CSM nv
Corporate Communications

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Press Release first half 2011

CSM: Responding to a challenging environment

date Diemen, the Netherlands, 10 August 2011

Increasing selling prices to compensate for higher costs remained the most important focus in the first half of 2011, resulting in an average price increase of 7.4% driving an organic sales growth of 4.3%. The time-lag in adjusting selling prices to compensate for higher raw material costs, combined with a volume development impacted by increased selling prices as well as negative currency effects, resulted in an EBITA of € 80.2 million, in line with the guidance in our trading update published 5 July 2011.

Key Facts

- Sales for the first half-year at constant currencies increased by 10.6%. Organic sales growth was 4.3%, a combination of a positive price effect of 7.4% offset by lower volumes of 3.1%.
- Sales for the second quarter at constant currencies increased by 5.5% as a result of organic growth of 5.1%, driven by price increases of 8.4%, offset by lower volumes of 3.3%.
- EBITA for the first half-year excluding one-offs amounted to € 80.2 million, a decline of 21.8% compared with 2010. Currency movements negatively impacted EBITA by € 2.6 million compared with 2010.
- EBITA excluding one-offs in the second quarter amounted to € 36.4 million (Q2 2010 € 55.8 million). Currency movements negatively impacted EBITA by € 2.8 million in the second quarter compared with Q2 2010.
- Net debt at the end of June amounted to € 696.6 million, an increase of € 65.6 million compared with 31 December 2010 (30 June 2010: € 761.5 million).
- CSM continued to invest in its strategic initiatives to drive growth in 2011 and beyond.

Key Figures

Quarter 2		x € million	Half-year	
2011	2010		2011	2010
765.5	771.7	Net sales	1,525.3	1,415.8
36.4	55.8	EBITA excluding one-off costs*	80.2	102.5
36.6	51.4	EBITA	74.5	91.9
		Result after taxes	29.9	54.2
		EPS (in €)	0.41	0.77
4.8%	*7.2%*	*EBITA in % (excl. one-off costs)*	*5.3%*	*7.2%*
		ROCE in % (excl. one-off costs)	*7.3%*	*9.8%*

*) The one-off costs in 2011 relate to the integration of Best Brands and the effects of a fire in Brazil. The one-off costs in 2010 relate to the acquisition and integration of Best Brands.
The figures in this press release have not been audited.

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Commenting on the first half results, Gerard Hoetmer, CEO of CSM, said:

Although increasing prices in the current market is challenging, all our businesses have implemented very significant price increases, the only option to maintain a healthy business. We took responsibility as market leader by moving first. We have seen some short term shifts in volumes in the market while the market was migrating to higher pricing levels. This has led to some loss of volume across our businesses, mainly in the US and has unfortunately led to a second quarter result lower than last year. We have now completed the required additional pricing actions to balance our raw material costs for the second half.

I want to split the year in two parts: Our focus in the first half year was on increasing prices while balancing volume development. In the second half, our focus is on growth. This will be supported by innovations, our strategic initiatives and the fact that the whole market has migrated to higher pricing levels.

We see the Bakery Supplies markets remaining volatile. In Europe, volume pressure in the artisan channel has been compensated by growth in Out-of-home/ In-store, resulting in a stable volume development overall. We achieved further success in strengthening our presence in this strategically important channel by winning a number of retail customers, particularly in continental Europe.
In North America we have clearly seen the effect of the, steep but necessary, price increases reflected in the volume development. We see encouraging signs of recovering volumes as the market absorbs the higher prices.
We also continued our expansion to new markets. We have invested in our organization to accelerate growth in the selected strategic regions. We have built a production facility in China to accommodate growth in greater China in May, and we further developed our businesses in Turkey and Japan and our joint venture in Tunisia.

Purac had its challenges in increasing prices while maintaining volumes in its meat preservation business, with the market either economizing its operations with recently allowed chemical derived products in the US, or moving towards high quality fully natural products. This is reinforcing the trend of the market polarizing to two extremes: the low cost in use products versus the premium segment in which Purac traditionally has a strong position. Purac is expanding its offering in its preservation product portfolio to capture continuous growth in this broad range of the food market in general.
Purac continued strongly in its chemical and pharma activities. We recently announced the next phase in our cooperation with BASF on succinic acid. The partnership with Indorama is progressing very well with Indorama testing high quality PLA on plant-scale. In order to fulfill customers' requests, Purac is co-financing the new pilot plant facility being currently built at Sulzer to produce test materials for our customers.

