Royal Wessanen nv

organic is *our* choice

Annual Report 2012

Introduction

To make our organic brands the most desired in Europe we are strengthening our businesses

Business review

The growth in the European organic food market is estimated at mid-single digit for 2012

Governance

Three new members have been appointed to the Supervisory Board; we comply with the gender diversity requirement

Financial statements

Additional information

Introduction
Welcome to Wessanen

People are more aware than ever about their own health and the impact food consumption has on the planet.

They are increasingly demanding tasty products, free from artificial ingredients and produced with respect for animal welfare.

We care passionately about food and we are dedicated to offering consumers food choices that inspire them to live healthier, happier lives.

This is why we have made organic our choice, and why it is our vision 'to make our organic brands the most desired in Europe'.

Revenue

€711m

FTE number (2012 average)

2,064

Introduction
Wessanen at a glance

Organic food is at the core of Wessanen. We care passionately about pure, honest and simple food, and we are dedicated to offering consumers food choices that inspire them to live healthier, happier lives. When you are eating Wessanen's organic products, you know exactly what they are, what is in them and where they come from. We are a leading company in the European organic food market. Operating mainly in France, the Benelux, UK, Germany and Italy, we manage and develop our brands and products in the grocery and health food channels.

The focus of our business: organic food

Grocery

The European supermarket channel for organic food is a growing one. For many years, it has been recording healthy growth. Broadening the range of available organic food products has stimulated this growth. We play a leading role with the sourcing and marketing of brands such as Bjorg, Zonnatura, Kallo, Whole Earth and Clipper.

Revenue

€273m

2011: €244m

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Health Food Stores (HFS)

Specialist health food stores are an important channel to consumers who are specifically looking for a wide assortment of organic, healthy and natural foods. We have a long history in this channel with the sourcing and marketing of brands like Bonneterre, Ekoland, De Rit, Allos and Tartex. We are also a wholesaler for ambient and fresh in the Benelux and France.

Revenue

€205m

2011: €248m

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Other businesses

IZICO

IZICO is the new trade name for Beckers Benelux and Favory Convenience Food Group after their integration. IZICO manufactures and markets a wide variety of frozen convenience food products, such as the traditional Dutch 'frikandel', meat snacks and spring rolls. These products are available at supermarkets and in the out-of-home and food service channel in the Netherlands and Belgium, and via export.

Revenue

€113m

2011: €113m

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American Beverage Corporation (ABC)

In North America, ABC is one of the leading producers of cocktail mixers and non-carbonated bottled fruit drinks. The company manufactures and markets leading brands of cocktail mixers (Daily's) and juice drinks (Little Hug) within the on- and off-premise channels. ABC's production plant in Verona (PA) has numerous production lines for cocktail mixers, pouches and fruit drinks. A small, second plant is being operated in Phoenix (AZ) for the production of pouches.

Revenue

€129m

2011: €113m

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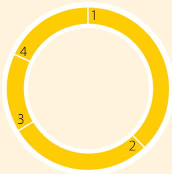
Wessanen's supply chain

Inflow of materials → Production → Distribution and warehousing → Marketing and sales → Point of sale → Consumption → Recycling

Strong brands in key markets

Royal Wessanen

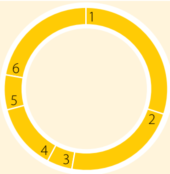
Revenue split per segment[1] in € millions



1 Grocery	273
2 HFS	205
3 IZICO	113
4 ABC	129

1 Including inter-segment revenue.

FTEs by country



1 Netherlands	30%
2 France	23%
3 UK	5%
4 Germany	13%
5 Rest of Europe	7%
6 USA	22%

France

Lyon
Rungis

Our key brands

Bjorg, Evernat, Gayelord Hauser, Clipper, Bonneterre

Benelux

Amsterdam
Harderwijk (the Netherlands)
Wijgmaal (Belgium)

Our key brands

Zonnatura, Merza, Natuurwinkel, De Rit, Ekoland, Kroon

UK

Beaminster
Camberley

Our key brands

Whole Earth, Clipper, Kallo

Germany

Bremen
Freibourg
Mariendrebber

Our key brands

Allos, Tartex, Culinessa, Whole Earth

Export and Other

Austria
Italy
The Nordics
Spain
Switzerland
plus numerous other export markets

Our key brands and activities

Allos, Bjorg, Bonneterre, Clipper, De Rit, Tartex and Whole Earth. In Italy we operate and own a soy milk factory and manage own brands and private label soy products.

Organic food market €22bn
3% of the total European food market

Introduction
Highlights of the year

Wessanen
- Organic food markets continue to trend positively
- Sizeable reorganisation initiated to reduce complexity and increase profitability
- Planned cost savings of €15 million from 2014 onwards
- Three new Supervisory Board members elected
- New Supervisory Board committee for nutrition, food safety and sustainability

Grocery and HFS
- Higher sales for most core brands and core categories
- Acquisition of Clipper Teas, UK market leader in organic and fair trade teas
- Category Brand Teams gaining traction
- Our No. 1 brand Bjorg gaining market share
- Clear actions initiated to reduce complexity and simplify processes
- Addressing low-yielding, non-performing activities

IZICO
- Full ownership of Favory Convenience Food Group acquired
- Both operations becoming one integrated company
- Bicky and private label continue to grow

ABC
- Daily's maintaining leading position in ready-to-drink market
- Little Hug's brand revitalisation process working
- Postponed divestment as bids reflected value inadequately

Revenue
€711m

Cash flow from operating activities
€15m

Enterprise value
€222m

Income statement

In € millions, unless stated otherwise	2012	2011
Revenue	710.8	706.0
Operating result before exceptional items (EBITE)	18.8	23.7
Operating result (EBIT)	(45.8)	(19.0)
Loss for the period	(53.2)	(17.1)

Cash flow

In € millions, unless stated otherwise	2012	2011
Cash flow from operating activities	14.6	8.8
Cash flow from investing activities	(23.6)	(10.8)
Cash flow from financing activities	12.0	(0.3)

Statement of financial position

In € millions, unless stated otherwise	2012	2011
Average capital employed	239.5	248.3
Shareholders' equity	101.6	163.2
Net debt	54.9	32.2

Employees in FTE

	2012	2011
Average number of employees	2,064	2,182
Number of employees at year end	1,724	1,998

Ratios

	2012	2011
Operating result before exceptional items (EBITE) as a % of revenue	2.6%	3.4%
Operating result (EBIT) as a % of revenue	(6.4)%	(2.7)%
Return on average capital employed (ROCE)	(19.1)%	(7.6)%
Return on average shareholders' equity	(40.2)%	(10.1)%
Leverage ratio (net debt/EBITDAE) at year end	1.7	0.8
Capital expenditure to revenue	0.8%	1.4%

Sustainability

	2012	2011
Organic products	67%	67%
Non-GMO	85%	84%
ISO 14001	82%	92%
CO_2 footprint (tons)	14,474	14,732
Water use (m^3 x 1,000)	155	159

Share price and market capitalisation

	2012	2011
Highest share price (in €/share)	2.97	3.90
Lowest share price (in €/share)	1.94	2.50
At year end (in €/share)	2.20	2.83
Market capitalisation at year end (in € million)	167	215
Enterprise value at year end (in € million)	222	247

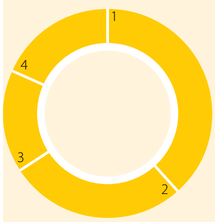
Per share (in €)

	2012	2011
Loss for the period	(0.70)	(0.23)
Dividend	0.05	0.08
Equity at year end	1.34	2.16

Shares in issue in thousands

	2012	2011
Average number of outstanding shares	75,688	75,343
Number of shares outstanding at year end	75,682	75,665

Revenue[1] in € millions
€711m



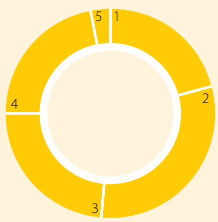
1 Grocery	273
2 HFS	205
3 IZICO	113
4 ABC	129

1 Including inter-segment revenue.

EBIT before exceptionals in € millions
€19m

Grocery	22.0
2011	18.0
HFS	0.0
2011	5.0
IZICO	1.8
2011	2.3
ABC	6.3
2011	9.9
Non-allocated	(11.3)
2011	(11.5)

FTEs per segment 2012 average
2,064



1 Grocery	434
2 HFS	630
3 IZICO	487
4 ABC	451
5 Corporate	62

Letter from the CEO

Wessanen 2015, the journey continues

2012 could be characterised as a challenging year for Wessanen. We have made clear progress in numerous areas, however not all of our initiatives have resulted in the desired outcome. Consequently, we have launched a transformational process – Wessanen 2015 – to improve our focus and substantially reduce complexity.

Last year was a turbulent one for the global economy. The Eurozone in particular witnessed much instability while low consumer confidence led to sluggish demand in both Europe and North America. Unemployment was on the rise and inflationary pressure from higher commodity prices caused additional cautiousness by consumers.

The organic food market seemed almost untouched by these conditions, trending positively with mid-single digit growth and clearly outpacing growth of conventional food in Europe.

2012 was also the first year of executing our three-year strategic objectives. We manage our three areas of focus – topline growth, profitability improvement and enablers – through a clear framework of objectives which are cascaded throughout the organisation to create ownership and alignment all around.

The grocery channel was once again the driving force behind the growth of organic food due to supermarkets offering a broader assortment and dedicating more shelf space as well as increased engagement of consumers to consume organic food. We achieved 4.6% organic growth in this channel with our core categories such as tea, sweet and savoury spreads and our brands such as Bjorg, Zonnatura and Whole Earth. Newly acquired Clipper showed a strong performance as well, posting 11% growth versus last year.

While the health food stores channel only grew modestly, our performance was disappointing, particularly due to our wholesale and distribution activities.

At Frozen Foods we are integrating both businesses into one stronger company under new leadership, newly named IZICO. A sharpened, focused strategy, will establish IZICO as a more profitable company by the end of 2013.

> “Celebrating our 250th anniversary in March 2015 will be a milestone.

ABC capitalised on previous years, improvements leading to ongoing autonomous revenue growth. Daily's maintained its leading position in the attractive ready-to-drink cocktails market thanks to strong advertising campaigns across diverse media channels, its innovation and an increase in distribution.

Financial performance

Although Wessanen realised 1% autonomous growth, we had to report a net loss of €53 million, driven by the weakened performance in some parts of our business, costs incurred for our transformational programme and impairment losses on our Allos, Kallo, Tartex and IZICO businesses.

To make Wessanen more profitable, we are conducting a transformation throughout the Company. We will be a more consumer- and customer-led company. By becoming more agile, more focused, less complex and more efficient, Wessanen should be growing profitably in all business segments in the near future. To support this improvement we have run a connected leadership programme for our top-40 and 30 key players, in which we have set clear directions, created alignment and provided all leaders with the tools to succeed in their work.

I also fully acknowledge the consequences this transformation will have for many of our colleagues, who will be leaving. I am grateful for their considerable contributions in building our businesses.

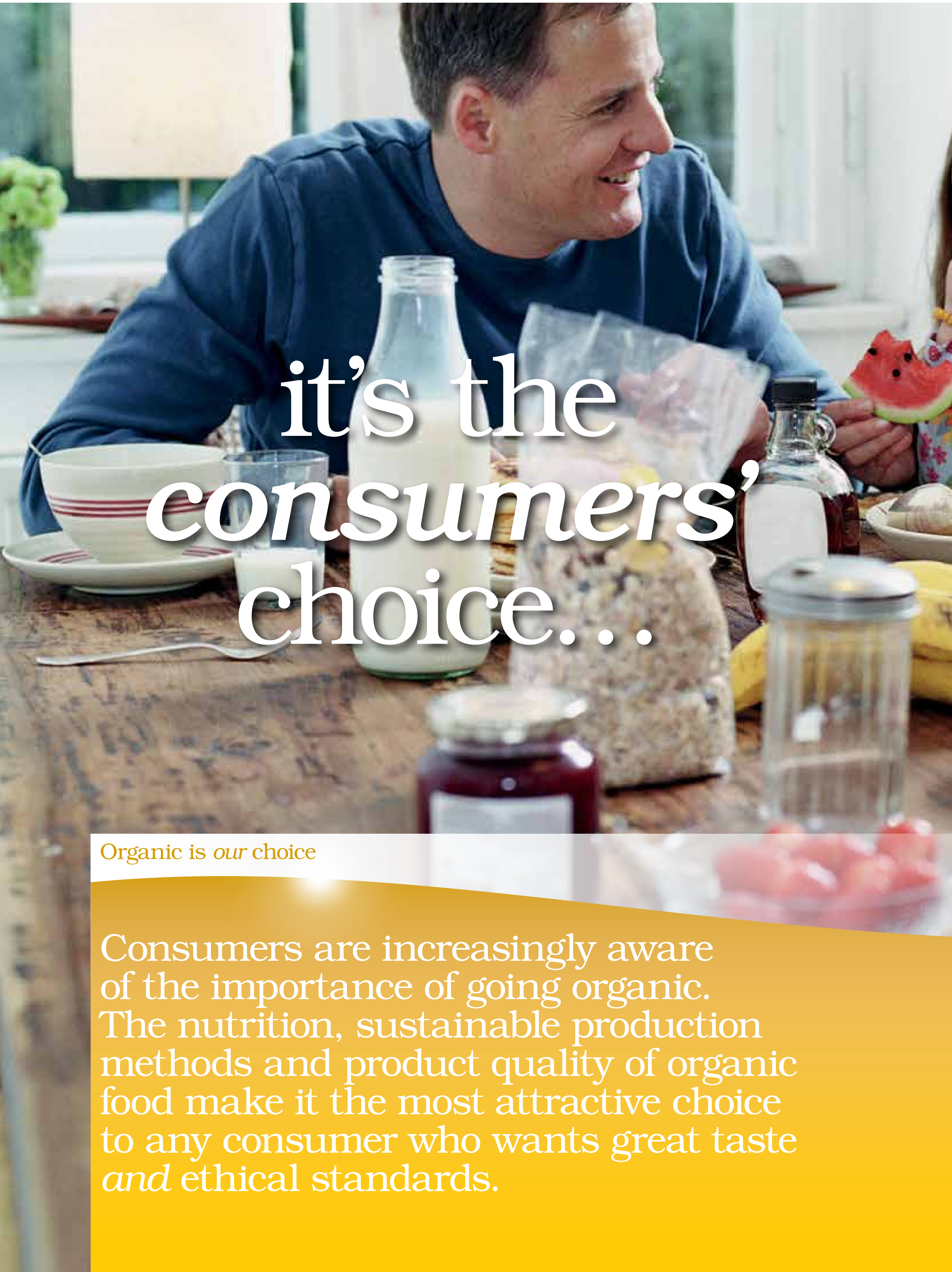
Nearing our 250th anniversary

Wessanen has a great future ahead of it. With our authentic brands and strong market positions, we are well placed to realise our vision of making our brands most desired in Europe.

Since 1765, which is almost 250 years ago, we have been engaged in food and it is our shared passion for organic and natural food, that motivates us to go the extra mile.

While 2013 will be another challenging year, I am confident that with the dedication and commitment of our people, we will be able to further boost the sustainable growth and long-term value for all stakeholders. It is this seamless effort to contribute to a healthier and happier life for consumers that makes Royal Wessanen a unique company.

Piet Hein Merckens
CEO Royal Wessanen nv



it's the *consumers'* choice...

Organic is *our* choice

Consumers are increasingly aware of the importance of going organic. The nutrition, sustainable production methods and product quality of organic food make it the most attractive choice to any consumer who wants great taste *and* ethical standards.

Consumers today are faced with a choice when they buy food and drinks. Do we buy food that is free from pesticides and artificial flavouring? Do we select brands that we know give farmers a fair deal, and are grown in a sustainable way? Do we consider how the animals are being treated? Or more importantly, are they just looking for something healthy and that tastes better?

As more and more consumers become more conscious of what it is they put in their mouths, this choice becomes simple.

More and more consumers are becoming increasingly aware of the benefits that organic food brings and this is helping to grow the organic food market year-on-year. Bionext, the Dutch organic trade organisation, says "The top reasons consumers give for buying organic food are: taste, health and animal welfare."

