Annual Report 08

feeding the future

Contents

Nutreco's profile & financial highlights

Nutreco is a global leader in animal nutrition and fish feed. Our advanced feed solutions are at the origin of food for millions of consumers worldwide. Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture. Experience across 100 years brings Nutreco a rich heritage of knowledge and experience for building its future. Nutreco employs almost 9,300 people in 30 countries, with sales in 80 countries. Headquartered in the Netherlands, Nutreco is listed on the Euronext stock exchange in Amsterdam and has annual revenues approaching EUR 5 billion.

Revenue from continuing operations: EUR 4,943 million

Operating result from continuing operations before amortisation (EBITA): EUR 183 million

Result after tax from continuing operations: EUR 106 million

Basic earnings per share for continuing operations: EUR 3.02

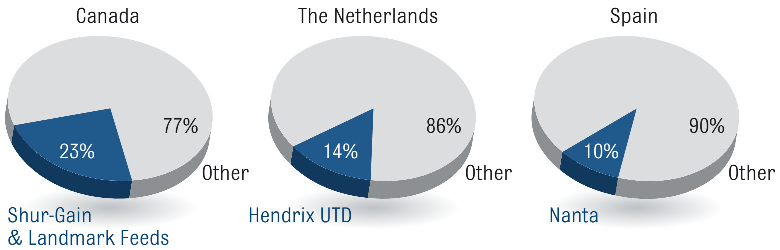
Dividend per ordinary share: EUR 1.43

Nutreco: the company behind strong animal nutrition and fish feed brands

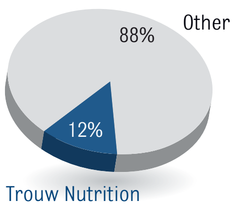
Nutreco ranks the top 3 of the global animal nutrition industry in revenues.

We have leading local positions in the compound feed industry.

- Market shares Nutreco:

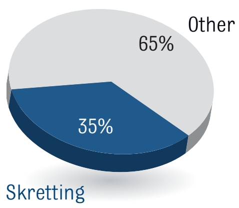


Nutreco's Trouw Nutrition has a global number 2 position in premix.



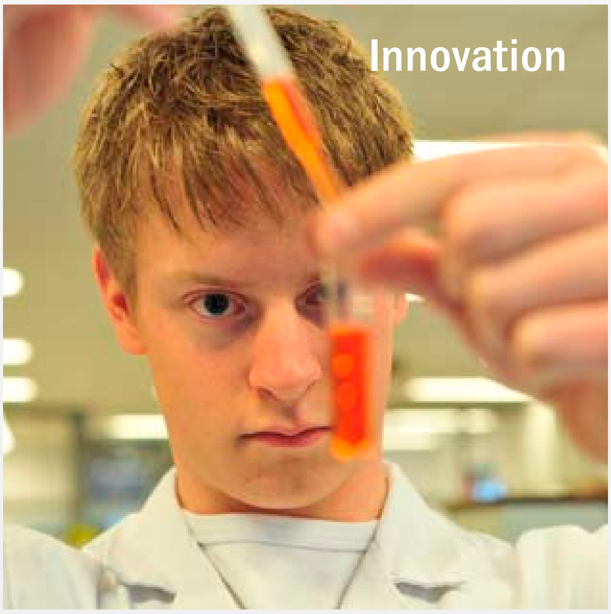
- The premix and feed specialities industry is more consolidated with 4 players, having a joint global market share of about 50%.

Nutreco's Skretting is the number 1 salmon feed producer.



- The global salmon feed industry is concentrated with 3 players having a joint global market share of approximately 90%.
- Leading position in fish feed for other species.

feeding the future



Vision

In a world with limited natural resources and a growing population, Nutreco plays a leading role in developing and supplying the most efficient and sustainable feed solutions.

Mission

Nutreco is a global leader in animal nutrition. We deliver high-quality and sustainable feed solutions and add value to our customers' businesses by developing and supplying innovative products and concepts that support the best performance of farmed animals and fish.

Advanced feed solutions

Feeding the future is the essence of Nutreco: expressing the aspirations that align and inspire our people and direct the activities of today, giving purpose to our efforts beyond earning a fair profit.

The Nutreco ambition is to contribute to meeting the rising food needs of a growing world population in a sustainable manner. We operate at the critical junction between the many raw materials used in animal nutrition and fish feeds and the producers of meat, dairy products and fish. By applying our knowledge of feed ingredients and the nutrition of animals and fish, we gain optimum value from limited natural resources. Our ability is to convert those raw materials into advanced feed solutions that meet the needs of farmed animals and fish and contribute in delivering high-quality products for human nutrition: providing more from less.

Pioneering heritage

In Nutreco we possess a pioneering heritage from more than a century of progress. Our innovations helped evolve agriculture and create modern aquaculture. That rich fund of know-how and experience blends practicality and reliability with insight and inspiration as we develop feed solutions for tomorrow and beyond.

To feed the future, we will achieve continuous progress by improving efficiency in the sourcing and use of feed ingredients, efficiency within our own operations, and the efficiency of the nutritional value of our products. We will make advances through innovation, by blending knowledge with creativity.

Future generations

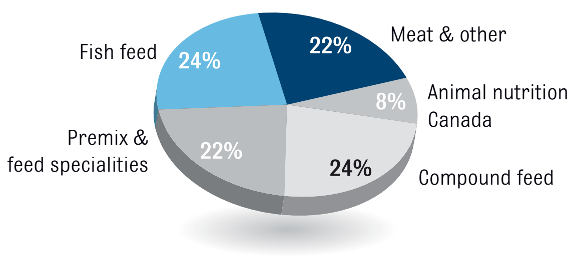
We understand that our solutions must be sustainable, to secure the opportunities of future generations. As some environmental impact from converting the raw materials we use into animal nutrition and fish feed is inevitable, as is the impact from their use in agriculture and aquaculture, we will constantly assess and work to reduce these impacts.

The Nutreco essence is encapsulated in the name itself: nutrition, ecology and economy. The people of Nutreco hold to the vision and pursue the mission that will serve the needs of generations yet to come. Today, tomorrow and beyond Nutreco will develop advanced feed solutions that contribute to feeding a growing world population with wholesome, nutritious meat, dairy products and fish.

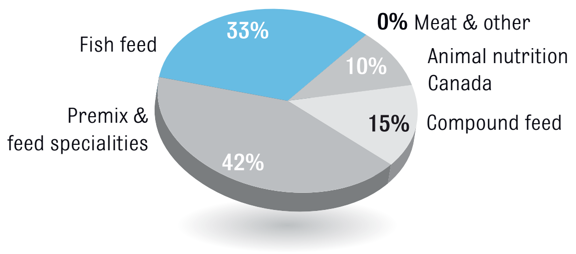
Key figures

	2008	2007
Income statement (EUR x million)		
Revenue from continuing operations	4,943	4,021
Operating result from continuing operations (EBIT)	172	149
Operating result from continuing operations before amortisation (EBITA)	183	155
Operating result before depreciation and amortisation (EBITDA)	234	197
Result after tax from continuing operations	106	113
Total result for the period attributable to equity holders of Nutreco	115	119
Balance sheet (EUR x million)		
Equity attributable to equity holders of Nutreco	655	643
Balance sheet total	2,188	1,993
Capital employed	1,058	984
Net debt position	-367	-290
Cash flow (EUR x million)		
Cash generated from operations	98	140
Acquisitions/disposals of subdidiaries	-66	-374
Additions of property, plant and equipment and intangible assets	-90	-78
Ratios continuing operations		
Operating result as % of revenue	3.5%	3.8%
Average return on capital employed	17%	20%
Solvency ratio (shareholders' equity dividend by balance sheet total)	30%	32%
Key data per share (EUR)		
Basic earnings per share form continuing operations	3.02	3.24
Total result for the period attributable to equity holders of Nutreco	3.34	3.46
Dividend	1.43	1.64
Share price at year-end	23.52	39.56
Other key data		
Average number of outstanding shares (x thousand)	34,358	34,317
Number of outstanding shares at year-end (x thousand)	34,279	34,256
Average number of employees continuing operations	9,435	7,923
Number of employees at year-end continuing operations	9,278	9,090

Revenue third parties by segment 2008

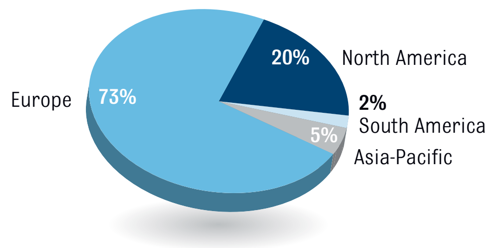


EBITA by segment before exceptional items[1]



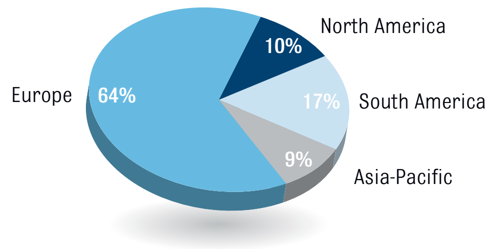
Revenue per region 2008 – Animal nutrition

(EUR 2,687.1 million)



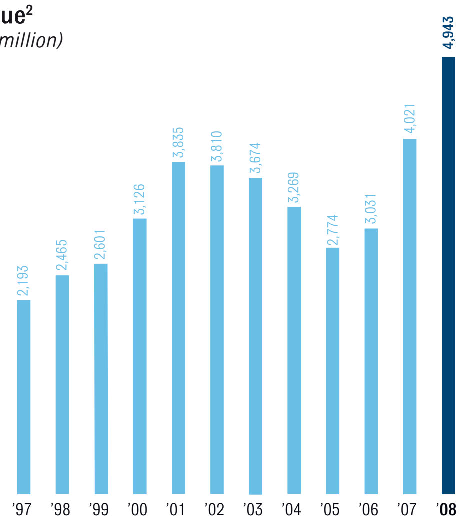
Revenue per region 2008 – Fish feed

(EUR 1,169.9 million)



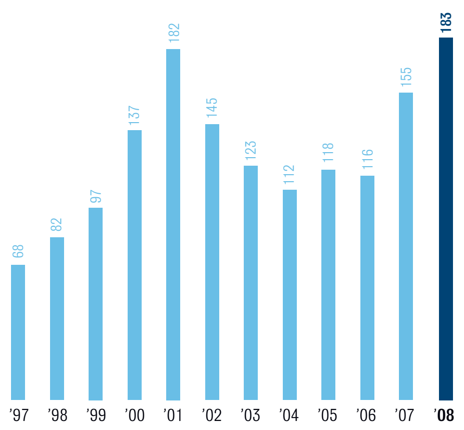
Revenue[2]

(EUR x million)

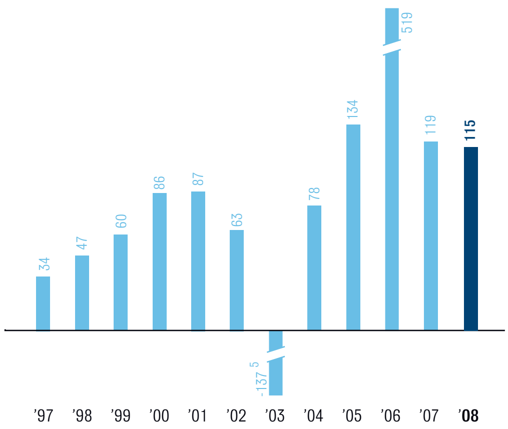


Operating result before amortisation (EBITA)[3]

(EUR x million)



Total result for the period attributable to equity holders of Nutreco[4] *(EUR x million)*



1 EBITA of EUR 201.7 million before corporate costs (EUR -19.6 million) and exceptional items (EUR 0.8 million)
2 2005-2008 revenue from continuing operations (2004-2008 figures based on IFRS, 1997-2003 figures based on D-GAAP)
3 2005-2008 EBITA from continuing operations (2004-2008 figures based on IFRS, 1997-2003 figures based on D-GAAP)

4 In 2005, 2006, 2007 and 2008 the net results of continuing operations attributable to equity holders of Nutreco are EUR 90, 104, 112 and 104 million, respectively. Including results and gain on sale of discontinued operations, the net results are EUR 134, 519, 119 and 115 million, respectively (2004-2008 figures based on IFRS, 1997-2003 figures based on D-GAAP)
5 2003 net result after impairment of goodwill of EUR 193 million

Introduction by the Chief Executive Officer

A solid financial performance in 2008

Nutreco put in a solid performance and we increased our revenue to almost EUR 5 billion. This increase is mainly driven by high raw material prices (15.1%), as well as the contribution from acquisitions in 2007 and 2008 (12.7%). This development is supported by our solid business model based on our strategic choices in recent years. Our premix and feed specialities business had a record performance in 2008 due to a successful integration of the acquired BASF premix businesses, excellent raw material positions and organic growth in feed specialities. Our fish feed business is temporarily impacted by a lower demand for fish feed in Chile. Our customers, the Chilean fish farming companies, had to downscale their operations as a consequence of the ISA virus. This impact is expected to continue in 2009. The Spanish meat business reported disappointing results due to high raw material prices which could not be fully passed on to our customers and a shift to cheaper products by consumers due to the economic crisis in Spain.

> "Nutreco put in a solid performance and we increased our revenue to almost EUR 5 billion."

From global food crisis to global financial downturn; impact on demand for animal feed relatively limited

2008 was a turbulent year for more than one reason. We began the year with shortages of raw materials. Prices, already high, continued to rise due to the demand from emerging markets as well as from the biofuel industry. In mid 2008 we faced unprecedented volatility as the financial downturn caused an abrupt decline in commodity prices. However, the overall impact on our business from the global financial downturn is relatively limited. Our feed products are linked to the basic needs of consumers for food products such as dairy products, meat and fish. There could be a shift in consumer spending to less expensive items, but consumers will continue to eat. The impact on total livestock numbers will be limited, which means that the demand for animal nutrition and fish feed will continue at or close to current levels.

EBITA of EUR 230 million remains the primary medium-term financial target

Nutreco stays fully committed to strengthen its animal nutrition and fish feed business by organic growth and acquisitions. Nutreco will especially focus on growth in feed additives. Due to our strong balance sheet and market positions we are well placed for today's challenging times. Doubling our 2006 EBITA to EUR 230 million remains the primary medium-term financial target. Due to the uncertainties in the global economy we are prudent in the usage of our financial room. This could temporarily slow down our speed in acquiring new companies. There are also more uncertainties related to organic growth, e.g. the temporarily lower demand for fish feed in Chile. Given the current circumstances we have extended the timeframe for reaching the EBITA target of EUR 230 million to 2010-2012.

Knowledge and technology are crucial for sustainable food security and higher feed efficiencies

Innovation, backed by science and technology, is the key for future food security. Due to the increasing feed-to-food demand and the increasingly complex and volatile raw material market, nutritional know-how, alternative ingredients and sustainable feed products have become crucial. Feed additives such as enzymes, antioxidants and organic acids can support the use of co-products from the food and biofuel industry in animal nutrition even further, providing greater feed efficiencies, better animal health and less impact on the environment. This dynamic environment requires high-level expertise in raw materials, feed formulation and feed-to-food safety. With our experience, knowledge and innovative capabilities we are well positioned to capitalise on this.

Taking responsibility and showing leadership

Exchanging experience and becoming inspired by new insights and ideas are main goals of the biennial AquaVision and Agri Vision business conferences that Nutreco organises, together with partners, for the aquaculture and agriculture industry respectively. Nutreco offers a platform for all stakeholders worldwide to have informed discussions on current and future concerns in the feed-to-food chains from consumption and marketing back to meat processing and nutrition. In October 2008 Nutreco organised the AquaVision conference in Stavanger, Norway, entitled 'Know the fundamentals, create your future'. In June 2009 the fifth edition of Agri Vision will take place in Noordwijk, the Netherlands. The theme is entitled 'Shifting horizons — Inspiration, Innovation & Impact in the feed-to-food chain. Nutreco is taking responsibility and is seeking to show leadership in addressing the future. We are prepared to invest time and effort in improving the agri and food business performance and prosperity on a global scale, in a sustainable way, today and tomorrow.

Spread of activities and strategic direction provide stability in challenging times

Today Nutreco companies have far more in common than in previous years. Even so, our activities are sufficiently spread to provide good stability in unstable times. We sharpened our focus on our future direction, with an emphasis on innovative speciality products and feed additives. We will also continue to invest in people who can offer solutions to the challenges ahead of us. The long-term prospects remain positive. The demand for food and feed will continue to grow — 2008 was the first year that the world produced more than 700 million tonnes of complete feed. I am confident that our people and solid business portfolio, our strong financial position, the measures we have taken to manage the economic downturn and our innovative capabilities will carry us through this recession and make Nutreco even stronger in the future as a leading animal nutrition and fish feed company. I would like to thank all our employees who have contributed to the solid performance in 2008. In particular, in this report, I would like to thank L.J.A.M. Ligthart whose term on our Supervisory Board and Audit Committee comes to an end with the General Meeting of Shareholders of 2009. He has brought wisdom and valued advice to Nutreco throughout the 12 years of his appointment.

Wout Dekker, Chief Executive Officer
19 March 2009

REPORT OF THE EXECUTIVE BOARD

Solid performance in a volatile year

- Operating result (EBITA) up 17.8% to EUR 183 million
- Revenue up 22.9% to EUR 4.9 billion with strong results in premix and feed specialities
- Spread of activities and strategic direction provide stability in challenging times
- Doubling of 2006 EBITA to EUR 230 million under current circumstances expected to be met in 2010-2012
- Profit after tax from continuing operations decreases by 6.6% due to higher financing costs and tax rate
- Sound balance sheet and healthy capital structure
- Dividend proposal of EUR 1.43 per share; payout ratio 45%

Nutreco put in a solid performance and its revenue increased to almost EUR 5 billion. This increase was related to higher sales prices mainly related to passing on higher raw material prices, as well as the contribution from acquisitions in 2007 and 2008. The strategic choices in recent years have strengthened the business. Nutreco is now well positioned in the value chain and the spread of activities as well as the strong financial position provide stability in these challenging times.

Key figures (EUR x million)	2008	2007	Change
Revenue from continuing operations	4,943.1	4,021.1	22.9%
Operating result from continuing operation before amortisation (EBITA)	182.9	155.2	17.8%
Operating result from continuing operations (EBIT)	172.1	149.0	15.5%
Profit after tax from continuing operations	105.8	113.3	-6.6%
Basic earnings per share for continuing operations (EUR)	3.02	3.24	-6.8%
Final dividend per ordinary share (EUR)	1.03	1.29	
Interim dividend per ordinary share (EUR)	0.40	0.35	
Dividend per ordinary share (EUR)	**1.43**	**1.64**	**-12.8%**

From left to right: Juergen Steinemann, COO Nutreco, Wout Dekker, CEO Nutreco, and Cees van Rijn, CFO Nutreco

Acquisitions

On 11 January 2008 we took over Japan's largest extruded fish feed factory from Marine Net. The company was already producing most of the fish feed for Skretting Japan. The Japanese marine fish feed market is one of the world's biggest, with a production volume totalling approximately 600,000 tonnes.

On 18 January 2008 Nutreco also announced the acquisition of Nelson and Sons, Inc., the manufacturer of Silver Cup fish feed in the United States. The company has two production facilities near Salt Lake City, Utah. It produces feed for the freshwater fish in the west of the US and has a significant share in the Idaho Trout business. Silver Cup is also active in Canada and Mexico. The company's total annual production is around 30,000 tonnes.

These takeovers fit in perfectly with Nutreco's strategy, which focuses on expansion of the fish feed operations in new regions and feed for non-salmonid species.

On 31 January 2008 Nutreco completed the acquisition of the feed and meat assets of Copaga in Catalonia, Spain. This acquisition further strengthens Nutreco's market position in Spain.

On 31 July Nutreco acquired Biofaktory, a premix and feed specialities company in the Czech Republic and Slovakia. Biofaktory is the market leader in premix and feed specialities in these countries. The company also exports to other countries in Central and Eastern Europe. This acquisition fits in Nutreco's growth strategy to expand the premix and feed specialities business in growth markets.

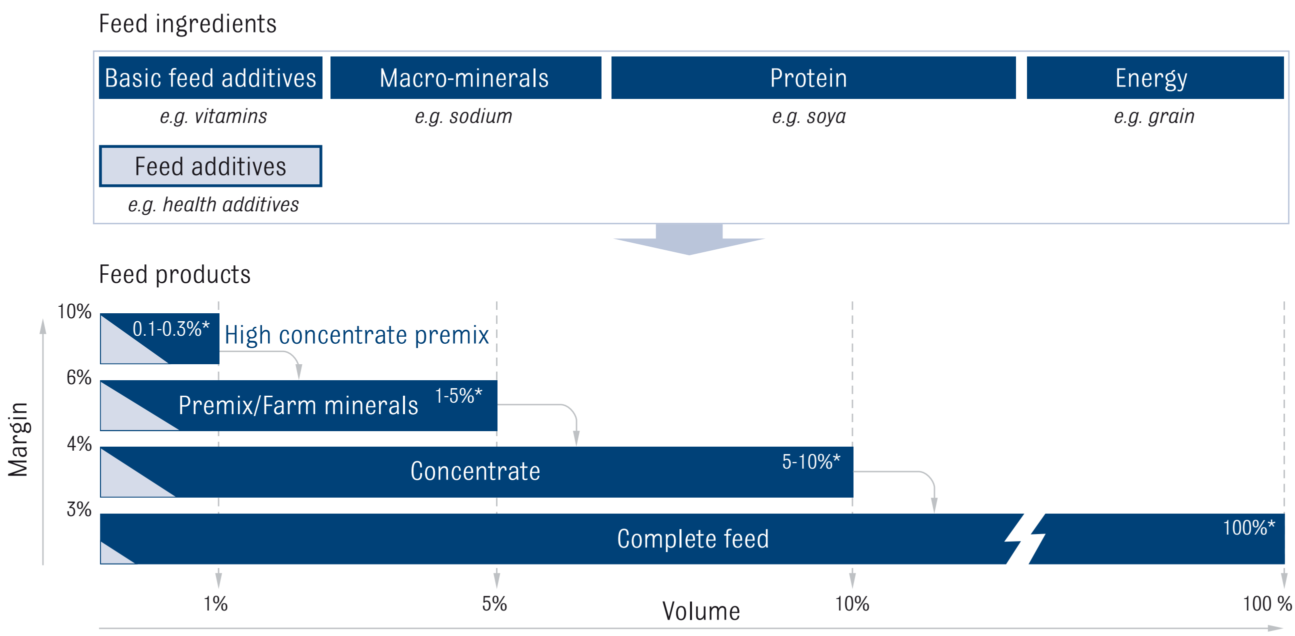
Strategy

Nutreco's strategy is to strengthen its leading global and regional positions in the global animal nutrition and fish feed markets. Nutreco aims for a balanced portfolio of geographies, species and products for a profitable growth both organic and by acquisitions.

Nutreco will continue to focus on geographic regions and markets with a perspective of structural profitable growth based on long-term trends like populations growth, income growth and growing animal nutrition and fish feed markets. Acquisitions will take place in emerging regions as well as in main feed producing regions like North America and Western Europe.

Nutreco strives for supplying the most efficient and sustainable feed solutions. To support its clients best, Nutreco plays a leading role in innovation and formulation based on its R&D capabilities. Innovation, backed by science and technology, is the key for future food security. Due to the increasing feed demand and the increasingly complex and volatile raw material market, nutritional know-how, commodity risk management, alternative ingredients and sustainable feed products have become crucial. Feed additives such as enzymes, antioxidants and

Nutreco's portfolio will grow to higher margin products



Inclusion rate: percentage of inclusion in final product

organic acids can support the use of co-products from the food and biofuel industry in animal nutrition even further, providing greater feed efficiencies, better animal health and less impact on the environment. With its experience, knowledge and innovative capabilities Nutreco is well positioned to capitalise on this and Nutreco will further strengthening its market positions in feed specialities and feed additives.

R&D Nutreco: basis for safe and sustainable feed solutions and higher feed efficiencies

Nutreco has a strong global research & development and sourcing organisation, which provides the foundation for innovation, new product development and unique feed solutions to add value to our customer's business. We focus our attention on the production of reliable, safe and healthy animal nutrition and fish feed derived from sustainable raw materials and unique ingredients. We will continue to invest in people so that we will have the best talents at our disposal who can offer solutions to the challenges ahead of us.

Agenda 2009

In 2009 Nutreco will:

- Strengthen market positions in feed specialities and additives through organic growth and acquisitions
- Strengthen R&D and add new products to the pipeline through more focus on innovation
- Sharpen working capital management and reduce costs
- Maintain a healthy capital structure to support future growth

Outlook

Although the economic environment continues to deteriorate, we believe that Nutreco is well placed to respond to the effects of the global financial downturn. Nutreco has a strong balance sheet and we have repositioned our business in recent years. Our spread of activities and strategic direction provide stability in these challenging times. Nutreco stays fully committed to strengthen its animal nutrition and fish feed business by organic growth and acquisitions. We have sharpened our focus on our future direction, with an emphasis on innovative speciality products and feed additives.

Doubling our 2006 EBITA to EUR 230 million remains the primary medium-term financial target. Due to the uncertainties in the global economy we are prudent in the usage of our financial room. This could temporarily slow down our speed in acquiring new companies. There are also more uncertainties related to organic growth, e.g. the temporarily lower demand for fish feed in Chile. Given the current circumstances we have extended the timeframe for reaching the EBITA target of EUR 230 million to 2010-2012.

Nutreco ambitions and strategic objectives

Customers:

value-enhancing solutions for today and tomorrow

Ambitions

To offer our customers nutrition and health solutions for their animals, through a range of products and programmes, geared towards achieving optimum business results.

Strategic objectives

- To supply safe products based on Nutrace.
- To offer innovative technology through products and programmes.
- To leverage global purchasing power and nutritional knowledge to create value for customers.
- To conduct our business in an environmentally sustainable manner.
- To enter into long-term sales agreements with customers which enable Nutreco to make an efficient planning for the sourcing of raw materials and the use of production capacity.

Actions during 2008

- Expanding the reach of Nutrace and Nutreco Procurement through recent acquisitions.
- Accelerating the implementation of new insights in nutritional values in by-products to use them more effectively in feed.
- Demonstrating the effectiveness of feed additives to stimulate the immune systems of animal and fish.
- Nutreco announced that salmon farmed with Skretting feed had yielded more fish protein than was used in the feed.

Employees:

attracting, developing and maintaining employees

Ambitions

To provide a safe and stimulating work environment fostering employees' engagement and allowing all employees to develop and attain their full potential.

Strategic objectives

- To extend development opportunities to all employees through training and career opportunities.
- To further develop our remuneration policy, setting the company up for success in our quest for talent in all countries, markets and areas of expertise.
- To develop a strong and appealing local and corporate identity that will attract and retain talented employees.

Actions during 2008

- The global HR Leadership Team continued to share best practices and to work together on projects such as P@CT (People & Career Tool) and e-recruitment.
- The P@CT tool was developed and implemented in all business groups enabling a more robust and consistent performance management and management development process.
- New learning and development programmes were designed at corporate and business group levels. 'Expanding Horizons' will focus on developing talent with an interest for international mobility.

Shareholders:

creating value by balancing risk and return

Ambitions

To improve the return on total invested capital and equity by means of growth of the operating result, both organic and through acquisitions, in combination with a strong cash flow and an efficient balance sheet.

Strategic objectives

- To create value for shareholders by holding leading positions in animal nutrition and fish feed in combination with an efficient capital and tax structure that leads to a return on capital employed before tax of at least 15%.
- An operating result (EBITA) as percentage of sales of 5%.
- A net debt/EBITDA ratio of less than 3.
- A net debt/equity ratio of ≈ 1.
- To pay out a dividend in the range of 35-45% of the result available to holders of ordinary shares.

Actions during 2008:

- Nutreco focused on growth in the higher margin feed specialities, feed additives and fish feed business.
- Acquisitions in animal nutrition and fish feed further strengthened the business for a total consideration of approximately EUR 66 million.

Partners:

being a good partner to all stakeholders

Ambitions

To achieve Nutreco's objectives by being a good partner to stakeholders such as customers, suppliers, universities and NGOs.

Strategic objectives

- To develop new products and concepts by partnering with customers, suppliers and scientific institutes which contribute to a more efficient performance of our customers business and help them to improve their profit and results regarding health, food safety and quality.
- To enter into long-term supply agreements with suppliers and customers which guarantee Nutreco's customers high-quality feed based on a sustainable use of natural resources.

Actions during 2008

- In October 2008 Nutreco organised the AquaVision conference in Stavanger, Norway, entitled 'Know the fundamentals, create your future'. It was attended by around 400 representatives of the aquaculture industry; scientists, retailers, investors, NGOs and the media from 26 countries.
- Nutreco agreed a two-year feed supply contract with Marine Harvest, the largest producer of farmed salmon in the world.
- Nutreco Procurement established strategic partnerships with suppliers.
- Improved market focus and intelligence led to significant purchasing value, by anticipating timely on market volatility.
- Nutreco prepared and started implementing various standardisation processes which lead to savings in raw material cost and/or cost of ownership.

Society:

focus on sustainable management of natural resources

Ambitions

Nutreco will contribute to resolving the increasing problems of food security and climate change facing the world today.

Strategic objectives

- To continuously assess and work to improve Nutreco's role in society by increasing the positive contributions and reducing the impacts of its activities.
- To embed corporate social responsibility in the performance contracts of all Nutreco managers, making CSR an integral part of Nutreco business life.
- To focus on progress in the Nutreco CSR themes: sustainable management of natural resources, climate change, feed-to-food quality, Nutreco people and investment in the community.

Actions during 2008

- Nutreco was in round-table discussions on responsible sourcing of soya and palm oil. Fish feed business Skretting launched the Sustainable and Economic Aquafeeds programme.
- Nutreco participated in a multi-stakeholder scenario planning initiative to investigate possible changes in the balances between feed, food and fuel in 2050.
- The greenhouse gas significance of major raw materials of animal nutrition is being analysed.
- Nutreco came top in its sector in the Netherlands in the 2008 report on disclosure of climate change information.
- Nutreco animal feed company Nanta is one of the first companies worldwide to gain ISO 22000 Food Safety Management System certification.
- Nutreco España is one of only three companies in Spain to have the Social Accountability certification SA 8000.

Financial results

Strong increase in revenues mainly driven by higher raw material prices and acquisitions

Revenues to third parties by segment 'continuing operations'

(EUR million)	2008	2007	Change
Premix and speciality feed	1,069.4	749.2	42.7%
Compound feed Europe	1,219.7	1,031.8	18.2%
Animal nutrition Canada	398.0	167.5	137.6%
Animal nutrition	**2,687.1**	**1,948.5**	**37.9%**
Fish feed	**1,169.9**	**1,192.9**	**-1.9%**
Meat and other	**1,086.1**	**879.7**	**23.5%**
Revenues 'continuing operations'	**4,943.1**	**4,021.1**	**22.9%**

Revenue from Nutreco's continuing operations amounted to EUR 4,943.1 million, an increase of EUR 922.0 million or 22.9% compared with 2007. Organic growth contributed 12.2% to the increase in revenues, of which 15.1% is related to higher sales prices mainly due to passing on higher raw material prices and -2.9% to lower sales volumes. Recent acquisitions contributed 12.7% to the increase in revenue. The foreign exchange translation effect of -2.0% mainly relates to the Canadian dollar and Norwegian krone.

Operating result (EBITA) increased mainly due to strong contribution animal nutrition

Operating result before amortisation (EBITA) and exceptional items by segment 'continuing operations'

(EUR million)	2008	2007	Change
Premix and speciality feed	84.1	38.7	117.3%
Compound feed Europe	29.4	37.9	-22.4%
Animal nutrition Canada	20.9	9.2	127.2%
Animal nutrition	**134.4**	**85.8**	**56.6%**
Fish feed	**67.7**	**71.0**	**-4.6%**
Meat and other	**-0.4**	**22.3**	**-101.8%**
Corporate	**-19.6**	**-20.3**	**-3.4%**
EBITA 'continuing operations' before exceptional items	**182.1**	**158.8**	**14.7%**
Exceptional items	**0.8**	**-3.6**	
EBITA 'continuing operations'	**182.9**	**155.2**	**17.8%**

The EBITA before exceptional items from continuing operations increased by 14.7% to EUR 182.1 million (2007: EUR 158.8 million), mainly due to a strong contribution of our animal nutrition business. The effect of higher charges related to provisions on trade receivables in some segments (EUR 16.3 million) was partly offset by a release in provisions due to the settlement of various claims (EUR 14.7 million).

Successful integration BASF acquisitions and excellent raw material positions

The premix and feed specialities business had a record performance in 2008 due to the successful integration of the BASF acquisitions, excellent raw material positions and organic growth in feed specialities. The EBITA increased by 117.3% to EUR 84.1 million (2007: EUR 38.7 million). Changing market dynamics have resulted in significantly higher pricing in the vitamin markets. Thanks to the Nutreco Sourcing and Procurement Initiative, Nutreco was able to benefit from this specific market situation in 2008.

The EBITA on the compound feed activities in Europe amounted to EUR 29.4 million, a 22.4% decrease compared with the exceptional strong result of EUR 37.9 million in 2007. This decline is due to tough market conditions in Spain and due to an unexpected and strong decline in raw material prices in the second half of the year. The latter resulted in a negative impact on contract positions of grain and soya of approximately EUR 5 million, which neutralised the positive impact in the first half year. The EBITA from animal nutrition Canada, which was acquired in July 2007, was EUR 20.9 million (2007: EUR 9.2 million), which is in line with our expectations at the time of the acquisition. The total EBITA from the animal nutrition activities was up 56.6% to EUR 134.4 million (2007: EUR 85.8 million).

The EBITA from fish feed was 4.6% lower at EUR 67.7 million compared with EUR 71.0 million in 2007. The results are impacted by a lower demand for fish feed in Chile; the volumes of farmed fish of our customers declined as a result of the health challenges. Fish feed for other farmed fish species performed well and the results were in line with the previous year.

The EBITA from meat and other activities was a loss of EUR 0.4 million compared with a profit of EUR 22.3 million in 2007. The main reasons for this decline are the high raw material prices which could not be fully passed on to our customers and a shift in consumer spending to cheaper products due to the economic crisis in Spain. The poultry hatchery and pharma egg business in Canada contributed to an operating profit above our expectations.

Total result for the period

(EUR million)	2008	2007	Change
EBITDA	**233.5**	**197.1**	**18.5%**
Depreciation	50.6	41.9	20.8%
EBITA	**182.9**	**155.2**	**17.8%**
Amortisation	10.8	6.2	
Operating result (EBIT) from continuing operations	**172.1**	**149.0**	**15.5%**
Financial income	6.3	12.2	
Financial expenses	-38.1	-21.9	
Foreign exchange result	0.6	-0.4	
Net financing costs	**-31.2**	**-10.1**	**208.9%**
Share in results of associates	2.1	0.8	
Result before tax from continuing operations	**143.0**	**139.7**	**2.4%**
Income tax expense	-37.2	-26.4	
Result after tax from continuing operations	**105.8**	**113.3**	**-6.6%**
Result after tax from discontinued operations	11.1	3.8	
Gain on sale of discontinued operations, net of tax	-	3.6	
Result after tax from discontinued operations	**11.1**	**7.4**	**50.0%**
Total result for the period	**116.9**	**120.7**	**-3.1%**
Attributable to:			
Equity holders of Nutreco	114.8	118.6	
Minority interest	2.1	2.1	
Total result for the period	**116.9**	**120.7**	**-3.1%**

Net financing costs increased due to higher average net debt

Net financing costs from continuing operations amounted to EUR 31.2 million (2007: EUR 10.1 million). The increase relates to the higher average debt position in 2008 compared with 2007 as a result of acquisitions, a higher net working capital, the capital remittance in August 2007 (EUR 171.2 million) and the share buyback in the first half year of 2008 (EUR 33.1 million).

The financial income decreased to EUR 6.3 million (2007: EUR 12.2 million), mainly due to lower cash deposits. Financial expenses increased to EUR 38.1 million (2007: EUR 21.9 million), mainly as a consequence of increased interest-bearing debt. Financial expenses include the dividend of EUR 4.0 million (2007: EUR 4.5 million) on the cumulative preference shares. The foreign exchange result amounted to EUR 0.6 million (2007: EUR -0.4 million).

Income tax expense increased

The income tax expense on continuing operations increased from EUR 26.4 million to EUR 37.2 million. The effective tax rate in 2008 was 26.0% for continuing operations (2007: 18.9%). The tax rate is based on the geographical spread of profit. The tax rate in 2007 was low because of the tax effects due to divestments.

Result for the period decreased

The result after tax from continuing operations decreased from EUR 113.3 million to EUR 105.8 million. Basic earnings per share for continuing operations were 6.8% lower at EUR 3.02 (2007: EUR 3.24). The result for the period attributable to equity holders of Nutreco was EUR 114.8 million (2007: EUR 118.6 million). The basic earnings per ordinary share were EUR 3.34 (2007: EUR 3.46).

Result after tax from discontinued operations

The result after tax from discontinued operations was EUR 11.1 million (2007: EUR 7.4 million) and relates to discontinued operations in previous years.

Cash flow and investments

The net cash from operating activities amounted to EUR 98.0 million (2007: EUR 139.9 million). Investments in property, plant and equipment amounted to EUR 86.2 million as compared to EUR 77.0 million in 2007.

During 2008 Nutreco invested for a total amount of EUR 90.2 million (2007: EUR 80.2 million) in property, plant and equipment and intangible assets. In addition to investments enabling growth in new markets, Nutreco has also invested in projects to improve efficiency in production lines and packaging processes. Furthermore, Nutreco invested in the quality level of its asset base by upgrading and replacement projects.

Strong cash position and capital structure

The net debt position on 31 December 2008 was EUR 367.1 million (31 December 2007: EUR 289.9 million). The total equity of Nutreco on 31 December 2008 was EUR 665.5 million (31 December 2007: EUR 651.2 million). Regarding its capital structure Nutreco maintains a prudent financial policy and uses internal criteria that are well within the criteria related to financing.

Dividend in line with policy of 45% payout

A dividend of EUR 1.43 (2007: EUR 1.64) is proposed, representing a payout ratio of 45% of the total profit for the year, excluding impairment and book gains and losses on disposals, which is in line with Nutreco's policy of a maximum payout ratio of 45% which was adopted by the AGM in 2006. In 2008 Nutreco already distributed an interim dividend of EUR 0.40. The final dividend of EUR 1.03 will be payable in cash or shares at the shareholder's option. The value of the stock dividend will be virtually identical to the cash dividend. The ex-dividend date will be 23 April 2009. The conversion ratio will be determined on 8 May 2009 after close of trading, based on the weighted average share price on the last three days of the period allowed for shareholders to notify the company of their preference, namely 6, 7 and 8 May 2009. Both the cash and stock dividends will be placed at the shareholder's disposal on 14 May 2009.

Research and development

Crucial link in value chain for high-quality protein foods

As an animal nutrition and fish feed company, Nutreco is a crucial link in the value chain for high-quality protein foods. On the one side it purchases feed-grade raw materials from agriculture, by-products from the food and biofuel industries, and key ingredients such as vitamins and minerals from specialist producers. On the other side it provides carefully balanced formulations of compound feeds and precise combinations of feed ingredients for the production of animal and fish protein.

Enhancing the nutritional value of feed and advancing feed production technology in a sustainable way

Nutreco products carry and deliver nutritional value and have a direct effect on the efficiency of food production. Innovations and incremental advances at Nutreco's position in the value chain therefore play a significant role in raising that efficiency. Eight Nutreco R&D centres employ around 150 highly qualified people from all continents. The R&D activities are broadly directed to assessing raw materials, enhancing and balancing the nutritional value of feed in line with the needs of the animals and fish, and to advancing feed production technology. Animal welfare and sustainability of raw materials are constant considerations. In addition, attention is given to minimising unwanted outputs into the environment, for example greenhouse gases, heavy metals, nitrates and phosphates.

Nutreco research facilities bridge the worlds of science, agriculture, aquaculture and food

Nutreco research is conducted at eight centres: in Canada, the Netherlands and Spain. These centres focus on the nutrition and husbandry of pigs, poultry, rabbits, ruminants, calves, food and feed ingredients. Laboratories in Canada, the Netherlands and Spain support this research. Nutreco research activities relating to fish feed are led from a research centre in Norway, supported by a laboratory, a feed technology plant and fish feed trials stations nearby and in Italy. Research is conducted on salmon and trout feed, and on feed for marine species such as sea bream, sea bass, yellowtail, turbot and species newer in aquaculture such as cod and tuna.

The R&D activities of Nutreco provide a valuable bridge between the worlds of science, agriculture, aquaculture and food. Activities encompass a broad range of scientific disciplines, with specialists such as nutritionists, veterinarians, animal physiologists, microbiologists and technological engineers.

Information exchange

In 2008 Nutreco established the Nutreco R&D platform to facilitate greater exchange of knowledge and sharing of resources, and to coordinate activities between all research centres in the company.

Close liaison between the research centres and the Nutreco businesses helps to ensure a regular exchange of ideas and knowledge. Additionally, designated people in the research centres and the Nutreco businesses maintain a two-way flow of information to ensure that the needs and constraints of

Nutreco customers and market requirements are kept in focus as the basis of the R&D activities.

Nutreco R&D centres complement their research through links and contracted research with academic and independent centres of scientific excellence in Europe, the Americas and Asia-Pacific. The Nutreco researchers frequently participate in conferences worldwide, presenting research results, as well as publishing results in international scientific journals. Nutreco R&D strives for scientific validity and commercial applicability. This strategy has earned Nutreco R&D a global reputation.

Research and development in 2008

This section provides an insight into some of the research projects that were being conducted in Nutreco R&D centres in 2008. Nutreco R&D for animals and food focuses on three key areas:

- Feedstuffs, feed evaluation/feed technology
- Nutrition for young animals & transition periods
- Feed-to-food quality concepts

Nutreco research programmes focused on fish are divided in three key areas:

- Speciality feeds, including health diets
- Fish feed formulation and quality
- New and optimised production technology

In combination, these focus areas serve the purpose of increasing the sustainability of agriculture and aquaculture through making the most efficient use of all available raw materials to provide high-quality nutrition for human consumption. In 2008 expenditure on research & development was EUR 17.1 million.

Nutreco R&D for animals and food

Assessing raw material options

Nutreco R&D teams assess the nutritional values of by-products from new technologies and the changing values of by-products as a result of technology developments. Improvements in processing raw materials for food and fuel mean more nutrition and energy is extracted for the primary use and less remains in the by-product. The knowledge is enabling formulators to use them more effectively in feed.

Feed additives such as enzymes, antioxidants and other functional ingredients can increase the value of by-products, and of other raw materials, for example by improving their digestibility or raising the availability of specific components. Greater feed efficiency leads to better animal health and performance and reduces demands and impacts on the environment from producing the food.

Demonstrating the effectiveness of feed additives

Trials at the R&D centres in 2008 generated objective data to quantify the improved performance of animals where novel feed additives enhance nutritional uptake and promote more robust health. Examples include Fibosel, TNIbetain, Optimins and Selko organic acids produced and marketed by Trouw Nutrition International.

Fibosel-activated beta-glucans stimulate the immune systems of animals, helping to minimise the effects of diseases and the impacts of disease outbreaks. TNIbetain is effective as an osmoregulator, stabilising cellular metabolism in stressful situations, for example alleviating heat stress in broiler chickens. Optimins are chelated minerals that improve the availability of minerals in the diet for the animals. Selko organic acids preserve raw materials and animal feed in a natural way, helping to optimise stomach and intestinal flora and discourage the presence of pathogenic micro-organisms.

Nutreco R&D for fish and fish feed

The Skretting Aquaculture Research Centre (ARC) continued its long-term research programme exploring raw material alternatives to fishmeal and fish oil.

Skretting ARC increases the formulation options available to the fish feed companies and helps extend the use of sustainably available fishmeal.

Fish protein positive salmon in Europe

At the end of September 2008, Skretting announced that farmed salmon had yielded more fish protein than was used in the feed they consumed. The results came from the Centre for Aquaculture Competence (CAC) in Norway, established by Skretting, Marine Harvest and the AKVA Group.

New diets for sea bass and sea bream based on replacing fishmeal by vegetable raw materials

Skretting introduced Futura diets for Mediterranean sea bass and sea bream following research completed in 2008. There are separate diets for the two species, normally reared on a common diet. The research programme, led by Skretting ARC, ran in cooperation with five universities and research institutes in Italy and Spain. It generated new information on nutrient requirements, both for energy and as digestible protein, and on supplementing fishmeal with vegetable raw materials.

React PD feed helps fish combat disease

Results from fish feed trials demonstrated the effectiveness of the 'Active Nutrition' feed React PD in counteracting the effects of pancreas disease (PD) in Atlantic salmon by nutritional means. In trials React PD reduced mortality by 90%, from 10% to 1%, and reduced by a third the proportion of surviving fish showing organ damage.

The PD virus has become a serious problem for salmon farmers in Norway. In 2007 Skretting introduced the first version of React PD. The results of the 2008 trials enabled Skretting to further refine React PD, leading to the launch of a new React PD2 in Norway in July 2008.

Tuna and abalone diets

Feed blocks for tuna developed and patented by Skretting ARC have the potential to improve significantly the sustainability of tuna farming. Commercial trials will take place in several countries in 2009. Work continues to increase production capacity and fine-tune the product and production process to suit different local requirements. ARC is also participating in the three-year EU-supported SELFDOTT project for domestication of bluefin tuna in the Mediterranean, supplying feed blocks and other special feed to the project partners.

Trials performed in 2008 at ARC showed that important physical product properties of the current abalone feed can be significantly improved by a modified process technology. Trials in 2009 will start to implement these results at full scale. Success should help abalone farmers enhance performance.

Nutreco Quality Affairs

The Nutreco Quality Affairs department is responsible for facilitating the development and coordinating the Nutrace® feed-to-food quality strategy throughout Nutreco. The process was intensified and accelerated in 2008 by the activities of the Nutrace Platform, which brings together feed quality and safety managers from all Nutreco businesses. One of the main initiatives is a shared database with information on all ingredients and suppliers together with risk assessments and management information.

The department monitors upcoming legislation and regulations applying to the activities of Nutreco companies, supports the registration of new and existing feed additives, checks for existing patents relevant to research developments in Nutreco and manages the protection of Nutreco intellectual property.

In 2008, the department coordinated a harmonisation programme among the European agriculture R&D centres of Nutreco. The process brought the centres in line with the requirements for quality management certification under ISO 9001. Following external audits in the Netherlands in December 2008 and in Spain in January 2009, the centres qualified for certification, as did the Quality Affairs department itself. Skretting Aquaculture Research Centre was already ISO 9001 certified.

Research centres

Nutreco Canada Agresearch
Nutreco Canada has a dedicated multi-species R&D centre of 325 hectares. The centre has separate units for broiler and layer poultry, turkeys, pigs and dairy. Based in Ontario, it is Canada's largest corporate animal R&D facility and one of the largest in North America.

Calf Research Centre
The Calf Research Centre in the Netherlands has 500 veal and rearing calves. Milk replacers to give the animals a strong start in life are the main focus for research.

Ruminant Research Centre
The Ruminant Research Centre has a resident herd of 140 dairy cows. The centre, located in the Netherlands, features expertise in farm management as well as the nutrition of dairy and beef cattle and sheep.

Poultry and Rabbit Research Centre
The Poultry and Rabbit Research Centre in Spain conducts research on broiler breeders, broilers, layers and rabbits. It has a special unit for physiological and digestibility studies. Investments in 2008 extended the capacity of the centre so that larger numbers of animals can be used per trial and more trials can be run simultaneously.

Swine Research Centre
The Swine Research Centre in the Netherlands has a resident herd of sows, piglets and growing pigs. There is a special unit for physiological and digestibility studies.

Ingredient Research Centre
In 2008 Nutreco founded the Ingredient Research Centre in the Netherlands. It is scheduled to be fully operational early in 2009. The centre assesses the value for animal feeds of newly identified potential micro- and macro-

ingredients. Additionally, at the Research Feed Plant, the centre focuses on feed production technology.

Food Research Centre

The Food Research Centre in Spain is active in developing poultry meat processing technology, new product development and innovative packaging.

Skretting Aquaculture Research Centre

The Skretting Aquaculture Research Centre (ARC) in Norway is responsible for the core research activities for Nutreco's fish feed company Skretting. Research is conducted at the centre and in cooperation with universities and research centres around the world.

