up and immediately began delivering products that contained none of the top eight allergens. Now produced in its new, contained production environment, SunButter® is not only meeting higher standards of food safety, but also offering customers an even healthier product.* <

Environmental footprint

We focus on efficiency and innovative technologies to save natural resources and lower the environmental impact of the products we sell.

Environmental footprint

Sustainable supply chains + **Sustainable operations** = **Responsible high-quality products for our customers**

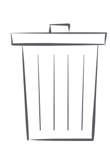
All agricultural products we source are grown under the influence of soil quality, water availability, and the right temperatures and amount of sunshine. Some of these factors we can influence, some we cannot. But the factors we can't influence we can monitor. So, with the help of Big Data tools and intelligent learning software models, we can predict future developments in terms of growth of mould and other plant diseases. In supplying these services to growers and farmers we are able to assist in increasing yield per hectare while reducing the environmental footprint. For growers and farmers, additional benefits of increasing yields are an increase in income per hectare and better land use.

> *On the back of our success in the first year of installing weather and water sensors in sunflower fields in Texas, we and our partner farmers increased the amount of monitored land by a factor two in our second year. Moreover, it was encouraging to note that our partner farmers made individual investments in moisture sensors to expand their own land coverage. In 2016, we added weather stations to the moisture sensors of the first year, which allowed us to expand our developing database with parameters like wind, rain, sunshine and temperature. The results of 2016 confirmed those of the first year, with a reduction of water usage of on average 25%. Also, by avoiding overwatering we reduced an important cause of plant diseases. Together with our partner FarmQA we developed a predictive model to assist farmers in making timely decisions on spraying and thereby preventing mould development. With another partner we tested biological spraying to prevent the formation of mould. Throughout the year we have been able to fill the model with fresh data and found proof again and again of its functioning. For the 2017 crop year we have set targets for the amount of moisture sensors in use and the associated water reduction, the improvement of timing in fertilization of the plants during the growing season, and the finalization and implementation of the predictive sunflower seed model.* <

In the greater scheme of things, the environmental footprint of our own operations is relatively small. In terms of producing CO_2 and waste, the drivers of this footprint are energy usage and waste going to waste treatment facilities or landfill. In our processing facilities we are looking for ways to reduce waste and energy usage by determining their root causes. In 2016 we continued with the baseline we developed in 2015 and initiated several reduction initiatives. In the year 2017 we will continue with these baselines and set clear targets for reduction in CO_2 and waste reduction.

> *We installed new LED lighting in the warehouse and offices of King Nuts & Raaphorst, which resulted in a significant reduction in energy consumption. We also installed LED lighting in our offices in Fargo, USA, while at the same time improving office and plant insulation. This resulted in a 15% electricity reduction.* <

51.0 kWh per tonne produced product is 26.8 kg CO_2 (-3% prior year) per tonne produced product*

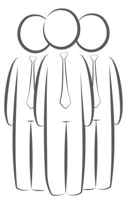


6.6 kg waste (-7% prior year) per tonne produced product*

** Included are production facilities where electricity usage and waste are significant. Data from King Nuts & Raaphorst (only electricity data included), Red River Commodities, Red River-van Eck, Van Rees Dongen, Van Rees Colombo and Snick EuroIngredients is included.*

Working conditions and fostering talent

We employ close to 600 people and the products we trade provide a livelihood for many more (smallholder) farmers and their workers. We work together with our partners to create value for all actors involved.



Working conditions and fostering talent

Sustainable supply chains + **Sustainable operations** = **Responsible high-quality products for our customers**

We source products from all over the world and it goes without saying that we also source from regions where we face significant challenges concerning working conditions and fostering talent. In some of our sourcing areas, issues like poverty, lack of education and sanitation increase the amount and risk of child labour. We work with farmers, growers, aggregators, customers and NGOs to tackle these issues and improve livelihoods.

> *In 2015 we joined the Malawi Tea 2020 Revitalisation Programme, and in 2016 we participated in the first parts of the programme. The first results include increased wages for tea estate workers in Malawi. Our partners in the programme have also introduced training programmes for smallholders to increase yields per hectare of tea bushes and thereby improve their income per hectare. Together with a partner, Van Rees also invested in tea factory equipment for the production of pesticide-free green tea in Malawi, which should be up and running in 2017.* <

Acomo is an international group of companies with offices all over the world. A talented and motivated workforce is essential for achieving our goals. We seek to attract, develop, reward and retain competent and motivated individuals. All companies in the Acomo Group promote a culture that is built on mutual respect and is free of harassment and discrimination. Everyone in the Acomo Group is responsible for creating a healthy, inspiring and challenging work environment where talent can grow.

♂ 75%

♀ 25%

18 Nationalities within the Acomo Group

<30	30s	40s	50+
18%	26%	28%	28%

Ages within the Acomo Group

Catz Charity Foundation

In addition to Acomo's CSR efforts at the corporate level, employees of Catz International are active through the Catz Charity Foundation. This foundation was established after the deadly tsunami in 2004, with the objective to channel individual initiatives of Catz International employees and other partners. The foundation continues to focus on small-scale projects with reliable partners and minimal overhead costs to ensure that as much as possible of what is donated reaches those who need it.

The Catz Charity Foundation supports several local organizations with financial and material donations. Many of the projects help young people develop skills that enable them to build a future and become self-supporting.

In 2016 the foundation supported the following organizations:

- *Blessed Generation*, with whom the Catz Charity Foundation has a long-standing relationship. This organization helps nearly 800 children and young adults in Kenya by providing education and shelter. Blessed Generation works with the local population as much as possible so that orphans can be helped by family members while the organization provides food, medicine and education. As a result, the orphanage has more room available for shelter in crisis situations and, moreover, 75% of the children can be helped from a home situation. This way, Blessed Generation can help more children and offer better help.
- *REMER*, an organization that helps Brazilian children build a brighter future. In the slums of Rio de Janeiro, drugs and violence are present every day. By providing sport and education REMER gives the children a safe place away from drugs and violence. The financial contribution of the Catz Charity Foundation made it possible to rebuild a sport court that was heavily damaged by a landslide. The court is now open again to children who want to play soccer, volleyball or other sports after school. During school hours the court is used by a local school.
- *Stichting Mirjam in Malawi*, which is committed to providing better education, health care and agricultural support for people in the Bembeke region. The only high school in the region didn't have a science classroom although chemistry and physics are mandatory courses. With the financial support of the Catz Charity Foundation, Stichting Mirjam in Malawi built a science classroom so the children at this school have a chance to attend classes which are necessary in order to pass their final exams.
- *Stichting Kansarmen Sri Lanka*, a foundation that provides clean drinking water and sanitary facilities in schools, orphanages and elderly homes in Sri Lanka. With the help of the Catz Charity Foundation, Stichting Kansarmen Sri Lanka will provide clean drinking water to two schools in the tea regions of Sri Lanka. Almost 500 children will have access to the new facilities.
- *Stichting HoPe*, which works in Peru to improve education and health care for the people in the Andes. One specific health issue is severe burns from makeshift cooking and heating solutions in poor housing conditions. Stichting HoPe, among many other projects, supports a hospital in the city of Cusco that specializes in burn treatment and aftercare. With the financial support of the Catz Charity Foundation, Stichting HoPe supplied the hospital with new materials and equipment for physiotherapy. The patients, many of them children, will now receive better treatment, which will help them to recover faster.

The Catz Charity Foundation welcomes and appreciates your support and donations to help improve lives in communities in need. For more information please visit www.catz.nl. For donations please transfer your funds to: IBAN NL79ABNA0439501385, ABN AMRO Bank.


CATZ
CHARITY
FOUNDATION
CATZ 100 YEAR


A REMER agradece a
CATZ INTERNATIONAL
Established 1838

We carefully store our customers' incoming goods and inspect them round the clock

SHARE INFORMATION

Acomo shares have been listed on Euronext Amsterdam since 1908 (ISIN code NL0000313286). The shares were included in the AScX index on 21 March 2011.

Dividend policy

We aim to maintain the Group's traditionally strong dividend policy. This policy implies that a substantial share of the annual net profit is paid out to the shareholders in cash every year. The pay-out ratio is subject to the realized free available cash flow and solvency and also depends on investment opportunities of the Group.

Share performance

Per ordinary share (in €)	2016	2015	2014	2013	2012
Net profit (basic)	1.43	1.35	1.40	1.17	1.16
Dividend in cash (2016: proposed)	1.15	1.00	1.10	0.77	0.70
Shareholders' equity at year-end	7.55	7.02	6.39	5.56	5.21
Share price - closing prices					
Year-end	20.90	23.20	19.01	16.55	13.90
High	24.64	25.83	19.01	16.95	14.35
Low	19.00	18.85	16.19	13.90	10.00
Price/earnings ratio at year-end	14.6	17.2	13.6	14.1	12.0

Shareholders' information

Shareholders holding 3% or more (latest information based on total issued shares as at 31 December 2016):

Mont Cervin Sarl.	15.13%
Mawer Investment Management	14.13%
Red Wood Trust	9.53%
Todlin N.V.	5.00%
Monolith Investment Management B.V.	4.23%
	48.02%
Other	51.98%
Total	100.00%

Number of shares outstanding

The number of issued shares in 2016, 2015 and 2014 was as follows:

	2016	2015	2014
At year-end	24 225 326	23 990 826	23 766 701
Weighted average	24 068 889	23 857 654	23 679 378
Fully diluted at year-end	24 272 955	24 187 346	24 044 418
Fully diluted weighted average	24 230 150	24 115 882	23 977 503

In 2016, the total number of Acomo shares traded was 3.8 million, on average 14,620 per day. This represented 15.6% of the number of issued shares. The market capitalization at year-end amounted to € 506.3 million (2015: € 556.6 million, - 9.0%). The average traded share price in 2016 was € 22.26 (2015: € 22.69, - 1.9%).

Profile of the Management Board

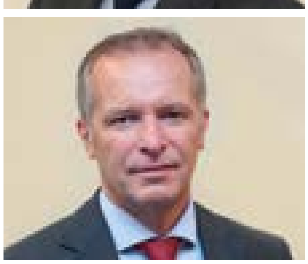
The Company is managed by a small team. The CEO and the CFO together make up the Management Board of the Company. The CEO also acts as Company Secretary as described in the Dutch Corporate Governance Code ('the Code').

The task of the Management Board is to manage the Company, which includes the responsibility for the performance of the Group and the implementation of the Company's role, objectives and strategy, always within the risk profile relating to the strategy and always taking into account corporate social responsibility aspects which are relevant for the Company.

Any form and appearance of a conflict of interest between the Company and the Management Board members is avoided. Decisions to enter into transactions involving potentially conflicting interests on the part of Management Board members who are of (material) significance to the Company and/or the respective Management Board members require the approval of the Supervisory Board.

The Company's Articles of Association and the Code of Conduct for the Management Board include most of the Code's principles and best practice provisions insofar as they apply to a two-person Management Board. The Code of Conduct is published on the Company's website www.acomo.nl/corporate-governance.

E. Rietkerk
(1960), Dutch
Chief Executive Officer,
appointed on
7 May 2013



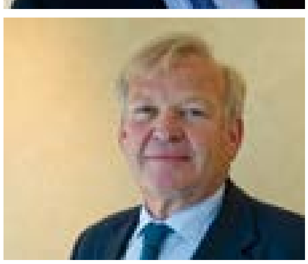
A. Goldschmeding
(1964), Dutch
Chief Financial Officer,
appointed on
26 April 2016

Profile of the Supervisory Board

The composition of the Supervisory Board of the Company is aimed at its proper functioning in the specific corporate governance structure of the Group, particularly taking into account the close working relations between the Supervisory Board and the Management Board of the Company and the managements of its subsidiaries. In this perspective, experience and expertise in the areas in which the Group is active are the most important criteria. Experience in international business and proven managerial skills, preferably in purchasing, marketing, processing and distribution of food commodities, mergers and acquisitions, CSR and strategy are required. Specific expertise in financial, economic and (Dutch) social matters needs to be present, as well as affinity with international trade and customer focus. In the manner of its composition, the Supervisory Board seeks to group a variety of experts who complement each other and provide a good balance of ages and genders. A conscious attempt is made to appoint several members who are still fully active, particularly in the business community.

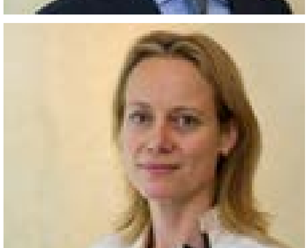
The Supervisory Board shall, to the maximum possible extent, take the above guidelines into account when considering appointments to the Board. Resigning members are eligible for re-appointment, for a period of six years each time. Considering the value of expertise and long-term experience with the activities of the Group, there is no limitation with regard to the maximum number of terms of Supervisory Board members. The Company adheres to the best practice rules of the Code and the Act on Corporate Management and Supervision (Wet bestuur en toezicht) with regard to the maximum number of Supervisory Board mandates a Supervisory Board member may hold and with other incompatibilities regarding the appointment of candidates as member of the Supervisory Board. The Code of Conduct is published on the Company's website www.acomo.nl/corporate-governance.

B. Stuivinga, Chairman
(1956), Dutch
Member of the Supervisory Board
since 2002, re-appointed in 2016,
resigning in 2022
Tax lawyer and attorney-at-law



Y. Gottesman
(1952), British
Member of the Supervisory Board
since 2002, re-appointed in 2012,
resigning in 2018
Private investor

J. Niessen
(1963), Dutch
Member of the Supervisory Board
since 2011, resigning in 2017
Private investor



M. Groothuis
(1970), Dutch
Member of the Supervisory Board
since 2013,
resigning in 2019
Private investor

We add value to sourced products by processing, packaging and distributing according to our customers' specifications

We present to you the activities of the Acomo Group in 2016 and the consolidated financial statements for the year ended 31 December 2016.

Highlights

Consolidated sales reached € 682.3 million in 2016, an increase of 0.1% compared to the previous year (2015: € 681.6 million). Net profit reached a record € 34.4 million (2015: € 32.3 million, + 6.6%).

The results for the year 2016 show a remarkable performance in the segment Spices and Nuts, with record years for both Catz International and King Nuts & Raaphorst. Edible Seeds in North America and Europe showed a strong comeback after the difficult year 2015. Food Ingredients grew strongly in net result and Tea had a challenging 2016 due to delayed customer demand.

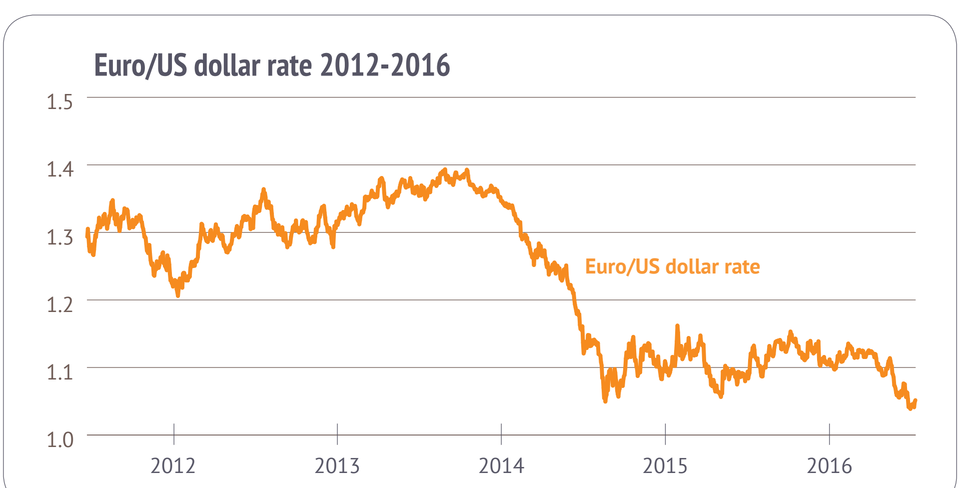
In February we signed and closed the acquisition of the assets of Indian-based Container Tea & Commodities and its first year within the Group was fully in line with our expectations, even with the driest period in South India in 30 years. The tea production in some areas of the Nilgiri region was 30% below 2015, a historic low. We opened a new trading operation in Canada called Red River Global Ingredients, which will trade in sunflower seeds and other specialty crops like pulses in North America and utilize our processing capabilities in the US.

On 1 September 2016, the fourth vesting (30%) occurred of options granted to selected employees in 2010. In 2016, 234,500 options were exercised. As at 31 December 2016, 26,000 vested options were still exercisable and 160,000 options were non-vested.

The 2016 results include the financial effect of the discontinuation of applying hedge accounting for Spices and Nuts. The discontinuation had a positive impact on the 2016 net result of € 0.7 million. In the previous year the results were positively impacted by a number of one-off items of in total € 0.9 million.

The US dollar was comparable to 2015 during the first nine months, but strengthened substantially versus the euro during the last quarter in 2016. The average annual euro/US dollar exchange rate in 2016 was 1.107 (2015: 1.110). The impact of the euro/US dollar exchange rate on 2016 earnings was not material. Like-for-like revenue was the same for 2016 and 2015.

The 2016 year-end exchange rate of 1.052 is evidence of the stronger US dollar against the euro when compared to the 2015 year-end rate of 1.086. As per 31 December 2016, currency effects led to an increase in total assets (+ € 4.9 million).



General environment

Prices in almost all product categories showed volatile behaviour in the El Niño aftermath. Tea prices showed erratic regional behaviour in sometimes opposite directions. Nuts saw weakness in some categories in the beginning of the year, which recovered later in the year. Spices saw good volatility with different price patterns in different products. Pepper saw two very different half years, the first half with rising prices, the second with falling prices. Ginger and garlic were also very volatile. Corn, millet and sunflower seeds showed stable pricing over the year at relatively low levels.

The year 2016

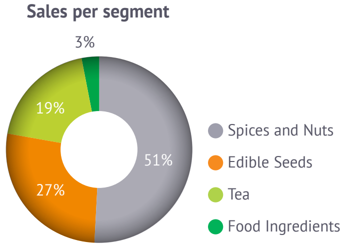
Looking at the global economy we saw a positive first half year with an optimistic economic outlook. Towards the end of 2016 the world economy started to become less stable as financial uncertainties developed due to expansionary policies in the USA. Further to this, we experienced more financial instability in certain developing economies. Finally, despite a positive first half year in Europe, the uncertainties due to Brexit, the debt contagion factor and looming protectionism caused a more fragile economic outlook in the world.

After a long period of continuously decreasing commodity pricing for energy, metals and softs, price developments in 2016 can be characterized as plateauing out and sometimes recovering, for instance in the energy complex. Prices for soft commodities remained under pressure although some products of the soft complex did see some increases.