In addition to the commercial actions we have taken, we also remain very keen on cost containment and strict cost control, such as minimizing costs on travel and consultancy, we have enforced a hiring freeze, and allow only new people in by executive approval. Although the current turbulence in the worldwide markets is challenging, we are confident we have taken and are taking the right actions."

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Prospects for the Second Half-Year of 2011

We continue with our strategic focus of growing our Bakery Supplies activities, exploiting growth opportunities in today's Purac business as well as unlocking the considerable potential in bioplastics.
Our businesses remain very much focused on delivering volume growth, cost reductions and realizing integration savings of Best Brands in the second half of 2011.
With our price increases, we expect that our pricing is progressively balancing the increase in our raw material costs in the second half. In addition, we have seen the first signs of regaining volumes and expect a gradual recovery of volumes during the second half year. Our competitive position has remained strong and we will benefit from our market leading positions in exploiting growth opportunities, despite the current economic climate.

It is difficult to assess the impact of this economic climate, reinforced by the current turbulence in the worldwide markets, on consumer behavior. However, based on our current knowledge, and supported by all measures taken and initiatives planned, we expect EBITA before one-off costs and at constant currencies in the second half of 2011 to be broadly in line with the second half of 2010.

Interest expenses in the second half year will be roughly in line with the underlying ordinary interest expenses in the first half of 2011. Tax expenses will end the year slightly above 25%.
We expect working capital to come down in the second half year and capital expenditures to end the year at approx. € 130 million. We maintain our dividend policy, based on our healthy financial position and our cash flow.

Financial Commentary

Main developments in the first half-year compared with 2010

Net Sales
Net sales increased by € 109.5 million (7.7%) to € 1,525.3 million (first half 2010: € 1,415.8 million). The increase in net sales was driven by the acquisition effect € 87.9 million (mainly Best Brands) and organic sales growth (effect € 61.6 million). The currency effect was negative by € 40 million. All divisions were able to increase sales prices. On average for CSM prices in Q2 were 8.4% higher compared with Q2 2010.
Taking the lead in implementing the required steep price increases, combined with weak consumer demand, led to lower volumes in BSNA. BSEU was broadly in line with last year as a result of changes in product mix and the focus on growth in Out-of-home/In-store compensating the pressure in the artisanal channel. Purac showed limited sales growth as a result of higher sales in the Chemical and Pharma channel, offset by lower sales in the Food channel.

The breakdown of organic growth is as follows:

	Quarter 2				Half-year		
	Organic	Volume	Price/Mix		Organic	Volume	Price/Mix
BSNA	*4.1%*	*-5.7%*	*9.8%*		*3.2%*	*-5.3%*	*8.5%*
BSEU	*6.9%*	*-0.1%*	*7.0%*		*5.8%*	*-0.1%*	*5.9%*
Purac	*5.4%*	*1.1%*	*4.3%*		*4.7%*	*-0.1%*	*4.8%*

EBITA
EBITA excluding one-offs in the first half-year decreased by € 22.3 million compared with 2010, primarily due to the unfavorable effects of the increased raw material prices. In Q2 raw material costs increased even further and are now trending towards an increase of € 240 million for the full year. We have stepped up the level of price increases to compensate, but a lagging effect before price increases would fully materialize was unavoidable. Therefore we were not yet able to fully compensate the increased raw material cost in the first half. In addition, leading the market in selling price increases led to some volume loss on the short term.
The translation of foreign currencies into the Euro negatively impacted EBITA by € 2.6 million.

As already indicated in our full year 2010 press release, we maintain a very cost conscious attitude but we have continued to invest in the strategic growth opportunities of CSM. Expenses have increased due to additional FTE's particularly at Purac in order to strengthen the organization to further develop our lactide business and other new innovations like succinic acid. At CSM corporate we have invested in additional FTE's to drive global programs in sales, marketing and sustainability. The construction of our lactide factory in Thailand is progressing well and is on time and on budget.

EBITA in the first half-year was impacted by one-off costs related to the Best Brands acquisition (mainly restructuring costs due to the planned closures of the factories Oak Creek and La Mirada in Q4 of this year) and costs related to a fire in our Purac production facility in Brazil. In Q2 the one-offs include an initial restitution of € 1.3 million from the insurance company related to the latter.

Amortization for the first half-year increased by € 4.2 million to € 15.6 million mainly due to the full half-year effect of the acquisition of Best Brands.