The ARC has its own laboratory for analysis of raw materials and finished feed and of fish. A pilot-scale Feed Technology Plant facilitates the optimisation of production equipment and processes. The plant is further used for experimentation with new production methods and potential ingredients. It also produces sample batches of experimental diets for trials.

Experimental diets are assessed through trials at the ARC Fish Trials Station. The station was substantially upgraded in 2008. One of the main changes was to make all the trial facilities land-based. Land-based tanks offer greater ability to monitor and control conditions such as temperature and eliminate external threats such as attack by seals or infection by sea lice. The station is used for growth and digestibility trials in fish in fresh and salt water, from fry to adult fish. Diets for freshwater trout are assessed at the Mozzecane trial station in northern Italy. This facility allows for the testing of all trout feed developments.

Nutreco business segments

Nutreco's activities can be divided into three business segments:

1. Animal nutrition
2. Fish feed
3. Meat & other

The animal nutrition segment subdivides into:

1. **Premix and feed specialities** are the activities of Trouw Nutrition International, which holds a strong position in the world market for premix and innovative speciality feed products such as feed additives, young animal feeds and animal health products.
2. **Compound feed Europe** comprises the compound feed businesses from the Hendrix companies in the Netherlands, Belgium and Germany and from Nanta and Agrovic in Spain and Portugal.
3. **Animal nutrition Canada** is the animal nutrition business in Canada and the USA, formerly owned by Maple Leaf Foods.

The table below outlines Nutreco's basic activities and presence in 2008:

	Animal nutrition				
	Premix & feed specialities	Compound feed Europe	Animal nutrition Canada	Fish feed	Meat & other
Sales 2008 EUR million	1,069	1,220	398	1,170	1,086
Active in	Markets worldwide	Benelux, Germany, Spain	Canada and North America	Markets worldwide	Spain
Market position	Global no. 2 position in premix with a 12% market share	Netherlands 14%, Spain 10%	Canada 23%	Salmon feed 35%	27%
Customers	Complete feed producers, home-mixers, distributors	Livestock farmers	Livestock farmers	Fish farming companies	Retail, wholesale, food industry, food service
Nutreco brands	Trouw Nutrition, Selko, Sloten, Greenline™	Hendrix, Agrovic, Nanta	Shur-Gain and Landmark	Skretting	Cuk, Frichef de Sada

Profile

Nutreco produces a broad range of innovative nutritional products serving the needs of poultry, pigs, ruminants and other animals. This range of animal nutrition products is categorised in two types of feeds:

1. Premix and feed specialities

A premix is a blend of two or more feed additives. There are feed additives for different purposes like nutritional (vitamins, minerals, etc), technological (emulsifiers, antioxidants, etc), sensory (flavours and colourants) or zootechnical (digestibility enhancers). Feed specialities are low-volume, high-precision and high-value products. They include special feeds for transitional phases such as gestation and weaning, feeds to complement home-grown cereals, farm minerals, feed ingredients and animal health products.

2. Compound feed

Compound feeds are complete, industrially blended feeds which fully match the nutritional values of a specific farmed animal. They consist of macro-ingredients such as grains and soy and micro-ingredients such as premixes, vitamins and minerals. Other ingredients include natural health components, organic acids, aromatic substances and pigments.

Operational developments
Animal nutrition

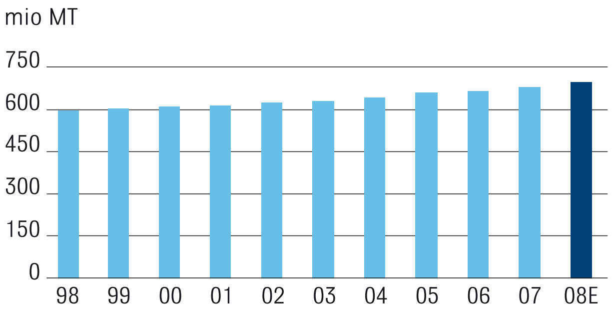
Key figures (EUR x million)	**2008**	**2007**	**Change**
Revenue (third parties)	2,687.1	1,948.5	37.9%
EBITDA*	158.6	105.9	49.8%
EBITA*	134.4	85.8	56.6%
Operating margin (EBITA*/revenue)	5.0%	4.4%	
Operating result (EBIT*)	125.1	80.7	55.0%

** Before exceptional items*

Industry characteristics

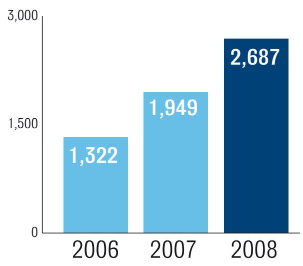
In 2008 the worldwide production of the animal nutrition industry totalled 700.1 million tonnes, up 2.9% compared to the total volume in 2007. The global output of animal nutrition has grown nearly 18% in the last ten years. With a production of about 8.9 million tonnes and a market share of about 1.3%, Nutreco ranks the top 3 of the global animal nutrition industry in revenues. The world top ten animal feed producers have a total market share of 15%, which illustrates that the animal nutrition market is still fragmented.

Global animal feed production development

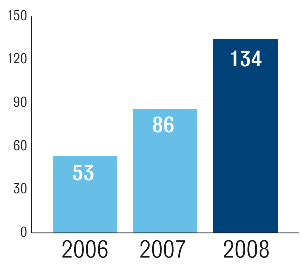


Operating developments 2008

Revenue development animal nutrition
(EUR x million)



EBITA development animal nutrition
(EUR x million)



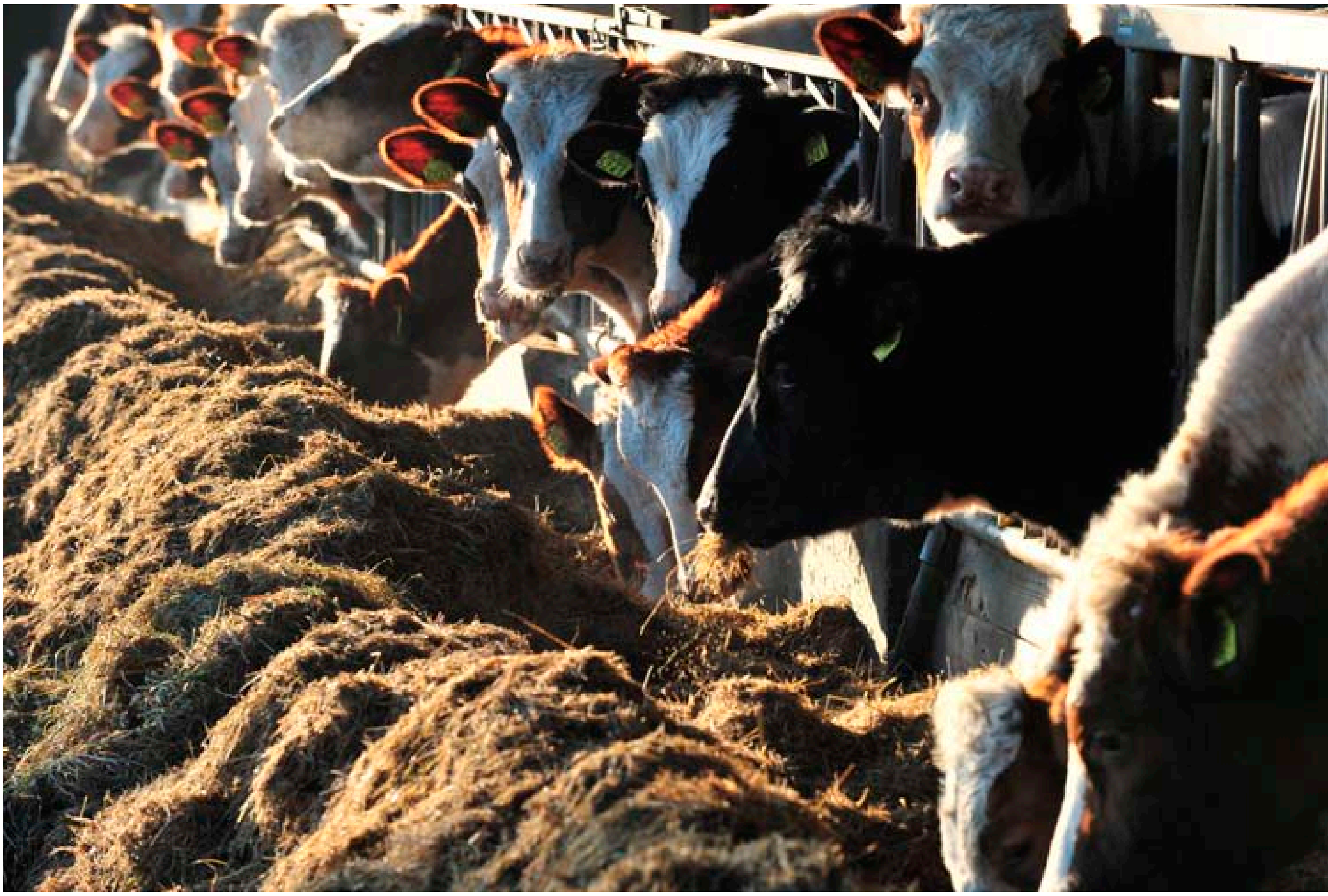
Total revenues in animal nutrition were up EUR 738.6 million (37.9%) compared with 2007. Organic growth contributed 17.6% to the increase in revenues, of which 19.9% is related to higher sales prices mainly related to passing on higher raw material prices and -2.3% to lower sales volumes. The recent acquisitions in animal nutrition contributed 21.8% to the increase in revenues. The foreign currency effect was -1.5%.

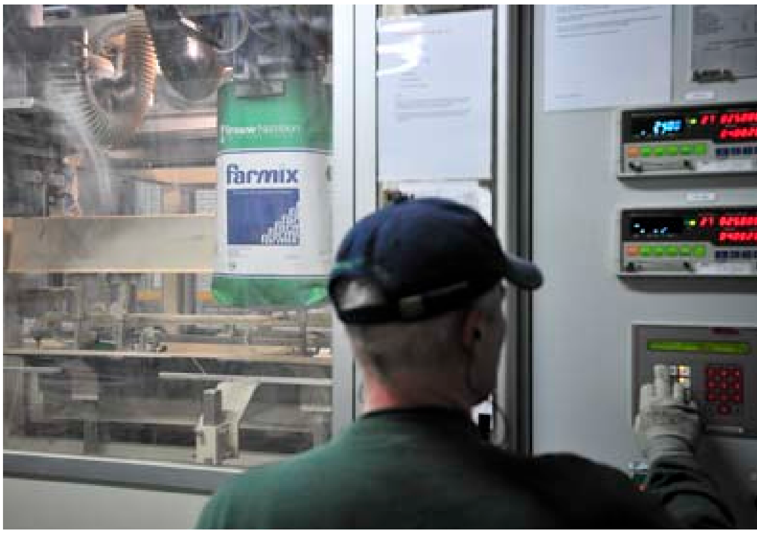
Operational developments: animal nutrition

Premix and feed specialities

Key figures (EUR x million)	2008	2007	Change
Revenue (third parties)	1,069.4	749.2	42.7%
EBITDA*	92.9	47.2	96.8%
EBITA*	84.1	38.7	117.3%
Operating margin (EBITA*/revenue)	7.9%	5.2%	
Operating result (EBIT*)	81.2	37.2	118.3%

** Before exceptional items*





Industry characteristics

The global premix industry has four global players: DSM, Nutreco, Provimi and Evialis. Together these manufacturers have a global market share of around 50%. The rest of the market is in the hands of multiple regional premix producers. The production of vitamins, minerals and amino acids is a consolidated market. Main suppliers are DSM, BASF, Evonik and Adisseo. The markets for young animal feed, innovative feed additives such as pro- and prebiotics and the nutritional animal health products are still very fragmented.

Profile

Nutreco's premixes and feed specialities products are made by its subsidiary Trouw Nutrition International (TNI). With its different brands this subsidiary holds a global number two position in the market for premix and local leading positions in innovative feed speciality products. These products meet the needs of feed compounders, integrators, distributors and home-mixers. Supported by a comprehensive distribution network, Trouw Nutrition International supplies markets across Europe, the Americas and Asia.

The core business of the global premix and feed speciality industry lies within animal science, as successful formulation of these low-volume ingredients products requires high-level expertise, knowledge and technology. Trouw Nutrition International works in close liaison with the Nutreco-owned research centres on the development of new innovative premix and speciality products.

Production

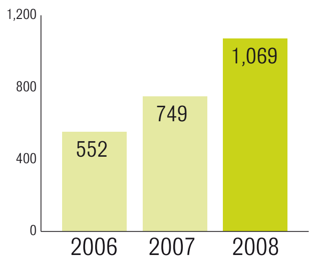
Trouw Nutrition International has 15 production facilities in Europe and six plants in the USA and Mexico. Furthermore, Trouw Nutrition International has production facilities in China, Brazil, Indonesia, Guatemala and Turkey, a 50% joint venture in Venezuela and a 33% interest in an Egyptian premix factory. Trouw Nutrition International has a total annual production of about 1.5 million tonnes.

Strategy

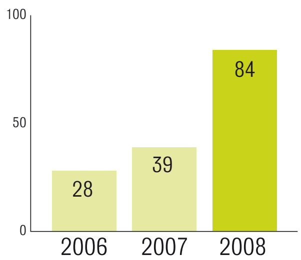
Nutreco's premix and feed speciality strategy is aimed at increasing market share in feed specialities markets. Major growth markets are Central Europe, Latin America and Asia. The growth strategy focuses on capturing leading market positions in countries where Nutreco is active. The Western European market is stable. Cost control, logistics, efficiency and innovations are the key drivers in existing markets.

Operational developments 2008

Revenue development premix and speciality feed
(EUR x million)



EBITA development premix and speciality feed
(EUR x million)



In 2008 the premix and feed specialities business reported a 42.7% increase in revenue compared with 2007. Acquisitions accounted for 22.1% of this increase, higher prices contributed 19.6% and volume growth added 3.5%. There was a -2.5% foreign exchange effect. The acquisition of the BASF premix businesses, acquired in 2007, was the most important contributor to the growth in revenues from acquisitions. The increase in EBITA was 117.3% to EUR 84.1 million due to a successful integration of the business acquired from BASF, excellent raw material positions, organic growth in feed specialities and restructuring of some activities. Changing dynamics related to environmental and quality reasons, especially in China, have resulted in significantly higher pricing in the vitamin markets. Thanks to the Nutreco Sourcing and Procurement Initiative Nutreco was able to benefit from this market situation.

Operational developments: animal nutrition

Compound feed Europe

Key figures (EUR x million)	**2008**	**2007**	**Change**
Revenue (third parties)	1,219.7	1,031.8	18.2%
EBITDA*	39.9	47.2	-15.5%
EBITA*	29.4	37.9	-22.4%
Operating margin (EBITA*/revenue)	2.4%	3.7%	
Operating result (EBIT*)	27.8	37.0	-24.9%

** Before exceptional items*

Industry characteristics

The global animal feed industry is a fragmented industry; compound feed producers often operate on a national or regional scale. The concentration of compound feed markets is therefore low. Critical activities within the compound feed industry are sourcing, formulating and milling and supply chain management. The competitive advantage of feed manufacturers compared to home-made animal feed produced by farmers lies in global sourcing in combination with knowledge related to the substitution of energy and protein sources.

The Dutch compound feed market is fairly concentrated; six out of approximately 120 players players produce 65% of the total market. The Dutch and German compound feed market has strongly positioned cooperatives while the Belgian industry is mainly in the hands of private companies. Nutreco's Hendrix has a leading position in the Benelux with a market share of about 12%. Main competitors are Aveve, Cehave, De Heus and For Farmers.

The Iberian compound feed industry is fragmented; ten out of approximately 900 players account for about 35% of the total volume. The Iberian market is a multi-species market with a great importance in the pig and poultry markets. Nanta is a market leader in Spain with an overall market share of 10%. Main competitors are Vall Co., Guissona, Nuter and Coren.

Profile

Nutreco delivers a broad range of high-quality products and feed solutions primarily for poultry, pig and ruminants, but also for horses, rabbits, goats, sheep and other farmed species. As an integral part of every supplied product, Nutreco offers the farmer total farm management advice. This enables farmers to improve their business process, resulting in improved profitability with a strong focus on quality, efficiency and reduction of the environmental impact. Thanks to the quality of its products and feed concepts, Nutreco has succeeded in positioning itself at the high-end market.

Production

Nutreco compound feeds in Europe are made by the Hendrix companies in the Netherlands, Belgium and Germany, and by Nanta and Agrovic in Spain and Portugal. A network of production sites, sales offices and dealers provides a strong presence in these markets. Hendrix operates ten compound feed plants with an annual production volume of about 2.4 million tonnes. Nanta operates 16 compound feed plants with an annual production volume of about 2.7 million tonnes, which includes the production to supply the broilers and pigs farmed in Nutreco's meat business in Spain.

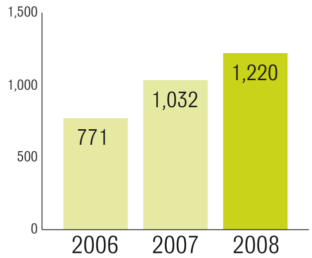
Strategy

Responding to the ongoing industry consolidation and increasing farm size, Nutreco adds value for farmers

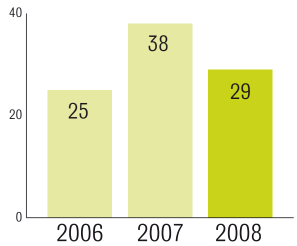
by high-quality feed products completed with a result-oriented service portfolio. In this, the nutritional expertise gained during animal feed product research and development is able to optimise individual farm outputs.

Operational developments 2008

Revenue development compound feed
(EUR x million)



EBITA development compound feed
(EUR x million)



In 2008 compound feed revenue was EUR 187.9 million higher than in 2007 (18.2%), of which increased selling prices accounted for 19.5%, mainly due to passing on raw material costs, and acquisitions contributed 3.9%. Volumes decreased by 5.2% due to a lower livestock population in Spain. In the Netherlands Hendrix improved its market position with slightly higher volumes.

The EBITA declined by 22.4% to EUR 29.4 million compared with EUR 37.9 million in 2007. This decrease is due to the market conditions in Spain and due to a strong decline in raw material prices in the second half year. Nutreco benefited in the second half of 2007 and the first half of 2008 from favourable raw material positions in a market with increasing prices. In the second half of 2008 there was an unexpected and strong decline in raw material prices, which resulted in a reverse impact versus the first half year of 2008 of approximately EUR 5 million.

Operational developments: animal nutrition

Animal nutrition Canada

Key figures (EUR x million)	**2008**	**2007**	**Change**
Revenue (third parties)	398.0	167.5	137.6%
EBITDA*	25.8	11.5	124.3%
EBITA*	20.9	9.2	127.2%
Operating margin (EBITA*/revenue)	5.3%	5.5%	
Operating result (EBIT*)	16.1	6.5	147.7%

The financial figures of Nutreco Canada are consolidated from 20 July 2007, the date of the acquisition. Part of the activities, the hatcheries and pharma egg business, are reported under 'Meat and other activities'.

** Before exceptional items*

Industry characteristics

The Canadian feed market is fragmented, with multiple regional feed producers where limited consolidation has taken place in the past years. Poultry and dairy production is supply-managed by quotas in Canada, resulting in a relatively stable feed demand. Swine and beef production is not controlled by quotas.

The North American animal feed industry is the largest in the world. Canada, the US and Mexico account for 28.5% of the total animal feed production in the world. The Canadian animal feed industry is estimated at about 20.5 million tonnes in compound feed equivalents (CFE) in 2008, representing about 3% of the global animal feed industry. The Canadian animal feed market is mainly supplied by regional feed producers; larger players are Ridley, Cargill and Viterra. Nutreco animal nutrition Canada has a total market share of about 23%.

Profile

In 2007 Nutreco acquired the Canadian animal nutrition business from Maple Leaf Foods Inc. The business is well known by its Shur-Gain and Landmark Feeds brands. It is a leading company in animal nutrition technology and offers a wide range of products. Shur-Gain operates in the Central and Eastern regions of Canada and in New York State, USA. Landmark Feeds operates in the Western region of Canada. Both Shur-Gain and Landmark Feeds are long established brands: Shur-Gain dates from 1937 and Landmark Feeds from 1954.

The animal nutrition products of Nutreco in Canada include base premixes, protein premixes, concentrates and compound feed, feed specialities and animal health products. Nutreco Canada produces pet food for both private labels for the grocery market and branded products. In New York State (USA) the business is focused on feed for dairy cows.

Production

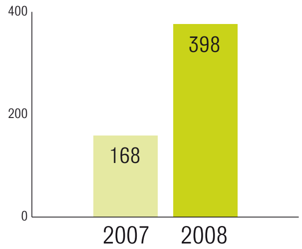
Customers in Canada are served from the 15 animal feed manufacturing facilities for swine, beef, dairy and poultry with an annual production of about 1.2 million tonnes or 4.6 million tonnes in CFE. Shur-Gain is supported by an extensive dealer network in both Ontario and Quebec. Nutreco Canada has a dedicated pet food plant producing private label and branded products in St. Marys, Ontario. In Strykersville, NY, USA, there is a plant producing Shur-Gain feed for the dairy business in this region.

Strategy

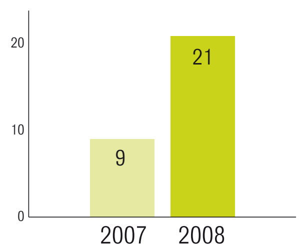
Nutreco's leading position in Canada supported by strong brands provide the company with an excellent foundation on which to build its presence further in North America. Shur-Gain and Landmark Feeds have high standards in products and business performance. Synergies are found in the joint purchase with other Nutreco companies of raw materials, the sale of complementary products and the sharing of R&D knowledge, to benefit Nutreco on both sides of the ocean.

Operational developments 2008

Revenue development animal nutrition Canada
(EUR x million)



EBITA development animal nutrition Canada
(EUR x million)



The revenue in 2008 of animal nutrition Canada was EUR 398.0 million compared with EUR 167.5 million in 2007 (+137.6%). Higher prices contributed 23.9% to the increase in revenue. Volumes were 11.3% lower and the foreign exchange effect was -6.1%. The EBITA of animal nutrition Canada increased by 127.2% to EUR 20.9 million (2007: EUR 9.2 million). The poultry and dairy feed businesses reported good results in 2008, which compensated the lower results in swine and cattle feed.

Operational developments

Fish feed

Key figures (EUR x million)	**2008**	**2007**	**Change**
Revenue (third parties)	1,169.9	1,192.9	-1.9%
EBITDA*	83.7	85.3	-2.0%
EBITA*	67.7	71.0	-4.6%
Operating margin (EBITA*/revenue)	5.8%	6.0%	
Operating result (EBIT*)	66.9	70.2	-4.7%

** Before exceptional items*

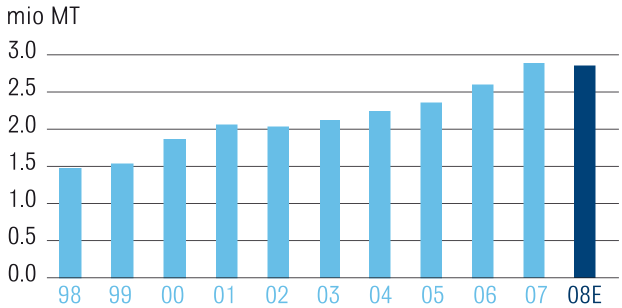
Industry characteristics

The global salmon feed industry is characterised by a small number of international players. The production of fish feed is a field with its own knowledge and R&D requirements. First because of the complexity of the extrusion process needed for fish feed production. Secondly due to the required knowledge on raw materials that is essential to anticipate on scarce raw materials like fishmeal and fish oil. The average annual growth in salmonid feed in 1998-2008 was more than 7%.

Fish farming has gone through rapid development during recent decades, in pace with higher growth of fish consumption compared to other animal-derived proteins. The principal markets for salmon and sea trout are Norway and Chile, where 80% of the global farmed salmon is harvested. Other principal countries for farmed salmon are Scotland, Canada, Australia and Ireland. The main production areas for other fish species are Europe and Asia. Market developments in fish farming closely affect the fish feed market.

Skretting is the number one feed supplier for all principal salmon farming markets with a global market share of about 35%. The top three salmon feed producers including Skretting, Cermaq (EWOS) and Biomar account for approximately 90% of the total global salmon feed market volume.

Global salmonid feed volume development



Profile

Nutreco's subsidiary Skretting is the world leader in fish feed. It has business units on five continents producing fish feed for aquaculture in more than 25 countries.

Skretting produces and delivers high-quality feeds from hatching to harvest for more than 50 species of farmed fish. Skretting has a comprehensive range of diets available to suit all needs of the fish farmers. There are four types of fish feed products: feed for brood stock, juvenile feed, grower diets and special diets. All feeds have the underlying drive to deliver the lowest feed cost per kilogram produced fish of excellent quality. Global experience combined with a world-class aquaculture research centre positions Skretting as the world leader in fish feed.

Production

Nutreco's fish feed production is carried out by 18 production facilities located in Australia, Canada, Chile, France, Ireland, Italy, Japan, the USA, Norway, Spain and the UK. In addition, Skretting feeds are sold through sales offices located in the Czech Republic, the Faeroe Islands, Finland, Germany, Greece, Poland, Sweden, the Netherlands, Jakarta and Turkey.

Skretting has a total annual production of 1.3 million tonnes, of which about 75% is dedicated to salmon feed and sea trout. The other 25% represents trout and marine feeds for in particular fresh water trout, sea bream, sea bass, yellowtail, turbot, halibut, cod and eel.

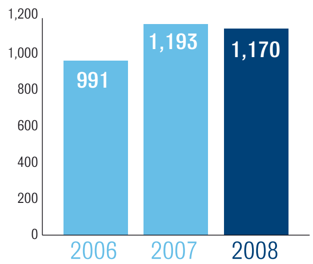
Strategy

Nutreco's strategy in the fish feed segment is aimed at the continuation and growth of its position as market leader in fish feed within all regions and segments. Nutreco will be able to achieve this by qualitative unique product concepts that are driven by innovation, food safety and sustainability. To enable autonomous growth in the current turbulent market environment, Nutreco's management will focus on cost optimisation and the improvement of logistic processes.

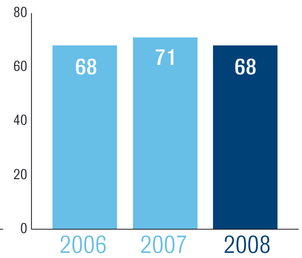
In May 2008 Nutreco continued its strategic partnership as preferred supplier with Marine Harvest, the largest producer of farmed salmon in the world. The new agreement on a two-year salmon feed supply contract involves the supply of approximately 70% of the total requirements of Marine Harvest until May 2010.

Operational developments 2008

Revenue development fish feed
(EUR x million)



EBITA development fish feed
(EUR x million)



The revenue in fish feed decreased by 1.9% to EUR 1,169.9 million compared with 2007. This is due to a 9.6% lower volume and a -4.1% foreign exchange effect. Revenues increased by higher prices (9.7%), mainly due to passing on high raw material costs and by the contribution from acquisitions (2.1%). The decline in volume is mainly related to health challenges in the Chilean fish farming market. As a consequence of the ISA virus the industry had to downscale the farming operations. This had an impact in 2008 and it will also have an impact on our fish feed supply in 2009, which can partly be compensated by growth in Norway and in other regions. The EBITA decreased by 4.6% to EUR 67.7 million (2007: 71.0 million), mainly due to lower feed volumes. In Chile Skretting temporarily closed one of its three fish feed plants in September and optimised the two other plants to maximise the effective utilisation of the production capacity. Fish feed for farmed species other than salmon performed well. The acquisitions in Japan and the US in January 2008 contributed to the result. Furthermore, Nutreco benefited from the export of fish feed to Eastern Europe.

Operational developments
Meat and other activities

Key figures (EUR x million)	2008	2007	Change
Revenue (third parties)	1,086.1	879.7	23.5%
EBITDA*	8.5	29.5	-71.2%
EBITA*	-0.4	22.3	-101.8%
Operating margin (EBITA*/revenue)	0.0%	2.5%	
Operating result (EBIT*)	-1.8	21.8	-108.3%

From 20 July 2007 onwards the meat and other activities segment includes the poultry hatchery and pharma egg business in Canada, which was acquired from Maple Leaf Foods.

** Before exceptional items*

Industry characteristics

Nutreco's subsidiary Inga Food is a pig farming company in Spain selling over 725,000 pigs per year. These animals are raised by contracted farmers throughout Spain. The broilers from Sada, the pigs from Inga Food and the broilers traded in the Benelux are supplied with feed from Nutreco's compound feed business.

In Canada Nutreco owns four poultry hatcheries and 50% of one joint venture producing 75 million day-old chicks in its Eastern Region. In Quebec one of the hatcheries is dedicated to the production of embryonated eggs for the pharmaceutical industry (Les Embryons Lanaudière).

The total Spanish fresh meat market is estimated at 1.7 million tonnes per year. The majority of the production is used for domestic demand and therefore the Spanish meat market is a relatively closed market. Poultry meat accounts for approximately 33% of the total meat production, pork for 29%, beef for 19%, sheep for 7% and other meat for 12%.

The Canadian poultry market is supply-managed and regulated by a quota system. It is a stable market and grows in relation to the domestic demand for poultry meat products. Input costs are passed through the system and are reflected in market prices.

With a market share of 27% Nutreco's subsidiary Sada is the number one poultry producer in Spain. Its main competitors are Vall, Doux, Coren, Uvesa and Avícola Navarra. These five producers have a joint market share of about 31%.

Nutreco's subsidiary Sada is focused on stepping up alignments with the major retailers. In this regard, fresh packed and value-added poultry products play an important role and offer the best possibility to reduce volatility of the results. Value addition is achieved through innovative and flexible product development and close collaboration with the customer. Sada will also strengthen the sales to the food service segment.

The Eastern Canadian hatchery businesses are closely linked with the sale of poultry feed products to producers in the region. This is unique in the Eastern Region of Canada due to the structure of the competitive forces in this market. Both feed and chicken inputs are sold to common producers at stable and favourable returns.

Profile

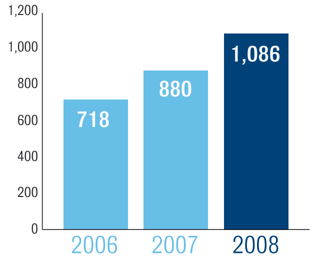
Nutreco's meat and other activities primarily relate to the production of broilers and the processing and sale of Sada poultry products in Spain. This segment also includes a pig trading activity in Spain, a poultry hatchery and pharma egg business in Canada and a broiler trading activity in the Benelux related to Nutreco's compound feed subsidiary Hendrix.

Production

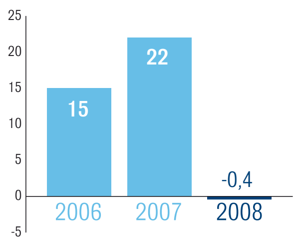
Nutreco's subsidiary Sada is the Spanish market leader in chicken meat products and is well known in Spain for its brands Sada and Cuk. The majority of its products are sold to consumers through supermarkets and hypermarkets. Sada has ten processing facilities throughout Spain with a total annual production of about 150 million broilers. Almost 95% of the production relates to fresh products and about 5% to frozen products. More than 50% of the products are value-added products.

Operational developments 2008

Revenue development meat & other
(EUR x million)



EBITA development meat & other
(EUR x million)



In 2008 the revenue from the meat and other activities businesses was 23.5% higher due to higher prices (11.9%) and a volume increase of 5.2%. The acquisition impact of the poultry hatchery and pharma egg business in Canada and the Copaga activities in Spain was 6.7%.

The EBITA declined from EUR 22.3 million to EUR -0.4 million. The Spanish economy worsened further during the year, which had an impact on consumer spending. Under these circumstances there was no full compensation possible for the more than 25% higher feed prices. Also, the pig business was affected by lower sales prices for meat and higher feed prices.

The poultry sector in Canada performed well in 2008, with 1% volume growth. Nutreco Canada reported favourable results which were above our expectations at the time of the acquisition.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a well recognised characteristic of Nutreco. The company continuously assesses and works to improve its role in society by increasing the positive contributions and reducing the negative impacts of its activities.

Any company operating a CSR programme needs to stay aware of the current concerns of society and assess where they apply to the company's activities. In Nutreco, this is done in several ways, including stakeholder dialogues, and by monitoring of the media and the enquiries that come in from customers and other interested parties.

Stakeholder dialogues offer a proactive way of 'keeping a finger on the pulse'. One way of entering a dialogue is by joining an established group. The other is by setting up meetings with groups such as investors, the authorities and relevant non-governmental organisations (NGOs).

In 2008 Nutreco held a series of meetings with stakeholder groups. These included the Dutch association of sustainable investors, KPMG Sustainability, Wageningen University, the International Union for the Conservation of Nature and other NGOs concerned with wildlife and the environment.

The purpose was twofold. The first was to learn about their current concerns and perception of Nutreco. The second was to check that the CSR focus areas of Nutreco continue to be aligned with the concerns of society. The priorities were confirmed as:

- Sustainable management of natural resources
- Climate change
- Feed-to-food quality
- Nutreco people & investment in the community

Following the review, the decision was taken to promote the nature and value of CSR more prominently within Nutreco and to raise awareness of current activities that contribute to positive CSR.

Food security

In 2008 the world became more aware of the increasing problems of food security and climate change. Nutreco is positioned at the critical junction between raw material suppliers and the producers of meat and fish. Because of that, despite the current economic downturn, food security is a central concern.

In particular, R&D and innovation are seen to have key roles in continued progress. For example, innovative feed specialities and feed additives can boost animal health, make better use of raw materials and reduce the environmental impacts, both on land and in water. Nutreco's business is about more than animal performance.

That is why, in 2008, Nutreco supported and participated in an excellent example of a multi-stakeholder scenario planning initiative. Entitled '2025 – Fields for Food or Fuel?', the initiative brought together academics, NGOs, trade bodies, the European Commission, the FAO and the UN. Nutreco together with Bunge and Cosun were the only three companies to participate fully. For more information, see the Nutreco Corporate Social Responsibility Report or www.nutreco.com/corporate social responsibility.

Environmental impact from human activities is inevitable, notably the effects of climate change and loss of biodiversity. Because of the reputation of Nutreco, in 2008, CEO Wout Dekker was invited by the Dutch government to represent industry in a Task Force of ten specialists that advises the government on biodiversity.

Dialogues and round tables

Nutreco and its businesses organise and participate in several large-scale stakeholder dialogues and round-table initiatives.

Nutreco and Skretting coorganised the AquaVision multi-stakeholder aquaculture business conference in Stavanger, Norway, in September 2008. The conference in Stavanger attracted around 400 delegates from 26 countries on five continents to two days of discussions.

Alternating with AquaVision, Nutreco organises the biennial Agri Vision conference in Noordwijk aan Zee, the Netherlands, for top agri and food business executives. The 2009 conference is held on 16-18 June with the theme 'Shifting Horizons – Inspiration, Innovation and Impact in the feed-to-food chain'. The focus will be on the roles of technology and people in closing the appearing global gap between the long-term growing demand for food and the volatile availability of resources.

Nutreco is active in the Round Table on Responsible Soy, the Dutch Soya Task Force and the Round Table on Sustainable Palm Oil. Nutreco is represented on the management board of the Round Table on Responsible Soy and helped initiate the Dutch Soya Task Force in which NGOs discussed directly with soya processors rather than industry representatives.

The Round Table on Sustainable Palm Oil has been operating for several years. Palm kernel meal, which is a by-product of oil extraction, is an established raw material in animal feeds. Recently, Nutreco has pioneered the use of palm oil itself in animal feeds. At that point, Nutreco applied to join the round table, to demonstrate its commitment. It has signed up to the criteria for

sustainable palm oil and the Code of Conduct developed by the round table. As a consequence, Nutreco informed its suppliers they must be members of the round table if they wish to supply palm oil to Nutreco.

Through Skretting, Nutreco is present in the WWF Salmon Aquaculture Dialogue and is a sponsor and participant in the Seafood Summits. Skretting is a member of the steering committee of the Salmon Aquaculture Dialogue organised by WWF USA and established in 2004. Other organisations and companies represented on the steering committee include environmental NGOs from Europe and the Americas, aquaculture companies and WWF.

The dialogue provides a meeting place where views and concerns can be exchanged in a constructive manner. Its final goal is to develop and implement verifiable environmental and social performance levels that measurably reduce or eliminate key impacts of salmon farming and that are acceptable to all stakeholders. Feed is one the seven key areas of impact that are being addressed.

In 2008 there were meetings in Barcelona in February and in Edinburgh in November. The main topics in Barcelona were escapes, siting of salmon farms and their impact on plants and animals on the seabed beneath them (benthic impact). In Edinburgh, the meeting confirmed the main guiding principles for addressing impacts and discussed ways of making them more robust. The principles include conserving natural habitats and local biodiversity, as well as protecting the health and genetic integrity of wild salmon.

The 2008 Seafood Summit was held in Barcelona, Spain, in January. It was the first time it had been organised outside the United States. It attracted 350 delegates representing 200 companies and organisations. Topics included global trends in seafood and sustainability, traceability and the impact of carbon dioxide on the seafood industry.

CSR: an Executive Board responsibility

The responsibility for CSR in Nutreco starts at the top, with the CEO and the Executive Board, who ensure CSR has a place on the Nutreco agenda. They are advised by a Corporate CSR Steering Committee which met for the first time in June 2008.

The steering committee is coordinated by the Corporate CSR Manager. One of the tasks is to facilitate the integration of CSR in the daily operations of Nutreco businesses.

Sustainable management of natural resources

Sourcing raw materials is a vital activity in Nutreco and the sustainability of these raw materials is a key concern. Nutreco companies buy a large number of raw materials in order to manufacture the many animal nutrition and fish feed products supplied to farmers and feed producers around the world. Raw materials vary from large-volume commodities such as feed-grade wheat or soya meal, to high-value nutrients such as vitamins. Nutreco also purchases raw materials that are by-products from food and drinks companies and, more recently, from the producers of biofuels.

Nutreco can directly affect the sustainability of some links in the supply chain of raw materials, for example in choosing which raw materials to purchase and how they are processed.

At other places along the chain, Nutreco, as a major customer, can exert influence on the way production and processing take place. For example, in January 2008 Skretting wrote to all its fishmeal and fish oil suppliers to specify the sustainability criteria it wants them to abide by. In other cases, Nutreco may be a relatively minor player but can act as an advocate, persuading and facilitating an industry-wide movement to drive sustainability improvements by agreeing to better standards, for example through the round tables and dialogues described above.

Climate change can be influenced by changes in raw materials and additives used in feed

In 2006 the Food and Agriculture Organization (FAO) of the United Nations prepared a report that estimated the production of greenhouse gases by activities associated with livestock farming. Called 'Livestock's Long Shadow', the report indicated that livestock farming activities are important contributors to the global production of greenhouse gases that contribute to the current period of climate change.

In 2008 Nutreco launched a special project to study these findings and their significance for Nutreco. Greenhouse gases are a natural part of the earth's atmosphere and help to keep the surface of the earth at a habitable temperature. Without them, the earth would be too cold for life to exist. The current problem is that there is too much and the excess comes from human activity.

The main greenhouse gases are water vapour, carbon dioxide (CO_2), methane, nitrous oxide, ozone and CFCs (chlorofluorocarbons). Agricultural activities can result in the production of three, namely CO_2, methane and nitrous oxide.

One of the objectives of the project is to identify those raw materials that contribute most in terms of greenhouse gases and to investigate how their impact can be modified to achieve the greatest climate benefit from our efforts. Energy efficiency in production plants is a topic of continuing attention in all Nutreco businesses. Additionally, through the activities of Nutreco Procurement, Nutreco companies are increasing coordination of road transport to reduce the number of 'empty kilometers'.

Feed-to-food quality

The nutritional value, taste and texture of food products such as meat, fish, dairy products and eggs are directly influenced by the nutrition of the animal concerned. As Nutreco is a major animal nutrition and fish feed company, it plays an important role in the value chains that supply consumers with safe and nutritious food.

Nutreco has a unique feed-to-food quality strategy called Nutrace, with standards and protocols that can be applied across all Nutreco businesses. The established standards are Certified Quality, Monitoring, Risk Management and Tracking & Tracing. As Nutrace is a dynamic strategy, it is continually improved and strengthened. In 2008 a fifth standard, Ingredient Assessment and Management, was developed.

Risk management of ingredients standardised and rolled out over all companies

In 2008 work began on harmonising the risk assessments of all feed ingredients used by Nutreco companies. Previously different businesses in Nutreco could have different views on the risk profile of one ingredient because they had information from different sources. When all information on an ingredient is shared, the companies can agree on one risk profile and related actions, such as the quality standards for suppliers and which analyses are necessary.

That leads to Nutreco-wide specifications for each ingredient, which benefits safety, quality and purchasing. Reducing the number of products bought by Nutreco and the number of suppliers reduces risk, gives better control of quality and makes purchasing more efficient.

The development of a Nutrace dashboard began in 2008. This will provide a way of expressing how well developed Nutrace is in any business. A series of indicators show the extent to which the Nutrace standards, such as Certified Quality, are implemented. The dashboard can be used to track the implementation of Nutrace in a business and for all Nutreco.

Nutreco people & investment in the community

This priority area includes people in Nutreco and those affected by the activities of Nutreco. Human resource activities are described elsewhere in this report. It is relevant, though, to report here on activities relating to health and safety at work.

Health and safety of employees has a high priority in Nutreco and forms a substantial part of the audits conducted by the Nutreco Health, Safety, Environment and Quality (HSEQ) team. The HSEQ team regularly inspects and audits all Nutreco production and processing sites, primarily to ensure that Nutreco standards are met.

When it comes to the safety of people, Nutreco does not compromise. Nutreco's HSEQ policy and health and safety principles are applied in all operations. Practical solutions for the potential risk may vary depending on the region in which the plant is located (see also Management of HSEQ, on page 62).

Bangladesh

Nutreco provides funding and know-how for an integrated agriculture project to raise living standards in the delta region of Bangladesh. In this region people possess very small plots of land, which generally do not produce enough food to feed the family. SLOPB (Stichting Landontwikkelings Project Bangladesh), a Dutch organisation, has developed a system to increase the productivity. A fish farming pond is located in the middle of the plot with a chicken hutch above it and vegetables are grown on the banks around it. In this way, families can produce their own high-value protein food and, in most cases, can also sell some to the market. Over 3,000 households will benefit from this project in the next five years. Nutreco supports the project with funding and with knowledge.

Further information and examples of projects relating to these topics can be found in the Nutreco Corporate Social Responsibility Report 2008.

Human resources

Talent Management, Managing Change and Cultural Transformation, Learning & Development and Managing Demographics are the main challenges for human resources in Nutreco. This requires an effective HR organisational model and a common information platform. The HR Leadership Team was installed in 2007, whereas in 2008 the information platform was implemented to further enhance Talent Management and Managing Demographics.

Talent management

Talent management includes assessing and managing employee performance and competency levels, mapping career aspirations and reviewing and developing talent and succession planning. In January 2008 the HR Leadership Team started the design and implementation of a global HR information system. This has resulted in the online People & Career Tool (P@CT). P@CT will help Nutreco to globally manage and monitor the performance of its employees and to identify talents and overall strengths and weaknesses across the workforce. It provides input for Nutreco employees on what is expected from them, showing the relationship between their contribution and the company's goals. The tool also enables employees to receive performance feedback and provide input on their own performance evaluation and further development goals. Line managers can use the tool to optimise employee-related planning.

P@CT went live in three phases, starting in June 2008 with a first group of some 280 managers globally and followed by Spain, Canada and the Netherlands in October and November. The third phase saw the launch of P@CT in 20 countries in January of this year, and today 2,700 employees have access to P@CT. Almost all employees involved in the first two phases have conducted their performance appraisal 2008 through P@CT, whereas in 2009 performance planning will be done for all users through P@CT.

As part of the implementation of P@CT some 1,100 employees and managers were trained in using the tool and explaining the new policies and processes.

Management development

Next to the development programmes already in place, in 2008 a new two-year development programme, Expanding Horizons, was launched for employees with strong potential to accelerate their international career within Nutreco.

With this programme we will also increase our ability to attract top level graduates. Expanding Horizons broadens the international experience, increases the understanding of Nutreco, strengthens the career mobility within Nutreco and provides visibility and interaction with senior management. The first group consists of eight participants from the Netherlands. In the next waves, high potentials from across Europe will participate. Nutreco Spain started

with a new local programme to further develop talented employees from different areas of the local business.

As the first global animal nutrition company, Nutreco Spain received the Social Accountability 8000 certification from Social Accountability International in 2008. SA 8000 is an international standard for improving working conditions and is based on the principles of 13 international human rights conventions.

At the end of 2008 a decision was made to design and implement an e-recruitment tool to improve the recruitment processes across the organisation. This tool will enable us to improve management reporting and deliver a higher quality, more professional approach towards the candidates. The tool will go live in the Netherlands in April 2009 and will be rolled out in more countries in the course of 2009.

Skretting initiated an employee satisfaction survey among some 280 employees in Norway. The survey showed that both satisfaction and motivation are above average in Norway. Due to the ISA virus in Chile, local HR management was highly involved in downscaling its operations.

The number of Nutreco employees increased from 9,090 (including 514 employees in divested businesses) in 2007 to 9,278 as at 31 December 2008. They were employed in approximately 100 operating companies in 25 countries on five continents: North and South America, Australia, Europe and Asia.

The number of women employed in Nutreco was 2,657 (2007: 2,498). The proportion of staff in managerial positions was 8.1% (2007: 9.1%) and 23.4% (2007: 20.2%) of these were female. The average age was 40.0 years (2007: 39.5 years).

The average duration of employment was 10.9 years (2007: 10.3 years). Bachelor degrees or higher qualifications were held by 17.9% (2007: 18.1%) of Nutreco employees.

Employees per segment

Approximately 2,841 (2007: 2,679) Nutreco employees (30%) worked in the premix and feed specialities segment, 25% (2007: 25%) in the meat processing businesses in Spain (Sada and Inga Food), 27% (2007: 27%) in compound feed companies and animal nutrition Canada, 14% (2007: 15%) in fish feed companies and 4% in research & development, head offices and shared service centres.

Geographical allocation employees

Approximately 36.2% (2007: 33.4%) of all Nutreco employees worked in Spain, 12.3% (2007: 14.8%) in Canada and 10.8% (2007: 11.4%) in the Netherlands. Employees in each of the other countries represented less than 10%, with only China above 5%. Company-wide absenteeism was 3.7% in 2008 (2007: 3.8%). The number of lost time incidents (LTIs) was 247 (2007: 219). The frequency rate of lost time incidents is calculated as the number of incidents per million man-hours and amounted to 15.9 compared with 15.3 in 2007. There were no fatal accidents in Nutreco in 2008. Nutreco maintains an ultimate objective of zero accidents in the workplace.

Management aspects
Corporate governance

The Dutch Corporate Governance Code (the 'Code') came into force on 1 January 2004. The Corporate Governance Code Monitoring Committee (Commissie Frijns) released an amendment to the Code (the 'Amended Code') in December 2008. The Amended Code will come into force on 1 January 2009 and a report on compliance with the Amended Code will be first made at the AGM of 2010. During the course of 2009, the Executive Board will carry out an in-depth study of the changes and amendments made by the Monitoring Committee and will amend where required the Company's corporate governance structure with a view of achieving compliance with the best practices of the revised Code unless sound reasons exist for any non-application of best practice provisions. Where possible, this report already contains references to the best practices of the Amended Code. In compliance with the Code, this 'Corporate governance' chapter will be put for discussion on the agenda of the Annual General Meeting of Shareholders (AGM) to be held on 21 April 2009 under a separate agenda item.

The main points where the Company is not in compliance with the current Code are the following:

- Appointment of Executive Board members for a (renewable) maximum period of four years. The present members of the Executive Board were all appointed prior to the introduction of the Code and the Company is bound by employment contracts for an unlimited period. The Company intends to comply with the best practice provision of a renewable mandate of a maximum of four years for new members.

- Severance pay limited to one year's fixed remuneration component. The present members of the Executive Board were all appointed prior to the introduction of the Code and the Company is bound by the terms of their employment contracts and the severance payment conditions provided therein. The Company intends to comply with this best practice in respect of future appointments.