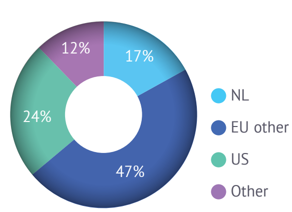
The pressure on the soft complex and the stabilization of soy, grains and corn held prices for confectionary sunflower seeds stable. Our other commodities in North America, like millet and milo, also remained relatively stable. Similar trends were observed in 2016 for our other seeds like poppy, sesame and pumpkin, but not for our other product categories like spices, nuts and tea. Pepper saw strong volatility over the year with a significant downward trend in the last quarter. Due to shortages, garlic saw one trend for the year, namely up. Other spices also showed volatility such that with strict risk management and utilizing our experience we made good use of opportunities that came up. In nuts we saw a differentiated picture with the largest mover being cashews. Starting stable at the beginning of the year, the shortage of raw cashews for Indian and Vietnamese processors drove prices for kernels up to dazzling heights. All our nut trading operations anticipated well and were able to service our customers as contracted. Almonds saw a major correction, reaching their lowest price at the end of Q1 and then recovering in price during the rest of the year.

The tea business saw an interesting challenge in prices. As we saw different post-El Niño effects in different regions, the supply and demand balances in different regions were diverging. Droughts in South India and Sri Lanka led to lower crops and price explosions in Sri Lanka in the second half of the year, while we saw an abundant crop in Eastern Africa. In Kenya, prices were dropping till May, after which we saw a strong recovery and high prices during the remainder of the year. Again, strict risk management ensured that we were able to steer away from defaults on the supplier and customer side.

Sales per segment



Sales per region



Activity reviews per operating company

Spices and Nuts

Catz International in Rotterdam, the Netherlands, performed exceptionally well and delivered yet again a record year in difficult market circumstances. Sales dropped slightly versus 2015 on the basis of lower pricing and changes in product portfolio. Gross margin was up by almost 4%. Gross margin as percentage of sales increased by 0.8 percentage points. Once again, Catz delivered the largest share of the Group's net profit. Catz faced volatile markets in the El Niño aftermath. The volatility was particularly high in pepper, desiccated coconut, almonds, cashews, onions and garlic, but as always the whole team at Catz showed an excellent feeling for risk management and position-taking. Utilizing their market knowledge they delivered value for our suppliers and customers.

Tovano in Maasdijk, the Netherlands, active in packed nuts and dried fruits, had an excellent year increasing its margin, despite the difficult market with declining sales prices for nuts in the first six months.

King Nuts & Raaphorst in Bodegraven, the Netherlands, active in nuts and rice crackers, was able to increase volumes and margins in 2016, resulting in a net profit which was a record high in the history of King Nuts & Raaphorst. Sales were up by 8% versus 2015, mainly driven by volume growth in almost all market segments. Gross margin increased significantly and as a percentage of sales it increased by one percentage point. This resulted in a net profit which was significantly above 2015. Although King Nuts & Raaphorst saw a volatile market environment, especially in almonds and cashews, it was able to execute on good position-taking and thereby increasing market share in the Benelux. The team in Bodegraven continues to outperform the market by maintaining a strict focus on market position and costs, thereby delivering impressive results.

Edible Seeds

Red River Commodities in Fargo, USA, which is active in sourcing, processing and distributing edible seeds (mainly sunflower), delivered a strong comeback versus 2015 in still difficult circumstances with low commodity prices and a strong dollar. The low commodity prices made it more difficult to increase margins and the strong dollar prohibited growth of the in-shell export business to Europe. The political situation in the Middle East and the currency volatility in countries like Turkey put a downward pressure on demand in the Mediterranean Rim. Despite this, Red River Commodities was able to increase gross margin by 7% versus 2015. Combined with a strict control on operating cost this resulted in a net result that was significantly above that of 2015.

Wild bird food saw a mild winter resulting in a somewhat lower demand, but at higher gross margins. The export business saw a significant drop in revenue and volumes, but did a great job in increasing gross margin in absolute terms. SunButter® profited from investments in marketing made in 2015 and 2016. As a result of targeted marketing and increased spending, volumes and revenue increased by more than 20%. The investment in the new SunButter® roaster paid off in increased quality and margins. SunGold had a transitional year with reduced roasting volumes for kernels as a result of SunButter® having its own roaster. In-shell sunflower volumes were down slightly, but with higher margins. SunGold was able to increase the volumes of other roasted products like chickpeas, pumpkin seeds and soybeans such that its margin was held constant versus 2015.

Red River-van Eck in Zevenbergen, the Netherlands, made good use of trading opportunities in the poppy seeds market and realized good results in poppy and other bakery seeds. Volumes on poppy and other bakery seeds were somewhat down, which resulted in a slightly lower gross margin. The Bulgarian sunflower activities are now being run purely as a trading activity managed from Zevenbergen and volumes were reduced in favour of increased focus on profitability and costs. The gross margin in Bulgaria improved such that the company is now achieving a positive gross margin after having a negative gross margin in 2015.

SIGCO Warenhandel in Hamburg, Germany, had a better year than 2015 and increased its gross margin by double-digit percentage points. SIGCO further started to realize synergies with Red River-van Eck at the back office level. With stable operating costs SIGCO improved its net result.

The Edible Seeds teams in North America and Europe have proven to be able to cope with challenges and at the same time improve their operations and deliver good results.

Tea

Van Rees Group in Rotterdam, the Netherlands, experienced a challenging year in a turbulent market environment. Van Rees experienced pricing developments which were volatile and sometimes took different directions in different regions. Kenyan prices dropped in the first five months after which they moved up throughout the rest of the year, while Sri Lanka saw a stable first six months after which prices moved up aggressively as a result of drought. The newly acquired business in India was successfully integrated and performed well and to expectation, despite a severe drought in South India. Van Rees experienced some delayed offtake by several major customers. The rollout of the ERP system continued and will be finalized in 2017.

Food Ingredients

The Group's natural food ingredients activities, now under a single **Snick EuroIngredients** proposition, delivered strong results in 2016. Volumes of all categories grew, resulting in higher gross margins in all categories. As the merger with Tefco EuroIngredients was finalized, further savings were achieved in operating costs and efficiency. The combined effect of increased margin and decreased cost resulted in a net result which was 13% higher than 2015. Dry blends volumes continued to grow and this resulted in higher utilization of the plant in Ruddervoorde, Belgium. The percentage of own blends (dry and wet) increased to 30% of the portfolio. Through their drive and experience, the people in Ruddervoorde delivered excellent progress in 2016.

Financial review

Consolidated balance sheet

Condensed consolidated balance sheets for the years ended 31 December 2016, 2015 and 2014 are presented below:

	31 December		
Condensed consolidated balance sheet (in € thousands)	2016	2015	2014
Short-term investments			
Inventories	158 396	163 147	164 537
Trade receivables	81 401	75 150	68 819
Trade creditors	(44 050)	(37 538)	(51 212)
Other assets and liabilities, working capital related, net	(21 204)	(15 552)	(16 208)
Cash and cash equivalents	1 805	1 384	1 558
Bank overdrafts	(82 272)	(98 260)	(82 497)
Other assets and liabilities, net	-	(489)	(2 838)
Total, net	94 076	87 842	82 159
Long-term investments			
Intangible assets	62 919	60 436	56 816
Property, plant and equipment	42 138	42 091	38 014
Other non-current receivables	1 529	-	-
Provisions	(11 235)	(14 181)	(14 714)
Total, net	95 351	88 346	80 116
Total investments	189 427	176 188	162 275
Long-term financing			
Shareholders' equity	182 908	168 320	151 920
Bank borrowings	6 519	7 868	10 355
Total	189 427	176 188	162 275

The effect of higher price levels at year-end, specifically in the Spices and Nuts segment, and the strong year-end euro/US dollar exchange rate, partly offset by active working capital management, led to an increase in the Group's total balance sheet.

Total assets as at 31 December 2016 amounted to € 353.6 million (year-end 2015: € 348.9 million, + 1.3%). In 2016, the main financial developments reflected in the consolidated balance sheet were:

- Total working capital decreased by € 5 million, mainly due to lower inventories at year-end in combination with active working capital management.
- Goodwill increased by € 2.4 million due to the acquisition of the assets of Container Tea & Commodities in India and the effect of the stronger year-end US dollar that affected the recorded goodwill paid for the seeds and tea businesses in 2010.
- Shareholders' equity increased by € 14.6 million to € 182.9 million on 31 December 2016 (year-end 2015: € 168.3 million). The highlights included: 2016 net profit amounting to € 34.4 million (2015: € 32.3 million), dividend payments to shareholders amounting to € 24.0 million (in 2015: € 26.2 million) and positive currency effects of € 2.6 million. A total of 234,500 new shares were issued relating to the Acomo share option plan, increasing shareholders' equity by € 2.0 million.

Solvency as per 31 December 2016 was 51.7% (year-end 2015: 48.2%), which significantly exceeded the minimum solvency levels required by Acomo's financial policy.

Consolidated income statement

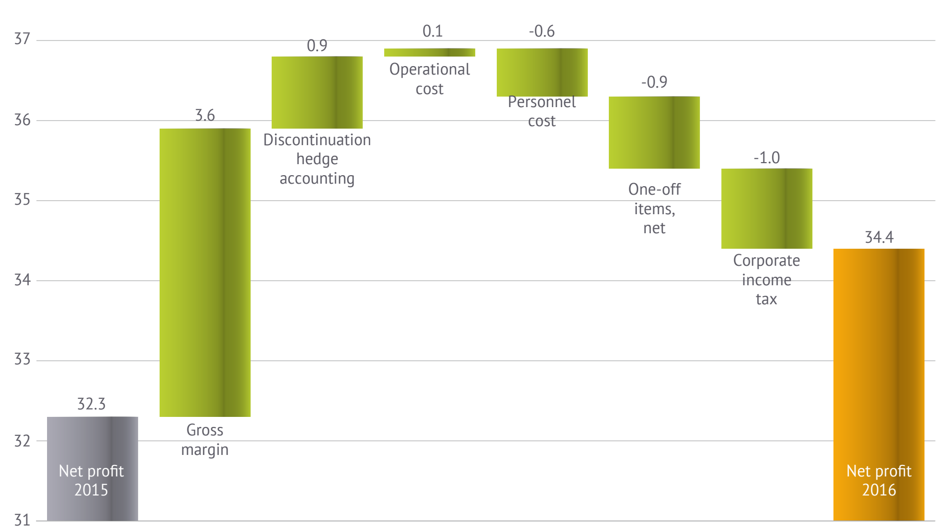
Condensed consolidated income statements for the years 2016, 2015 and 2014 are presented below:

Condensed consolidated income statement (in € thousands)	2016	2015	2014
Sales	682 320	681 584	618 871
Cost of goods sold	(567 743)	(571 566)	(517 028)
Gross profit	114 577	110 018	101 843
Operating cost excluding specific items	(64 137)	(63 680)	(55 055)
Operating income (EBIT)	50 440	46 338	46 788
Financial income and expenses	(3 096)	(3 091)	(2 598)
Corporate income tax	(12 967)	(11 920)	(11 429)
Net profit from recurring operations	34 377	31 327	32 761
Specific non-recurring items, net	-	924	303
Net profit	34 377	32 251	33 064

The main items (excluding the foreign exchange effects of an, on average, stronger US dollar) were:

- Sales increased due to price, volume and product mix effects.
- Gross profit was higher compared to last year mainly as a result of the positive financial effect of the discontinuation of hedge accounting for Spices and Nuts (€ 0.9 million) and a better portfolio and product mix.
- Operating cost excluding specific items as a percentage of sales increased slightly by 0.1% to 9.4%.
- EBIT margin increased to 7.4% (2015: 6.8%).
- Financial income and expenses were stable compared to last year. The effect of on average lower borrowings was offset by the impact of increased LIBOR interest rates.
- The average corporate income tax rate increased from 26.8% in 2015 to 27.4% in 2016 due to a change in the country mix of results, and a lower deferred tax rate used in the US following decreasing state tax rates in prior years.
- Net profit increased to € 34.4 million (2015: € 32.3 million).

Movements in the consolidated income statements (in € millions)



Liquidity and cash position

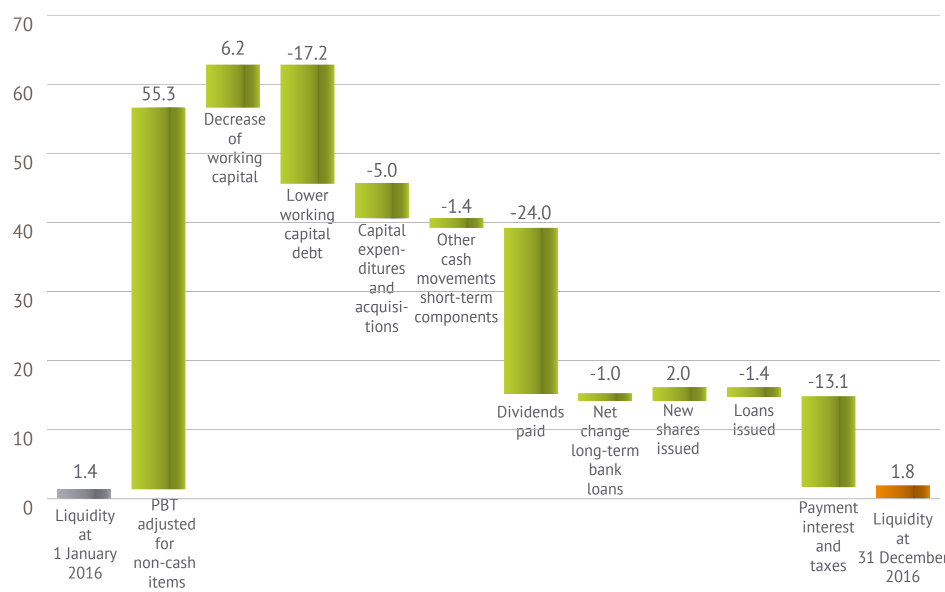
Condensed consolidated cash flows for the years 2016, 2015 and 2014 are presented below:

Condensed consolidated cash flows (in € thousands)	2016	2015	2014
Cash realized			
Profit before tax adjusted for non-cash items	55 276	45 267	49 538
Change in inventories, trade receivables and creditors	6 172	(15 640)	(10 350)
Other cash movements short-term components	(1 355)	2 104	(2 741)
Cash generated from operations	60 093	31 731	36 447
Capital expenditures	(3 571)	(4 829)	(2 658)
Acquisitions	(1 473)	-	(4 685)
Interest received	76	26	-
Net cash from operations and investing activities	55 125	26 928	29 104
Payments to financers and authorities			
Dividends paid to shareholders	(24 001)	(26 190)	(23 690)
Repayments on long-term bank loans	(2 535)	(2 768)	(11 717)
New long-term bank loans	1 516	-	3 888
Issued loans	(1 349)	-	-
(Lower)/higher working capital financing	(17 192)	11 135	14 933
Proceeds from issuance of new shares	1 980	1 723	1 748
Payment of interest and taxes	(13 102)	(11 049)	(14 161)
Total payments	(54 683)	(27 149)	(28 999)
Remaining net cash movement	442	(221)	105
Banks at 1 January	1 384	1 558	1 381
Other cash movements	(21)	47	72
Banks at 31 December	1 805	1 384	1 558

The main cash flow items (excluding the foreign exchange effects of a stronger US dollar at year-end) were:

- Net cash from operations and investing activities increased by € 28.2 million compared to 2015, mainly as a result of the following factors:
  - Profit before tax (adjusted for non-cash items) increased by € 10 million compared to 2015, mainly due to a higher profit before tax in 2016 (+ € 3.3 million) and the net effect of the change in provisions and working capital related allowances (+ € 6.5 million).
  - Strong working capital management resulted in a € 6.2 million decrease in inventories, trade receivables and creditors. In 2015, inventories, trade receivables and creditors increased by € 15.6 million, resulting in a total positive effect on cash of € 21.6 million for this year, which was partly offset by € 3.5 million cash effect on other short-term components.
- Investments in upgrading of plant equipment, including a new SunButter® roaster in Fargo, USA, and in other fixed assets represented a cash outflow of € 3.6 million (2015: € 4.8 million).
- The cash outflow relating to acquisitions amounted to € 1.5 million.
- Dividends paid amounted to € 24 million (2015: € 26.2 million). This included the final dividend 2015 of € 0.60 per share and an interim dividend 2016 of € 0.40 per share.
- Contractual repayments on long-term bank loans (mainly acquisition loans and loans related to the Lubbock facility) amounted to € 2.5 million.
- As a result of the decrease in working capital, € 17.2 million less cash was drawn from our working capital bank facilities.
- New shares issued as part of the Acomo share option plan resulted in € 2.0 million cash proceeds.
- Contractual payments of bank interest and paid corporate income taxes amounted to € 13.1 million in total.
- Active cash management resulted in a net cash position of € 1.8 million at the end of 2016.

Movements in the consolidated cash flows (in € millions)



Debt position

Total borrowings outstanding at the end of 2016 amounted to € 91.8 million (2015: € 108.3 million) including long-term debts of € 6.5 million (2015: € 7.9 million). Long-term debt is repayable in three years on average. Total short-term bank liabilities amounted to € 85.2 million (2015: € 100.5 million), mainly consisting of bank overdrafts for € 82.3 million and € 3.0 million relating to the short-term part of long-term borrowings repayable in 2016.

Foreign exchange position

All operating companies are required to hedge foreign exchange risks related to transactions against their functional currency. The consolidated accounts of Acomo are prepared in euros. The Group comprises several operating companies (Red River Commodities and Van Rees Group) that use the US dollar as their functional currency. The results of these subsidiaries are consolidated in the Group's 2016 results against the average euro/US dollar rate of the year, being 1.107 (2015: 1.110). The impact of the euro/US dollar exchange rate to 2016 sales and net profit was not material.

The future development of the euro/US dollar rate can have a positive or negative impact on the consolidated results reported in euro. The assets and liabilities of Red River Commodities and Van Rees Group are translated in euro at year-end rate for consolidation purposes, being 1.052 at 31 December 2016 (1.086 at 31 December 2015), affecting total consolidated assets of these companies by + 3.2%. Variations in the year-end rates on the net investment values of US dollar subsidiaries, after taking into account related long-term borrowings in US dollar, are accounted for directly in equity through the currency translation reserve and will impact total consolidated assets and net shareholders' equity.

Treasury position

On 7 February 2014, Acomo signed bank facilities for a total of € 250.0 million, to be utilized for working capital financing including acquisitions. On 24 January 2017 the working capital facilities were extended with a three-year term with the option for an additional two years. Further Acomo has the option to increase this facility with 30%.

The Group's working capital credit facilities including cash positions amounted to in total € 233.5 million (2015: € 229.1 million). Short-term financing available to the Company on 31 December 2016 amounted to € 151.2 million compared to € 130.8 million one year earlier.

Financing position (in € thousands)	31 December		
	2016	2015	2014
Cash and cash equivalents	1 805	1 384	1 558
Working capital financing lines	231 673	227 674	221 618
Total financing capacity	233 478	229 058	223 176
Overdrafts used	(82 272)	(98 261)	(82 497)
Total available working capital financing	151 206	130 797	140 679

Working capital credit facilities are managed by treasury at Group level and/or at subsidiary level. These overdrafts are mostly borrowing-based and are secured by either positive or negative pledges on stocks and trade receivables. Financial covenants are linked to a minimum solvency of the Group (30% or 25% minimum on various semi-annual reporting dates) and an interest coverage ratio of 4 to 1. At 31 December 2016, the Company and its subsidiaries were in full compliance with all bank covenants. Acomo pools cash from subsidiaries to the extent that is legally and economically feasible. Cash not pooled remains available for local operational needs.