Balance Sheet
Capital employed including goodwill increased by € 16.6 million to € 2,184.2 million compared with December 31, 2010 (€ 2,167.6 million). The main movements were (x € million):

• Capital expenditure on (in-)tangible fixed assets	43.1
• Depreciation/amortization of (in-)tangible fixed assets	-52.3
• Working capital	88.9
• Acquisition Classic Cakes	13.1
• Investment Tunisian Joint Venture	7.1
• Other (mainly currency effects)	-83.3

Working capital increased to € 340.1 million (December 31, 2010: € 251.2 million). The increase in working capital is € 88.9 million (excl. currency effects € 102.6 million). The change is to a large extent related to the increased raw material costs and seasonal effects. Average cash conversion days in the first half of 2011 is 38.6 days compared with 36.4 days for the same period in 2010.

Shareholders' equity in the first half-year decreased by € 32.0 million to € 1,085.2 million. The main movements were:
- the addition of the net profit for the first half of 2011 amounting to € 29.9 million
- a decrease of € 23.2 million due to dividend payments
- negative currency effects in the translation and hedge reserve of € 39.1 million.

Cash Flow / Financing
Cash flow from operating activities amounted to € 17.4 million negative. This is the balance of the operational cash flow of € 112.1 million before movements in working capital (2010: € 126.7 million) offset by cash required for working capital, tax and interest and changes in provisions. Working capital increased due to higher inventory of € 17 million and higher receivables of € 37.5 million and lower payables of € 42.2 million. The acquisition of Classic Cakes required a cash flow of € 13.1 million. The investments financial fixed assets of € 7.6 million refer mainly to the participation in a Tunisian Joint Venture. The higher capital expenditures of € 18.5 million compared with 2010 include an amount of € 12.8 million for the construction of the new lactide factory in Thailand.

Consequently, net debt increased by € 65.6 million to € 696.6 million (end of 2010: € 631.0 million). The 12-month rolling net debt to EBITDA ratio is 2.6 (end of 2010: 2.1).

Net financial income and charges amounted to € 16.6 million negative. The higher interest expenses of € 7.8 million compared with the first half of 2010 were mainly caused by changes in the fair value of derivatives and higher interest rates due to a shift to more long term fixed interest rates following the conclusion of a US$ private placement in Q4 of 2010.

The tax charge which amounted to € 12.4 million or 29.3% of profit before tax, is negatively impacted by the reversal of tax assets. It is expected that these tax assets will be valued in the second half again due to a higher profitability, leading to a year end tax burden a little above 25%.

Business Developments

Bakery Supplies Total

Quarter 2		x € million	Half-year	
2011	**2010**		**2011**	**2010**
663.7	669.5	Net sales	1,320.5	1,216.6
32.0	48.7	EBITA excluding one-off costs Best Brands *	70.7	87.6
31.2	44.3	EBITA	66.1	77.0
4.8%	*7.3%*	*EBITA (in %) (excl. one-off costs Best Brands)*	*5.4%*	*7.2%*
		ROCE (in %) (excl. one-off costs Best Brands)	*7.9%*	*9.9%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs

- ### Bakery Supplies North America

Quarter 2		x US$ million	Half-year	
2011	**2010**		**2011**	**2010**
575.3	547.9	Net sales	1,112.4	962.2
37.0	45.1	EBITA excluding one-off costs Best Brands *	73.0	76.1
35.8	39.6	EBITA	66.6	62.1
6.4%	*8.2%*	*EBITA (in %) (excl. one-off costs Best Brands)*	*6.6%*	*7.9%*
		ROCE (in %)(excl. one-off costs Best Brands)	*10.6%*	*12.2%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs

Quarter 2		x € million	Half-year	
2011	**2010**		**2011**	**2010**
400.9	425.4	Net sales	793.6	725.2
25.8	34.9	EBITA excluding one-off costs Best Brands *	52.1	57.4
25.0	30.5	EBITA	47.5	46.8
6.4%	*8.2%*	*EBITA (in %) (excl. one-off costs Best Brands)*	*6.6%*	*7.9%*
		ROCE (in %) (excl. one-off costs Best Brands)	*10.7%*	*12.2%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs

Main Developments in the First Half-Year

BSNA posted almost 16% higher sales (US$ 150.2 million) in the first half-year, which for a significant part (US$ 115.5 million) is attributable to the acquisition of Best Brands in February 2010.