For easy reference, this corporate governance report follows, where practical, the sequence of the best practices as listed in the Code and sets out to what extent the Company applies the best practice provisions of the Code.

Compliance with the Code

Changes to the corporate governance structure for the approval of the AGM

The Company will continue to submit for discussion and approval by the General Meeting of Shareholders under a separate agenda item each substantial change in the corporate governance structure of the Company and in the compliance by the Company with the Code.

Executive Board

Composition

The Executive Board currently consists of three members: Mr W. Dekker, CEO, Mr J. Steinemann, COO, and Mr C. van Rijn, CFO.

The Executive Board is appointed by the General Meeting of Shareholders on the proposal of the Supervisory Board, with the latter indicating whether or not the proposal is binding. This binding character can be waived by a simple majority of the votes cast at the General Meeting of Shareholders. At the AGM of 2002, the Supervisory Board agreed not to use the option of making a binding proposal for appointments unless in exceptional circumstances, such as a threatened takeover.

Approval of operational and financial objectives and strategy

As is standard practice within the Company, the Executive Board presented to the Supervisory Board (a) the strategic plan of the Company, (b) the objectives to implement the agreed strategy and (c) the parameters to be used for measuring performance.

Strategy
Nutreco's strategy is to strengthen its leading global and regional positions in the global animal nutrition and fish feed markets. Nutreco aims for a balanced portfolio of geographies, species and products for a profitable growth both organic and by acquisitions. During the year under review, the Company pursued its strategy of growth in its animal nutrition and fish feed businesses through acquisitions in Japan and the USA (fish feed), in Spain (compound feed and meat) and in the Czech Republic and Slovakia (premix and feed specialties). Nutreco started to benefit from the Nutreco Sourcing and Procurement organisation and systems implemented in 2007. Together with the Supervisory Board a special session of the Board was dedicated to the Company's strategy towards 2012 and beyond.

Operational and financial objectives – Budget
The operational and financial objectives of Nutreco are laid down in the budget. The Executive Board sets the framework and key objectives of the budget. Budgets of Nutreco's operating companies are constructed bottom-up, challenged by the Executive Board and adjusted top-down where necessary to meet Nutreco's objectives. The 2009 budget was submitted for approval to the Supervisory Board, who approved it at its December 2008 meeting.

Corporate Social Responsibility

Since the year 2000, the Company publishes a separate Corporate Social Responsibility Report on the social responsibility issues that are relevant to the enterprise of the Company. Reference is therefore made to the CSR Report 2008.

Internal risk management and control systems

Nutreco maintains operational and financial risk management systems and procedures and has monitoring and reporting systems and procedures. It has a Code of Ethical Conduct, which is published in the Company's Corporate Social Responsibility Report and on the Nutreco website (www.nutreco.com). The Code includes a 'whistleblower policy' paragraph. In order to facilitate the reporting of irregularities, if any, with the Code of Ethical Conduct, it was translated in all 19 local languages in use within the Group. A Nutreco Integrity Line was set up, which is operated by an external service provider. Any employee who wishes to report non-compliance with the Code of Ethical Conduct can do so, whether directly to management or anonymously by using the Nutreco Integrity Line, without jeopardising his or her employment with the Company. Compliance with the Code is monitored by the Compliance Officer of the Company.

Executive Board 'in control' statement

The 'in control' statement of the Executive Board as well as more details on the risk management and internal monitoring and reporting systems and procedures are given under the 'Risk management and internal control' paragraph of this report (page 60).

Sensitivity of the results to external factors and variables

Reference is made to the 'Risk profile' chapter of this report (page 55).

Mandates with third parties

Acceptance of no more than two mandates as a Supervisory Board member of a listed company requires the prior approval of the Supervisory Board to prevent conflicts of interest and reputational risks. Other appointments of material importance need to be notified to the Supervisory Board. Members of the Executive Board are also appointed to the Board of a number of Nutreco operational entities.

No conflicts of interest reported

All members of the Executive Board are currently employed by Nutreco Nederland B.V., a subsidiary of Nutreco Holding N.V. As part of the terms of their employment contract, they have undertaken not to compete with Nutreco activities. Nutreco's Code of Ethical Conduct prevents employees and directors to accept gifts of commercial value for themselves or their relatives, to provide advantages to third parties to the detriment of the Company or to take advantage of business opportunities to which Nutreco is entitled. None of the members of the Executive Board is a supplier of goods or, in any way other than necessary for the performance of their job, of services to the Company or its subsidiaries. During the year under review, no conflicts of interest were reported between members of the Executive Board and Nutreco or its subsidiaries.

Loans or guarantees

As a matter of policy, Nutreco does not extend any loans or guarantees to the members of the Executive Board.

Supervisory Board

Composition

The Supervisory Board currently consists of five members, who are appointed by the General Meeting of Shareholders for a term of four years and can be reappointed for a maximum of two further terms of four years. Mr R. Zwartendijk is chairman and Mr L.J.A.M. Ligthart is vice-chairman. Mr Y. Barbieux, Mr J.M. de Jong and Mr J.A.J. Vink are members of the Supervisory Board. There were no end-of-term resignations and reappointments during the course of the year under review.

Mr L.J.A.M. Ligthart will be reaching the end of his third and last four-year mandate as a member of the Supervisory Board at the AGM of 2009 and will then not be re-eligible. Mr L.J.A.M. Ligthart will be stepping down as vice-chairman, as chairman of the Audit Committee and as member of the Selection and Appointment Committee. He will also resign as chairman of the Supervisory Board of Nutreco Nederland B.V.

The Selection and Appointment Committee has made a recommendation concerning Mr L.J.A.M. Ligthart's successor to the Supervisory Board and the Supervisory Board will submit this candidate to the AGM.

Mr Y. Barbieux will be reaching the end of his third and last four-year mandate as a member of the Supervisory Board at the AGM of 2010 and will then not be re-eligible. The Selection and Appointment Committee has made a recommendation to the Supervisory Board to submit to this year's AGM a candidate as a sixth member of the Supervisory Board with a view to succeed Mr Y. Barbieux when he will be stepping down at the AGM of 2010.

Duties

The duties of the Supervisory Board are to supervise the management by the Executive Board, the effectiveness and integrity of the internal control and risk management systems and procedures put in place by the Executive Board and the general conduct of affairs within Nutreco and its businesses, and to assist the Executive Board with advice in accordance with the best practices of the Dutch Corporate Governance Code.

In addition, certain (material) decisions of the Executive Board, as specified in the law, in the Articles of Association and in the Supervisory Board rules, are also subject to the prior agreement of the Supervisory Board.

Rules

Since 1997, the Supervisory Board has used rules as a basis for its own functioning and for its relationship with the Executive Board. These rules were updated by the Supervisory Board at its meeting of 18 February 2004. The rules are posted on Nutreco's website (www.nutreco.com).

All Supervisory Board members independent and no conflicts of interest

All Supervisory Board members are independent from the Company within the meaning of best practice provision III.2.2 of the Code. None of the members is a member of the Executive Board of a Dutch listed company in which a member of the Executive Board of the Company is a Supervisory Board member. There are no interlocking directorships. None are or were in the past employed by Nutreco and/or represent directly or indirectly a shareholder of Nutreco or a supplier or customer of the Company. None of the members of the Supervisory Board provides any services to or has any direct or indirect ties with Nutreco outside his Supervisory Board membership.

Mr L.J.A.M. Ligthart chairs the Supervisory Board of Nutreco Nederland B.V., a fully owned subsidiary of the Company. The Supervisory Board rules contain provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest took place.

The Code states as a best practice that all transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company shall be agreed under the conditions customary in this branch of industry. The Company has dealings with ING, which declared a 9.55% interest on 10 August 2007, and with Fortis, which declared a 6.56% interest on 6 October 2008.

ING is a member of the bank syndicate which granted a syndicated bank loan in 2005. As part of this syndicated bank loan, financial transactions took place throughout the year with several banks, including the aforementioned banks. Such transactions were carried out subject to conditions customary for such transactions in this branch of industry.

Fixed remuneration – Shares in Nutreco

As provided in the Articles of Association, none of the Supervisory Board members receives a remuneration that is dependent on the financial performance of Nutreco. The Supervisory Board rules require members' individual shareholdings in the Company to serve for the sole purpose of long-term investment only. With the exception of Mr Y. Barbieux, who held 466 shares (2007: 466 shares) in the Company as at 31 December 2008, none of the Supervisory Board members is holding any share or option rights to acquire shares in Nutreco.

Shares or other securities in Dutch listed companies other than Nutreco

The Supervisory Board has drawn up regulations concerning ownership of and transactions in securities held by members of the Supervisory Board in Dutch listed companies other than Nutreco according to which such transactions need to be notified to the Company Secretary, also Compliance Officer, on a quarterly basis. Notifications to that effect were received by the Company Secretary.

No loans or guarantees to Supervisory Board members

As a matter of policy, Nutreco does not extend any loans or guarantees to the members of the Supervisory Board.

Profile

A profile setting out the desired expertise and background of the Supervisory Board members is part of the Supervisory Board rules and was used in the process of selecting Supervisory Board members. Two of the Supervisory Board members can be regarded as financial experts within the meaning of best practice III.3.2.

Mr L.J.A.M. Ligthart was CFO and vice-chairman of the Executive Board of DSM N.V. (Netherlands) and Mr J.M. de Jong was a member of the Executive Board of ABN Amro Bank N.V. (Netherlands).

Company Secretary

The Supervisory Board receives support from Mr B. Verwilghen, Company Secretary, also Compliance Officer and Director of Legal Affairs and Insurance.

Audit Committee

The Supervisory Board resolved during the course of 2002 to appoint two of its members to act as the Supervisory Board's Audit Committee. Mr L.J.A.M. Ligthart chairs the Audit Committee and was reappointed to this post after the General Meeting of Shareholders of 19 May 2005, and Mr J.A.J. Vink is a member.

The duties of the Audit Committee are to ascertain that the Company maintains adequate procedures and control systems to manage the financial, operational and IT-related risks to which the Company is exposed, to prevent fraud and to oversee the integrity of the Company's financial reporting.

During the year under review, the Audit Committee met three times. All three meetings were attended by the internal auditor. In addition, a telephone conference was held to review the half-year results. All three meetings and the telephone conference were attended by the Company's external auditor, KPMG Accountants N.V.

Main subjects handled by the Audit Committee were the financial statements for the year 2007, the 2008 interim financial statements, the third quarter hard close, risk management and the role of the Company's risk management advisory board, the results of the internal control audits and the audit scope for 2008. As is customary practice, at one of its meetings the Audit Committee had a private meeting with the external auditor, in the absence of the Executive Board.

The following other topics were reviewed: the Company's financial position, the Company's tax position, the dividend policy, fraud and integrity and the enhancement of the effectiveness of the whistleblower policy by setting up a Nutreco Integrity Line which is operated by a specialist external contractor, IT security, the draft annual report 2008 and the report of the Audit Committee, the KPMG management letter 2007, the corporate control post-project appraisals, the Company's tax control framework and the follow-up of the recommendations of the Audit Committee, the internal auditor and the external auditor. At one of its meetings, the Audit Committee held an assessment of its own performance.

Risk management

Please refer to the 'Risk management and internal control' paragraph on page 60 of this report.

Remuneration Committee

The Remuneration Committee consists of Mr J.M. de Jong (chairman), Mr R. Zwartendijk and Mr Y. Barbieux (members). The Remuneration Committee meets at least once a year with the CEO. The Remuneration Committee seeks advice from specialised advisers when deemed useful. The Remuneration Committee makes recommendations to the Supervisory Board.

The Supervisory Board has discretionary powers within the limits set by the remuneration policy (see below) as approved by the General Meeting of Shareholders to decide on the award of performance shares to members of the Executive Board, the Management Committee and to executives, and to decide on the execution of the employee share participation scheme.

During the year under review, the Remuneration Committee met once formally. The meeting was convened to discuss the Executive Board's proposal of performance rating against the 2007 objectives and the performance targets for 2008, to review the Executive Board's performance measured against the performance targets of the interim long-term incentive plan 2006, to review the report of a specialised external consultant on the benchmarking of the Executive Board's remuneration and to define a new peer group for determining the base salary of the Executive Board.

The Remuneration Committee also adopted the proposal to continue the Company's existing employee participation scheme, the key features of which are described later in this chapter.

Selection and Appointment Committee

Since the introduction of the Corporate Governance Code, a separate Selection and Appointment Committee was installed consisting of the members of the Supervisory Board. The chairman of the Supervisory Board acts as chairman of the Selection and Appointment Committee. The Committee meets on an ad hoc basis and deliberated, during the year under review, on the end-of-final-term resignations of three of its members, respectively Mr L.J.A.M. Ligthart at the AGM of 2009, Mr Y. Barbieux at the AGM of 2010 and Mr R. Zwartendijk at the AGM of 2011. The profile set out in the Supervisory Board rules was used and it was decided that the successor to Mr L.J.A.M. Ligthart should qualify as a financial specialist and assume the role of chairman of the Audit Committee.

The Selection and Appointment Committee has made a recommendation to the Supervisory Board to submit a candidate to the AGM as the successor of Mr L.J.A.M. Ligthart.

Mr Y. Barbieux will be reaching the end of his third and last four-year mandate as a member of the Supervisory Board at the AGM of 2010 and will then not be re-eligible. The Selection and Appointment Committee has made a recommendation to the Supervisory Board to submit to this year's AGM a candidate as a sixth member of the Supervisory Board with a view to succeed Mr Y. Barbieux when he will be stepping down at the AGM of 2010.

Remuneration of the Supervisory Board and its committees

No increase in the remuneration of the Supervisory Board of Nutreco Holding NV and its committees took place in 2008. As chairman of the Supervisory Board of Nutreco Nederland B.V., Mr L.J.A.M. Ligthart was paid EUR 12,000 in 2008 (2007: EUR 10,000). The total remuneration of the members of the Supervisory Board amounted to EUR 274,000 (2007: EUR 272,000). For the individual remuneration, please refer to page 133 of the financial statements. These amounts are gross amounts per year. The remuneration of the Supervisory Board is reviewed once a year.

Executive Board remuneration policy

The objectives of the remuneration policy are to attract, motivate and retain good management, and to achieve a market-compliant remuneration policy based on a variable remuneration linked to certain measurable objectives, directly related to the performance targets of the Company. The remuneration policy as approved by the General Meeting of Shareholders is to remunerate the Executive Board at the median of the market. The different components of the Executive Board's remuneration are reviewed by the Remuneration Committee on at least a yearly basis.

Remuneration of the Executive Board consists of the following components:

- a base salary which is fixed and reviewed once a year;
- a bonus which is related to performance against targets agreed with the Supervisory Board for the year ahead;
- advantages in kind such as health insurance, a company car and an amount for compensation of expenses;
- pension contributions;
- a long-term incentive consisting of performance shares.

A labour market reference group ('peer group') was constituted for the Executive Board remuneration. At the AGM of 2008, a proposal was approved to define the peer group as a group consisting of the lowest seven companies of the AEX index and the top eight companies of the AMX index as such indices are published by Euronext Amsterdam N.V. Financial institutions and real estate companies are excluded from the base salary peer group.

The annual review of the labour market peer group, which was conducted by an external consultant in October 2007, showed deviations against the Company's policy to remunerate at the median level of the market.

A proposal to increase the maximum bonus level to 90% of the base salary for the CEO and to 75% for the COO and the CFO was adopted by the Remuneration Committee and approved by the Supervisory Board. The annualised economic value of the performance shares to be granted under the Company's LTI Plan was decreased for the CEO to 85% of the base salary and for the COO and the CFO to 80% of the base salary.

Base salary

For the individual remuneration, please refer to pages 132-133 of the financial statements.

Pensions based on career average wages

The pension plan for Executive Board members is a defined contribution plan based on career average wages.

Bonus

Upon recommendation of the Remuneration Committee, the Supervisory Board set a number of challenging and measurable financial, strategic and operational performance targets for the Executive Board. Financial performance targets EBITA, NSI savings, net working capital and Cash EPS vis-à-vis the budget have a weighting of 75%. Strategic and operational targets have a weighting of 12.5% each of the bonus. Because of the sensitive nature of the specific performance targets, the Supervisory Board has adopted the policy not to disclose details of the performance targets. Each year the external auditor carries out a review of the actual performance measured against the financial performance targets agreed between the Executive Board and the Supervisory Board.

At a meeting held earlier in 2009, the Remuneration Committee proposed to the Supervisory Board to attribute a 115% score to the Executive Board's performance against the targets set for 2008, resulting in a bonus payment of 73% of the base salary to the CEO and 61% of the base salary to the members of the Executive Board. The external auditor confirmed the score of the financial targets for 2008. The Supervisory Board approved the proposal made by the Remuneration Committee.

Advantages in kind

These are health insurance and a company car. The compensation for expenses amounts to EUR 3,471 per year for each of the members of the Executive Board.

Change of control provisions

There are no provisions in the employment contracts of the Executive Board concerning redundancy packages in case of a change in control of the Company.

Long-term incentive plan: performance shares

These are shares which are granted by the Supervisory Board without financial consideration and which constitute the long-term incentive plan designed for members of the Executive Board.

During the vesting period, the costs of these shares determined according to IFRS are recognised in the profit and loss account as personnel costs.

The actual number of performance shares received by the Executive Board ('vesting') depends on the Total Shareholders' Return (TSR) performance over a prior specified period compared to the TSR performance of a selected peer group. TSR measures the returns received by a shareholder and captures both the change in the Nutreco share price and the value of dividend income and possible share capital reimbursements, based on the assumption that dividends are reinvested in Nutreco shares at the date the shares go ex-dividend or the share capital reimbursement is effectively paid out. Performance shares should be held for a specified minimum period from the vesting date or till the end of employment of the member of the Executive Board concerned, whichever is the shortest. The current performance shares plan rules are posted on the Company's website.

Interim plan 2006

A proposal to put in place an interim long-term incentive plan for the Executive Board only for the year 2006 was adopted at the Annual General Meeting of Shareholders of 18 May 2006. 30,000 performance shares were granted to the CEO and 20,000 performance shares to each of the COO and the CFO, i.e. the same number of shares as in 2004 and 2005.

The condition of continued employment for a two-year period has been satisfied to date and lapsed on 18 May 2008. Upon the advice of the Remuneration Committee, the Supervisory Board approved the vesting of the performance shares in the amount of 30,000 for the CEO and 20,000 for each of the COO and the CFO. The five-year lockup obligation applies as from 18 May 2008 and will last until 18 May 2013, with an allowance to sell shares in order to satisfy taxation with regard to those shares. The chairman of the Remuneration Committee reported extensively at the 2008 AGM on the vesting of the interim plan 2006 performance shares.

Long-term incentive plan 2007 and following

At the Annual General Meeting of Shareholders of 26 April 2007, a new long-term incentive plan for the year 2007 and beyond was approved. The long-term incentive plan is designed to enhance the binding between the Executive Board's remuneration and the implementation of the Company's strategy over the longer term. The plan regulations were posted on the Company's website. The key terms of the approved LTI Plan applying as from 2007 are the following:

(I) On an annual basis, performance shares will be granted conditionally. The conditional grant will vest after a three-year performance period.

(II) The annualised economic value at the moment of granting represents 85% (2007: 100%) of the base salary of the chairman of the Executive Board and 80% (2007: 95%) of the base salary of the members of the Executive Board.

(III) The conditional grant will vest after a three-year performance period, subject to whether the Company achieves a preset level of the Total Shareholders' Return (TSR) relative to a peer group consisting of all companies listed on the Euronext Amsterdam AEX, AMX and AScX segments.

(IV) No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the grant takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the grant if the Company achieves the number one position within the peer group.

(V) A lockup will be effective for a period of two years after vesting, with an allowance to sell shares as from vesting to satisfy taxes due.
(VI) Participants of the plan are entitled to dividends each year.

In 2008 the number of performance shares conditionally awarded to the Executive Board amounted to 50,000 (2007: 47,633), of which shares granted to the CEO amounted to 21,000 (2007: 19,643) and to each of the COO and the CFO to 14,500 (2007: 13,995). In addition, a total of 85,700 (2007: 86,900) performance shares were awarded to the Management Team and a number of senior executives of the Company. These performance shares are subject to similar terms and conditions as those applying to the Executive Board.

Bonus conversion plan

A bonus conversion plan was introduced in 2007 for members of the Management Team and a range of senior executives. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the bonus which is awarded to them (if any) in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to maximum 300% depending on the Company's TSR performance over the three-year period. In the year under review, 53 (2007: 57) managers opted to invest in a total of 9,365 (2007: 7,072) shares.

Shares owned by the Supervisory Board and by the Executive Board

Members of the Executive Board are shareholders of the Company.

As at 31 December 2008, they jointly held 141 ordinary shares (2007: 14,199), of which 0 (2007: 13,805) were held by Mr W. Dekker, 0 (2007: 0) by Mr J.B. Steinemann and 141 (2007: 227) by Mr C. van Rijn. One Supervisory Board member, Mr Y. Barbieux, held 466 ordinary shares (2007: 466).

In addition, the Executive Board held 140,678 (2007: 97,480) shares for which a lockup restriction applies, 58,666 (2007: 38,500) of which were held by Mr W. Dekker, 46,883 (2007: 33,315) by Mr J.B. Steinemann and 35,129 (2007: 25,665) by Mr C. van Rijn.

The Executive Board members have also been conditionally granted 97,633 performance shares under the long-term incentive plans 2007 and 2008, of which 40,643 are held by Mr W. Dekker, 28,495 by Mr J.B. Steinemann and 28,495 by Mr C. van Rijn. These shares will only be vested in 2010 and 2011 respectively depending on the relative TSR position of the Company compared to the peer group.

For the movement in stock options, performance shares and performance options held by the Executive Board and other managerial staff, please refer to pages 131-132 of the financial statements.

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of EUR 1,800 during a defined period. Everyone who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit with Rabobank during a period of three years. During this period, these shares cannot be sold or transferred. In February 2008, the Supervisory Board decided that the 2007 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 17,218 (including bonus) shares (2007: 11,711).

Shareholders and the General Meeting of Shareholders

Share capital – Movements

The authorised share capital amounts to EUR 41,520,000 and consists of 55 million shares, 16 million cumulative preference shares 'A', 71 million cumulative preference shares 'D' and 31 million cumulative financing preference shares 'E', all with a nominal value of EUR 0.24. The cumulative preference shares 'D' and 'E' have not been issued.

The issued share capital consists of the ordinary shares, which are listed on the Euronext Amsterdam Stock Exchange, and the cumulative preference shares 'A', which are not listed. As at the end of the year, a total of 39,861,882 (2007: 41,110,182) shares had been issued, consisting of 4,993,200 (2007: 6,241,500) cumulative preference shares 'A' and 34,868,682 (2007: 34,868,682) ordinary shares, of which 589,624 were held in treasury on 31 December 2008. No new shares were issued during the year under review. Based upon the authorisation to purchase own shares granted by the General Meeting of Shareholders on 15 April 2008, 699,374 shares were purchased for the payment of stock dividend and to cover existing employee share plan and performance share obligations. Purchases of the Company's own shares were handled through ING and through F. van Lanschot Bankiers N.V. under separate contracts.

Cumulative preference shares 'A' – MaesInvest B.V.

Following the authorisation to purchase and subsequently to cancel cumulative preference shares 'A' by the General Meeting of Shareholders on 15 April 2008, 1,248,300 cumulative preference shares 'A' were purchased from MaesInvest B.V. on 23 May 2008 and were subsequently cancelled. Cumulative preference shares 'A' already existed prior to the IPO of 1997. During the year under review, no new cumulative preference shares 'A' were issued. In accordance with Article 27.1(b) of the Articles of Association, the dividend which in 1996 was fixed at 6.9% for the statutory period of seven years was reset on 31 December 2003. The new dividend applying from 1 January 2004 onwards amounts to 6.66% for the next seven years expiring on 31 December 2010.

Fortis Verzekeringen Nederland N.V. holds 2,496,600 cumulative preference shares 'A'. This represents 6.26% of the total issued capital of Nutreco Holding N.V. or 50% of the cumulative preference shares 'A'. MaesInvest B.V. holds 2,496,600 cumulative preference shares 'A'. This represents 6.26% of the total issued capital of Nutreco Holding N.V. or 50% of the cumulative preference shares 'A'. Shares in MaesInvest B.V. are held by Rabobank Nederland Participatiemaatschappij B.V. and NIB Capital Bank Custody N.V.

Under IFRS, the cumulative preference shares 'A' with their current terms and conditions do not qualify as equity and are reported as financial liability.

General Meeting held in 2008; 30.5% of the issued ordinary shares represented

The Annual General Meeting of Shareholders was held on 15 April 2008. The agenda with explanatory notes and the 2007 annual report were sent free of charge, in advance, to shareholders requesting same. They were also lodged for perusal at the offices of Nutreco Holding N.V. and Rabo Securities (Utrecht) and placed on the Nutreco website. At the Annual General Meeting of Shareholders, the 2007 Corporate Social Responsibility Report was made available. The Dutch version of the minutes of the meetings was placed as a draft on the website within the requisite time of three months. No comments on the draft were received and the minutes were adopted. The translation of the minutes into English was published shortly afterwards. The Annual General Meeting of Shareholders of 15 April 2008 was webcast live.

All shares, both ordinary and cumulative preference shares 'A', carry equal rights where it concerns voting at the General Meeting of Shareholders. Votes may be cast directly or through a proxy. The Articles of Association do not provide in the possibility to issue depository shares ('certificaten'). During the General Meeting of Shareholders of 15 April 2008, a total of 6,241,500 cumulative preference shares 'A', or 100% of the issued cumulative preference shares 'A', and 10,648,053 ordinary shares, or 30.5% of the issued ordinary shares, were represented. Of the latter, 17,225 shares were represented by 105 shareholders attending the meeting in person and the remaining shares were represented by proxies. The aforementioned figures show that General Meetings have a high degree of attendance or representation and that proxies are effectively used by shareholders.

Shareholders holding 1% or more of the issued share capital or representing at least EUR 50 million in value of the shares are entitled to propose items on the agenda of the General Meeting of Shareholders in accordance with the Articles of Association. This right was not exercised in 2008.

Discharge to the Supervisory Board and to the Executive Board was dealt with as a separate item on the agenda and was approved at the Annual General Meeting of Shareholders. In accordance with the Articles of Association, a registration date for the exercise of voting rights was determined for the General Meetings of Shareholders held in the year under review.

Resolutions adopted by the General Meeting of Shareholders were published on the Company's website on the day following the meeting.

Profit appropriation

The dividend policy of the Company was dealt with and explained as a separate item on the agenda at the Annual General Meeting of Shareholders of 18 May 2006, at which a proposal to change the dividend policy by increasing the payout ratio from a range of 30-35% to 35-45% was adopted. No change in dividend policy has occurred since that date.

Statutory regulations concerning appropriation of profits

Distribution of net profit according to the Articles of Association, as stipulated in Articles 29 and 30, can be summarised as follows:

Out of the profits made in the preceding financial year, first of all, if possible, 6.66% shall be distributed, on an annual basis, on the obligatory paid-up portion of the cumulative preference shares 'A'. Following the first reset of the dividend on 31 December 2003, this percentage will apply as long as the cumulative preference shares 'A' are outstanding up to 2010.

If, in the course of any financial year, an issue of cumulative preference shares 'A' has taken place, the dividend with respect to that financial year shall be reduced pro rata to the day of issue. If the profits realised in any financial year should not be sufficient to pay the said percentage, the said percentage shall be paid from the reserves for as much as necessary, provided that such payment is not made out of the share 'A' premium account. If the free distributable reserves in any financial year are not sufficient to pay the said percentage, distributions in subsequent years shall apply only after the deficit has been recovered. No further distributions shall be made on the cumulative preference shares 'A'. If a writedown has taken place against the share 'A' premium account, the profits made in subsequent years shall first of all be allocated to compensate for the amounts written down.

Similar to cumulative preference shares 'A', cumulative preference shares 'D' and cumulative financing preference shares 'E', none of which have been issued, carry special rights in respect of the distribution of the net profit. Of the profit remaining after payment to holders of preference shares 'A', 'D' and 'E', such amounts will be reserved as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual results at the Annual General Meeting of Shareholders. The profit remaining after the provisions of the previous paragraphs have been met shall be at the free disposal of the General Meeting of Shareholders. In a tie vote regarding a proposal to distribute or reserve profits, the profits concerned shall be reserved.

The Company may distribute profits only if and to the extent that its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law. Any distribution other than an interim dividend may be made only after adoption of the financial statements which show that they are justified. The General Meeting of Shareholders shall be authorised to resolve, at the proposal of the Executive Board, which proposal shall be subject to the approval of the Supervisory Board, to make distributions to the shareholders from the general reserves. Interim dividends shall automatically be distributed on the cumulative preference shares 'A'. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on the other classes of shares, provided that interim dividends on the cumulative preference shares 'A' can be distributed.

Dividends are payable as from a date to be determined by the Supervisory Board. This date may differ for distributions on shares, cumulative preference shares 'A', cumulative preference shares 'D' and for distribution on the series of cumulative financing preference shares 'E'. Dividends which have not been collected within five years of the start of the second day on which they became due and payable shall revert to the Company.

Subject to the approval of the Supervisory Board and after appointment of the General Meeting of Shareholders, the Executive Board shall be authorised to determine that a distribution on shares, in whole or in part, shall be made in the form of shares in the capital of the Company rather than cash, or that the shareholders, wholly or partly, shall have the choice between distribution in cash or in the form of shares in the capital of the Company. Subject to the approval of the Supervisory Board, the Executive Board shall determine the conditions on which such a choice may be made. If the Executive Board is not appointed as the authorised body to resolve to issue such shares, the General Meeting of Shareholders will have the authority as mentioned hereinbefore on the proposal of the Executive Board and subject to the approval of the Supervisory Board.

Special rights provided for by the Articles of Association

Special rights to holders of cumulative preference shares 'A'

Each share carries the right to cast one vote in the General Meeting of Shareholders. A number of special powers have been conferred on the holders of cumulative preference shares 'A' under the Articles of Association.

The prior approval of the meeting of holders of cumulative preference shares 'A' is needed before the General Meeting of Shareholders may pass a resolution to amend certain articles of the Articles of Association, to issue cumulative preference shares 'A', to appoint the Executive Board as the authorised board to issue cumulative preference shares 'A' and to authorise the Executive Board to acquire shares in the Company's own capital, and resolutions to reduce the issued share capital.

Stichting Continuïteit Nutreco (anti-takeover construction)

The 'Stichting Continuïteit Nutreco' (Foundation) has a call option to acquire a number of cumulative preference shares 'D' in the Company. In addition, the Company had a put option to place a number of cumulative preference shares 'D' of the Company with the Foundation. In both instances, such number may equal the total issued share capital before such issue minus any issued cumulative financing preference shares 'E' and purchased own shares.

On 19 March 2009 the option agreement was amended to the effect that the Company voluntarily waives its put option. The Foundation has accepted this waiver.

The Foundation was organised to care for the interests of the Company, the enterprise connected therewith and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests. In an amendment of its Articles of Association passed before notary public on 19 March 2009, it was specified that the Foundation shall only be entitled to exercise the call option in case a third party would build up shares or make an offer for the Nutreco ordinary shares and such build-up or offer have not received the support of the Executive Board and the Supervisory Board. The terms of the option agreement were amended accordingly. The Foundation is an independent legal entity and is not owned or controlled by any other legal entity.

The Board of the Foundation consists of Mr J. Veltman (chairman), Mr P. Barbas, Mr J. de Rooij, Prof J. Huizink and Mr C. van den Boogert. The Executive Board of Nutreco Holding N.V. and the Board of Stichting Continuïteit Nutreco hereby jointly declare that Stichting Continuïteit Nutreco is independent from Nutreco Holding N.V.

Cumulative financing preference shares 'E'

At the General Meeting of Shareholders of 15 April 2008, in accordance with the Articles of Association, the Executive Board was designated as the corporate body authorised for a period of eighteen months, and subject to the prior approval of the Supervisory Board, to issue and/or grant rights to subscribe for cumulative financing preference shares 'E' up to a nominal amount which, at the time of such issue or the granting of such rights, equals 30% of all the outstanding shares in the share capital of the Company, excluding the issued cumulative preference shares 'D'. Cumulative financing preference shares 'E' must be fully paid up upon issue. They only exist in registered form. No share certificates are issued for cumulative financing preference shares 'E'. Cumulative financing preference shares 'E' are intended to be issued by the

Company for financing purposes. No cumulative financing preference shares ‘E’ were issued during the year under review.

Explanatory note concerning the Implementing Decree relating to Article 10 of the Takeover Directive

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Nutreco Holding N.V. wishes to include the following explanatory note:

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares. The transfer of cumulative preference shares ‘A’, ‘D’ and ‘E’ is subject to the approval of the Executive Board in accordance with the provisions of Article 13 of the Articles of Association.
- The voting right is not subject to any limitation. All issued shares (both ordinary and cumulative preference shares ‘A’) entitle the holder to one vote per share.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.
- The appointment, suspension and discharge of members of the Executive and Supervisory Boards are set out in the ‘Corporate governance’ chapter.
- The procedure for alteration of the Articles of Association is set out in the Articles of Association themselves. These are available through the corporate website (www.nutreco.com/corporate governance/ articles of association).
- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco Holding N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made. Nutreco International B.V., a subsidiary of Nutreco Holding N.V., has a raw materials purchase agreement with BASF, which can be terminated in case of a change in control of the Company.

Appointment of the external auditor

At the General Meeting of Shareholders held on 15 April 2008, KPMG Accountants N.V. was appointed as the Company’s external auditor for a period expiring at the end of the accounting year 2009. The General Meeting of Shareholders to be held on 21 April 2009 will be recommended to appoint KPMG Accountants N.V. as the Company’s external auditor for a period expiring at the end of the accounting year 2010.

Management aspects
Risk profile

Nutreco's management acknowledges that managing risks is an essential element of entrepreneurship. Accepting a certain level of risk is even a prerequisite of achieving the financial targets and the strategic objectives of the company.

In general, Nutreco adapts a prudent attitude with respect to the acceptance of important business risks. Importance of risks is derived from the likelihood of a risk occurring and the potential impact on these financial targets and strategic objectives.

As a result of the current financial crisis, our risk profile has changed during 2008, requesting intensified attention for specific risks. Management considers credit risks arising from suppliers to customers to have become more important. Additionally, the high volatility of raw material markets in 2008 has intensified management attention for the operational and financial risks resulting from this situation.

Finally, some countries in which Nutreco has invested or planned to invest are exposed to the current financial crisis, requesting management to carefully evaluate the composition of its portfolio as well as the selection of acquisition targets.

Below the most important financial, operational, compliance and strategic risks are described in more detail. Also a description is given of Nutreco's general risk management and control systems to monitor the various risks the Company is confronted with.

Financial (reporting) risks

Nutreco's activities expose the Company to a variety of financial (reporting) risks, such as credit risks, foreign currency risks, interest rate risks, liquidity risks and capital risks. Also the risks related to pension plans and the use of financial instruments are an important element of Nutreco's risk profile. These risks are inherent to the way the Company operates as a multinational with a large number of local operating companies.

Credit risk

Credit risk represents the accounting loss that would have to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts. Nutreco uses market intelligence and, if required and possible, credit rating agencies to determine the creditworthiness of its clients. Credit to debtors is closely monitored in business review meetings and specific indicators like 'Days Sales Outstanding' and overdue debtors are reported and discussed in detail. As a consequence of the financial crisis and to the extent possible, continuous attention is being paid to the liquidity of other parties such as banks, insurance companies, customers as well as strategic suppliers.

The international growth of premixes, special feed and fish feed for other fish species has resulted in a wider and international spreading of customers, thereby lowering the overall credit risk. However, this growth has increased the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment. The outstanding amounts of Nutreco's most important customers Marine Harvest (Fish feed) and Mercadona (Meat & other) together account for less than 10% of the total outstanding amount as per 31 December 2008.

The credit risk on banks, as a consequence of cash deposits, cash on bank accounts and financial derivative instruments, has increased over the last year. Due to the financial crisis, banks are carefully monitored and the counterparty limits have been reduced. The exposure per bank equals the value of cash, cash deposits and the fair value of derivative financial instruments. Exposures up to EUR 25 million are held with banks with a rating of at least AA- (Standard & Poor's). Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Provisions are formed where necessary. Cash is concentrated at corporate treasury and is used to repay debt or to invest as cash at selected banks taking the credit limit into account.

Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials or sales contracts. In our animal nutrition and fish feed business, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market, are regularly assessed and only performed when a structural increase has occurred.

During 2008 the volatilities of some foreign currencies in which Nutreco carried out transactions have grown, which as a consequence increased the foreign currency risk.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through. This foreign currency exposure is managed by means of financial instruments like foreign currency forward contracts and swaps as well as short-term bank balances in foreign currencies. In consistency with the average pass-through period, the average maturity of financial instruments is three months, generally with a maximum of twelve months.

Foreign currency translation risk

Nutreco is also exposed to foreign currency translation risks of investments in foreign operations and the net income of these foreign operations. Nutreco aims to avoid any direct impact in its income statement as a consequence of foreign currency risk related to net investments. The objective is to restrict as much as possible the annual and cumulative impact in its equity as a consequence of foreign currency risk related to net investments, by means of net investment hedges. In addition to interest-bearing borrowings in foreign currencies, derivative financial instruments are used as net investment hedge. The operating result and net result are not hedged and the impact is included in the consolidated income statement. The foreign currency translation impact on the operating result in 2008 was EUR 3.6 million.

Interest rate risk

Nutreco is partly financed with interest-bearing debt in order to obtain an optimal capital structure, as described in capital risk management. The specification of the total debt is disclosed in note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of total interest-bearing debt. Nutreco has agreed fixed interest rates for the cumulative preference shares and the private placement. In addition and in order to achieve a mix of fixed and floating rate exposure in accordance with Nutreco's policy, part of the floating syndicated loan has been fixed with interest rate swaps. Any short-term interest-bearing borrowing is at floating interest rates. An increase or decrease of interest rates impacts future cash flows.

The cash and cash equivalents have been placed on short-term deposits or bank accounts with floating interest. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivatives.

Sensitivity analysis

At balance sheet date EUR 91.2 million (2007: EUR 48.7 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts to EUR 99.3 million net cash (2007: EUR 119.6 million net cash).

An increase of 100 basis points of all floating interest rates at reporting date would have decreased the net financing costs in the income statement by EUR 0.1 million (2007: EUR 0.7 million decreased). A decrease of 100 basis points in interest rates at 31 December would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates and credit margins, remain constant. In 2008 most relevant reference rates have decreased whereas credit margins are expected to increase.

Liquidity risk

The primary objective of liquidity management is providing for sufficient cash and cash equivalents at all time to enable Nutreco to meet its payment obligations. Group Treasury monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well spread maturity schedule of its long-term debt and a strong liquidity position. As at 31 December 2008, taking the maturing first tranche of USD 46 million of the private placement loan into account, Nutreco has sufficient liquidity for the expected cash outflows for the coming year. Of the total facilities of EUR 1,038 million, an amount of EUR 598 million had been used as at year-end 2008 (2007: EUR 1,078 million and EUR 459 million, respectively). Nutreco's core credit facilities, and usage thereof, are contracted by Group Treasury. Interest-bearing borrowings by operating companies are only allowed after prior approval from Group Treasury. In addition to the unused credit facilities, Nutreco had EUR 228.3 million of cash and cash equivalents available at year-end 2008. (2007: EUR 207.7 million).

Capital risk management

An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. For this, Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0 and a minimum interest coverage ratio of 5.0. Recent developments in the financial markets support Nutreco's prudent strategy.

The financial covenants of Nutreco's core financing facilities, including the syndicated loan facility and the private placement, are net debt compared to EBITDA of maximum 3.25% and 3.5% respectively and EBITDA compared to net financing costs of minimum 3.0. EBITDA and net financing costs are calculated on a 12-month rolling basis. The interest rates of the syndicated loan facility are based on Euribor or Libor of the optional currency, whereas the interest margin is a function of the ratio of net debt to EBITDA.

During 2008 Nutreco remained well within the financial covenants agreed upon with both the syndicated loan facility and the private placement.

Risks related to pension and other post-retirement benefit plans

Nutreco has defined benefit plans in the following countries: Belgium, Canada, France, Germany, Italy, the Netherlands, Norway and the UK. The plans cover approximately 1,100 persons currently employed within the Nutreco group. These plans require detailed reporting and disclosure information for the IFRS financial statements. For more details, please refer in note 24 to the financial statements.

The volatility of the financial markets requires Nutreco to continuously monitor the development of the funded status of these pension plans in order to forecast the financial consequences hereof and to take actions in time. Changes in the discount rate and the asset losses during 2008 do not impact the 2008 balance sheet position of Nutreco since for most pension plans gains and losses arising during the year are recognised on the balance sheet in the subsequent fiscal periods. The lower asset values and the amortisation of asset losses, subject to the 10% corridor, have resulted in an increase of the 2009 expense of EUR 1.8 million. This has been partly offset by reductions in the service cost and interest cost due to the increase in the discount rate and the lower 31 December 2008 defined benefit obligation and service cost for the France Retirement Indemnity plan and the pension plan in the Netherlands. The net effect of both elements is EUR 0.2 million. In note 24 to the financial statements a table containing a sensitivity analysis to the discount rate has been included.

Next to defined benefit plans Nutreco is engaged in defined contribution agreements with local pension funds of which the Dutch Nutreco Pension Fund is the most important one. The fund covers approximately 1,000 persons currently employed by Nutreco. The solvency of this fund has been impacted by the worldwide financial crisis, but there is no short-term liquidity risk and no obligation for financial support from Nutreco exists.

Risks relating to financial instruments

Next to modifications of IFRS, also legislative changes in various countries have increased the complexity of accounting processes and financial reporting along with the risks attaching to these processes. An important element under the IFRS reporting requirements is the accounting treatment and reporting of financial instruments such as futures and options relating to the procurement of raw materials. In view of the volatility of raw material prices, Nutreco is using financial instruments in order to mitigate anticipated earnings fluctuations. Nutreco continuously monitors the development of IFRS reporting requirements including the adequate training and guidance of its finance staff in order to realise correct accounting and reporting treatment of these instruments.

For more information on financial (reporting) risks, please refer to the specifications and disclosures as included in the notes to the financial statements of 2008.

Operational risks

Volatility risk commodities

Commodities are products of value and uniform quality that are produced or supplied in large quantities by many different producers, whereby these products of different producers or suppliers are considered to be equivalent and interchangeable. Some of the raw materials Nutreco is using, like soymeal, grains, wheat, fishmeal and oil, to produce end products are commodities. Most of these commodities are traded on regulated markets. Nutreco trades on the exchanges of the Chicago Board of Trade (CBOT) and on the French future exchange (Matif), which is part of Euronext. The volatility of commodity prices is based on supply and demand balances, harvest quantities and last year also on speculative trade by financial investors.

Nutreco's risk management policy aims to mitigate the price and volume risks related to commodities. Although Nutreco is generally able to pass price changes of commodities on to product prices, the risk management policy defines procedures, responsibilities and tools for purchasing of commodities and the use of financial instruments. In general, the risk exposure may not exceed the maximum risk limits as defined for all hierarchical levels. In addition, early warning limits have been set as a precaution system. In case of excess, corrective actions become applicable. To monitor the risk exposure, a management reporting system has been developed. On a monthly basis businesses report on their risk exposure. In case of excess more frequent reporting comes in place.

Nutreco is using derivative instruments such as futures and options, to mitigate significant anticipated earnings fluctuations.

Quality risk of raw materials

The year under review has again demonstrated that the procurement of reliable raw materials remains important for the total feed and food industry. Clear example hereof is the import to the EU of soya and soya products from China which contained high levels of melamine.

Since several years the Nutrace system has been in place which aims to monitor the many risks relating to the purchasing of safe raw materials and their processing into safe end products for man and animal. Nutrace and the initiatives within the framework of TrusQ, the partnership with companies active on the Dutch and Belgian compound feed market to promote food safety, have, among other things, resulted in a selection of suppliers and products. The raw materials sourced from these suppliers meet the standards set by Nutreco.

If there are grounds for doing so, raw materials will be refused and suppliers of these raw materials will be called to account in connection with their product quality. During the year under review no conditions occurred that required the company to issue warnings or recall products, except for some minor compound feed product recalls in the Netherlands and Germany. Detected at an early stage through Nutrace, this incident had only very limited impact (approximately EUR 0.2 million).

Availability risk of raw materials

The availability of fish oil and fishmeal as used in fish feed is a strategic challenge for the aquaculture industry. Demand for traditional raw materials for livestock feed such as soya, maize and grain has increased as a consequence of a higher need for food worldwide. In addition, demand for sustainably produced raw materials continued to grow. Scarcity of various raw materials has increased due to competitive demand from the biofuel industry, further impacting the prices of these traditional raw materials. In addition to the scarcity, the limited number of suppliers of some raw materials is an area of risk as well.

Nutreco closely monitors the development of new technologies that will enable the substitution of cereals and soya by co-products from the biofuel industry in the near future. Nutreco is eagerly seeking collaboration in this field with major players in other industries, with universities as well as suppliers and customers.

Market risks

In general the customer base of Nutreco is rather fragmented, especially in animal nutrition, where Nutreco has a great number of relatively smaller sized customers. However, in fish feed the concentration in the salmon farming industry has continued during 2008, leading to a small number of large companies to which Nutreco delivers its fish feed products. The most important customer in the fish feed segment is Marine Harvest, which accounts for less than 7% of the total annual sales of Nutreco. In the meat and other segment the Spanish supermarket chain Mercadona also accounts less than 7% of the total Nutreco revenue.

Nutreco is exposed to risks arising from fluctuations in the price and sales volume of poultry and pigs. In Spain and Canada Nutreco applies a cost plus method for determining the sales price for approximately 50% of the Nutreco poultry and pork products.

Diseases and other risks

Animal diseases in agriculture and aquaculture can have a financial impact on individual Nutreco businesses. However, this risk to Nutreco is limited through the regional spread of the activities and the supply of feed for different animal species. As in previous years an example hereof are the low-production volumes of salmon in Chile as a result of a disease. The lower fish feed volumes are partly offset by higher volumes in Norway. Nutreco owns a limited number of pigs and poultry mainly in Spain. The total value of livestock as at year-end 2008 was EUR 102.6 million (2007: EUR 75.0 million). The Company has processes in place aimed at monitoring and mitigating this risk.

In 2008 no special events occurred in Nutreco's livestock that have had a material impact on the consolidated result of Nutreco.

Compliance risks

Integrity risk

Governance and compliance requirements have become increasingly stringent and comprehensive. Today, rather than merely being a matter of 'form', compliance has become more and more a matter of 'substance'. The latter requires more attention in the organisation in both a procedural and cultural sense. As a result of the acquisitions in new countries in recent years, the company's risk profile in a procedural and cultural sense has increased.

In view of the current economic climate Nutreco recognises that the risk of fraud, both by external parties as well as its own staff, has increased, requiring appropriate measures from management.

Regulatory and environmental risk

Nutreco is subject to laws and regulations in various countries in which it operates. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Strategic risks

Composition of portfolio

As described in the strategy of Nutreco, the Company intends to partly realise its growth via acquisitions in the main growth markets in Latin America, Central and Eastern Europe and Asia, as well as in the biggest feed-producing regions of North America and Europe. These areas are also heavily impacted by the consequences of the financial crisis, making our growth strategy more dependent on the economical development of these areas. As a consequence hereof a more severe evaluation has to take place with respect to the selection of an acquisition target from these areas versus the existence of a strong balance sheet.

Nutreco's portfolio contains some operations where Nutreco owns animals (broilers in Spain, layers in Canada and the Czech Republic as well as pigs in Spain). Nutreco believes that such activities should be part of its portfolio if these activities are essential to or integrated with compound feed or premix activities or if these activities meet strict financial performance targets of Nutreco.

Risk management and internal control

Nutreco's risk management and control systems are structured in such a way that the achievement of the strategic objectives and financial targets set by the Company is optimally supported and applicable laws and regulations are complied with. Nutreco complies with the governance requirements in respect of these responsibilities and aims to satisfy the related best practice provisions of the Dutch Corporate Governance Code. We have based the design of our risk management and internal control system on the COSO internal control framework.

Proper design and operating effectiveness of risk management and internal control systems do not guarantee that the Company's financial targets and strategic objectives are achieved. Nor do the implemented systems warrant that human error, unforeseen circumstances, materially incorrect statements, loss, fraud and violation of laws and regulations can be fully prevented.