Developments in people and organization

In September 2010, Acomo introduced a share option plan aimed at rewarding and retaining key managers and personnel of Acomo and its subsidiaries. On 1 September 2010, 1,070,000 options were granted to 35 participants in the plan. The options vest over a period of six years. The first vesting started on 1 September 2013. The exercise price of the options is € 7.39 per share. In 2013, 100,000 options were issued with an exercise price of € 13.90 per share. In 2014, 40,000 options were issued with an exercise price of € 17.00 per share. In 2015, 50,000 options were issued with an exercise price of € 22.46 per share.

In 2016, 235,500 options vested. Also in 2016, 234,500 vested options were exercised (vested in 2016 or in prior years), leaving 26,000 vested options still to be exercised. At year-end 2016, the total number of non-vested options was 160,000.

Corporate governance

Acomo has aligned its corporate governance policies with the principles and best practice rules of the Code Frijns except on matters for which the Company has substantive grounds to deviate from the standard recommendations. We refer to pages 55 to 58 of this report and to the website of the Company for further details. During the year, there were no transactions or issues giving rise to a (possible) conflict of interest between Management, members of the Supervisory Board and the Company.

Risk management

In their daily business operations, Acomo and its subsidiaries incur general business as well as specific trading and financial risks. Enterprise risk management is a Company-wide activity. The Management Board has the ultimate responsibility to manage and control the risks associated with the activities and the strategy of the Company, to achieve the Group's objectives, to ensure compliance with corporate governance policies and the law in general, and to ensure accurate financial reporting. The Supervisory Board supervises the Management Board on these subjects.

The risk approach and appetite are determined by the nature of the risk. The main risks relate to strategic and operational risks. We refer to pages 51 to 54 of this report and to Note 3 to the annual accounts for further details. This enumeration is not exhaustive, nor does it provide any guarantee against future losses or failure.

With respect to the strategic risks, the Company is focused on monitoring the developments and reflecting the implications in day-to-day operations. Given the global spread of our activities and the nature of our business, the strategic risks are real, yet extremely difficult to predict. The Company is however committed to delivering attractive financial returns and is therefore willing to accept risks in this area.

Regarding the operational risks, the Company seeks to minimize downside risks where possible by gaining market insight, training, policies and procedures. Each risk is mitigated where possible by targeted actions.

Within the Group, all managers and traders are responsible for risk management as an integral part of their day-to-day activities and decisions. The effectiveness is strengthened by a high level of individual and collective sense of responsibility, which is a crucial component of the Company's culture. The policies and procedures further support the appropriate actions and decisions. These measures are aimed at providing a reasonable level of assurance that the significant risks are identified and, as much as possible, mitigated.

The environment in which the Group does its business is dynamic, complex and subject to constant change. The Management Board is of the opinion that, given these circumstances, internal risk management is functioning properly within the Group, providing reasonable assurance on the accuracy of the financial reporting.

Dividend 2016

Management and the Supervisory Board propose a dividend of € 1.15 per share (2015: € 1.00). This represents a pay-out of 80.8% of earnings per share. Taking into account the interim dividend of € 0.40 per share paid in August 2016, the proposed dividend will result in the payment of a final dividend of € 0.75 per share in cash.

Management Board declaration

Acomo's Management Board hereby declares that, to the best of its knowledge:

1. The financial statements for the financial year 2016 give a true and fair view of the assets, liabilities, financial position and the profit of the Company and its consolidated entities.
2. The Management Board report gives a true and fair view of the position of the Company and its related entities whose financial information has been consolidated in the financial statements as at the balance sheet date 31 December 2016 and of their state of affairs during the financial year 2016.
3. The annual report describes the principal risks that the Company faces.

Word of thanks

The operating companies, employees and our suppliers have delivered again during 2016. Through their efforts, enthusiasm and commitment, the Group has been able to show its strength in challenging markets, to further strengthen positions, and to achieve progress on various fronts. The Management Board thanks them all for their efforts.

Rotterdam, 9 March 2017

The Management Board

E. Rietkerk,
Chief Executive Officer

A. Goldschmeding,
Chief Financial Officer

Tasks of the Supervisory Board

The task of the Supervisory Board is to supervise the Management Board and the general course of affairs of Acomo. The Supervisory Board supports the Management Board with advice. In the fulfilment of its task, the Supervisory Board looks in the first place to the interests of the Group, taking into consideration the fair interests of all parties concerned.

The supervision of the Supervisory Board includes the following aspects:

- The realization of the Company's objectives and strategy – with attention for the risks related to the Company's activities, strategy and consideration for its corporate social responsibility;
- The process of financial reporting;
- The observance of laws and regulations;
- A sound corporate governance;
- The relations with shareholders.

The rules regarding Supervisory Board meetings, decision-making and working procedures can be found in the Articles of Association and the Supervisory Board's Rules of Conduct. Both documents are published on the Company's website: www.acomo.nl/corporate-governance.

Composition of the Supervisory Board

The desired profile of members of the Supervisory Board is described in the Corporate Governance Statement ('the Statement'), which is published on the Company's website: www.acomo.nl/corporate-governance and is summarized in this annual report. The Statement includes the required declarations with respect to the independence of the individual members of the Supervisory Board.

In 2016, Bernard Stuivinga was up for rotation. At the annual general meeting of shareholders, held on 26 April 2016, he was re-appointed as Supervisory Board member. For the rotation scheme please refer to page 35.

Activities

2016 was another challenging and successful year. The world in which the Company operates keeps changing rapidly, external developments have their effects on the Group every day and food safety rules and regulations are strengthened further.

The Supervisory Board worked intensively with the CEO, Erik Rietkerk, and the CFO, Allard Goldschmeding.

We are also pleased that the Company was able to maintain its high performance level in 2016, especially bearing in mind the challenging economic business environment.

The Supervisory Board convened regularly in 2016: six times in formal meetings and much more often informally. Most meetings were held in the presence of the CEO of Acomo, Erik Rietkerk, as well as the CFO, Allard Goldschmeding. During separate meetings, the functioning of the Supervisory Board and/or the Management Board was discussed. The external auditor PricewaterhouseCoopers Accountants N.V. (hereafter 'PwC') joined the meetings when deemed appropriate. During these meetings we reviewed, among other things, the activities and the financial situation of the Company and its subsidiaries, the risk control and management systems, the Company's strategy and allocation of resources, the diversification of the Group, acquisition opportunities and the corporate governance structure. Acomo's corporate governance structure is described in the Statement.

Through their participation in the supervisory boards at subsidiary level, the Supervisory Board members work actively with the Management Board members and the management of the group companies, together addressing a broad range of subjects such as strategy, human resources, management succession planning, remuneration, risk profile of the activities, analysis and follow-up of major capital investments, financing and bank relations, IT systems, and so on. These Board activities include regular visits to the principal locations where the Group is active and in-depth discussions with local managements.

Every year, the Supervisory Board evaluates its functioning as a whole as well as that of its individual members, the functioning of the auditor, and the functioning of the Management Board as a whole and of its individual members. This review is held outside the presence of the Management Board members and is held through collective and individual discussions between the Chairman of the Board and its members. In the opinion of the Supervisory Board, the functioning of the Supervisory Board as a whole as well as of its individual members, the functioning of the Management Board as a whole as well as of its individual members, and the functioning of the auditor were satisfactory in the light of the current structure, size and strategy of the Company with a view to discharging the Management Board of their duties for the financial year 2016.

Corporate governance

The Company aligns its corporate governance policy with the principles and best practice rules of the Code Frijns and the related recommendations of the Monitoring Commission Dutch Corporate Governance Code, except on matters for which the Company has substantive grounds to deviate from the standard recommendations. The Company's corporate governance policy and deviations from the Dutch Corporate Governance Code are described in the Statement, as summarized on pages 55 to 58 of this annual report.

The Supervisory Board permanently reviews and evaluates the Company's corporate governance in view of the Company's own development and of Dutch and international social and legal developments. Notwithstanding the significant growth of the Company, especially since 2011, the original choices and principles underlying Acomo's corporate governance policies are still deemed sound and well-adapted to the Company's culture, strategy and activities. The existing corporate governance as described in the Statement has therefore been confirmed in general.

Group Management

On 20 October 2016 Erik Rietkerk announced that he would not be available for a new term as CEO after May 2017. He was appointed in 2013 for a four-year period to run until May 2017. We are grateful to Erik Rietkerk for his accomplishments as CEO of Acomo, especially for his efforts to increase the sustainability of the supply chains in which Acomo's subsidiaries operate. The succession process has been started. There were no other significant changes in the management of the Company and its subsidiaries in 2016.

Human resources and remuneration policy

The remuneration policy of the Company is described in the Statement and in this annual report on page 57 to 58. There were no changes in the remuneration of the members of the Supervisory Board in 2016.

The profit share 2016 granted to the CEO is directly related to the actual earnings per share in 2016 whereas the bonus of the CFO is related to achieving personal targets and objectives and by agreement.

It is the Company's long-standing policy that the Company does not extend loans or other similar instruments to the members of the Management Board and Supervisory Board or to its personnel.

In 2010, an option plan was introduced with the objective of the long-term retention of key traders and management in the Company. The principal terms and conditions of the option plan, including details about the facts, are described in Note 17 of the annual report.

Auditor

In the annual general meeting of shareholders, held on 26 April 2016, PwC was reappointed as external auditor. The findings of their audit were discussed with the Supervisory Board.

Conflicts of interest – whistle blower events

The existing whistle blower rules are regularly brought to the attention of the management and employees of the Group, and we guarantee the full protection of a whistle blower for substantiated disclosures.

No matters with respect to the whistle blower rules were brought to the attention of the Management Board and/or the Supervisory Board in 2016. Furthermore, no matters of conflict of interest between individual Supervisory Board and Management Board members and the Company arose.

Financial statements and dividend proposal

We present to you the annual report for the financial year 2016 as well as the report of the Management Board. The Supervisory Board has approved the Annual Accounts 2016. The accounts have been audited by PwC. We refer to their independent auditor's report on pages 106 to 113.

We propose to the General Meeting of Shareholders:

I. To approve and adopt the accounts as presented;

II. To approve the appropriation of the result proposed by the Management Board and approved by the Supervisory Board and, in view of the results and the financial position of the Company in 2016, to pay a dividend over 2016 of € 1.15 per share in cash. Taking into account the interim dividend of € 0.40 per share paid in August 2016, the proposed dividend will result in the payment of a final dividend of € 0.75 per share in cash;

III. To approve the proposed discharges of the members of the Supervisory Board and the Management Board as presented to the general meeting of shareholders.

Word of thanks

The Management Board, the management teams and employees have delivered again in 2016. Through their efforts, the strength of the Group in challenging markets was proved again, positions were further strengthened and progress was made on various fronts. The Supervisory Board thanks them all for their efforts.

Rotterdam, 9 March 2017

The Supervisory Board

B. Stuivinga, *Chairman*
M. Groothuis
Y. Gottesman
J. Niessen

Our people are committed to delivering the right product at the right place at the right time

RISK MANAGEMENT

Risk management is one of the key responsibilities of the Management Board and Supervisory Board. The Group's principal risks and uncertainties – whether under our control or not – are highly dynamic and Acomo's assessment of and responses to them are critical to the Group's future business and prospects. Acomo's approach towards risk management is framed by the ongoing challenge of understanding the risks that the Company is exposed to, what the Company's risk appetite is and how these risks change over time. The Management Board assesses and approves Acomo's overall risk appetite, monitors the Group's risk exposure and sets the Group-wide limits, which are reviewed on an ongoing basis. This process is supported by the Supervisory Board.

Risk management within the Group is carried out on the basis of procedures which have been approved by the Management Board and Supervisory Board. The Group's overall risk management focuses primarily on the unpredictability of commodity and financial markets and is aimed at minimizing the potential impact of negative market developments on Acomo's financial position and results. Identifying, evaluating and hedging risks are primarily done by the operating companies. The Management Board and the operating companies' management apply procedures which cover specific risk areas including exchange rate risks related to foreign currency, interest rate and credit risk exposure, and the use of financial instruments such as derivatives and liquidity management. The most important risks arising from the Group's trading activities and the Group's risk management and control systems are described in this annual report. However, this description is not exhaustive and risk management and control systems do not offer an absolute guarantee against future losses or mistakes.

The current assessment of Acomo's risks, according to exposure and mitigating factors, is detailed on the following pages.

To the extent that any of these risks are realized they may affect, among other matters, the Group's current and future business and prospects, financial position, liquidity, asset values, growth potential, reputation and sustainable development (including the impact on food safety, the environment and aspects of social responsibility). The diversification of Acomo's portfolio of commodities, geographies, currencies, assets and liabilities is a source of mitigation for many of the risks the Company faces. In addition, through Acomo's governance processes and its proactive management approach the Company seeks to mitigate, where possible, the impact of certain risks should they materialize. In particular:

- The Group's finance policy requires Acomo to maintain sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs.
- Acomo makes use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees, and imposes limits on open accounts extended.

2016 developments

Food commodity pricing was volatile during 2016, mainly due to the influence of El Niño. While various spice and tea price levels rose (in some cases significantly) other commodities went down in price and then stabilized later in the year. The Company's risk-mitigating factors with respect to fluctuations in commodity prices proved to be adequate. Risk is, however, by its very nature uncertain. Inevitably, events may lead to our risk-mitigating factors not having a material mitigating effect on the negative impacts of the occurrence of a particular event.

During 2016, the Company implemented a Group-wide Code of Conduct and a Global Supplier Code of Conduct ('Supplier Code'). The Code of Conduct outlines Acomo's shared ethical standards for conducting business throughout the world. The Code summarizes key compliance policies that can have significant consequences if handled improperly, and provides guidelines for appropriate behaviour. Adherence to the Code is supported by regular training and a whistle blower procedure. This procedure ensures that all employees, interns and temporary staff working at the Acomo Group have the possibility to confidentially report any alleged irregularities of a general, operational and financial nature.

Acomo's Supplier Code is intended to complement Acomo's Group-wide Code of Conduct. In general the Company expects its suppliers to conduct business responsibly, with integrity, honesty and transparency. The Code also addresses adherence to food safety standards, compliance to applicable laws and regulations (including environmental laws), human rights and prohibition of child labour.

Risk appetite

Acomo's willingness to assume risks and uncertainties (the risk appetite) differ for each risk category. The level of the Company's risk appetite gives guidance as to whether Acomo should take measures to control such uncertainties. The risk overview table shows the risk appetite and the expected impact on the Group's achievement of its strategic, financial and operational objectives if one or more of the main risks and uncertainties were to materialize.

Risk category	Category description	Risk appetite
Strategic risk	Risk relating to prospective earnings and capital arising from strategic changes in the business environment and from adverse strategic business decisions	Moderate
Operational risk	Risk relating to current operational and financial performance and capital arising from inadequate or failed internal processes, people and systems or external events	Low to moderate
Financial risk	Risk relating to financial loss due to the financial structure, cash flows and financial instruments of the business, which may impair its ability to provide an adequate return	Low
Compliance risk	Risk of non-compliance with relevant laws and regulations (including food safety), internal policies and procedures	Low

Group risk profile

Below is an overview of the risks that Acomo believes are most relevant to the achievement of its strategy. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. This overview is not exhaustive and should be considered in connection with forward-looking statements. There may be risks not yet known to the Group or which are currently not deemed to be material. Nor can it be guaranteed that the activities will not be (materially) affected by one or more of the risk factors described below.

Strategic risks	Mitigating factors
Sustainability of our strategy	
Strong shifts in the success and credibility of our products in the niche segments we operate in, and Acomo's ability to respond to these adequately. In case there are external or internal developments negatively affecting the credibility of our products and/or segments, Acomo's strategy and reputation could be adversely affected, leading to a poorer overall financial position.	• Diversification of the product range and of the industries which are being supplied • Periodic assessment of our strategy by the Management Board with the management of our operating companies • Investigating market developments in order to identify opportunities for acquisitions
Increased competition	
Competition may put pressure on market share, volumes and prices which could have an adverse effect. Operating in interesting markets may attract new entrants to the market. On the one hand this means more attention for the area we work in, on the other hand it could result in increased pressure on our market share, and potentially affect our revenue and profitability.	• Selective acquisitions • In 2016 we acquired the assets of Container Tea & Commodities, a tea trading company, located in Coonoor, India

Operational risks	Mitigating factors
Agricultural developments	
Agricultural developments, including weather conditions, harvests, long-term planting cycles and so on, may affect the availability, quantity and quality of the products.	• Up-to-date and complete market information • Diversification of the purchases across many countries of origin and reliable suppliers • Diversification of the product range
Fluctuations in commodity prices	
Price volatility, in terms of both scale and speed, and either long-term or short-term, of the various commodities, depending on supply and demand, has a direct impact on the value of the subsidiaries' product positions (long or short).	• Diversification of the purchases across many countries of origin and reliable suppliers • Diversification of the product range • Diversification of the industries which are being supplied
Counterparty risk and price fluctuations also affect the behaviour of contract counterparties, particularly with regard to the correct execution of signed, but not yet delivered contracts.	• Research of the solvency and/or the credit risk of customers • Credit limit management
Fluctuations in the supply of, or demand for, the commodities in which we operate	
We are dependent on the expected volumes of supply or demand for commodities in which we are active, which may vary for many reasons, such as competitor supply policies, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions and events of nature.	• Long-term contracts with suppliers and customers
Fluctuations in currency exchange rates	
Particularly fluctuations of the US dollar, in which most of the world's commodities are traded. The vast majority of our purchase transactions are denominated in US dollars, while operating costs are mainly in euro, the currency of which fluctuates against the US dollar.	• Hedging contracts, such as commodity future contracts (if available), currency exchange contracts and interest rate derivatives
Geopolitical risks	
Political and economic developments in producing countries, usually tropical countries, which can affect both the availability of products and the reliability of supply. We operate in a number of geographic regions and countries, some of which are categorized as developing, complex or having unstable political or social climates. As a result, we are exposed to a wide range of political, economic, regulatory and tax environments. Policies or laws in these countries may change in a manner that may be adverse for us. Also, some countries with more stable political environments may nevertheless change policies and laws in a manner adverse to us. We have no control over changes in policies, laws and taxes.	• Maintaining a dialogue with authorities • Group-wide Code of Conduct
Sourcing, freight, storage, infrastructure and logistics	
Logistical factors relating to the availability and cost of transport and storage capacity. Increases in the costs of freight, storage, infrastructure and logistics support, or limitations or interruptions in the supply chain (including any disruptions, refusals or inabilities to supply), may adversely affect our business.	• Long-term contracts with suppliers, customers and shipping companies • Supplier Code
Food safety and recall risks	
Food safety aspects and recall risks with regard to imported and delivered products. Our operations are subject to food safety and environmental laws along with compliance with our corporate sustainability framework. Food safety laws may result in increased costs or, in the event of non-compliance or incidents, in significant losses, including arising from (1) litigation and imposition of penalties and sanctions and (2) having licenses and permits withdrawn or suspended.	• Following strict food and product safety procedures • Insurance contracts to manage potential financial consequences • Traceability of the products and extensive, state-of-the-art laboratory testing (internal and external) in order to ensure food safety (all our subsidiaries are HACCP certified, and also have various other certifications related to their specific activities) • Supplier Code
Inability to attract, develop and retain trading staff	
Availability of experienced and professional traders and other staff. If we are unable to attract, develop and retain the right people, our ability to operate our business successfully may be significantly impaired.	• Human resources and remuneration policies aimed at rewarding talent, responsibility and success • Trading guidelines for each company and daily internal control on these, aimed at limiting risks with regard to position taking (overall and per product) and with regard to countries, suppliers and customers

Financial risks	Mitigating factors
Liquidity risks	
Availability of financing and interest rate developments. Our failure to access funds (liquidity) would severely limit our ability to engage in desired activities. Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices or an operational problem that affects our suppliers, customers or ourselves.	• Maintaining headroom under committed revolving credit facilities • As at 31 December 2016, the Group had available undrawn committed credit facilities and cash amounting to € 151 million (31 December 2015: € 137 million) • On 24 January 2017 the existing working capital facilities were extended with a three-year term

Compliance risks	Mitigating factors
Government – laws and regulations	
New government measures, including increased regulations on food safety, may have a major impact on our business and financial position, and can present a threat to activities within a relatively short time frame.	• Monitoring and adapting to relevant (changes in) rules and regulations • Maintaining a dialogue with authorities • Supplier Code

Corporate governance

Principles

Acomo is incorporated and based in the Netherlands. Consequently, its governance structure is based on the requirements of Dutch legislation and the Company's Articles of Association, complemented by internal policies and procedures. Given the worldwide exposure of Acomo's businesses, the international context is of vital importance, and international developments are closely monitored.