The organic growth of 3.2% in the first half-year was due to higher sales prices (price/mix effect 8.5%) offset by lower volumes (5.3%). Despite strong price increases we were not able to fully compensate for the increased raw material costs in the first half of 2011 yet. Showing market leadership in leading the market in increasing prices pressured volume development on the short term while the market adjusted to higher pricing levels. Combined with a generally weak consumer confidence in the North American markets this resulted in negative organic volume growth.

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The EBITA decline of US$ 3.1 million in the first half of the year (US$ 8.1 million for Q2) is explained by lower volumes, the increased raw material prices and consequently lower margins. In addition, to the raw material price development, results are impacted by the higher fuel/energy prices. The acquisition of Best Brands impacted the first half year positively.
Synergies and integration costs from the Best Brands integration are running in line with our planning. The preparations to close down two factories in Q4 are on track. The integration costs amounted to US$ 6.4 million for the first half with an initial expectation of US$ 15 million for the full year. We now expect integration costs for the full year to be lower than the original guidance.

Working capital in the US was US$ 35.7 million higher than at the end of 2010. The increased raw material costs and the related selling price increases are the main contributors to the higher working capital.

Capital expenditure in the first half-year amounted to US$ 13.9 million (2010 US$ 10.1 million) versus depreciation of US$ 17.5 million (2010 US$ 16.2 million). The investments relate largely to factory optimization and IT.

- **Bakery Supplies Europe**

Quarter 2		x € million	Half-year	
2011	**2010**		**2011**	**2010**
262.8	244.1	Net sales	526.9	491.4
6.2	13.8	EBITA	18.6	30.2
2.4%	*5.7%*	*EBITA (in %)*	*3.5%*	*6.1%*
		ROCE (in %)	*4.5%*	*7.2%*

Main Developments in the First Half-Year

Sales in the first half of 2011 were € 526.9 million, or 7.2% ahead of last year due to a positive organic growth of 5.8%, driven by a positive price effect of 5.9% and currency attributing 0.3% (mainly Pound Sterling). Volume development was almost flat, resulting from growth in the Out-of-home/ In-store, on balance compensating the lower volumes in the artisanal channel. This is also reflected in the shift in product mix driven by growth in frozen products. This development represents our strategy to further strengthen our position in these strategically attractive channels. The acquisition of Classic Cakes contributed € 5.4 million.

For the first half-year the EBITA amounted to € 18.6 million (a decline of € 11.6 million compared with 2010). The decline in EBITA was mainly the result of the lagging effect in adjusting selling prices to compensate for raw material cost increases.
Costs increased compared with H1 2010 due to lower fixed production costs charged to inventory, our strategic investments in emerging markets and general inflation.

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Working capital in Europe increased by € 46.6 million compared with year-end 2010 to a large extend due to the increased raw material costs and the increased selling prices and the seasonal growth in the first half year.

Capital expenditure of tangible fixed assets of € 7.9 million (2010: € 5.2 million) was below depreciation of € 11.3 million (2010: € 11.1 million). The investments relate largely to factory optimization and IT.

Purac

Quarter 2		x € million	Half-year	
2011	2010		2011	2010
101.8	102.2	Net sales	204.8	199.2
12.2	15.4	EBITA before one-offs	24.9	30.2
13.2	15.4	EBITA	23.8	30.2
12.0%	*15.1%*	*EBITA before one-offs (in %)*	*12.2%*	*15.2%*
		ROCE (in %)	*14.7%*	*21.1%*

Main Developments in the First Half-Year

Purac showed a positive sales increase of 2.8% in the first half of 2011. The organic growth of 4.7% is almost fully driven by higher prices and was partly offset by negative currency effects of 1.9% (mainly US-dollar).
Volumes were stable due to growth in the Chemicals and Pharma channel, driven by increased demand from agrochemicals, animal feed and the electronics industry, but being offset by a challenging market in the food channels. Purac had its challenges in increasing prices while maintaining volumes in its meat preservation business, with the market either economizing its operations with recently allowed chemical derived products in the US, or moving towards high quality fully natural products. This is reinforcing the trend of the market polarizing to two extremes: the low cost in use products versus the premium segment in which Purac traditionally has a strong position. Purac extended its offering in its preservation product portfolio to capture continuous growth in this broad range of the food market in general.