Consumers want food that is not only good for them and full of nutrition, but also deliciously tasty. After all, who doesn't want to eat great food every day? And organic food offers consumers the choice to get the best of both worlds, combining great taste with nutritional value.

"The EU's current economic woes are also causing consumers to have a rethink about their eating habits. Many are going back to basics, preferring to buy organic ingredients and prepare a better, tastier, more nutritious meal at home rather than go out or have a ready-made dinner. In addition, the numbers of light users of organic food, who go organic for basics such as fresh dairy and vegetables, and young families who are becoming more conscious of nutrition for their growing children, are showing an upward trend", says Janet van den Broek.

The standards that are the foundation of organic food production mean that consumers are also playing their part in making sure that the producers and farmers of organic food are receiving fair terms for their efforts, the animals are treated and fed properly and finally, that the sustainable processes that run through organic farming have a positive overall impact on the environment.

The taste, sustainability and animal welfare that organic food brings, not to mention the passion of the people who produce and sell it, are helping consumers become more aware of their food and drink choices, and more conscious of choosing products and ingredients that are better for you and those around you.

"It sounds simple, but when I eat a sandwich, I want to really feel as if I've eaten a sandwich!"

Renate Mulder
A regular visitor of Plus Supermarkt in the Netherlands

"Organic is for us, for the world, for myself, for our children. It's the only solution because it's the only way to make a really sustainable society."

Lucy van de Vijver
Researcher of Food Quality and Health at the Louis Bolk Institute

Rich taste

On a purely basic level, organic food just tastes better than its conventionally farmed counterparts. The mixture of fresh and natural ingredients, animals that are well looked after and a process that puts product quality first creates food and drink with an irresistible taste.

Sustainable production

Everyone has to do his or her bit to make sure that the world we live in is a fair, sustainable society that looks after the environment for us and for future generations. Organic food is part of this philosophy and is one of the ways that consumers can make a difference through their food and drink choices.

Awareness of what you eat

No one wants to put artificial chemicals in their bodies. When we choose organic food, it means that we know that if a product has been certified as organic, it won't contain any of the artificial chemicals that are used in conventional farming, so it will be naturally grown, fresh and good for you.

"We don't promise things we can't live up to and we want to give people an honest story. Consumers making mindful choices, that is fantastic to see."

Janet van den Broek
Natuurwinkel store owner

Top reasons for buying organic in the UK %

1 Fewer chemicals	62%
2 Natural and unprocessed	57%
3 Healthier for me and my family	52%
4 Better for nature/the environment	47%
5 Organic food tastes better	44%

Source: Leapfrog Research/Organic UK

Organic is *our* choice

Organic suppliers know that their choice means that they are providing nutritious, healthy and tasty food to the consumer, while receiving fair terms and helping to create a sustainable world for us all and for the future generation.

Good reasons to go organic

Organic agriculture is a mixture of tradition, science and innovation, but at its heart is passion for healthy and sustainable food. Organic processes prioritise environmental impact, animal welfare and soil biodiversity. Organic suppliers choose these processes simply because of their dedication to natural, flavoursome food made with fresh ingredients that is 'good for you, the living planet and the next generation.'

Suppliers are constantly pioneering new ecological processes that adapt to the local conditions instead of introducing artificial inputs, so that they can offer organic products free from GMO content, antibiotics, colouring and flavouring, and that are still sustainable and healthy for the consumer.

Being a supplier of organic food is not as easy as it sounds. To be certified organic, a product must contain at least 95% organic ingredients and every single product that is farmed, grown and supplied is done so according to strict EU rules and regulations that ensure that the organic label truly means something.

In order to become a certified organic supplier and carry the organic logo, a recognised independent organic inspection body must certify all prospective suppliers and confirm that the produce they supply adheres to the EU rules for organic processes. David Ogg, Certification Specialist at David Ogg & Partners, says "Organic certification is an assurance to consumers, investors and to all other stakeholders that a company takes its corporate responsibility seriously and is environmentally and socially aware."

The current upward trend of organic food shows no signs of abating, and coupled with the growth of organic imports, the outlook in Europe remains healthy. The EU parliament is currently reviewing the common agriculture policy. It is expected that reforms will increase the support for organic farmers, leading to continued conversion of land to organic farming and therefore continued increase in supply. Christopher Stopes, the president of IFOAM EU Group – the network organisation that represents the interests of those in the organic movement, says that, "Organic farming can deliver the sorts of food and farming systems that society expects, providing a clean environment, high biodiversity, fertile soils and high animal welfare."

Our local suppliers know their stuff

Passion

"We know and embrace the responsibility farmers have to protect nature and the soils. That is why we work exclusively with natural crop protection, organic farming techniques and of course organic compost from our own compost facility."

Günther Achleitner
Biohof Achleitner, Austria

Knowledge

"We use birds and insects to help us with biological control as well as having a combined heat and power system to save energy. Working with real soil and organic fertilisers means that the plant absorbs more trace elements, in different proportions, all of which contribute to a better taste."

Growganics
the Netherlands

Innovation

"A well-planned crop rotation system keeps the soil healthy and fertile and also improves the structure of the soil, meaning that after one season of brassicas, the land is used to grow other vegetables such as potatoes, peas, wheat, carrots, grass and clover."

Gerjan Snippe
Bio Brass, the Netherlands

Only the highest quality

Wessanen is one of the biggest and most prominent players in the European organic food market. All the way through the supply chain clear values, such as quality and sustainability, are leading in everything from the sourcing of key fresh ingredients to sustainable pricing to employment conditions and maintaining soil biodiversity. In turn, suppliers are willing to work closely with Wessanen to guarantee that every step in the certified organic process is taken together and that only the highest quality products are brought to market.

"Soy is totally natural, you don't need fertilizer to grow this plant. It's a natural protein. Same as in meat, but vegetable, without cholesterol."

Gianmario Viola
Biosas, Italy

"People were stunned at the quality of the tea they were being delivered. We came from an ethical background, so treating people properly was part of what we knew and what we wanted to do at Clipper. I'm really proud to be part of it."

Rebecca Vercoe
Clipper Teas, UK

Organic is *our* choice

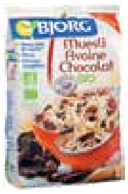
Our people are passionate about championing organic food. By pioneering new products and initiatives for an already growing organic market, Wessanen's people are at the forefront of creating a sustainable future, and it is this passion and dedication that will help to 'make our organic brands the most desired in Europe'.

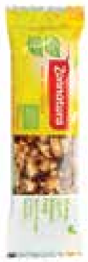
"I joined Natudis, the leading Dutch organic wholesaler, over four years ago to manage the quality department. I was attracted by its unique characteristics, its balanced, well-managed supply chain and its rigorous standards regarding quality. For me, this is what makes organic food and our brands stand out."

Maike Te Riele
Quality Manager Wessanen Benelux

Although Wessanen only made the decision to fully focus on organic food relatively recently in 2009, many of our companies and brands have been pioneering the organic market for a lot longer. Its history, like that of many of our people, dates back to the early days when organic was still a niche. At first, we contributed to the growth and expansion of health food stores and nowadays to the increasing availability and penetration at supermarkets.

All of us at Wessanen are proud to have contributed to its growth and flourishing appeal to an increasing number of consumers. And we fully believe that organic and natural are not only here to stay, but will also get bigger and bigger. Organic products are more widely available year-on-year, as highlighted by Milieudefensie (Friends of the Earth Netherlands) and its annual Dutch EKO-counting, which showed another 20% rise of organic products in Dutch supermarkets.





Over the years, we have attracted many new people who believe in organic food, its sustainable impact on our environment and are – no doubt – appreciative of its taste!

As a prominent European player, we have much to offer to our people who value sustainable food and love to operate in an international environment within the food and retail channels.

There's more to food and eating than merely fuel. Although we can't prove it scientifically (yet), we feel our organic products help to keep your engine running smoother and longer as a consequence of the clear, positive attributes of organic food. When you're enjoying your Bjorg breakfast cereals and Bonneterre soy milk, with a cup of Clipper organic every day tea, your lunch with deliciously tasty Whole Earth chocolate spreads on an Ekoland crisp bread and Zonnatura orange juice or a dinner with Bjorg quinoa with Tartex vegetarian pasta sauces, these all have much in common: they are tasty, healthy and sustainable as part of your organic diet.

"Since joining Distriborg, I have contributed to its growth and to the success of Bjorg, the leading organic brand in the French supermarkets. Nowadays, many of our retail chain customers value us for our deep knowledge on organic food and our ability to further grow the organic market."

Franck Quinat
Director of sales in France, has worked for 25 years at French Distriborg

Looking at our history, one can only be impressed by the historic roots of our brands and companies, some of which have been around for decades. One example is Tartex, which has been active for over 65 years with its plant-derived premium quality food, originally in the German market, and nowadays its vegetarian spreads and sauces are available all over Europe.

Age per se is not necessarily a plus, but it does highlight the deep understanding we have of the organic market, its importance, its well-controlled and sustainable value chain and our consumers. They value the nutrition and indulgence of our products any time of the day and whatever place, either indoor at home or at work or outdoors.

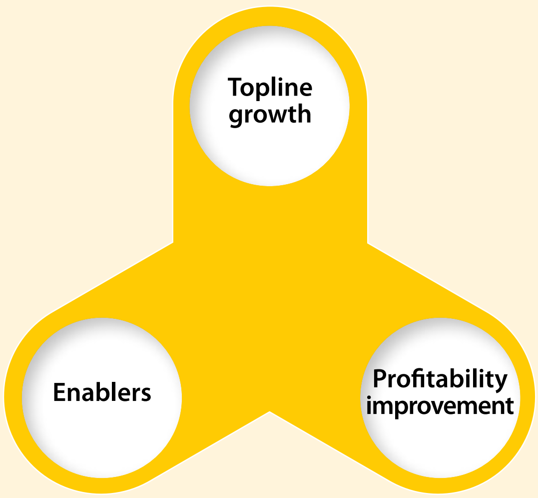
It is all of us at Wessanen who nurse that history to help us excel everyday, both today and in the years to come. Our people are fully committed to championing organic food and to growing the organic and natural markets in Europe. The increased consumer awareness of organic food and its appreciation for a healthier and more sustainable way of food consumption are a great foundation, although our future will be determined by our ability to come up with innovations and products which give that little bit of additional indulgence or nutrition in a sustainable way.

Organic food is at the core of Wessanen

With strong pioneering brands and good market positions we are well placed to realise our vision 'to make our organic brands most desired in Europe'. Clear three-year strategic objectives are in place to realise topline growth, improve profitability and regarding enablers. Part of our strategy in action is the transition to a marketing-led company.

Strategic objectives 2012–2014

- → Grow core brands
- → Grow core categories
- → Build strongholds in new markets
- → Country-specific growth strategies
- → Launch fewer, bigger, better innovations
- → Execute acquisitions shortlist



- → Improve talent performance management, building connected leadership
- → Simplify how we are conducting business
- → Activate Organic Expertise Centre (OEC), integrate Quality

- → Central sourcing savings
- → Pricing strategies towards customers
- → Improve operational excellence with SAP
- → Filling own factories

Our ethos

At Wessanen, we care passionately about pure, honest and simple food, and we are dedicated to offering consumers food choices that inspire them to live healthier, happier lives. This passion and dedication drive a company ethos that endeavours to provide food choices that are as sustainable as they are delicious, so that when you are eating Wessanen's organic products, you know exactly what they are, what is in them and where they come from.

Our vision and mission

Our approach to food is designed to encourage consumers to experience the many benefits of organic food, and instil in them the truth that: 'Organic food is good for you, our planet and the next generation.' Our brands offer a variety of relevant organic products across Europe, all of which are grown with ingredients from sustainable sources, making them nutritionally pure and rich in flavour, and our entire supply chain complies fully with social and ethical standards.

Consequently, it is easy to see why our vision is: 'To make our organic brands the most desired in Europe', and our mission captures our ethos perfectly: 'Our organic food, your natural choice'.

Organic is our strategic focus

Our main focus is building on the strength of our own brands in the various channels throughout our markets. This clear market position puts us in good stead to grow our organic and natural food activities. Key to our success are innovation, sourcing, category management and brand activation. In addition, we are a wholesaler in the Benelux and France and a franchise formula manager in the Netherlands. We have operations in the Benelux, France, Germany, Italy and the UK, as well as an export business. We therefore conduct two business models: brands in both grocery and health food stores (HFS), and distribution.

Most of our businesses and brands, such as Distriborg, Tartex, Natudis and Clipper, have a long and rich history in the European organic food market.

At Wessanen, sustainability is an important part of who we are and how we conduct our business. We believe we have a mission to increase society's awareness of organic food products. We recognise that we are part of a larger ecosystem and that we must take responsibility in managing our impact on the world around us. Consequently, we strive to minimise the negative impact of our products and processes on the environment by measuring and monitoring their effects.

For more information on sustainability
| Pages 22 – 27

As of 2012 the Supervisory Board has an additional committee dedicated to supporting and advising the Executive Board in fulfilling its responsibility to ensure that the Company's nutritional policies are relevant to its business and are scientifically supported and that the Company operates in a sustainable way.

Different, but adjoining business models

Our business involves the sourcing, innovation, marketing and sales of our own brands to customers. Third-party logistical suppliers deliver our products to the distribution centres of our grocery customers, whereas for health food stores products will be delivered either via third-party wholesalers (in Germany) or direct by us to our customers (France and the Netherlands).

In addition to our own grocery brands such as Bjorg, Zonnatura and Clipper, we manage a limited number of third-party brands such as Dr. Schär and Krisprolls in certain markets. Our HFS brands include, amongst others, Allos, Bonneterre, De Rit, Ekoland and Tartex.

HFS wholesale involves sourcing, category and formula management and sales and distribution to health food stores, including our own brands. The aim is to make a full range of products available to customers, and achieve a high share of products per store. Our operations include the distribution of fresh and ambient produce in France and the Netherlands, and ambient in Belgium.

Addressing low-yielding activities

As part of our transformational process, we have addressed several low-yielding and non-performing activities in 2012. These include our Italian and German grocery operations and the Dutch and French HFS activities.

Firstly, we exited the Italian grocery market, stopping the distribution of Bjorg and Efficance in Italy. Our Italian soy plant continues to produce soy products for Kallo and Bjorg as well as for our Italian brands (Buon per Te and Sole e Natura) and private label for the Italian market. The Italian grocery market will be serviced through our export activities.

Secondly, we implemented a significant slimming down of our German grocery operations by changing our go-to-market approach. We ended direct store deliveries and will focus on a central warehouse delivery model for a limited number of products.

The Benelux will be split in a branded and a distribution part in the first half of 2013 with the distribution business focusing on wholesale and the Natuurwinkel retail chain. In France amongst others, the HFS marketing activities will be combined with those of Grocery to create additional synergies, while maintaining the channel focus.

CBTs are proving successful

We have four European Category Brand Teams in place – with another few to follow in 2013 – to improve the effectiveness of our innovation process and to grow our core categories.

The focus is presently on dairy alternatives, cereals, bread and biscuit replacers, and tea. The CBTs are proving successful in generating more differentiated innovation and foster a more intense development relationship with internal and external suppliers. Another benefit we are seeing is increased in-sourcing of aligned products into our factories.

Changing the internal structure

Since 2009 the Company has drastically reduced in size following numerous divestments. Therefore the role of corporate headquarters has evolved from a financial holding into that of a strategic orchestrator in the last years. To strengthen our central steering capabilities, we therefore adapted our organisational and governance models.

For pan-European functions, such as central sourcing, organic expertise, innovation, brand alignment and product quality, we have established focused lead and coordination roles. This also applies for ICT, supply chain and export.

While corporate involvement is shifting to strategic orchestration, business integration is increasingly moving towards shared systems. Using a dedicated framework and allied with proactive intervention, each operating unit has its own tailored operational targets.

In 2013, we will take this to the next level by building a further integrated European organisation. This includes transforming into an organisation which will be marketing-led. Category Brand Teams (CBTs), central sourcing, manufacturing, quality and ICT will be the cornerstones to leverage our scale in innovation and category alignment.