Acomo has always sought to enhance its governance in line with the Dutch Corporate Governance Code ('the Code', which can be found at www.commissiecorporategovernance.nl) and international best practices. Any substantial changes in Acomo's corporate governance structure will be submitted for approval to the Annual General Meeting of Shareholders.

Corporate Governance Statement

On 16 June 2004 the shareholders adopted the Corporate Governance Statement ('the Statement') with regard to compliance with Dutch and EU corporate governance codes. The Statement includes, among other things, the management description of the corporate governance structure of the Company, the risk profile of the activities and the Group's risk management and control systems. The full text of the Statement can be viewed on www.acomo.nl/corporate-governance.

Management Board

The task of the Management Board is to manage the Company, which includes the responsibility for the performance of the Group, the implementation of the Company's role, objectives and strategy, within the risk profile relating to the strategy and taking into account corporate social responsibility aspects which are relevant to the Company. Given the size of the Company, the CEO acts as Company Secretary as described in the Code.

The Management Board provides the Supervisory Board in a timely manner with all information necessary for the Supervisory Board to fulfil its duties. Furthermore, the Management Board consults with the Supervisory Board on important matters and submits important decisions to the Supervisory Board for its prior approval.

The Supervisory Board is empowered to recommend to the Annual General Meeting of Shareholders candidates to be appointed to the Management Board. The Supervisory Board determines the remuneration of the members of the Management Board, in accordance with the remuneration policy adopted by the Annual General Meeting of Shareholders.

Each member of the Management Board is appointed for a maximum period of four years with the possibility of re-appointment for consecutive four-year terms in accordance with the Code.

The Dutch Act on Management and Supervision ('Wet bestuur en toezicht'), which took effect on 1 January 2013, includes provisions for a well-balanced gender diversity in the Management Board and Supervisory Board, for which purpose a target has been set for at least 30% for both genders. By the end of 2016, 100% of the Management Board of Acomo were male.

The Management Board is the authorized body to adopt resolutions to issue common shares and/or grant rights to acquire common shares up to maximum 10% of the issued share capital, subject to approval of the Supervisory Board. The Management Board is the authorized body to adopt resolutions to restrict or exclude pre-emptive rights in relation to the issue of common shares and/or the granting of rights to acquire common shares, subject to approval of the Supervisory Board.

Supervisory Board

The Supervisory Board supervises the conduct of management by the Management Board and the general course of affairs of the Company and supports the Management Board by providing advice. The Management Board can also request the Supervisory Board's advice. The Supervisory Board acts in the interest of the Company as well as that of its stakeholders as a whole in performing its duties.

Considering the size of the Group no separate Supervisory Board Committees are installed. Hence, the tasks of the Audit Committee, as prescribed in the Dutch Securities Supervision Act ('Wet toezicht effectenverkeer') are performed by the Supervisory Board.

According to the Dutch Act on Management and Supervision ('Wet bestuur en toezicht'), a proper composition of the Supervisory Board means that at least 30% of the seats are held by women and at least 30% by men. Currently one out of four Supervisory Board members is female (25%). With regard to the same Act, no member of the Supervisory Board holds more than five supervisory positions at Dutch 'large companies'. Acomo pays close attention to diversity including gender diversity in the profiles of new Management Board and Supervisory Board members in accordance with section 2:166 subsection 2 of the Dutch Civil Code. It currently does not strictly follow the recommendation for an explicit target on gender diversity and has not formulated concrete targets in this respect.

Annual General Meeting of Shareholders

Acomo's shareholders meet at least once a year in a general meeting which generally takes place in Rotterdam, the Netherlands.

Important matters that require the approval of the General Meeting of Shareholders are:

- Adoption of the annual accounts;
- Adoption of profit appropriation and additions to reserves;
- Adoption of the proposed dividends;
- Remuneration policy of the Management Board on a proposal of the Supervisory Board;
- Remuneration of the Supervisory Board;
- Discharge from liability of the Management Board for its management;
- Discharge from liability of the Supervisory Board for its supervision;
- Appointment of the external auditor;
- Appointment suspension or dismissal of the members of the Management Board and the Supervisory Board;
- Adoption of amendments to the Articles of Association on a proposal by the Supervisory Board.

Voting rights

Each of our ordinary shares is entitled to one vote. There are no voting restrictions and there is no certification of shares. Shareholders may vote by proxy. The voting rights attached to any company shares held by the Company are suspended as long as they are held in treasury. Resolutions of the General Meeting are adopted by an absolute majority of votes cast, except where Dutch law or Acomo's Articles of Association provide for a special majority.

Exceptions to the Code

Acomo applies all relevant provisions of the Dutch Corporate Governance Code, with the following exceptions:

Provision II.2.3

Remuneration Board of Management: on pages 57 and 58 of this report a summary is provided of the human resources and remuneration policies of the Company as set out in the Statement. Long-term objectives are not specifically determined, but in practice they play an important role given the long-term relations and the high degree of loyalty of the management and employees for the Group.

Provision III.2.1

Independence of Supervisory Board members: in the opinion of the Company, trading experience and expertise of the members of the Supervisory Board are critical for the effective functioning of the Supervisory Board. Mr Niessen is not independent in light of the Code, since he indirectly owns more than 10% of Acomo shares. However, the Supervisory Board has ascertained that Mr Niessen in fact acts critically and independently. The Company deviates from the Code because it believes that maintaining continuity in its Supervisory Board is critical for delivering long-term shareholder value.

Provision III.3.5

Maximum term for members of the Supervisory Board: considering the requirement for experience and in-depth expertise in the sourcing, trading, processing, packaging and distribution of food commodities, members of the Supervisory Board are appointed for a term of six years and there is no maximum number of terms determined. A Supervisory Board member can be reappointed at the end of each term after careful consideration of his past performance and the adequacy of his profile with the desired profile of the Board.

Provision III.4.3/4

Secretary to the Board and Vice-Chairman of the Board: considering the size of the Group and the number of Supervisory Board members, the Company has not appointed a Vice-Chairman of the Board nor a formal Secretary to the Board.

Provision III.6.5

Rules and regulations Supervisory Board: the rules with respect to the ownership of, and transactions by Management and Supervisory Board members in shares and financial instruments other than those issued by the Company, are described in the Statement. These rules are less restrictive than a strict interpretation of the Code would suggest.

Provision IV.3.1

Webcasting: Acomo does not arrange presentations through webcasting to analysts and investors, since the Company does not organize separate analyst meetings and/or presentations. Explanations and company presentations to all stakeholders take place in general immediately after the publication of the annual or half-year figures.

Provision V.3.1/2/3

Internal audit function: considering the size of the Group, Acomo has no internal audit function.

Tax

As a business, Acomo is subject to taxation in the many countries in which it operates. The tax the Company pays in different parts of the world is part of its wider economic and social impact. Acomo acts in accordance with all applicable laws and always aims to comply with the spirit as well as the letter of the law.

Acomo believes public trust in tax systems for companies is essential and does not use contrived or abnormal tax structures that are intended for tax avoidance. The Company pays an appropriate amount of tax according to where value is created within the normal course of commercial activity. Any transfer pricing is always calculated using the 'arm's-length' principle. Acomo does not use so-called tax havens for tax avoidance.

Human resources and remuneration

The human resources and remuneration policy of the Company is described in the Statement published on the website: www.acomo.nl/corporate-governance. The information relative to the remunerations of directors and the members of the Supervisory Board is disclosed in Note 1.7 of the Company financial statements.

The Supervisory Board is responsible for appointing the Company's statutory directors (subject to the General Meeting's approval) and setting their remuneration. The Company's Management Board consists of two directors and therefore the Company has not had the need to develop a general remuneration policy. Also, the Supervisory Board's annual remuneration report is relatively brief in the absence of material changes year on year.

Remuneration policy

The level and structure of remunerations within the Group are such that people with the required expertise and qualifications can be recruited and retained. In determining the individual remunerations, the effect on the remuneration levels within the Group is taken into account. The total remuneration consists generally of a fixed element and a variable element linked to the annual profit before taxes of the respective entity. Fixed salaries are in line with market salaries. Managers, traders and other personnel of the subsidiaries can earn, in general, an annual profit-sharing compensation based on a fixed percentage of 10% to 15% of the profit before taxes of the (trading) company in which they are employed. This remuneration structure is fairly common in international commodity trading firms. The absence of explicit long-term remuneration criteria is explained by the fast and very short-term cycle of the trading activities.

The remuneration of the Management Board also consists of a fixed and a variable element based on objective targets which are evaluated each year by the Supervisory Board. Evaluation criteria include the level of the annual net profit of the Group, the sustainable growth of the earnings per share and the achievement of the Group strategy.

This clear and simple remuneration structure has significantly contributed to the success of the Group because it strongly focuses on profitability and the related management of the risks and costs related to the activities. All employees are therefore highly committed to the success of the Group. In practice, the absence of any form of subjective profit-sharing calculation has proven to contribute in maintaining the familial culture of Acomo.

Over the past 20 years we have had very low personnel rotation. In return, Acomo expects 100% loyalty, honesty, dedication and a high degree of professionalism from all its employees. The management has always been very loyal and the Group's track record in terms of retaining key employees is excellent.

Employee and directors' options

At the general meeting of 27 May 2010, the shareholders approved a share option plan aimed at retaining key managers and employees of the Company and its subsidiaries, including members of the Management Board. The terms and conditions for the allocation and the exercise of share options correspond to the best practice guidelines of the Code and are disclosed in this annual report.

Directors' shares

The Company does not grant free shares to members of the Management or Supervisory Board. Members of the Management and Supervisory Board may purchase Acomo shares at Euronext Amsterdam, subject to strict compliance with the Company's rules to prevent the use of insider knowledge published on the website of the Company. The purchase, ownership and disposal of Acomo shares must be published in conformity with the law.

The number of shares owned by each member of the Management and the Supervisory Board are disclosed in this annual report.

The Company has not granted any options, shares or any other profit-related securities to members of the Supervisory Board as part of their remuneration. The Company does not provide loans or guarantees or similar instruments to Supervisory or Management Board members. The need to reclaim variable remuneration awarded on the basis of incorrect financial information has never arisen.

CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless otherwise stated.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(before profit appropriation)	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Intangible assets	6	62 919	60 436
Property, plant and equipment	7	42 138	42 091
Other non-current receivables	8	1 356	-
Deferred tax assets	19	173	470
Total non-current assets		106 586	102 997
Current assets			
Inventories	10	158 396	163 147
Trade receivables	11	81 401	75 150
Other receivables	12	2 649	4 627
Derivative financial instruments	13	2 735	1 613
Cash and cash equivalents	14	1 805	1 384
Total current assets		246 986	245 921
Total assets		**353 572**	**348 918**
Equity and liabilities			
Shareholders' equity			
Share capital	15	10 901	10 796
Share premium reserve	15	52 447	50 572
Other reserves	16	15 499	13 267
Retained earnings		69 684	61 434
Net profit for the year		34 377	32 251
Total shareholders' equity		182 908	168 320
Non-current liabilities and provisions			
Bank borrowings	18	6 519	7 868
Deferred tax liabilities	19	8 894	11 060
Retirement benefit obligations	20	2 062	1 908
Other provisions	21	279	1 213
Total non-current liabilities		17 754	22 049
Current liabilities			
Bank borrowings	18	85 233	100 476
Trade creditors		44 050	37 538
Tax liabilities		5 113	1 137
Derivative financial instruments	13	503	1 150
Other current liabilities and accrued expenses		18 011	18 248
Total current liabilities		152 910	158 549
Total liabilities		170 664	180 598
Total equity and liabilities		**353 572**	**348 918**

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

	Note	2016	2015
Sales		682 320	681 584
Cost of goods sold		(567 743)	(571 566)
Gross profit		**114 577**	**110 018**
Personnel costs	22	(39 299)	(38 681)
General costs	23	(20 087)	(19 917)
Depreciation and amortization		(4 751)	(4 298)
Total costs		(64 137)	(62 896)
Operating income		**50 440**	**47 122**
Interest income	24	73	23
Interest expense	24	(3 222)	(2 841)
Other financial income and expenses	24	53	(273)
Profit before income tax		**47 344**	**44 031**
Corporate income tax	25	(12 967)	(11 780)
Net profit		**34 377**	**32 251**
Profit attributable to shareholders of the Company		34 377	32 251
Earnings per share			
Basic	26	1.428	1.352
Diluted	26	1.419	1.337

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

contents

STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Net profit	**34 377**	**32 251**
Other comprehensive income (OCI)		
OCI to be reclassified to profit or loss in subsequent periods		
Movement currency translation reserves on equity, net	1 546	5 265
Movement currency translation differences on goodwill	1 103	3 515
Movement on cash flow hedges	(405)	(379)
OCI to be reclassified to profit or loss in subsequent periods	2 244	8 401
OCI not to be reclassified to profit or loss in subsequent periods		
Remeasurement gains/(losses) on defined benefit plans	(79)	138
OCI not to be reclassified to profit or loss in subsequent periods	(79)	138
Total other comprehensive income	**2 165**	**8 539**
Total comprehensive income	**36 542**	**40 790**
Total comprehensive income attributable to shareholders of the parent	36 542	40 790

Items in the statement above are disclosed net of income tax. The income tax relating to each component of other comprehensive income is disclosed in Note 25.

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016	2015
Cash flow from operating activities			
Profit before income tax		47 344	44 031
Adjustments for:			
• Discontinuation hedge accounting in Spices and Nuts segment		(949)	-
• Depreciation and amortization		4 751	4 298
• Net increase/(decrease) in provisions		567	(5 920)
• Interest income	24	(73)	(23)
• Interest expense	24	3 222	2 841
• Cost share option plan and other		414	40
Cash flow from operating activities excluding working capital		**55 276**	**45 267**
Changes in working capital			
• Inventories		5 059	10 569
• Trade and other receivables		(4 188)	(4 140)
• Derivatives		(1 355)	2 130
• Trade and other payables		5 301	(22 069)
Total (increase)/decrease in working capital, net		4 817	(13 510)
Cash generated from operations		**60 093**	**31 757**
Interest paid		(2 840)	(2 336)
Income tax paid		(10 262)	(8 739)
Net cash generated from operating activities		**46 991**	**20 682**
Cash flow from investing activities			
Investments in property, plant and equipment		(3 521)	(4 581)
Investments in intangible assets		(50)	(248)
Acquisitions		(1 473)	-
Interest received		76	26
Net cash used for investing activities		**(4 968)**	**(4 803)**
Cash flow from financing activities			
Issued loans		(1 349)	-
Proceeds from new shares issued	15	1 980	1 723
Proceeds from new long-term borrowings		1 516	-
Repayments of long-term borrowings		(2 535)	(2 768)
Borrowings short-term		(17 192)	11 135
Dividends paid to shareholders		(24 001)	(26 190)
Net cash used for financing activities		**(41 581)**	**(16 100)**
Net increase/(decrease) in cash and cash equivalents		**442**	**(221)**
Cash and cash equivalents at the beginning of the year		1 384	1 558
Exchange gains/(losses) on cash and cash equivalents		(21)	47
Cash and cash equivalents at the end of the year		**1 805**	**1 384**

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Note	Share capital	Share premium reserve	Other reserves	Retained earnings	Net profit for the year	Total equity
Balance at 1 January 2015		**10 695**	**48 950**	**4 652**	**54 559**	**33 064**	**151 920**
Net profit 2015		-	-	-	-	32 251	32 251
Other comprehensive income 2015		-	-	8 539	-	-	8 539
Total comprehensive income 2015		-	-	8 539	-	32 251	40 790
Appropriation of net profit		-	-	-	33 064	(33 064)	-
New shares issued	15	101	1 622	-	-	-	1 723
Employee share option scheme:							
• Value of employee services	16	-	-	102	-	-	102
• Tax credit share option scheme	16	-	-	(26)	-	-	(26)
Dividends relating to 2014, final		-	-	-	(16 666)	-	(16 666)
Dividends relating to 2015, interim		-	-	-	(9 523)	-	(9 523)
Transactions with shareholders		101	1 622	76	6 875	(33 064)	(24 390)
Balance at 31 December 2015		**10 796**	**50 572**	**13 267**	**61 434**	**32 251**	**168 320**
Net profit 2016		-	-	-	-	34 377	34 377
Other comprehensive income 2016		-	-	2 165	-	-	2 165
Total comprehensive income 2016		-	-	2 165	-	34 377	36 542
Appropriation of net profit		-	-	-	32 251	(32 251)	-
New shares issued	15	105	1 875	-	-	-	1 980
Employee share option scheme:							
• Value of employee services	16	-	-	90	-	-	90
• Tax credit share option scheme	16	-	-	(23)	-	-	(23)
Dividends relating to 2015, final		-		-	(14 400)	-	(14 400)
Dividends relating to 2016, interim		-	-	-	(9 601)	-	(9 601)
Transactions with shareholders		105	1 875	67	8 250	(32 251)	(21 954)
Balance at 31 December 2016		**10 901**	**52 447**	**15 499**	**69 684**	**34 377**	**182 908**

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

1 General information

Amsterdam Commodities N.V. ('Acomo' or 'the Company') and its subsidiaries (together 'the Group') are an international group of companies active in the sourcing, processing, trading, packaging and distribution of natural food products and ingredients for the food and beverage industry. The Group's product portfolio broadly encompasses spices, dried fruits, nuts, tea, edible seeds and food ingredients. Acomo is a public limited liability company listed at the Amsterdam stock exchange (Euronext Amsterdam). The address of its registered office is Beursplein 37, 3011 AA Rotterdam, Chamber of Commerce number: 24191858. These financial statements were approved by the Management Board and the Supervisory Board on 9 March 2017.