Another limiting factor is the need to consider the relative costs and benefits of risk responses. Properly designed and implemented risk management and internal control systems will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives or in the orderly and legitimate conduct of its business.

During 2008 the existing framework for risk management has demonstrated its value for Nutreco as it has provided a strong fundament for the earlier described responses to the changed risk profile mainly resulting from the financial crises. Cornerstones of this framework are the Risk Management Advisory Board, the Nutreco Risk Management Model for strategic and operational risks and the management and control systems already applied in the areas of financial accounting, HSEQ (Health, Safety, Environment and Quality), feed and food safety, reporting, information security and compliance and corporate governance.

Nutreco has laid down its policy measures and instructions in the Nutreco Policy House. The various control measures are explained in the following paragraphs.

Organisation of risk management

Risk Management Advisory Board

The Executive Board is assisted by a Risk Management Advisory Board, which evaluates risk exposure and advises both the Executive Board and the management of the operating companies on risk exposure as well as on the set-up and effect of the control measures taken. The Risk Management Advisory Board met four times during the year under review. A report of these meetings has been presented to the Executive Board and the Audit Committee. The Risk Management Advisory Board is always constituted as follows: the CFO, the Group Controller, the Group Treasurer, the Corporate Secretary and the Group Audit Manager. Specific business know-how is provided by business management or external experts.

Much attention has been given by the Risk Management Advisory Board to the main risk areas and management processes relating to the purchase of raw materials including the corresponding use of financial instruments (such as options and futures) and the appropriate IFRS accounting hereof.

During 2008 special attention has been given to the implementation of a Tax Control Framework (TCF) as well as to the revision of the Nutreco management charter detailing the internal division of responsibilities throughout the Nutreco group.

Finally, the Risk Management Advisory Board has provided the Executive Board with its view on the risk consequences of the financial crisis and the responses to be taken.

Risk Management Model

Risk management within Nutreco is based on a common risk management model which is utilised by all business operations throughout the group. The model provides the management of operating companies with tools for the identification, classification and monitoring of risks, and is used for rendering account of risk management at business level. The risk monitoring results to be reported are part of the quarterly business review meetings and are presented to the Risk Management Advisory Board for evaluation. The model has been integrated into the existing planning and control cycle. During 2008 the existing risk management model was improved by a further harmonisation of periodical risk reporting by the different business groups.

Risk management and internal control measures

Below the key elements of our risk management system and internal control measures are explained in more detail.

Management of raw materials risk exposure

The specific market risks arising from the volatility of raw materials markets are actively managed, among other things, by means of financial instruments (such as options and futures) and commodity forward contracts. Purchasing management keeps within the bounds of the centrally set policy and guidelines and must act in conformity with the required internal control measures. Compliance hereof is periodically monitored by the Executive Board supported by the Internal Audit department.

Nutreco's contract positions have been based on a profound insight on the commodity markets which has been increased by the further centralisation in 2008 of the procurement of the most important raw materials and the development of a global network through which knowledge of markets, suppliers and conditions of raw materials are shared at Nutreco level.

Main contracts and important purchase decisions are monitored by the central procurement organisation, whereby the Executive Board has to authorise the contracts exceeding pre-defined limits. Existing contract positions are closely monitored and, when needed, corrective actions are evaluated and put in place.

Nutreco has tried to further introduce pass-through clauses into the sales contracts with customers in order to better align with the current situation on the raw material markets and to maintain its gross margins.

Management of feed and food safety

First of all, the organisation and management of feed and food safety have been strengthened by a further centralisation hereof and by intensified sharing of knowledge and best practices. Procedures within Nutrace have been adapted, taking into account the procurement of raw materials from new suppliers in countries relatively unknown to Nutreco.

In addition to its already existing controls, Nutreco has established an operation in China to facilitate and intensify the selection and monitoring of local suppliers of raw materials. Before being shipped to Nutreco warehouses all over the world, the acquired materials are locally analysed based on Nutreco's strict requirements.

Prior to being processed, raw materials are thoroughly checked against specifications and for purity. Most of these checks are executed by Nutreco's own laboratories. Nutreco's production processes meet strict standards and requirements and are in full compliance with GMP standards (Good Manufacturing Practices). Nutreco's operating companies use recognised quality systems, are almost all ISO-certified and meet HACCP guidelines. Audits are regularly performed by internationally recognised certification bodies, such as Bureau Veritas and SGS, as well as by buyers and Nutreco's own HSEQ team. Strict procedures have been implemented to prevent bacterial contamination of meat products during the production process. An absolute guarantee that no contamination will ever occur cannot be given. As a result, the Company has developed systems and procedures with chain partners to spot contamination at an early stage and to limit the consequences. If any contamination should occur, Nutreco is able, through the Nutrace system, to quickly trace the problem, thus reducing the risk to consumers.

Management of integrating acquired businesses

Acquisitions are one of the drivers of Nutreco's growth and are part of the strategy to come to a EUR 230 million EBITA. Nutreco's acquisitions strategy is laid down in the M&A policy. Next to the pre-acquisition period and the acquisition process, also the post-acquisition process is part of this policy. To come to a successful integration of the acquired businesses, an integration plan is made including all functions of the acquired company such as marketing, sales, HR, finance, R&D, procurement etc. After the acquisition the execution of this plan by dedicated people is very well monitored and discussed in the monthly business review meetings. On a quarterly basis a progress report of all recent acquisition is presented to the Executive Board.

Financial targets and variable compensation of management in relation to strategic and operational risks

Nutreco's financial targets are based on a risk policy that is based on preventing risks that could have a negative impact on the realisation of these targets. On the other hand, the realisation of growth, margin improvement and doing acquisitions will not be possible without accepting certain risks. Within Nutreco's risk profile risks related to growth and acquisitions are accepted, but based on decent analyses and tightly monitored while executed.

The short-term incentive plan has financial targets like EBITA, net working capital and EPS. These targets are linked to the approved budget by the Supervisory Board. The budget fits within Nutreco's long-term strategy. Next to the financial targets, 25% of the short-term incentive plan is linked to strategic issues such as organisation development, R&D and sustainable production. The long-term incentive plan is linked to the Total Shareholders' Return over a period of three years. This long-term incentive plan supports the long-term growth strategy of Nutreco to create value as a leading animal nutrition company. The compensation of the EB is explained on pages 132-133.

Management of Health, Safety, Environment and Quality

Nutreco has a clearly defined HSEQ policy, which is applicable to all Nutreco companies. The HSEQ policy is important for product quality, process security and environmental impact. Nutreco has an HSEQ audit system in place, which covers both organisational and procedural matters. The standards observed by Nutreco are often stricter than national and international standards and are well in excess of the statutory minimum requirements. The HSEQ audit team operates according to a programme approved by the Executive Board.

An audit takes place on site, after which the auditors prepare a detailed report with recommendations. A site inspection occurs between audits, for example to see that important changes have been implemented or to see that there are no new problems at sites that already have high HSEQ ratings.

Audit reports are sent to managers at the site, to their managers at business level and to the Executive Board. The recommendations often form part of subsequent applications for investment (capex).

In addition to health and safety, HSEQ audits include environmental issues, site security and possibly operational and quality issues. Audits also include a check on certificates and licences required for activities at the site, for example relating to quality control, hygiene measures and use and discharge of water.

The auditors work with management to find a practical solution that, as a minimum, meets regulatory requirements. Starting in January 2008, Nutreco sites are being rated in one of five categories, based on the HSEQ audit results. The categories are: Inferior, Below average, Nutreco average, Excellent and Superior. To achieve Excellent status, a site must have an overall score of 85% in the audit. Superior status requires a score of 90% or more in every section of the audit. Sites achieving Excellent or Superior status in the Safety module are awarded a Nutreco HSEQ certificate.

The ranking will be used to control the frequency of auditing. In 2008 all the sites in Nutreco Canada and the sites acquired from BASF in China, Guatemala, Mexico, the UK and the US were audited The acquired businesses in Indonesia, Italy and Poland were not visited as new plants are being built.

For further information on the HSEQ policy and the audits, please refer to the 2008 Corporate Social Responsibility Report and the Nutreco website.

Management of credit risks

Management of credit risks arising from deliveries to customers is the primary responsibility of the operating companies. The control of credit risks arising from financial counterparties is the responsibility of Group Treasury. Credit management keeps within the bounds of the centrally set policy and must act in conformity with the internal control measures. Credit risks are the specific area of attention of the senior corporate management. The Risk Management Advisory Board evaluates the quality of the control measures taken in respect of these risks.

As part of the already existing strict credit control procedures continuous attention was paid to the financial position of customers during the year 2008. The Executive Board has further intensified the company-wide working capital management programme of which credit control of customers forms an important element. Senior management is aware of scope and objectives of the programme and detailed guidance to and training of operational staff has been provided. The progress, including actions and results, of the programme is periodically reported and discussed during business reviews.

The monitoring of the exposure to banks has been intensified: risk limits have been reduced with much attention from Group Treasury and senior Nutreco management to closely monitor developments hereof.

Management of interest and currency risks

Interest rate and currency risk control is part of the treasury policy. Foreign currency risks arising from concluded transactions must be fully covered. Risks of expected transactions are covered on the basis of probability of realisation. The operating companies cover their transaction risks through Group Treasury. Risks arising from contracted and expected transactions from the operating companies are reported on a monthly basis. Group Treasury chiefly uses foreign currency forward transactions and swap transactions to hedge the corporate transaction risk exposure, which is reported on a daily basis.

Nutreco's risk management policy describes that foreign currency exposures of operating companies, mainly relating to purchases, are hedged by entering into hedging contracts with Group Treasury. Group Treasury consolidates the hedge requirements of the operating companies and corporate, and enters into hedging arrangements with external parties, mostly banks. Monitoring of foreign currency developments and the evaluation of potential risks were intensified during 2008, lead by Group Treasury and supported by finance staff throughout the group.

Nutreco controls the consolidated translation risk by financing foreign investments abroad in local currencies, by swapping part of the private placement loan, which is stated in US dollars, with another currency and by entering into cross-currency swaps. As a result of this hedge, movements caused by foreign exchange effects are partly set off in respect of both assets and cash flow. Translation risks are reported on a quarterly basis.

Management of the interest risk is the responsibility of Group Treasury. Interest rate hedging, by means of fixed interest rate agreements or derivative financial instruments, is carried on within Nutreco's policy and reported quarterly.

To mitigate the foreign currency exposure of foreign investments, the currency of Nutreco's external funding is partly matched with the required financing of foreign operations, either directly by external foreign currency loans or by using cross-currency interest rate swaps. As a consequence of the increased volatilities, Nutreco has reduced its net investment exposure at the end of 2008. The translation risk as a result of operating income denominated in foreign currency is not covered.

Tax

During the year 2008 Nutreco continued to focus on the internal tax control framework as part of its risk management policy for tax and the enforcement covenant with the Dutch tax authorities. The automation of the tax control framework was taken on and largely completed. The already close cooperation with the Dutch tax authorities was further increased resulting in full and mutual agreement on the Dutch tax position for the year 2007. With regard to the year 2008 all relevant tax matters were raised and agreement reached. Any uncertainties concerning the Dutch tax position have consequently been reduced to a minimum. Implementation of the tax control framework as part of Nutreco's risk management strategy for tax has been completed in all major countries.

Planning & control cycle

Strategic plans, budgets and forecasts are prepared at fixed times during the year for all operational and non-operational units of the Nutreco organisation. The current results are evaluated monthly by the management of the operating companies and the Executive Board. The Company's performance is compared to that of the previous year and tested against the budgeted results. Forecasts of all entities within Nutreco are assessed for feasibility. This management and control cycle, which is based on financial and non-financial reports, enables senior management to direct and control the operational activities in an efficient manner.

Internal control over accounting and financial reporting

The Nutreco IAC framework (Internal Accounting Control) is based on various policy documents, manuals and procedures, such as the Raw Material Risk Management Policy, the Foreign Currency Policy, the Accounting Manual, the Internal Control Manual, the Treasury Manual and the Capital Expenditure Procedure. These set out guidelines, procedures and instructions in the area of financial accounting and reporting.

Management of the operating companies is responsible for the quality of the control processes. The Internal Audit department, supported by the external auditor, handles verification of this: it assesses the developments and tests the efficacy of the implemented processes. Any inadequacies are recorded, followed up and corrected. Selection of these reviews is done partly by rotation, partly by individual selection. During the year under review 35 IAC reviews were carried out, representing the evaluation of a total of 275 administrative/financial reporting processes. Furthermore, all Nutreco companies have utilised the self-assessment tool, by means of which the set-up and effect of locally implemented control measures can be assessed.

The improvement in the quality of the administrative processes, already noted in previous years, continued during the year under review, with non-compliance with internal quality requirements in 2008 (3%) mainly caused by shortcomings arising from ERP implementations. Action has since been taken to redress the identified shortcomings, none of which had materially affected the quality of the reporting. The results of the reviews were shared with the Executive Board, the Audit Committee and the external auditor.

During the year under review the correct application of IFRS was further enhanced by specific training of accounting and controlling staff, and by issuing a revised accounting manual. Special attention was paid to fair value and hedge accounting of financial instruments.

Information security measures

During 2008 Nutreco revised its IT strategy and IT governance in order to have a better alignment with the ongoing standardisation and centralisation of systems and infrastructure. The Nutreco Baseline Information Security provides the control framework for risks in the area of information technology and security. This document sets out policy, rules of conduct, procedures and instructions in the area of the control of automated systems and is managed by the Information Security Manager, who is also responsible for the focus on policy implementation and implementation monitoring. The control framework also contains an information risk assessment and an IT policy aimed at ensuring the IT strategy can be achieved.

The efficacy of the information technology and security policy is further assured through a process of self-assessment (of generic control measures) and verification processes. As well as a further improvement in control measures at all operating companies, the self-assessment during the year under review also brought to light the need for supplementary actions from the Corporate Information Technology department (clarification of responsibilities, adjustment of procedures etc.). The required control measures have since been implemented. The verification processes are performed by the Internal Audit department, which partly relies on external expertise. The results of the self-assessment and verification processes are shared with the Executive Board, the Audit Committee and the external auditor.

During the year under review the focus on the quality of integration of new entities was increased considerably. Continuing attention was paid to strategic implementations of IT systems to ensure they go hand in hand with both pre- and post-implementation assessments in order to identify risks and take timely measures. The standard Nutreco ERP environment and related support processes were further improved to ensure secure usage.

Management of insurance

As part of the general risk management strategy, a number of different insurable kinds of losses are covered by global insurance programmes. These programmes provide cover for losses resulting from, amongst others:

- Property damage/business interruption
- General and products liability
- Directors and officers liability
- Transport-related damage

The limits of insurance are based on loss scenarios as well as normal practice in Nutreco's type of industry.

To lower exposures and to avoid potential losses, Nutreco operates, in close cooperation with its insurers and insurance broker, a worldwide risk engineering programme, mainly focusing on property damage and business interruption. Nutreco's manufacturing sites are inspected on a regular basis by and on behalf of insurers.

Property damage/business interruption and general and products liability losses are insured with experienced and reliable insurance companies. Losses of a frequent nature with limited financial effects are self-insured with the use of a 100%-owned captive reinsurance company, Nutreco Insurance N.V., based in the Netherlands Antilles. As of 1 January 2009 this reinsurance is operated from the Netherlands by the newly set up reinsurance company Nutreco Assurantie N.V., which was recently granted a license to operate by De Nederlandsche Bank.

Management of compliance risks

The Company has a Legal Affairs department, which manages risks arising from the requirements to comply with the applicable legislation and regulations in all jurisdictions where it is active, as well as to meet good practices in the area of corporate governance. Based on internal policy and procedures, the Legal Affairs department is involved, either directly or through its network of external advisors in the different jurisdictions where it operates, in mergers and acquisitions, share transactions, financing and major business transactions and/or legal conflicts.

Measures to embedding corporate governance

The main lines of Nutreco's corporate governance policy, which is based on the guidelines laid down in the Dutch Corporate Governance Code (page 43 of this annual report), set out to what extent the guidelines are followed. Besides general corporate governance requirements, Nutreco's governance framework also contains a number of company-specific components which are laid down in a management charter. This management charter uses the concept of 'Reserved Powers of the Executive Board' and provides in certain authority limits.

Governance and compliance issues have the full interest of senior management and are a standard item on the agenda of the regular management team and business review meetings. Nutreco's Executive Board paid additional attention to this topic whereas the Internal Audit department has been performing specific procedures as part of their regular Internal Accounting Control (IAC) reviews.

During 2008 one case occurred which was carefully investigated by forensic accountants and which has been adequately managed by senior management. Nutreco did not further experience any serious case of non-compliance or irregularities, and the systems and procedures worked satisfactorily.

Nutreco Code of Ethical Conduct

The Nutreco Code of Ethical Conduct sets out a number of moral values to which Nutreco subscribes. It is not all-encompassing but instead formulates minimum ethical standards which are to be interpreted within the framework of local laws and customs. The members of the Supervisory Board and of the Executive Board, and all employees with managerial responsibilities in respect of operating companies, as well as intermediate managerial levels and corporate staff, are required each year to confirm in writing that they have complied with this Code. The Company Secretary is in charge of supervising compliance with the Code of Ethical Conduct. No disclosures of non-compliance with the Code of a material nature were made. The text of the Code of Ethical Conduct is available on the Company's website.

Whistle-blowing procedure

Since 2004 Nutreco has implemented a whistle-blowing procedure as part of its Code of Ethical Conduct. The procedure serves to ensure that any alleged infringement of the existing policy and procedures may be reported without the person making the report suffering any negative consequences of his action. The text of the whistle-blowing procedure is available on the Company's website.

In order to enhance the effectiveness of its whistle-blowing procedure, Nutreco launched its Nutreco Integrity Line, which is operated by an external services provider and facilitates the reporting (anonymous if so desired) of alleged irregularities. To this effect the Code of Ethical Conduct has been translated in 19 languages and has been communicated, together with information on the usage of the Nutreco Integrity Line, to all employees in a personal letter from the CEO.

Disclosure Committee

All public financial disclosures made by Nutreco should be accurate, complete and timely, fairly present, in all material respects, the Company's financial condition, results of operations and cash flows, and meet any other legal, regulatory or stock exchange requirements.

The Disclosure Committee (DC) assists the Chief Executive Officer and the Chief Financial Officer in fulfilling the Company's and their responsibilities regarding the identification and disclosure of material information about the Company and the accuracy, completeness and timeliness of the Company's financial statements.

The membership of the Disclosure Committee consists of the Company Secretary, the Director Investor Relations, the Group Audit Manager, the Group Treasurer, the Group Tax Manager and the Corporate Controller.

Letter of Representation

All managing directors and controllers of the group companies shall annually sign a detailed statement with respect to financial reporting, internal controls and ethical principles. This Letter of Representation (LoR) also includes activities in the field of information security, internal control, risk management and HSEQ. Any observations made in this statement shall be reported to and discussed with the Executive Board and the Audit Committee.

Role of the external auditor

The external auditor carries out the requisite activities for the issuance of an auditor's report accompanying the annual accounts. The external auditor focuses on the financial reporting and also assesses the accounting principles that have been applied to ensure that the report is free of material misstatement. Where possible, the external auditor relies on the work of the Internal Audit department, which focuses on the quality of the accounting process and the efficacy of the internal control measures. The combined activities of the Internal Audit department and the external auditor also involve a yearly evaluation of the internal control system.

Internal control and management statement

As the Executive Board, we are responsible for our strategy including its risk profile (see page 55) and for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see page 60). These systems have been designed to detect opportunities and risk on a timely basis, to manage significant risks, to facilitate the realisation of our strategic, operational and financial objectives, to safeguard the reliability of our financial reporting and to comply with applicable laws and regulations.

To fulfil our responsibilities, we systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to our strategic, operational, compliance and financial (reporting) risks during the year 2008. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

Based on our review we are of the opinion that, with respect to the financial reporting risks, the risk management and internal control systems have adequately performed during the year 2008 and provide a reasonable degree of certainty that the 2008 financial reporting of Nutreco contains no inaccuracies of material importance.

Based on the above we are of the opinion to comply with the best practice provision II.1.4 of the Dutch Corporate Governance Code, bearing in mind the recommendations of the Monitoring Committee Corporate Governance Code in this respect, including their revised Code as issued on 10 December 2008.

In addition, we declare, based on Article 5.25c Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the consolidated financial statements of 2008 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Nutreco and its consolidated operations; and
- the management report includes a true and fair review of the position as per 31 December 2008 and of the development and performance during 2008 of Nutreco and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the Nutreco group is being confronted.

Amersfoort, 19 March 2009

W. Dekker, CEO
C.J.M. van Rijn, CFO
J.B. Steinemann, COO

ADDITIONAL REPORTS

Report of the Audit Committee

Meetings – Attendance

During the year under review, the Audit Committee met three times according to a fixed schedule. All meetings were chaired by Mr L.J.A.M. Ligthart and attended by Mr J.A.J. Vink. In addition, one telephone conference took place with the Company's Executive Board on the Company's half-year results and other matters falling within the scope of the Audit Committee and there were informal consultations with the Executive Board.

The Company's external auditor, KPMG Accountants N.V., attended all of the three formal meetings and the telephone conference. The internal auditor attended the three formal meetings. The CEO, the CFO and the secretary attended the meetings with the exception of the private meeting of the Audit Committee with the external auditor.

Activities of the Audit Committee

The Audit Committee reviews the design and effectiveness of the internal risk management and control systems, reports its findings and makes recommendations to the Supervisory Board. The subjects which are reviewed by the Audit Committee are (i) standard items which need to be reviewed during the course of each accounting year and (ii) specific topics which are reviewed as and when required.

Standard topics

February meeting
The review of the draft 2007 annual accounts, the review and discussion of the draft press release concerning the 2007 annual accounts, the review and discussion of the audit report of the external auditor KPMG Accountants N.V. on the draft 2007 annual accounts, the review and discussion of the management letter of KPMG Accountants N.V., the discussion of the 2007 dividend proposal.
Fees payable to KPMG Accountants N.V. for audit work and for advisory services. Before issuing an approval recommendation with regard to the 2007 annual accounts, the Audit Committee had a private meeting with the external auditor.

July telephone conference
The review and discussion of the half-year 2008 results and the draft press release and the discussion of the interim dividend 2008.

September meeting
The review of the conclusions of the Internal Audit reports, Internal Control self-assessment questionnaires and IT security.

December meeting
The review of the report of KPMG Accountants N.V. on the findings of the closing of the third quarter accounts. The status update of the 2008 Internal Audits, Internal and Control self-assessment questionnaires and of the IT self-assessment and audits. The 2009 Internal Audit and Control and IT security 2009 plans. Both the external auditor and the Internal Audit and Control reviews paid specific attention to fraud and fraud prevention.

Specific topics

A report by the Company's group treasurer on the financing of the Company and on currency risk management. A report on the functioning and topics handled by the Company's Risk Management Advisory Board, which advises the Executive Board on the effectiveness of the Company's internal risk management and control systems.

An update on the tax control framework and compliance with the Company's Code of Ethical Conduct and the enhancing of the effectiveness of the whistleblower policy. The review of the revised management charter. A status update on the Company's IT systems and the migration to a new ERP system in a number of business operations and a presentation by the Company's group controller on the post-capital expenditure projects. Follow-up of the recommendations of the Audit Committee, the internal auditor and the external auditor.

Risk management

Reference is made to the risk management paragraph featured in this report on page 55.

Own performance

At a meeting earlier during the year, the Audit Committee assessed its own performance during the year under review.

Conclusion

The Audit Committee felt assured that the Company used audit, control and risk management systems which would enable the Company to deliver a statement of being in control in accordance with the best practices of the Dutch Corporate Governance Code and the Monitoring Commission. The Audit Committee appreciated that the awareness of internal audit, control and risk management remained well embedded in the steering of the Company's businesses by the Executive Board.

The Audit Committee felt satisfied with the quality and the quantity of information, the amount of detail provided by the Executive Board and the way recommendations made had been followed up.

Amersfoort, 19 March 2009
The Audit Committee
L.J.A.M. Ligthart (chairman)
J.A.J. Vink

Report of the Remuneration Committee

Since 2004, a dedicated Remuneration Committee has been installed, chaired by Mr J.M. de Jong and with Mr R. Zwartendijk and Mr Y. Barbieux as members.

During the year under review, the Remuneration Committee met once formally. The meeting was convened to discuss the Executive Board's proposal of performance rating against the 2007 objectives and the performance targets for 2008, the review of the performance of the Executive Board against the objectives of the interim long-term incentive (LTI) plan 2006, the interim review of the performance under the 2007 LTI plan, the proposal to grant shares under the 2008 LTI plan, the continuation of the employee share participation scheme and the review of Nutreco management and staff remuneration. In addition, there were informal consultations with the CEO.

The Remuneration Committee, based on the advice of an independent expert in matters of executive remuneration, made positive recommendations to the Supervisory Board with regard to the vesting of the performance shares granted to the members of the Executive Board in 2006 and with regard to the proposed amendment of the peer group against which the Executive Board's base salary is determined. This amendment was due to the delisting of a number of companies of the former base salary peer group. Both recommendations were adopted by the Supervisory Board and submitted to the Annual General Meeting of Shareholders where they were adopted.

The 'Corporate governance' chapter on page 43 of this report and the notes to the financial statements contain further details with regard to the remuneration of the Supervisory Board and the Executive Board as well as the Company's remuneration policy.

Amersfoort, 19 March 2009
The Remuneration Committee
J.M. de Jong (chairman)
R. Zwartendijk
Y. Barbieux

Report of the Supervisory Board

Activities of the Supervisory Board

During the year under review, the Supervisory Board met seven times with the Executive Board according to a schedule fixed in 2007. In addition, one telephone conference was held, and there were informal consultations with the Executive Board.

In accordance with the Supervisory Board rules, which are posted on the Company's website (www.nutreco.com), the agenda for the joint meetings contains a number of fixed items. These are a report by the Chief Executive Officer, an explanation by the Chief Financial Officer of the Company's financial performance since the last meeting and the forecast, as well as a report by the Chief Operating Officer on the status of the Company's operations, the markets in which the Company operates and the business projects. In addition to these standard topics, a number of specific topics were reviewed.

Following each meeting of the Audit Committee and of the Remuneration Committee, the chairman of the Committee reported on the topics handled during such meetings, the actions resulting from such meetings and the follow-up of the actions.

The main additional topics of the year 2008 were:

January meeting
The final approval of the 2008 budget and the discussion of the 2008 performance contract of the Executive Board and the signing thereof.

February meeting
The report by the chairman of the Audit Committee and of the Remuneration Committee, the approval of the draft reports of the Supervisory Board, the Audit Committee and the Remuneration Committee for the 2007 annual report, the decision on the Executive Board's performance rating over the year 2007, the approval to issue the press release on the 2007 annual results and the annual accounts, and the private meeting of the Supervisory Board with KPMG Accountants N.V.

March telephone conference
Approval of the annual accounts 2007.

April meeting
The preparation of the Company's Annual General Meeting of Shareholders.

June meeting
The report by the chairman of the Audit Committee, the proposal to buy back part of the Company's own cumulative preference shares 'A' and the review of the Company's anti-takeover construction (Stichting Continuïteit Nutreco).

September meeting
The report by the chairman of the Audit Committee, the feedback from the Executive Board on the press and analyst meetings on the publication of the Company's half-year results and the subsequent road show, and a status update on the Company's Sourcing and Procurement Initiative.

November meeting
A two-day on-site visit to the Company's Hendrix compound feed business and R&D centre and presentations by the Hendrix feed business management team. The key points of the Company's 2009 budget and a presentation by the Company's tax manager on the Company's tax position.

December meeting
A two-day meeting, starting with an extensive review of the Company's strategy and a discussion on the Company's strategic direction in the period 2009 till 2012. The presentation and subsequent approval of the Company's 2009 budget and the Executive Board action agenda 2009. The preliminary conclusions of the review of the Company's anti-takeover construction.

In discharging its duties, the Supervisory Board acts in the full consciousness of the interests of all the Company's stakeholders.

Details of the members of the Supervisory Board

The personal details of each member of the Supervisory Board are given on page 164 of the annual report 2008.

Performance evaluation
In a private meeting, the Supervisory Board reflected on its own performance and that of its individual members. Also at that meeting, the performance of the Executive Board as a whole, and of the members of the Executive Board individually, was reviewed. Taking into account the recommendations of the Remuneration Committee, the performance of the Executive Board was measured against the objectives laid down in the written Executive Board performance contract 2008 and the Company's external accountant KPMG Accountants N.V. carried out agreed-upon procedures.

Strategy

As stated above, the Company's strategy was discussed in detail at its December meeting.

Risk management

The design and effectiveness of the internal risk management and control systems are reviewed in detail by the Audit Committee. Following the report of the chairman of the Audit Committee to the Supervisory Board on the meetings of the Audit Committee, the Supervisory Board discussed the main risks of the Company's businesses and the assessment of the Executive Board of the design and effectiveness of the external audit and the internal risk management and control systems.

Independence

The Supervisory Board confirms all of its members are independent within the meaning of the Dutch Corporate Governance Code's best practices and no (potential) conflict of interest arose.

Corporate governance

A special 'Corporate governance' chapter appears on page 43 of this report. This report contains details about the Company's relations with its shareholders and the General Meeting of Shareholders.

Supervisory Board committees

An Audit Committee has been in place since 2002 and a Remuneration Committee was installed early 2004. The Supervisory Board also functions as the Selection and Appointment Committee. Reference is made to the separate reports of these committees on pages 69 and 71.

The Audit Committee, the Remuneration Committee and the Selection and Appointment Committee have as main roles to provide a focused analysis and preparation of the subjects within their respective areas of expertise and to report and make recommendations to the Supervisory Board, thus enhancing the effectiveness of the Supervisory Board's supervision and advisory work.

Selection and Appointment Committee

The chairman of the Supervisory Board acts as chairman of the Selection and Appointment Committee. The Committee meets on an ad hoc basis and deliberated, during the year under review, on the end-of-final-term resignations of three of its members, respectively Mr L.J.A.M. Ligthart at the AGM of 2009, Mr Y. Barbieux at the AGM of 2010 and Mr R. Zwartendijk at the AGM of 2011. The profile set out in the Supervisory Board rules was used and it was decided that the successor to Mr L.J.A.M. Ligthart should qualify as a financial specialist and assume the role of chairman of the Audit Committee.

The Selection and Appointment Committee has made a recommendation to the Supervisory Board to submit a candidate to the AGM as the successor of Mr L.J.A.M. Ligthart.

Mr Y. Barbieux will be reaching the end of his third and last four-year mandate as a member of the Supervisory Board at the AGM of 2010 and will then not be re-eligible. Upon the proposal of the CEO, the Selection and Appointment Committee has made a recommendation to the Supervisory Board to submit to this year's AGM a candidate as a sixth member of the Supervisory Board with a view to succeed Mr Y. Barbieux when he will be stepping down at the AGM of 2010.

Composition of the Executive Board and of the Supervisory Board

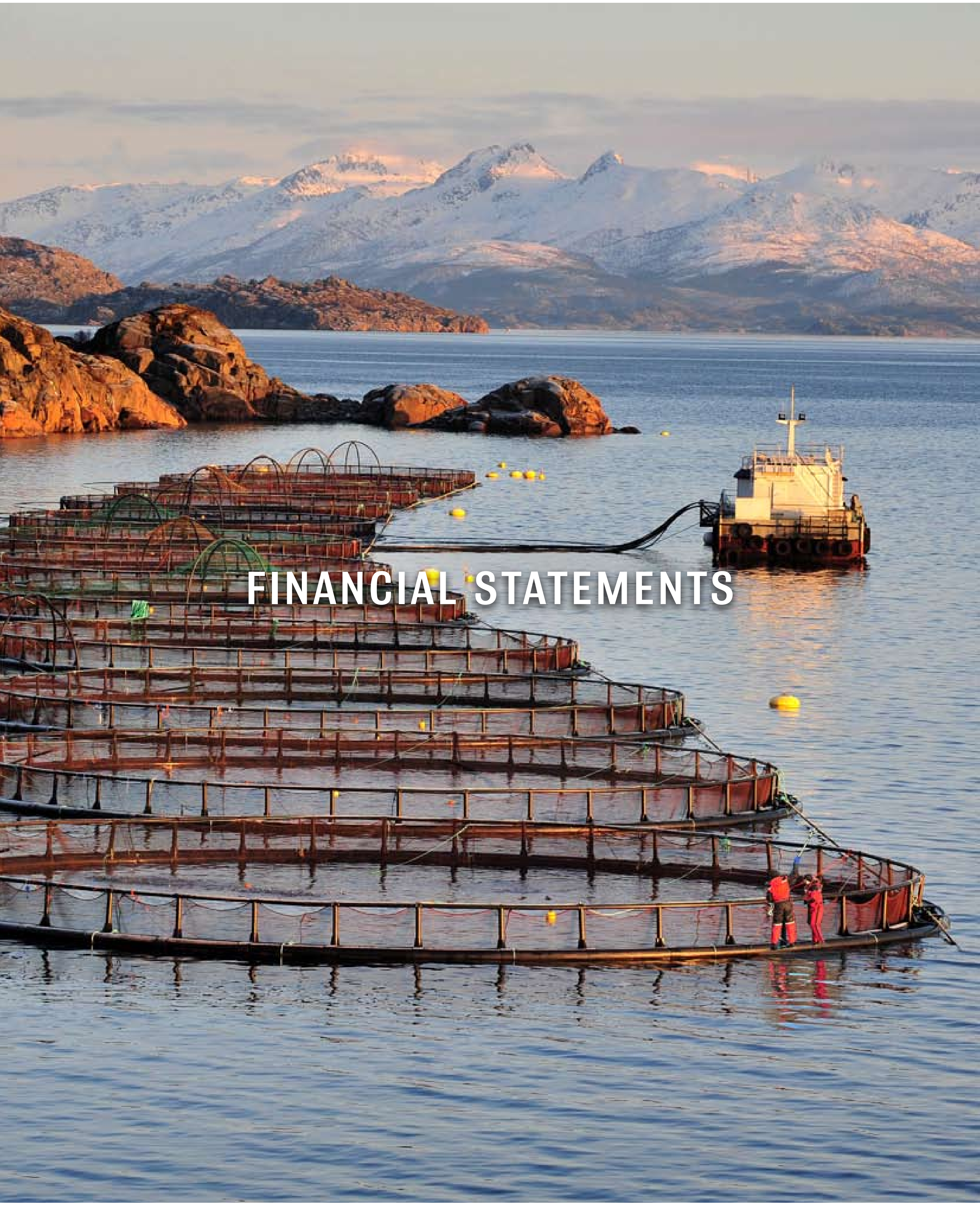
The composition of both the Supervisory Board and the Executive Board did not change during the year under review. There were no end-of-term resignations and reappointments.

Financial statements and dividend

The financial statements for the year 2008 have been audited by KPMG Accountants N.V., whose report appears on page 159 of this report. The Executive Board and the Supervisory Board have approved the financial statements and the Supervisory Board recommends that the financial statements and the dividend over the year 2008 be adopted in accordance with Article 28.1 of the Company's Articles of Association by the General Meeting of Shareholders and that the other resolutions proposed to the General Meeting of Shareholders be approved.

The Board further wishes to thank the Executive Board and all employees for the successful integration of the businesses which were acquired in 2007 and 2008 and for the outstanding results which the Company achieved in 2008.

Amersfoort, 19 March 2009
The Supervisory Board
R. Zwartendijk (chairman)
L.J.A.M. Ligthart (vice-chairman)
Y. Barbieux
J.M. de Jong
J.A.J. Vink


FINANCIAL STATEMENTS

Consolidated income statement

(EUR x million)	Note	2008	2007
Revenue	3	**4,943.1**	**4,021.1**
Raw materials and consumables used		-3,983.5	-3,174.1
Change in fair value of biological assets	19	-0.5	1.3
Changes in inventories of finished goods and work in progress		7.6	19.2
Gross margin		**966.7**	**867.5**
Other operating income	7	29.9	16.3
Personnel costs	8	-427.5	-368.3
Depreciation and amortisation expenses	3, 13, 14	-61.4	-48.1
Impairment of long-lived assets	13	-0.1	-1.2
Other operating expenses	9	-335.5	-317.2
Operating result from continuing operations		**172.1**	**149.0**
Financial income	10	6.3	12.2
Financial expenses	10	-38.1	-21.9
Foreign exchange result	10	0.6	-0.4
Net financing costs/income		**-31.2**	**-10.1**
Share in results of associates	15	2.1	0.8
Result before tax from continuing operations		**143.0**	**139.7**
Income tax expense	11	-37.2	-26.4
Result after tax from continuing operations		**105.8**	**113.3**
Result after tax from discontinued operations	4	11.1	3.8
Gain on sale of discontinued operations, net of tax	4	-	3.6
Result after tax from discontinued operations		**11.1**	**7.4**
Total result for the period		**116.9**	**120.7**
Attributable to:			
Equity holders of Nutreco		114.8	118.6
Minority interest		2.1	2.1
Total result for the period		**116.9**	**120.7**
Key figures per share for continuing operations	12		
Basic earnings per share for continuing operations (EUR)		3.02	3.24
Diluted earnings per share for continuing operations (EUR)		3.02	3.24
Basic earnings per share for continuing operations before impairment of goodwill (EUR)		3.02	3.24
Earnings per share for dividend calculation (EUR)		3.18	3.65
Weighted average number of ordinary shares outstanding during the year (x 1,000)		34,358	34,317
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)		34,365	34,331
Number of ordinary shares outstanding as at 31 December (x 1,000)		34,279	34,256
Key figures per share (EUR)	12		
Basic earnings per share		3.34	3.46
Diluted earnings per share		3.34	3.46
Basic earnings per share before impairment of goodwill		3.34	3.46
Key figures operating result for continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)		182.9	155.2
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		233.5	197.1

Consolidated balance sheet

(EUR x million)	Note	31 December 2008	31 December 2007
Assets			
Property, plant and equipment	13	478.1	428.9
Intangible assets	14	286.2	318.5
Investments in associates	15	14.4	16.9
Other investments	16	35.8	43.1
Deferred tax assets	17	26.5	35.3
Total non-current assets		**841.0**	**842.7**
Inventories	18	281.7	266.7
Biological assets	19	102.6	75.0
Income tax receivables	17	12.4	15.4
Trade and other receivables	20, 27	721.8	585.0
Cash and cash equivalents	21	228.3	207.7
Total current assets		**1,346.8**	**1,149.8**
Total assets		**2,187.8**	**1,992.5**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-28.0	-31.7
Hedging reserve	22	-14.1	-4.0
Retained earnings	22	444.1	388.5
Undistributed result	22	114.8	118.6
Translation reserve	22	-29.7	4.1
Equity attributable to equity holders of Nutreco		**655.0**	**643.4**
Minority interest	22	10.5	7.8
Total equity		**665.5**	**651.2**
Liabilities			
Interest-bearing borrowings	23	467.0	410.3
Employee benefits	24	9.0	9.1
Provisions	25	4.7	15.7
Deferred tax liabilities	17	11.9	18.4
Total non-current liabilities		**492.6**	**453.5**
Interest-bearing borrowings	23	128.4	87.3
Employee benefits	24	29.6	26.3
Provisions	25	7.5	18.8
Income tax liabilities	17	11.9	5.3
Trade and other payables	26, 27	852.3	750.1
Total current liabilities		**1,029.7**	**887.8**
Total liabilities		**1,522.3**	**1,341.3**
Total equity and liabilities		**2,187.8**	**1,992.5**

Statement of changes in equity

(EUR x million)	Issued and paid-up share capital	Share premium account	Treasury shares	Hedging reserve	Retained earnings	Undis-tributed result	Trans-lation reserve	Total attribu-table to equity holders	Minority interest	Total equity
As at 1 January 2007	**8.4**	**330.7**	**-45.8**	**-3.3**	**-72.6**	**519.5**	**7.2**	**744.1**	**5.5**	**749.6**
Transactions with shareholders										
Undistributed result					519.5	-519.5				
Dividend on ordinary shares					-32.6			-32.6	-0.5	-33.1
Stock dividend			27.0		-27.0					
Usage of treasury shares			2.2					2.2		2.2
Capital repayment		-171.2						-171.2		-171.2
Share-based payments					2.9			2.9		2.9
Options exercised			2.1					2.1		2.1
Repurchase shares			-17.2					-17.2		-17.2
Total transactions with shareholders		**-171.2**	**14.1**		**462.8**	**-519.5**		**-213.8**	**-0.5**	**-214.3**
Recognised income and expenses for the period										
Total result for the period						118.6		118.6	2.1	120.7
Tax effects on items processed directly in equity					-1.7			-1.7		-1.7
(De)consolidations									0.8	0.8
Foreign exchange translation differences							-3.1	-3.1	-0.1	-3.2
Changes in hedges of foreign exchange transactions				-0.6				-0.6		-0.6
Changes in cash flow hedges				-0.1				-0.1		-0.1
Total recognised income and expenses for the period				**-0.7**	**-1.7**	**118.6**	**-3.1**	**113.1**	**2.8**	**115.9**
As at 31 December 2007	**8.4**	**159.5**	**-31.7**	**-4.0**	**388.5**	**118.6**	**4.1**	**643.4**	**7.8**	**651.2**
Transactions with shareholders										
Undistributed result					118.6	-118.6				
Dividend on ordinary shares					-32.0			-32.0	-0.5	-32.5
Stock dividend			28.2		-28.2					
Usage of treasury shares			8.4		-7.0			1.4		1.4
Share based payment			-		3.1			3.1		3.1
Options exercised			0.2		-0.1			0.1		0.1
Repurchase shares			-33.1					-33.1		-33.1
Total transactions with shareholders			**3.7**		**54.4**	**-118.6**		**-60.5**	**-0.5**	**-61.0**
Recognised income and expenses for the period										
Total result for the period						114.8		114.8	2.1	116.9
Tax effects on items processed directly in equity					1.3			1.3		1.3
(De)consolidations									1.5	1.5
Foreign exchange translation differences							-33.9	-33.9	-0.4	-34.3
Changes in hedges of foreign exchange transactions				-1.4				-1.4		-1.4
Changes in cash flow hedges				-8.7				-8.7		-8.7
Total recognised income and expenses for the period				**-10.1**	**1.3**	**114.8**	**-33.9**	**72.1**	**3.2**	**75.3**
As at 31 December 2008	**8.4**	**159.5**	**-28.0**	**-14.1**	**444.2**	**114.8**	**-29.8**	**655.0**	**10.5**	**665.5**

Consolidated cash flow statement

(EUR x million)	Note	2008	2007
Total result for the period		**116.9**	**120.7**
Net financing costs – continuing operations	10	31.2	10.1
Share in results of associates	15	-2.1	-0.6
Income tax expense – continuing operations	11	37.2	26.4
Income tax expense – discontinued operations	2	-0.2	0.9
Impairment losses on long-lived assets	13	0.1	1.2
Impairment losses other investments	16	2.2	-
Depreciation continuing operations	13	50.6	41.9
Depreciation discontinued operations	2	-	0.9
Amortisation continuing operations	14	10.8	6.2
Amortisation discontinued operations	2	-	0.1
Negative goodwill	6,7	-10.2	-5.6
Equity settled share-based payment expense	24	3.1	2.9
Changes in fair value of other investments	16	0.3	2.3
Changes in fair value of biological assets	19	0.5	-1.3
Changes in fair value foreign exchange contracts	27	-1.8	0.1
Changes in fair value of commodity contracts	27	-1.9	0.8
Loss/gain on sale of property, plant and equipment		0.9	-0.9
Loss/gain on sale of discontinued operations, net of tax	4	-	-3.6
Cash flows from operating activities before changes in working capital and provisions		**237.6**	**202.5**
Decrease in working capital	32	-51.7	-46.6
Increase/decrease in employee benefits	32	4.1	-11.1
Decrease/increase in provisions	32	-22.7	6.1
Cash generated from operations		**167.3**	**150.9**
Interest received		6.5	12.5
Interest paid		-39.3	-22.2
Income taxes paid	11	-38.0	-23.8
Dividends received	15	1.5	22.5
Net cash from operating activities		**98.0**	**139.9**
Acquisition of property, plant and equipment	13	-86.2	-77.0
Acquisition of intangible assets	14	-4.0	-3.2
Acquisition of group companies net of cash acquired	6	-66.0	-391.7
Acquisition of minority interest	6	-	-8.8
Acquisition of associates	15	-0.1	-1.7
Acquisition of other investments	16	-0.4	-1.0
Proceeds from the sale of property, plant and equipment		3.8	2.2
Proceeds from the sale of intangible assets	14	-	0.1
Disposal of associates (previous year held for sale)	4	-	3.7
Disposal of subsidiaries net of cash disposed of	4	-	17.6
Proceeds from the sale of share in associates	15	2.0	0.2
Repayments on other investments	16	3.6	14.2
Payments of transaction costs		-0.9	-11.7
Net cash used in investing activities		**-148.2**	**-457.1**
Usage of treasury shares		1.4	4.3
Repayment of share capital	22	-	-171.2
Repurchase shares	22	-33.1	-17.2
Dividends paid to equity holders of Nutreco	22	-32.0	-32.6
Dividends paid to minority shareholders		-0.5	-0.5
Repayment of borrowings	32	-158.9	-29.7
Proceeds from borrowings	32	291.6	205.8
Net cash from/used in financing activities		**68.5**	**-41.1**
Increase/decrease in cash and cash equivalents		18.3	-358.3
Cash and cash equivalents at 1 January	21	135.4	495.9
Effect of exchange rate fluctuations on cash held		-1.9	-2.2
Cash and cash equivalents at 31 December	21	**151.8**	**135.4**
Cash and cash equivalents at 31 December	21	228.3	207.7
Bank overdrafts at 31 December		-76.5	-72.3
Cash and cash equivalents for the cash flow statement at 31 December	21	**151.8**	**135.4**

Notes to the consolidated financial statements

(1) Accounting policies used for the consolidated financial statements of Nutreco Holding N.V.

General

Nutreco Holding N.V. ('Nutreco' or 'the Company') is a company domiciled in The Netherlands. The consolidated financial statements of Nutreco for the year ended 31 December 2008 comprise Nutreco and its subsidiaries ('the Group') and Nutreco's interest in associates and jointly controlled entities.

Nutreco is an international animal nutrition and fish feed company. With its specific knowledge of animal nutrition and fish feed, Nutreco is able to create added value for its customers in about 80 countries around the world.

Nutreco had 9,278 employees (including third-party staff) at 31 December 2008. Nutreco operates approximately 100 production plants in 25 countries. Nutreco has eight leading research facilities to support its customers and its own animal nutrition and fish feed activities. The Company also has a selective presence in various stages of the meat production chain.

All disclosures are based on continuing operations. For comparison reasons some 2007 figures are adjusted (note 3 Segment reporting and note 27 Financial risk management and financial instruments).

Nutreco is quoted on the Official Market of Euronext Amsterdam and is included in the Amsterdam Midcap Index and the Euronext 150 Index.

The consolidated financial statements were determined for issuance by the Supervisory Board and the Executive Board on 19 March 2009.

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

2. Basis of preparation

The consolidated financial statements are presented in millions of euro. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value: derivative financial instruments, available for sales assets, investments in debt securities and certain biological assets.

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements by all Nutreco entities, except for the overviews 'Ten years of Nutreco income statement' and 'Ten years of Nutreco balance sheet' (pages 160-161), in which Dutch GAAP is applied for the period 1999 up to 2004.

The following accounting standards, amendments and interpretations are effective for Nutreco as from book year 2008:

(a) Early adopted by the Group
IFRS 8 'Operating segments' (effective from 1 January 2009) was early adopted as of 1 January 2007. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as is used for internal reporting purposes. In note 3 'Segment Reporting' the segment reporting is presented.

(b) Effective on 1 January 2008 but do not have an impact on the consolidated financial statements
- IFRIC 11 'IFRS 2 – Group and treasury share transactions' requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The adoption of IFRIC 11/IFRS 2 by Nutreco has no impact on the financial statements.

- IFRIC 12 'Service concession arrangements' applies to contractual arrangements whereby a private segment operator participates in the development, financing, operation and maintenance of infrastructure for public segment services. IFRIC 12 does not have an impact on the consolidated financial statements because none of the Group's companies provides services in the public segment.
- IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the group's financial statements for the year ended 31 December 2008.

3. Use of estimates and judgements

The preparation of consolidated financial statements requires management to make estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the decisions about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgements.

The estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates and judgements are recognised in the period in which the estimate and judgement is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting estimates and judgements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ from management's current estimates and judgements. The most important accounting estimates and judgements are described in note 31.

4. Basis of consolidation

4.1 Subsidiaries
Subsidiaries are those entities controlled by Nutreco. Control exists when Nutreco has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference ('negative goodwill') is recognised directly in the income statement. Acquisitions and divestments are described in note 4 and 6.

4.2 Investments in associates
Associates are those entities in which Nutreco has significant influence but no control over the financial and operating policies. This is generally accompanying an equity shareholding between 20% and 50% of voting rights. The consolidated financial statements include Nutreco's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When Nutreco's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent Nutreco has incurred legal or constructive obligations or made payments on behalf of an associate. Investments in associates are disclosed in note 15.

4.3 Joint ventures
Joint ventures are those entities over whose activities Nutreco has joint control, established by contractual agreement. The consolidated financial statements include Nutreco's interest in a joint venture using the equity method. In the presentation of the consolidated financial statements, joint ventures are disclosed as an associate.

4.4 Equity securities
Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. In case the fair value cannot be measured reliably, the participations are valued at cost. Equity securities are disclosed in note 16.

4.5 Transactions eliminated on consolidation
Intra-group balances and transactions, and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of Nutreco's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A list of affiliated companies, drawn up in conformity with Book 2 of the Netherlands Civil Code, sections 379 and 414, is enclosed in this annual report on pages 170-172.

5. Foreign currency

5.1 Functional and presentation currency
Items included in the consolidated financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). For one of our companies, the functional currency is not equal to the local currency. The consolidated financial statements are presented in 'euro', which is the Company's functional and presentation currency.

5.2 Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing as at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies not qualifying as foreign operations that are stated at historical cost are translated into the functional currency at foreign exchange rates at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into functional currency at foreign exchange rates effective at the dates the fair values were determined.

5.3 Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at foreign exchange rates effective at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates effective at the dates of the transactions. Foreign currency differences are recognised directly in equity. Since 1 January 2004, Nutreco's date of transition to IFRS, such differences are recognised in the translation reserve. When a foreign operation is disposed of, in part or in full, the proportionate amount in the translation reserve is recognised in the income statement as part of the gain or loss on sale.

5.4 Net investment in foreign operations
Exchange differences arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement (on the reporting line raw materials and consumables used). When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

The principal exchange rates against the euro (EUR) used in the balance sheet and income statement are:

	Balance sheet		**Income statement**	
	31 December 2008	**31 December 2007**	**2008**	**2007**
Australian dollar per unit	0.49	0.60	0.57	0.61
Canadian dollar per unit	0.58	0.70	0.64	0.68
Chilean peso per 10,000	11.16	13.69	13.12	13.99
British pound sterling per unit	1.03	1.36	1.26	1.46
Norwegian krone per 100	10.16	12.54	12.15	12.47
US dollar per unit	0.71	0.68	0.68	0.73

6. Financial instruments

6.1 Non derivative financial instruments
Non-derivative financial instrument comprise equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in the specific accounting principles.

6.1.1 Available-for-sale financial assets
Equity securities held by Nutreco are classified as being available for sale and are stated at fair value, if Nutreco has not been in the position to sufficiently obtain information to calculate or reliably estimate corresponding fair values, equity securities are valued at cost.

6.1.2 Held to maturity financial assets
Debt securities held by Nutreco are classified as being held to maturity and are stated at fair value. In case debt securities do not have a fixed maturity and that have either a fixed or a market-based variable rate of interest are measured at cost.

6.2 Derivative financial instruments
Nutreco uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate risks and commodity risk arising from operational, financing and investment activities. In accordance with its treasury policy, Nutreco does not hold or issue derivative financial instruments in relation to foreign exchange and interest risk for trading purposes.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivative financial instruments qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged (see accounting policy 7.1).

The fair value of derivative financial instruments is their quoted market price, or estimated market price at the balance sheet date, taking into account current interest rates, current exchange rates and current creditworthiness. In the event of a probable discontinuation, the fair value of the derivative financial instrument is the estimated amount that Nutreco would receive or pay to terminate the derivative financial instrument.

7. Hedging

7.1 Cash flow hedges
Where a derivative financial instrument is designated as a hedging instrument of the variability in cash flows of a recognised asset, liability or forecasted transactions, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The Group has documented at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedge transactions.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement, as part of financial income and expense.

Nutreco has defined cash flow hedge relations for certain derivative financial instruments that cover interest risk as well as for some derivative financial instruments that are used to hedge the foreign exchange exposure of unrecognised monetary assets or liabilities (forecasted transactions).

7.2 Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement, as part of the financial income and expense.

7.3 Hedge of net investment in foreign operations
The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement, as part of the financial income and expense.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

Nutreco has several net investment hedges for its foreign operations.

8. Property, plant and equipment

8.1 Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy 8.4) and accumulated impairment losses (see accounting policy 14). Cost includes expenditure that is directly attributable to the acquisition of the asset. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset.

8.2 Finance leases
Leases of property, plant and equipment where Nutreco has substantially all the risks and rewards of ownership are classified as finance leases. The property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

8.3 Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced part is derecognised. All other expenditure is recognised in the income statement as an expense when it is incurred.

8.4 Depreciation
Land is not depreciated. Depreciation is calculated according to the straight-line method, based on the estimated useful life of the related asset. The estimated useful lives are as follows:

Buildings	10-43 years
Equipment	3-25 years
Other major components	3-10 years

The depreciation method, useful lives and the residual value are assessed annually.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals are determined by the difference between the proceeds and the carrying amount and are recognised in the income statement.

9. Intangible assets

9.1 Goodwill
Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures and has an indefinite useful life (see accounting policy 4.1 Purchase method of accounting).

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Dutch GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 are reviewed in respect of IFRS 1 and are not reconsidered in preparing Nutreco's opening IFRS balance sheet at 1 January 2004.

In respect to business combinations that have occurred since 1 January 2004, goodwill represents the excess of the cost of the acquisition over the interest in the fair value of the net identifiable assets acquired at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets and is tested for impairment (see accounting policy 14).

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange. Goodwill on acquisitions of associates is included in investments in associates.

Separately recognised goodwill on subsidiaries is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units and is tested at least annually for impairment, or whenever there is an indication for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from a business combination. Goodwill is not allocated to a level that is higher than the segment level (see accounting policy 24) and not lower than the level at which it is monitored for internal management purposes.

9.2 Concessions, licenses and quota
Acquired concessions and licenses have a definite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives, but no longer than the contractual term.

Quota is acquired rights to sell poultry in markets in which sales of these products are regulated and limited by the government. Acquired quota has an indefinite useful life and is carried at cost less impairment losses. Quota is tested for impairment at least annually or whenever there is an indication for impairment.

9.3 Research and Development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when incurred.

Expenditure on development activities, whereby the findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised in case the product or process is technically and commercially feasible and Nutreco has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overhead expenses. Other development expenditure is recognised in the income statement as an expense when incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised on a straight-line basis over the estimated useful life, which in the majority of cases is five years.

Development assets not yet ready for use are tested for impairment annually.

9.4 Brand names and customer relationships
Contractual customer relationships that are acquired by Nutreco through business combinations are recognised to the extent they can be separately identified and measured reliably. Customer relationships have a definite useful life and are carried at cost less accumulated amortisation and impairment losses.

Acquired brand names through business combinations are recognised to the extent they can be separately identified and measured reliably. Brand names have an indefinite useful life and are carried at cost less impairment losses. Brand names are tested for impairment at least annually or whenever there is an indication for impairment.

9.5 Other
Other intangible assets (mainly consisting of computer software) that are acquired by Nutreco have a definite useful life and are carried at cost less accumulated amortisation and impairment losses.

9.6 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

9.7 Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Concessions & licenses	20 years
Quota	indefinite
Capitalised development costs	5 years
Software/technology	3-5 years
Brand names	indefinite
Customer relationships	7-20 years

10. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories cost includes an appropriate share of overhead expenses based on normal operating capacity.

11. Biological assets

Biological assets are stated at fair value less estimated sale costs, with any resulting gain or loss recognised in the income statement. Sale costs include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

For a small part of the biological assets (mainly breeding eggs and parent stock), fair value cannot be estimated reliably and is therefore valued at cost less impairment losses.

12. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses (see accounting policy 14). A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

13. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, transit cheques and call deposits. A call deposit is an investment account offered through banks which allows investors instant access to their accounts. Bank overdrafts that are repayable on demand and form an integral part of Nutreco's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

14. Impairment

Assets that are subject to depreciation and amortisation are assessed each balance sheet date to determine whether there is any indication for impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment or whenever there is an indication for impairment.

An impairment loss is recognised for the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to a (group of) cash-generating units and then to reduce the carrying amount of the other assets in the (group of) cash-generating units on a pro rate basis, but not below the fair value less costs to sell of an asset (if determinable).

14.1 Calculation of recoverable amount
The recoverable amount of trade and other receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent to the asset. Receivables with a duration shorter than one year are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the market assessment of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

14.2 Reversals of impairment
An impairment loss with respect to a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss related to goodwill is not reversed.

With respect to other assets, an impairment loss is reversed if there has been an indication of a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Equity

15.1 Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

15.2 Repurchase of shares
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is net of any tax effects, recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

15.3 Dividends
Dividends are recognised as a liability in the period in which they are declared.

16. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Preference share capital is classified as a liability as the dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after balance sheet date.

17. Employee benefits

Nutreco operates various pension schemes. These schemes are generally funded through payments to insurance companies, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

17.1 Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

17.2 Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Nutreco's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of Nutreco's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2004 in calculating Nutreco's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

When the calculation results in a benefit to Nutreco, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

17.3 Other long-term employee benefits
Nutreco's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of Nutreco's obligations. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

17.4 Profit sharing and bonus plans
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Nutreco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

17.5 Share-based payment transactions
Certain Nutreco employees are granted Nutreco shares through the Performance Shares Plan, which is described in the Corporate Governance paragraph on pages 49-50. The fair value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the three year vesting period. Vesting is dependent on the performance of the Company calculated as total shareholders return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting the employees become unconditionally entitled to the shares. After vesting there is a two year lock up period. The economic value of the shares granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting and except for differences between estimated and actual vesting due to market performance conditions.

Nutreco also has a Bonus Conversion Plan that entitles certain employees to convert part of their bonus in shares. This Plan is also described in the Corporate Governance paragraph on page 50.

Nutreco has no option plan anymore since 2004.

18. Provisions

A provision is recognised if, as a result of a past event, Nutreco has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits from the Company will be required to settle the obligation. Provisions are not recognised for future operating losses.

If the effect is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects the market assessment of the time value of money and, where appropriate, the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

18.1 Restructuring provision
A provision for restructuring is recognised when Nutreco has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly (internally and externally). Future operating costs are not provided for.

18.2 Legal claims
A provision for legal claims is recognised when management has been able to reliably estimate the expected outcome of these claims. The provision is measured at the value of the received claims and a weighing of all possible outcomes against their associated probabilities.

19. Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

20. Revenue

20.1 Goods sold

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. The risks and rewards of ownership of animal nutrition, meat and fish feed goods are considered to be transferred to the buyer by delivery upon client acceptance. No revenue is recognised if there are significant uncertainties regarding the collectability of the consideration due, if there is continuing management involvement with the goods, or in case the associated costs and possible return of goods can not be estimated reliably.

20.2 Government grants

Any government grant is recognised in the income statement as other income when there is reasonable assurance that it will be received and that Nutreco will comply with the conditions attached to it. In some countries compensation from the government is received for capital expenditure in property, plant and equipment. In these cases, the grants are deducted from the capitalised costs and are recognised in the income statement as a deduction on depreciation over the depreciation period. Research and development grants are deducted from the research and development costs.

21. Expenses

21.1 Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

21.2 Net financing costs

Financial expenses comprise interest expenses on borrowings, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, financial lease expenses and losses on hedging instruments that are recognised in income statement (refer to accounting policy 7). All borrowing costs and the interest expenses component on finance lease payments are recognised in the income statement using the effective interest method.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial income comprises interest income on deposits, dividend income, interest income on available for sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and interest income on loans to related parties. Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income received from equity securities is recognised in the income statement on the date that the dividend is declared.

22. Income tax

Income tax expense in the income statement for the year comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method. Deferred tax assets and liabilities are recognised for the expected tax consequences of temporary differences between tax bases of assets and liabilities and their reported amounts. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and Nutreco is able to control the reversal of the temporary difference. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets, including assets arising from loss carry-forwards, are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted. Changes in tax rates are reflected in the period that includes the enactment date.

23. Earnings per share

Nutreco presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the total result for the period attributable to equity holders of Nutreco by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the total result for the period attributable to equity holders of Nutreco and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

24. Segment reporting

A segment is a distinguishable component of Nutreco that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, borrowings and related expenses, corporate assets (primarily Nutreco's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

IFRS 8 'Operating segments' (effective from 1 January 2009) was early adopted as of 1 January 2007. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

25. Non-current assets and liabilities held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) which are expected to be recovered principally through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the income statement, even when there is a revaluation. The same applies to gains and losses on subsequent measurement. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of Nutreco's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

26. Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Cash flows in foreign currencies are translated into euro at the date of the transaction (refer to accounting policy 5).

27. New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been adopted by the IASB and have been endorsed by the EU, but are not yet effective and have not been early adopted by the Group:

- IAS 1 (Revised) 'Presentation of Financial Statements' (effective from 1 January 2009). It prohibits the presentation of items of income and expenses in the statement of changes in equity and requires 'non-owner changes in equity' to be presented separately from owner changes in equity in the statement of comprehensive income. It is allowed to leave-out the income statement, but a statement of comprehensive income is obliged. The group will apply IAS 1 (Revised) from 1 January 2009.
- IAS 28 (Amendment) 'Investments in associates' (and consequential amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7 'Financial instruments: Disclosures') (effective from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.
- IAS 19 (Amendment) 'Employee benefits' (effective from 1 January 2009) clarifies how to record a change in benefit promises, administration costs, the distinction between short and long term employee benefits and contingent liabilities. The Group will apply the IAS 19 (Amendment) from 1 January 2009.
- IAS 20 (Amendment) 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009). The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 'Financial instruments: Recognition and measurement' and the proceeds received with the benefit accounted for in accordance with IAS 20.
- IAS 23 (Revised) 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Nutreco will apply IAS 23 (Revised) from 1 January 2009.
- IAS 27 (Amendment) 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting for when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. The group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IFRS 3 (Revised) 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the purchase method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- IFRS 5 (Amendment) 'Non-current assets held-for-sale and discontinued operations' (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

Next to the changes mentioned above, there are other amendments to existing standards that are not effective yet, but are not expected to have a (material) impact on the consolidated financial statements.

28. Determination of fair values

(a) General
A number of Nutreco's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specifically to that asset or liability.

(b) Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property, plant and equipment is based on the market prices for similar items or is based on the appraisals of an external assessor.

(c) Intangible assets
The fair value of brand names acquired in a business combination is based on 'relief from royalty' method. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(d) Biological assets
The fair value of biological assets is based on discounted cash flows expected to be derived from the sale of the biological assets.

(e) Inventory
The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(f) Other investments
The fair value of financial assets at fair value through the income statement, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(g) Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(h) Derivative financial instruments
The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is in general estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free rate (based on interbank interest rates).

The fair value of interest rate swaps is estimated by discounting the difference between cash flows resulting from the contractual interest rates of both legs of the transaction, taking into account current interest rates and the current creditworthiness of the swap counter parties.

(i) Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(j) Share-based payments
The fair value of the performance share plan is measured using a binomial lattice model. The fair value of performance shares is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(2) Reconciliation consolidated income statement

The reconciliation between continuing and discontinued operations is as follows:

(EUR x million)			2008			2007
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	**4,943.1**	**-**	**4,943.1**	**4,021.1**	**31.7**	**4,052.8**
Raw materials and consumables used	-3,983.5	-	-3,983.5	-3,174.1	-17.3	-3,191.4
Changes in fair value of biological assets	-0.5	-	-0.5	1.3	0.1	1.4
Changes in inventories of finished goods and work in progress	7.6	-	7.6	19.2	0.6	19.8
Gross margin	**966.7**	**-**	**966.7**	**867.5**	**15.1**	**882.6**
Other operating income	29.9	13.4	43.3	16.3	20.6	36.9
Personnel costs	-427.5	-0.3	-427.8	-368.3	-9.1	-377.4
Depreciation and amortisation expenses	-61.4	-	-61.4	-48.1	-1.0	-49.1
Impairment of long-lived assets	-0.1	-	-0.1	-1.2	-	-1.2
Other operating expenses	-335.5	-2.2	-337.7	-317.2	-13.3	-330.5
Operating result	**172.1**	**10.9**	**183.0**	**149.0**	**12.3**	**161.3**
Financial income	6.3	-	6.3	12.2	-	12.2
Financial expenses	-38.1		-38.1	-21.9	-0.5	-22.4
Foreign exchange result	0.6	-	0.6	-0.4	-	-0.4
Net financing costs	**-31.2**	**-**	**-31.2**	**-10.1**	**-0.5**	**-10.6**
Share in results of associates	2.1	-	2.1	0.8	-0.2	0.6
Result before tax	**143.0**	**10.9**	**153.9**	**139.7**	**11.6**	**151.3**
Income tax expense	-37.2	0.2	-37.0	-26.4	-4.2	-30.6
Total result for the period	**105.8**	**11.1**	**116.9**	**113.3**	**7.4**	**120.7**
Attributable to:						
Equity holders of Nutreco	103.7	11.1	114.8	111.2	7.4	118.6
Minority interest	2.1	-	2.1	2.1	-	2.1

Other operating income of discontinued operations includes the gain on the sale of discontinued operations.

(3) Segment reporting

Nutreco has structured its organisation in three business segments: Animal Nutrition, Fish Feed and Meat & Other. The segment Animal Nutrition contains the businesses Premix & Feed Specialities, Compound Feed Europe and Animal Nutrition Canada. The segment Meat & Other mainly refers to the poultry and pork production chains in Spain and poultry activities in Canada. The segments are in accordance with the management responsibilities and in line with internal reporting purposes.

In presenting information on the basis of secondary geographical segments, revenue is based on the geographical location of destination. Assets are based on the geographical location of the assets.

Primary segments

(EUR x million)	Revenue third parties		Intersegment revenue		Total revenue		Operating result before amortisation (EBITA)	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Animal Nutrition								
Premix & Feed Specialities	1,069.4	749.2	92.4	75.0	1,161.8	824.2	84.1	38.7
Compound Feed Europe	1,219.7	1,031.8	454.5	282.4	1,674.2	1,314.2	29.4	37.9
Animal Nutrition Canada	398.0	167.5	20.4	7.8	418.4	175.3	20.9	9.2
Total Animal Nutrition	**2,687.1**	**1,948.5**	**567.3**	**365.2**	**3,254.4**	**2,313.7**	**134.4**	**85.8**
Fish Feed	**1,169.9**	**1,192.9**	**7.4**	**8.4**	**1,177.3**	**1,201.3**	**67.7**	**71.0**
Meat & Other	**1,086.1**	**879.7**	**0.6**	**0.9**	**1,086.7**	**880.6**	**-0.4**	**22.3**
Eliminations	**-**	**-**	**-583.6**	**-379.8**	**-583.6**	**-379.8**	**-**	**-**
Corporate and other	**-**	**-**	**8.3**	**5.3**	**8.3**	**5.3**	**-19.6**	**-20.3**
Exceptional items	**-**	**-**	**-**	**-**	**-**	**-**	**0.8**	**-3.6**
Continuing operations	**4,943.1**	**4,021.1**	**-**	**-**	**4,943.1**	**4,021.1**	**182.9**	**155.2**
Discontinued operations	**-**	**31.7**	**-**	**-**	**-**	**31.7**	**10.9**	**12.3**
Consolidated	**4,943.1**	**4,052.8**	**-**	**-**	**4,943.1**	**4,052.8**	**193.8**	**167.5**

The effect of acquisitions in 2007 and 2008 on revenues is EUR 510.2 million.

Exceptional items

(EUR x million)	Exceptional items	
	2008	**2007**
Restructuring costs	-9.4	-11.1
Negative goodwill	10.2	5.6
Other	-	1.9
Total exceptional items	**0.8**	**-3.6**

Result for the period

(EUR x million)	Financial income		Financial expenses		Foreign exchange result		Share in results of associates		Income tax expense		Total result for the period	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Continuing operations	6.3	12.2	-38.1	-21.9	0.6	-0.4	2.1	0.8	-37.2	-26.4	105.8	113.3
Discontinued operations	-	-	-	-0.5	-	-	-	-0.2	0.2	-4.2	11.1	7.4
Consolidated	**6.3**	**12.2**	**-38.1**	**-22.4**	**0.6**	**-0.4**	**2.1**	**0.6**	**-37.0**	**-30.6**	**116.9**	**120.7**

Assets and liabilities by segment

(EUR x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditure of PPE and intangible assets	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Animal Nutrition										
Premix & Feed Specialities	500.6	432.6	2.1	1.4	502.7	434.0	252.0	221.8	16.8	9.4
Compound Feed Europe	291.7	264.1	-	-	291.7	264.1	264.2	225.6	14.6	14.2
Animal Nutrition Canada	257.5	304.8	9.3	4.1	266.8	308.9	49.7	50.3	5.3	2.2
Total Animal Nutrition	**1,049.8**	**1,001.5**	**11.4**	**5.5**	**1,061.2**	**1,007.0**	**565.9**	**497.7**	**36.7**	**25.8**
Fish Feed	**590.8**	**501.5**	**0.8**	**-**	**591.6**	**501.5**	**288.0**	**233.5**	**40.1**	**38.8**
Meat & Other	**350.4**	**312.8**	**2.2**	**11.4**	**352.6**	**324.2**	**104.2**	**122.0**	**9.5**	**14.0**
Unallocated	182.4	159.8	-	-	182.4	159.8	564.2	488.1	3.9	1.5
Continuing operations	**2,173.4**	**1,975.6**	**14.4**	**16.9**	**2,187.8**	**1,992.5**	**1,522.3**	**1,341.3**	**90.2**	**80.1**
Discontinued operations	-	-	-	-	-	-	-	-	-	0.1
Consolidated	**2,173.4**	**1,975.6**	**14.4**	**16.9**	**2,187.8**	**1,992.5**	**1,522.3**	**1,341.3**	**90.2**	**80.2**

Other expenses by segment

(EUR x million)	Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than depreciation and amortisation	
	2008	2007	2008	2007	2008	2007
Animal Nutrition						
Premix & Feed Specialities	-11.7	-8.8	-3.4	-5.3	-3.2	3.2
Compound Feed Europe	-11.7	-10.2	-4.9	-2.6	1.4	-0.6
Animal Nutrition Canada	-9.7	-4.7	-0.4	-	-0.4	0.2
Total Animal Nutrition	**-33.1**	**-23.7**	**-8.7**	**-7.9**	**-2.2**	**2.8**
Fish Feed	**-16.8**	**-15.1**	**-1.1**	**-1.2**	**1.0**	**1.2**
Meat & Other	**-9.9**	**-8.0**	**-**	**-0.8**	**2.0**	**0.6**
Unallocated	-1.6	-1.3	-	-1.2	-20.0	-8.4
Continuing operations	**-61.4**	**-48.1**	**-9.8**	**-11.1**	**-19.2**	**-3.8**
Discontinued operations	-	-1.0	-	-	-	-
Consolidated	**-61.4**	**-49.1**	**-9.8**	**-11.1**	**-19.2**	**-3.8**

Secondary segments

(EUR x million)	Revenue third parties (destination)		Total assets		Total capital expenditure of PPE and intangible assets	
	2008	2007	2008	2007	2008	2007
Spain	1,281.5	1,079.7	427.0	354.1	18.7	22.0
The Netherlands	832.6	596.9	400.0	349.0	10.9	6.8
Canada	485.2	258.7	356.6	419.8	7.3	4.0
Norway	462.7	462.2	175.9	157.3	16.8	24.0
Belgium	249.6	221.3	58.4	148.0	1.7	2.6
Germany	247.8	223.8	45.1	43.0	2.1	1.3
United Kingdom	226.0	166.4	83.2	85.0	7.3	1.7
USA	214.5	123.7	113.5	95.6	1.5	2.2
Chile	199.1	247.0	108.1	103.8	3.9	6.6
Italy	129.9	86.3	77.3	67.2	1.7	2.0
Australia	58.4	36.9	39.0	38.7	1.9	2.1
Japan	51.1	42.3	55.6	26.0	0.9	-
Other countries	504.7	507.6	248.1	105.0	15.5	4.9
Total	**4,943.1**	**4,052.8**	**2,187.8**	**1,992.5**	**90.2**	**80.2**

The growth in revenue third parties in Spain and Canada mainly relates to acquisition effects. The growth in The Netherlands mainly relates to increased raw material prices.

Most important customer in the segment Fish Feed is Marine Harvest which company accounts for less than 10% of the total annual sales of Nutreco. In the segment Meat & Other the Spanish supermarket chain Mercadona counts for less than 10% of the total Nutreco revenue.

(4) Discontinued operations and divestments

Financial results discontinued operations

The financial results attributable to the discontinued operations:

(EUR x million)	2008	2007
Results of discontinued operations		
Revenue	-	31.7
Expenses	-2.5	-26.3
Other operating income	13.4	-
Operating result from discontinued operations [1]	**10.9**	**5.4**
Share in results of associates	-	-0.2
Income tax expense	0.2	-1.4
Operating result from discontinued operations, net of tax	**11.1**	**3.8**
Gain on sale of discontinued operations	-	6.9
Financial expenses discontinued operations	-	-0.5
Income tax on gain on sale of discontinued operations	-	-2.8
Gain on sale of discontinued operations, net of tax	**-**	**3.6**
Total result for the period from discontinued operations	**11.1**	**7.4**
Basic earnings per share from discontinued operations (EUR)	0.32	0.22
Diluted earnings per share from discontinued operations (EUR)	0.32	0.22
Cash flows from discontinued operations		
Net cash from operating activities	5.7	24.2
Net cash from/(used in) investing activities	-	9.6
Net cash from/(used in) discontinued operations	5.7	33.8

1 Operating result 2007 is excluding gain on sale.

The operating result from discontinued operations 2008 of EUR 10.9 million is mainly composed of:

- Release of provisions for EUR 7.4 million (profit)
- Earn-out income related to a divestment in 2006 of in total EUR 5.9 million (profit)
- The impairment of a loan by EUR 2.2 million (loss)

The result from discontinued operations 2008 relates to discontinued operations of 2007 or earlier.

The following activities have been discontinued in 2007:

- Euribrid, international breeding activities
- L&K Karlsen Holding, fish farm activities in Norway
- Trouw Nutrition France, premix activities in France

The 2007 result, net of tax, of discontinued operations and divestments includes an amount of EUR 5.9 million, which relates to operations which have been discontinued in 2006 and 2005.

(5) Assets and liabilities held for sale

At 31 December 2007 as well as at 31 December 2008, no assets and liabilities are classified as held for sale.

(6) Acquisitions

Acquisitions 2008

In 2008, Nutreco acquired the following companies:

Marine Feed

On 11 January 2008, Skretting Japan acquired the fish feed production facilities of Marine Net Co. Ltd. Previous to the acquisition, Marine Feed already produced the majority of the fish feed for Skretting Japan. The purchase consideration amounts to EUR 10.2 million, including investments in working capital, property, plant and equipment. The annualized revenues of Marine Feed amount to EUR 29.0 million and 43 employees are involved in this transaction.

With this transaction Nutreco acquired the largest extruded feed factory in Japan, located in the international seaport city of Imari. This acquisition enables Skretting to further optimize its production. Hence, it allows Skretting to further secure the quality, safety and traceability of their products which is increasingly demanded by Japanese customers.

The fish market for Japanese marine fish is one of the biggest in the world with an annual production volume at around 600,000 ton. The major fish species for which feed is produced are yellowtail and red sea bream. Skretting had a market share in Japan of approximately 8%. This acquisition enables Skretting to further grow its business.

Silver Cup

On 18 January 2008, Skretting announced the acquisition of Nelson and Sons, Inc., the manufacturer of Silver Cup fish feed. The company has two production facilities near Salt Lake City, Utah in the USA. The total consideration for this transaction is EUR 10.1 million.

Nelson and Sons has 53 employees and started to produce fish feed in 1956. The company produces fish feed for the freshwater markets in Western USA, has a significant share in the Idaho trout business, and is also active in Canada and Mexico. The total annual feed production is around 30,000 ton and the annual revenues approximate EUR 20.0 million.

Copaga

On 1 February 2008, Nutreco completed the acquisition of the feed and meat assets of Copaga in Catalonia, Spain, for a total consideration of EUR 32.7 million. EUR 22.7 million of this consideration relates to the acquired feed production and pig integration businesses and includes investments in working capital. EUR 10.0 million is paid to obtain the ownership of the poultry processing facility which has been leased by Nutreco since July 2000. The acquisition adds approximately EUR 24 million in annual revenues and the workforce increases with 75 employees.

The feed factory has a capacity of approximately 300,000 ton and will strengthen Nutreco's market position in the region. The pig integration business of Copaga produces approximately 200,000 pigs per year.

Biofaktory

On 31 July 2008, Nutreco acquired Biofaktory, a premix & speciality feed company with production facilities in the Czech Republic and Slovakia. The purchase consideration is EUR 13.0 million.

Biofaktory is the market leader in premix & speciality feed in the Czech Republic and in Slovakia. The company also exports to other countries in Central and Eastern Europe. Having a strong research and development background and technical advisory focus, the company is capable to facilitate competitive animal production by its clients. In addition, Biofaktory holds 54% of the shares in Integra, a small layer pullet and hatchery company.

Biofaktory has annual revenues of approximately EUR 30 million and a workforce of 220 employees.

Negative goodwill

The acquisitions of Marine Feed, Copaga and Biofaktory resulted in a negative goodwill of EUR 10.2 million in total, which is reported in other operating income. Negative goodwill is the difference between the consideration paid and the net identifiable assets and liabilities. In accordance with IFRS 3, the information and valuation was reassessed before recognizing this negative goodwill as a profit in the income statement. The negative goodwill was partly offset by restructuring costs of EUR 4.0 million incurred for these acquisitions after the acquisition date.

Restructuring costs are recorded in other operating expenses and personnel costs.

Total results of Nutreco

Total revenues of these four acquired companies for the full year 2008 amount EUR 104.6 million. EUR 83.8 million is included in the consolidated financial statements.

The total results before tax of these acquired companies generated after acquisition amounts EUR 2.3 million in 2008. This amount is included in the consolidated results of Nutreco. The full year result before tax of these companies amounts EUR 6.7 million.

Assets and liabilities acquisitions 2008

The acquisitions in 2008 had the following effect on Nutreco's assets and liabilities on acquisition date:

(EUR x million)	Marine Feed			Silver Cup			Copaga			Biofaktory			Total		
	Recognised value	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**
Property, plant and equipment	12.2	3.4	8.8	4.4	2.4	2.0	27.2	8.1	19.1	9.9	2.7	7.2	53.7	16.6	37.1
Intangible assets	-	-	-	0.9	0.9	-	-	-	-	0.9	0.9	-	1.8	1.8	-
Investments in associates	-	-	-	1.1	0.9	0.2	-	-	-	-	-	-	1.1	0.9	0.2
Other investments	-	-	-	0.7	-	0.7	-	-	-	-	-	-	0.7	-	0.7
Biological assets	-	-	-	-	-	-	9.1	-	9.1	1.3	-	1.3	10.4	-	10.4
Inventories	0.8	-0.4	1.2	1.2	-	1.2	2.4	-	2.4	4.0	-	4.0	8.4	-0.4	8.8
Income tax receivable	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	-	0.1
Trade and other receivables	0.4	-	0.4	1.5	-	1.5	1.8	-	1.8	9.3	-	9.3	13.0	-	13.0
Cash and cash equivalents	0.3	-	0.3	0.4	-	0.4	-	-	-	4.7	-	4.7	5.4	-	5.4
Minority interest	-	-	-	-	-	-	-	-	-	-1.5	-	-1.5	-1.5	-	-1.5
Interest-bearing borrowings	-	-	-	-	-	-	-	-	-	-1.4	-	-1.4	-1.4	-	-1.4
Employee benefits	-	-	-	-0.2	-	-0.2	-	-	-	-	-	-	-0.2	-	-0.2
Deferred tax liability	-1.0	-1.0	-	-1.8	-1.8	-			-	-0.9	-0.7	-0.2	-3.7	-3.5	-0.2
Income tax liability	-	-	-	-	-	-	-2.3	-2.3	-	-0.1	-	-0.1	-2.4	-2.3	-0.1
Trade and other payables	-0.3	0.2	-0.5	-1.3	-	-1.3	-0.2	-	-0.2	-4.3	-	-4.3	-6.1	0.2	-6.3
Net identifiable assets and liabilities	**12.4**	**2.2**	**10.2**	**6.9**	**2.4**	**4.5**	**38.0**	**5.8**	**32.2**	**22.0**	**2.9**	**19.1**	**79.3**	**13.3**	**66.0**
Goodwill	-			3.8			-			-			3.8		
Negative goodwill	-1.5			-			-5.3			-3.4			-10.2		
Consideration paid (in cash)	**10.9**			**10.7**			**32.7**			**18.6**			**72.9**		
Cash acquired	-0.3			-0.4			-			-4.7			-5.4		
Net cash outflow	**10.6**			**10.3**			**32.7**			**13.9**			**67.5**		
Purchase consideration	10.2			10.1			32.7			13.0			66.0		
Transaction costs	0.4			0.2			-			0.9			1.5		

Acquisitions 2007

In 2008, the following adjustments have been made to the valuation of assets which are part of the acquisition of Nutreco Canada in 2007:

- a plant in Western Canada was written down for EUR 1.4 million (see note 13) with and offset to goodwill (see note 14);
- the information technology (see note 13) was reduced by EUR 1.1 million with an offset to tax;
- the investment in associates were adjusted by EUR 1.4 million (see note 15) with an offset to software (see note 14).

No cash was involved with these transactions.

Assets and liabilities acquisitions 2007

The acquisitions in 2007 had the following effect on Nutreco's assets and liabilities on acquisition date:

(EUR x million)	Nutreco Canada			Animal Nutrition BASF			Interkim			Total		
	Recognised value	Fair value adjustments	Carrying amounts	Recognised value	Fair value adjustments	Carrying amounts	Recognised value	Fair value adjustments	Carrying amounts	Recognised value	Fair value adjustments	Fair value adjustments
Property, plant and equipment	91.6	37.9	53.7	23.5	11.0	12.5	1.3	-	1.3	116.4	48.9	67.5
Intangible assets	112.0	112.0	-	6.9	6.4	0.5	-	-	-	118.9	118.4	0.5
Investments in associates	13.4	6.7	6.7	-	-	-	-	-	-	13.4	6.7	6.7
Other investments	2.2	-	2.2	-	-	-	-0.2	-0.2	-	2.0	-0.2	2.2
Inventories	18.2	-	18.2	14.8	-0.1	14.9	1.0	-	1.0	34.0	-0.1	34.1
Biological assets	4.3	-	4.3	-	-	-	-	-	-	4.3	-	4.3
Deferred tax assets	0.4	-	0.4	-	-	-	-	-	-	0.4	-	0.4
Trade and other receivables	51.1	-	51.1	12.9	-	12.9	0.2	-	0.2	64.2	-	64.2
Cash and cash equivalents	-	-	-	2.8	-	2.8	-	-	-	2.8	-	2.8
Minority interest	-	-	-	-	-	-	-0.6	-	-0.6	-0.6	-	-0.6
Interest-bearing borrowings	-3.4	-	-3.4	-	-	-	-	-	-	-3.4	-	-3.4
Provisions	-1.6	-	-1.6	-	-	-	-	-	-	-1.6	-	-1.6
Employee benefits	-4.2	-	-4.2	-1.3	-	-1.3	-	-	-	-5.5	-	-5.5
Deferred tax liability	-2.3	-2.3	-	-4.9	-4.1	-0.8	-	-	-	-7.2	-6.4	-0.8
Income tax liability	-0.3	-	-0.3	-	-	-	-	-	-	-0.3	-	-0.3
Trade and other payables	-28.2	-	-28.2	-11.1	0.8	-11.9	-1.2	-	-1.2	-40.5	0.8	-41.3
Net identifiable assets and liabilities	**253.2**	**154.3**	**98.9**	**43.6**	**14.0**	**29.6**	**0.5**	**-0.2**	**0.7**	**297.3**	**168.1**	**129.2**
Goodwill	109.1	-	-	-	-	-	0.4	-	-	109.5	-	-
Negative goodwill	-	-	-	-5.6	-	-	-	-	-	-5.6	-	-
Consideration paid	**362.3**	**-**	**-**	**38.0**	**-**	**-**	**0.9**	**-**	**-**	**401.2**	**-**	**-**
Cash acquired	-	-	-	-2.8	-	-	-	-	-	-2.8	-	-
Net cash outflow	**362.3**	**-**	**-**	**35.2**	**-**	**-**	**0.9**	**-**	**-**	**398.4**	**-**	**-**
Purchase consideration	358.2	-	-	32.8	-	-	0.7	-	-	391.7	-	-
Transaction costs	4.1	-	-	2.4	-	-	0.2	-	-	6.7	-	-

Acquisition of minority interest

In 2008 Nutreco acquired no minority interest.

In June 2007, Nutreco acquired the remaining 40% interest in Tenusa Trouw Nutrition Mexico for an amount of EUR 8.8 million in cash. With the acquisition in 2005 of 60% of the shares in the family-owned Mexican premix & speciality feed company Tenusa, parties agreed that Nutreco would gain full ownership within a defined period. The company had already been fully consolidated as Nutreco had full management control from the start of the venture. The carrying amount of Tenusa's net assets in the consolidated financial statements on the date of acquisition was EUR 6.6 million. Nutreco recognised an increase in goodwill of EUR 1.1 million.

The net assets and liabilities including acquisition of minority interest in 2007 at acquisition date:

(EUR x million)	Tenusa Mexico			Acquisitions subsidiaries			Total acquisition		
	Recognised value	Fair value adjustments	Carrying amounts	Recognised value	Fair value adjustments	Carrying amounts	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	1.1	1.1	-	116.4	48.9	67.5	117.5	50.0	67.5
Intangible assets	0.5	0.5	-	118.9	118.4	0.5	119.4	118.9	0.5
Investments in associates	-	-	-	13.4	6.7	6.7	13.4	6.7	6.7
Other investments	-	-	-	2.0	-0.2	2.2	2.0	-0.2	2.2
Inventories	-	-	-	34.0	-0.1	34.1	34.0	-0.1	34.1
Biological assets	-	-	-	4.3	-	4.3	4.3	-	4.3
Deferred tax assets	-	-	-	0.4	-	0.4	0.4	-	0.4
Trade and other receivables	-	-	-	64.2	-	64.2	64.2	-	64.2
Cash and cash equivalents	-	-	-	2.8	-	2.8	2.8	-	2.8
Minority interest	-	-	-	-0.6	-	-0.6	-0.6	-	-0.6
Interest-bearing borrowings	-	-	-	-3.4	-	-3.4	-3.4	-	-3.4
Provisions	-	-	-	-1.6	-	-1.6	-1.6	-	-1.6
Employee benefits	-	-	-	-5.5	-	-5.5	-5.5	-	-5.5
Deferred tax liability	-0.5	-0.5	-	-7.2	-6.4	-0.8	-7.7	-6.9	-0.8
Income tax liability	-	-	-	-0.3	-	-0.3	-0.3	-	-0.3
Trade and other payables	6.6	-	6.6	-40.5	0.8	-41.3	-33.9	0.8	-34.7
Net identifiable assets and liabilities	**7.7**	**1.1**	**6.6**	**297.3**	**168.1**	**129.2**	**305.0**	**169.2**	**135.8**
Goodwill	1.1	-	-	109.5	-	-	110.6	-	-
Negative goodwill	-	-	-	-5.6	-	-	-5.6	-	-
Consideration paid (in cash)	**8.8**	**-**	**-**	**401.2**	**-**	**-**	**410.0**	**-**	**-**
Cash acquired	-	-	-	-2.8	-	-	-2.8	-	-
Net cash outflow	**8.8**	**-**	**-**	**398.4**	**-**	**-**	**407.2**	**-**	**-**
Purchase consideration	8.8	-	-	391.7	-	-	400.5	-	-
Transaction costs	-	-	-	6.7	-	-	6.7	-	-

(7) Other operating income

(EUR x million)	2008	2007
Negative goodwill released directly in the income statement (note 6)	10.2	5.6
Release of trade receivable provisions, not utilised (note 27)	3.1	4.9
Release of provisions, not utilised (note 25)	9.8	3.5
Interest received on trade receivables	2.2	1.7
Other	4.6	0.6
Total	**29.9**	**16.3**

Negative goodwill 2008 of EUR 10.2 million relates to the acquisitions of Marine Feed, Copaga and Biofaktory. Details are reported in note 6. Negative goodwill for 2007 of EUR 5.6 million relates to the acquisition of the premix & specialty feed activities of BASF.

Government grants

(EUR x million)	2008	2007
Research and development grants (recognised as research and development costs, part of other operating expenses): conditional	1.0	0.5
Research and development grants (recognised as research and development costs, part of other operating expenses): unconditional	1.0	1.3
Training grants (recognised as other operating income): unconditional	0.1	0.3
Total	**2.1**	**2.1**

No significant changes of government grants are expected for coming years.

(8) Personnel costs

(EUR x million)	2008	2007
Wages and salaries	261.5	226.0
Compulsory social security contributions	61.4	54.2
Third-party staff	44.4	37.9
Pension costs	13.7	14.6
Pension benefits	-0.1	-0.7
Increase in liability for long-term service obligations	-	0.3
Expense arising from performance shares	3.1	2.9
Expense arising from employee share participation plan	0.2	0.1
Other personnel costs (e.g. accrued bonuses and wages)	43.3	33.0
Total	**427.5**	**368.3**

The effect of acquisitions on personnel costs is EUR 42.7 million.

Personnel costs include EUR 3.1 million (2007: EUR 4.5 million) for restructuring expenses. The remaining part of restructuring expenses of EUR 6.3 million (2007: EUR 6.6 million) is accounted for as other operating expenses. See notes 3, 9 and 25.

Research and development expenses for continuing operations amount to EUR 17.1 million (2007: EUR 15.5 million) and are included in the above categories for EUR 9.7 million (2007: EUR 8.9 million). See also note 9.

(Average) number of employees

Breakdown by country of the (average) number of permanent employees in FTEs (on payroll):

	2008	2007
Spain	3,418	2,996
Canada	1,162	652
The Netherlands	1,017	985
China	683	630
Chile	432	511
United Kingdom	324	255
Norway	296	277
USA	272	150
Mexico	255	229
Poland	224	177
Germany	195	186
Belgium	179	169
Other countries	978	706
Average number of employees	**9,435**	**7,923**
Number of employees at 31 December	**9,278**	**9,090**

The acquisitions in 2008 caused an increase of 391 employees.

The average number of employees in Canada in 2007 is lower due to the fact that Nutreco Canada was acquired in July 2007.

(9) Other operating expenses

(EUR x million)	2008	2007
Energy & utility	67.8	53.6
Maintenance & repair	48.1	42.8
Rent & lease	26.0	23.0
Freight costs	25.0	36.0
Travel	23.5	20.7
Provision on trade receivables	23.2	8.8
Advertising & promotion	19.4	16.4
IT	13.8	9.7
Insurance	12.0	9.7
Communication	7.5	6.7
Provisions	7.1	15.5
Audit fees KPMG	2.9	3.1
Other	59.2	71.2
Total	**335.5**	**317.2**

Provisions include a restructuring provision of EUR 6.3 million (2007: EUR 6.6 million).

The increase of the addition to the provision on doubtful debtors regarding trade receivables by EUR 14.4 million is related to all Nutreco segments.

Research and development expenses for continuing operations amounted to EUR 17.1 million (2007: EUR 15.5 million) and are included in several of the other operating expenses for EUR 6.6 million (2007: EUR 5.7 million). Remaining research and development costs are included in personnel costs (EUR 9.7 million; 2007: EUR 8.9 million) and depreciation and amortisation expenses (EUR 0.9 million; 2007: EUR 0.8 million).

The effect of acquisitions on other operating expenses is EUR 30.7 million.

Audit fees KPMG

(EUR x million)	2008	2007
Audit fees	2.4	2.3
Audit-related fees	0.4	0.6
Tax fees	0.1	0.1
Other	-	0.1
Total	**2.9**	**3.1**

Audit-related fees primarily consist of fees in connection with sustainability, IT security audits, quarterly reviews, accounting advice.

(10) Net financing costs

Recognised in income statement

(EUR x million)	2008	2007
Interest on deposits	0.6	9.9
Other interest income	5.7	2.3
Financial income	**6.3**	**12.2**
Interest expense on syndicated loan	-16.8	-5.5
Interest expense on private placement	-6.7	-7.0
Dividend expense on cumulative preference shares	-4.5	-4.5
Interest expense on short-term loans and bank overdrafts	-6.4	-3.5
Other expenses	-3.7	-1.4
Financial expenses	**-38.1**	**-21.9**
Foreign exchange gains/(losses)	0.6	-0.4
Foreign exchange result	**0.6**	**-0.4**
Net financing costs	**-31.2**	**-10.1**

Financial income decreased to EUR 6.3 million (2007: EUR 12.2 million), mainly due to lower cash deposits.

Financial expenses increased to EUR 38.1 million (2007: EUR 21.9 million), mainly due to an increase of interest-bearing borrowings in 2008. Financial expenses include the dividend payable of EUR 4.0 million (2007: EUR 4.5 million) and the termination costs of EUR 0.5 million (2007: EUR 0.0 million) on 20% of the cumulative preference shares which was repaid and withdrawn.

Foreign exchange result amounts to an income of EUR 0.6 million (2007: EUR 0.4 million expense).

Nutreco purchased 1,248,300 of its cumulative preference shares 'A' from MaesInvest B.V. at a price of EUR 11.58 per share, including accrued dividend for the period from 1 January 2008 until the date of purchase. Following the cancellation of the 1,248,300 purchased cumulative preference shares 'A', MaesInvest B.V. and Fortis Utrecht N.V. both hold 2,496,600 cumulative preference shares 'A'.

(11) Income tax expense

In 2008, the income tax expense from continuing operations amounted to EUR 37.2 million (2007: EUR 26.4 million). The components of taxation on income are:

(EUR x million)	**2008**	**2007**
Current tax expense		
Current tax this year	-38.8	-11.0
Adjustments for prior years	-0.9	0.4
	-39.7	**-10.6**
Deferred tax expense		
Origination and reversal of temporary differences	19.5	-20.3
Benefit of losses recognised	-16.8	3.8
Change in tax rate	-0.2	0.7
	2.5	**-15.8**
Total income tax expense in income statement	**-37.2**	**-26.4**

The utilisation of losses recognised in 2008 is mainly due to positive results in The Netherlands and Norway.

The division of the income tax expense between The Netherlands and the rest of the world is as follows:

(EUR x million)	**2008**	**2007**
Total result before taxes		
The Netherlands	28.8	7.9
Rest of the world	114.2	131.8
Total result before taxes	**143.0**	**139.7**
Total tax charge		
The Netherlands		
Current tax	-2.0	-0.8
Deferred tax	-6.1	-2.5
Total income tax expenses	**-8.1**	**-3.3**
Rest of the world		
Current tax	-37.7	-9.5
Deferred tax	8.6	-13.6
Total income tax expenses	**-29.1**	**-23.1**
Total income tax expenses	**-37.2**	**-26.4**
Total result for the period after taxes	**105.8**	**113.3**
Effective tax rate	**26.0%**	**18.9%**

The movement in the current tax charge in the rest of the world is mainly due to increased profits in high taxed countries like the USA. The movement in the deferred tax charge in the rest of the world is due to movements in net operating losses and valuation differences in Canada, Chile, Norway and Spain.