Our top brands in 2012
revenue in € millions

Bjorg	€96m
Bonneterre	€33m
Allos	€23m
Gayelord Hauser	€22m
Clipper	€18m
Zonnatura	€18m

Introduction
Our strategy continued

OGSM

A tool called OGSM (Objectives, Goals, Strategies and Measures) cascades the Company objectives down into personal objectives of our management.

In addition to visibility and accountability, this ensures that all activities are aligned with the overall corporate and financial goals by breaking them down into divisional and functional goals, and in turn to the goals of individual employees. The various OGSMs are linked with the Employee Performance Commitment (EPC) targets of all employees. Key elements are individual performance objective setting and review, competency and functional skills assessment, development planning and year-end performance rating.

> "We believe we have a mission to increase society's awareness of organic food products.

Our strategy in action

There are three focal areas for applying our strategy: topline growth, profitability improvement and enablers. In addition to and in support of our various strategic objectives, we thoroughly looked at our structure and cost base in 2012. We are executing a sizeable reorganisation involving a wide range of actions which we are in the midst of executing. It allows us to deliver our strategic agenda more efficiently and to adapt to a changed environment. The aim of these far reaching actions is to firstly increase focus, secondly substantially reduce complexity and lastly simplify and standardise processes.

Topline growth covers various areas designed to enhance our revenue, such as growing our core brands and categories.

The remit for innovation will be 'fewer, bigger, better', which will substantially reduce the overall number of projects. To fuel the innovation pipeline, we now have four pan-European CBTs in place – with another few to follow in 2013 – to improve the effectiveness of our innovation process and to grow our core categories. These teams will offer deep consumer insight, internal alignment, sharing of best practices and reduced complexity, which should result in a significant increase in cross-country initiatives.

Growing our core brands is an important part of our future success. The leading French organic brand Bjorg continues to gain market share, realising €96 million in sales in 2012. Dutch Zonnatura also grew revenue as did Clipper for example. The secret of growing is knowing your consumer intimately and activating your brands with a range of tools varying from radio commercials for Zonnatura to a nationwide TV campaign for Bjorg and in-store activation for Ekoland. Social media such as Facebook is used increasingly by a variety of our brands.

For our export activities, we operate a small, dedicated organisation around markets with 'feet on the ground', with special attention on the larger Western-European countries. The aim is to better activate the HFS channel, which will leverage our current network, as well as our product and brand portfolio. The priority for Grocery, which is still only a small part of the total export, is to strengthen current export operations, while continuing to explore new avenues.

Add-on acquisitions are another important driver for growth, and are instrumental in building scale and expanding our core categories in markets where we presently operate. The attributes that we look for in future acquisitions include a strategic fit, a sound business plan and experienced management. Clipper is a perfect example of this.

UK-based Clipper is a well-regarded organic fair trade tea and coffee company, which we acquired in March 2012. During the year it has been integrated with our UK business Kallo, and its European roll-out is scheduled for the first half of 2013.

Profitability improvement includes aligning products with suppliers, pricing strategies, improving operational excellence with SAP applications and filling our own factories in order to realise the benefits of central sourcing.

Central sourcing concentrates on containing the costs of goods sold, while creating strategic partnerships with some of our suppliers. Through a single, centralised, professional way of working we are increasing our expertise regarding raw materials, bundling purchasing volumes and reducing complexity within the supply chain. This will help us to prioritise the development and execution of a sourcing strategy for each category and drive alignment between marketing, quality and supply chain across functional teams.

ICT is centrally managed and we have a dedicated SAP team in place to ensure that, in close cooperation with local management, implementations and go-lives run smoothly. The benefits of SAP are clear, namely improved data comparability and transparency, which improve decision-making processes and help boost operational excellence.

Uncompromising quality controls and modern manufacturing processes ensure that valuable vitamins and full flavour are retained.

Nutrient-preserving technologies keep the natural flavour and ensure impressive freshness and shelf life – even without artificial additives.

Our organic production locations

Our own factories will be managed by the supply chain function, while up to 2012 the country of location managed these activities (e.g. German management managing both German plants). Working together with central sourcing and marketing should result in a more flawless supply chain and better capacity utilisation at the various production plants.

Enablers focus on talent performance management, building connected leadership and simplifying how we do business. It also includes the broadening and deepening of organic and nutritional knowledge and our role as a sustainable company championing organic and natural food.

As of 2012, our Organic Expertise Centre (OEC) centrally aligns organic expertise and quality, resulting in a more integrated European approach and an exchange of best practices in relation to the quality of our ingredients, products and processes. One example of this integrated approach is the new Supplier Quality Approval policy, which monitors our sources and suppliers across all our companies.

Examples of deepening the internal knowledge on organic and nutrition are us hosting our first company-wide Organic Day for all colleagues in 2012 and aforementioned Nutritional, Food Safety and Sustainability Committee at the Supervisory Board.

During 2012 we also executed a leadership development programme to build connected leadership.

Managing our businesses

We apply a mixed structure for managing our businesses with decision power partly in the hands of local management teams. Innovations, central sourcing, ICT and supply chain/manufacturing are all centrally managed. The European Leadership Team (ELT) is driving the transformation to an integrated European business. Its focus is on topics of cross country, mutual relevance providing a platform for information sharing, alignment and recommended decisions on key strategic topics. Regular members are the Executive Board, country general managers and the central sourcing and marketing/ quality directors.

The strategic coordinators, one for Grocery and one for HFS, oversee the strategic direction and development of Grocery and HFS in the various countries to champion the portfolio development and to coordinate and supervise all channel activities. By doing so, we intend to create synergies and to streamline the cooperation between the countries for each channel.

A clear management structure, our OGSM framework and the 2012-14 strategic objectives do provide us with the direction and tools to make our vision reality.

For more information on our people
| Pages 25 – 26

> “For us, organic food is at the core of what we do and what Wessanen stands for.

What is organic?

The term 'organic food' means food and beverages that have been grown and processed according to strict regulations and are controlled by a unique certification system.

It also means a lot more than that. It is food that has been grown with the utmost regard for the environment, animal welfare, food safety and quality. In addition, the organic growing process enhances biodiversity, contributes to soil fertility, reduces the carbon footprint and helps to lower the risk of antibiotic resistant organisms.

The International Federation of Organic Agriculture Movements (IFOAM) defines organic agriculture as "…a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved."

To carry the label 'organic', the method with which organic ingredients and products are farmed, grown and processed must adhere to stringent criteria. These criteria include a demonstrable lack of genetically modified organism (GMO) content, antibiotics and growth hormones as well as a restriction on the use of fertilisers, herbicides and pesticides. Additives, processing aids and food colouring are also prohibited and there are strict rules concerning the welfare of animals.

The term 'organic' is applied to all food and beverages that are produced and processed in line with these principles and regulations, and not just to specific product categories.

A unique certification system

Organic food is controlled by a unique certification system that ensures it meets these requirements. Since 2012, all organic food produced in the EU must carry the EU organic logo, thereby replacing national logos to indicate that the product meets the EU organic requirements.

Prospective organic producers must first apply to an inspection body in their home market in order to become certified. These inspection bodies must in turn be accredited by a national accreditation body, such as the Dutch Skal, the French Agence BIO or the British Soil Association. Certifiers are accredited at least once a year, and are wholly responsible for ensuring that products conform to organic regulations throughout the supply chain.

95% organic ingredients

To be called organic, a product must contain at least 95% organic ingredients meeting all relevant food labelling laws. Besides this, all organic products must clearly show on the label which ingredients are organic and which are not.

Biodiversity

Maintaining and improving the biodiversity of soil and water is one of the key principles of the EU regulations that govern organic farming.

In comparison to conventional farming, organic agriculture enhances biodiversity in many different ways. For example, organic farms are generally mixed, with both arable land and livestock, which diversifies the land use and encourages different species to flourish. Furthermore, organic farms are far more likely to house a greater variety of plants, insects and birds because of the reduced use of pesticides, which allows a wider range of wildlife to thrive.

Organic agriculture does not allow synthetic fertilisers or pesticides. To make up for this, organic farmers encourage natural predators to survive and multiply by leaving parts of their fields wild, rotating their crops and keeping hedgerows, all of which offer a diverse natural habitat for beneficial wildlife.

For example, there is growing concern in Europe about the declining number of honey bees, which may be partly due to the use of neonicotinoid pesticides in conventional farming. Organic farms do not allow these pesticides, thereby offering honey bees a pesticide-free environment in which to forage.

Interesting organic links

ifoam-eu.org
IFOAM is the worldwide umbrella organisation for the organic movement, uniting >750 member organisations in >110 countries.

Agencebio.fr
A French public interest group formed in 2001, gathering a.o. several ministries and federations and works with partners who contribute to the development of organic farming.

Boelw.de
The German association of agricultural producers, processors and merchants for organic food.

Bionext.nl
Dutch chain organisation of producers, processors and merchants for sustainable, organic farming and food.

bioforumvlaanderen.be
The Belgian sector organisation of organic farming and food, representing and supporting all businesses involved in the organic sector.

Soilassociation.org
Founded in 1946, they are the UK's leading membership charity campaigning for healthy, humane and sustainable food, farming and land use.

orgprints.org
An international open access archive for papers related to research in organic agriculture.

demeter.net
Demeter is the brand for products from biodynamic agriculture.

Biofach.de
The largest European fair for the organic sector, held once a year in February in Nuremberg (Germany).

Louisbolkinstituut.nl
A Dutch research and advice organisation on sustainable agriculture, nutrition and health.

> "In general, organic agriculture uses less fossil fuel per hectare and per kg of product than conventional agriculture.

European organic logo

Local organic logos

Herbicides are also banned on organic farms, giving weeds more opportunity to grow, particularly around the margins of organic fields, providing a habitat for arthropods and insects, and consequently providing food for birds.

Organic agriculture uses manure and compost as fertiliser, which both contain a wide variety of micro-organisms that help to break the soil down. This releases nutrients for the plants, and encourages the growth of these micro-organisms, which in turn diversifies the soil flora.

At a time when conventional farming is threatening wildlife, organic agriculture has proven that it can offer many species, from micro-organisms to mammals, an environment in which to thrive and multiply.

Organic farming is contributing to soil fertility

Soil is the natural resource that ultimately sustains all life on land, and unfortunately it is under threat from modern agriculture. However, organic farming practices such as crop rotations, inter-cropping and symbiotic associations are vital to maintaining and improving the soil. Furthermore, cover crops, organic fertilisers, manuring and minimum tillage are organic processes that encourage soil fauna and flora, and therefore soil biodiversity.

These processes also improve soil formation and structure, creating more stable ecosystems and increasing nutrient and energy cycling.

As a consequence, the soil retains more water and nutrients, which are then made available to plants and which compensate for the non-use of mineral fertilisers. Organic farms use renewable resources from the farm itself to balance the loss of nutrients in crops, and if nutrients are added, it is in a form that releases them slowly. In addition, organic farmers reduce the time that soil is exposed to erosion, and by increasing the soil's humus content, help to bind soil particles together.

Organic farming practices ensure that soil is maintained and improved, hence it becomes more fertile and is less susceptible to erosion and leaching.

Antibiotic resistant micro-organisms are becoming an increasing problem

The development of antibiotic resistant strains of micro-organisms is a worldwide concern. Antibiotics are used on conventional farms to prevent animal disease caused by overcrowding and stress, but continual dosage can also increase the animals' growth rates, leading to a greater risk that strains of antibiotic resistant bacteria will develop, thus making future infections more difficult to treat.

In organic production, antibiotics can only be used to treat existing infections under veterinary supervision, rather than to improve growth or reduce the risk of disease. This means that organic agriculture does in fact help to lower the risk of antibiotic resistant organisms developing.

Introduction
Market review continued

Climate change

Climate change is a complex issue. One of the main causes is the emission of greenhouse gases into the atmosphere at a faster rate than their natural elimination, and agriculture is one of its chief contributors.

Carbon dioxide is the main greenhouse gas, and is produced by burning fossil fuels. In general, organic agriculture uses less fossil fuel per hectare and per kg of product than conventional agriculture. This is because the fertilisers and pesticides used in conventional farming need an extremely high energy input to make and transport, but organic farming relies on natural nitrogen fixation as its source of nitrogenous fertility and minimises the use of pesticides.

Moreover, organic farming leads to the uptake of more carbon dioxide from the atmosphere, ensuring that it is fixed into the soil, and the reduced soil erosion on organic farms also means less carbon is lost. In fact, organic farming returns up to 15% more carbon to the soil than conventional fertiliser-based systems due to the increased soil fertility and humus content, greater microbial activity and soil depth.

Nevertheless, because organic farms tend to be smaller than conventional farms, some of these savings may be offset by the increased use of fossil fuels in comparison with the savings on larger farms.

Nitrogen oxides and methane are two other gases that contribute on a per kg basis to global warming. Nitrous oxide, for example, is approximately 300 times more potent as a greenhouse gas than carbon dioxide. However, nitrous oxide emissions from organically managed soil are lower than emissions from non-organically managed soil simply because nitrogen oxides are produced in response to nitrogenous fertiliser, therefore much less is made on organic farms than on conventional farms.

Organic food products promote health and well-being

Nowadays most consumers are aware that organic food products promote health and well-being, benefit the planet and future generations and are farmed using sustainable production methods, not to mention their perceived superior taste and quality. But despite the interest and importance of organic food constantly growing, there is still a gap between what consumers say, and what they actually do.

The single greatest barrier remains familiarity, as sometimes consumers do not understand the organic proposition and are confused by its terminology. For example, they find it difficult to differentiate between the terms 'natural', 'fair trade', 'sustainable', 'local' and 'organic'. Other barriers include a lack of choice, low product availability and high prices in relation to non-green options.

The solution to bringing down these barriers for the consumer lies in demonstrating that organic food has crystal clear benefits. For this reason, building on consumer trust is our No.1 priority, to make sure that consumer awareness increases and the barriers are removed. To this end, many of our brands have already devised ways to communicate the benefits of organic food directly to consumers, and we also consider ethical and social benefits to be standard attributes in the positioning of our different brands.

Under the auspices of our Organic Expertise Centre, an internal Product Quality Charter is under development, containing policies and guidelines in the area of food safety, nutrition and sustainability for our brands.

In the years to come, Wessanen aims to convince more consumers of the appeal and unique qualities of organic food and, perhaps more importantly, help them translate this positive image into more frequent and more regular organic purchases.

Consumers choosing 'green' food

Organic food is part of the broader 'green' agenda. In the consumer's mind, 'green' is associated with a wide range of benefits that include 'what's best for you' and 'good for the planet'. 'Health' and 'organic' are at the forefront, but attributes such as local production, slow food, fair trade, fewer artificial additives and enhanced flavour are also part of the 'green' equation.

Just like organic products, fair trade products must be certified, so guaranteeing better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world, enabling them to improve their situation and have more control over their lives.

'Natural' is a widely used term which has no legal definition and can have various different meanings. Generally speaking, it means that products do not contain any artificial and colouring ingredients or chemical preservatives, but it is certainly not a synonym for certified organic food.

Since consumers are becoming increasingly conscious of what they eat and how their food is being produced, Wessanen believes that organic food is not only here to stay but also to become an increasingly important part of consumer's food habits.

A co-production: 'Organic, a short introduction'

In 2011, the IFOAM EU Group and Ariza produced a booklet entitled "ORGANIC: a short introduction for business people", which has since attracted wide interest among organic processors and wholesalers.

The second edition in the summer of 2012 was co-produced by IFOAM and Wessanen to support Wessanen staff in explaining the concept of 'organic' in easily understandable and succinct terms. It is available in four languages: English, German, French and Dutch.

For more information visit ifoam-eu.org

Les 'Ateliers Bio-Nutrition'

The 'Ateliers Bio-Nutrition' are an initiative from Bjorg. In cities like Paris, Lyon, Bordeaux and Marseille workshops open to the general public are led by Bjorg's nutrition experts. We demonstrate the basic principles of organic nutrition. Participants learn to select and combine the right ingredients. We teach them how to read labels, what we mean by 'clean' ingredients and why they are a bit more expensive.