The management board report within the meaning of Article 391 of Book 2 of the Dutch Civil Code consists of the following parts of the annual report: Highlights of 2016, Five-year overview, Message from the CEO, Who we are and what we do, Sustainability, Share information, Management Board, Supervisory Board, Report of the Management Board, Risk Management and Policies.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Acomo have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They also comply with the financial reporting included in Title 9 of Book 2 of the Dutch Civil Code when applicable. The consolidated financial statements are presented in thousands of euros unless stated otherwise and have been prepared on a historical cost basis except for derivative financial instruments which are stated at their fair value. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Adoption of new and revised standards

(a) First-time applied new standards and interpretations
No new standards and/or amendments have been adopted by the Group for the first time for the financial year 2016.

(b) New standards and interpretations not yet adopted
There has been no early implementation of new standards, amendments to existing standards, new IFRS standards or IFRIC interpretations the application of which is mandatory for the financial years commencing after 1 January 2016. The following new standards, interpretations and amendments (not yet adopted) could potentially be relevant to the Group:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and represents a major overhaul of hedge accounting. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. It is expected that the impact of IFRS 15 will be limited to the Group since the Group's revenue recognition criteria seem to be in line with IFRS 15. The Group is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no later than the accounting period beginning on or after 1 January 2018.

IFRS 16, ' Leases', will affect primarily the accounting by lessees and will result in recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group intends to adopt IFRS 16 no later than the accounting period beginning on or after 1 January 2019. A preliminary high-level impact assessment based on the disclosed information of the current operating lease commitments (Note 27) indicates that non-current assets will increase by approximately € 10 million, with a respective increase in liabilities. The Group is yet to perform a detailed assessment of IFRS 16's full impact.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control is transferred to the Company until the date that control ceases.

In the 2016 consolidated financial statements, the Company and the following subsidiaries are included:

		Percentage of ownership	
Subsidiaries	**Country of incorporation**	**2016**	**2015**
Catz International B.V.	The Netherlands	100%	100%
Tovano B.V.	The Netherlands	100%	100%
Snick EuroIngredients N.V.	Belgium	100%	100%
TEFCO EuroIngredients B.V.	The Netherlands	100%	100%
Red River Commodities Inc.	USA	100%	100%
Red River Commodities International Inc.	USA	100%	100%
SunGold Foods Inc.	USA	100%	100%
SunButter LLC	USA	100%	100%
Red River Global Ingredients Ltd.	Canada	100%	-
Red River-van Eck B.V.	The Netherlands	100%	100%
Red River Bulgaria EOOD	Bulgaria	100%	100%
Van Rees Group B.V.	The Netherlands	100%	100%
Van Rees B.V.	The Netherlands	100%	100%
Van Rees North America Inc.	Canada	100%	100%
Van Rees UK Ltd.	United Kingdom	100%	100%
Van Rees Kenya Ltd.	Kenya	100%	100%
Van Rees Middle East Ltd.	United Arab Emirates	100%	100%
Van Rees Ceylon B.V.	The Netherlands	100%	100%
Van Rees Ceylon Ltd.	Sri Lanka	100%	100%
P.T. Van Rees Indonesia	Indonesia	100%	100%
Van Rees LLC	Russia	100%	100%
Container Tea Van Rees Trading Private Ltd.	India	100%	-
King Nuts Holding B.V.	The Netherlands	100%	100%
King Nuts B.V.	The Netherlands	100%	100%
SIGCO Warenhandelsgesellschaft mbH	Germany	100%	100%
Acomo Investments B.V.	The Netherlands	100%	100%
Acomo Food Ingredients Holding B.V.	The Netherlands	100%	100%
Acomo Seeds Holding B.V.	The Netherlands	100%	100%

In addition several intermediate holding entities and dormant legal entities are included in the consolidation. The full list of subsidiaries is filed at the Trade Register of the Chamber of Commerce in Rotterdam.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expenses as incurred.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Currently the Group has no associates.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Acomo Management Board. The Management Board is responsible for the allocation of the available resources, the assessment of the operational results and strategic decisions. The Management Board assesses the performance of the reporting segments based on a measure of adjusted profit before tax. This measurement basis excludes the effects of non-recurring expenditures from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The segment information is disclosed in Note 5.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, the Company's functional and presentation currency. All financial information presented in euros has been rounded to the nearest thousand unless stated otherwise.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary financial assets are included in Other comprehensive income (OCI).

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and

(c) All resulting exchange differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings designated as hedges of such investments, are taken to OCI. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The resulting changes are recognized in OCI.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the consideration transferred of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs), being the parts of the operating segments benefiting from the business combination in which the goodwill arose. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is not amortized, but goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstance indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Software

Costs related to the development and installation of software are capitalized at historical cost and amortized, using the straight-line method over the estimated useful life.

Other intangible assets

Other intangible assets include acquired trading contracts. Intangible assets that are acquired through acquired businesses are initially valued at fair value. This fair value is subsequently treated as deemed cost. These identifiable intangibles are then amortized using the straight-line method over the estimated useful life.

2.7 Property, plant and equipment

Property, plant and equipment are valued at historical cost using a component approach less depreciation and impairment losses. In addition to the costs of acquisition, the Company also includes costs of bringing the asset to its working condition, handling and installation costs and the non-refundable purchase taxes. Under the component approach, each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is calculated using the straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are reviewed and adjusted, if appropriate, at each balance sheet date. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only if and when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Land is not depreciated.

The useful lives of the following categories are used for depreciation purposes:

Buildings	20-30 years
Building improvements	5-10 years
Machinery and equipment	5-15 years
Vehicles	3-5 years
Furniture, fittings and equipment	3-8 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount (Note 2.8). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

2.8 Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). An impairment loss will be reversed if there is a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognized. The net book amount of the asset will be increased to its recoverable amount. Goodwill is never subject to reversion of impairment losses recognized.

2.9 Derivative financial instruments including hedging accounting

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

All operating companies are required to hedge their foreign exchange exposure related to transactions against their functional currency. The Group applies hedge accounting in order to exclude unrealized foreign currency results from the income statement. Based on a cost/benefit analysis the Group decided to discontinue applying hedge accounting for all operating segments except for the Tea segment as of this year. The impact of the discontinuation on the 2016 net profit is + € 0.7 million.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Hedges that are expected to be highly effective in achieving offsetting changes in cash flows are assessed on an ongoing basis to determine if they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of income within Cost of goods sold.
- Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.
- When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and semi-finished products comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables and trade and other payables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other short-term monetary liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. If payment is due within one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and short-term highly liquid investments with an original maturity of three months or less. Bank overdrafts are shown within Borrowings in current liabilities in the consolidated balance sheet.

2.13 Share capital

Ordinary issued shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are charged to the share premium reserve as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid in connection to new loan facilities are recognized as transaction costs of the loan. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Current and deferred corporate income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly within equity or in OCI. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future to the extent that these withholding taxes are not expected to be refundable or deductible. Changes in tax rates are reflected in the period when the change has been enacted or substantially enacted by the reporting date.

2.16 Employee benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has one defined benefit plan and various defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as personnel expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in income on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Group recognizes a liability and an expense for bonuses and profit sharing, based on a percentage (generally 10% - 15%) of the profit before tax of the respective subsidiary. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Share-based payments

On 1 September 2010, the Group introduced an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense in the income statement, with a corresponding adjustment to equity. The total amount to be expensed is determined by reference to the fair value of the options granted as measured at the date of grant.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.18 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense (when the time value of money is material).

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognised and measured as provisions.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Sales of goods

Sales of goods are recognized when a Group entity has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery normally does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales are recorded based on the prices specified in the sales contracts.

(b) Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment has been established, which is generally when shareholders approve the dividend.

2.20 Cost of goods sold

Cost of goods sold is recorded in the same period in which the sales are recognized.

2.21 General costs

General costs represent the indirect sales costs, other production costs which are not directly linked to sales and transactions, and other general costs. General costs are allocated to the periods to which they relate.

2.22 Operational leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.24 Cash flow statement

The statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated into euros using the weighted average rates of exchange for the periods involved.

3 Risk management

3.1 Risk factors

The Group operates in international commodity trading and is exposed to a variety of market and financial risks (including foreign exchange risk, interest rate risk and price risk), credit risks and liquidity risks. The Group's overall risk management focuses on the unpredictability of commodity and financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign currency risk exposures.

Risk management is carried out under policies approved by the Management Board and Supervisory Board. Risks are identified, evaluated and hedged in close cooperation with the Group's operating units. The Management Board and the management of the operating companies apply policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. We refer to the Management Board report and our Corporate Governance Statement for a further explanation on risk management.

3.1.1 Market risks

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from current and future commercial transactions, current and future costs, recognized assets and liabilities and net investments in foreign operations. The Management Board has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure arising from sales and purchase transactions within the respective company in accordance with Group policies. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts, transacted with external banks and net borrowings in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

For the year 2016, if the average US dollar currency applied had weakened/strengthened by 5% against the euro with all other variables held constant, net profit for the year would have been approximately € 0.6 million higher/lower (2015: € 0.5 million), mainly as a result of foreign exchange results on translation of US-dollar-denominated income from the Van Rees Group tea business and Red River Commodities seeds business. On 31 December 2016, the total impact on shareholders' equity of a 5% US dollar increase/decrease relating to equity of subsidiaries with a US dollar functional currency would have been approximately € 2.7 million (2015: € 2.6 million). Similarly, total assets would have increased/decreased by approximately € 7.4 million (2015: € 7.3 million) in case of the euro/US dollar rate being 5% higher/lower than the rate at 31 December 2016 that has been used. The Group's exposure to foreign currency changes for all other currencies is not material.

Price risk

The Company's results are sensitive to commodity market price movements. In order to manage the effects of price movements of commodities, the group companies apply trading guidelines internally determined and maximum positions per product group and overall positions. From a financing point of view, headroom available within bank facilities is closely monitored in order to be able to finance increased working capital requirements when commodity prices increase.

Interest rate risk
The Group's interest rate risk arises from long-term borrowings and working capital financing. Borrowings and working capital financing contracted at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable interest rates. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk.

During 2016 and 2015, the Group's borrowings at variable interest rates were denominated in euro and US dollar. The Group analyzes its interest rate exposure on a dynamic basis. Scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

A sensitivity analysis has been made based on the exposure to interest rates for the bank borrowings and current financial bank liabilities at the balance sheet date. If interest rates had been 0.5% (50 basis points) higher/lower and all other variables were held constant, the Group's result before tax for the year ended 31 December 2016 would have been approximately € 450,000 (2015: € 467,000) lower/higher respectively.

3.1.2 Credit risk
Credit risk is managed at the subsidiary level. Each local subsidiary is responsible for managing and analyzing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. As part of risk control the credit quality of the customer, taking into account its financial position, past experience and other factors, are assessed. Individual risk limits are set based on internal or external ratings in accordance with limits set by management of the operating companies. The utilization of credit limits is regularly monitored. See Note 11 for further disclosure on credit risk. Management does not expect any undisclosed material losses from non-performance by these counterparties.

3.1.3 Liquidity risk
Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements and calculates ratios to ensure it has sufficient funds to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities (Note 18). Such forecasting takes into consideration the Group's debt financing plans, planned capital expenditures, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions. Surplus cash held by the operating entities over and above balances required for working capital purposes are transferred to Group treasury. Group treasury invests surplus cash in interest bearing current accounts at first class banks.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to ensure the continued financing of the trading activities, to provide adequate long-term returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the solvency ratio. This ratio is calculated as total equity plus subordinated debt divided by total assets. During 2016, the Company's objective, which was unchanged from the previous year, was to maintain the solvency ratio at a minimum of 30% and preferably around 40%. The solvency ratios at 31 December 2016 and 2015 were as follows:

	31 December	
Solvency	2016	2015
Total shareholders' equity	182 908	168 320
Total assets	353 572	348 918
Solvency ratio	51.7%	48.2%

4 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 6).

(b) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is inherently uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Additional information is disclosed in Note 19 and Note 25.

(c) Pension benefits
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, future salary increases, mortality rates and future pension increases. The mortality rate is based on publicly available mortality tables for the specific countries.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in Note 20.

(d) Inventories

Provisions are made for write-down of inventories to net realizable value based on management's estimates of available market information. Where management has determined that the net realizable value is lower than the initial value, inventories are written down. Additional information is disclosed in Note 10.

(e) Trade receivables

Provisions are made for doubtful debts based on management's estimates of the prospects of recovering the debt. Where management has determined that recovering is doubtful, the amount is provided for. Additional information is disclosed in Note 11.

(f) Litigation and claims

The Group is party to various legal proceedings, generally incidental, to its business. In connection with these proceedings and claims, management evaluated, based on the relevant facts and legal principles, the likelihood of an unfavourable outcome and whether the amount of the loss could be reasonably estimated. Subjective judgments were required in these evaluations, including judgments regarding the validity of asserted claims and the likely outcome of legal and administrative proceedings. The outcome of these proceedings, however, is subject to a number of factors beyond the Group's control, most notably the uncertainty associated with predicting decisions by courts and administrative agencies.

5 Segment information

The Management Board, consisting of the chief executive officer and the chief financial officer, examines the Group's performance both from a product and geographic perspective and has identified four reportable segments of its business:

- Spices and Nuts;
- Edible Seeds;
- Tea;
- Food Ingredients.

The segment information for the reportable segments for the year ended 31 December 2016 and 31 December 2015 is as follows:

2016	Spices and Nuts	Edible Seeds	Tea	Food Ingredients	Holding and intra-group	Total
Sales	345 790	182 023	137 728	21 095	(4 316)	682 320
Operating expenses	(318 427)	(163 150)	(131 727)	(17 460)	2 686	(628 078)
Effect discontinuation hedge accounting	949	-	-	-	-	949
EBITDA	28 312	18 873	6 001	3 635	(1 630)	55 191
Depreciation and amortization	(247)	(3 661)	(469)	(351)	(23)	(4 751)
Operating income (EBIT)	28 065	15 212	5 532	3 284	(1 653)	50 440
Interest income/(expense), net						(3 096)
Income tax expense						(12 967)
Net result						34 377
Additions intangibles[1] and PPE	*266*	*3 053*	*203*	*91*	*7*	*3 620*
Total intangibles and PPE	677	32 323	6 057	4 143	14	43 214
Total assets	119 345	112 618	55 204	12 834	53 571	353 572
Total liabilities	87 946	74 872	33 521	8 035	(33 710)	170 664

2015	Spices and Nuts	Edible Seeds	Tea	Food Ingredients	Holding and intra-group	Total
Sales	347 528	189 141	128 593	21 945	(5 623)	681 584
Operating expenses	(321 355)	(174 194)	(121 066)	(18 760)	4 428	(630 947)
EBITDA	26 173	14 947	7 527	3 185	(1 195)	50 637
Depreciation and amortization	(230)	(3 131)	(412)	(463)	(62)	(4 298)
Operating income (EBIT)	25 943	11 816	7 115	2 722	(1 257)	46 339
Interest income/(expense), net						(3 092)
Income tax expense						(11 920)
Non-recurring results, net of tax	-	-	-	140	784	924
Net result						32 251
Additions intangibles[1] and PPE	*217*	*5 292*	*413*	*10*	*3*	*5 935*
Total intangibles and PPE	587	31 955	6 146	4 403	31	43 122
Total assets	117 126	115 328	48 503	13 642	54 319	348 918
Total liabilities	86 997	81 018	26 505	8 741	(22 663)	180 598

[1] excluding goodwill

The amounts with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Inter-segment sales are eliminated upon consolidation and reflected in the Holding and intra-group column.

Sales per geography are as follows:

Sales (in millions)	NL	EU other	US	Other	Total
2016	**114.8**	**324.5**	**161.2**	**81.8**	**682.3**
2015	108.9	325.0	179.2	68.5	681.6

6 Intangible assets

Intangible assets	Goodwill	Software	Other	Total
At 1 January 2015				
Cost or valuation	55 889	1 714	403	58 006
Accumulated amortization	-	(833)	(357)	(1 190)
Net book amount	55 889	881	46	56 816
2015				
Opening net book amount	55 889	881	46	56 816
Additions	-	248	-	248
Amortization	-	(184)	(46)	(230)
Exchange differences	3 516	86	-	3 602
Closing net book amount	59 405	1 031	-	60 436
At 31 December 2015				
Cost or valuation	59 405	2 082	-	61 487
Accumulated amortization	-	(1 051)	-	(1 051)
Net book amount	59 405	1 031	-	60 436
2016				
Opening net book amount	59 405	1 031	-	60 436
Additions	1 335	50	-	1 385
Amortization	-	(55)	-	(55)
Exchange differences	1 103	50	-	1 153
Closing net book amount	61 843	1 076	-	62 919
At 31 December 2016				
Cost or valuation	61 843	2 182	-	64 025
Accumulated amortization	-	(1 106)	-	(1 106)
Net book amount	61 843	1 076	-	62 919

Goodwill

An operating segment-level summary of the goodwill allocation is presented below.

	31 December	
Goodwill	2016	2015
Spices and Nuts	15 305	15 305
Edible Seeds	30 105	29 343
Tea	12 328	10 652
Food Ingredients	4 105	4 105
Total goodwill	61 843	59 405

Impairment tests for goodwill

For the purpose of the annual impairment testing, goodwill is allocated to cash-generating units ('CGUs') or groups of CGUs, identified at the level of operating segments.

The goodwill impairment test is based on the management judgment that the possible net realizable value of the acquired businesses will not be less than the sum of the goodwill amount plus the net assets of the acquired company.

Given the nature of Acomo being a group of trading companies, the recoverable amounts of all CGUs have been determined based on the discounted cash flow (DCF) method:

- The DCF method uses cash flow projections based on financial budgets approved by management for 2017. The weighted average cost of capital (WACC) is based on the capital asset pricing model using a levered beta of 0.95. The WACC varies at different CGUs. Based on the local tax rates, the applied WACC pre-tax varies between 8.7% and 9.8%.
- A five-year forecast period is used (including approved 2017 budgets when applicable) followed by a terminal value based on perpetual 1.5% to 2.5% growth of revenues. Cash flows beyond 2017 are extrapolated using estimated growth rates.

Cash flows beyond the five-year period are extrapolated taking into account a long-term average growth rate. The discount rates used are pre-tax and reflect specific risks relating to the relevant parts of the business.