For the first half-year Purac delivered a € 5.3 million lower EBITA compared with 2010, driven by increased cost of raw materials not compensated by higher selling prices and increased costs as a result of investing in an additional 60 FTE's for the development of new innovations, especially to support the lactide sales development. In Q2 the one-offs include an initial restitution of € 1.3 million from the insurance company. Currency differences, both translation and transaction impacted EBITA by € 1.2 million negative.

Working capital at Purac increased by € 26.7 million versus year-end 2010. The increased raw material costs and related selling price increases are an important element in the increased working capital.

Capital expenditure on tangible fixed assets amounted to € 21.8 million (2010: € 13.9 million) versus depreciation of € 12.9 million (2010: € 11.9 million). The investments include an amount of € 12.8 million for the new lactide factory in Thailand.

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Risks

CSM operates worldwide with operating companies in various markets and jurisdictions. Timely identification and effective management of all significant risks inherent to the execution of our strategy and realization of our objectives is of key importance. The Board of Management is responsible for the design, implementation and operation of CSM's risk management and internal control systems. Our risk management approach is aimed at embedding risk awareness and risk management at all levels of CSM to ensure consciously and properly evaluated risk decisions.

For the upcoming half-year the risks and our risk management approach as described in our last annual report are generally still valid. More specifically, three main risk areas can be highlighted to address the risk sensitivity for the remaining part of the year:

- economic situation
- raw material prices
- currency risks (mainly US dollar)

CSM operates in two markets: the market for bakery supplies and ingredients, and – through its lactic acid products – the market for preservation, fortification and green chemicals. The worldwide economic environment impacts our bakery business as demand for our products will fluctuate in line with GDP development. Demand for lactic acid products will be impacted as certain customers operate in more cyclical markets that fluctuate with the economy. The market situation has become more volatile. This puts a strain on management's ability to deal with all changes successfully. Failure to respond adequately or timely could severely damage CSM's financial situation and its future growth perspective. Good management and systems are in place to deal adequately with the fluctuating market environment.

As we have seen over the past years, sudden increases or decreases in the price of raw materials can seriously impact the margins of our products sold. Scarceness of raw materials due to excessive demand or production interruption at suppliers can also impact our results due to sales declines and additional cost required to satisfy our raw materials needs. Our procurement departments, centralized by continent, have developed adequate procedures to secure contract positions in order to minimize or delay exposure to cost fluctuations of raw materials which could negatively impact our margins. These procedures include early warnings of possible impact to our organization and our customers.

As CSM operates in various non-euro countries we have to deal with the volatility of exchange rates of a number of currencies versus the Euro. In this context, the development of the US dollar is by far the most important. This impact can be seen in the translation of the results and equity of foreign entities into euros and in the results of transactions when there is a difference between the currency of the production costs and the currency in which the sale of the product is being made. CSM has a hedging policy in place to limit the impact of volatility of foreign exchange rates. Hedging the impact of the foreign currency translation risk is partly and indirectly effectuated by keeping liabilities in the relevant foreign currencies. Of the total external debt of CSM a significant part is denominated in US dollars, which partly offsets the large translation equity exposure CSM has against the US dollar.

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Responsibility Statement

The Board of Management hereby declare that, to the best of their knowledge, the interim financial statements for the first half-year of 2011 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit of CSM nv and its consolidated companies included in the consolidation as a whole. Furthermore, to the best of our knowledge, this half-year report includes a fair view of the nformation required pursuant to Section 5:25d. subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Diemen, the Netherlands, 10 August 2011

Board of Management CSM nv

G.J. Hoetmer, Chief Executive Officer
N.J.M. Kramer, Chief Financial Officer

Appendices: Condensed interim financial statements

1. Key figures
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Analyst presentation (Webcast)

A press conference will be held at the premises of CSM (Nienoord 13, Diemen, the Netherlands) from 09.00 hours (CET) An analyst meeting will be held at the same location from 11.00 hours (CET) on Wednesday, 10 August 2011. The presentation can be followed live via www.csmglobal.com from 11.00 hours (CET). The slides, used during the presentation can be downloaded from our website.