Annual Dutch 'EKO-counting' by Milieudefensie

In 2012, Milieudefensie – a Dutch non-profit organisation – conducted its 15th annual EKO-counting to stimulate the broadening of sustainable products at Dutch supermarkets. On average 141 products are on shelf at any Dutch supermarket, a 22% rise versus 116 products last year and it almost doubled compared to 72 products in 2008. The survey was conducted by over 200 volunteers counting all organic and fair trade products in over 500 Dutch supermarkets, representing 13% of the total number.

The European organic food market continues to increase

Wessanen is a prominent player in the European organic food market. This attractive market once again displayed healthy growth during 2012, reinforcing its significant and sustainable long-term potential, driven by increased consumer appreciation, greater availability and the current low per capita consumption.

From ideology to mainstream

Organic farming has been around for ages, although it is difficult to precisely determine its origin or starting date. Biodynamic agriculture as a more strict form of organic farming – and based on the principles of Rudolf Steiner – was introduced in the 1920s, including the Demeter logo. Since then organic farming has been growing.

Organic food has traditionally been a niche market, with low volumes but a small and loyal consumer base. The majority of organic food stores were independently owned, relatively small and offered a full range of products while their owners pursued an ideological agenda: selling and promoting organic food that offered consumers a healthy, sustainable and tasty alternative.

However, in recent years organic food is becoming a far more common sight in supermarkets. Consumers are becoming much more aware of organic products and, combined with the increased availability and product choice, this fuels market growth. Today, organic products primarily reach the market via two channels: the grocery chains and health food stores. The foodservice and out-of-home channels are also on the rise, although it is the grocery channel that is expected to mostly drive future market growth.

Organic food has a long track record of growth

In 2012, the market grew an estimated mid-single digit to €22 billion. This is in line with the 4–6% growth shown in recent years, and up until 2008 growth was approximately 10% per year.

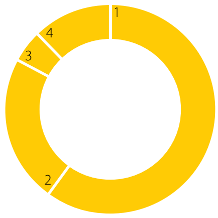
The organic food markets continue to develop relatively favourably and their potential remains significant, despite the challenges of a subdued economy and low consumer confidence. This development is driven by more and more consumers appreciating the perceived health benefits, sustainable production methods and delicious taste of organic food, and supported by wider distribution, especially through grocery chains, which makes organic food more readily available to a broader range of consumers.

The market is expected to double in 10 years' time

Organic food currently represents less than 3% of the total European food market. Wessanen strongly believes that this potential will remain significant over the long term, and we are cautiously estimating mid-single digit growth for the medium term. This projects that the organic food market will increase to €25–26 billion in 2015 and, when assuming an average 6% growth per year, almost double in size to €40 billion at around 2023.

Although this doubling would still just represent 5% of the total European food market, on the whole the growth of organic food will continue to outpace conventional food, contributing positively to the growth of the European food market.

European organic food market – Breakdown by channel 2012, estimate



1 Grocery	60%
2 Health Food Stores	23%
3 Catering	5%
4 Other	12%
€22 billion	

Source: Wessanen; Organic Monitor

For more information on channels
| Pages 34 – 37

Introduction
Market review continued

Per capita consumption is on the rise

Despite organic food's sustainable production methods, per capita consumption remains low, varying from just 1.7% in the UK to over 7% in Denmark, while the average European per capita consumption is close to 3%.

However, market penetration continues to increase, with more and more people consuming organic food more often, and future growth will mainly come from irregular consumers who increase the frequency and volume of their organic food shopping.

The competitive landscape

The organic food landscape is constantly changing. Organic certification has become far more common, making innovation the key factor.

Although the importance of the various food channels for organic and natural foods varies per country, competition mainly consists of a wide range of branded product manufacturers and retailers offering private labels. A rough breakdown of these would be:

- Dedicated organic manufacturers
  - Smaller manufacturers who are active in one or a few markets
  - Single brand/product companies (e.g. Clipper Teas)
  - Large European players focusing on multiples brands and products (e.g. Wessanen)
- Conventional food manufacturers who are extending their range with organic products
- Organic private labels offered by retail chains (e.g. Carrefour, Tesco, Alnatura)

Wessanen is one of a few dedicated organic players with a strong European presence, such as the French-based Nutrition et Santé (who mostly focus on dietetic food) and the US-based Hain Celestial. Most organic producers are small to medium-sized, family owned, active in just one country and producing and selling several product categories.

The importance of brands for organic markets

Branding has become increasingly important for the organic market's continued growth, and when it comes to supermarkets, it is a prerequisite for success. In the health food channel, traditional focus has been on in-store promotions. The rise of chains, greater competition from supermarkets and the growing number of light users of organic food all contribute to the vital importance of building a brand.

In general, health food channels and supermarkets stock different brands. For example, HFS brands such as De Rit and Allos are unavailable in supermarkets while brands like Bjorg in France are exclusively found in supermarkets. We expect this status quo to change over time, driven by the growing share of supermarkets that stock organic food and the ever-increasing number of consumers who shop in all channels.

> "Growth in organic consumption is largely due to the increase of light users.

Growth in private labels proves the attraction of organic food

The growing popularity and relevance of organic food have brought with them the emergence of another important factor: private labels. These private labels are increasingly becoming the key reference point for consumers, as opposed to previous years when price sensitivity was low in organic food.

The larger European grocery chains, including the hard discounters, have their own range of private label organic products, as do larger health food store chains such as Alnatura and Biocoop. A-brands and private labels have a symbiotic relationship, as they compete for the same consumers in the organic category but also help drive growth of the organic market versus conventional food. Overall, the weaker brands are losing out to the stronger A-brands and private labels.

At Wessanen, we do not aspire to be a sizeable private label player; our main focus remains on building our own brands for the organic market.

"Organic food market value to almost double to €40 billion in ten years, assuming average 6% market growth per year.

Market breakdown by category

Fruit & vegetables	22%
Dairy Products	17%
Meat	15%
Bread & cereals	10%
Cheese & butter	4%
Coffee, tea and cocoa	4%
Eggs	3%
Fish	0.3%
Other (incl. ambient)	25%

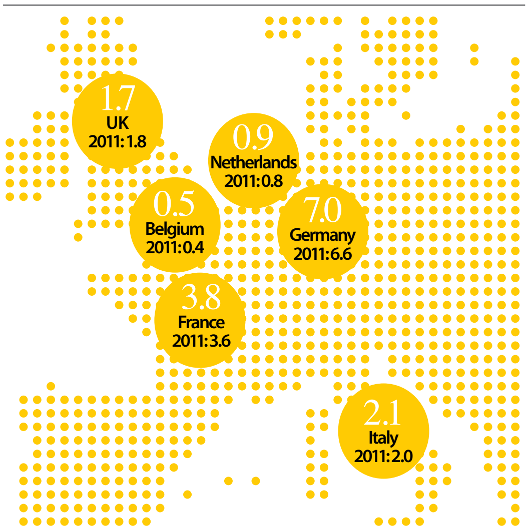
Breakdown by channel France 2006–11

	Grocery	HFS chains	HFS independents	Others	
2011	47%	24%	10%	19%	€3.6b
2006	39%	23%	15%	23%	€1.9b

Channel movement Germany 2000–12

	Grocery	HFS	Others	
2012	3.6	2.2	1.2	€7.0b
2006	2.3	1.3	1.0	€4.6b
2000	0.7	0.8	0.6	€2.1b

Organic food market size 2012 in € billions, estimate



Introduction
Corporate Social Responsibility

To provide food choices that are as sustainable as they are delicious

In this day and age, consumers are more aware of the social and environmental impact of the food they buy, as well as considerations such as convenience, nutrition and taste. For this reason, more attention is paid to natural and organic farming, animal welfare and the sustainability of products. Wessanen is well aware of this sustainable trend, and by continuing to focus on organic and natural food, we are well equipped to meet these consumer expectations.

In addition to this, our stakeholders within the food sector are increasingly aware of food safety, responsible supply chain management and clear product labelling. Furthermore, the impact of pesticides, antibiotics and other residues on health are also a concern, as well as biodiversity, food mileage and efficiency with raw materials.

During 2012, we introduced several new initiatives, as well as increasing our attention on existing ones, in order to address these consumer concerns. For example, we have revised our supply chain management protocols, we have introduced a Supervisory Board Committee focusing on nutrition, food safety and sustainability and we have developed a Product Quality Charter, containing policies and guidelines in the area of food safety, nutrition and sustainability.

On a mission to increase society's awareness of organic food products

At Wessanen, we believe we have a mission to increase society's awareness of organic food products. Consumers' organic knowledge is still limited however, so one of our key challenges in the future is to inform them clearly and effectively of the many benefits of organic food.

Long-term wellbeing of consumers

We are convinced that we are contributing to the long-term wellbeing of our consumers by delivering natural and organic products. Organic food aligns perfectly with the strong underlying and long-term trend of consumers being increasingly conscious about their health and eating behaviour. There is also a growing awareness among consumers that organic food is not only healthy, but it is also a key factor in achieving a sustainable environment.

Being part of a larger ecosystem

We recognise that we are part of a larger ecosystem and that we must take responsibility in managing our impact on the world around us. Consequently, we strive to minimise the negative impact of our products and processes on the environment by measuring and monitoring their effects. This is part of our overall commitment to upholding the interests of our stakeholders and acting as responsible corporate citizens.

With this in mind, we are working on reducing our CO_2 footprint and our water usage. In addition, all of our organic products are free of GMO and do not use pesticides, contributing to a decrease in their environmental impact.

Our products are manufactured with the greatest care, guaranteeing the highest degree of food safety. We use a reliable and transparent supply chain and our products are accurately and properly labelled, advertised and communicated. We respect the privacy of our consumers and will always deal with them in a fair and forthright manner, maintaining the highest levels of integrity.

Sustainability plays a crucial role all through our supply chain, from the initial sourcing of raw materials right up until our customers enjoy our products, and it is here that most of our positive and negative impact is generated. We pay close attention to the sourcing of our ingredients and products, in order to explain to the consumer exactly what is in our products and where they originate.

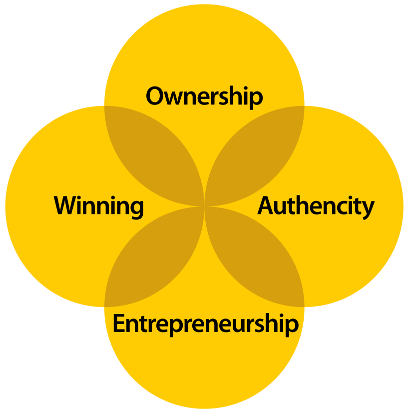
Core values and key behaviours

The Company's core values are the standards to which all must adhere when working to fulfil our strategic objectives. Whilst competing for business success, it is not only the results we achieve that concern us, but also how these results are achieved.

Our core values represent the heart of the Company culture. These values underpin both the corporate conduct of all our companies and the fundamental attitudes that we expect from our employees. Food safety and quality are our highest priority, so we believe that this respect for food, its origins and the supply chain through which it travels is essential to the sustainability of our business and it shows that we are all involved, not only with our own Company, but also with the world around us.

We regard it to be critical that our everyday individual behaviour reflects the values and aspirations of our mission and is aligned with our passion, teamwork, integrity, speed and consumer engagement.

Our core values



Vulnerability of our supply chain

As a food company focusing on organic products, our supply chain is of utmost importance for more than one reason. A seamless, well-controlled supply chain is needed to safeguard the quality of the ingredients, processes and products. Additionally, being allowed to label your products as organic requires a fully certified supply chain with all parts being checked on a regular basis, both planned and unannounced.

Therefore, our supply chain is a possible area of vulnerability in terms of sustainability. To deal with this potential weakness, we have created a framework of standards that brings our entire supply chain into alignment with our overall business principles, with the objective being to ensure that our suppliers comply with these common criteria and with our commitment to transparency and sustainability.

We operate four production plants, one in the UK (Beaminster) for tea and coffee, two in Germany (Freiburg and Drebber) for dry grocery goods such as cereals, cookies and honey bars, and meat replacers such as vegetarian sauces and spreads, and one in Italy (Viadana) for soy and other non-dairy drinks.

Around 15% of our products are processed in our own production facilities, whereas the remainder are sourced from third parties, mostly based on our own recipes and requirements.

Supplier Quality Approval policy

After finalising our pre-audit protocol and executing the first pilot projects to audit suppliers over the last year, our Supplier Quality Approval (SQA) policy and subsequent auditing of prospective suppliers has now started.

The SQA policy monitors our sources and suppliers in an integrated way for all our companies. It ensures that each supplier who produces food or raw materials (including packaging) for us has a Quality Management System in place and requires proof of compliance to the agreed specifications. We formally assess each supplier to understand their capability to meet our requirements and we evaluate these proportionally, based on the level of business and food safety risks. In case of minor or major shortcomings, we would discuss improvement plans with suppliers whilst those not able or willing to meet our expectations are delisted.

Our policy requires each supplier to be able to deliver proof of compliance to the relevant and applicable European food safety legislations, to have excellent good manufacturing practices in place and proof of valid certificates as agreed. The supplier also has to have a structure and a commitment to maintain these standards and be willing to work with Wessanen in an open and transparent way.

There is also support for our partners in the supply chain, ensuring that extra care is taken to deliver key ingredients of the highest quality. Some of the benefits that this support brings include good employment conditions, sustainable pricing (which allows farmers to improve quality and takes into account social and ecological principles), education and development and a preference for plant-based products as an alternative to those of animal origin.

ISO 14001

ISO 14001 is an internationally recognised standard for embedding processes, which is used to analyse and reduce our impact on the environment. 82% of our employees were working in an ISO 14001-certified organisation in 2012, compared to 92% in 2011. The reason for this decline is the acquisition of Clipper, which is not certified.

Sourcing of organic ingredients

We pay close attention to the sourcing of our ingredients and products, in order to be able to explain to the consumer exactly what is in them and where they originate.

We have a dedicated cross-European sourcing team in place which works together with our numerous suppliers regarding the sourcing of ingredients and co-production of many of our products and brands. With a sizeable number of our suppliers we developed a strategic long-term relationship, including innovations in the area of products, recipes and packaging.

Sharing a passion for organic

The first Wessanen Organic Day turned out to be a big success. The event which took place at several of our sites throughout Europe on the same day, was organised to increase and to share our knowledge on organic internally.

Having companies in the Wessanen family that have a long and rich history in organic and having others who are much younger, it was a challenge to create an event that would appeal to everyone. The format of the Day was therefore a mixture of informative videos, a knowledge quiz and debates with external specialists, all with a seasoned background in (organic) nutrition, lobbying or farming. Combined with tastings this made it into a multi-sensorial experience!

The number of positive reactions we received has been encouraging. Passion for organic is what we need to make our organic brands most desired in Europe!

For more information visit the CSR pages on Wessanen.com

Introduction
Corporate Social Responsibility continued

Wessanen highest climber

The Transparency benchmark is an instrument devised by the Dutch Government to measure the transparency in sustainability reporting of the top 500 Dutch-based companies.

In 2011, Wessanen reached 104th with a score of 95 points (out of a total of 200), while in 2012 we ranked 27th by scoring 175 points, and as a result we received an honourable mention as the highest climber.

We also participate annually in the Carbon Disclosure Project (CDP). The CDP is intended to inform investors, legislators and other stakeholders of global CO_2 emissions and how companies are adapting to risks and opportunities associated with climate change.

Given our broad portfolio of products and categories, we source a wide range of raw materials, including soy beans, tea, palm oil, wheat, fresh fruits, nuts, amaranth, quinoa and vegetable oils. We are not exposed to a significant concentration in one single category.

In 2012, we have moved on by expanding our sourcing team to further deepen our knowledge on ingredients and market movements such as harvest, available quantities and price developments. As a result, we are now in closer contact with the sources of many of our ingredients.

Palm oil

Palm oil is an important and versatile raw material for the food industry, as its distinct properties can be applied to a wide range of food products such as cookies and spreads. However, as palm oil can only be cultivated in the tropical regions of Asia, Africa and South America, there are concerns that the growing global demand is causing the expansion of some plantations into eco-sensitive areas.