The key assumptions used for value-in-use calculations in 2016 and 2015 are as follows:

Assumptions 2016	Spices and Nuts	Edible Seeds	Tea	Food Ingredients
Average future growth rates 2017 - 2021	2.3%	2.5%	2.3%	5.0%
Long-term average growth rate (after 5 years)	2.0%	2.0%	1.5%	2.5%
Discount rate, pre-tax, average	9.0%	9.7%	9.8%	8.7%
Assumptions 2015				
Average future growth rates 2016 - 2020	2.3%	2.5%	2.3%	7.8%
Long-term average growth rate (after 5 years)	2.0%	2.0%	1.5%	2.5%
Discount rate, pre-tax, average	8.6%	9.5%	9.3%	8.3%

After conducting impairment tests on all CGUs within the Group, no impairment was deemed necessary since the discounted future cash flows from the CGUs exceeded the value of the carrying amount including goodwill for each CGU.

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion on the impairment required. If the discount rate is assumed to be one percentage point higher than assumed in the individual impairment tests, no impairment would have been required. The impairment tests performed separately would also not indicate any impairment if the future cash flows were set 10% lower than assumed.

7 Property, plant and equipment

The movements in Property, plant and equipment are as follows:

Property, plant and equipment	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Assets under construction	Total
At 1 January 2015					
Cost or valuation	25 459	23 653	2 262	67	51 441
Accumulated depreciation	(4 181)	(8 071)	(1 175)	-	(13 427)
Net book amount	21 278	15 582	1 087	67	38 014
2015					
Opening net book amount	21 278	15 582	1 087	67	38 014
Investments	1 176	4 334	165	12	5 687
Disposals	-	(788)	(45)	-	(833)
Depreciation charge	(1 085)	(2 987)	(309)	-	(4 381)
Assets taken into operation	-	73	-	(73)	-
Exchange differences	1 931	1 609	58	6	3 604
Closing net book amount	23 300	17 823	956	12	42 091
At 31 December 2015					
Cost or valuation	30 326	31 264	2 042	12	63 644
Accumulated depreciation	(7 026)	(13 441)	(1 086)	-	(21 553)
Net book amount	23 300	17 823	956	12	42 091
2016					
Opening net book amount	23 300	17 823	956	12	42 091
Investments	312	2 162	398	649	3 521
Disposals	-	(28)	-	-	(28)
Depreciation charge	(1 124)	(3 253)	(319)	-	(4 696)
Assets taken into operation	-	12	-	(12)	-
Exchange differences	666	535	16	33	1 250
Closing net book amount	23 154	17 251	1 051	682	42 138
At 31 December 2016					
Cost or valuation	31 776	34 707	2 147	682	69 312
Accumulated depreciation	(8 622)	(17 456)	(1 096)	-	(27 174)
Net book amount	23 154	17 251	1 051	682	42 138

The 2016 depreciation charge of € 4.7 million (2015: € 4.4 million) has been recorded in Depreciation and amortization.

8 Other non-current receivables

Other non-current receivables	31 December 2016	2015
Issued loan	1 200	-
Other	156	-
Total	1 356	-

The issued loan is ultimately due on 31 July 2026 and bears an interest percentage of 3-month Euribor + 250 basis points. The loan is secured by a mortgage on commercial real estate.

9 Financial instruments by category

Assets	Loans and receivables	Derivatives used for hedging	Total
31 December 2016			
Other non-current receivables	1 356	-	1 356
Derivative financial instruments	-	2 735	2 735
Trade and other receivables excluding prepayments	83 586	-	83 586
Cash and cash equivalents	1 805	-	1 805
Total	86 747	2 735	89 482

Liabilities	Other financial liabilities at amortized cost	Derivatives used for hedging	Total
31 December 2016			
Borrowings	6 519	-	6 519
Bank overdrafts – short-term	85 233	-	85 233
Derivative financial instruments	-	503	503
Trade and other payables	62 060	-	62 060
Total	153 812	503	154 315

Assets	Loans and receivables	Derivatives used for hedging	Total
31 December 2015			
Derivative financial instruments	-	1 613	1 613
Trade and other receivables excluding prepayments	78 972	-	78 972
Cash and cash equivalents	1 384	-	1 384
Total	80 356	1 613	81 969

Liabilities	Other financial liabilities at amortized cost	Derivatives used for hedging	Total
31 December 2015			
Borrowings	7 868	-	7 868
Bank overdrafts – short-term	100 476	-	100 476
Derivative financial instruments	-	1 150	1 150
Trade and other payables	55 787	-	55 787
Total	164 131	1 150	165 281

The fair values of the financial assets and liabilities do not materially differ from the book value due to the absence of interest related components, the absence of long-term fixed interest rates and the accounting policies used.

10 Inventories

Inventories	31 December 2016	31 December 2015
Raw materials	33 299	37 445
Semi-finished products	642	1 331
Finished goods	124 455	124 371
Total inventories	158 396	163 147

The cost of inventories recognized as expense and included in Cost of goods sold amounted to € 537.9 million (2015: € 541.4 million). As at 31 December 2016, the provision for write-down of inventories to net realizable value amounts to € 5.7 million (2015: € 4.2 million).

As at 31 December 2016, inventories with a book value of € 143.3 million have been pledged as a security for certain bank overdrafts.

11 Trade receivables

Trade receivables	31 December 2016	31 December 2015
Trade receivables	82 582	76 749
Less: provision for impairment	(1 181)	(1 599)
Total trade receivables, net	81 401	75 150

As at 31 December 2016, trade receivables were impaired for the total amount of € 1.2 million (2015: € 1.6 million). The individually (partly or fully) impaired receivables mainly relate to customers in the ordinary line of business which are in unexpectedly difficult economic and financial situations. As at 31 December 2016, trade receivables of approximately € 3.2 million were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

Ageing receivables	31 December 2016	31 December 2015
Up to 1 month	78 232	71 892
1-2 months	1 864	3 025
2-3 months	243	293
Over 3 months	2 243	1 539
Total trade receivables, gross	82 582	76 749

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

Trade receivables — currency	31 December 2016	31 December 2015
Denominated in euros	36 231	30 629
Denominated in US dollars	44 076	44 692
Denominated in UK pounds	966	1 076
Denominated in other currencies	1 309	352
Total trade receivables, gross	82 582	76 749

Movements in the provisions for impairment of trade receivables are as follows:

Provision trade receivables	2016	2015
At 1 January	1 599	1 421
Write-offs	(243)	(84)
Unused reversed to the income statement	(436)	(447)
Charged to the income statement	248	615
Exchange differences	13	94
At 31 December	1 181	1 599

The recognition and release of provisions for impaired receivables have been included in Cost of goods sold in the income statement. Overdue receivables are generally fully written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain material impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security. In general, delivery terms dictate that full title of ownership can be withdrawn for unpaid deliveries. As at 31 December 2016, trade receivables with a book value of € 60.1 million have been pledged as a security for certain bank overdrafts.

12 Other receivables

	31 December	
Other receivables	2016	2015
Prepayments	464	805
Tax and social securities	1 617	2 369
Other receivables	568	1 453
Total other receivables	2 649	4 627

All other receivables are due within one year from the end of the reporting period.

13 Derivative financial instruments

	31 December 2016		31 December 2015	
Derivatives	Assets	Liabilities	Assets	Liabilities
Cash flow hedges – forex contracts	2 735	503	1 613	1 150
Total derivatives	2 735	503	1 613	1 150

Foreign exchange contracts relate for more than 95% to forward US dollar sales and purchases with a term of less than 12 months and relate to hedged items with a maturity of less than 12 months. Consequently, the net value of these derivatives is classified as a current asset or liability. The forex contracts are so-called Level-2 derivatives with banks which values are derived directly from foreign exchange rates and interest rate levels. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated balance sheet.

Forward foreign exchange contracts

The total notional principal amounts of the outstanding forward foreign exchange contracts on 31 December 2016 were $ 56.1 million bought and $ 50.9 million sold resulting in a total net amount of $ 5.2 million (2015: $ 28.4 million) and £ 0.7 million sold (2015: £ 2.2 million). Gains and losses recognized in the hedge reserve in equity (Note 16) on forward foreign exchange contracts as at 31 December 2016 are recognized in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

14 Cash and cash equivalents

Cash and cash equivalents consist almost entirely of cash held at bank accounts.

15 Share capital and share premium reserve

The total authorized number of ordinary shares is 66.7 million shares (2015: 66.7 million shares) with a par value of € 0.45 per share (2015: € 0.45 per share). All issued 24 million shares (31 December 2015: 24 million) are fully paid. The movements during 2015 and 2016 were as follows:

Share capital and share premium reserve	Number of shares	Share capital	Share premium reserve	Total
At 1 January 2015	23 766 701	10 695	48 950	59 645
New shares issued	224 125	101	1 622	1 723
At 31 December 2015	23 990 826	10 796	50 572	61 368
New shares issued	234 500	105	1 875	1 980
At 31 December 2016	24 225 326	10 901	52 447	63 348

During the year, the issued share capital was increased by € 105 due to issuance of 234,500 new ordinary shares of € 0.45 each as part of the exercise of share options (Note 17). The shares issued have the same rights as existing shares issued.

16 Other reserves

Other reserves	Currency translation reserve	Share option plan	Hedge reserve	Other reserves	Total
At 1 January 2015	4 031	483	692	(554)	4 652
Cash flow hedges	-	-	(379)	-	(379)
Employee share option scheme:					
• Value of employee services	-	102	-	-	102
• Tax credit, 25%	-	(26)	-	-	(26)
Currency translation adjustments (CTA)	5 265	-	-	-	5 265
CTA on goodwill	3 515	-	-	-	3 515
Remeasurement gains/(losses) on defined benefit plans	-	-	-	138	138
At 31 December 2015	12 811	559	313	(416)	13 267
Cash flow hedges	-	-	(405)	-	(405)
Employee share option scheme:					
• Value of employee services	-	90	-	-	90
• Tax credit, 25%	-	(23)	-	-	(23)
Currency translation adjustments (CTA)	1 546	-	-	-	1 546
CTA on goodwill	1 103	-	-	-	1 103
Remeasurement gains/(losses) on defined benefit plans	-	-	-	(79)	(79)
At 31 December 2016	15 460	626	(92)	(495)	15 499

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity of € 26.3 million (2015: € 23.9 million). Such limitations relate to share capital as well as to legal reserves required by Dutch law included under Other reserves.

17 Share-based payment

Share options are granted to management and to selected employees. The establishment of Acomo's share option plan was approved by shareholders at the annual general meeting of 27 May 2010. The share option plan is aimed at retaining key managers and employees of the Company and its subsidiaries, including members of the Management Board. Under the plan, participants are granted options which only vest and can be exercised on the continued employment of the participant in the Group. Participation in the plan is at the Supervisory Board's discretion.

The options have a contractual option term of seven years. All options vest in a six-year period with the first vesting three years after granting of the options. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Total 2016 share-based payment expenses charged to the consolidated statement of income amounted to € 90 (2015: € 102).

The table below shows the movement of share options outstanding at the end of the year with their respective vesting dates, expiry dates and exercise prices.

Movement of share options

Year of grant	Vesting date	Expiry date	Outstanding 1 January 2016	Exercised 2016	Outstanding 31 December 2016	Exercise price per option (€)
2010	1 September 2014	1 September 2017	5 625	(2 625)	3 000	7.39/8.27
	1 September 2015	1 September 2017	19 375	(14 375)	5 000	7.39/8.27
	1 September 2016	1 September 2017	205 500	(187 500)	18 000	7.39/8.27
2013	8 May 2016	8 May 2020	30 000	(30 000)	-	13.90
	8 May 2017	8 May 2020	15 000	-	15 000	13.90
	8 May 2018	8 May 2020	25 000	-	25 000	13.90
	8 May 2019	8 May 2020	30 000	-	30 000	13.90
2014	1 December 2017	1 December 2021	12 000	-	12 000	17.00
	1 December 2018	1 December 2021	6 000	-	6 000	17.00
	1 December 2019	1 December 2021	10 000	-	10 000	17.00
	1 December 2020	1 December 2021	12 000	-	12 000	17.00
2015	1 September 2018	1 December 2022	15 000	-	15 000	22.46
	1 September 2019	1 December 2022	7 500	-	7 500	22.46
	1 September 2020	1 December 2022	12 500	-	12 500	22.46
	1 September 2021	1 December 2022	15 000	-	15 000	22.46
			420 500	(234 500)	186 000	

The fair value at grant date is independently determined using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the Acomo share, the expected dividend yield and the risk-free interest rate for the term of the option. The volatility measured at the standard deviation of continuously compound share returns is based on statistical analysis of the Acomo share, measured over a historic period equal to the expected life.

The model inputs are set out below:

Year of grant	Fair value per option at grant date (€)	Share price at grant date (€)	Volatility	Dividend yield	Annual risk-free rate
2010	0.58	8.25	19.0%	8.20%	2.63%
2013	2.31	16.34	18.0%	4.40%	1.90%
2014	1.96	18.64	22.5%	5.00%	0.30%
2015	1.87	22.46	22.5%	5.10%	-0.10%

18 Bank borrowings

	31 December	
Bank borrowings	2016	2015
Non-current		
Bank borrowings	6 519	7 868
Current		
Bank overdrafts	82 272	98 260
Bank borrowings short-term part	2 961	2 678
Less: related bank costs	(424)	(462)
Total	85 264	100 476
Total bank borrowings	91 783	108 344

The carrying amounts of bank borrowings approximate their fair value due to the interest rates being variable. The working capital financing lines are secured through a mix of positive pledges and negative pledges on inventories and trade receivables.

Bank borrowings

On 31 December 2016, the Group had secured three long-term bank borrowings:

- A € 5 million drawing under the € 50 million acquisition facility, repayable in five years with repayments of 15% per year with a final payment of the remaining borrowing on 31 January 2019;
- A $ 9 million term loan, repayable in five years started at 4 April 2012;
- A € 3 million term loan, repayable in 19 years started at 1 January 2014.

Bank borrowings are secured by pledges on fixed assets of the relating group companies up to € 10 million.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	31 December	
Non-current bank borrowings	2016	2015
Denominated in euros	5 004	5 917
Denominated in US dollars	1 515	1 951
Total non-current bank borrowings	6 519	7 868

The maturity of bank borrowings is as follows:

	31 December	
Contractual repayments	2016	2015
2016	-	2 678
2017	3 000	2 865
2018	913	913
2019	3 490	913
After 2019	2 116	3 178
Total contractual repayments	9 519	10 547

Total interest liabilities based on current interest rates, contractual terms and average 2016 working capital financial levels are approximately € 2.9 million for 2017 and approximately € 11.5 million in total for the years 2018-2021.

Bank overdrafts

On 31 December 2016, the Group had the following bank overdrafts:

- A € 200 million revolving credit facility (RCF) with a borrowing base character; this facility has been extended on 24 January 2017 with a three-year term with options to be extended for an additional two years. Interest is variable;
- Local lines in operating companies, secured by corporate guarantees of Acomo parent or intermediate group companies within the Group, in total amounting to € 1.6 million, $ 30.5 million and £ 1 million; these lines mature on an annual basis and are rolled over annually. Interest is variable.

For these bank overdrafts, financial covenants were agreed being an interest cover ratio that must exceed 4.0 and minimum solvency that must exceed 25% or 30% at various measurement dates in the periods up until 31 December 2016. The interest cover ratio 2016 exceeded 21.0 and total solvency as calculated in line with the bank agreement exceeded 51.0%.

The used and undrawn part of bank overdrafts at 31 December 2016 is as follows:

	In local currencies			
Working capital overdraft facilities	Total lines	Outstanding	Undrawn	Available in €
€ 200 000 000 RCF	200 000	73 915	126 085	126 085
Local US dollar lines	$ 30 466	$ 7 041	$ 23 425	22 259
Local euro lines	1 552	1 315	236	236
Local UK pound lines	£ 1 000	£ 300	£ 700	820
Total in euro equivalent				
Total	231 673	82 272	149 400	149 400

As at balance sheet date, the Group had issued short-term letters of credit in favour of third parties in the amount of $ 0.0 million (2015: $ 0.2 million).

19 Deferred tax liabilities and assets

Deferred income tax position	31 December 2016	31 December 2015
Deferred tax assets	173	470
Deferred tax liabilities	(8 894)	(11 060)
Deferred tax liabilities, net	(8 721)	(10 590)

The movement in the total deferred income tax position is as follows:

Total deferred income tax position	2016	2015
At 1 January	(10 590)	(7 220)
Recognized in OCI	189	56
Recognized in income	1 847	(2 634)
Currency translation effects	(177)	(525)
Other movements	10	(267)
At 31 December	(8 721)	(10 590)

The movement in deferred income tax assets and liabilities during the year, without taken into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movements 2016	1 January 2016	Recognized in OCI	Recognized in income	Currency translation effects	Other movements	31 December 2016
Intangible assets	488	-	(146)	(5)	-	337
Property, plant and equipment	(6 987)	-	196	(254)	9	(7 036)
Inventories	(3 892)	128	1 885	22	7	(1 850)
Current assets and liabilities, net	633	20	(104)	23	87	659
Pension provisions	653	41	(51)	53	-	696
Other provisions	(1 369)	-	22	(16)	(93)	(1 456)
Long-term debt	(116)	-	45	-	-	(71)
Total	(10 590)	189	1 847	(177)	10	(8 721)

Movements 2015	1 January 2015	Recognized in OCI	Recognized in income	Currency translation effects	Other movements	31 December 2015
Intangible assets	(15)	-	503	-	-	488
Property, plant and equipment	(6 197)	-	(90)	(675)	(25)	(6 987)
Inventories	(1 147)	(53)	(2 869)	79	98	(3 892)
Current assets and liabilities, net	425	180	(41)	63	6	633
Pension provisions	645	(71)	10	69	-	653
Other provisions	(738)	-	(224)	(60)	(347)	(1 369)
Long-term debt	(193)	-	77	-	-	(116)
Total	(7 220)	56	(2 634)	(524)	(268)	(10 590)

An amount of € 5.7 million (2015: € 6.5 million) is expected to be recovered within 12 months.

Deferred tax assets and liabilities relate to the balance sheet captions as follows:

	31 December 2016			31 December 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets	435	(98)	337	488	-	488
Property, plant and equipment	-	(7 036)	(7 036)	-	(6 987)	(6 987)
Inventories	666	(2 516)	(1 850)	602	(4 493)	(3 891)
Current assets and liabilities, net	682	(23)	659	675	(42)	633
Pension provisions	696	-	696	653	-	653
Other provisions	-	(1 456)	(1 456)	-	(1 370)	(1 370)
Long-term debt	-	(71)	(71)	-	(116)	(116)
Total	2 479	(11 200)	(8 721)	2 418	(13 008)	(10 590)
Set-off	(2 306)	2 306	-	(1 948)	1 948	-
Net position	173	(8 894)	(8 721)	470	(11 060)	(10 590)

As at 31 December 2016 deferred income tax liabilities of € 0.6 million (2015: € 0.4 million) have not been recognized for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled € 5.3 million at 31 December 2016 (2015: € 2.9 million).