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Background information:

CSM is the largest supplier of bakery products worldwide and is global market leader in lactic acid and lactic acid derivatives. CSM produces and distributes an extensive range of bakery products and ingredients for artisan and industrial bakeries and for in-store as well as out-of-home markets. It also produces a variety of lactic acid applications for the food, chemical and pharmaceutical industries. CSM operates in business-to-business markets throughout Europe, North America, South America, and Asia, generates annual sales of € 3 billion and has a workforce of around 9,700 employees in 28 countries. CSM is listed on NYSE Euronext Amsterdam. For more information: www.csmglobal.com

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1. Key figures

	1st Half-year	
millions of euros	**2011**	**2010**
Income Statement:		
Net sales	1,525.3	1,415.8
EBITA excluding one-off costs	80.2	102.5
EBITA	74.5	91.9
Operating result	58.9	80.5
EBITDA	111.2	127.1
Result after taxes	29.9	54.2
Balance sheet:		
Fixed assets	1,729.9	1,867.9
Current assets excluding cash and cash equivalents	734.9	708.5
Non-interest-bearing current liabilities	411.8	443.9
Net debt position [1]	696.6	761.5
Provisions	271.2	273.0
Equity	1,085.2	1,098.0
Key data per common share		
Number of issued common shares	67,658,699	65,998,134
Number of common shares with dividend rights	67,567,492	65,848,800
Weighted average number of outstanding common shares*	67,542,649	67,509,365
Price as at 30 June	23.21	24.45
Highest price in half-year	26.88	26.27
Lowest price in half-year	22.83	18.55
Market capitalization as at 30 June	1,568	1,610
Earnings in euros [2] *	0.41	0.77
Diluted earnings in euros [2] *	0.41	0.77
Cash flow from operating activities per common share, in euros [2] *	-0.29	0.78
Other key data		
Cash flow from operating activities	-17.4	54.5
Depreciation/amortization fixed assets	52.3	46.6
Capital expenditure on fixed assets	43.1	27.3
Number of employees at closing date	10,011	9,615
Number of issued cumulative preference shares	2,983,794	2,983,794
Equity per share in euros [3]	15.38	15.95
Ratio' s		
EBITA margin % [4]	4.9	6.5
Result after taxes / net sales %	2.0	3.8
ROCE % [5]	6.8	8.8
Net debt position/EBITDA [6]	2.6	2.6
Interest cover [7]	8.4	11.8
Balance sheet total : equity	1:0.4	1:0.4
Net debt position : equity	1:1.6	1:1.4
Current assets : current liabilities	1:0.5	1:0.5

*previous year is restated for stock dividend 2011

1. Net debt position comprises interest-bearing debts less cash and cash equivalents.
2. Per common share in euros after deduction of dividend on cumulative preference shares.
3. Equity per share is equity divided by the number of shares with dividend rights.
4. EBITA margin % is EBITA divided by net sales x 100.
5. ROCE % is EBITA for half-year x 2 divided by the average capital employed x 100. The goodwill included in capital employed relates to management goodwill, being the goodwill capitalized and the goodwill charged directly to equity since 1978, the year when CSM started the diversification process.
6. Rolling 12-month EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) including acquisition and divestment results for 12-month and excluding one-off costs.
7. Interest cover is EBITDA as defined in note 6 divided by net interest income and charges.

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2. Consolidated Statement of Financial Position

before profit appropriation, millions of euros	As at 30-06-2011	As at 31-12-2010	As at 30-06-2010
Assets			
Property, plant & equipment	552.5	574.6	586.4
Intangible fixed assets	1,099.9	1,146.8	1,212.8
Financial fixed assets	17.9	10.5	10.8
Deferred tax assets	59.6	59.2	57.9
Total fixed assets	**1,729.9**	**1,791.1**	**1,867.9**
Inventories	337.4	335.4	321.2
Receivables	392.0	366.0	380.5
Tax assets	5.5	16.1	6.8
Cash and cash equivalents	80.6	118.7	127.1
Total current assets	**815.5**	**836.2**	**835.6**
Total assets	**2,545.4**	**2,627.3**	**2,703.5**
Equity and liabilities			
Equity	**1,085.2**	**1,117.2**	**1,098.0**
Provisions	114.9	122.8	124.1
Deferred tax liabilities	156.3	154.5	148.9
Non-current liabilities	772.8	745.7	887.4
Total non-current liabilities	**1,044.0**	**1,023.0**	**1,160.4**
Interest-bearing current liabilities	4.4	4.0	1.2
Trade payables	269.9	296.7	260.2
Other non-interest-bearing current liabilities	120.9	154.0	145.5
Tax liabilities	21.0	32.4	38.2
Total current liabilities	**416.2**	**487.1**	**445.1**
Total equity and liabilities	**2,545.4**	**2,627.3**	**2,703.5**

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3. Consolidated Income Statement