Wessanen is a Member of the Roundtable on Sustainable Palm Oil (RSPO) and is committed to its objectives. We will actively contribute to the growth of sustainable palm oil through its sourcing practices, and we have a policy to govern palm oil sourcing along with guidelines for implementation in partnership with our suppliers. During the last year our UK operations have been certified for their supply chain, with other operations to follow soon after.

We are continuing to switch to RSPO-certified sustainable palm oil (RSPO certified segregated palm oil for organic and GREEN PALM certificates for conventional) so that by the end of 2013, all of our palm oil will be RSPO-certified.

Organic certification

Since all organic products require certification to guarantee its organic origin, we put a lot of emphasis on quality and quality control, including the testing of raw materials and ingredients and finished products.

For more information on 'What is organic'
| Pages 16 – 18

Organic Expertise Centre (OEC)

Our internal OEC concentrates on stimulating the exchange of knowledge and experience that is widely available within the Company and on educating and inspiring our internal and external stakeholders about organic values. Specialists join forces and work on pan-European issues such as the sourcing of sustainable palm oil. It also offers ample opportunity to legitimise our position in the organic world by championing the organic case.

Product Quality Charter

We have been developing an internal Product Quality Charter, containing policies and guidelines in the area of food safety, nutrition and sustainability for our brands, which we expect to implement during 2013. Amongst others, policies have been developed for palm oil, allergens, non-genetically modified products, whole cereals, salt quantity and sugar quality. These policies are to become mandatory and apply to all products in the scope. In addition, there are guidelines which are optional and apply wherever possible on any products within the scope. These are reviewed annually to determine if these should become policies. Guidelines are available for salt quality and nutritional profile.

Our organic integrity policy contains directives for some important supplementary issues, including specific considerations on Wessanen's approach towards non-organic ingredients. It applies to all our organic brands.

Our superior quality claim policy relates to our nutritional organic brands such as Bjorg, Allos and Zonnatura. In recent years, old varieties of wheat such as spelt and exotic products such as amaranth, agave syrup or coconut water have been (re)discovered. These raw materials, combined with careful processing, can help to improve the nutritional profile of food products.

The policies and guidelines on salt, sugar, whole cereals, superior quality claim and organic integrity will be applied primarily on innovations. Based on an assessment of the level of conformity of the portfolio, an improvement plan will be established and progress monitored annually.

> Nowadays, most consumers are aware of the relevance of organic food and its sustainable production methods.

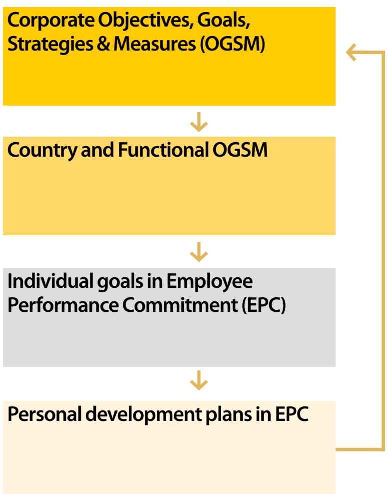
Our people

Wessanen attaches great importance to being a good employer. Our people deliberately have chosen to work for Wessanen, attracted by the mixture of branded consumer goods and clear sustainable positioning, as witnessed by our focus on organic and natural food.

Our ethos, mission and vision are important to attract and maintain motivated, talented employees, since all of us at Wessanen care passionately about pure, honest and simple food. We are dedicated to offering consumers food choices that inspire them to live healthier, happier lives. This passion and dedication drives a company ethos that endeavours to provide food choices that are as sustainable as they are delicious.

Our strategy towards our people is driven towards developing and maintaining a capable organisation, committed employees and a connected leadership group, underpinned by a competitive performance-based remuneration policy.

Quality and continuity are centrally driven principles and this is reflected in our management development policy, which offers employees plenty of scope for personal development. The retention of experienced and talented staff is both a priority and a strategic issue, so we strive to lower the employee turnover rate by reducing the number of people who leave on their own initiative.



In our opinion, the starting point for any good employer is to provide equal opportunities for current and future employees, regardless of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities and religion.

There is a uniform remuneration policy for the management of all operating companies and headquarters while bonus systems for senior executives are drawn up centrally. These are based on the operating company's financial targets, personal performance and Wessanen's overall results.

Individual Wessanen operating companies have their own compensation and benefit structures, which comply with local requirements and customs. In many cases, these exceed the legal requirements and include elements such as pensions, company cars, parental leave and child care benefits.

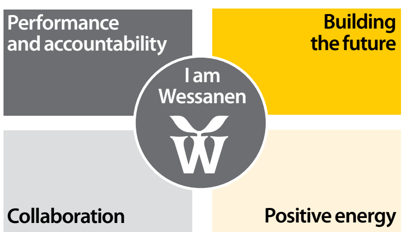
Employee review and development

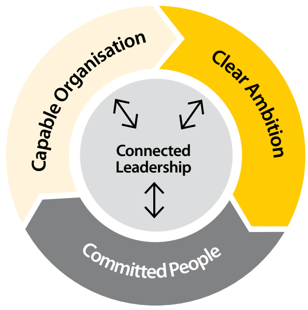
In addition to our OGSM model and Employee Performance Commitment (EPC) targets, we use a competency model that defines the behavioural expectations for all employees and translates our ambitions and values into conduct conventions and skill sets. These competencies and functional skills serve as the basis for selecting and developing candidates for promotion, while also taking into account the candidate's experience and track record. Additionally, our Management Development Review provides us with insight regarding our senior management and talent pool, which helps us to ensure that we have sufficient talent for our future needs as well as establishing succession plans.

We operate a variety of training initiatives to support the development of our staff, including enhancing employee engagement and development, functional leadership and new hire orientation training.

Employee engagement

In order to quantify our performance and provide clear upward feedback, we have implemented a system of three surveys, namely a Company Monitor, employee engagement and 360° leadership monitor. These all help us to identify opportunities for improving our organisation, culture and people management.





The 'Monitor' assesses if we are enabling everyone to excel, if communication and best practice sharing are stimulated and if there is sufficient focus on clear objectives. The engagement survey determines the level of engagement and commitment of all employees and what drives their engagement. Lastly, the 360° leadership monitor, which is executed every other year, measures if management 'walks-the-talk' regarding the Company's ambition and values.

Leadership development programme

Last year, the top-40 managers participated in a leadership programme alongside another 30 potential leaders. This programme concentrated on strategy execution, connecting leadership skills and improving team performance with the aim of developing unity and alignment and therefore creating value for the business. This should improve and speed up our transformational process to truly become one European company.

Health and safety

As a responsible employer, we are constantly ensuring that our workplaces provide a safe, healthy and pleasant environment for everyone. Almost all of our employees are represented by a formal health and safety committee and Wessanen also offers health and safety training.

Wessanen's business principles

Our business principles cover compliance with laws, environment, product safety, free market competition, child, bonded and forced labour and human rights. As a Company, we expect our suppliers and business partners to comply with the above principles and their application is of prime importance when deciding to enter into or continue relationships with contractors and suppliers or to participate in joint ventures. We compete for business fairly, on the merits of our products and services and bribes in any shape or form are unacceptable to us.

Wessanen Company Code

The Wessanen Company Code has been drawn up to provide a clear set of guiding principles on integrity and ethics in business conduct. It governs business decisions and actions throughout the Company, applicable to both corporate actions and behaviour of individual employees when conducting Wessanen's business.

Introduction
Corporate Social Responsibility continued

Whistleblower Policy

Our Whistleblower Policy aims to support compliance with applicable laws, integrity in financial management, a healthier and safer work environment and effective corporate governance. It ensures that any employee can make a report without the risk of retaliation and with the assurance that all reports are treated confidentially and are promptly investigated.

Governance

Since Wessanen's strategy is to focus on organic and natural food in Europe, sustainability is at the core of how we act and what we do. It is the Executive Board that is ultimately responsible for sustainability strategy and results, which are in turn monitored by the Supervisory Board. At this stage, remuneration of top management is not yet based on sustainability performance and Wessanen endorses the OESO and ILO guidelines with regard to corporate responsibility.

Due to the nature of our business, sustainability is not centrally organised. While the broader sustainability frameworks and the strategic pillars are provided by headquarters, we encourage our operating companies to individually tailor their own approach to sustainability to allow for maximum alignment with local operations, products and home markets. Sustainability is aligned with the structures set out by our quality management system, thereby following the same feedback and evaluation loops.

Nutrition, Food Safety & Sustainability Committee

As of 2012, the Supervisory Board has a separate Nutrition, Food Safety and Sustainability Committee (NFSC). This supports and advises the Executive Board in fulfilling its responsibility to ensure that Wessanen's nutritional policies are relevant to its business and are scientifically supported, thus making sure Wessanen operates in a sustainable way.

The NFSC supervises, monitors and advises on, amongst others, the Company's policies regarding nutrition, environmental affairs, health and safety, corporate social responsibility and work place, and equal opportunities. The NFSC also reviews the Company's systems related to food safety and crisis management and supervises its R&D strategy and capabilities.

Reporting

Global Reporting Initiative (GRI) guidelines

Over the years, we have developed a robust framework, based on GRI guidelines, to measure our performance of the four Ps: Product (food safety, etc.), Planet (environment), People (social impact) and Profit (financial), all being areas under our direct control. We report according to the GRI guidelines (GRI-G3) for which we conform to application level B. The reported data have not been verified by an independent third party.

Since sustainability is at the heart of what Wessanen does and what organic food stands for, we have the clear ambition to continuously increase our efforts. We fully acknowledge there is room for improvement including KPI and target setting, measurement and external verification. We aim to have these defined and to start implementation over the course of 2013.

All data used relate to Grocery, HFS and headquarters.

Stakeholders

As a Company, we observe best business practices, labour, health, safety and environmental standards in all countries in which we operate. We are responsible and accountable for our performance, conduct our operations in accordance with internationally accepted principles of good corporate governance and promote clear, timely and transparent communication to all stakeholders.

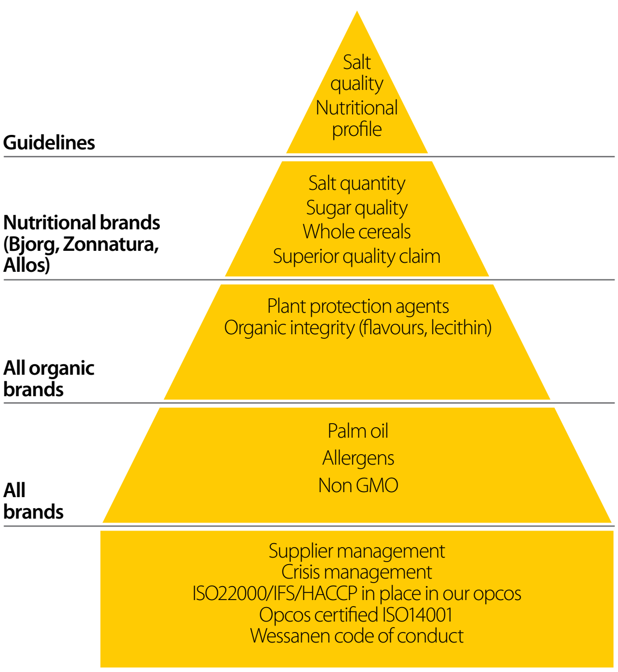
Wessanen respects and supports the fundamental human rights of all parties in societies affected by its business. It supports the principle of free market competition as the proper basis for conducting its business and observes applicable competition laws and regulations.

We work with our suppliers and trade partners to enhance social, ethical and environmental performance within our supply chain and while balancing the interests of all our stakeholders in search of long-term gains, we are also committed to providing a fair return to all our shareholders.

In all the countries where it is a legal requirement, works councils are active in our operating companies and, alongside trade unions, are consulted on important issues such as reorganisations, working conditions and health and safety.

Stakeholders	How we engage our stakeholders	Expectations of our stakeholders
Employees	→ Day-to-day contacts → Employee engagement survey	→ Fair and principled employer → Safe workplace → Development opportunities → Sound working conditions and fair wage package
Consumers	→ Product labelling → Information on website, flyers, etc → Advertising and promotions	→ Organic, healthy and tasty food → Clear sound product information (e.g. labelling)
Customers	→ Day-to-day contacts → Advertising and promotions	→ Fair price → Quality and flexibility → Desired brands
Suppliers	→ Day-to-day contacts → Through our Supplier Quality Approval policy → In audits and meetings	→ Long-term relationship with Wessanen → Fair price → A role in our ambitions in regulation to organic
Shareholders	→ Annual shareholder meeting → Annual report, website → Road shows, investor conferences	→ Return on investment → Dividend → Long-term wellbeing of the company → Timely, fair disclosure → Transparency
NGOs	→ Meetings, conferences	→ Be a promoter of organic with a focus on sustainability
Governments	→ Meetings, disclosures	→ Compliance
Society	→ Annual report → Sustainability factsheet → Various communication channels	→ Act as a sustainable company

Nutritional and Food safety



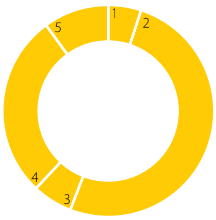
Injury frequency rate Number of lost cases per 200,000 working hours

2010	6.3
2011	3.9
2012	**3.7**

Injury severity rate Number of lost days per 200,000 working hours

2010	111
2011	55
2012	**79**

Contributers to CO_2 emissions in percentage 2012



1 Owned transport	5%
2 Direct energy (natural gas, oil)	51%
3 Indirect energy (electricity)	6%
4 Outsourced transport	28%
5 Company cars	10%

Type of product as % of total

	2010	2011	2012
Organic	65%	67%	67%
Natural	27%	26%	24%
Non GMO	91%	84%	85%

Waste in tons by volume recycled and disposed

	Disposed	Recycled
2010	1,467	655
2011	1,356	576
2012	**518**	**400**

Diversity in 2012

	Man	Woman
Executives	72%	28%
Managers	43%	57%
Associates	47%	53%

Emissions per scope tonnes

	Scope 1	Scope 2	Scope 3	
2010	9,014	229	10,029	19,272
2011	8,067	559	6,106	14,732
2012	**8,050**	**852**	**5,572**	**14,474**

Training Hours/FTE

2010	9
2011	12
2012	**10**

Fuel consumption in million litres diesel Own and outsourced fleet

2010	3.56
2011	2.09
2012	**1.80**

Water use in m^3x1000

2010	158
2011	159
2012	**155**

Wessanen

Looking back on 2012, Wessanen's performance was mixed. There have been pockets of strength, such as the further development and growth of core Grocery brands and categories, central sourcing and the introduction of CBTs. We have also initiated clear steps to improve performance at IZICO. In other areas such as our HFS operations, corrective actions are being implemented. Ending the divestment process of ABC was also a disappointment. Overall, 2012 did not bring us what we were aiming for. Therefore, clear actions are in place to drastically improve this year's performance.

We have to report a net loss of €53.2 million, impacted by one-off costs for reorganisations and impairments. Excluding these items, net of tax, a net profit is realised of €9.2 million. We intend to pay out a dividend of €0.05 per share. Although we are not satisfied with the overall 2012 results, numerous bright spots continued to shine.

A healthy environment to operate in

At Wessanen, we benefit from the organic food markets continuing to trend positively, driven by an increased focus by consumers on sustainable factors such as health, purity of food and the environment. We consider it one of our responsibilities to further champion and grow the organic food markets in Europe.

It goes without saying that organic food is also impacted by the challenging European environment in which we operate. Consumer confidence remains low in Europe, consumer purchasing power is under pressure, raw material prices continue to fluctuate and food and beverages markets witnessed low volume growth and an ongoing focus on price.

Our sustainable efforts

Our consumers, as well as other stakeholders within the food sector, are increasingly conscious of food safety, responsible supply chain management and clear product labelling. Wessanen is well aware of this sustainable trend and we are well equipped to meet these consumer expectations by focusing on organic and natural food.