Reconciliation of the weighted average statutory income tax rate as a percentage of result before taxes and the effective tax rate is as follows:

(EUR x million)		2008		2007
Total result before taxes	143.0		139.7	
Total income tax expenses	-37.2		-26.4	
Total result for the period after taxes	**105.8**		**113.3**	
Weighted average income tax	**-43.0**	**30.1%**	**-42.0**	**30.1%**
Tax effect of:				
- Change in valuation:				
• Utilisation of previously unrecognised tax losses	0.2	-0.1%	-0.1	0.1%
• Recognition of previously unrecognised tax losses	1.6	-1.1%	4.1	-2.9%
• New loss carry-forwards not expected to be realised	-0.9	0.6%	-0.4	0.3%
- Non-taxable income (including share in result non-consolidated)	3.4	-2.4%	1.4	-1.0%
- Non-tax-deductible expenses	-3.8	2.7%	-4.0	2.9%
- Tax incentives				
• Notional interest deduction Belgium	3.6	-2.5%	4.3	-3.1%
• Participation exemption	2.3	-1.7%	7.2	-5.2%
• R&D incentives	-	-	1.8	-1.3%
- Other	-0.6	0.4%	1.3	-1.0%
Effective income tax	**-37.2**	**26.0%**	**-26.4**	**18.9%**

The weighted average tax rate is based on the statutory corporate income tax rates applicable in 2008 in the various countries. The nominal rates vary from 12.5% (Ireland) to 40% (Japan), which compares with 2007. In the reconciliation of the weighted average effective tax rate, the share in results of associates is included.

The effective tax rate of 2008 is higher than 2007 mainly because of lower tax incentives, like the notional interest deduction in Belgium and participation exemption in The Netherlands.

The tax cash out versus the total tax charge is illustrated in the table below:

(EUR x million)	2008	2007
Total tax charge	-37.2	-26.4
Payments current tax	38.0	23.8

The increase in cash out is in line with the increase in results, especially in the USA.

(12) Earnings per share

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2008 was based on the total result for the period attributable to equity holders of Nutreco of EUR 114.8 million (2007: EUR 118.6 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2008 of 34,358 (x 1,000) (2007: 34,317 x 1,000), calculated as follows:

(x 1,000 shares)	2008	2007
Number of ordinary shares at 1 January	**34,256**	**33,906**
Average effect of conversion of share options	3	83
Average effect of repurchase of shares	-449	-205
Average effect of shares issued in March [1]	17	12
Average effect of shares issued in May, stock dividend	413	345
Average effect of shares issued in July	61	-
Average effect of shares issued in July, stock dividend	5	58
Average effect of shares issued in August, stock dividend	52	118
Weighted average number of ordinary shares at 31 December	**34,358**	**34,317**

1 As a result of the employee share participation scheme, see also note 24.

The calculation of the diluted earnings per ordinary share is based on EUR 34,365 (x 1,000) (2007: 34,331 x 1,000) shares, taking into account the exercise of outstanding share options.

(x 1,000 shares)	2008	2007
Weighted average number of ordinary shares at 31 December	**34,358**	**34,317**
Effect of share options outstanding	7	14
Weighted average number of ordinary shares (diluted) at 31 December	**34,365**	**34,331**

The average market value of Nutreco's shares for the purpose of calculating the dilutive effect of share options is based on quoted market prices for the period that the options were outstanding.

Key figures per share

	2008	2007
Continuing operations		
Basic earnings per ordinary share for continuing operations (EUR)	3.02	3.24
Diluted earnings per ordinary share for continuing operations (EUR)	3.02	3.24
Basic earnings per share for continuing operations before impairment of goodwill (EUR)	3.02	3.24
Basic earnings per share for dividend calculation (EUR)	3.18	3.65
Average number of shares outstanding during the year (x 1,000)	34,358	34,317
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)	34,365	34,331
Number of ordinary shares outstanding as at 31 December (x 1,000)	34,279	34,256
Discontinued operations (EUR)		
Basic earnings per share for discontinued operations	0.32	0.22
Diluted earnings per share for discontinued operations	0.32	0.22
Basic earnings per share for discontinued operations before impairment of goodwill and gain on sale of discontinued operations	0.32	0.11
Key figures per share (EUR)		
Basic earnings per share	3.34	3.46
Diluted earnings per share	3.34	3.46
Basic earnings per share before impairment of goodwill and gain on sale of discontinued operations	3.34	3.35

The earnings per share for dividend calculation are based on the total profit for the year, excluding impairment and book gains and losses on disposals.

(13) Property, plant and equipment

(EUR x million)	Land and buildings	Machinery and equipment	Other	Under construction	Total
Cost					
Balance at 1 January 2007	**265.8**	**535.2**	**69.3**	**36.9**	**907.2**
Capital expenditure	10.2	40.8	7.6	18.4	77.0
Disposals	-0.9	-5.5	-1.9	-	-8.3
Acquisitions through business combinations	56.9	56.1	2.4	2.1	117.5
Effect of movement in foreign exchange rates	-2.1	-1.2	-0.8	-0.7	-4.8
Balance at 31 December 2007	**329.9**	**625.4**	**76.6**	**56.7**	**1,088.6**
Balance at 1 January 2008	**329.9**	**625.4**	**76.6**	**56.7**	**1,088.6**
Capital expenditure	19.4	39.6	5.6	21.6	86.2
Disposals	-1.4	-11.0	-3.0	-0.1	-15.5
Acquisitions through business combinations	32.7	20.0	0.7	0.3	53.7
Final calculation acquisitions previous year [1]	-1.5	-0.8	-0.8	-	-3.1
Transfer from assets under construction	6.1	19.5	3.9	-29.5	-
Effect of movement in foreign exchange rates	-19.1	-43.9	-2.5	-4.0	-69.5
Balance at 31 December 2008	**366.1**	**648.8**	**80.5**	**45.0**	**1,140.4**
Accumulated depreciation and impairment losses					
Balance at 1 January 2007	**-142.4**	**-418.3**	**-65.2**	**-**	**-625.9**
Impairment losses continuing operations	-0.3	-0.9	-	-	-1.2
Depreciation continuing operations	-8.3	-28.9	-4.7	-	-41.9
Disposals	0.4	4.7	1.9	-	7.0
Effect of movement in foreign exchange rates	0.9	1.0	0.4	-	2.3
Balance at 31 December 2007	**-149.7**	**-442.4**	**-67.6**	**-**	**-659.7**
Balance at 1 January 2008	**-149.7**	**-442.4**	**-67.6**	**-**	**-659.7**
Disposals	0.1	8.6	2.0	-	10.7
Depreciation continuing operations	-9.9	-35.0	-5.7	-	-50.6
Effect of movement in foreign exchange rates	6.7	28.7	1.9	-	37.3
Balance at 31 December 2008	**-152.8**	**-440.1**	**-69.4**	**-**	**-662.3**
Carrying amount at 1 January 2007	**123.4**	**116.9**	**4.1**	**36.9**	**281.3**
Carrying amount at 31 December 2007	**180.2**	**183.0**	**9.0**	**56.7**	**428.9**
Carrying amount at 1 January 2008	**180.2**	**183.0**	**9.0**	**56.7**	**428.9**
Carrying amount at 31 December 2008	**213.3**	**208.7**	**11.1**	**45.0**	**478.1**

1 Main part relates to Nutreco Canada (EUR 2.5 million), see note 6 Acquisitions 2007.

In the income statement, the depreciation is allocated to the 'depreciation and amortisation expenses' and the impairment loss to 'impairment of long-lived assets'.

The impairment of EUR 1.2 million in 2007 related to the revaluation of the long-lived assets of assets acquired from premix and base mix business of BASF.

Assets not in use

As a consequence of lower fish feed production caused by fish diseases in Chile, the Pargua plant in Chile is temporarily closed. It is expected that in 2010 or 2011 the Pargua plant will be operational again. The book value of the related tangible assets at 31 December 2008 is EUR 9.1 million.

Assets under construction

During 2008 Nutreco acquired assets with the intention of constructing new factories or production lines. These costs are capitalised as assets under construction for an amount of EUR 45.0 million (2007: EUR 56.7 million).

At year-end 2008 the Company has committed EUR 5.0 million (2007: EUR 9.8 million) for future investments in property, plant and equipment.

Buildings and land in Czech Republic are pledged for an amount of EUR 0.8 million. There are no other property, plant and equipment pledged as security for liabilities.

Capital expenditure projects

During 2008, Nutreco invested for a total amount of EUR 90.2 million (2007: EUR 80.2 million) in property, plant and equipment and intangible assets. In addition to investments enabling growth in new markets, Nutreco has also invested in efficiency projects in more mature markets. This includes, amongst others, projects of further automation of the packaging processes as well as additional production lines enabling the flexibility to use different raw materials. On the other hand Nutreco maintained the quality level of its asset base by upgrading and replacement projects. The total expansion capital expenditure amounts to EUR 35 million in 2008.

Disposals

During 2008 Nutreco sold property, plant and equipment with a carrying amount of EUR 4.8 million. The loss on the sale of property, plant and equipment amounted to EUR 0.9 million and is recorded on the other operating expenses line in the income statement.

(14) Intangible assets

(EUR x million)	Goodwill	Conces-sions, licences and quota	Develop-ment costs	Software	Brand names	Customer relation-ships	Total
Cost							
Balance at 1 January 2007	**107.5**	**1.1**	**0.8**	**14.2**	**0.2**	**0.7**	**124.5**
Capital expenditure	-	-	0.1	3.1	-	-	3.2
Valuation put options	-1.8	-	-	-	-	-	-1.8
Transfer from other investment	0.2	-	-	-	-	-	0.2
Disposals	-	-	-	-1.0	-	-	-1.0
Final calculation acquisitions through business combinations 2006	2.5	-	-	-	-	-	2.5
Acquisitions through business combinations	110.6	48.0	7.0	1.3	22.3	40.8	230.0
Effect of movement in foreign exchange rates	-4.2	1.5	0.1	0.1	0.7	1.0	-0.8
Balance at 31 December 2007	**214.8**	**50.6**	**8.0**	**17.7**	**23.2**	**42.5**	**356.8**
Balance at 1 January 2008	**214.8**	**50.6**	**8.0**	**17.7**	**23.2**	**42.5**	**356.8**
Capital expenditure	-	-	-	4.0	-	-	4.0
Final calculation acquisitions previous year	2.0[1]	-	-	1.7[2]	-	-	3.7
Disposals	-	-	-	-1.5	-	-	-1.5
Acquisitions through business combinations	3.8	-	-	0.1	-	1.7	5.6
Effect of movement in foreign exchange rates	-18.3	-8.1	-1.2	-0.9	-3.7	-6.1	-38.3
Balance at 31 December 2008	**202.3**	**42.5**	**6.8**	**21.1**	**19.5**	**38.1**	**330.3**
Accumulated amortisation and impairment losses							
Balance at 1 January 2007	**-28.8**	**-0.7**	**-0.1**	**-3.9**	**-**	**-**	**-33.5**
Amortisation continuing operations	-	-	-0.4	-3.1	-	-2.7	-6.2
Disposals	-	-	-	1.0	-	-	1.0
Effect of movement in foreign exchange rates	0.7	-	-	-0.3	-	-	0.4
Balance at 31 December 2007	**-28.1**	**-0.7**	**-0.5**	**-6.3**	**-**	**-2.7**	**-38.3**
Balance at 1 January 2008	**-28.1**	**-0.7**	**-0.5**	**-6.3**	**-**	**-2.7**	**-38.3**
Disposals	-	-	-	1.2	-	-	1.2
Amortisation continuing operations	-	-	-0.7	-4.4	-	-5.7	-10.8
Effect of movement in foreign exchange rates	1.8	-	0.2	0.7	-	1.1	3.8
Balance at 31 December 2008	**-26.3**	**-0.7**	**-1.0**	**-8.8**	**-**	**-7.3**	**-44.1**
Carrying amount at 1 January 2007	**78.7**	**0.4**	**0.7**	**10.3**	**0.2**	**0.7**	**91.0**
Carrying amount at 31 December 2007	**186.7**	**49.9**	**7.5**	**11.4**	**23.2**	**39.8**	**318.5**
Carrying amount at 1 January 2008	**186.7**	**49.9**	**7.5**	**11.4**	**23.2**	**39.8**	**318.5**
Carrying amount at 31 December 2008	**176.0**	**41.8**	**5.8**	**12.3**	**19.5**	**30.8**	**286.2**

1 Main part relates to Nutreco Canada (EUR 1.4 million), see note 6 Acquisitions 2007.

2 Mainly relates to Nutreco Canada (EUR 1.4 million), see note 6 Acquisitions 2007.

The amortisation is allocated to the ‘depreciation and amortisation expenses’ of the income statement.

Business combinations in 2008 relate to the acquisition of Silver Cup and Biofaktory. Business combinations in 2007 relate to the acquisition of Nutreco Canada, Animal Nutrition BASF and Interkim (refer to note 6).

The movement in the valuation of put options of EUR -1.8 million relates to Nutrikraft India in 2007.

Impairment tests for assets with indefinite useful lives

Goodwill, quota and brand names are assets with an indefinite useful life. These assets are allocated to Nutreco's cash-generating units or groups of cash-generating units for the purpose of impairment testing. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination. Cash-generating units are operating divisions within the primary segments representing the smallest identifiable group of assets that generate cash flows that are largely independent of the cash flows from other assets or group of assets.

The carrying amounts for assets with indefinite useful lives have been allocated to the primary segments as follows:

(EUR x million)				2008				2007
	Goodwill	**Conces-sions, licences and quota**	**Brand names**	**Total**	**Goodwill**	**Conces-sions, licences and quota**	**Brand names**	**Total**
Segments								
Animal Nutrition								
Premix & Feed Specialities	56.9	0.2	0.3	57.4	55.5	0.2	0.2	55.9
Compound Feed Europe	5.4	-	-	5.4	5.4	-	-	5.4
Animal Nutrition Canada	76.9	-	19.2	96.1	88.3	-	23.0	111.3
Total Animal Nutrition	**139.2**	**0.2**	**19.5**	**158.9**	**149.2**	**0.2**	**23.2**	**172.6**
Fish Feed	**18.0**	**0.2**	**-**	**18.2**	**15.9**	**0.2**	**-**	**16.1**
Meat & Other	**18.8**	**41.4**	**-**	**60.2**	**21.6**	**49.5**	**-**	**71.1**
Total	**176.0**	**41.8**	**19.5**	**237.3**	**186.7**	**49.9**	**23.2**	**259.8**

The recoverable amount of a cash-generating unit with goodwill, quota or brand names is determined based on value-in-use assessment. These assessments use cash flow projections based on 3 year development plans which are approved by management. The revenue growth rate for the major and most important cash-generating units is between -16% and 17% for the segment Animal Nutrition, 4% and 19% for the segment Fish Feed and -2% and 4% for the segment Meat & Other. The EBITA/Revenue margin ranges for the major and most important cash-generating units between the 4% and 10%. Cash flows beyond that period are extrapolated using limited or no growth. Management believes that this longer forecast period is justified due to the long-term nature of the feed industry. Management determined the financial projections based on past performance and its expectations of market and business developments. The cash flow projections are discounted to their present value using a discount rate that reflects the market assessments of the time value of money and the risks of the asset. The discount rates are between 7.6% and 14.4% for the segment Animal Nutrition, 7.6% and 8.9% for the segment Fish Feed and amounts 8.5% for the segment Meat & Other. All assumptions are in line with normal business practice.

The company concluded that there were no needs for impairment losses. Management also performed sensitivity analyses around the current assumptions and concluded that no reasonably possible changes in key assumptions would cause the carrying amount of any cash-generating unit with goodwill, quota and/or brand names to exceed its recoverable amount.

Goodwill

Goodwill of EUR 176.0 million at 31 December 2008 consists mainly of goodwill related to the acquisition of Nutreco Canada for an amount of EUR 97.0 million (2007: EUR 109.9 million), Trouw Nutrition USA for an amount of EUR 24.6 million (2007: EUR 26.5 million) and Skretting Australia for an amount of EUR 11.8 million (2007: EUR 14.4 million). The increase of EUR 3.8 million relates to the acquisition of Silver Cup in 2008. The gross carrying value of goodwill is in total EUR 176.0 million (2007: EUR 186.7 million). There are no (accumulated) impairment losses in the goodwill balance as per 31 December 2008 and 31 December 2007.

Concessions, licenses and quota

Concessions, licenses and quota amount to EUR 41.8 million at year end and consist mainly of quota which has been acquired in 2007 as part of the acquisition of Nutreco Canada. Quota is acquired rights to sell poultry products in markets in which sales of these products are regulated and limited by the government.

Quota has an indefinite life as there is no indication to rescind the quota system.

Brand names

The useful lives of brand names have been determined on the basic factors, such as the economic environment, the expected use of an asset and related assets or groups of assets and legal or other provisions that might limit the useful life. Based on this assessment, the useful life is determined to be indefinite, since there is no foreseeable limit on the period of time over which brand names are expected to contribute to the cash flows of the Company.

The increase in 2007 of EUR 22.3 million is due to the acquisition of Nutreco Canada's brand names Shur-Gain and Landmark Feeds.

Customer relationships

The remaining average amortisation period for customer relationship assets is 18 years. The increase in 2008 of EUR 1.7 million relates to the acquisition of Silver Cup and Biofaktory (increase in 2007 EUR 40.8 million: caused by the acquisition of Nutreco Canada).

In 2008 and 2007 no impairment has been recognised.

There are no intangible assets whose titles are restricted or are pledged as security for liabilities.

(15) Investments in associates

Nutreco has the following investments in associates, direct or indirect through subsidiaries:

(EUR x million)		**2008**		**2007**
	Ownership	**Amount**	**Ownership**	**Amount**
Nanta de Venezuela C.A.	50%	2.1	50%	1.4
Couvoir Scott Ltée, Canada	50%	7.9	50%	11.5
Nieuwland Feed and Supply Ltd., Canada	40%	2.0	40%	2.3
Isoporc Inc., Canada	33%	1.1	33%	1.2
Gène-Alliance Inc., Canada	40%	0.3	40%	0.4
Yantzi's Feed & Seed Ltd., Canada	40%	0.1	40%	0.1
Ens partnership Canada	33%	0.9	-	-
		14.4		**16.9**

Nutreco is not responsible for the (contingent) liabilities of the associates.

Changes in investments in associates

(EUR x million)	2008	2007
As at 1 January	**16.9**	**2.1**
Share in results continued operations	2.1	0.8
Share in results discontinued operations		-
Dividends received	-1.5	-1.1
Share increase	0.1	1.7
Disposals [1]	-2.0	-0.2
Acquisitions through business combinations [2]	1.1	13.4
Effect of movement in foreign exchange	-2.3	0.2
As at 31 December	**14.4**	**16.9**

1 Disposals are related to the adjustment of the valuation of the assets of Nutreco Canada that were acquired in 2007, with an offset to goodwill.

2 The acquisition of 2008 relates to Ens partnership Canada, owned by Silver Cup. The acquisition of 2007 relates to Couvoir Scott Lée, Nieuwland Feed and Supply Ltd., Isoporc Inc., Gène-Alliance Inc. and Yantzi's Feed & Seed Ltd., owned by Nutreco Canada.

Breakdown of the share in results of associates

(EUR x million)	2008	2007
Nieuwland Feed and Supply Ltd., Canada	0.1	-
Couvoir Scott Ltée	0.7	0.3
Isoporc Inc.		0.1
Yantzi's Feed & Seed Ltd.		0.1
Gène-Alliance Inc.		-0.1
Nanta de Venezuela C.A.	1.3	0.4
	2.1	**0.8**

(16) Other investments

(EUR x million)	Equity securities		Debt securities		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
As at 1 January	**4.2**	**3.6**	**38.9**	**30.8**	**43.1**	**34.4**
Acquisitions through business combinations	-	0.3	0.7	28.7	0.7	29.0
Capital increase	0.1	-	0.3	-	0.4	-
Additions		-	-	1.0	-	1.0
Transfer from/(to) other balance items		0.3	-1.6	-5.2	-1.6	-4.9
Disposals/loans repaid		-	-3.6	-14.2	-3.6	-14.2
Value adjustments		-	-0.3	-2.3	-0.3	-2.3
Impairment		-	-2.2	-	-2.2	-
Effect of movement in foreign exchange	-0.4	-	-0.3	0.1	-0.7	0.1
As at 31 December	**3.9**	**4.2**	**31.9**	**38.9**	**35.8**	**43.1**

Equity securities consist of Nutreco's participation in companies in which Nutreco does not have control or significant influence. The financial statements of these participations for the financial year 2008 have not been approved and received before publishing the Nutreco results. As the fair value can therefore not be measured reliably the participations are valued at cost. However, based on the figures for the financial year 2007, no large difference is expected between cost and fair value.

Breakdown of debt securities

(EUR x million)	2008	2007
Loans to Dutch Nutreco Pension Fund	12.1	12.1
Loan related to divestment Euribrid	15.3	19.4
Loans to customers	4.5	7.4
	31.9	**38.9**

Loans to Dutch Nutreco Pension Fund

The loans to the Dutch Nutreco Pension Fund consist of a subordinated loan of EUR 7.0 million and a loan of EUR 5.1 million which have been granted by Nutreco to the Dutch Nutreco Pension Fund during 2003 and 2004. The interest rate is Euribor plus 0.5%. Repayment of the loans depends on fulfilling specific conditions by the Dutch Nutreco Pension Fund and approval by De Nederlandsche Bank.

Loan related to divestment Euribrid

The subordinated loan of EUR 15.3 million relates to the divestment of Euribrid in 2007. Part of the selling price of EUR 47.5 million will be paid in five annual instalments. The interest rate on the loan is 5% per annum. The nominal value of this loan amounts to EUR 24.6 million, of which EUR 3.0 million is deducted as settlement for eventual future claims (net present value of EUR 2.2 million reported in discontinued operations; see note 4). The loan has been discounted with an appropriate market discount rate, resulting in a value of EUR 19.9 million. The subordinated loan is accounted for under other investment for an amount of EUR 15.3 million and under trade and other receivables for the current portion of EUR 4.6 million.

Loans to customers

The loans to customers are mainly related to the sale of feed. Interest is charged based on normal business conditions.

Risks

Nutreco's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 27.

(17) Deferred tax assets and liabilities

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

(EUR x million)		2008		2007
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	2.9	-11.1	2.9	-17.0
Intangible assets	14.4	-7.2	19.3	-7.8
Other non-current assets	-	-2.5	-	-4.1
Inventories	0.9	-0.5	0.4	-5.1
Biological assets	-	-2.1	-	-1.3
Trade and other receivables	5.9	-0.6	6.6	-
Employee benefits	0.6	-	0.8	-
Provisions	1.0	-10.3	1.2	-14.4
Trade and other payables	3.5	-2.7	2.1	-8.7
Total	**29.2**	**-37.0**	**33.3**	**-58.4**
Net deferred tax liabilities		**-7.8**	**-**	**-25.1**

The movements in net deferred tax liabilities stems from a reduction in valuation differences.

A specification of the net operating losses and the valuation allowance for net operating losses is provided in the table below:

(EUR x million)	Total NOL's		Total NOL's valuation allowance	
	2008	**2007**	**2008**	**2007**
The Netherlands	14.1	43.5	-	5.4
Rest of the world	67.8	108.6	47.2	53.7
Total	**81.9**	**152.1**	**47.2**	**59.1**
NOL's netted + capitalised	**34.7**	**93.0**		
NOL's valuation allowance	**47.2**	**59.1**		

The movement in net operating losses netted and capitalised stems from internal restructuring and loss utilisation in Norway and The Netherlands.

The effect of net operating losses on the net deferred tax liabilities is summarised in the table below:

(EUR x million)	**2008**	**2007**
Net deferred tax liabilities	**-7.8**	**-25.1**
Tax loss carried forward	16.2	31.1
Netting net operating losses	6.2	10.9
Net deferred tax assets	**14.6**	**16.9**

The deferred tax asset on NOL's is split up between tax loss carried forward and netting net operating losses. The latter figure is a result of netting deferred tax liabilities on valuation differences with deferred tax assets on net operating losses if applicable within a fiscal unity as a deferred tax liability will not materialise before the deferred tax asset on net operating losses is used.

Classification of the deferred tax assets and liabilities is as follows:

(EUR x million)	2008	2007
Deferred tax assets presented under non-current assets	26.5	35.3
Deferred tax liabilities presented under non-current liabilities	-11.9	-18.4
Net deferred tax assets	**14.6**	**16.9**

The movements of the net deferred tax assets are as follows:

(EUR x million)	2008	2007
As at 1 January	**16.9**	**43.5**
Recognised in income statement	2.9	-15.8
Recognised in equity	-	-1.7
Held for sale	-	-
Acquisitions	-3.7	-7.3
Effect of movement in foreign exchange	-3.1	0.7
Other	1.6	-2.5
As at 31 December	**14.6**	**16.9**

Movements in recognised deferred taxation during the year

	Balance 1 January 2007	Recognised in income statement	Recognised in equity	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2007	Recognised in income statement	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2008
Property, plant and equipment	-13.8	-0.1			-0.2		-14.1	9.0	-3.1			-8.2
Intangible assets	23.9	-6.0	-1.7	-3.0	0.4	-2.5	11.1	-0.6	-0.5	-2.8		7.2
Financial assets	-4.7	0.7		0.3	-0.1		-3.8	1.7	-0.4			-2.5
Inventories	-0.3	0.1		-4.6			-4.8	4.8		0.4		0.4
Biological assets	-1.0	-0.3					-1.3	-0.8				-2.1
Trade and other receivables	7.5	-0.6		-0.4	0.1		6.6	-1.3	-0.2	0.2		5.3
Employee benefits	0.6	-0.1		0.4			0.9	-0.3				0.6
Provisions	-17.3	4.6			-0.3		-13.0	0.5			3.2	-9.3
Trade and other payables	-1.3	-5.4					-6.7	7.0	0.5			0.8
Tax loss carry-forwards	40.1	-9.6			0.6		31.1	-13.0		-0.5	-1.6	16.0
Netting net operating losses	9.8	0.9			0.2		10.9	-4.3		-0.4		6.2
Benefits of R&D incentives								0.2				0.2
Total	**43.5**	**-15.8**	**-1.7**	**-7.3**	**0.7**	**-2.5**	**16.9**	**2.9**	**-3.7**	**-3.1**	**1.6**	**14.6**

Non-capitalised unused net operating loss

The total non-capitalised net operating loss is EUR 47.2 million for the financial year 2008 (2007: EUR 59.1 million) and consists of the following items:

			2008			2007
Expiration	**< 5 years**	**5-10 years**	**> 10 years**	**< 5 years**	**5-10 years**	**> 10 years**
Net operating loss	3.5	28.1	15.6	4.7	40.5	13.9

Deferred tax assets have not been recognised in respect of these items because, based upon the level of historical taxable income and projections for future taxable income, management believes that it is more likely that not sufficient tax profits will be available against which the benefits can be utilised. These non-capitalised unused net operating losses mainly relate to acquisitions and restructuring.

Income tax receivables and income tax liabilities

The income tax receivables of EUR 12.4 million (2007: EUR 15.4 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceeds payment. The income tax liabilities amount to EUR 11.9 million in 2008 (2007: EUR 5.3 million). Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to set off current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

Acquisitions in 2008 caused an increase of income tax liabilities of EUR 2.4 million and income tax receivables of EUR 0.1 million (reference note 6).

(18) Inventories

(EUR x million)	2008	2007
Raw materials	202.3	188.6
Finished products	79.4	78.1
Total	**281.7**	**266.7**

There are no inventories pledged as security for liabilities.

Inventory is 5.7% of the revenues (2007: 6.6%). Rate of inventory turnover in 2008 is 26 days (2007: 31 days).

Inventory increased in total by EUR 15.0 million, of which EUR 8.4 million is caused by acquisitions

The write-down of inventories to net realisable value amounted to EUR 3.7 million (2007: EUR 1.8 million).

(19) Biological assets

(EUR x million)	2008	2007
As at 1 January	**75.0**	**46.5**
Expenses capitalised	607.8	468.6
Decrease due to harvest and sales	-589.3	-445.8
Change in fair value less estimated sale costs	-0.5	1.3
Acquisitions through business combinations	10.4	4.3
Deconsolidations	-	-
Transfer assets classified as held for sale	-	-
Effect of movement in foreign exchange differences	-0.8	0.1
As at 31 December	**102.6**	**75.0**

The biological assets at 31 December 2008 relate mainly to animals held in Spain (2008: EUR 94.7 million, 2007: EUR 69.4 million) and Canada (2008: EUR 4.4 million, 2007: EUR 3.9 million). The increase in Spain in 2008 relates mainly to the acquired pig integration activities of Copaga.

Rate of livestock turnover is 37 days (2007: 33).

Acquisitions

With the acquisition of Biofaktory in August 2008, and its 54% participation in Integra, Nutreco acquired 236,000 numbers of poultry with a fair value of EUR 1.3 million.

In February 2008, 79,555 pigs of Copaga with a fair value of EUR 9.1 million were acquired.

Spain

The poultry stock in Spain comprised approximately 21.6 million animals (2007: 20.9 million). During the year Nutreco processed 146.0 million animals (2007: 147.8 million).

The pigs stock in Spain at 31 December 2008 comprised approximately 408,000 animals (2007: 347,000). During the year Nutreco sold 716,000 animals (2007: 388,000). In Spain, Nutreco applies a cost plus method to price its final products for its customers. For the valuation of most of the biological assets, Nutreco uses the cost plus model as an approximation of the fair value price.

Canada

The poultry stock in Canada comprised approximately 1.7 million animals (2007: 1.8 million). During the year Nutreco sold 13.2 million animals in Canada (2007 (five months): 5.7 million).

In Canada, Nutreco applies a cost plus method to price its final products for its customers. For the valuation of biological assets, Nutreco uses the cost plus model as an approximation of the fair value price.

Czech Republic

The poultry stock in the subsidiary Biofaktory in Czech Republic (layers) comprised approximately 105,000 animals. During the year (five months) Integra sold 14.9 million animals.

Breeding eggs and parent stock

For the amount of EUR 11.8 million (2007: EUR 3.8 million) relating to breeding eggs and parent stock both in Spain and Canada, the fair value cannot be determined reliably as no liquid market is available. Therefore, these are valued at cost price.

Nutreco is exposed to a number of risks related to biological assets:

Regulatory and environmental risk

Nutreco is subject to laws and regulations in various countries in which it operates. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

Nutreco is exposed to risks arising from fluctuations in the price and sales volume of poultry and pigs.

In Spain, Canada and Czech Republic, Nutreco applies a cost plus method for determining the sales price for the majority of Nutreco's poultry and pork activities.

Diseases and other risks

Animal diseases in agriculture and aquaculture can have a financial impact on individual Nutreco businesses. The risk to Nutreco is limited through the regional spread of the activities and the supply of feed for different animal species. As in the previous year an example hereof is the low production volumes of salmon in Chile as a result of a disease which resulted in lower fish feed volumes. The lower volumes in Chile are partly offset by higher volumes in Norway.

Nutreco's pigs and poultry activities are exposed to the risk of diseases. The Company has procedures in place aimed at monitoring and mitigating this risk.

In 2008 no special events related to the biological assets owned by Nutreco occurred that have had a material impact on the consolidated result of Nutreco.

The nature of the biological assets is explained more extensively in this annual report on page 86.

(20) Trade and other receivables

(EUR x million)	**2008**	**2007**
Trade receivables – third parties	598.0	508.4
Trade receivables – related parties	3.7	1.5
Trade receivables	**601.7**	**509.9**
Prepayments	9.0	8.1
Fair value foreign exchange derivatives	13.5	2.2
Fair value cross-currency interest rate derivates	9.7	-
Fair value interest rate derivates	0.3	-
Other receivables	87.6	64.8
Total trade and other receivables	**721.8**	**585.0**

Trade receivables are shown net of impairment losses amounting to EUR 58.8 million (2007: EUR 49.2 million). In 2008 EUR 23.2 million of impairment losses were recognised in the income statement (2007: EUR 8.8 million). See also note 7 and 9.

Nutreco's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 27.

Nutreco has a credit insurance, in a number of countries, to mitigate the credit risk on customers.

The increase of trade and other receivables is for EUR 13.0 million caused by acquisitions.

Days sales outstanding (= turnover rate trade debtors) is 50 days (2007: 51 days).

(21) Cash and cash equivalents

(EUR x million)	2008	2007
Deposits	50.8	90.4
Bank accounts	168.6	112.7
Transit/checks	8.7	4.3
In hand	0.2	0.3
Cash and cash equivalents	**228.3**	**207.7**
Bank overdrafts	-76.5	-72.3
Cash and cash equivalents in the cash flow statement	**151.8**	**135.4**

Cash and cash equivalents are at Nutreco's free disposal (see note 27).

Acquisitions in 2008 caused an increase of cash and cash equivalents of EUR 5.4 million (reference note 6).

Bank overdrafts are included in the interest-bearing borrowings (note 23) in the balance sheet.

(22) Equity attributable to the equity holders of the parent

Share capital and share premium

The authorised share capital of the company at 31 December 2008 amounted to EUR 41.5 million (2007: EUR 41.5 million) and consists of 55 million ordinary shares, 16 million cumulative preference shares 'A', 71 million cumulative preference shares 'D' and 31 million cumulative financing preference shares 'E', all with a nominal value of EUR 0.24.

All issued shares are fully paid up and include 34.868.682 ordinary shares and 6.241.500 Cumulative Preference shares 'A' as at 1 January 2008 (see also the Corporate Governance paragraph on page 51). This number has been reduced with 1,248,300 on 23 May 2008 following the purchase of 1,248,300 Cumulative Preference shares 'A' from Maesinvest B.V. in accordance with the resolution to buy-back shares passed at the Annual General Meeting of Shareholders of 15 April 2008.

An overview of the ordinary shares outstanding as per the beginning and the end of the year is disclosed in note 12.

Special rights regarding Nutreco shares are disclosed in Other information.

Dividends

On 8 May 2008 the Company delivered 413,004 as final stock dividend over the year 2007. The cash dividend was paid out on the same date and amounted to EUR 25.0 million.

In August 2008, the Company paid out an interim dividend of EUR 0.40 in cash per ordinary share. 151,236 shares have been delivered as interim stock dividend. On 21 August 2008, the remaining interim dividend of EUR 7.0 million has been paid in cash out of the retained earnings.

After the balance sheet date the following dividends were proposed by the Board:

The proposed dividend per ordinary share amounts to EUR 1.43 (2007: EUR 1.64). The final dividend of EUR 1.03 will be payable in cash or shares at the shareholder's option. The value of the stock dividend will be virtually equal to the cash dividend. The ex-trading, based on the weighted average share price on the last three days of the period allowed for shareholders to notify the company of their preference, namely 6, 7 and 8 May 2009. Both the cash and stock dividends will be placed at the shareholders' disposal on 14 May 2009.

These dividends have not been provided for and income tax consequences are not recognised as a liability.

Treasury shares

The treasury shares are accounted for as a reduction of the equity attributable to the equity holders of the parent. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury stock on a FIFO basis. Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

Nutreco acquired 699,374 (2007: 314,822) of its own shares through purchases on the Euronext Stock Exchange during the months April and May 2008. The total amount paid to acquire these shares was EUR 33.1 million (2007: EUR 17.2 million) and these shares are held as treasury shares. The Company has the right to reissue these shares at a later date. The shares are held in treasury for delivery upon exercise of share-based payments, liabilities arising from the employee share participation scheme and payment of (interim) stock dividend.

In 2008 Nutreco reissued 722,173 (2007: 664,775) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of EUR 36.8 million (2007: EUR 31.3 million).

The movements in the treasury shares can be summarised as follows:

(EUR x 1,000)		2008		2007
	Number of shares	**Amount**	**Number of shares**	**Amount**
As at 1 January	**612,423**	**31,729**	**962,376**	**45,754**
Options exercised	-3,950	-206	-49,725	-2,314
Employee share participation scheme	-17,218	-826	-11,711	-554
Repurchase	699,374	33,128	314,822	17,228
(Interim) stock dividend	-564,240	-28,202	-463,334	-21,879
Performance shares	-136,765	-7,564	-140,005	-6,506
As at 31 December	**589,624**	**28,059**	**612,423**	**31,729**

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As at 31 December the hedging reserve amounts to EUR -14.1 million (31 December 2007: EUR -4.0 million).

Cash flow hedges have been defined for foreign exchange deals related to forecast transactions which will mature within 12 months and for interest rate swaps which will mature in 2010, 2012, 2013 and 2014. The fair value related to the foreign exchange deals amounts as at 31 December 2008 to EUR -0.3 million (31 December 2007: EUR 0.3 million) and the fair value relates to the interest rate swaps amounts as at 31 December 2008 to EUR -13.8 million (31 December 2007 EUR -3.7 million).

All cash flow hedges are effective as at 31 December 2008; during 2008 no ineffectiveness is recognised in the income statement. As at 31 December 2007 a cash flow hedge has been defined for cross-currency interest rate swaps, with a fair value of EUR 3.6 million, which is terminated in 2008. (see also note 27).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature and liabilities that are used a net investment hedge for the net investments in foreign operations. As at 31 December 2008 the translation reserve amounts to EUR -29.8 million (31 December 2007: EUR 4.1 million). The decrease of EUR 33.9 million is mainly caused by fluctuations of the Norwegian krone and the Canadian dollar.

Minority interest

The minority interest mainly consists of Piensos Nanfor and Piensos Nanpro in Spain, Trouw Nutrition Turkey and Trouw Nutrition Russia.

(23) Interest-bearing borrowings

The total interest-bearing borrowings are as follows:

(EUR x million)	2008	2007
Interest-bearing borrowings (non-current)	467.0	410.3
Interest-bearing borrowings (current)	128.4	87.3
Total	**595.4**	**497.6**

The specification of interest-bearing borrowings (non-current) is as follows:

(EUR x million)	2008	2007
Interest-bearing borrowings (non-current)		
Syndicated loans	301.3	205.3
Private placement	110.1	136.1
Cumulative preference shares	54.5	68.1
Other long-term loans	1.1	0.8
	467.0	**410.3**
Breakdown of interest-bearing borrowings (non-current) by currency		
US dollar	110.1	136.1
Norwegian crown	20.3	-
Canadian dollar	186.3	205.3
Euro	145.6	68.9
Other currencies	4.7	-
	467.0	**410.3**

In March 2005, Nutreco issued a five-year committed revolving credit facility of EUR 550 million with an international syndicate of banks. The credit facility may be used for loans and guarantees in various currencies.

The financial covenants of the syndicated loan facility are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on 12-month rolling basis. The interest rates are based on Euribor or Libor of the applicable currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The senior notes consist of three tranches of USD 46.0 million, USD 80.0 million and USD 78.0 million with maturities of five, seven and ten years respectively. The first tranche of USD 46 million will mature in May 2009. The financial covenants of the private placement are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. Interest rates are fixed for the life of each of the three tranches.

During 2008, Nutreco remained well within the financial covenants agreed upon with both the syndicated loan facility and the private placement. Reference is made to capital risk management in note 27.

Prior to the Initial Public Offering in 1997, Nutreco issued cumulative preference shares, which under IFRS classify as interest-bearing borrowings. Under the agreement between Nutreco and the holders of the cumulative preference shares, the latter receive a fixed annual dividend of 6.66%, which will be reset in December 2010. In 2008, Nutreco purchased 1,248,300 of the cumulative preference shares. At 31 December, the cumulative preference shares outstanding amount to EUR 54.5 million (2007: EUR 68.1 million).

In addition to the syndicated loan, the private placement and the cumulative preference shares, credit facilities of EUR 291 million (2007: EUR 321 million) are available to Nutreco. Of the total facilities of EUR 1,038 million, an amount of EUR 595.4 million had been used as at year-end 2008 (2007: EUR 1,078 and EUR 459 million, respectively). Reference is made to liquidity risk in note 27.

The average fixed interest rate on the interest-bearing borrowings as at 31 December 2008 is 4.96% (2007: 5.20%) and the average variable interest rate on the interest-bearing borrowings as at 31 December 2008 is 3.85% (2007: 5.67%). The interest rates of the major currencies are ranging from 2.42% to 6.66% (2007: 3.92% to 6.66%) depending on the currency of the debt. Reference is made to interest rate risk in note 27.

(EUR x million)	2008	2007
Interest-bearing borrowings (current)		
Bank overdrafts	76.5	72.3
Short-term loans	19.8	15.8
Current portion private placement	32.7	-
Amortisation refinancing costs	-0.6	-0.8
Total	**128.4**	**87.3**

Refer to note 27 for terms and conditions of outstanding loans.

Securities

All credit facilities are unsecured. Several group companies are jointly and severally liable for the amounts due to credit institutions. Credit facility agreements contain negative pledge and pari passu clauses.

(24) Employee benefits

The components of the employee benefits for the financial year to 31 December 2008 and for the financial year to 31 December 2007 are shown in the following table:

(EUR x million)	**2008**	**2007**
Present value of funded obligations	92.8	122.1
Present value of unfunded obligations	3.1	5.7
Fair value of plan assets	-87.4	-117.7
Present value of net obligations	**8.5**	**10.1**
Unrecognised actuarial gains and losses	-1.7	-3.3
Recognised liability for defined benefit obligations	**6.8**	**6.8**
Liability for defined contribution obligations	1.3	1.2
Liability for long-term service obligations	2.7	2.7
Liability for wages and bonuses to be paid	18.7	15.2
Liability for untaken holidays	9.1	9.5
Total employee benefits	**38.6**	**35.4**
Non-current employee benefits	*9.0*	*9.1*
Current employee benefits	*29.6*	*26.3*

Expenses and income recognised in the income statement

(EUR x million)	2008	2007
Expenses recognised in the income statement		
Current service costs	2.3	1.8
Interest costs	6.6	5.8
Expected return on plan assets	-6.5	-5.3
Settlement loss recognised	-	0.2
Amortisation of net loss	-	0.1
Expenses related to defined benefit obligations	**2.4**	**2.6**
Expense related to defined contributions obligations	11.3	12.0
Expense arising from long-term service obligations	-	0.3
Expense arising from performance shares	3.1	2.9
Expense arising from employee share participation plan	0.2	0.1
Other expenses	**14.6**	**15.3**
Total expenses recognised in the income statement	**17.0**	**17.9**
Income recognised in the income statement		
Closing defined benefit obligations in Belgium	-0.1	-0.4
Legislative change to the pension system in Italy	-	-0.3
Total income recognised in the income statement	**-0.1**	**-0.7**
Total expenses and income recognised in the income statement	**16.9**	**17.2**

The expenses and income are recognised in personnel cost in the income statement (see note 8).

The pension benefit of EUR 0.7 million in 2007 relates to the curtailment and settlement gains in Belgium and Italy.

Nutreco expects EUR 2.2 million in contributions to be paid to post employment benefit plans for the year ending 31 December 2009 (31 December 2008: EUR 2.3 million).

Defined benefit obligations

As at 31 December 2008, Nutreco has defined benefit plans in the following countries: Italy, Belgium, United Kingdom, Canada, The Netherlands, France, Germany and Norway.

In 2007, there was a change of the TFR system (statutory severance indemnity) in Italy. This statutory indemnity is from 1 July 2007 'largely funded'. This change impacts future expenses which will be directed to the INPS (National Social Security Institution) or to the external pension funds and no longer accrued in Nutreco's consolidated financial statements.

In 2007 a curtailment was recognised for the pension plan in Belgium related to the sale of Euribrid on 1 June 2007. Due to the curtailment the accrued expenses for 2007 were released at the date of sale.

The defined benefit pension plan in Ireland was closed in 2006. The assets and liabilities were transferred out on 14 June 2007 to the newly established defined contribution plan.

				2008				**2007**
	Active	**Deferred**	**Pensioners**	**Total**	**Active**	**Deferred**	**Pensioners**	**Total**
Belgium	110	54	-	164	114	39	-	153
Canada	273	-	-	273	273	-	-	273
France	77	-	-	77	70	-	-	70
Germany	80	19	37	136	79	20	34	133
Italy	171	-	-	171	171	-	-	171
The Netherlands	102	111	87	300	107	110	83	300
Norway	283	-	47	330	273	-	47	320
United Kingdom	-	322	109	431	-	344	87	431
Total	**1,096**	**506**	**280**	**1,882**	**1,087**	**513**	**251**	**1,851**

Plan assets related to defined benefit obligations

The plan assets consist of the following:

(EUR x million)		**2008**		**2007**
		%		%
Government bonds	40.6	46	59.7	51
Equity securities	25.2	29	54.8	47
Insurance	21.2	24	2.7	2
Real estate	0.4	1	0.5	-
Deposits	-	-	-	-
	87.4	**100**	**117.7**	**100**

Movement in the present value of the defined benefit obligations

The funded status of the pension plans and the amounts recognised as a company liability at 31 December 2008 and 31 December 2007 are as follows:

(EUR x million)	2008	2007
Present value of defined benefit obligations at 1 January	**127.8**	**105.8**
Current service costs	2.3	1.8
Interest costs	6.6	5.8
Contributions by plan participants	0.4	0.2
Actuarial gains and losses	-17.1	-7.4
Exchange rate changes	-18.2	-4.3
Benefits paid	-5.3	-3.8
Acquisitions	-	34.0
Plan curtailments	-	-0.6
Plan settlements	-0.6	-3.7
Present value of defined benefit obligations at 31 December	**95.9**	**127.8**

Movement in the fair value of plan assets related to defined benefit obligations

(EUR x million)	2008	2007
Fair value of plan assets at 1 January	**117.7**	**80.1**
Expected return on plan assets	6.5	5.3
Actuarial gains and losses	-17.3	-2.7
Exchange rate changes	-16.9	-3.8
Contributions by the employer	2.9	13.3
Contributions by plan participants	0.4	0.2
Benefits, expenses, taxes and premiums paid	-5.3	-3.5
Acquisitions/divestments	-	32.5
Plan settlements	-0.6	-3.7
Fair value of plan assets at 31 December	**87.4**	**117.7**

The actual return on plan assets was EUR -10.7 million (2007: 2.6 million).

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Actuarial assumptions

The principal financial assumptions used on 31 December 2008 and 31 December 2007:

	Discount rate		Long-term rate of return on assets		Salary increases		Inflation (RPI)	
	2008	2007	2008	2007	2008	2007	2008	2007
Germany	5.7	5.5	4.5	4.5	2.5	2.0	2.0	2.0
Italy	5.7	5.5	-	-	-	-	2.0	2.0
France	5.7	5.5	4.2	4.3	2.3	2.0	2.0	2.0
Belgium	5.7	5.5	6.6	6.4	3.5	3.5	2.0	2.0
UK	6.0	5.8	5.3	6.6	-	-	3.0	3.3
Norway	4.0	4.6	5.3	5.5	4.0	4.0	2.5	2.5
Canada	6.8	5.6	7.2	7.0	3.5	3.5	2.5	
The Netherlands	5.7	5.5	4.0	4.0	3.5	2.0+	2.0	2.0
	6.0	**5.6**	**5.5**	**6.1**	**3.5**	**3.0**	**2.5**	**2.7**

Historical information of experience gains and losses

(EUR x million)	2008	2007	2006	2005
Present value of defined benefit obligation	95.9	127.8	105.8	78.2
Fair value of plan assets	-87.4	-117.7	-80.1	-52.6
Deficit	**8.5**	**10.1**	**25.7**	**25.6**
Experience adjustments on plan liabilities	-6.3	-2.0	2.4	-
Experience adjustments on plan assets	-17.2	-2.7	1.2	-

The majority of the pension obligations are a defined contribution obligation, so the impact of defined benefit obligations is limited.

The table below shows the impact of discount rates on the results:

(EUR x million)	Discount rate in %	Benefit obligation determined at		
		Discount rate	Discount rate +0.5%	Discount rate -0.5%
Germany	5.7%	2.9	2.8	3.1
Italy	5.7%	2.6	2.5	2.8
France	5.7%	0.5	0.5	0.6
Belgium	5.7%	5.7	5.3	6.1
UK	6.0%	35.7	32.4	39.3
Norway	4.0%	5.8	5.3	6.4
Canada	6.8%	22.7	20.6	24.9
The Netherlands	5.7%	20.0	18.8	21.3
		95.9	**88.2**	**104.5**

Risks related to pension plans

Pension plans

Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Ireland, Italy, The Netherlands, Norway and the United Kingdom. The plans cover approximately 1,882 (2007: 1,851) persons currently or previously employed within the Nutreco group. These plans require detailed reporting and disclosure information for the financial statements.

The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pension plans in order to forecast the financial consequences hereof and to take actions in time.

For Nutreco the effects of the changes in the discount rate and the asset losses during 2008 do not impact the 2008 balance sheet position since for most pension plans gains and losses arising during the year are recognized on the balance sheet in the subsequent fiscal periods. The lower asset values and the amortisation of asset losses, subject to the 10% corridor, have resulted in an increase of 2009 expense which has been partially offset by reductions in the Service cost and Interest cost due to the increase in the discount rate and lower present value of defined benefit obligations at 31 December 2008 and lower Service cost for the France Retirement Indemnity and the plans in The Netherlands.