20 Retirement benefit obligations

The retirement benefit positions are as follows:

	31 December	
Balance sheet obligations	2016	2015
Pension benefits – defined benefit plans	1 974	1 836
Pension benefits – defined contribution plans	88	72
Liability in the balance sheet	2 062	1 908

	31 December	
Income statement charges	2016	2015
Pension costs – defined benefit plans (Note 22)	77	78
Pension costs – defined contribution plans (Note 22)	1 390	1 398
Pension cost in the income statement	1 467	1 476

Pension benefits - defined benefit plans

Since the acquisition of Van Rees Group and Red River Commodities Group, the Group has operated defined benefit pension plans in the Netherlands and the US, based on employee pensionable remuneration and length of service. The Van Rees Group plan was changed in 2014 into a defined contribution plan. The pension plan in the US was closed in 2008, both for changes in salaries and for new entrants, and therefore serves as a pension fund for existing and former employees of Red River Commodities Group that were eligible up to mid-2008. The remaining defined benefit plan in the US is externally funded. Plan assets are held in trusts and at the insurance company, governed by local regulations and practice in each country. In addition, some relatively limited selected pension agreements have been arranged within the Group.

The amounts recognized in the balance sheet are determined as follows:

	31 December	
Net pension liability	2016	2015
Present value of funded obligations	5 501	4 938
Fair value of plan assets	(3 527)	(3 102)
Deficit of funded plans	1 974	1 836
Other pension liabilities	88	72
Total net pension liability	2 062	1 908

The movement in the defined benefit obligations over the year is as follows:

Actuarial pension obligations	2016	2015
At 1 January	4 938	4 716
Interest cost	208	200
Remeasurements	197	(328)
Benefits paid	(23)	(180)
Exchange differences	181	530
At 31 December	5 501	4 938

Actuarial results mainly consist of changes in financial assumptions.

The movement in the fair value of plan assets of the year is as follows:

Value plan assets	2016	2015
At 1 January	3 102	2 900
Expected return on plan assets	131	123
Remeasurements	78	(119)
Employer contributions	122	51
Benefits paid	(23)	(180)
Exchange differences	117	327
At 31 December	3 527	3 102

The amounts recognized in the income statement are as follows:

Pension costs	2016	2015
Interest cost	208	200
Return on plan assets	(131)	(122)
Total pension costs, included in personnel costs (Note 22)	77	78

The principal actuarial assumptions were as follows:

Actuarial assumptions	31 December 2016	31 December 2015
Discount rate	4.1%	4.3%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Average remaining life expectancy applicable for the US pension plan is 35 years.

Taking into account the closed status of the US pension plan, the main sensitivity of the overall pension liability to changes in the weighted principal assumptions is linked to the discount rate used. Actuarial calculations indicate that a 0.5% decrease in the discount rate used would affect the total liability by approximately 5.7%.

Total contributions expected to be paid during 2017 are estimated at € 94 ($ 99).

	31 December			
Historical data	2016	2015	2014	2013
Defined benefit obligations	5 501	4 938	4 716	8 335
Fair values of plan assets	(3 527)	(3 102)	(2 900)	(7 085)
Deficit of funded plans	1 974	1 836	1 816	1 250

Other pension liabilities mainly refer to provisions for retirement benefits by law (gratuity) in various countries including Kenya and Sri Lanka.

21 Other provisions

Other provisions	Legal	Other	Total
At 1 January 2016	211	1 002	1 213
Charged/(released) to the income statement	(52)	(740)	(792)
Used during the year	(1)	(146)	(147)
Exchange differences	5	-	5
At 31 December 2016	163	116	279
Analysis of total other provisions			
Non-current	9	116	125
Current	154	-	154
Total other provisions	163	116	279

Legal claims

The amounts represent a provision for certain claims brought against the Group by third parties, the outcome of which is uncertain. The provision charge is recognized in profit or loss within General cost. In management's opinion, taken into account all known facts and circumstances on 31 December 2016 and after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2016.

Other

Other provisions mainly relate to short positions outstanding at year-end of which contract prices of goods to be delivered were lower than the market price of the goods at year-end and to other onerous trading contracts.

22 Personnel costs

Personnel costs	2016	2015
Wages and salaries including profit sharing	33 414	32 826
Social security costs	3 218	3 346
Pension costs – defined contribution plans (Note 20)	1 390	1 398
Pension costs – defined benefit plans (Note 20)	77	78
Share options – charge for the year (Note 17)	90	102
Other	1 110	931
Total personnel costs	39 299	38 681

On a full-time equivalent basis the total number of employees was:

Number of employees	2016	2015
Average number	592	586
Number at 31 December	593	593

23 General costs

General costs	2016	2015
Indirect sales costs	2 252	1 780
Other production costs	8 686	9 346
Other general costs	9 149	8 791
Total general costs	20 087	19 917

Indirect sales costs and other production costs are costs which are not directly linked to sales transactions.

24 Net finance costs

Net finance costs	2016	2015
Interest income on short-term bank deposits	73	23
Interest expense on bank borrowings	(2 798)	(2 379)
Amortization arrangement fees	(424)	(462)
Net interest expense	(3 149)	(2 818)
Other financial income and expense	53	(273)
Total net finance costs	(3 096)	(3 091)

25 Corporate income tax

Current income tax expense	2016	2015
Current income tax on profits for the year	14 810	8 857
Provisions (releases, net)	(97)	226
Adjustments in respect of prior years	101	63
Total current income tax expense	14 814	9 146
Deferred income tax expense/(income) (Note 19)	(1 847)	2 634
Total corporate income tax expense	12 967	11 780

The effective tax rate on the Group's profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Corporate income tax expense	2016	2015
Tax calculated at domestic tax rates applicable to profits in the respective countries	13 319	12 558
Tax effect of:		
• Non-taxable amounts and tax allowances	(388)	(367)
• Non-deductible expenses	223	150
• Adjustments previous years	101	63
• Provisions (releases, net)	(97)	226
• Other items	(191)	(850)
Total corporate income tax expense	12 967	11 780
Average effective tax rate	27.4%	26.8%

The weighted average applicable theoretical corporate income tax rate was 28.1% (2015: 27.6%). The increase is mainly caused by a change in the country mix of the Group's source of profits in countries with a relatively higher tax rate, particularly the US, Canada and African countries and by local tax initiatives to support economic growth.

The tax (charge)/credit relating to components of OCI is as follows:

	2016			2015		
Tax components OCI	Before tax	Tax credit	After tax	Before tax	Tax credit	After tax
Cash flow hedges	(540)	135	(405)	(505)	126	(379)
Currency translation adjustments (CTA)	1 546	-	1 546	5 265	-	5 265
CTA on goodwill	1 103	-	1 103	3 515	-	3 515
Remeasurement gains/(losses) on defined benefit plans	(105)	26	(79)	184	(46)	138
Total	2 004	161	2 165	8 459	80	8 539

26 Earnings and dividends per share

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is made to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that will be issued assuming the exercise of all issued share options. The excess number of shares is used for calculating diluted earnings per share.

Earnings used to calculate (diluted) earnings per share	2016	2015
Net profit	34 377	32 251
SOP cost, net	67	76
Basis for diluted profit	34 444	32 327

Number of shares, weighted and dilutive	2016	2015
Weighted average number of ordinary shares issued		
Issued at 1 January	23 990 826	23 766 701
Add: new shares issued, weighted part	78 063	90 953
Total number of shares issued, weighted at 31 December	24 068 889	23 857 654
Add: new shares issued, unweighted part	156 437	133 172
Total number of shares issued at 31 December	24 225 326	23 990 826
Share options deferred dilution effect	47 629	196 520
Total number of shares, dilutive at 31 December	24 272 955	24 187 346

It is proposed to distribute a final dividend of € 0.75 per share. Together with the 2016 interim dividend of € 0.40 per share paid in August 2016, this brings the total 2016 dividend to € 1.15 per share.

The total number of issued shares is 24,225,326. The 2016 interim dividend amounted to € 9,601, implying that the proposed dividend would lead to a total dividend 2016 of € 27,769 (total 2015: € 23,918; +16.1%). These financial statements do not reflect a liability for this final dividend payable of € 18,169.

27 Contingencies and commitments

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. Beside the contingent liabilities provided for (Note 21), the company is from time to time involved in liability disputes. Under certain circumstances, we or our customers may be required to recall or withdraw products. This could result in significant losses. We maintain product recall and general liability insurance levels that we believe to be adequate. However, we cannot assure the Group will not incur liability claims which are not covered by insurance policies. These claims could potentially have a material adverse effect on the financial position of the company. Beside the legal provision (Note 21), the company cannot reasonably predict potential financial losses to the company arising from other disputes and/or claims.

Capital commitments

Capital expenditures contracted for at the end of the reporting period were not material.

Operating lease commitments – group company as lessee

The Group leases various offices and warehouses under non-cancelable operating lease agreements. The lease terms generally are between five and ten years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The Group is required to give a six-month notice for the termination of these agreements. Operational lease expenses included in the 2016 consolidated income statement amounted to € 2.1 million (2015: € 2.3 million). The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	31 December	
Lease payment commitments	2016	2015
Within 1 year	2 663	2 087
Later than 1 year and no later than 5 years	5 409	4 025
Later than 5 years	1 904	2 346
Total	9 976	8 458

28 Business combinations

On 2 February 2016, the Company acquired certain business activities and assets of Container Tea & Commodities, an Indian tea trading company, by the newly established group company Container Tea Van Rees Trading Private Ltd. in Coonoor, India. The total net cash consideration paid amounted to € 1.5 million and comprised of goodwill and other assets. The final purchase price allocation is recognized in the 2016 accounts.

29 Related party transactions

Key management personnel disclosures are included in Note 1.7 of the Company financial statements.

COMPANY FINANCIAL STATEMENTS

Chamber of Commerce No. 24.191.858

All amounts are in thousands of euros, unless otherwise stated.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(before profit appropriation)	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Other intangibles		-	15
Property, plant and equipment		14	15
Investment in subsidiaries and affiliates	1.1	184 664	167 382
Total non-current assets		184 678	167 412
Current assets			
Other receivables and prepayments	1.2	4 746	8 313
Total current assets		4 746	8 313
Total assets		**189 424**	**175 725**
Equity and liabilities			
Shareholders' equity			
Share capital		10 901	10 796
Share premium reserve		52 447	50 571
Legal reserves		15 461	12 812
Other reserves		69 722	61 890
Net profit for the year		34 377	32 251
Total shareholders' equity	1.3	182 908	168 320
Provisions			
Provisions for deferred income tax liabilities	1.2	3 392	5 200
Total provisions		3 392	5 200
Current liabilities			
Bank borrowings		162	424
Amounts owed to Group subsidiaries		1 000	-
Other liabilities and accrued expenses		1 962	1 781
Total current liabilities		3 124	2 205
Total equity and liabilities		**189 424**	**175 725**

COMPANY INCOME STATEMENT

	Note	2016	2015
Other revenues		2 424	2 524
Total revenues		**2 424**	**2 524**
Personnel expenses		(2 319)	(2 147)
Depreciation		(23)	(62)
General and administrative expenses		(1 736)	(1 526)
Total costs		(4 078)	(3 735)
Operating income		**(1 654)**	**(1 211)**
Interest expenses		(541)	(451)
Result before income tax		(2 195)	(1 662)
Corporate income tax Acomo		443	417
Result subsidiaries and affiliates	1.1	36 129	33 496
Net profit		**34 377**	**32 251**

Basis of preparation

The Company financial statements of Amsterdam Commodities N.V. ('Acomo') are prepared in accordance with generally accepted accounting principles in the Netherlands (Dutch GAAP) and compliant with the requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare the Company financial statements based on the accounting policies used for the consolidated financial statements. The accounting policies as described in the notes to the consolidated financial statements also apply to the Company financial statements unless indicated otherwise.

Change in accounting policy

In 2016, the Company changed its accounting policy with respect to goodwill and investments in subsidiaries. The Group now applies the equity method. Prior to this change in policy, the Company applied the net asset value method to investments in subsidiaries. The impact is only limited to the presentation on the balance sheet of investments in subsidiaries. Under the new accounting policy, goodwill is included in the balance sheet item Investments in subsidiaries and is not separately disclosed on the face of the balance sheet. The 2015 comparative figures have been adjusted accordingly.

Significant accounting policies

Investments in subsidiaries
In accordance with section 2:362, subsection 8 of the Dutch Civil Code, all subsidiaries are valued using the equity method as identified by the Dutch Accounting Standards Board in accordance with the accounting principles applied in the consolidated accounts. The goodwill as identified in the consolidated financial statements is subsumed in the carrying value of the investments in subsidiaries.

1.1 Financial fixed assets

Investments in subsidiaries and affiliates	2016	2015
At 1 January	167 382	153 594
Net profit for the year	36 129	33 496
Capital contribution	-	5 847
Dividends paid out	(21 012)	(34 094)
Currency translation differences	2 649	8 780
Pension movements through OCI	(79)	138
Other equity movements	(405)	(379)
At 31 December	184 664	167 382

Acomo and its Dutch subsidiaries form a fiscal unity for corporate income tax purposes. In accordance with standard conditions, the Company, along with the respective subsidiaries that are part of the fiscal unity, are wholly and severally liable for the tax liabilities of the fiscal unity. Corporate income tax expense on results of subsidiaries is reported as part of Results subsidiaries and affiliates.

For an overview of the subsidiaries of the Company, refer to Note 2.3 of the consolidated financial statements.

1.2 Other receivables and prepayments — deferred tax liabilities

Other receivables and prepayments mainly comprise of prepaid income taxes 2016, which will be charged to the related subsidiaries in 2017. The deferred tax liabilities are primarily related to temporary differences of assets in Dutch subsidiaries that are part of the fiscal unity of which the Company is the head.

1.3 Shareholders' equity

	Attributable to owners of the parent					
	Share capital	Share premium reserve	Legal reserves	Other reserves	Net profit for the year	Total equity
Balance at 1 January 2015	**10 695**	**48 950**	**4 032**	**55 179**	**33 064**	**151 920**
Net profit 2015	-	-	-	-	32 251	32 251
Dividends relating to 2014, final	-	-	-	(16 666)	-	(16 666)
Dividends relating to 2015, interim	-	-	-	(9 523)	-	(9 523)
Currency translation adjustments (CTA)	-	-	8 780	-	-	8 780
Appropriation of net profit	-	-	-	33 064	(33 064)	-
New shares issued	101	1 622	-	-	-	1 723
Employee share option scheme effects	-	-	-	76	-	76
Change in cash flow hedges	-	-	-	(379)	-	(379)
Remeasurement gains/(losses) on defined benefit plans	-	-	-	138	-	138
Balance at 31 December 2015	**10 796**	**50 572**	**12 812**	**61 889**	**32 251**	**168 320**
Net profit 2016	-	-	-	-	34 377	34 377
Dividends relating to 2015, final	-	-	-	(14 400)	-	(14 400)
Dividends relating to 2016, interim	-	-	-	(9 601)	-	(9 601)
Currency translation adjustments (CTA)	-	-	2 649	-	-	2 649
Appropriation of net profit	-	-	-	32 251	(32 251)	-
New shares issued	105	1 875	-	-	-	1 980
Employee share option scheme effects	-	-	-	67	-	67
Change in cash flow hedges	-	-	-	(405)	-	(405)
Remeasurement gains/(losses) on defined benefit plans	-	-	-	(79)	-	(79)
Balance at 31 December 2016	**10 901**	**52 447**	**15 461**	**69 722**	**34 377**	**182 908**

The total authorized number of ordinary shares is 66.7 million shares with a par value of € 0.45 per share. As at 31 December 2016, 24.2 million (2015: 24.0 million) shares were issued and fully paid. The issued share capital increased in 2016 by 234,500 shares (2015: 224,125) as a result of employees exercising their vested options under the employee share option scheme.

1.4 Employee information

During 2016, the average number of employees employed by the Company was eight full-time equivalents (2015: eight), at year-end eight (2015: eight). All employees are based in the Netherlands.

1.5 Audit fees

The following amounts were paid to the Group auditor PwC as audit fees and included in other operating expenses.

	2016			2015		
Fees PwC	In the Netherlands	Network outside the Netherlands	Total	In the Netherlands	Network outside the Netherlands	Total
Audit	299	165	464	239	159	398
Audit-related	4	-	4	-	-	-
Tax	-	4	4	-	-	-
Total fees PwC	303	169	472	239	159	398

The 2016 audit fees include additional billing for the audit of the financial year 2015.

1.6 Contingent liabilities

Contingent liabilities are not expected to give rise to any material loss and include guarantees given for Group companies. The Company has issued joint and several liability undertakings, some as defined in Article 403, Book 2 of the Dutch Civil Code, for almost all Dutch group companies in the Netherlands. These written undertakings have been filed with the Trade Register of the Chamber of Commerce in the respective seat the group company concerned has its registered office. The Company is the head of a fiscal unity that includes the Dutch wholly-owned group companies. The Company is therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

1.7 Remuneration of the Management and Supervisory Board

Remuneration of the members of the Management Board is determined in accordance with the remuneration policy as disclosed in the Report of the Supervisory Board. Key management includes the Management Board, consisting of Mr E. Rietkerk and Mr A. Goldschmeding, both being statutory directors of the Company, and the Supervisory Board, consisting of Mr B. Stuivinga, Mrs M. Groothuis, Mr Y. Gottesman and Mr J. Niessen.

The 2016 remuneration to members of the Management Board is shown below:

Remuneration Management Board		Short term		Post employment benefits	Share based expenses
	Salary	Profit share	Bonus		
2016					
E. Rietkerk	311	446	-	47	35
A. Goldschmeding	275	-	275	25	24
Total current members	586	446	275	72	59
J. ten Kate (resigned on 31 January 2016)	20	-	-	10	1
Total former member	20	-	-	10	1
2015					
E. Rietkerk	306	311	-	46	49
A. Goldschmeding[1]	23	-	11	2	2
J. ten Kate[2]	241	-	362	54	3
	570	311	373	102	54

[1] Mr Goldschmeding was appointed as CFO per 1 December 2015

[2] Mr Ten Kate stepped down as CFO on 1 August 2015

Mr Rietkerk and Mr Goldschmeding can earn a profit share based on the profit development of the Group or a bonus when achieving specific targets in their respective roles as CEO and CFO of the Group. The profit share and bonus shown are related to the performance in 2016 and will be paid out in 2017.

Board member	Year of grant	Outstanding 1 Jan 2016	Exercised 2016	Outstanding 31 Dec 2016	Exercise price (€)	Expiry date
E. Rietkerk	2013	100 000	(30 000)	70 000	13.90	8/5/2020
A. Goldschmeding	2015	50 000	-	50 000	22.46	1/12/2022
		150 000	(30 000)	120 000		

Remuneration Supervisory Board	2016	2015
B. Stuivinga[1]	56	56
M. Groothuis	35	35
Y. Gottesman[1]	45	45
J. Niessen	35	35
	171	171

[1] Including € 10 remuneration for being a member of the Supervisory Board of Catz International.

On 31 December 2016, the following Supervisory Board members directly or indirectly owned Acomo shares: Mr Stuivinga (40,595) and Mr Niessen (3,665,008). No loans, advances or guarantees have been granted to the members of the Management Board or the Supervisory Board. No share options have been granted to members of the Supervisory Board.