Sustainability is at the heart of what we do and what organic food stands for. Although we have made notable steps during the year, there is room for improvement including KPI and target setting, measurement and external verification.

Our Organic Expertise Centre (OEC) is up and running, creating a Product Quality Charter which contains policies and guidelines in the area of food safety, nutrition and sustainability for our brand, including palm oil, allergens, non-genetically modified products, whole cereals, salt and sugar.

Our first company-wide Organic Day has been a success. We are also very pleased with the new Supervisory Board committee on Nutrition, Food Safety and Sustainability, which allows us to benefit from their deep knowledge in these areas.

For more information on CSR
| Pages 22 – 27

Strategy in action

We have three main areas of focus for putting our strategy into action, namely topline growth, profitability improvement and enablers. These three clusters provide all our colleagues with a combination of clear strategies and measures, which anyone can incorporate in their day-to-day operations. These have been specified in clear strategic objectives for the period 2012 – 14.

For more information on our strategy
| Pages 12 – 15

We use our 'OGSM' framework to ensure visibility and accountability for our strategic objectives. It is a continuous cycle for delivering individual and collective performance.

For more information on our 'OGSM' framework
| Pages 14, 25

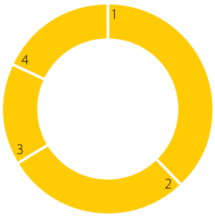
Growing our businesses

To further grow our core brands and core categories, we have deployed four multi-country Category Brand Teams (CBTs), with more to follow in 2013. These CBTs consist of the marketers responsible for our brands in this specific category and meet on a regular basis to discuss and align amongst other innovations, recipes and packaging. Local Innovation Boards have been deployed to focus on fewer, bigger and better innovations.

Eight of our ten biggest brands have been growing in 2012, including Bjorg, Whole Earth, Kallo and Zonnatura. Six out of our eight core categories have been growing as well, including sweets in between, dairy alternatives, breakfast cereals, hot drinks and bread replacers.

We are applying channel and country-specific growth strategies to cater for different market circumstances. After the kick-off of a dedicated export team in late 2011, much effort has been put into setting up a robust framework regarding assortment and a go-to-market approach for various markets.

Revenue per segment[1] in € millions



1 Grocery	€272.8
2 HFS	€204.8
3 IZICO	€112.5
4 ABC	€128.6

1 Including inter-segment revenue

Operating result per segment in € millions

2012	
Grocery	1.5
HFS	(30.4)
IZICO	(11.4)
ABC	6.3
Non-allocated	(11.8)

EBITE per segment in € millions

2012	
Grocery	22.0
HFS	–
IZICO	1.8
ABC	6.3
Non-allocated	(11.3)

Reconciliation EBITE to operating result
in € millions

2012	
EBITE	18.8
Restructuring and other costs	(17.8)
Impairments	(46.8)
Operating result	(45.8)

Breakdown per segment of exceptional items and impairments in € millions

Grocery	(4.7)
	(15.8)
HFS	(6.5)
	(23.9)
IZICO	(6.2)
	(7.0)
ABC	0.1
	(0.1)
Non-allocated	(0.5)
	–

Exceptional items Impairments losses

Acquiring iconic brand Clipper

We are very pleased with the acquisition of Clipper. It is a fully branded business, carrying an iconic brand and has cemented its position as the UK's favourite organic and fair trade tea brand. The organisation has been integrated seamlessly into our existing UK business and there is clear potential in other markets across Europe, which we expect to start materialising in 2013.

Our business is becoming more profitable

The value chain and the sourcing of raw materials and commodities are key factors for our success. On the one hand we have to deal with their availability and price fluctuations, while on the other hand we have to guard the organic origin of our ingredients throughout the entire supply chain. Our central sourcing team, in conjunction with our quality and marketing teams, is instrumental in achieving these goals, while it continues to align with various suppliers to increasingly realise strategic partnerships in core categories.

Around 85% of our products and brands are produced by third parties, while the remainder is produced by our own facilities. By creating a separate supply chain function as of early 2013, which directly reports to the Executive Board, we expect a more seamless execution. Additionally, it should lead to a higher utilisation rate of our facilities as a result of more insourcing and closer cooperation with central sourcing and marketing.

After introducing SAP at French Bonneterre, we have spent much time on applying it to the day-to-day operations. We continued in preparing for the launches of SAP in Germany and at Clipper in 2013. We strongly believe that a common IT system will drive further operational excellence in our businesses.

Clipper Teas: natural, fair and delicious

The acquisition of Clipper Teas is entirely incremental for the business. Tea is an important category for Wessanen. We are delighted to have added such a great brand to our portfolio.

Not only is Clipper the UK market leader in organic tea, it also managed to realize 11% growth in a declining tea market. Its share of the tea market as a whole may be just 2%, but that equates to more than 50% of the organic tea market. There is plenty of scope for growth.

The UK is however not a blueprint for future success in France, the Netherlands or Germany. Consumer demands are vital in the roll-out on Mainland Europe and differ from one country to another. We created a brand promise per country on the basis of thorough consumer research. Hence, this proposition was tested in a qualitative consumer panel. Mainland Europe clearly prefers 'strings & tags' to its tea bag, something the Brits are easy about.

Business review
Report of the Executive Board continued

Enabling topline growth and profitability

As a Board, we emphasise several focal areas to enable growth and profitability objectives, including talent performance management, simplifying our way of working and quality and organic expertise.

Much emphasis will be put on talent performance management in the years to come, so that we have the right people on board and provide them with the proper tools and skills for building our Company.

Quality and organic expertise are two important drivers for our businesses. Both are at the core of Wessanen. We are bundling and disseminating internal organic expertise via our OEC, while we have also initiated the process to centrally manage our research and quality control department.

Furthermore, we are strongly focusing on how we can simplify the way we conduct our business together. The upcoming reorganisation will be an important milestone in that process.

Reorganising to become leaner and meaner

In late 2012, we announced a sizeable reorganisation involving our core activities, corporate headquarters and IZICO. In total, 300 full time equivalents (FTE) will be impacted, resulting in forced redundancies of around 250 FTE. The expected cost savings to be generated are in the order of €15 million per annum from 2014 onwards. The associated one-off costs are estimated to be €28 million, of which €21 million will have a cash effect.

The current performance and changed size of business require us to take action to strengthen our position in the longer term interests of our stakeholders.

We have spent a considerable amount of time assessing business opportunities and issues and we have also thoroughly looked at our structure and cost base. As a result, we have initiated this wide range of actions to increase focus, substantially reduce complexity and simplify processes. In addition, we are also addressing low-yielding and non-performing activities.

These include ending the Italian grocery operations, and changing the go-to-market approach and slimming down of German grocery operations.

We also intend to split both French and Dutch HFS businesses into a branded and distribution business, to better incorporate more focus and create a clearer profile for both activities in the market.

We are also reducing the size of our corporate headquarters in line with the reduced size of the Group following numerous divestments.

The goal is to build a better integrated European organisation and to transform into an organisation which will be marketing-led. Cornerstones to leverage our scale will be innovation and category alignment through Category Brand Teams, central sourcing, manufacturing, quality and ICT. We expect the majority of the reorganisation to be completed mid-year and the remainder during the second half of the year.

> “To transform into an organisation which will be marketing-led.

Postponing ABC divestment is the right course of action

In June, we started the divestment process of ABC, followed by a comprehensive process, which showed a good level of interest from strategic and financial parties alike. In December, Wessanen decided to postpone the sale until a later stage, since the bids received did not adequately reflect ABC's fundamental value.

ABC has delivered very strong and profitable growth over 2010 – 2012. It also remains the clear market leader in an attractive and sustainable market. However, despite ABC's continued success, the uncertainties attached to its relatively short track record in the emerging ready-to-drink frozen pouch category appear to have held back interested parties' views on value.

In light of this and ABC's outlook for 2013, Wessanen is of the view that a postponement is the right course of action in order to realise better value for our shareholders at a later stage.

Full integration of the Frozen Foods activities into IZICO

Based on a strategic review and after exploring a number of potential routes and ownership structures, Wessanen acquired the non-controlling interest in Favory Convenience Food Group held by Rabo Capital in July 2012. The total (partly deferred) consideration for this 35.9% non-controlling interest amounts to €5 million.

To really become one integrated company, a new joint management has been formed and a new organisation is in place, including the merging of both headquarters. Since February 2013, IZICO is the new name spanning all activities. To improve profitability and enable it to better cope with the challenging environment, a reorganisation is underway, affecting approximately 110 full time equivalents. It involves the closure of the Favory snacks plant in Deurne in March 2013 and the integration of various functional departments.

Employees

As a Board, we attach great importance to being a good employer. Passionate people are essential for our success and so we continue to invest in them. We see it as a priority to further raise the overall talent bar and to increase the engagement of our employees. In 2012, we therefore have rolled out a leadership programme with the participation of the top-40 and about 30 key players throughout the organisation. Our centrally driven general principles are focused on quality and continuity.

Several of our management and functional teams have been strengthened with new colleagues joining us, such as within general management, marketing, finance and central sourcing. Common characteristics are their drive to work for a sustainable company and more ownership, next to having a general background at large consumer goods companies or food retailers. Therefore, they are bringing not only relevant experience and a focus on operational excellence, but also a drive to excel.

We are very appreciative of the many motivated and talented people we have working at Wessanen. Without their commitment and ongoing efforts we could not have made the progress we have made in 2012, nor the progress we envision for 2013 and beyond.

Wessanen 2012 financials

The different parts of our business have accomplished different degrees of success. Grocery in general continued to perform well growing most of its core brands and categories, while our HFS businesses have been facing various challenges during the year.

Revenue amounted to €710.8 million, 0.7% higher than last year's revenue of €706.0 million. Positive foreign exchange effects contributed €12.7 million, or 1.8%. Autonomous growth was €5.0 million, or 0.7%, of which 2.8% was attributable to price/mix and (2.1)% to lower volumes.

Acquisitions made in 2012 (Clipper) added €18.1 million, or 2.6%, while the effect of divestments done in 2011 (Tree of Life UK, Kalisterra and the managed withdrawal from Foodprints Belgium) depressed revenue by €(29.7) million, or (4.2)%.

Operating result (EBIT) decreased to a loss of €45.8 million (2011: €(19.0) million). Excluding exceptional items, operating result decreased 26.1% from €23.7 million last year to €18.8 million.

Non-recurring items totalled €(64.6) million (2011: €(42.7) million), mainly including impairment losses related to non-current assets (€(46.8) million) and (net) additions to restructuring provisions of €(16.6) million, mainly for severance costs.

The operating result of non-allocated, consisting of corporate overhead expenses, was €(11.8) million in 2012. Excluding non-recurring items of €0.5 million (mainly severance costs), non-allocated costs decreased from €(11.5) million to €(11.3) million in 2012.

Net financing costs were €(3.8) million in 2012, which was about in line with last year's costs of €(3.5) million. While interest expenses were stable at €1.3 million (2011: €1.4 million), other financial income and expenses modestly increased to €(2.5) million (2011: €(2.1) million) as a result of amongst others increased interest expense related to defined benefit plans.

The income tax expense amounted to €3.9 million (2011: €1.5 million). The effective tax rate of (7.8)% (2011: 6.6%) deviates from the domestic income tax rate of 25%, mainly as a result of non-deductible goodwill impairments recognised at Germany HFS (Tartex and Allos) and UK Grocery (Kallo) and unrecognised income tax losses in the Netherlands, the UK, Italy and Belgium.

As a result, net result attributable to equity holders of Wessanen amounted to €(53.2) million in 2012 (2011: €(17.1) million). Earnings per share decreased from €(0.23) in 2011 to €(0.70) in 2012. The average number of shares outstanding increased by 0.46% to 75.69 million (2011: 75.34 million).

Working capital at the end of the year amounted to €48.9 million, being 6.9% of revenue (2011: €41.7 million, representing 5.9% of revenue). Adjusted for the acquisition of Clipper and foreign exchange effects, the cash outflow following changes in working capital amounted to €7.6 million (2011: cash outflow of €18.8 million). The increase in trade receivables of €3.0 million could not be compensated for by a decrease in inventories of €(0.6) million and increased account payables of €1.1 million.

Cash flow from operating activities increased to €14.6 million in 2012 (2011: €8.8 million), mainly as a result of a lower EBITDA before impairment costs, a substantial lower outflow of working capital versus 2011 and a decrease in provisions expenses paid, being €(3.2) million (2011: €(4.1) million) and taxes paid of €(2.3) million (2011: €(4.3) million).

Cash flow from investing activities was €(23.6) million (2011: €(10.8) million), being negatively affected by the costs of acquiring Clipper (€(20.4) million). The net investments in tangible and intangible fixed assets amounted to €7.1 million (2011: €12.5 million).

Average capital employed of €239.5 million was in line with last year's €248.3 million. At both grocery and ABC average capital employed has increased as a consequence of increased revenue and the acquisition of Clipper, whereas both HFS and IZICO shrunk the average capital employed.

Net debt, debt funding and liquidity

To create economic value, we aim to achieve a return on capital employed in excess of our weighted average cost of capital over the medium term.

Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. During 2012, net debt increased by €22.7 million and amounted to €54.9 million at the year end.

The Group has a committed €100 million credit facility in place. By the end of 2012, Wessanen had drawn €61 million from this facility (2011: €35 million). The facility matures in February 2014. Under the financial covenants of the facility, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAE. The interest margin on the facility is 100–225 basis points over Euribor, based on the leverage ratio (Net debt to EBITDAE).

The facility has various other general and financial covenants that are customary for its type, amount and tenor. For example, Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net results, excluding major non-recurring items, and there are certain restrictions in place concerning acquisitions.

The Group has €24 million of uncommitted credit facilities with various banks. At year end 2012, we had not drawn from these facilities.

For further information on our financial risks see the Principal risks and uncertainties section as well as the Notes to the Financial Statements.

Wessanen manages its liquidity by monitoring and forecasting cash flow of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. This approach ensures that, as far as possible, the Group will always have sufficient liquidity to meets its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Financing strategy

Our financing strategy is centred on securing long-term financing in order to support autonomous growth and acquisitions, and is built around the following objectives:

- ongoing access to debt and equity markets
- sufficient flexibility to fund add-on acquisitions
- optimal weighted average cost of capital
- mitigating financial risks

The Company's capital structure balances these objectives in order to meet its strategic and operational needs. Wessanen has access to equity funding through its listing on the NYSE Euronext Amsterdam so that any add-on acquisitions can be funded by either equity or debt, depending on the size of the acquisition and the financing capacity of our credit facilities.

Business review
Report of the Executive Board continued

Dividend policy

Wessanen aims to pay out a dividend of between 35–45% of its net result, excluding major non-recurring effects. No interim dividends are paid.

Dividend proposal

A proposal will be submitted to the General Meeting of Shareholders, to be held on 17 April 2013, to pay a dividend of €0.05 per share, wholly in cash. In line with Wessanen's dividend policy, this represents 40% of the consolidated net result, excluding major non-recurring effects.

Acquisition policy

The considerations that drive our acquisition policy are the strategic fit, a sound business plan and experienced management. These attributes are instrumental in building scale and expanding our core categories in markets where we presently operate. In general, these acquisitions tend to be small to medium-sized businesses and must be demonstrably value enhancing, i.e. the return on capital employed has to be above Wessanen's pre-tax weighted average cost of capital.

2013 key objectives

At Wessanen our focus is on profitable revenue growth, both autonomous and for Grocery and HFS also via acquisitions. For 2013, we expect the European economy to trend in line with 2012, remaining subdued with consumer confidence remaining low.

Fortunately, the prospects for the organic food market in Europe are brighter, driven by a strong undeniable trend of consumers opting for healthier and more sustainable food.

We are firmly determined to improve our performance step-by-step and further solidify our positions and brands in the European organic markets. The sizeable reorganisation we are implementing will result in a lower cost base and reduced complexity. Profitability will be further boosted by exiting low-yielding and non-profitable activities.

Ongoing focus will be on executing our 2012–14 strategic objectives regarding topline growth, profitability improvers and these enabling initiatives.