	1st Half-year	
millions of euros	**2011**	**2010**
Net sales	1,525.3	1,415.8
Costs of raw materials and consumables	-890.1	-789.4
Production costs	-215.5	-197.8
Warehousing and distribution costs	-121.0	-104.8
Gross profit	**298.7**	**323.8**
Selling expenses	-121.9	-121.7
Research & development costs	-20.2	-19.4
General and administrative expenses	-97.7	-102.2
Operating result	**58.9**	**80.5**
Financial income and charges	-16.6	-8.8
Result before taxes	**42.3**	**71.7**
Taxes	-12.4	-17.5
Result after taxes	**29.9**	**54.2**
Per common share in euros		
Earnings	0.41	0.77
Diluted earnings	0.41	0.77

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4. Consolidated Statement of Comprehensive Income

	1st Half-year	
millions of euros	**2011**	**2010**
Result after taxes	**29.9**	**54.2**
Other comprehensive results:		
Translation reserve	-40.9	87.6
Hedge reserve	7.3	-7.1
Taxes relating to other comprehensive results	-5.5	1.3
Total comprehensive result after taxes	**-9.2**	**136.0**

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5. Consolidated Statement of changes in Equity

before profit appropriation, millions of euros	1st half-year 2011	1st half-year 2010	2nd half-year 2010	Total 2010
Opening balance	**1,117.2**	**997.8**	**1,098.0**	**997.8**
Profit half-year after tax	29.9	54.2	45.1	99.3
Other comprehensive result after tax	-39.1	81.8	-26.5	55.3
Total comprehensive result	**-9.2**	**136.0**	**18.6**	**154.6**
Dividend	-23.2	-36.2		-36.2
Movement in Option/Share plan reserve	0.4	0.4	0.6	1.0
Total transactions with shareholders	**-22.8**	**-35.8**	**0.6**	**-35.2**
Ending balance	**1,085.2**	**1,098.0**	**1,117.2**	**1,117.2**

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6. Consolidated Statement of Cash Flows

6. Consolidated Statement of Cash Flows

	1st Half-year	
millions of euros	2011	2010
Cash flow from operating activities		
Result after taxes	29.9	54.2
Adjusted for:		
- Depreciation/amortization of fixed assets	52.3	46.6
- Result from divestments of fixed assets	0.5	-0.8
- Share-based remuneration	0.4	0.4
- Interest income	-0.7	-0.3
- Interest expense	14.8	13.6
- Exchange rate differences	0.3	-1.9
- Fluctuations in fair value of derivatives	2.1	-3.1
- Other financial income and charges	0.1	0.5
- Taxes	12.4	17.5
Cash flow from operating activities before movements in working capital	**112.1**	**126.7**
Movement in provisions	-6.5	5.0
Movements in working capital:		
- Receivables	-37.5	-21.3
- Inventories	-17.0	-9.3
- Non-interest-bearing current liabilities	-42.2	-9.8
Cash flow from business operations	**8.9**	**91.3**
Net interest paid	-12.5	-18.2
Tax paid on profit	-13.8	-18.6
Cash flow from operating activities	**-17.4**	**54.5**
Cash flow from investment activities		
Acquisition of group companies	-13.1	-374.2
Investments financial fixed assets	-7.6	
Capital expenditure on (in)tangible fixed assets	-46.5	-28.0
Divestment of fixed assets	0.8	0.1
Cash flow from investment activities	**-66.4**	**-402.1**
Cash flow from financing activities		
Proceeds from interest-bearing debts	71.3	381.5
Paid-out dividend	-23.2	-36.2
Cash flow from financing activities	**48.1**	**345.3**
Net cash flow	**-35.7**	**-2.3**
Effects of exchange rate differences on cash and cash equivalents	-2.4	9.0
Increase/decrease cash and cash equivalents	**-38.1**	**6.7**
Cash and cash equivalents at start of financial year	118.7	120.4
Cash and cash equivalents at close of half-year	80.6	127.1