1.8 Profit appropriation

In accordance with the resolution of the general meeting held on 26 April 2016, the profit for 2015 has been appropriated in conformity with the proposed appropriation of profit stated in the 2015 financial statements.

The net profit for 2016 attributable to the shareholders amounting to € 34,377 shall be available in accordance with Article 26 of the Company's Articles of Association.

The Management Board proposes to distribute a final dividend of € 0.75 per share. Together with the 2016 interim dividend of € 0.40 per share paid in August 2016, this brings the total 2016 dividend to € 1.15 per share.

The residual profit is proposed to be added to reserves.

1.9 Subsequent events

On 7 February 2014, Acomo signed bank facilities for a total of € 250.0 million, to be utilized for working capital financing including acquisitions. On 24 January 2017 the working capital facilities were extended with a three-year term with the option for an additional two years. Further Acomo has the option to increase this facility with 30%.

Rotterdam, 9 March 2017

The Management Board

E. Rietkerk, *CEO*
A. Goldschmeding, *CFO*

The Supervisory Board

B. Stuivinga, *Chairman*
M. Groothuis
Y. Gottesman
J. Niessen

Appropriation of profit according to the Articles of Association

Article 26 paragraph 1 of the Articles of Association stipulates:

From the net profit as disclosed in the adopted income statement, such amounts are transferred to reserves, as may be determined by the General Meeting of Shareholders and proposed by the Management Board and approved by the Supervisory Board. The remaining amount is at the disposal of the General Meeting of Shareholders.

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting and Supervisory Board of Amsterdam Commodities N.V.

Report on the financial statements 2016

Our opinion

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Amsterdam Commodities N.V. as at 31 December 2016 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and
- the accompanying company financial statements give a true and fair view of the financial position of Amsterdam Commodities N.V. as at 31 December 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Amsterdam Commodities N.V., Rotterdam ('the company' or 'Acomo'). The financial statements include the consolidated financial statements of Amsterdam Commodities N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2016;
- the following statements for 2016: the consolidated statement of income and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2016;
- the company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Amsterdam Commodities N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Our audit approach

Overview and context

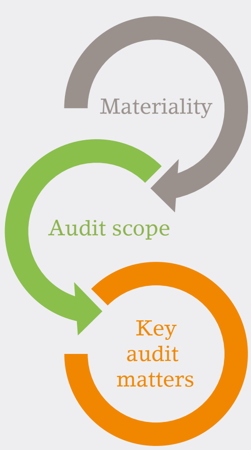
Amsterdam Commodities N.V. is active in the sourcing, processing, trading, packaging and distribution of natural food products and ingredients for the food and beverage industry. The Group comprises of several components and therefore we considered our group audit scope and approach as set out in 'The scope of our group audit' section. We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Management Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

In note 4 to the financial statements the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the volatility in the commodity prices and exchange rate, the uncertainty in the timing of the delivery of the products and the credit risk of the debtors, we considered accounting for inventories and commodity trading positions and foreign exchange contracts as well as the collectability of trade receivables and recognition of revenue to be key audit matters as set out in the key audit matter section of this report.

Besides the key audit matters, other areas of focus were the valuation of the goodwill and uncertain tax positions. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Management Board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a commodity trading company. We included specialists in the areas of IT, financial instruments and valuations in our team.



Materiality

- Overall materiality: € 2.4 million which represents 5% of profit before tax.

Audit scope

- We have identified four significant components. For these significant components as well as one other component, we have performed a full scope audit. For two other components we performed specified audit procedures.
- Site visits were conducted by the Group audit team on eight locations in all reporting segments.
- Van Rees Group B.V. consist of a sub-group of 11 components. For this sub-group we have performed full scope audit procedures for four components and specified audit procedures for one component.
- Audit coverage: 91% of consolidated profit before tax, 87% of consolidated revenue and 94% of consolidated total assets.

Key audit matters

- Accounting for inventories and commodity trading positions and foreign exchange contracts.
- Collectability of trade receivables and recognition of revenue.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	€ 2.4 million (2015: € 2.2 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €300,000 and €2.2 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €120,000 (2015: €110,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our Group audit

Amsterdam Commodities N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Amsterdam Commodities N.V.
The Group audit scoping is included in the below table:

Entity	Significant component	Visited by Group audit team	Scoping
Catz International B.V.	✓	✓	Full scope audit
Red River Commodities Inc.	✓	✓	Full scope audit
Amsterdam Commodities N.V.	✓	✓	Full scope audit
Van Rees Group B.V., subsidiaries in scope:	✓	✓	Full scope audit
• Van Rees B.V.		✓	Full scope audit
• Van Rees Kenya Ltd.			Full scope audit
• Van Rees Ceylon Ltd.		✓	Full scope audit
• Van Rees North America Inc.			Specified audit procedures
Snick EuroIngredients N.V.			Full scope audit
King Nuts B.V.		✓	Specified audit procedures
SIGCO Warenhandelsgesellschaft mbH		✓	Specified audit procedures

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	87%
Total assets	94%
Profit before tax	91%

None of the remaining components for which no full scope audit or specified audit procedures have been performed represented more than 3% of total Group profit before tax, total Group revenue or total Group assets. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

In determining our scoping we considered both financial and qualitative factors as well as Acomo's structure to be relevant:

- The Group consists of a number of subsidiaries active in trading, international sourcing, processing and selling of niche food commodities and ingredients in the food industry. The subsidiaries operate to a great extent autonomously under the responsibility of their own management and financial control. We therefore included a large number of components in our audit scope;
- Amsterdam Commodities N.V. is the holding company which role includes monitoring financial performance, financing, assessing and monitoring effective risk management, compliance and control systems with regard to the subsidiaries' activities (as described on page 15 of the annual report) and we therefore determined this to be a significant component; and
- Acomo's subsidiary Van Rees Group B.V. manages a number of subsidiaries located across the globe with an oversight role by Van Rees Group B.V. head office. We therefore audited 4 components in this subgroup and audited the holding and the sub-consolidation.

Our Group audit is aligned with the decentralized structure of Acomo.

In the Netherlands, the audits of all components are performed by the Group audit team and we have visited all significant and certain smaller components in 2016, as set out in the scoping paragraph. For the audits of all components outside the Netherlands, we used component auditors who are familiar with the local laws and regulations in each of the locations to perform this audit work. Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We issued specific instructions to these component auditors. These instructions included the Group audit team's risk analysis, materiality and audit approach on similar processes. During the year, we had regular individual calls with all (international) component auditors in which we discussed, amongst others, recent developments at the respective component, the scope of our audit, the reports of the component auditor, the findings following their procedures, the need for any support or information from Group level and other matters which could be of relevance for our audit of the consolidated financial statements. Furthermore, we attended all the closing meetings of the component audits (partly through calls) together with a member of group management.

The Group consolidation, financial statement disclosures and a number of items are audited by the Group audit team. These include, but are not limited to goodwill impairment testing, derivative financial instruments, hedge accounting, tax accounting, segmentation and share based payments. The Group audit team also performed (limited) analytical review procedures on components that were not in scope this year.

By performing the procedures above at the components, combined with additional procedures at Group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

In previous years' Independent Auditor's Report we included a key audit matter in relation to the assessment of the valuation of the carrying value of goodwill. Given the headroom on the 2016 impairment analysis for goodwill for all operating segments, we consider this matter not a key audit matter for the 2016 audit. Due to the nature of the company's business, the remaining two key audit matters remain the same in comparison to prior year as these may be long standing and therefore may not change significantly year over year.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter

Accounting for inventories, commodity trading positions and foreign exchange contracts (note 2.9 – 2.11)

It is the core business of Acomo to accept managed risks by taking positions in different types of commodities and contracts in different currencies.
This is to a great extent done autonomously under the responsibility of local management with separate financial and operational systems. The Group has issued specific trading and financial guidelines and risk limits per operating company, per product and per category, which are monitored by the Acomo Management Board to mitigate the risk of management override of controls, error and volatility from product positions (e.g. monthly review of trading positions and segregation of duties).

Certain operating entities in the Tea segment use derivative financial instruments to hedge risks associated with foreign currency risk (mainly Euro/US Dollar exposures). Acomo's approach in relation to foreign exchange risk is disclosed in note 3.1.1 to the financial statements.

The price and foreign currency volatilities of the commodity markets have a direct impact on the value of the subsidiaries' economic trading positions and could therefore result in significant inventory write-downs to net realisable value and/or losses on onerous contracts.

In addition, since Acomo's subsidiaries are trading in non-quoted commodities, the valuation of inventories and onerous contract provisions requires judgment.

We therefore considered this a key audit matter.

How our audit addressed the matter

In our audit we performed procedures which allowed us to rely, to the extent possible, on internal controls at subsidiary and Group level for the purpose of our audit of the Group's consolidated financial statements. We performed, amongst others, procedures designed to identify risks around segregation of duties for the trading activities between the front office and back office, authorization of trading transactions and accounting of these transactions in the financial and operational systems.

As part of our audits of the subsidiaries we have tested that specific trading and financial guidelines and risk limits per operating company as set out by the group, were applied.

At the Group level, we assessed the company's hedge policies for commodities future contracts and hedging policies of their foreign exchange risk exposure.

We tested the recognition at fair value of foreign currency derivatives based on market data and we investigated, for the Tea segment, whether the effectiveness of the hedge accounting strategies is supported by effectiveness testing documentation.

We substantively challenged management's analysis of the valuation of inventories and the economic trading positions with contracts and market prices. For inventories we substantively tested their existence by obtaining third party warehouse confirmations, attending inventory counts on all significant locations, testing the inventory pricing. Furthermore, we tested the calculation and authorisation of onerous contract provisions in accordance with group policies.

For the effects of price movements we assessed the company's trading guidelines, positions per product group and overall positions. Based on the afore mentioned substantive audit procedures performed, we noted no material exceptions.

Key audit matter	*How our audit addressed the matter*
Collectability of trade receivables and recognition of revenue (note 2.11 / 2.19) Trade receivable balances were significant to the Acomo Group as they represent 23% of the consolidated balance sheet (note 11 to the financial statements). The collectability of trade receivables is a key element of Acomo's Group working capital management, which is managed on an ongoing basis by local management. Acomo Group management supports subsidiaries in setting credit limits for customers and approve such limits above certain thresholds where applicable. Given the nature of the businesses and requirements of customers, various shipping terms are in place which impact the timing of revenue recognition. Given the magnitude and judgment involved in the collectability assessment of trade receivables and the timing of revenue recognition this is considered a key audit matter.	*Assessing the valuation of trade receivables requires judgment. We have challenged the assumptions used to calculate the trade receivables impairment amount, notably through detailed analyses of ageing of receivables, assessment of individual significant overdue trade receivables and assessing specific local risks, combined with legal documentation, where applicable. No material exceptions were noted.* *We performed audit procedures on the recognition of revenue, which include but are not limited to control testing on sales transactions for the purpose of our audit and substantive audit procedures, such as tracing back to shipping documents and subsequent receipt testing.* *We have tested management's timing of revenue recognition in accordance with IFRS based on the shipping terms agreed with customers. Also, we have tested management's cut-off testing procedures to assess that revenue was recognized in the correct period and have independently selected samples to test cut-off of revenue through verification of shipping documents and invoices. Our sample did not reveal any exceptions.*

Report 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:

- the Management Board report, as defined in note 1 of the financial statements;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- other parts of the annual report: History, Highlights of 2016, Five-year overview, Message from the CEO, Who we are and what we do, Sustainability, Share information, Management Board, Supervisory Board, Report of the Supervisory Board, Risk management, Policies, List of acronyms and abbreviations, Explanation of some concepts and ratios and Contact details.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures were substantially less than the scope of those performed in our audit of the financial statements.

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

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Amsterdam Commodities N.V. on 26 April 2016 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 26 April 2016. The appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of three years.

Responsibilities for the financial statements and the audit

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

The Management Board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Management 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 Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going-concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management 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 company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 9 March 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
J. van Meijel RA

Appendix to our auditor's report on the financial statements 2016 of Amsterdam Commodities N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the accompanying financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- 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 intentional 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 Management Board.
- Concluding on the appropriateness of the Management Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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 deficiencies 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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the 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.

LIST OF ACRONYMS AND ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
AGM	Annual general meeting
AScX	Amsterdam Small Cap Index
BRC	British Retail Consortium Global Standard for Food Safety
CAGR	Compound annual growth rate
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash-generating unit
CSR	Corporate social responsibility
CTA	Currency translation adjustments
DCF	Discounted cash flow
EBIT	Earnings before interest and taxes (operating income)
EBITDA	Earnings before interest, taxes, depreciation and amortization
ERP	Enterprise resource planning
ETP	Ethical Tea Partnership
FIFO	First in, first out
FSSC	Food Safety System Certification
FTE	Full-time equivalent
FX rate	Foreign exchange rate
GAAP	Generally accepted accounting principles
HACCP	Hazard analysis and critical control points
IAS	International accounting standard
ICR	Interest cover ratio
IDH	IDH, The Sustainable Trade Initiative
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IR	Investor relations
ISIN	International securities identification number
ISO	International Organization for Standardization
NGO	Non-governmental organization
OCI	Other comprehensive income
PBT	Profit before tax
PPE	Property, plant and equipment
PR	Public relations
PwC	PricewaterhouseCoopers Accountants N.V.
RCF	Revolving credit facility
ROE	Return on equity
RONCE	Return on net capital employed
SOP	Share option plan
SQF	Safe quality food
The Code	Dutch Corporate Governance Code
The Statement	Corporate Governance Statement
TSR	Total shareholder return
WACC	Weighted average cost of capital

EXPLANATION OF SOME CONCEPTS AND RATIOS

Compound annual growth rate (CAGR)
This rate is calculated as the value at the end of the period divided by the value at the beginning of the period, compounded to the respective period.

Dividend pay-out ratio
The dividend pay-out ratio is calculated as the sum of the interim and (proposed) final dividend for the year as a percentage of the net profit for the year.

Earnings per share
The earnings per share are calculated as the total net profit for the period divided by the (weighted) average number of ordinary shares outstanding.

Equity per share
The equity per share reflects the Company's equity allocated to each outstanding share of common stock and is calculated by dividing the total shareholders' equity by the total number of ordinary shares outstanding at year-end.

Interest cover ratio
The interest cover ratio is calculated by dividing the normalized EBITDA by the total of the interest expenses minus interest income.

Market capitalization
Market capitalization reflects the total market value of all the Company's outstanding shares and is calculated by multiplying the total shares issued by the share price at period-end.

Net capital employed
Net capital employed consists of the total assets minus cash and banks, provisions, trade creditors and other liabilities.

Net debt/total equity
This ratio is calculated by dividing the net debt by the total shareholders' equity.

Net operating assets
Net operating assets comprise of the average total net assets adjusted for goodwill.

One-off items
In this annual report, items with a specific non-recurring character are presented as one-off items.

Price/earnings ratio
The price/earnings ratio is calculated by dividing the share price at year-end by the earnings per share.

Return on equity
Return on equity is the amount of net profit returned as a percentage of the (weighted) average shareholders' equity.

Return on net capital employed
Return on net capital employed measures a company's profitability and the efficiency with which its capital is employed. This indicator reflects the EBIT as a percentage of the average net capital employed.

Solvency
Solvency reflects the total shareholders' equity as a percentage of the total assets.

Total shareholders' return
The total shareholders' return shows the performance of the company's shares over time using the change in share price at year-end and the total dividend paid during the year, divided by the year-end share price of prior year.

CONTACT DETAILS

Amsterdam Commodities N.V.

E.P. Rietkerk (Erik), Chief Executive Officer
A.W. Goldschmeding (Allard), Chief Financial Officer
WTC, Beursplein 37, 10th floor
P.O. Box 30156, 3001 DD Rotterdam, the Netherlands
Tel. +31 10 405 11 95, fax +31 10 405 50 94
www.acomo.nl
E-mail: info@acomo.nl
in Amsterdam Commodities N.V.

Chamber of Commerce No. 24.191.858

Operating companies

Catz International B.V.
H.C. Moerman (Henk), Managing Director
Blaak 22
P.O. Box 180, 3000 AD Rotterdam, the Netherlands
Tel. +31 10 411 34 40, fax +31 10 411 89 13
www.catz.nl
E-mail: info@catz.nl

King Nuts B.V.
J. Klijn (Jaap), Managing Director
Spanjeweg 4
P.O. Box 1044, 2410 CA Bodegraven, the Netherlands
Tel. +31 172 63 22 22, fax +31 172 63 22 33
www.kingnuts-raaphorst.com
E-mail: info@kingnuts-raaphorst.com

Tovano B.V.
R. J.A. (Richard) Strijbis, Managing Director
Transportweg 47, 2676 LM Maasdijk, the Netherlands
Tel. +31 174 52 83 33, fax +31 174 52 80 01
www.tovano.nl
E-mail: info@tovano.nl

Snick EuroIngredients N.V.
Ph.H. Snick (Philippe), Managing Director
De Leiteweg 13, 8020 Ruddervoorde, Belgium
Tel. +32 50 36 16 85, fax +32 50 37 22 07
www.snick.be
E-mail: info@snick.be

Red River Commodities Inc.
R.A. Majkrzak (Bob), President & CEO
501, 42nd Street NW
P.O. Box 3022, Fargo, North Dakota 58102, USA
Tel. +1 701 28 22 600, fax +1 701 28 25 325
www.redriv.com
E-mail: admin@redriv.com

Red River-van Eck B.V.
A.L. van Eck (Anton), Managing Director
Huizersdijk 11
P.O. Box 14, 4760 AA Zevenbergen, the Netherlands
Tel. +31 168 32 35 55, fax +31 168 32 52 94
www.rr-ve.com
E-mail: info@rr-ve.com

Red River Global Ingredients
B. Wibie (Bruce), President & CEO
880 L-15th Street, Unit # 4
Winkler, Manitoba, Canada
R6W OH5
Tel: +1 204 325 5105
www.redrivglobal.com
sales@redrivglobal.com

SIGCO Warenhandelsgesellschaft mbH
L. Reinecke (Lars), Managing Director
Dammtorstraße 21b, 20354 Hamburg, Germany
Tel. +49 40 351 03 90
www.sigco.de
E-mail: info@sigco.de

Van Rees Group B.V.
M.W.H. Obbink (Maarten), Managing Director
Wijnhaven 65D
P.O. Box 914, 3000 AX Rotterdam, the Netherlands
Tel. +31 10 402 17 50, fax +31 10 413 68 81
www.vanrees.com
E-mail: trading@vanrees.com

BRIDGING YOUR NEEDS

The Acomo Group sources, processes, trades, packages and distributes natural food products and ingredients for the food and beverage industry in more than 90 countries across the world. In these activities the companies strive to add value in each part of the food value chain.

The activities of our operating companies are bundled in four product segments: Spices and Nuts, Edible Seeds, Tea and Food Ingredients. Each segment has its own role in its own specific value chain, thereby bridging the specific needs of suppliers and customers.

Our global presence and long-standing history put us in a position to recognize the needs of our stakeholders and to find solutions to bridge those needs. All companies within the Acomo Group strive to add value and to realize sustainable profits that give all our stakeholders peace of mind.