At IZICO, we will focus on sales growth, driven by innovation and a balanced channel approach. The increased internal alignment and process integration will result in more efficiency at a lower cost, an improvement in sales growth and higher operating margins over the medium term. At some point in the future, we expect IZICO to be divested.

ABC expects further revenue and earnings growth, driven by both Daily's and Little Hug. These expectations are based on the expected increase in demand for RTD pouches, our strong pipeline of new flavours, greater distribution of Daily's and further growth of Little Hug. In addition, we are to enhance brand equity and brand activation to boost sales of both Daily's and Little Hug. At some point in the future, we expect ABC to be divested.

Compliance statement

As required by Section 5:25c, paragraph 2 of the Dutch Act on Financial Supervision, the members of the Executive Board confirm that to the best of their knowledge:

- the 2012 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of 31 December 2012 and of the development and performance of the business for the financial year then ended; and
- the management report includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 21 February 2013

Executive Board
Piet Hein Merckens, CEO
Ronald Merckx, CFO

Financial overview per segment

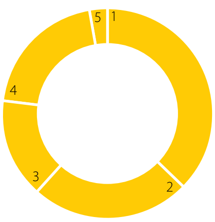
In € millions, unless stated otherwise	Grocery	HFS	IZICO	ABC	Non-allocated	Total
2012						
Revenue third parties	**272.7**	**197.0**	**112.5**	**128.6**	**–**	**710.8**
Inter-segment revenue	**0.1**	**7.8**	**–**	**–**	**(7.9)**	**–**
Revenue	**272.8**	**204.8**	**112.5**	**128.6**	**(7.9)**	**710.8**
Operating result before exceptional items (EBITE)	**22.0**	**–**	**1.8**	**6.3**	**(11.3)**	**18.8**
EBITE margin as a % of revenue	**8.1%**	**–**	**1.6%**	**4.9%**	**–**	**2.6%**
Operating result (EBIT)	**1.5**	**(30.4)**	**(11.4)**	**6.3**	**(11.8)**	**(45.8)**
Average capital employed	**89.3**	**58.6**	**37.0**	**48.2**	**6.4**	**239.5**
Return on average capital employed (ROCE)	**1.7%**	**(51.8)%**	**(30.7)%**	**13.1%**	**–**	**(19.1)%**
2011						
Revenue third parties	242.6	237.7	113.1	112.6	–	706.0
Inter-segment revenue	1.3	9.8	–	–	(11.1)	–
Revenue	243.9	247.5	113.1	112.6	(11.1)	706.0
Operating result before exceptional items (EBITE)	18.0	5.0	2.3	9.9	(11.5)	23.7
EBITE margin as a % of revenue	7.4%	2.0%	2.0%	8.8%	–	3.4%
Operating result (EBIT)	15.6	(21.8)	(12.3)	11.1	(11.6)	(19.0)
Average capital employed	63.3	83.5	50.7	39.9	10.9	248.3
Return on average capital employed (ROCE)	24.7%	(26.1)%	(24.2)%	27.7%	–	(7.6)%

Net profit/(loss)[1] in € millions

2008	29.4
2009	(219.7)
2010	(6.1)
2011	(17.1)
2012	**(53.2)**

1 Attributable to equity holders of Wessanen.

Average capital employed per segment in € millions



1 Grocery	89.3
2 HFS	58.6
3 IZICO	37.0
4 ABC	48.2
5 Non-allocated	6.4

Earnings per share[1] in €

2008	0.44
2009	(3.25)
2010	(0.08)
2011	(0.23)
2012	**(0.70)**

1 Attributable to equity holders of Wessanen.

Net debt in € millions

2008	214.6
2009	175.0
2010	28.8
2011	32.2
2012	**54.9**

Dividend per share in €

2008	0.65
2009	0.00
2010	0.05
2011	0.08
2012	**0.05**

Leverage ratio

2008	2.9
2009	4.3
2010	0.9
2011	0.8
2012	**1.7**

Grocery

Wessanen is a leading player in organic and natural foods in the supermarket channel in France, the Benelux and the UK and to a lesser extent in Germany. Its pioneering brands include Bjorg, Zonnatura, Clipper, Whole Earth and Kallo.

Our key brands

Key objectives 2012
- Grow core brands and core categories
- Launch fewer, bigger, better innovations
- Pricing strategies towards customers

Key achievements 2012
- Growth at most core brands and core categories
- Category Brand Teams gaining traction
- Acquisition of Clipper Teas

Key priorities 2013
- Reduce complexity and simplify processes
- Growing core brands and core categories
- Pan-European roll-out Clipper Teas

Key figures

In € millions, unless stated otherwise	2012	2011
Revenue	**272.8**	243.9
Autonomous revenue growth	**4.6%**	4.9%
Operating result before exceptional items (EBITE)	**22.0**	18.0
EBITE margin as % of revenue	**8.1%**	7.4%
Operating result (EBIT)	**1.5**	15.6
Return on average capital employed (ROCE)	**1.7%**	24.7%

Market developments

The grocery channel was, once again, the driving force behind the growth of the organic food market in Europe in 2012. Broadening the range of organic products and categories available and the dedication of more shelf space have stimulated this growth.

The growing proportion of organic food being bought in supermarkets is also driven by the increasing engagement of mainstream consumers who buy organic products on a more regular basis or start to discover its attractiveness. The state of the European economy and low consumer confidence could not offset these strong underlying trends, resulting in healthy growth in 2012. In the Benelux double digit growth was recorded, in France and Germany low to mid single digits, while the UK organic food market witnessed a decline, albeit at a slower pace than previous years.

For most retailers, organic food has become a small but important and growing segment of their business that functions as an image and margin builder, enabling supermarkets to boost the perception of being conscious about environmental, ethical and social issues.

Our brands doing well

The kicking off of our European Category Brand Teams and local Innovation Boards – in conjunction with HFS – contributed to the growth of our various brands. More coordination and cooperation resulted in increased efforts to harmonise products, recipes and packaging. Innovations are – almost by definition – a longer term effort, which should increasingly result in these launched at our markets.

We further invested in brand marketing and activation as well as in category insight and product development.

Bjorg strengthened its leading position as the largest French organic brand. A broad range of products and innovations fuelled this growth, supported by amongst others nationwide TV campaigns, promotions and in-store activation.

Innovations such as a range of green teas, juices, bars and 'Knijpfruit' (squeezed fruit pouches) drove Zonnatura's positive year-on-year performance. A delisting of Knijpfruit at McDonald's and smaller low-profitable products had a depressing effect on its growth.

Whole Earth continued to perform strongly in the UK with its range of spreads and peanut butter.

Kallo showed a mixed performance. Stocks and gravies continue to grow as well as savoury biscuits. The 2011 re-launch of a range of soy milks showed mixed results as a result of intense competition.

Acquired in early 2012, Clipper chased its growth pattern seamlessly driven by its range of organic and fair trade teas and its marketing efforts at social media and television.

French dietetic brand Gayelord Hauser benefited from its re-energising during 2012, resulting in renewed sales growth.

Our local brands generally performed well. German Culinessa showed additional growth with its range of vegetarian spreads. Our Dutch value brand Biorganic as well as Dutch Merza continued to grow, while third-party brands such as Dr. Schär in the Netherlands and France, and Krisprolls in France also performed well.

The dedicated organic shelf 'Biobest', which is based on a modular system containing a wide range of organic food products, was expanded, totalling 250 Dutch stores at year end.

Operational developments

In France, the organic assortment and gluten-free products drove sales growth, while our total range of dietetic products was about stable. Innovation is important to secure shelf space and attract new consumers to organic.

Sales in the Netherlands increased, driven by the overall good performance of our brands and Biobest.

> In recent years organic food is becoming a far more common sight in supermarkets.

Bjorg: 25 years of organic success

Some ideas are great just because they are simple. 'Don't play with our food', is one of them and it's what they do at Bjorg, the largest organic brand in France.

What the recipe is to the success? Clearly it is about organic food only – and only produced with the best ingredients. Secondly, it is the spirit of sharing: with a wide variety in products available at almost every French hypermarket and supermarket, with Bjorg at hand you have the possibility to share your passion for great food with your love ones.

The success also comes from the power of innovation: alternatives to basic ingredients such as agave syrup as a substitute to sugar and lovely soy drinks full of calcium and proteins.

The people at Bjorg value the planet. They are always looking at the best production and packaging methods in order to minimise the eco footprint.

And lastly: it's all about taste. The Bjorg range clearly shows that well-balanced organic nutrition can be a treat and a joy, for now and for future generations!

UK revenue benefited from the acquisition of Clipper, adding €18.1 million in sales as of 1 March 2012. Sales, marketing and other functions of Kallo and Clipper have been fully integrated during the year.

During the year, we addressed the low-yielding and non-performing Italian and German operations to enhance the overall performance of the Grocery segment and put all energy towards the more successful, rewarding activities.

For more information on our strategy
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Financial developments

Revenue increased by 11.8% to €272.8 million as a result of 4.6% autonomous growth and Clipper having a first time contribution of 7.4%. A more favourable British pound added 1.2%. Autonomous growth consisted of a 2.7% volume and a 1.9% price/mix effect. All countries showed growth.

A stable gross margin percentage, stable marketing investments and lower relative other operating costs resulted in underlying operating profit before exceptional items rising 22.2% to €22.0 million. This represents an operating margin of 8.1% (2011: 7.4%). All countries, except for Italy, contributed to the increased operating profit.

€4.7 million of non-recurring costs for restructurings and other exceptional items and €15.8 million of impairment losses for Kallo resulted in an operating profit of €1.5 million.

Outlook 2013

Our focus is on profitable revenue growth, both autonomous and also via acquisitions. We strongly aim to further grow our core brands and categories. We will reduce complexity and simplify processes by implementing the sizeable reorganisation we have started. Profitability will be further boosted by exiting our non-profitable activities in Germany and Italy.

Health Food Stores (HFS)

Wessanen is a leading player in the Benelux, France and Germany as well as an exporter throughout Europe. We focus on organic food with our own brands, which include Bonneterre, Ekoland, De Rit, Allos and Tartex.

Our key brands

Key objectives 2012
- Grow core brands and core categories
- Country-specific growth strategies
- Filling own factories

Key achievements 2012
- Category Brand Teams gaining traction
- Acquisition of Clipper Teas

Key priorities 2013
- Reduce complexity and simplify processes
- Splitting French and Dutch operations in a branded and a distribution business
- Re-energise brands such as Allos and Bonneterre

Key figures

In € millions, unless stated otherwise	2012	2011
Revenue	**204.8**	247.5
Autonomous revenue growth	**(5.0)%**	(5.6)%
Operating result before exceptional items (EBITE)	**0.0**	5.0
EBITE margin as % of revenue	**0.0%**	2.0%
Operating result (EBIT)	**(30.4)**	(21.8)
Return on average capital employed (ROCE)	**(51.8)%**	(26.1)%

Our branded activities involve the sourcing, development, marketing and selling of our own brands to health food stores.

In addition, we operate wholesale activities in France and the Netherlands selling ambient and fresh products, and operate the Dutch health food franchise chain Natuurwinkel.

Market developments

The European health food channel modestly grew in 2012, on one hand impacted by the state of the European economy and low consumer confidence and on the other hand by further growth in the number and size of stores. Its growth lacked that of the total organic food market as a result of an increasing engagement of mainstream consumers, being mostly absorbed by grocery chains instead of the HFS channel.

While the current number of about 5,000 health food stores in Europe is slowly growing, the amount of square meters per store is growing more rapidly as a result of smaller stores (100 – 200m^2) being replaced by larger ones (400 – 600m^2). Another irreversible trend is the rise of chains. While many store owners still value their independence, a rising number belongs to a chain, either company-owned or part of a franchise.

In addition, other new initiatives are being undertaken. For example, Carrefour and Auchan in France both started a health food store chain, which is evidence that the lines between the various channels are becoming increasingly blurred.

For a longer period of time, the health food channel was served by generalists including ourselves. As a result of fundamental changes in the market and a further weakening of results at our wholesale operations, we are reshaping our HFS operations in the Benelux and France. Both organisations are split into a branded and a distribution company to better serve the changing market demands. Health food store chains for example have different needs compared to single stores. Instead of all wholesale functions, including merchandising, they increasingly opt for brands and product categories, while taking care of merchandising and logistics themselves.

Brand building area of growth

Traditionally, most organic brands have been available in either the grocery or health food channel. Gradually this distinction starts to blur as evidenced for example by Dr Schär (which we represent exclusively in both the Netherlands and France) being available in both channels. Our Zonnatura brand is an example of a grocery brand which will be introduced in Dutch health food stores, starting with a range of teas.

In the past, brands in health food stores were – in general – small in size and mainly marketed via in-store branding and promotion such as in trade magazines. Nowadays, brand activation in this channel is more comparable to that of grocery, although in-store marketing and magazines remain two important ways of activation.

Tartex, for example, celebrated its 50th anniversary with a range of jubilee yeast pastries, promoted amongst others in-store. Ekoland conducted several activation campaigns, including a three-week promotion for free magnetic animals and a flyer campaign at all Amsterdam train stations. In Germany, Sesamstrasse cookies were promoted through a back-to-school promotion and Allos has introduced new packaging for amongst others its breakfast crackers and cereals. It also launched a successful range of Christmas products such as spreads, cookies and sweets-in-between.

Another distinction is local versus international brands both of which we have in our portfolio. Our local brands are for example Bonneterre in France and Ekoland and biodynamic LunaeTerra in the Netherlands, whereas Allos, Evernat, de Rit and especially Tartex are available on a European scale. Through our own export activities these brands are available in our home markets as well as in numerous other European countries.

Wholesale

Wholesale involves the sourcing, category management, sales and distribution to health food stores. We aim to have a full range of products and a high share of products per store, and our operations include the distribution of ambient and fresh products in France and the Netherlands, as well as ambient in Belgium.

To emphasise higher added value activities in wholesale, both Tree of Life UK and Kalisterra were divested during 2011. This had a negative impact of €29 million on reported revenue in 2012.

Our Benelux operations consist of Natudis as the ambient wholesaler serving health food stores and Kroon, a fresh wholesaler delivering to both stores and the food services industry.

In France, Bonneterre is to be split in a branded business and a wholesaler of ambient, whereas Biodistrifrais continues to operate as a dedicated wholesaler of fresh.

In Germany, as a result of the existence of other wholesalers and various chains, Wessanen has no distribution activities, focusing purely on its brands, mainly Allos and Tartex.

Own franchise chain Natuurwinkel

For over 20 years, we have operated the Natuurwinkel franchise retail chain in the Netherlands, there are 14 of these health food stores which all offer an extensive assortment of ambient and fresh organic products. In 2012, we started a refreshment operation, highlighting the artisan character of the stores and ample room for all store owners to highlight local specialties.

During 2012 we decided to stop supporting our second chain, GooodyFooods, to focus fully on Natuurwinkel. The limited number of stores, an increased scalability in floor surface, and the appeal of the refreshed Natuurwinkel concept all contributed to this step.

Financial developments

Revenue declined to €204.8 million as a result of two divestments made in 2011 (a €27.8 million impact) and an autonomous decline of (5.0)%. Volume was 5.8% lower and price/mix contributed a positive 0.8%. Most of the decline is due to weak performances in France and the Benelux, although German sales were lower as well.

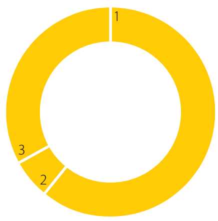
Although the gross margin percentage was 0.5% lower, the largest impact on profitability was due to operational leverage effects. Lower volumes could not sufficiently be offset by reducing operational costs such as transport and logistical costs and general, administrative and other selling expenses. This resulted in a breakeven operating result before exceptional costs (2011: €5.0 million). Impairment losses and exceptional costs resulted in a negative operating result of €30.4 million.

Impairment losses of €23.9 million were recorded for Allos and Tartex to reflect lower profitability and the planned timeline for recovery. In relation to planned reorganisations in all three countries, exceptional costs of €6.5 million have been incurred. These reorganisations include amongst others a reduction in the number of FTEs.