7. Segment Information

1st Half-year *millions of euros*	**Bakery Supplies Europe**		**Bakery Supplies North America**		**Purac**		**Corporate**		**CSM Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
P&L information										
Net sales	526.9	491.4	793.6	725.2	204.8	199.2			1,525.3	1,415.8
EBITA including one-off costs	18.6	30.2	47.5	46.8	23.8	30.2	-15.4	-15.3	74.5	91.9
One-off costs			4.6	10.6	1.1				5.7	10.6
Operating result	16.8	29.0	35.5	37.4	22.0	29.5	-15.4	-15.4	58.9	80.5
Balance sheet information										
Total assets	1,032.4	1,034.2	980.6	1,167.0	426.9	402.4	105.5	99.9	2,545.4	2,703.5
Total liabilities	348.6	350.8	255.2	296.6	73.9	62.5	782.5	895.6	1,460.2	1,605.5
Capital employed as at 30 June	842.5	855.7	943.4	1,136.6	350.4	304.1	47.9	16.7	2,184.2	2,313.1
Average capital employed	824.1	839.9	976.2	937.4	338.4	286.7	46.0	18.4	2,184.7	2,082.4
Depreciation of property, plant & equipment	11.3	11.1	12.5	12.2	12.9	11.9			36.7	35.2
Amortization of intangible fixed assets	1.8	1.2	12.0	9.4	1.8	0.7		0.1	15.6	11.4
Other information										
Capital expenditure on property, plant & equipment	7.9	5.2	9.9	7.6	21.8	13.9	1.2		40.8	26.7
Capital expenditure on intangible fixed assets	1.5	0.2			0.6	0.4	0.2		2.3	0.6
Average number of employees	4,209	3,918	4,620	4,209	996	970	56	52	9,881	9,149
Alternative Non-IFRS performance measures										
EBITA margin %	3.5	6.1	6.0	6.5	11.6	15.2			4.9	6.5
ROCE %	4.5	7.2	9.7	10.0	14.1	21.1			6.8	8.8
Alternative Non-IFRS performance measures excluding one-off costs										
EBITA	18.6	30.2	52.1	57.4	24.9	30.2	-15.4	-15.3	80.2	102.5
EBITA margin %	3.5	6.1	6.6	7.9	12.2	15.2			5.3	7.2
ROCE %	4.5	7.2	10.7	12.2	14.7	21.1			7.3	9.8

CSM generates almost all of its revenues from the sale of goods.

In the above table and elsewhere in the Financial Statements a number of Non-IFRS performance measures are presented. Management is of the opinion that these so-called alternative performance measures might be useful for the readers of these Financial Statements. CSM management uses these performance measures to make financial, operational and strategic decisions and evaluate performance of the segments.

The alternative performance measures can be calculated as follows:

- EBITA is the operating result before amortization of intangible fixed assets
- Return on sales (ROS) is EBITA divided by net sales x 100
- ROCE is EBITA for half-year x 2 divided by the average capital employed including goodwill x 100. This takes account of all acquisitions since 1978, the year when CSM started its diversification process.
- Goodwill relates to management goodwill, being the goodwill capitalized and the goodwill charged directly to equity since 1978.

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8. Acquisitions

On 31 January 2011 CSM announced that it acquired Classic Cakes Ltd. in the UK. Classic Cakes produces a high quality range of premium sweet bakery products, servicing the foodservice and retail markets. The company and its facilities are based in Daventry. Classic Cakes has an annual turnover of € 11.4 million and employs some 90 people. This transaction strengthens CSM's leadership position in the market segments that it has targeted for growth, particularly the retail and foodservice channnels. The transaction will not have a material effect on CSM's financials.

Preliminary acquisition figures:

millions of GBP	
Net sales per year	10.3
Number of employees	90
Opening balance:	
Property ,plant & equipment	1.8
Intangible fixed assets	7.1
Inventories	0.4
Receivables	1.4
Cash and cash equivalents	0.6
Payables	-1.1
Current income tax	-0.5
Deferred tax liabilites	-2.1
Identifiable assets minus liabilities	7.6
Goodwill	4.3
Acquisition price	11.9

9. Notes

Principles for the valuation of assets and liabilities and determination of the result
This condensed interim financial information for the half-year ended 30 June 2011 complies with IFRS and has been prepared in accordance with IAS 34, “Interim financial reporting.” The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

In preparing these condensed consolidated half-year statements the main estimates and judgments made by the Board of Management when applying CSM’s accounting policies, were similar to those applied to the annual financial statements for the year ended 31 December 2010.

The figures in this half-year report have not been audited by an external auditor.

Accounting policies
The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in the annual financial statements for the year ended 31 December 2010.

Anticipating future IFRS standards concerning joint venture accounting, CSM changed in 2011 his accounting policy from proportionally consolidation to the alternative equity method. This has no impact on CSM's results or equity.

Related party transactions
There were no material related party transactions in the first half of 2011.

Events after balance sheet date
No events.

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