

PRESS RELEASE

Smooth integration after merger FloraHolland satisfied with annual figures for 2007

FLORAHOLLAND AALSMEER, May 2008 (press release) - "2007 was an excellent year for FloraHolland. Business was good, both commercially and financially, and the merger process was successful. On 1 January 2008 the merger between Bloemenveiling Aalsmeer and FloraHolland became a reality. The integration into a single organization has been smooth," said FloraHolland's CEO Timo Huges, as the annual figures for 2007 were presented this week.

CFO Erik Leeuwaarden pointed out that future economic prospects were mixed. "We have seen in the past how economic growth can be a boost for the floricultural sector and the European market is showing no signs of a real recession. However, the threat of inflation is a genuine risk. The exchange rates between euro, dollar and pound are having a negative impact on competition for Dutch growers, in view of the international nature of the sector."

Growth in 2007

FloraHolland's annual figures are good, says the auction. While the supply of flowers and plants was more or less stable, turnover grew thanks to good pricing. Via the clocks at its six locations (Aalsmeer, Naaldwijk, Rijnsburg, Venlo, Bleiswijk and Eelde) and its intermediary services, the merged cooperative turned over more than EUR 4 billion (+ 4.4%) worth of flowers and plants from its members/suppliers. In 2007, exporters, wholesalers, florists and major retailers bought 11 billion cut flowers and 1.2 billion house and garden plants from FloraHolland.

Facilitating logistics

With its worldwide supply, available via the 39 clocks and the FloraHolland Connect intermediary organization, the newly merged FloraHolland is now the world's market leader. An effective logistical supply chain is essential to attract and retain Dutch and international production. FloraHolland is active on numerous fronts in efforts to achieve this. These efforts to support national and international suppliers include new refrigeration facilities in Kenya, the consolidation of air freight, continued roll-out of tracking & tracing, research into new storage technologies and work on the development of a new internet based logistical tracking system. The distribution processes within the six locations are also undergoing continuous improvements.

The remaining infrastructure in the regions surrounding the locations is causing increasing traffic congestion. FloraHolland is working as part of Greenports Nederland on developing a vision for horticulture in 2040. The Greenports are calling for concrete agreements between government and the business sector in terms of mobility and logistics, legislation, sustainability, education and spatial planning.

Investing in trade accommodation and efficient transport

FloraHolland has an ambitious investment programme. In 2007, 2008 and beyond, FloraHolland is investing in trade accommodation. As the supply chain increases its scale,

there is increasing demand from trade for space. The year 2008 will see major investments (EUR 86 million) in Trade Parc Westland Venus (Naaldwijk) and the East location at Aalsmeer. At the Rijnsburg export location, the Rijnsburg Logistics Plan was completed in 2007. The regional locations (Venlo, Bleiswijk en Eelde) are also investing heavily in accommodation and services for clients.

Plans for this year include the development of a single uniform stacking cart as a transport resource across the supply chain. At the members' meeting on 29 May, when the annual figures will be presented for approval, cooperative members will make a decision on the investment in stacking carts. Standardizing the carts in the next few years will cost some EUR 80 million (EUR 68 million net). A single, uniform stacking cart will help reduce costs across the supply chain.

Virtualization takes off

The floricultural sector has really begun to enter the virtual world in recent years. Players in the supply chain are exchanging more and more digital information by the day. Physical logistics is being separated from actual pricing resulting in reduced costs and increased purchasing options. By continuing the roll-out of such systems as Remote Buying and Klokservice.nl, FloraHolland is stimulating efficiency in the sales process. The same applies to new its new initiatives, such as the FloraHolland Etrade pilot.

The Remote Buying system enables customers to bid at the clocks from inside and beyond the auction complexes. Image auctioning, where the actual product is no longer brought into the auction room, is also enjoying spectacular growth. Around 40% of all flowers are now being sold on the basis of information alone - without the product itself being displayed at the point of sale.

About the FloraHolland merger combination

On 1 January 2008 Bloemenveiling Aalsmeer and FloraHolland merged. The new FloraHolland cooperative offers growers and customers a network of six locations (Aalsmeer, Naaldwijk, Rijnsburg, Venlo, Bleiswijk en Eelde), a single national intermediary organization (FloraHolland Connect) and a centrally managed Import department. Around 4,500 staff work at FloraHolland and annual sales are in excess of 4 billion euro.

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