In addition to defined benefit plans Nutreco is engaged in defined contribution agreements with local pension funds of which the Dutch Nutreco Pension Fund is the most important one. The fund covers approximately 4,000 persons currently employed by Nutreco.

Share-based payments

Options

The Company had a share option plan effective as of 11 March 1998 on the basis of which options were granted up to and including 2003. Each option entitled the holder to purchase an ordinary share of EUR 0.24 par value at the exercise price corresponding to the closing price quoted seven days after publication of the annual results. In effect from 2001, the Company made a few changes to the regulations pertaining to the options granted since 2001. The exercise period was extended from five to seven years. None of the Executive Board members has any options outstanding. The movements in options held by other employees are shown further in this section.

Performance shares 2006 – Interim long-term incentive plan

The proposal to put in place an interim long-term incentive plan for the Executive Board for the year 2006 was adopted at the Annual General Meeting of Shareholders of 18 May 2006. For the year 2006 performance shares were granted, subject to the following conditions: (i) a number of performance targets were agreed with the Supervisory Board relating to the finalisation of the 'Rebalancing for Growth' strategy and the development of a new strategy, (ii) vesting would be subject to continued employment for at least two years, (iii) a lock-up applies for a period of five years from the date of vesting with an allowance to sell shares in order to satisfy taxes with regard to such shares and (iv) the shares would qualify for dividends over the year 2006 and following. At the Annual General Meeting of Shareholders of 2008, the Supervisory Board reported on the achievement of the different performance targets and informed the Annual General Meeting of Shareholders that it had resolved to the vesting of 70,000 performance shares granted to the Executive Board under the interim long-term incentive plan 2006 effective May 18, 2008. A five year lock-up restriction applies to these shares until May 18, 2013 with an allowance to sell shares to satisfy tax obligations resulting from the vesting of the performance shares. In accordance herewith, a total of 26,931 shares were sold.

Long-term incentive plan 2007 and following

At the Annual General Meeting of Shareholders, a new long-term incentive plan for the year 2007 and beyond received the approval of the General Meeting of Shareholders on 26 April 2007. The long-term incentive plan (LTI Plan) is designed to enhance the binding between the Executive Board's remuneration and the implementation of the Company's strategy over the longer term. The key terms of the approved LTI Plan applying as from 2007 are the following:

- On an annual basis, performance shares will be granted conditionally. The conditional grant will vest after a three-year performance period.
- The economic value at the moment of granting represents 100% of the base salary of the Chairman of the Executive Board and 95% of the base salary of the members of the Executive Board, and has been reduced to 85% of the base salary of the Chairman of the Executive Board and to 80% of the base salary of the members of the Executive Board as from 2008.
- The conditional grant will vest after a three-year performance period, subject to whether the Company achieves a pre-set level of Total Shareholder Return (TSR) relative to a peer group consisting of all companies listed on the Euronext Amsterdam AEX, AMX and AScX segments.
- No vesting takes place if the TSR achieved during the three-years vesting period is below the median position of the peer group. Vesting of

- 50% of the grant when the Company's TSR is at the median position, linearly up to a maximum 150% of the grant if the Company achieves the number one position within the peer group.
- A lock-up will be effective for a period of two years after vesting, with an allowance to sell shares as from vesting to satisfy taxes due.
- Participants of the plan are entitled to dividends each year, starting 2007.

The number of performance shares conditionally awarded to the Executive Board which can only be vested when performance targets are met, amounted 50,000 (2007: 47,633), of which shares granted to the CEO amounted 21,000 (2007: 19,643), and to each of the COO and the CFO 14,500 (2007: 13,995). In addition, a total of 85,700 (2007: 86,900) performance shares were awarded to the Management Team and a number of senior executives of the Company. These performance shares are subject to the same terms and conditions as those applying to the Executive Board.

Movements in outstanding shares of the members of the Executive Board

The movements in the number of shares outstanding of the members of the Executive Board can be summarised as follows:

	Granted	**Vesting**	**Expiration**	**As of 1 January 2008**	**Granted**	**As of 31 December 2008**	
						To be vested	**Restricted**
W. Dekker							
Performance shares [1]	2004/2005	Early vesting April 2006	Restricted until 2011	-	-	-	38,500
Performance shares [2]	2006	2008	Restricted until 2013	30,000	-	-	20,166
Performance shares [3]	2007	2010	Restricted until 2012	19,643		19,643	-
Performance shares [4]	2008	2011	Restricted until 2013		21,000	21,000	
C.J.M. van Rijn							
Performance shares [1]	2004/2005	Early vesting April 2006	Restricted until 2011	-	-	-	25,665
Performance shares [2]	2006	2008	Restricted until 2013	20,000	-	-	9,335
Performance shares [3]	2007	2010	Restricted until 2012	13,995		13,995	-
Performance shares [4]	2008	2011	Restricted until 2013		14,500	14,500	
J.B. Steinemann							
Performance shares [1]	2004/2005	Early vesting April 2006	Restricted until 2011	-	-	-	33,315
Performance shares [2]	2006	2008	Restricted until 2013	20,000	-		13,568
Performance shares [3]	2007	2010	Restricted until 2012	13,995		13,995	-
Performance shares [4]	2008	2011	Restricted until 2013		14,500	14,500	

1 Vesting of the performance shares 2004/2005 took place in 2006. Shares are restricted until 6 March 2011. Shares are entitled to dividend and the dividend is freely available.

2 As performance targets were met vesting of the 2006 performance shares took place in 2008, and the shares are restricted until 2013 with an allowance to sell shares to satisfy taxes due. Shares are entitled to dividend and the dividend is freely available.

3 If performance targets are met vesting of the 2007 performance shares will take place on 1 April 2010, after which the shares are restricted until 1 April 2012. The shares are entitled to dividend and the dividend is restricted until 1 April 2010.

4 If performance targets are met vesting of the 2008 performance shares will take place on 1 April 2011, after which the shares are restricted until 1 April 2013. The shares are entitled to dividend and the dividend is restricted until 1 April 2011.

Movements in the options of other (former) employees

The movements in the options of other (former) employees may be summarised as follows:

	Granted	Expiration	As of 1 January 2008	Exercised	Lapsed	As of 31 December 2008	Exercise price (EUR)
Options	2001	2008	40,807	-	40,807	-	48.20
	2002	2009	11,575	2,450	-	9,125	35.93
	2003	2010	11,800	1,500	-	10,300	12.23
Total options outstanding			**64,182**	**3,950**	**40,807**	**19,425**	

All of the 19,425 outstanding options are exercisable. Options exercised in 2008 resulted in 3,950 shares being delivered out of the own shares held in treasury.

Bonus conversion plan

A bonus conversion plan was introduced in 2007 for members of the Management Team and a range of senior executives. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the bonus which is awarded to them (if any) in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to maximum 300% depending on the Company's TSR performance over the three-year period. A lock-up period of two years will apply to the bonus conversion shares.

In the year under review, 53 participants (2007: 57) invested in a total of 9,365 (2007: 7,072) shares.

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of EUR 1,800 during a defined period. Everyone who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit during a period of three years. During this period, these shares cannot be sold or transferred.

In February 2008, the Supervisory Board decided that the 2007 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 17,218 shares during 2008 (2007: 11,711).

Remuneration of members of the Executive Board and of the Supervisory Board

Remuneration for the members of the Executive Board

(EUR)	Salary costs	Bonus	Pension costs	Total 2008	Total 2007
W. Dekker	639,646	409,920	128,833	1,178,399	1,021,409
C.J.M. van Rijn	433,968	250,100	133,824	817,892	695,339
J.B. Steinemann	439,197	250,100	103,997	793,294	708,010
	1,512,811	**910,120**	**366,654**	**2,789,585**	**2,424,758**

Other remuneration

The table below summarises the income statement charges for performance shares 2006, 2007 and 2008:

(EUR)	2008	2007
W. Dekker	556,719	858,799
C.J.M. van Rijn	382,637	580,264
J.B. Steinemann	382,637	580,264
	1,321,993	**2,019,327**

Remuneration for the members of the Supervisory Board

(EUR)	Board remuneration	Committee remuneration	Total 2008	Total 2007
R. Zwartendijk	55,000	5,000	60,000	60,000
Y. Barbieux	43,000	5,000	48,000	48,000
L.J.A.M. Ligthart	43,000	22,000	65,000	63,000
J.M. de Jong	43,000	7,500	50,500	50,500
J.A.J. Vink	43,000	7,500	50,500	50,500
	227,000	**47,000**	**274,000**	**272,000**

Shares owned by the Executive Board and Supervisory Board

Members of the Executive Board are shareholders of the Company.

As at 31 December 2008, the members of the Executive Board jointly held 141 ordinary shares (2007: 14,199 shares), of which 0 shares (2007: 13,805 shares) were held by Mr W. Dekker, 0 shares (2007: 0 shares) were held by Mr J.B. Steinemann and 141 shares (2007: 227 shares) by Mr C.J.M. van Rijn. No restrictions apply to these shares.

In addition, the Executive Board held 97,480 shares (2007: 97,480 shares) resulting from the long-term incentive programmes 2004 and 2005, for which a lock-up restriction applies. From these shares 38,500 shares (2007: 38,500 shares) were held by Mr W. Dekker, 33,315 shares (2007: 33,315 shares) by Mr J.B. Steinemann and 25,665 shares (2007: 25,665 shares) by Mr C.J.M. van Rijn. The dividend to these shares is freely available.

In addition, the Executive Board held 43,069 shares resulting from the long-term incentive programme 2006, for which a five year lock-up restriction applies. From these shares 20,166 shares were held by Mr W. Dekker, 13,568 shares by Mr J.B. Steinemann and 9,335 shares by Mr C.J.M. van Rijn. The dividend to these shares is freely available. Furthermore, Mr C.J.M. van Rijn held 129 shares resulting from the Employee Share Participation Scheme.

The Executive Board members have also been conditionally granted 97,633 performance shares under the 2007 and 2008 long-term incentive programmes of which 40,643 performance shares were held by Mr W. Dekker, 28,495 performance shares by Mr J.B. Steinemann and 28,495 performance shares were held by Mr C.J.M. van Rijn.

One Supervisory Board member, Mr Y. Barbieux, held 466 ordinary shares (2007: 466 shares).

For the movement in stock options and performance shares held by the Executive Board and other managerial staff, please refer to pages 131-132 of the consolidated financial statements.

(25) Provisions

The changes can be specified as follows:

(EUR x million)	**Restructuring**	**Claims**	**Guarantees**	**Total**
As at 1 January 2008	**12.6**	**20.9**	**1.0**	**34.5**
Additions charged	6.3	0.6	0.2	7.1
Release [1]	-1.8	-14.9	-0.5	-17.2
Transfers to other balance sheet items	-	0.8	-	0.8
Transfers	-0.2	0.6	-0.4	-
Utilised	-8.0	-4.5	-0.1	-12.6
Effect of movement in foreign exchange	-0.4	-	-	-0.4
As at 31 December 2008	**8.5**	**3.5**	**0.2**	**12.2**
Non-current	1.6	3.0	0.1	4.7
Current	6.9	0.5	0.1	7.5

1 The release of the provisions is for EUR 9.8 million recorded in other operating income (note 7) and for EUR 7.4 million in discontinued operations (note 4).

Restructuring

Additions charged in 2008 of EUR 6.3 million mainly consist of restructuring of compound feed activities in South and West Europe and premix & speciality feed activities in Italy. The remainder part of the total restructuring costs charged, for an amount of EUR 3.1 million is recognised as Personnel costs in the income statement (see note 8). In 2007 mainly as a consequence of the restructuring of the premix & speciality feed activities in the United Kingdom and compound feed activities in Western Europe an amount of EUR 6.6 million was recognised in the income statement.

Claims

A number of claims are pending against Nutreco Holding N.V. and certain of its group companies. These claims were issued by suppliers, customers, former employees and consumers. Part of these claims was provided for in previous years.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated position of Nutreco. To the extent management has been able to estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2008.

The major part of the provision for claims as at 31 December 2008 consists of exposures from several customers of Nutreco which relate to discussions about past supplies.

Most claims are expected to be completed within two years from the balance sheet date.

Guarantees

The provision for guarantees as at 31 December 2008 relates to bank guarantees issued by Nutreco for loans made by third parties to group customers.

(26) Trade and other payables

(EUR x million)	2008	2007
Trade creditors – third parties	625.4	555.5
Taxes and social security contributions	15.6	9.9
Other liabilities	69.7	68.2
Deferred income and accrued expenses	109.9	99.1
Fair value foreign exchange derivates	6.4	0.4
Fair value cross-currency derivates	-	13.3
Fair value interest rate derivates	14.1	3.7
Fair value commodities	11.2	-
Total	**852.3**	**750.1**

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in note 27.

The inflation of raw material prices in the first half of the year and the credit crisis have increased the payment terms of trade creditors. On the other hand, the increased presence of trading companies in the markets for raw materials partly mitigated this effect.

Trade and other payables increased by EUR 6.1 million as a consequence of acquisitions in 2008.

Fair value commodities are products of value and uniform quality that are produced or supplied in large quantities by many different producers, whereby these products of different producers or suppliers are considered to be equivalent and interchangeable. The EUR 11.2 million is related to the segment Compound Feed. More information regarding commodities is reported in note 27 (commodity risk).

Trade creditor days 2008 are 61 (2007: 63).

(27) Financial risk management and financial instruments

Financial risks

Nutreco's activities expose it to a variety of financial risks, such as foreign currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. These risks are inherent to the way the Company operates as a multinational with large number of local operating companies. The Companies overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimize potential adverse effects on the financial performance. The risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Operational risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies. Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the Treasury Policies which are subject to identification, evaluation and hedging by the operating companies. Nutreco has a Risk Management Advisory Board that advises the Executive Board on financial risk management.

The operating companies are responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities as well as credit risk for non-financial parties.

Within the boundaries set in the Treasury Policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

In the course of 2008, the treasury management system has been replaced by another reputable system in order to support its treasury activities.

Financial instruments by class and by categories

Financial assets 31 December 2008

(EUR x million)	Note	Total	Loans and receiva-bles	Assets at fair value through profit and loss	Deriva-tives used for hedging	Held to maturity	Available for sale
Equity securities	16	3.9	-	-	-	-	3.9
Debt securities	16	31.9	-	-	-	31.9	-
Trade receivables	20	601.7	601.7	-	-	-	-
Other receivables	20	96.6	96.6	-	-	-	-
Fair value foreign exchange derivatives	20	13.5	-	7.4	6.1	-	-
Fair value cross-currency interest rate derivatives	20	9.7	-	-	9.7	-	-
Fair value interest rate derivatives	20	0.3	-	-	0.3	-	-
Cash and cash equivalents	21	228.3	228.3	-	-	-	-
Total		**985.9**	**926.6**	**7.4**	**16.1**	**31.9**	**3.9**

Financial liabilities 31 December 2008

(EUR x million)	Note	Total	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities
Interest-bearing borrowings (non-current)	23	-467.0	-	-	-467.0
Interest-bearing borrowings (current)	23	-128.4	-	-	-128.4
Trade payables	26	-625.4	-	-	-625.4
Other payables	26	-85.3	-	-	-85.3
Fair value foreign exchange derivatives	26	-6.4	-4.9	-1.5	-
Fair value interest rate derivatives	26	-14.1	-	-14.1	-
Fair value commodities	26	-11.2	-	-11.2	-
Total		**-1,337.8**	**-4.9**	**-26.8**	**-1,306.1**

Financial assets 31 December 2007

(EUR x million)	Note	Total	Loans and receivables	Assets at fair value through profit and loss	Held to maturity	Available for sale
Equity securities	16	4.2	-	-	-	4.2
Debt securities	16	38.9	-	-	38.9	-
Trade receivables	20	509.9	509.9	-	-	-
Other receivables	20	72.9	72.9	-	-	-
Fair value foreign exchange derivatives	20	2.2	-	2.2	-	-
Cash and cash equivalents	21	207.7	207.7	-	-	-
Total		**835.8**	**790.5**	**2.2**	**38.9**	**4.2**

Financial liabilities 31 December 2007

(EUR x million)	Note	Total	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities
Interest-bearing borrowings (non-current)	23	-410.3	-	-	-410.3
Interest-bearing borrowings (current)	23	-87.3	-	-	-87.3
Trade payables	26	-555.5	-	-	-555.5
Other payables	26	-78.1	-	-	-78.1
Fair value foreign exchange derivatives	26	-0.4	-0.4	-	-
Fair value interest rate derivatives	26	-3.7	-	-3.7	-
Fair value cross-currency interest rate derivatives	26	-13.3		-13.3	
Total		**-1,148.6**	**-0.4**	**-17.0**	**-1,131.2**

Credit risk

Credit risk represents the accounting loss that would have to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. As a consequence of the credit crises and to the extent possible, special attention is paid to the liquidity of other parties such as banks, insurance companies, customer as well as strategic suppliers.

The international growth of premixes & speciality feed and fish feed for other fish species has resulted in a wider and international spread of customers but affected the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Animal Nutrition: the activities in Europe, USA and Canada regarding this segment have a widely spread portfolio of customers.
- Fish Feed: as a consequence of the further concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance.
- Meat & Other: the Spanish customers of meat activities are reputable food and retail suppliers.

The outstanding amounts of Nutreco's most important customers Marine Harvest (Fish Feed) and Mercadona (Meat & Other) together account for < 10% of the total outstanding amount as per 31 December 2008. Nutreco received a collateral for an amount of EUR 0.9 million (2007: EUR 1.0 million) mainly from debtors in the segment Animal Nutrition in order to reduce exposure.

In 2003 and 2004, Nutreco has granted subordinated loans to the Dutch Nutreco Pension Fund for a total amount of EUR 12.1 million (2007: EUR 12.1 million). The solvency of the Dutch Nutreco Pension Fund has been impacted by the worldwide financial crises, but there is no short term liquidity risk.

At balance sheet date a loan of EUR 19.9 million relates to Euribrid, a former investment of Nutreco divested in 2007. In the course of 2008, the instalments have been renegotiated and a settlement of EUR 3.0 million has been agreed for possible future claims. An interest of 5% is being charged by Nutreco. The nominal value of this loan amounts to EUR 24.6 million (2007: EUR 27.0 million), including the EUR 3.0 million, resulting in EUR 21.6 million and has been discounted with a rate of 9.0%, resulting in the above amount of EUR 19.9 million (2007: EUR 24.8 million). This loan is subordinated and has been accounted for under other investments for an amount of EUR 15.3 million and under trade and other receivables for EUR 4.6 million.

Nutreco has an exposure to banks created by the usage of cash investments and derivative financial instruments. The exposure created by cash investments equals the notional amount; the exposure to the derivative financial instruments equals the fair value of the instruments.

Nutreco's cash and cash equivalents are held with reputable banks that have a sufficient credit rating. Due to the credit crises, banks are carefully monitored and the counterparty limits have been reduced. Cash deposits up to EUR 25 million per bank are held with banks with a credit rating of at least AA- (Standard & Poor's). Nutreco is exposed to credit- losses in the event of non-performance by other parties to financial derivative instruments but, given the credit ratings, management does not expect this to happen. Provisions are formed where necessary.

The maximum amount of credit risk of all financial assets is EUR 985.9 million (2007: EUR 835.8 million).

Rating cash, bank and derivatives

(EUR x million)	2008	2007
Cash at bank and short-term bank deposits		
AAA	19.2	12.0
AA+	1.9	
AA	17.3	195.7
AA-	162.2	-
Not classified	27.7	-
Derivative financial instruments		
AAA	-0.7	0.8
AA+	-7.4	-
AA	8.5	1.4
AA-	0.7	-
A+	2.0	-
A	-0.1	-

Aging of trade and other receivables

(EUR x million)	2008		2007	
	Amount	**Impairment**	**Amount**	**Impairment**
Before due date	581.9	11.5	456.9	5.5
0 < 3 months after due date	128.4	6.7	116.3	8.6
3 < 6 months after due date	28.3	7.0	25.5	6.2
6 months and longer after due date	42.0	33.6	35.5	28.9
Trade and other receivables	**780.6**	**58.8**	**634.2**	**49.2**

See also note 20.

Movement in the impairment of trade and other debtors

(EUR x million)	2008	2007
At 1 January	**49.2**	**46.1**
Additions	23.2	8.8
Release	-3.1	-4.9
Utilised during the year	-9.5	-1.7
Unwind of discount	0.6	-0.1
Acquisitions through business combinations	1.0	2.7
Deconsolidation	-	-1.7
Effect of movement in foreign exchange	-2.6	-
At 31 December	**58.8**	**49.2**

See also note 20.

The increase of the impairment (from EUR 8.8 million in 2007 to EUR 23.2 million in 2008) is related to the full Nutreco business, but especially to the segment Fish Feed.

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the cumulative preference shares and the private placement. In addition and in order to achieve a mix of fixed and floating rate exposure in accordance with Nutreco's policy, part of the floating syndicated loan has been fixed with interest rate swaps. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In 2004, Nutreco has agreed fixed interest rates for a total amount of USD 204 million of the private placement, for periods of five, seven and ten years. Two cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of USD 53.7 million to NOK and USD 60.4 million to CAD, which terminate in 2011 and 2014 respectively.

Part of the interest rate risk of the syndicated loan has been hedged by four interest rate swaps of CAD 75 million, CAD 150 million, EUR 50 million and CAD 50 million, which mature in 2010, 2012, 2013 and 2014 respectively. With the private placement and these derivative financial instruments, 82% of the interest on Nutreco's interest-bearing borrowings (non-current) has been fixed (79% as at 31 December 2007).

The average fixed interest rate on the interest-bearing borrowings as at 31 December 2008 is 4.96% (2007: 5.20%) and the average variable interest rate on the interest-bearing borrowings as at 31 December 2008 is 3.85% (2007: 5.67%). The interest rates of the major currencies are ranging from 2.42% to 6.66% (2007: 3.92% to 6.66%) depending on the currency of the interest-bearing borrowing.

The cash and cash equivalents have been placed out on short-term deposits or bank accounts with floating interest.

Sensitivity analysis

At balance sheet date EUR 91.2 million (2007: EUR 48.7 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts at reporting date to EUR 99.3 million net cash (2007: EUR 119.6 million net cash).

An increase of 100 basis points of all floating interest rates at reporting date would have decreased the net financing costs in
the income statement by EUR 0.4 million (2007: EUR 0.7 million decreased). A decrease of 100 basis points in interest rates at 31 December would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. In 2008, most relevant reference rates have decreased whereas credit margins have increased.

(EUR x million)	**Impact of 100 basis points increase of interest rates**	
	2008	**2007**
Exposed interest-bearing borrowings (non-current)	-0.9	-0.5
Exposed interest-bearing borrowings (current) and cash and cash equivalents	1.0	1.2

Effective interest rate and reprising analysis

In respect of interest-bearing borrowings, the following table indicates the effective interest rates at the balance sheet date and the period in which they are reprised.

Interest-bearing liabilities 2008

	Effective interest rate	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Syndicated loans						
CAD floating loan	3.50%	-14.6	-14.6	-	-	-
CAD floating loan	4.24%	-11.6	-11.6	-	-	-
CAD floating loan	4.24%	-160.1	-	-	-	-
Effect of CAD interest rate swap	0.99%	-	-	-	-87.3	-
Effect of CAD interest rate swap	0.91%	-	-	-	-43.7	-
Effect of CAD interest rate swap	-1.82%	-	-	-	-	-29.1
EUR floating loan	3.09%	-40.0	-40.0	-	-	-
EUR floating loan	3.11%	-50.0	-	-	-	-
Effect of EUR interest rate swap	1.63%	-	-	-	-50.0	-
NOK floating loan	4.52%	-20.3	-20.3	-	-	-
CZK floating loan	4.89%	-4.7	-4.7	-	-	-
		-301.3	**-91.2**	**-**	**-181.0**	**-29.1**
Private placement						
USD fixed loan	3.92%	-32.7	-32.7	-	-	-
USD fixed loan	4.53%	-56.0	-	-	-56.0	-
USD fixed loan	5.12%	-54.1	-	-	-	-54.1
		-142.8	**-32.7**	**-**	**-56.0**	**-54.1**
Cumulative preference shares	6.66%	**-54.5**	**-**	**-**	**-54.5**	**-**
Bank overdrafts						
Classified as part of cash pools	2.85%	-61.0	-61.0	-	-	-
Other bank overdraft	4.35%	-15.5	-15.5	-	-	-
		-76.5	**-76.5**	**-**	**-**	**-**
Cash and cash equivalents						
EUR deposit	2.15%	10.0	10.0	-	-	-
EUR deposit	1.93%	25.0	25.0	-	-	-
USD deposit	0.50%	10.7	10.7	-	-	-
Classified as part of cash pools	2.85%	61.0	61.0	-	-	-
Other cash and cash equivalents	2.60%	121.6	121.6	-	-	-
		228.3	**228.3**	**-**	**-**	**-**
Effect of derivative financial instruments (recognised in translation reserve)						
Effect of cross-currency swap USD/NOK	0.66%	38.1	-	-	38.1	-
Effect of cross-currency swap USD/CAD	-0.35%	42.9	-	-	-	42.9

Interest-bearing liabilities 2007

	Effective interest rate	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Syndicated loans						
CAD floating loan	5.32%	-48.7	-48.7	-	-	-
CAD floating loan	5.32%	-156.6	-	-	-	-
Effect of interest rate swap	0.18%	-	-	-	-52.2	-
Effect of interest rate swap	0.26%	-	-	-	-104.4	-
		-205.3	**-48.7**	**-**	**-156.6**	**-**
Private placement						
USD fixed loan	3.92%	-30.4	-	-	-30.4	-
USD fixed loan	4.52%	-53.5	-	-	-53.5	-
USD fixed loan	5.12%	-52.2	-	-	-	-52.2
		-136.1	**-**	**-**	**-83.9**	**-52.2**
Cumulative preference shares	6.66%	**-68.1**	**-**	**-**	**-68.1**	**-**
Bank overdrafts						
MXN loan	8.35%	-8.0	-8.0	-	-	-
Classified as part of cash pools	4.31%	-38.9	-38.9	-	-	-
Other bank overdraft	4.66%	-25.4	-25.4	-	-	-
		-72.3	**-72.3**	**-**	**-**	**-**
Cash and cash equivalents						
EUR deposit	3.90%	15.0	15.0	-	-	-
USD deposit	4.45%	10.4	10.4	-	-	-
EUR deposit	4.05%	15.0	15.0	-	-	-
EUR deposit	4.05%	15.0	15.0	-	-	-
EUR deposit	3.96%	5.0	5.0	-	-	-
EUR deposit	3.97%	10.0	10.0	-	-	-
EUR deposit	4.25%	20.0	20.0	-	-	-
Classified as part of cash pools	4.31%	38.9	38.9	-	-	-
Other cash and cash equivalents	3.81%	78.4	78.4	-	-	-
		207.7	**207.7**	**-**	**-**	**-**
Effect of derivative financial instruments (recognised in translation reserve)						
Effect of cross-currency swap USD/AUD	2.72%	10.1	-	-	10.1	-
Effect of cross-currency swap USD/NOK	0.66%	36.5	-	-	36.5	-
Effect of cross-currency swap USD/CAD	-0.35%	41.1	-	-	-	41.1

Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials. In the business sector of animal nutrition and fish feed, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market, are regularly assessed and only performed when a structural increase has occurred.

During 2008, the volatilities of foreign currencies in which Nutreco carried out transactions have grown, which as a consequence increased the foreign currency risk.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through. This foreign currency exposure is managed by means of derivative financial instruments like foreign currency forward contracts and swaps as well as short-term bank balances in foreign currencies. In consistency with the average pass-through period, the average maturity of derivative financial instruments is three months, generally with a maximum of twelve months.

In 2008, foreign currency transactions risks for trade receivables mainly comprise the currencies euro and US dollar for respectively EUR 5.6 million (2007: EUR 15.7 million) and EUR 14.7 million (2007: EUR 11.0 million). The foreign currency transaction risks for trade payables are in the currencies euro and US dollar for respectively EUR 22.8 million (2007: EUR 23.9 million) and EUR 97.6 million (2007: EUR 44.7 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. The exposure is hedged with internal derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles reported in the gross margin of operating companies.

Not recognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming three months, are hedged on the basis of pass-through possibilities and probability of occurrence. The not recognised exposure is hedged with internal derivative financial instruments. Except for derivative financial instruments for which hedge accounting is applied, the revaluation of derivative financial instruments is, according to the fair value accounting principles, reported in the gross margin of operating companies.

The revaluation of recognised exposure and the revaluation of derivative financial instruments for which fair value accounting is applied resulted in 2008 in a negative foreign currency effect in gross margin of EUR 7.4 million (2007: EUR 0.01 million losses).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity and recognised in the income statement at maturity. At 31 December 2008, derivative financial instruments with a negative fair value of EUR 0.3 million (2007: EUR 0.3 million negative) are reported in the hedging reserve, as part of equity.

Operating companies monthly report recognised and not recognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the risk management policy and to determine requirement of additional derivative financial instruments.

Nutreco Corporate is the counterparty for internal derivative financial instruments of the operating companies resulting in a foreign currency exposure for Nutreco Corporate which is, together with the exposure from corporate transactions, hedged with external derivative financial instruments. The revaluation of corporate monetary items, internal and external derivative financial instruments is reported separately as part of net financing costs. In 2008, the foreign currency exposure of Nutreco Corporate resulted in a positive foreign currency effect of EUR 0.6 million (2007: EUR 0.4 million losses).

On 31 December 2008, the notional amount of outstanding foreign currency derivative financial instruments related to transaction risk totalled EUR 202.3 million (2007: EUR 258.0 million), mainly relating to USD, NOK and GBP. The net fair value of the outstanding foreign currency derivative financial instruments related to transaction risk amounted to EUR 3.2 million (2007: EUR 1.1 million losses).

Foreign currency translation risk

Nutreco is also exposed to foreign currency translation risks of investments in foreign operations, including long-term loans to foreign subsidiaries, and the net income of these foreign operations. Nutreco aims to avoid any direct impact in its income statement as a consequence of foreign currency risk related to net investments. The objective is to restrict the annual and cumulative impact in its equity as a consequence of foreign currency risk related to net investments.
To mitigate the foreign currency exposure of foreign operations, the currency of Nutreco's external funding is matched with the required financing of foreign operations, either directly by external foreign currency loans or by derivative financial instruments as foreign currency swaps and cross-currency interest rate swaps.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit defines the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency. In 2008, the portfolio risk increased due to significantly increased volatilities of foreign currencies which have led to additional net investment hedges at the end of the year.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency.

At balance sheet date EUR 349.9 million (2007: EUR 442.4) million of interest-bearing borrowings in foreign currencies, including the effect of CAD/USD (EUR 42.9 million) and NOK/USD (EUR 38.1 million) cross-currency interest rate swaps, are effectively used as net investment hedge for investments in CAD, NOK, USD and CZK. Revaluation of these interest-bearing borrowings and related cross-currency interest rate swaps is recognised in the translation reserve.

In addition, Nutreco has used foreign currency swaps, to further reduce the exposure to translation risks of shareholders' equity of foreign group companies or non-consolidated companies. On 31 December 2008, the notional amount of outstanding foreign currency derivative financial instruments related to translation risk totalled EUR 105.7 million (2007: EUR 51.6 million), mainly relating to AUD, MXN, GBP, JPY and CAD. The net fair value of the outstanding foreign currency derivative financial instruments related to translation risk amounted to EUR 4.0 million (2007: EUR 0.7 million).

Translation exposure for the main currencies 2008

(EUR x million)	Capital invested as at 31 December 2008	Net investment hedge as at 31 December 2008	Exposure as at 31 December 2008	Translation reserve 1 January 2008	Change	Translation reserve 31 December 2008
AUD	25.1	17.2	7.9	-0.3	-2.2	-2.5
CAD	303.7	273.6	30.1	7.3	-15.0	-7.7
GBP	32.8	21.4	11.4	-1.5	-4.0	-5.5
NOK	92.0	63.4	28.6	-3.2	-13.1	-16.3
USD	120.1	70.9	49.2	-1.6	2.7	1.1

Translation exposure for the main currencies 2007

(EUR x million)	Capital invested as at 31 December 2007	Net investment hedge as at 31 December 2007	Exposure as at 31 December 2007	Translation reserve 1 January 2007	Change	Translation reserve 31 December 2007
AUD	34.8	22.1	12.7	-0.1	-0.2	-0.3
CAD	360.0	267.9	92.1	3.0	4.3	7.3
GBP	29.9	28.3	1.6	-0.4	-1.1	-1.5
NOK	118.4	55.6	62.8	-5.9	2.7	-3.2
USD	100.8	51.0	49.8	2.9	-4.5	-1.6

Sensitivity analyses

A 10% strengthening of the main foreign currencies against the euro at reporting date would have decreased equity by EUR 12.0 million (2007: 22.0 million). A 10% weakening of the main foreign currencies against the euro at reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(EUR x million)	Impact of 10% strengthening of foreign currencies	
	2008	**2007**
AUD	0.8	1.3
CAD	3.0	9.2
GBP	0.4	0.2
NOK	2.9	6.3
USD	4.9	5.0

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all time to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and strong liquidity position. As at 31 December 2008, taking the maturing first tranche of USD 46 million of the private placement into account, Nutreco has sufficient liquidity for the expected cash outflows. Of the total facilities of EUR 1,038 million, an amount of EUR 595.4 million had been used as at year-end 2008 (2007: EUR 1,078 million and EUR 459 million, respectively). In addition, Nutreco had EUR 228.3 million of cash and cash equivalents available at year-end 2008. In 2008, Nutreco has started to prepare the refinancing of the maturing tranche of the private placement and of the syndicated loan facility that matures in 2010.

Nutreco aims to optimise its international cash and borrowings positions by minimising its net interest expenses and maximising its net interest income, respectively, and by minimising the bank costs.

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

					2008		2007
(EUR x million)	**Currency**	**Nominal interest rate as at 31 December 2008**	**Year of maturity**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Syndicated loan	CAD	4.24%	2010	171.7	171.7	205.3	205.3
Syndicated loan	CAD	3.50%	2010	14.6	14.6	-	-
Syndicated loan	CZK	4.87%	2010	4.7	4.7	-	-
Syndicated loan	NOK	4.52%	2010	20.3	20.3	-	-
Syndicated loan	EUR	3.09%	2010	40.0	40.0	-	-
Syndicated loan	EUR	3.23%	2010	50.0	50.0	-	-
Private placement	USD	3.92%	2009	32.2	32.7	31.8	30.4
Private placement	USD	4.53%	2011	55.5	56.0	55.9	53.5
Private placement	USD	5.12%	2014	53.0	54.1	54.4	52.2
Cumulative preference shares	EUR	6.66%	2010	57.8	54.5	69.5	68.1
Classified as part of cash pools	EUR	2.85%	2009	-61.0	-61.0	38.9	38.9
Other bank facility	EUR	4.35%	2009	-15.5	-15.5	25.4	25.4

Maturity profile financial assets and liabilities 2008

(EUR x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial assets as per balance sheet					
Equity securities	3.9	-	-	-	3.9
Debt securities	31.9	-	-	19.8	12.1
Trade receivables	601.7	601.7	-	-	-
Other receivables	96.6	96.6	-	-	-
Foreign exchange derivatives inflow	205.3	200.7	4.6	-	-
Foreign exchange derivatives outflow	-191.5	-187.1	-4.4	-	-
Cross-currency interest rate derivatives inflow	97.4	2.0	2.0	49.5	43.9
Cross-currency interest rate derivatives outflow	-89.5	-1.9	-1.9	-48.1	-37.6
Cash and cash equivalents	228.3	228.3	-	-	-
Liabilities					
Notional amounts interest-bearing borrowings (non-current)	-467.0	-	-	-412.0	-55.0
Notional amounts interest-bearing borrowings (current)	-128.4	-128.4	-	-	-
Trade payables	-625.4	-625.4	-	-	-
Other payables	-85.3	-85.3	-	-	-
Foreign exchange derivatives inflow	218.7	213.3	5.4	-	-
Foreign exchange derivatives outflow	-224.8	-219.0	-5.8	-	-
Interest rate derivatives inflow	19.4	2.4	2.5	14.3	0.2
Interest rate derivatives outflow	-35.4	-4.8	-4.9	-25.5	-0.2

Maturity profile financial assets and liabilities 2007

(EUR x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial assets as per balance sheet					
Equity securities	4.2	-	-	-	4.2
Debt securities	38.9	-	-	26.8	12.1
Trade receivables	509.9	509.9	-	-	-
Other receivables	72.9	72.9	-	-	-
Foreign exchange derivatives inflow	195.7	154.0	41.7	-	-
Foreign exchange derivatives outflow	-197.7	-155.8	-41.9	-	-
Cash and cash equivalents	207.7	207.7	-	-	-
Liabilities					
Interest-bearing borrowings (non-current)	-410.3	-	-	-358.1	-52.2
Interest-bearing borrowings (current)	-87.3	-87.3	-	-	-
Trade payables	-555.5	-555.5	-	-	-
Other payables	-78.1	-78.1	-	-	-
Foreign exchange derivatives inflow	114.1	105.6	8.5	-	-
Foreign exchange derivatives outflow	-114.8	-106.3	-8.5	-	-
Interest rate derivatives inflow	30.9	3.8	3.8	23.3	-
Interest rate derivatives outflow	-33.4	-4.1	-4.1	-25.2	-
Cross-currency interest rate derivatives inflow	108.0	2.1	2.1	59.5	44.3
Cross-currency interest rate derivatives outflow	-126.5	-2.7	-2.7	-73.9	-47.2

Fair value of financial assets and liabilities

The estimated fair value of financial instruments has been determined by Nutreco using available market information and appropriate valuation methods.

The estimates presented are not necessarily indicative of the amounts that Nutreco could realise in a current market exchange or the value that ultimately will be realised by Nutreco upon maturity or disposition.

(EUR x million)		31 December 2008		31 December 2007
	Carrying amount	**Estimated fair value**	**Carrying amount**	**Estimated fair value**
Assets				
Equity securities	3.9	3.9	4.2	4.2
Debt securities	31.9	31.9	38.9	38.9
Trade receivable	601.7	601.7	509.9	509.9
Other receivables	96.6	96.6	72.9	72.9
Fair value foreign exchange contracts	13.5	13.5	2.2	2.2
Fair value interest rate derivatives	0.3	0.3	-	-
Fair value cross-currency interest rate derivatives	9.7	9.7	-	-
Cash and cash equivalents	228.3	228.3	207.7	207.7
Liabilities				
Interest-bearing borrowings (non-current)	-467.0	-467.0	-410.3	-417.7
Interest-bearing borrowings (current)	-128.4	-128.4	-87.3	-87.3
Trade payables	-625.4	-625.4	-555.5	-555.5
Other payables	-85.3	-85.3	-78.1	-78.1
Fair value foreign exchange contracts	-6.4	-6.4	-0.4	-0.4
Fair value interest rate derivatives	-	-	-3.7	-3.7
Fair value cross-currency interest rate derivatives	-	-	-13.3	-13.3

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts approximate the fair value because of the short maturity of those instruments.

Investments in debt securities

For investments in debt securities, fair value is based upon the current market rates.

Interest-bearing borrowings (current and non-current)

The fair value is determined on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of interest-bearing borrowing arrangements and interest rate contracts with comparable terms and maturities.

Fair value foreign exchange contracts, interest rate swaps and cross-currency interest rate derivatives

The fair value calculation of foreign exchange contracts, interest rate swaps and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market exchange rates and actual market yield curves on reporting date.

Capital risk management

An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0 and a minimum interest coverage ratio of 5.0. Recent developments in the financial markets support Nutreco's prudent strategy.

The financial covenants of Nutreco's core financing facilities, being the syndicated loan and the private placement, are net senior debt compared to EBITDA of maximum 3.25 respectively 3.5 and EBITDA compared to net financing costs, excluding dividends on cumulative preference shares, of minimal 3.0. EBITDA and net financing costs are calculated on 12-month rolling basis. The interest rates of the syndicated loan facility are based on Euribor or Libor of the optional currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA.

During 2008, Nutreco remained well within the financial covenants agreed upon with both the syndicated loan and the private placement.

As at 31 December 2008 the net debt to equity ratio amounts to 0.57, the net debt to EBITDA ratio amounts to 1.6 and the interest coverage amounts to 7.7. As at 31 December 2008, Nutreco has a net debt position of EUR 367.1 million (2007: EUR 289.9 million).

Operational risks

Risks relating to derivative financial instruments

In addition to modifications of IFRS also legislative changes in various countries have increased the complexity of accounting processes and financial reporting along with the risks attaching to these processes. Important element under the IFRS reporting requirements is the accounting treatment and reporting of derivative financial instruments such as futures and options relating to the procurement of raw materials. During 2008, due to the volatility of raw material prices, Nutreco has used derivative financial instruments in order to mitigate anticipated earnings fluctuations. As the IFRS reporting requirements are rather strict but also complex, much attention had to be given to the correct accounting treatment hereof, both during the year as well as at year-end.

Commodity risk

Commodities are products of value and uniform quality that are produced or supplied in large quantities by many different producers, whereby these products of different producers or suppliers are considered to be equivalent and interchangeable. Some of the raw materials Nutreco is using, like soybeans, grains, wheat, fishmeal and oil, to produce end-products are commodities. Most of these commodities are traded on regulated markets. Nutreco trades on the exchanges of the Chicago Board of Trade (CBOT) and on the French future exchange (Matif), which is part of Euronext. The susceptibility of commodity prices, due to the imbalances between supply and demand, distinguishes commodity risks from risk related e.g. interest rates or exchange rates.

Nutreco's risk management policy aims to mitigate the price and volume risks related to commodities. Although Nutreco is generally able to pass price changes of commodities on to product prices, the risk management policy defines procedures, responsibilities and tools for purchasing of commodities and the use of derivative financial instruments. In general, the risk exposure may not exceed the maximum risk limits as defined for all hierarchical levels. In addition early warning limits have been set as precaution system. In case of excess, corrective actions become applicable. To monitor the risk exposure, a management reporting system has been developed.

Nutreco is using derivative financial instruments, such as forward contracts, futures and options, to mitigate significant anticipated earnings fluctuations.

If Nutreco buys futures for the purpose of actual delivery of the underlying goods, the risks are treated as a normal physical forward contract. Nutreco has commodity based contracts to buy underlying commodities, mainly for grains and soya meal. Nutreco uses futures in addition to traditional physical contracts to fix the price of the underlying commodity. Futures and options are treated as derivative financial instruments and fair value accounting is applied. In case the futures are converted into physical forward contracts, fair value accounting is applied up to the moment of conversion.

Risks

By purchasing commodities, Nutreco enters into a volume risk, foreign exchange risk and a price risk. The volume risk consists of the difference between the required volumes, the contracted purchased volumes and of the fluctuation in sales. As the market is relatively stable due to a high supplier and brand loyalty of customers, the volume risk within Nutreco is assessed as limited. To mitigate this volume risk, the committed purchase position is based upon continuously updated sales forecast and nutritional optimisation based upon actual market prices. Any fluctuations in sales can be off set via forward rolling of contracts.

The price risk with purchasing commodities is the difference between the actual market price and the average contracted price. In order to mitigate the risk of price fluctuations, the price risks can be (partly) hedged and partly transferred into customers contracts. Nutreco uses, to a limited extent, futures and options to hedge the risk of price fluctuations. The advantage of futures and options is the permanent availability of a liquid market in which positions can be bought and sold. Most contracts are physical forward contracts. Depending on the situation of the market, Nutreco decides which type of contracts is entered into.

At the beginning of 2008 market prices were historical high. In the middle of the year prices started to decrease significantly. Within closely monitored volume and exposure restrictions Nutreco applies derivative financial instruments in these circumstances also to minimise the price risk.

The fair value, on balance sheet date, of the outstanding derivative financial instruments amounts to EUR 11.2 million (2007: EUR 0.0 million) and is reported in the balance sheet under trade and other payables.

(28) Commitments and contingencies

At 31 December 2008, the total non-current lease and rental commitments amount to EUR 61.4 million (2007: EUR 72.5 million). The annual operating lease and rental commitments are:

(EUR x million)	**2008**	**2007**
Non-current lease and rental commitments	**61.4**	**72.5**
Year 1	27.7	24.1
Year 2	26.0	22.4
Year 3	4.5	19.3
Year 4	2.2	3.5
After four years	1.0	3.2
	61.4	**72.5**
Contingencies		
Additions not yet invoiced	5.0	9.8
Guarantees	9.7	16.3
Total	**14.7**	**26.1**

In 2006, Skretting Norway has secured its outbound logistics by entering into a five-year contract until December 2010, with an option for Skretting to extend by three years, with a strategic fish feed transporter. This contract comprises an outbound freight commitment and is qualified as an operating lease contract. The commitment of this contract depends on both volumes and cost developments going forward. The commitment is estimated for an amount of EUR 28.0 million (of which EUR 14.2 million in 2009) at the end of 2008, excluding the extension option. At the end of 2007, the commitment was estimated for an amount of EUR 62.5 million, including an amount of EUR 25 million for the extension option.

In 2007, Skretting Chile secured their outbound logistics by entering into a five-year contract, with an option to extend by three years, with a strategic fish feed transporter. This contract comprises an outbound freight commitment and is qualified as an operating lease contract. The commitment related to this contract depends on both volumes and cost developments going forward. The commitment is estimated for an amount of EUR 2.7 million (of which EUR 0.7 million in 2009) at the end of 2008 (excluding the option to extend for 3 years).

In the normal course of business, certain group companies issued guarantees totalling EUR 9.7 million (2007: EUR 16.3 million). Included is a bank guarantee has been issued on behalf of Nutreco Insurance N.V. in favour of the insurance company for the amount of a maximum of EUR 2.6 million in relation to the retention risk for its liability and property damage insurance as occurred up and until December 2008.

Purchase commitments at 31 December 2008 are EUR 395.3 million (31 December 2007: EUR 775.3 million).

(29) Related party transactions

Nutreco identifies its associates, joint ventures, Nutreco Pension Funds and key management as related parties. Nutreco considers the members of the Executive Board as key management (see note 24).

Transactions between parties are subject to conditions that usually govern comparable sales and purchases with third parties.

The details are as follows:

(EUR x million)	**2008**	**2007**
Revenue to related parties	18.9	6.1
Amounts owed from related parties	3.7	1.5
Net financing costs	0.9	0.9
Investments in debt securities	12.1	12.1

The revenues to related parties are mainly related to associates in Canada.

Investments in debt securities reflect the loans provided by Nutreco to the Dutch Nutreco Pension Fund during 2003 and 2004 (see note 16).

In 2008 and 2007, no transactions with key management took place.

(30) Subsequent events

Subsequent to 31 December 2008, Nutreco did not identify any significant events that should be disclosed in this note.

(31) Accounting estimates and judgements

Certain accounting estimates and judgements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ from management's current estimates and judgements. The most important accounting estimates and judgements are:

Goodwill and long-lived assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not subject to amortisation are tested annually for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The allocation is made to choose cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The inherent management estimates and assumptions used in determining whether an impairment charge should be recognised are as follows:

- Determining cash-generating units or groups of cash-generating units
- Timing of impairment tests
- Determining the discount rate
- Projecting cash flows

The carrying amounts of goodwill have been allocated to the primary segments as follows:

(EUR x million)	2008	2007
Segments		
Animal Nutrition		
Premix & Feed Specialities	56.9	55.5
Compound Feed Europe	5.4	5.4
Animal Nutrition Canada	76.9	88.3
Total Animal Nutrition	**139.2**	**149.2**
Fish Feed	**18.0**	**15.9**
Meat & Other	**18.8**	**21.6**
Total	**176.0**	**186.7**

Research and development expenditure

The project stage forms the basis in the decision whether costs made for Nutreco's product development programmes should be capitalised or expensed when incurred. Management judgement is required in determining when Nutreco should start capitalising development costs as intangible assets. The costs of patent projects are capitalised at the moment the Company receives final approval from the regulatory authority for the registration of the patent.

Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value less estimated sale costs except for breeders and research animals. For some assets there are no market determined prices available and alternative estimates of fair value are determined to be unreliable. These biological assets are measured at its costs less any accumulated depreciation and any accumulated impairment losses. When the fair value of these assets becomes reliably measurable, these assets will be measured at their fair value less estimated sale costs.

The determination of fair values of biological assets is performed by making use of the most recent market price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date.

Acquisitions

The costs of newly acquired entities are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and any costs directly attributable to the acquisition. Any value assigned to the identifiable assets is determined by reference to an active market, independent appraisal or estimated by management based on cash flow projections.

Provisions

The amounts recognised as a provision are the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. This is the amount management expects to pay to settle the obligation at balance sheet date or to transfer it to a third party at that time.

Pension costs are based on actuarial assumptions to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior period. The principal actuarial assumptions used are:

- Discount rate
- Long-term rate on return on assets
- Expected return on plan assets
- Life expectancy
- Salary increases
- Inflation

The fair value of any plan assets is based on market prices.

Deferred tax assets

Nutreco recognises deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the fiscal unity.

Regarding a net operating loss of EUR 34.7 million, management believes, based upon the level of historical taxable income and projections for future taxable income, that future tax profits will be available against which the benefits can be utilised.

Regarding a net operating loss of EUR 47.2 million, management believes, based upon the level of historical taxable income and projections for future taxable income, it is more likely than not that no future tax profits will be available against which the benefits can be utilised. Consequently, based on management's judgement, sufficient convincing other evidence is not available and a deferred tax asset is therefore not recognised regarding this operating loss.

Derivative financial instruments (and put options)

Management has used their judgement for the allocation of derivative financial instruments into the categories:

- Held to maturity
- Held for trading
- Available for sale
- Long-term receivable

Further, management has used their judgement to determine the fair value of the derivative financial instruments and the hedge effectiveness of their hedging transactions (see also note 27).

Litigations and claims

Nutreco is party to various legal proceedings generally incidental to our 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 our control, most notably the uncertainty associated with predicting decisions by courts and administrative agencies. Legal costs related to litigation are accrued for in the income statement at the time when the related legal services are actually provided to Nutreco.

(32) Notes to the consolidated cash flow statement

General

The consolidated cash flow statement is drawn up on the basis of a comparison of the balance sheets as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities

Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities

Cash used in the purchase of long-lived assets consists of the actual amounts paid during the year.

Dividends paid

In 2008 EUR 32.0 million (2007: EUR 32.6 million) dividend was paid to the shareholders of Nutreco on normal shares.

In 2007 EUR 171.2 million was paid to the equity holders of Nutreco as a capital repayment. Dividend paid on cumulative preference shares 'A' are considered as interest expense under IFRS.

Sundry

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the balance sheet and the changes according to the cash flow statement:

(EUR x million)	**Working capital [1]**	**Employee benefits**	**Provisions**	**Interest-bearing debt [2]**
As at year-end 2007	176.6	-35.4	-34.5	-425.3
As at year-end 2008	253.8	-38.6	-12.2	-518.9
Balance sheet movement	**-77.2**	**3.2**	**-22.3**	**93.6**
Adjustments				
Effect of movement in foreign exchange	-12.5	1.3	0.4	40.5
Acquisitions	25.7	-0.2	-	-1.4
Other	12.3	-0.2	-0.8	-
Change in cash flow [3]	**-51.7**	**4.1**	**-22.7**	**132.7**

1 Inventories, biological assets, trade and other receivables, financial assets and trade and other payables.

2 Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.

3 Change in cash flow interest-bearing debt consists of repayment of borrowings of EUR -158.9 million and proceeds from borrowings EUR 291.6 million.

Company balance sheet

(EUR x million)	Note	31 December 2008	31 December 2007
Financial fixed assets	3	**452.2**	**377.2**
Current assets			
Receivables from group companies	4	261.5	339.7
Cash and cash equivalents		0.7	0.5
		262.2	**340.2**
Total assets		**714.4**	**717.4**
Issued and paid-up share capital		8.4	8.4
Share premium account		159.5	159.5
Treasury shares		-28.0	-31.7
Retained earnings		438.4	381.0
Undistributed result		114.8	118.6
Legal reserve		-38.1	7.6
Shareholders' equity	5	**655.0**	**643.4**
Non-current liabilities			
Long-term debt	6	54.5	68.1
		54.5	**68.1**
Current liabilities			
Interest-bearing borrowings		0.8	3.6
Trade and other payables		4.1	2.3
		4.9	**5.9**
Total liabilities		**59.4**	**74.0**
Total equity and liabilities		**714.4**	**717.4**

Company income statement

(EUR x million)	Note	2008	2007
Net result from group companies		107.7	92.4
Other net income	7	7.1	26.2
Net result		**114.8**	**118.6**

Notes to the Company's financial statements

Principles of valuation and income determination

(1) General

The Company's financial statements are part of the 2008 consolidated financial statements of Nutreco Holding N.V. With reference to the Company income statement of Nutreco Holding N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

(2) Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company's financial statements, Nutreco Holding N.V. makes use of the option provided in section 2:362 (8) of The Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company's financial statements of Nutreco Holding N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS). Please see pages 80 to 92 for a description of these principles.

The share in the result of participating interests consists of the share of Nutreco Holding N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco Holding N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

(3) Financial fixed assets

(EUR x million)	**2008**	**2007**
As at 1 January	**377.2**	**285.3**
Disposals/additions	-	-
Net result from group companies	107.7	92.4
Effect of movement in foreign exchange	-32.7	-0.5
As at 31 December	**452.2**	**377.2**

(4) Receivables from group companies

The receivables from group companies have a period shorter than one year and consist of a receivable position with Nutreco Nederland BV.

(5) Shareholders' equity

Treasury shares

The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders.

Legal reserve

The general legal reserve consists of the following:

(EUR x million)	2008	2007
Hedging reserve	-14.1	-4.0
Translation reserve	-29.8	4.1
Participations	5.8	7.5
Total	**-38.1**	**7.6**

(6) Long-term debt

Long-term debt consists of the cumulative preference shares. Refer to note 23 of the consolidated financial statements.

(7) Other net income

Other net income mainly represents the interest income from subsidiaries and associates.

(8) Commitments and contingencies

Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco Holding N.V. on behalf of several group companies in The Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch. The liabilities of these companies to third parties and to investments in associates totalled EUR 120.2 million as at 31 December 2008 (2007: EUR 103.1 million).

(9) Average number of employees

The Company did not employ any person in 2008.

Amersfoort, 19 March 2009

The Supervisory Board
The Executive Board

Other information

Profit appropriation

Statutory regulations concerning appropriation of profits

Distribution of net profit according to the Articles of Association, as stipulated in Articles 29 and 30, can be summarised as follows:

Out of the profits made in the preceding financial year, first of all, if possible, 6.66% shall be distributed, on an annual basis, on the obligatory paid-up portion of the cumulative preference shares 'A'. Following the first reset of the dividend on 31 December 2003, this percentage will apply as long as the cumulative preference shares 'A' are outstanding up to 2010.

If, in the course of any financial year, an issue of cumulative preference shares 'A' has taken place, the dividend with respect to that financial year shall be reduced pro rata to the day of issue.

If the profits realised in any financial year should not be sufficient to pay the said percentage, the said percentage shall be paid from the reserves for as much as necessary, provided that such payment is not made out of the share 'A' premium account. If the free distributable reserves in any financial year are not sufficient to pay the said percentage, distributions in subsequent years shall apply only after the deficit has been recovered. No further distributions shall be made on the cumulative preference shares 'A'. If a write-down has taken place against the share 'A' premium account, the profits made in subsequent years shall first be allocated to compensate for the amounts written down.

Similar to cumulative preference shares 'A', cumulative preference shares 'D' and cumulative financing preference shares 'E', none of which have been issued, carry special rights in respect of the distribution of the net profit.

Of the profit remaining after payment to holders of preference shares 'A', 'D' and 'E', such amounts will be reserved as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual results at the Annual General Meeting of Shareholders.

The profit remaining after the provisions of the previous paragraphs have been met shall be at the free disposal of the General Meeting of Shareholders. In a tie vote regarding a proposal to distribute or reserve profits, the profits concerned shall be reserved.

The Company may distribute profits only if and to the extent that its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law. Any distribution other than an interim dividend may be made only after adoption of the consolidated financial statements which show that they are justified.

The General Meeting of Shareholders shall be authorised to resolve, at the proposal of the Executive Board, which proposal shall be subject to the approval of the Supervisory Board, to make distributions to the shareholders from the general reserves.

Interim dividends shall automatically be distributed on the cumulative preference shares 'A'. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on the other classes of shares, provided that interim dividends on the cumulative preference shares 'A' can be distributed.

Dividends are payable as from a date to be determined by the Supervisory Board. This date may differ for distributions on shares, cumulative preference shares 'A', cumulative preference shares 'D' and for distribution on the series of cumulative financing preference shares 'E'. Dividends which have not been collected within five years of the start of the second day on which they became due and payable shall revert to the Company.

Subject to the approval of the Supervisory Board and after appointment of the General Meeting of Shareholders, the Executive Board shall be authorised to determine that a distribution on shares, in whole or in part, shall be made in the form of shares in the capital of the Company rather than cash, or that the shareholders, wholly or partly, shall have the choice between distribution in cash or in the form of shares in the capital of the Company. Subject to the approval of the Supervisory Board, the Executive Board shall determine the conditions on which such a choice may be made. If the Executive Board is not appointed as the authorised body to resolve to issue such shares, the General Meeting of Shareholders will have the authority as mentioned hereinbefore on the proposal of the Executive Board and subject to the approval of the Supervisory Board.

Dividend proposal 2008

The General Meeting of Shareholders of 18 May 2006 resolved to fix the annual dividend payout ratio at 35-45% of the net profit attributable to holders of ordinary shares for the year, excluding impairment and the book result on disposed activities. The dividend will be distributed in cash or as a stock dividend at the shareholder's option.
The proposed dividend per share amounts to EUR 1.43 (2007: EUR 1.64). The payout ratio amounts to 45% of the total result for the period attributable to equity holders of Nutreco excluding impairment and book gains and losses on divestments. The Company already distributed an interim dividend of EUR 0.40 per ordinary share in August 2008. The total dividend for 2008 amounts to EUR 1.43 (2007: EUR 1.64). Following adoption by the General Meeting of Shareholders, the final dividend of EUR 1.03 (2007: EUR 1.29) may be distributed in shares or in cash at the shareholder's option. The stock dividend will be virtually equal to the cash dividend. The ex-dividend date is 23 April 2009. The exchange ratio will be fixed after the close of trading on 8 May 2009. This ratio will be based on the weighted average share price of the last three days of the option period – 6, 7 and 8 May 2009. Both the cash dividend and the stock dividend will be made available to the shareholders on 14 May 2009.

Special rights provided for by the articles of association

Special rights to holders of cumulative preference shares 'A'

Each share carries the right to cast one vote in the General Meeting of Shareholders. A number of special powers have been conferred on the holders of cumulative preference shares 'A' under the Articles of Association.

The prior approval of the meeting of holders of cumulative preference shares 'A' is needed before the General Meeting of shareholders may pass a resolution to amend certain articles of the Articles of Association, to issue cumulative preference shares 'A', to appoint the Executive Board as the authorised board to issue cumulative preference shares 'A' and to authorise the Executive Board to acquire shares in the Company's own capital, and resolutions to reduce the issued share capital.

Stichting Continuïteit Nutreco (anti-takeover construction)

The 'Stichting Continuïteit Nutreco' (Foundation) has a call option to acquire a number of cumulative preference shares 'D' in the Company. Such number may equal the total issued share capital before such issue minus any issued cumulative financing preference shares 'E' and purchased own shares. On 19 March 2009 the option agreement with the Foundation was amended to the effect that (i) the put-option which had been granted on May 29, 1997 was waived by the Company and (ii) the call option may only be exercised by the Foundation to the extent that a (gradual) acquisition or an offer for shares in the share capital of Nutreco is not supported by the Executive Board and the Supervisory Board of the Company.

The Foundation was organised to care for the interests of the Company, the enterprise connected therewith and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests. The Foundation is an independent legal entity and is not owned or controlled by any other legal entity.

The Board of the Foundation consists of Mr J.J. Veltman (chairman), Mr J.P.E. Barbas, Mr J.A.I.C.M. de Rooij, Prof J.B. Huizink and Mr C.J.A. van den Boogert.

Cumulative financing preference shares 'E'

At the Annual General Meeting of Shareholders of 15 April 2008, in accordance with the Articles of Association, the Executive Board was designated as the corporate body authorised for a period of eighteen months, and subject to the prior approval of the Supervisory Board, to issue and/or grant rights to subscribe for cumulative financing preference shares 'E' up to a nominal amount which, at the time of such issue or the granting of such rights, equals 30% of all the outstanding shares in the share capital of the Company, excluding the issued cumulative preference shares 'D'. Cumulative financing preference shares 'E' must be fully paid up upon issue. The cumulative financing preference shares 'E' only exist in registered form. No share certificates are issued for cumulative financing preference shares 'E'. Cumulative financing preference shares 'E' are intended to be issued by the Company for financing purposes. No cumulative financing preference shares 'E' were issued during the year under review.

Explanatory note concerning the Implementing Decree relating to Article 10 of the Takeover Directive

Pursuant to the Implementing Decree of 5 April 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of 21 April 2004 of the European Parliament and the Council of the European Union, Nutreco Holding N.V. wishes to include the following explanatory note:

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares.
- The voting right is not subject to any limitation. All shares (both ordinary and cumulative preference shares 'A') entitle the holder to one vote per share.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.
- The appointment, suspension and discharge of members of the Executive and Supervisory Boards are set out in the 'Corporate governance' chapter.
- The procedure for alteration of the Articles of Association is set out in the Articles of Association themselves. These are available through the corporate website (www.nutreco.com > Corporate governance > Articles of Association).
- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco Holding N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made. Nutreco International B.V., a subsidiary of Nutreco Holding N.V. has a raw materials purchase agreement with BASF which can be terminated in case of a change in control of the Company.

Appointment of the external auditor

At the General Meeting of Shareholders held on 15 April 2008, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the end of the accounting year following its appointment (i.e. till 31 December 2009). The General Meeting of Shareholders to be held on 21 April 2009 will be recommended to appoint KPMG Accountants N.V. as the Company's external auditor for a period expiring at the end of the accounting year 2010.

Auditor's report

To: General Meeting of Shareholders of Nutreco Holding N.V.

Report on the financial statements

We have audited the financial statements of Nutreco Holding N.V., Boxmeer, for the year 2008 as set out on pages 76 to 155. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the executive board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nutreco Holding N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Nutreco Holding N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the executive board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 19 March 2009

KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

Ten years of Nutreco income statement

(EUR x million)	2008	2007	2006	2005 [1]	2004 IFRS [1]	2004 D-GAAP	2003 [2]	2002	2001	2000	1999
Revenue	4,943	4,021	3,031	2,774	3,269	3,858	3,674	3,810	3,835	3,126	2,601
Raw materials	3,976	3,153	2,308	2,056	2,381	2,776	2,593	2,731	2,775	2,245	1,880
Gross margin	**967**	**868**	**723**	**718**	**888**	**1,082**	**1,081**	**1,079**	**1,060**	**881**	**721**
Personnel costs [3]	428	368	308	322	417	487	473	443	394	289	256
Depreciation of property, plant and equipment	51	42	40	43	83	90	99	97	88	66	55
Other operating expenses [3]	305	303	259	235	276	378	386	394	396	389	313
Total operating expenses	**784**	**713**	**607**	**600**	**776**	**955**	**958**	**934**	**878**	**744**	**624**
Operating result before amortisation of goodwill (EBITA)	183	155	116	118	112	127	123	145	182	137	97
Amortisation expenses	11	6	3	2	6	6	5	6	5	1	-
Amortisation of goodwill/impairment of long-lived assets	-	-	-	5	-	7	12	14	13	1	-
Operating result (EBIT)	**172**	**149**	**113**	**111**	**106**	**114**	**106**	**125**	**164**	**135**	**97**
Net financing costs	-31	-10	8	-12	-32	-27	-30	-38	-38	-13	-9
Share in results of associates	2	1	-	2	4	4	-1	-	3	1	-
Result before tax	**143**	**140**	**121**	**101**	**78**	**91**	**75**	**87**	**129**	**123**	**88**
Taxation	-37	-26	-16	-8	-22	-10	-15	-17	-31	-32	-22
Result after tax	**106**	**114**	**105**	**93**	**56**	**81**	**60**	**70**	**98**	**91**	**66**
Result after tax from discontinued operations	11	7	415	44	26	-	-	-	-	-	-
Total result for the period	**117**	**121**	**520**	**137**	**82**	**81**	**60**	**70**	**98**	**91**	**66**
Dividend on cumulative preference shares	-	-	-	-	-	5	5	5	5	5	4
Minority interest	2	2	1	3	4	4	4	2	6	-	2
Result for the period attributable to the equity holders of the parent	**115**	**119**	**519**	**134**	**78**	**72**	**51**	**63**	**87**	**86**	**60**
Number of employees as at year-end	9,278	9,090	7,405	6,993	12,408	12,408	12,763	13,442	12,934	10,990	9,185
Operating result (EBITA) as a % of revenue	3.7%	3.9%	3.8%	4.2%	3.2%	3.1%	3.2%	3.6%	4.6%	4.3%	3.7%
Turnover rate of weighted average capital employed [4]	5.0	5.5	3.8	2.8	3.9	3.9	3.2	3.0	3.2	4.9	5.4
Return (EBITA) on weighted average capital employed	19%	21%	15%	12%	14%	11%	10%	10%	14%	20%	20%
Interest cover	7.5	19.5	-19.4	13.4	6.1	7.8	7.4	6.5	7.1	15.5	16.5
Dividend (EUR x million)	49	56	359	52	23	23	22	27	32	31	23
Dividend per share	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67	0.80	0.82	0.62

The 1999-2004 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

1 Figures based on continuing operations
2 Results 2003 before impairment
3 Comparative figures of personnel costs and other operating expenses not adjusted for the years 1999-2002
4 Revenue divided by average capital employed

Ten years of Nutreco balance sheet

(EUR x million)	2008	2007	2006	2005 [1]	2004 IFRS [1]	2004 D-GAAP	2003 [2]	2002	2001	2000	1999
Property, plant and equipment	478	429	281	287	470	474	515	552	576	444	347
Intangible assets	286	319	91	84	166	180	199	392	393	346	-
Financial non-current assets	77	95	82	549	96	76	54	46	42	28	13
Non-current assets	**841**	**843**	**454**	**920**	**732**	**730**	**768**	**990**	**1,011**	**818**	**360**
Inventories/biological assets	385	342	235	204	473	421	397	407	384	319	231
Financial current assets	-	-	-	156	-	-	-	-	-	-	-
Trade and other receivables	734	600	531	415	462	472	506	580	562	523	399
Cash and cash equivalents	228	208	579	90	137	136	32	32	41	31	28
Current assets	**1,347**	**1,150**	**1,345**	**865**	**1,072**	**1,029**	**935**	**1,019**	**987**	**873**	**658**
Total assets	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**	**1,691**	**1,018**
Equity attributable to the equity holders of Nutreco	655	643	744	698	527	604	536	734	683	583	375
Minority interest	11	8	6	13	15	15	14	23	24	19	13
Total equity	**666**	**651**	**750**	**711**	**542**	**619**	**550**	**757**	**707**	**602**	**388**
Non-current portion of provisions/employee benefits	14	25	37	26	68	35	48	78	97	134	95
Interest-bearing borrowings	467	410	250	276	502	434	396	422	440	357	80
Other non-current liabilities	12	19	2	14	16	-	-	-	-	-	-
Non-current liabilities	**493**	**454**	**289**	**316**	**586**	**469**	**444**	**500**	**537**	**491**	**175**
Current interest-bearing borrowings	128	87	92	165	11	11	28	43	79	40	37
Current portion of provisions/employee benefits	37	45	31	22	27	-	-	-	-	-	-
Other current liabilities	864	756	637	571	638	660	681	709	675	558	418
Current liabilities	**1,029**	**888**	**760**	**758**	**676**	**671**	**709**	**752**	**754**	**598**	**455**
Total equity & liabilities	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**	**1,691**	**1,018**
Capital employed [1]	1,033	984	552	1,102	1,002	969	1,008	1,271	1,285	1,105	574
Net debt [2]	367	290	-237	351	376	309	392	433	478	366	89
Current assets divided by non-interest-bearing debt	1.54	1.49	2.01	1.46	1.64	1.62	1.45	1.44	1.46	1.57	1.57
Solvency ratio (equity of the parent divided by total assets)	30%	32%	41%	39%	29%	34%	31%	37%	34%	34%	37%
Net debt divided by equity of the parent	56%	45%	-27%	56%	71%	51%	73%	59%	70%	63%	24%

The 1999-2004 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

1 Total assets less cash and cash equivalents and non-interest-bearing liabilities, except dividends payable

2 Non-current interest-bearing borrowings and current interest-bearing borrowings less cash and cash equivalents


ADDENDUM

Executive Board[1]

Mr W. Dekker (1956)
Dutch
Chairman of the Executive Board and Chief Executive Officer
Appointed: 1 July 2000

Mr W. Dekker started his career in the Group as Research and Development Manager for Trouw International's fish business in 1983. From 1988 till 1991 he managed the Chilean business and returned to the Netherlands to assume the position of Managing Director of the European Community and South American Aquaculture business and was appointed Managing Director of BP Nutrition Aquaculture in 1993. He joined the Executive Board of Nutreco on 1 January 1996 and became Chief Operating Officer on 1 January 1999. He was appointed Chief Executive Officer on 1 July 2000.

Mr W. Dekker obtained a master degree in Zootechnology at the Agricultural University of Wageningen.

Mr W. Dekker is a member of the Supervisory Board of Macintosh Retail Group N.V. and of its Audit Committee. Mr W. Dekker is a member of the Advisory Board of Uitgevende Instellingen Euronext Amsterdam.

Mr J.B. Steinemann (1958)
German
Member of the Executive Board and Chief Operating Officer
Appointed: 16 November 2001

Mr J.B. Steinemann gained his experience in sales, marketing, planning and strategy and general management with Fuchs Spices in Germany, Eridania Beghin-Say (1990-1998) in Germany and France, and Unilever (1999-2001) in Germany and the UK. Prior to joining Nutreco, he was chairman and CEO of Loders Crocklaan and of VOC, part of the Unilever Group.

Mr J.B. Steinemann studied Economics and Business Management at the European Business School in Wiesbaden, London and Paris.

Mr J.B. Steinemann is a member of the Supervisory Boards of Dörken AG (Germany) and Plukon Royale B.V., and a member of the Board of the Dutch-German Chamber of Commerce.

Mr C.J.M. van Rijn (1947)
Dutch
Member of the Executive Board and Chief Financial Officer
Appointed: 16 November 2001

Mr C.J.M. van Rijn started in 1974 with Nutricia (currently part of the Danone Group), where he assumed different financial and marketing management positions. In 1985 he joined Verto as Financial Director of its steel cable division. In 1991 he moved to the McCain Group as CFO of McCain Foods Northern Europe. From 1997 till 2001 he was the CFO of Sara Lee Meats Europe, a division of the Sara Lee Corporation. He was appointed Chief Financial Officer on 16 November 2001.

Mr C.J.M. van Rijn graduated from the Erasmus University of Rotterdam in Economy and Dutch Law.

Mr C.J.M. van Rijn is a member of the Supervisory Board of Farm Frites Beheer B.V. and of the Board of Trustees and the Audit Committee of the Leids Universitair Medisch Centrum (LUMC).

1 Situation as of 31 December 2008

Supervisory Board[1]

Mr R. Zwartendijk (1939)
Dutch
Chairman
Appointed: 29 January 1999
Reappointed at the AGM of 26 April 2007 for a third and last term of four years, expiring at the AGM of 2011

Chairman of the Supervisory Board of Blokker Holding B.V., member of the Supervisory Board of Randstad Holding N.V., chairman of the Board of Stichting Beheer SNS REAAL

Mr R. Zwartendijk studied Economics in the UK. He was a member of the Executive Board of Koninklijke Ahold N.V. from 1977 till the end of 1998. He started his career as a management trainee with Unilever in 1968. From 1968 till 1970, he was Sales Manager with Polaroid. From 1970 till 1977, he assumed several management assignments with Mölnlyke, where he was Marketing Director, General Manager France and eventually General Manager The Netherlands.

Mr L.J.A.M. Ligthart (1938)
Dutch
Vice-chairman
Appointed: 1 July 1997
Reappointed at the AGM of 19 May 2005 for a third and last term of four years, expiring at the AGM of 2009
Chairman of the Supervisory Board of Nutreco Nederland B.V., vice-chairman of the Supervisory Board of SBM Offshore N.V. and the Mijnraad

Mr L.J.A.M. Ligthart obtained a master degree from the University of Tilburg, graduated in Economics at the Europe College and attended the Stanford Executive Program. He assumed different management positions at DSM, where he was a member of the Executive Board, lastly as vice-chairman, from 1988 till his retirement in 2001.

Mr Y. Barbieux (1938)
French
Appointed: 24 June 1998
Reappointed at the AGM of 18 May 2006 for a third and last term of four years, expiring at the AGM of 2010

Chairman of the Board of Elsa Consultants S.A. (Switzerland), member of the Boards of Micro Consulting (Switzerland), ARC International (France), Claranor (France), Poweo S.A. (France) and Voluntis S.A. (France)

Mr Y. Barbieux graduated as an engineer from the Ecole Centrale des Arts et Manufactures in Paris and holds an MBA from the Harvard Business School. He held various management functions with Nestlé.

Mr J.M. de Jong (1945)
Dutch
Appointed: 28 August 2003
Reappointed at the AGM of 26 April 2007 for a second term of four years, expiring at the AGM of 2011

Chairman of the Supervisory Board of Onderlinge Levensverz-Mij 's-Gravenhage U.A., vice-chairman of the Supervisory Board of Heineken N.V., member of the Supervisory Boards of Dura Vermeer Groep N.V. (till 1 May 2008), Aon Groep Nederland B.V. and Theodoor Gilissen Bankiers N.V. (since 13 March 2008), member of the Boards of Cement Roadstone Holdings plc (Ireland), Kredietbank S.A. Luxembourgeoise (Luxembourg) and (till 1 July 2008) Banca Antonveneta SpA (Italy). He is also a member of the Board of Stichting Preferente Aandelen ASML, of the Board of Trustees of the Frans Hals Museum (Haarlem) and of the Strategy and Governance Forum of PricewaterhouseCoopers.

Mr J.M. de Jong studied Economics at the Gemeentelijke Universiteit Amsterdam and obtained an MBA degree from INSEAD. In 1987 he attended the International Senior Management Program at the Harvard Business School. He started his career at the Algemene Bank Nederland N.V., where he held various management positions and, from 1989 till the end of 2001, was a member of the Executive Board of ABN Bank N.V., subsequently ABN Amro Bank N.V.

Mr J.A.J. Vink (1947)
Dutch
Appointed: 19 May 2005
Appointed at the AGM of 19 May 2005 for a term of four years, expiring at the AGM of 2009

Chairman of the Supervisory Boards of Samas N.V. (till 31 December 2008) and Aegon Nederland N.V., vice-chairman of the Supervisory Board of Vion N.V., member of the Supervisory Boards of Cargill B.V. and Wageningen University and Research Centre

Mr J.A.J. Vink studied Organic Chemistry at the Leiden University and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974 he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was chairman of the Executive Board from 1997 to 2005.

1 Situation as of 31 December 2008

Business management & corporate staff[1]

F. J. Tielens– Dutch (1962)
Managing Director Trouw Nutrition International

H.J. Abbink – Dutch (1961)
Controller Trouw Nutrition International

H.J. Elderink – Dutch (1958)
Managing Director Hendrix

H.A.H.M. Janssen – Dutch (1966)
Controller Hendrix

F.V. Irazusta Rodriguez– Spanish (1964)
Managing Director Nanta

A.C. Martinez Aso – Spanish (1961)
Controller Nutreco España Group

L.A. den Hartog – Dutch (1955)
Director R&D & Quality Affairs

J.A. Vergeer – Canadian (1963)
Managing Director Nutreco Canada

E. Perugini – Canadian (1970)
Controller Nutreco Canada

J. Brennan – Canadian (1959)
Director R&D Agresearch Canada

K. Nesse – Norwegian (1967)
Managing Director Skretting Salmon Feed

D. Engelsvoll – Norwegian (1964)
Controller Skretting Salmon Feed

V. Halseth – Norwegian (1958)
Managing Director Skretting Trout & Marine

J.P. McAllister – Irish (1965)
Controller Skretting Trout & Marine

A. Obach – Norwegian (1964)
Managing Director Skretting Aquaculture Research Centre

P.F.M.E. van Asten – Dutch (1957)
Director Corporate Human Resources

R.J.W. Bakker – Dutch (1959)
Director Information Management

J.B.W. van Hooij – Dutch (1953)
Group Tax Manager

B. Kroon – Dutch (1968)
Global Sourcing and Procurement Director

J.G. Oskam – Dutch (1956)
Chief Procurement Officer

J. Pullens – Dutch (1968)
Director Investor Relations & Corporate Communications

J. Slootweg – Dutch (1966)
Group Treasurer

N. Streefkerk – Dutch (1953)
Director Business Development

H.A.T.M. Teunissen – Dutch (1955)
Corporate HSEQ Director

R.J. Tjebbes – Dutch (1969)
Corporate Controller

T.W.C. Versteegen – Dutch (1952)
Director Group Internal Audit

B.H.M.J.J. Verwilghen – Belgian (1952)
Company Secretary
Director of Legal

1 Situation as of 31 December 2008

Information about the Nutreco share

Stock exchange listing

Since 3 June 1997, Nutreco has been listed at Euronext N.V. Amsterdam. Nutreco is included in the Amsterdam Midkap Index (AMX). As at 31 December 2008, the market capitalisation of Nutreco amounted to approximately EUR 806 million. As at year-end 2008, a total number of 34,868,682 ordinary shares had been issued. Of these shares, 589,624 are held in treasury by Nutreco. In 2008 Nutreco repurchased 699,374 shares, mainly to cover the share and option plans for employees and the stock dividend. In 2008 the Company issued 99,015 shares from the treasury stock upon exercise of share and option plans by Nutreco employees, 563,534 shares for the stock dividend and 17,218 shares under the employee share participation plan.

Spread of total number of shares outstanding

Estimated % distribution of shares:

Netherlands	35
United Kingdom	25
United States & Canada	15
Norway	5
Germany	5
France	5
Other European countries	9
Other countries	1
	100

Institutional investors	90
Private investors	10
	100

Disclosures under the Disclosure of Major Holdings in Listed Companies Act

Under the Dutch Disclosure of Major Holdings in Listed Companies Act, the Company received three disclosures. These disclosures were made by:

ING Groep N.V.	9.55%
Fortis Verzekeringen Nederland N.V.	6.56%
MaesInvest B.V.	6.26%

During the year under review, Nutreco purchased 1,248,300 cumulative preference shares ‘A’ from MaesInvest B.V. These shares were subsequently redeemed as a consequence of which the total of 6,241,500 cumulative preference shares ‘A’ which were issued per 1 January 2008 was reduced to 4,993,200 cumulative preference shares ‘A’. These cumulative preference shares ‘A’ are not quoted on the stock exchange. These shares already existed prior to the flotation in 1997. MaesInvest B.V. now holds 2,496,600 cumulative preference shares ‘A’ and 2,496,600 cumulative preference shares ‘A’ are held by shareholders of Fortis Verzekeringen Nederland N.V. No new cumulative preference shares ‘A’ were issued during the year under review.

Investor relations (IR) policy

Nutreco’s IR policy is aimed at informing (potential) shareholders timely and fully about the developments that are relevant to the Company in order to provide a faithful and clear picture of investment decisions involving Nutreco. As a listed company, Nutreco fulfils the obligation that all announcements are stated truthfully and are in line with all rules and obligations laid down by Euronext and the Netherlands Authority for the Financial Markets (AFM).

Price-sensitive information is disseminated without delay through a press release. Anyone may register through the Nutreco website for receipt by e-mail of such press releases. Besides the financial results, the Company will also furnish the broadest possible information on its strategic choices and objectives and its CSR policy. Key documents for the provision of information are the Annual Report and the Corporate Social Responsibility Report. At the publication of the interim and annual figures, Nutreco will hold a press conference and an analyst meeting. These meetings, as well as the meetings of shareholders, can be monitored through webcast. In addition, Nutreco regularly features road shows and takes part in seminars for institutional investors.

Nutreco has also opted for regular interaction with its shareholders. These contacts help Nutreco to get a clear picture of their wishes and thoughts. Nutreco also observes a 'silent' period, during which no road shows and meetings with potential or current investors take place. For the annual figures, this period covers the two-month term prescribed under the rules and regulations. For the interim figures, it covers the term from 1 July up to the day of publication of the interim figures. For the trading updates after the first quarter and after the third quarter, it covers the term from 1 April and 1 October up to the day of the publication of the trading update. Relevant information for potential and current shareholders may be found on the Nutreco website under the link 'Investor Relations'.

Direct questions of investors may be directed by e-mail to the Investor Relations department (ir@nutreco.com) or by telephone (+ 31 33 422 6112).

Dividend proposal 2008

The General Meeting of Shareholders to be held on 21 April 2009 will be recommended to declare a dividend of EUR 1.43 (2007: 1.64) per share for the 2008 financial year. This represents a payout of 45% (2007: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco over the period from 1 January 2008 to 31 December 2008. This dividend payout ratio is the maximum payout percentage within the Nutreco dividend policy to pay out a dividend in the range of 35-45% as adopted at the Annual General Meeting of Shareholders of 2006.

In August 2008 the Company already distributed an interim dividend of EUR 0.40 (2007: 0.35) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.03 can be received in cash or in ordinary shares, chargeable to the share premium account, at the shareholder's option. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend, i.e. 6, 7 and 8 May 2009. Both the cash and the stock dividend will be made payable to shareholders on 14 May 2009.

General Meeting of Shareholders

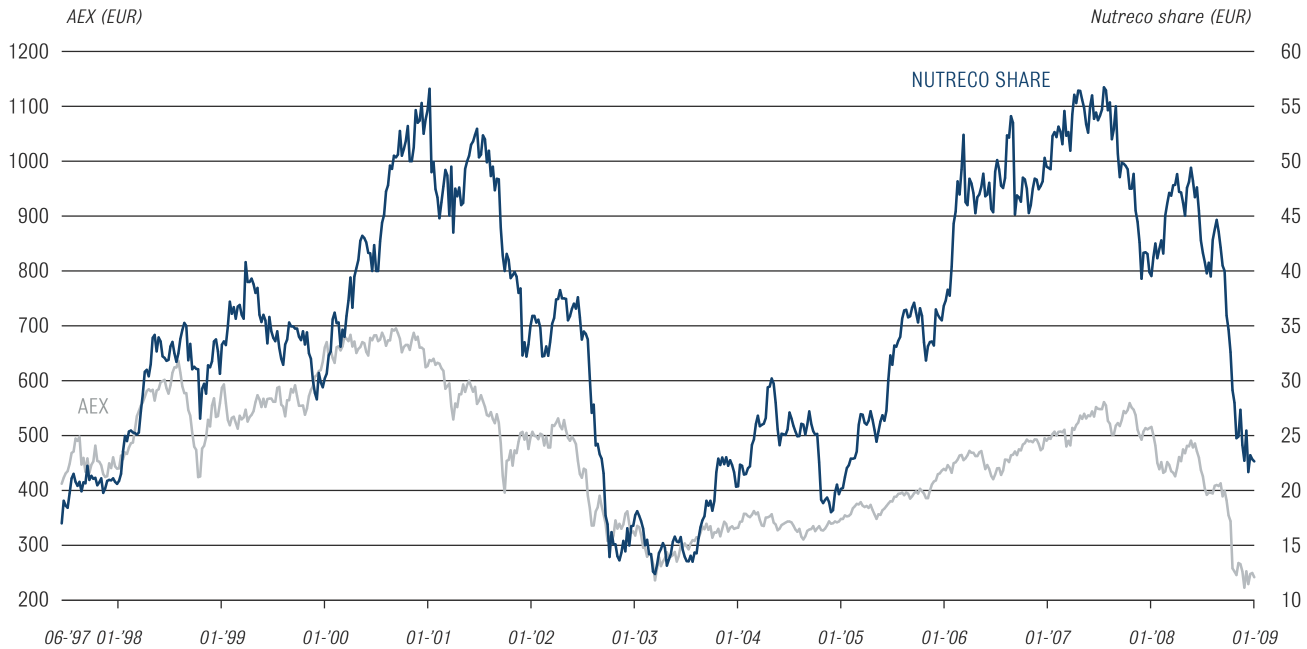
The General Meeting of Shareholders will be held at the NH Barbizon Palace Hotel, Amsterdam, on Tuesday 21 April 2009, at 2.30 pm.

Key figures per share

(EUR)	2008	2007	2006	2005	2004 IFRS	2004	2003	2002	2001
Total result for the period	3.34	3.46	15.19	3.90	2.29	2.13	-4.25	1.91	2.67
Total result for the period from continuing operations[1]	3.02	3.24	3.05	2.63	2.29	2.23	1.91	2.32	3.06
Dividend	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67	0.82
Payout[2]	45%	45%	45%	35%	35%	35%	35%	35%	31%
Highest share price	51.10	56.98	54.75	38.35	30.80	30.80	24.40	39.83	56.60
Lowest share price	21.40	37.87	36.35	20.30	17.60	17.60	11.65	11.54	31.70
Closing price	23.52	39.56	49.39	37.31	20.23	20.23	21.78	17.79	35.90
Average number of shares outstanding (x thousand)	34,358	34,317	34,209	34,498	34,056	34,056	33,342	33,271	32,589
Number of shares outstanding (x thousand)	34,279	34,256	33,906	34,528	34,081	34,081	33,518	33,285	32,660
Market value at closing price[3] (EUR x thousand)	806,242	1,355,114	1,674,617	1,288,240	689,459	689,459	730,022	592,140	1,172,494

1 Total result for the period 1999 up to and including 2004 is before amortisation of goodwill and impairment.
2 The payout ratio is calculated on the total result for the period attributable to equity holders of Nutreco excluding book profits and impairment.
3 The market value is calculated on outstanding shares excluding shares held in treasury.

Share price Nutreco vs AEX



Share price and volume development

In 2008 the share price opened at EUR 39.70, while at the end of the year it closed at EUR 23.52, which was a decline of 40.8%. During the same period the AEX declined by 51.8% and the AMX fell by 52.4%.

The average daily trading volume on Euronext Amsterdam in 2008 was 310,371 shares, compared to 276,050 shares per day in 2007.

Important dates

12 February 2009	Publication of the annual results 2008
21 April 2009	General Meeting of Shareholders
23 April 2009	Ex-dividend date
23 April - 8 May 2009	Option period
27 April 2009	Record date
29 April 2009	Trading update first quarter
8 May 2009	Determination of the 2008 final dividend exchange ratio
14 May 2009	Declared final dividend payable and delivery of ordinary shares
30 July 2009	Publication of the half-year results 2009 incl. interim dividend
31 July 2009	Ex-dividend date (interim dividend)
31 July - 14 August 2009	Option period
4 August 2009	Record date
14 August 2009	Determination of the 2009 interim dividend exchange ratio
20 August 2009	Declared interim dividend payable
29 October 2009	Trading update third quarter
11 February 2010	Publication of the annual results 2009
13 April 2010	General Meeting of Shareholders

Participations of Nutreco Holding N.V.

Animal nutrition

Premix and feed specialities

Brazil
Sloten do Brasil Ltda • Santa Barbara D'oeste-SP
Trouw Nutrition Brasil Ltda • São Paulo

Cyprus
Selko Mid-East Ltd. • Limasol

Czech Republic
UBO Czech, s.r.o. • Prague

Egypt
Hendrix Misr S.A.E. • Cairo • 33.30%

Germany
Sloten GmbH • Diepholz
Trouw Nutrition Deutschland GmbH • Burgheim

Greece
Trouw Nutrition Hellas S.A. • Athens

Guatemala
Trouw Nutrition Guatemala S.A. • Guatemala City

Hungary
Agri Services Hungary Kft. • Budapest • 96.80%
Trouw Nutrition Környe Kft. • Környe

India
Nutrikraft India Pvt. Ltd. • Bangalore • 51%
Trouw Nutrition India Pvt. Ltd. • Bangalore

Indonesia
PT Trouw Nutrition Indonesia • Jakarta

Italy
Sloten Italia Srl • Crema
Trouw Nutrition Italia S.p.A. • Bussolengo

Mexico
Nutreco México S.A. de C.V. • Zapopan, Jalisco
Técnica Analítica S.A. • Monterrey
Trouw Nutrition México S.A. de C.V. • Zapopan, Jalisco

Netherlands
Hifeed Russia B.V. • Boxmeer
Masterlab B.V. • Boxmeer
Selko B.V. • Goirle
Sloten B.V. • Deventer
Sloten Groep B.V. • Deventer
Trouw Nutrition Belgorod B.V. • Boxmeer • 90%
Trouw Nutrition Hifeed B.V. • Boxmeer
Trouw Nutrition India B.V. • Boxmeer
Trouw Nutrition International B.V. • Boxmeer
Trouw Nutrition Nederland B.V. • Putten
Trouw Nutrition Russia B.V. • Boxmeer

Poland
Sloten Polska Sp. Z o.o. • Bydgoszcz
Trouw Nutrition Polska Sp. Z o.o. • Grodzisk Mazowiecki

Portugal
Trouw Nutrition Portugal Lda. • Lisbon

P.R.C.
Beijing Dejia AHS&T Dev. Co. Ltd. • Beijing
Hunan Dejuxe Livestock Technology Co. Ltd. • Xiangtan
Trouw Nutrition Technology (Beijing) Co. Ltd. • Beijing

Romania
Hifeed Romania Srl • Bucharest

Russian Federation
000 Hendrix Feed Belgorod • Belgorod
000 Techkorm • Moscow • 75%
Trouw Nutrition c.i.s. • Moscow

Slovak Republic
DHW Slovakia, s.r.o. • Bratislava

Spain
Farm-O-San S.A. • Madrid
Trouw Nutrition España S.A. • Madrid

Turkey
Trouw Nutrition Turkey • Ankara • 51%

Ukraine
LLC Trouw Nutrition • Kiev

United Kingdom
Frank Wright Ltd. • Ashbourne
Nordos (UK) Limited • Wincham, Northwich
Trouw Nutrition Limited • Wincham, Northwich
Trouw Nutrition (Northern Ireland) Limited • Belfast
Trouw Nutrition (UK) Limited • Wincham, Northwich

United States
Trouw Nutrition USA LLC • Highland, Illinois

Venezuela
Nanta de Venezuela C.A. • Aragua • 50%

Compound feed Europe

Belgium
Hendrix N.V. • Merksem
Nutreco Feed Belgium N.V. • Wingene

Denmark
Hendrix Denmark A/S • Vejen

Germany
Hendrix UTD GmbH • Goch
Hendrix-Illesch GmbH • Bardenitz
PAVO Deutschland GmbH • Neuss

Netherlands
Hedimix B.V. • Boxmeer
Hendrix UTD B.V. • Boxmeer
Hengro B.V. • Boxmeer
Reudink Biologische Voeders B.V. • Vierlingsbeek
Stimulan B.V. • Boxmeer
UTD Zuid Limburg B.V. • Lemiers, Gemeente Vaals. • 25%
Wagemaker's Fouragehandel B.V. • Twisk

Portugal
Fábricas de Moagem do Marco S.A. • Marco de Canaveses
Nutreco Portugal SGPS Limitada • Marco de Canaveses

Spain
Agrovic Alimentación, S.A. • Barcelona
Aragonesa de Piensos, S.A. • Utebo (Zaragoza) • 23.98%
Nanta S.A. • Madrid
Piensos Nanfor S.A. • La Coruña • 50%
Piensos Nanpro S.A. • Segovia • 50%

Animal nutrition Canada

Canada
1097805 Ontario Ltd. • St. Marys
138324 Canada Ltée • Upton
Advanced Nutrition Ltd. • Winnipeg • 50%
Agriplacement J2M Inc. • Upton
Les Produits Agricoles Neralco Inc. • Upton
Nieuwland Feed & Supply Limited • Drayton • 40%
Shur-Gain Holding Inc. • Toronto
Willie Dorais Inc. • Upton
Yantzi's Feed & Seed Ltd. • Tavistock • 40%

Fish feed

Australia
Gibson's Ltd. • Launceston, Tasmania
Tassal Ltd. • Hobart, Tasmania • 11.27%

Canada
Skretting Canada Inc. • Toronto

Chile
Nutreco Chile S.A. • Santiago

Denmark
P/F Skretting Foroyar hf • Hvalvik
Skretting Dk AS • Ejstrupholm

France
Trouw France S.A.S. • Vervins

Ireland
Trouw Aquaculture Limited • Roman Island, Westport

Italy
Hendrix S.p.A. • Mozzecane (VR)

Japan
Marine Feed Products Co. Ltd. • Fukuoka
Skretting Co. Ltd. • Fukuoka

Norway
AquaGen A/S • Sunndalsøra • 15.03%
Centre for Aquaculture Competence A/S • Stavanger • 33%
Laksehuset A/S • Brekke • 31%
Lofilab A/S • 8.04%
Skretting Aquaculture Research Centre A/S • Stavanger
Skretting A/S • Oslo
Skretting Eiendom A/S • Stavanger
Skretting Investment A/S • Stavanger

Spain
Trouw España S.A. • Burgos

Sweden
T. Skretting AB Sweden • Stockholm

Turkey
Skretting Yem Uretim Anonim Sirketi • Bodrum

United Kingdom
Trouw Aquaculture Limited • Invergordon
Trouw (UK) Limited • Wincham, Northwich

United States
Moore-Clark USA Inc. • Seattle, Washington
Nelson and Sons, Inc. • Utah

Meat & other

Canada
2542-1462 Quebec Inc. • St-Jean sur Richelieu
2969-1821 Quebec Inc. • St-Felix de Valois
Couvoir Scott Ltée • Scott Junction • 50%
Ferme Baril de St.-Félix Inc. • St-Felix de Valois
Ferme Berthier Inc. • Berthier
Ferme Gaston Inc. • St-Felix de Valois
Ferme Léo Henault Inc. • St-Felix de Valois
Gène-Alliance Inc. • Yamachiche • 40%
Isoporc Inc. • St-Hugues • 33%
Poirier Berard Ltée • St-Felix de Valois

Netherlands
Hendrix Broilers B.V. • Boxmeer

Spain
Grupo Sada p.a. S.A. • Madrid
Inga Food, S.A. • Madrid
Sada p.a. Andalucia, S.A. • Alcalá de Guadaira
Sada p.a. Canarias S.A. • Santa Cruz de Tenerife
Sada p.a. Castilla-Galicia, S.A. • Valladolid
Sada p.a. Catalunya S.A. • Lleida
Sada p.a. Valencia, S.A. • Sueca
Sociedad Comercializadora de Aves, S.L. • Madrid • 34.96%

Corporate

Belgium
Nutreco Belgium N.V. • Ghent
Nutreco Capital N.V. • Ghent

Canada
Nutreco Canada Inc. • Guelph

Curaçao
Nutreco Insurance N.V. • Willemstad

Denmark
Hybro Denmark A/S (in liquidation) • Billund

France
Nutreco France S.A.S. • Vervins

Germany
Nutreco Deutschland GmbH • Burgheim

Netherlands
De Körver B.V. • Boxmeer
Dinex B.V. • Bodegraven
Hendrix' Assurantiekantoor B.V. • Boxmeer
Hendrix Beleggingen International B.V. • Boxmeer
Hendrix International Investments B.V. • Boxmeer
Hybro Poultry Partners B.V. (in liquidation) • Boxmeer • 33.33%
Nutreco B.V. • Boxmeer
Nutreco International B.V. • Boxmeer
Nutreco Nederland B.V. • Boxmeer
Nutreco North America B.V. • Boxmeer
Nutritional Ingredients B.V. • Amersfoort
Poultry Products Cuijk B.V. (in liquidation) • Cuijk
Trouw International B.V. • Boxmeer

Spain
Nutreco España S.A. • Madrid
Nutreco Servicios S.A. • Madrid

United Kingdom
Nutreco Limited • Northwich
Trouw (UK) Pension Trust Limited • Wincham, Northwich

United States
Anchor USA Inc. • Delaware
Hybrid International Inc. (in liquidation) • Delaware
Nutreco USA Inc. • Delaware

Concept and design: www.porternovelli.be

Nutreco Holding N.V.
Prins Frederiklaan 4
P.O. box 299
3800 AG Amersfoort
The Netherlands
tel. (31) 33 422 6100
fax (31) 33 422 6101
www.nutreco.com