Outlook 2013

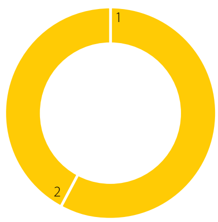
We aim for profitable revenue growth by growing our core brands and categories, while turning around our wholesale businesses to revamp sales growth and become profitable. Our focus is on reducing complexity and simplifying processes by implementing the sizeable reorganisation we have started. The Benelux will be split in a branded and a distribution part in the first half of 2012 with the distribution business focusing on wholesale and the Natuurwinkel chain. In France, the HFS marketing activities will be combined with these of Grocery to create additional synergies, while maintaining the channel focus.

Revenue mix 2012



1 Brands	61%
2 Private label	6%
3 Wholesale	33%

Wholesale mix 2012



1 Ambient	58%
2 Fresh, frozen	42%

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IZICO

IZICO produces and markets branded and private label frozen snacks products in the out-of-home, foodservice and grocery channels for the Benelux, and via export to other European countries.

Our key brands

Key objectives 2012
- Increase cooperation between Favory and Beckers
- Sales growth driven by innovations and a balanced channel approach

Key achievements 2012
- Full ownership of Favory CFG acquired
- Both operations becoming one integrated company
- Bicky and private label continue to grow

Key priorities 2013
- Creating one fully integrated company
- Seamless execution reorganisation and IT upgrade
- Increase profitability

Key figures

In € millions, unless stated otherwise	2012	2011
Revenue	**112.5**	113.1
Autonomous revenue growth	**(0.5)%**	(2.6)%
Operating result before exceptional items (EBITE)	**1.8**	2.3
EBITE margin as % of revenue	**1.6%**	2.0%
Operating result (EBIT)	**(11.4)**	(12.3)
Return on average capital employed (ROCE)	**(30.7)%**	(24.2)%

"IZICO sells 700,000 spring rolls per day."

In 2012, Wessanen acquired the 35.9% share of Favory Convenience Food Group owned by Rabo Capital to take full ownership of the company. This move paved the way for the full alignment and process integration with Beckers Benelux into a new company, IZICO. This new name fully reflects all elements: easy (IZI), go (CO), ice (IZ) and company (CO).

We have production locations for spring rolls in Katwijk and for bread products in Deurne, both in the Netherlands, and for meat snacks in Bocholt (Belgium) that meet the most stringent hygiene standards, such as IFS and HACCP. An extensive tracking-and-tracing system is used to control our supply chain. We are also always trying to make production as sustainable as possible using for example vegetable oils and FSC carton.

Market developments and competition

The frozen snacks market in the Benelux continued to be marked by low growth, due to various factors. These include weak consumer demand, limited innovation and production overcapacity in the market. Fierce competition, in some cases price-based, also played a part. Traditionally, Beckers has a strong position in out-of-home, generating most of its revenues. Out-of-home and foodservice markets declined in the Netherlands and it remained stable in Belgium. The frozen segment was up in both volume and value in Dutch groceries.

Our products also compete with adjacent product categories in both the out-of-home and supermarket channels. The moment of consumption determines the kind of alternatives varying from sushi and healthy snacks to a sandwich on-the-go and supermarket ready meals.

Strong client partnerships helped Bicky and Beckers gain market share in Belgium, as did the emphasis on innovations such as the Bicky Crunchy Chicken. In the Netherlands, Beckers lost some ground in the out-of-home channel and retail, despite its best efforts to counter the inroads made by private labels through innovation and category management. Our private label sales in both the Netherlands and in Europe grew supported by the winning of several new contracts.

Operational developments

Marketing and sales spending centred on continuing to revitalise Beckers and expanding the Bicky brand, making them more relevant for our customers and consumers. At the same time, maintaining the optimisation of our supply chain and production processes remains key to coping with increased raw material prices and inflationary pressure.

Financial developments

Revenue amounted to €112.5 million. Autonomous revenue growth was (0.5)%, of which volume contributed (3.3)% and price/mix 2.8%. Price-and-mix improved at both branded and private label sales, whereas especially Beckers Benelux was impacted by lower volumes.

The gross margin percentage decreased as a result of the above-average performance of the lower margin private label products. Increased warehouse and transportation expenses were more than offset by modestly lower marketing and other selling expenses. An operating result of €(11.4) million was recorded as a result of €(6.2) million of non-recurring costs for the integration of Beckers Benelux and Favory and €(7.0) million of impairment losses related to the planned closure of the Deurne snacks plant. The operating profit before exceptional costs amounted to €1.8 million (2011: €2.3 million).

Outlook 2013

Focus at IZICO will be firstly on building a new fully integrated organisation. Sales growth has to be realised by driving a balanced channel approach. Lastly, increased profitability has to be realised via full internal alignment and process integration as a result of more efficiency at a lower cost.

American Beverage Corporation

ABC is one of the leading producers of ready-to-drink cocktails, premium cocktail mixers and single-serve bottled fruit drinks in the US. Daily's and Little Hug are its main brands. ABC operates within the grocery, mass merchandiser, convenience store and liquor store channels as well as the out-of-home channels.

Our key brands

Key objectives 2012

- Ongoing growth of sales and operating result
- Sizeable opportunities for Daily's to expand distribution and grow volumes
- Further building of equity of Daily's and Little Hug by increased marketing spending

Key achievements 2012

- Building Daily's brand by sizeable marketing investments
- Maintaining leadership in RTD segment
- Increased sales and brand equity for Little Hug

Key priorities 2013

- Revenue and earnings growth
- Successful introduction new flavours, expand distribution
- Growing brand equity of both Daily's and Little Hug

Key figures

In € millions, unless stated otherwise	2012	2011
Revenue	**128.6**	112.6
Autonomous revenue growth	**5.7%**	29.3%
Operating result before exceptional items (EBITE)	**6.3**	9.9
EBITE margin as % of revenue	**4.9%**	8.8%
Operating result (EBIT)	**6.3**	11.1
Return on average capital employed (ROCE)	**13.1%**	27.7%

> "Daily's is the clear leader in the RTD pouches segment with its sustainable growth characteristics.

In 2012, ABC capitalised on the significant improvement of multiple processes in the previous years and the further optimisation in 2011. We have spent ample time and effort on further growing the distribution and brand equity of both of its brands.

Daily's reported a modest sales decline. More competition emerged, especially in the attractive and fast-growing frozen pouch segment. Daily's remained the clear market leader during 2012 as measured by market share, household penetration, and level of repeat purchases, supported by a substantial increase in advertising and promotion.

These marketing investments included supporting two key seasonal holidays (Memorial Day and the 4th of July) and a first-ever national TV advertising campaign. In addition, Daily's is benefiting from support across a broad range of other traditional and digital media such as print ads, coupons, in-store promotions and social media (e.g. Facebook) campaigns.

ABC also continues to drive innovation such as 'Strawberry Margarita Light', the first light version of a RTD pouch, as well as 'Spiced Sangria' and 'Hard Cider', two new season extending RTD pouches.

Our fruit drinks reported double digits revenue growth as especially the 20-pack and 40-pack performed well. Little Hug's multi-year revitalisation process, including its new brand identity, is increasingly paying off. Amongst other brand upgrades, straws have been added for more convenience and a 'Tropical' variety pack has been launched.

Market developments and competition

Daily's products containing alcohol have to be distributed via a three-tier system, which is due to legal regulation. Regulation differs state by state for various kinds of alcohol (e.g. wine- or malt-based). ABC is using an extensive network of licensed brokers and distributors, who then sell to retailers. Daily's wine-based cocktails are allowed distribution in all 50 of the U.S. states today after adding New York, Pennsylvania and Utah in 2012.

Export to other countries, such as Costa Rica and Australia, is also underway.

The RTD cocktails market is a very attractive, albeit still emerging market with an estimated size of US$400 million. Last year, it continued to develop favourably, showing 27% growth. Prepared cocktails are being derived from all three liquor categories (wine, beer and spirits). Diageo is the largest player in this segment followed by Mark Anthony brands, ABC, Seagrams and Anheuser Busch. Within the US$200 million pouch segment, which grew 60% in 2012, the Daily's brand is the clear market leader, followed by the Parrot Bay, Smirnoff and Cordina brands.

The market for single-serve fruit drinks grew low single digits. In line with previous years, the market witnessed intense competitive activity. It is US$3 billion in size with Kraft (Capri Sun, Kool-aid brands) being the market leader and Minute Maid, Snapple and Sunny Delight as other sizeable players. Little Hug completes the top-5 with a 2-3% market share. Furthermore, numerous local and regional players are active with private label products hardly being present.

Financial developments

Revenue increased 14.3% to €128.6 million (US$166 million) as a result of 5.7% autonomous growth and a favourable currency impact of 8.6%. Price/mix contributed 7.1%, partly offset by a volume decline of 1.4%.

While gross margin percentage was 0.5% lower compared to last year, a more than doubling of marketing expenses was the largest contributor to lower profitability. In addition, increased transportation and other selling expenses also contributed. Consequently, operating profit decreased to €6.3 million (US$8.2 million).

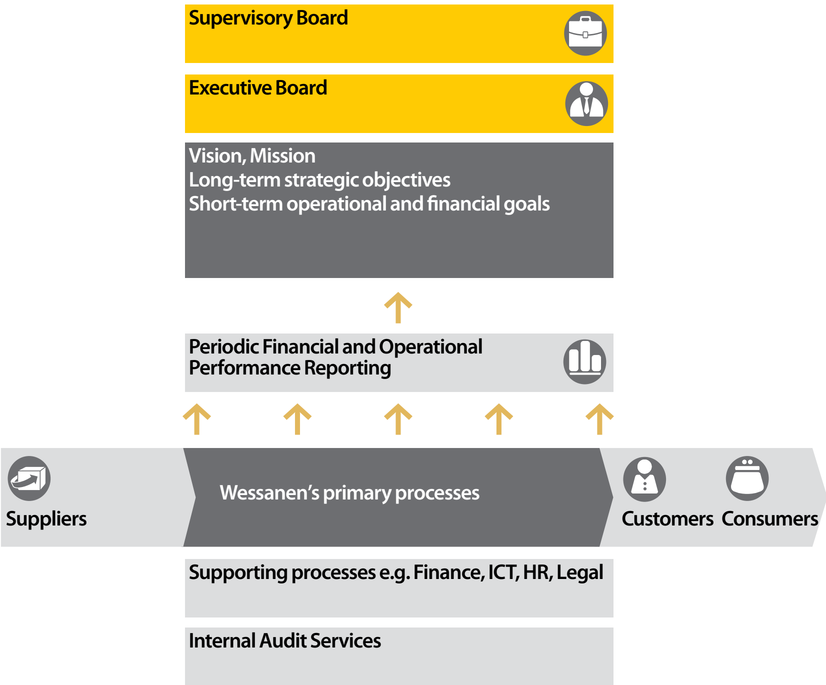
Outlook 2013

ABC expects revenue and earnings growth, based on the expected growth in demand for RTD pouches, a strong pipeline of new flavours and increased distribution of Daily's and Little Hug.

Business review
Principal risks and uncertainties – How we manage our risks

The Executive Board is responsible for setting risk management policies and strategies. Wessanen's Risk Management and Internal Control Framework are integral parts of our business model and are designed to identify and manage risks as we pursue our overall corporate objectives.

Risk Management and Internal Control Framework



Wessanen's framework of internal control (FIC) consists of policies and control procedures at various levels of our organisation. It focuses on both our primary and supporting processes and identifies clear reporting and accountability structures. Various key policies apply to all entities in our organisation, such as Authority Limits, Financial Reporting Manual, Code of Conduct, Whistle Blower and Fraud Policy. Other procedures are operating company specific and are consequently tailored to local circumstances. This framework enables the Executive Board to manage and monitor the Company's risk profile.

Within this structure we pay specific attention to key entity level controls and control activities that are related to financial reporting risks. For both elements, process owners at corporate and operating company level have to self-assess the operating effectiveness of their controls on an annual basis. All results are stored in a web-based tool. The Internal Audit department (IAD) performs an annual quality review of the test results. The main objective is to ensure reliable financial reporting and proper corporate governance.

On top of that, IAD provides additional assurance to the Executive Board by auditing Wessanen's main processes in our operating companies and at corporate level.

For identified control weaknesses, action plans are put in place by management and follow-up is closely monitored. We prioritise the reported issues to ensure the number of outstanding risk issues remains at an acceptable level. Results of the self-assessments and internal audits, including progress of the related control improvement plans are communicated to the Executive Board and the Audit Committee of the Supervisory Board. If deemed necessary additional audit work is performed to verify that, throughout the entire year, there was no actual event that could materially affect our financial statements.

Main developments in 2012 affecting Wessanen's risk profile

- The initial plan to sell ABC has been postponed, which will require different management attention.
- We acquired the remaining shares of Favory Convenience Food Group in order to fully integrate the activities into a new company, IZICO.
- We announced a reorganisation on 29 November 2012, which may also affect the risk profile and internal control framework (see 2013 initiatives and the enclosed table with risks and mitigation).
- We completed the SAP roll-out at one of our operating companies in France (Bonneterre) and started the implementation project in Germany (completion in 2013).
- The full integration of Clipper Teas into the Kallo organisation.
- With respect to our control self-assessments, teams in operating companies and at head office have tested the operating effectiveness of their key controls. Both the test work and the action plans made to improve controls were reviewed by IAD and our external auditors. With this exercise we covered approximately 65% of our operations (based on net revenue figures 2012). ABC was not included in this exercise since it was planned for divestment in 2012.
- In order to increase awareness of and compliance with policies, we have actively re-informed staff about key procedures, such as our Authority Limits and Fraud Policy. Every quarter, another key policy or procedure was put in the spotlights.

Initiatives with respect to Internal Control in 2013

- Proper risk management requires continuous improvement of the set-up and functioning of the internal control framework. In 2013, we will focus on resolving the improvement points identified. Additionally, we need to ensure that our internal control framework remains stable during and after the reorganisation.
- Progress of the reorganization will be monitored by a central project management office that will also verify whether the activities are executed in a controlled way.

Statement of Internal Control

Royal Wessanen nv supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:

The Executive Board is responsible for establishing and maintaining adequate internal risk management and control systems. With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2012 financial statements do not contain any material misstatements. Our assessment included the review of the Company's principal risks and uncertainties (as outlined on the following pages), test of the design and operating effectiveness of entity-level controls, and detailed assessment of our operational controls in our operating companies. Any control weaknesses not fully remediated at year end were evaluated. Based on this assessment, management determined that the Company's financial reporting systems are adequately designed and operated effectively in 2012.

Amsterdam, 21 February 2013

Executive Board
Piet Hein Merckens, CEO
Ronald Merckx, CFO

Business review
Principal risks and uncertainties – Mitigation actions and development

Risk area	Mitigating actions	Developments 2012 & Outlook
Strategic and Market Risks		
General strategic and market risks Inability to respond timely to changing market conditions and trends.	We are measuring the success of our strategic plans and take corrective actions when necessary, by means of: → Annual strategic reviews both at central and operating company level. → Detailed and measurable objectives throughout the entire Company aligned to our strategy. These goals are reassessed and potentially redefined on at least an annual basis. → Continuous monitoring of latest market developments.	→ In light of changes to the Group's composition, we have assessed its structure and cost base, resulting in the reorganisation as announced in Q4 2012. Wessanen is now executing a programme to turn into a simpler and more focused company. The reorganisation will also address low-yielding and non-performing activities. **Outlook:** Controlled execution of our reorganisation programme.
Losing our competitive position in the organic market Inability to meet the needs of our customers and consumers. Organic food losing credibility as an important and adding value niche in the food market.	→ Product innovation and renovation to keep our unique position in the market. → Focusing marketing spend on our key brands and products. → Market research, investigating the market's developments.	→ Over the past two years we have set up four multi-disciplinary Category Brand Teams (CBTs) across Europe which need to drive growth and to improve positioning of core categories. → Our new product development process has been strengthened. Via Innovation Boards we are closely managing and monitoring introductions. Our main goal here is to launch fewer but bigger and better innovations. → We launched the Nutrition, Food Safety & Sustainability Committee (NFSC) which, among others, will supervise the Company's R&D strategy and capabilities. → Through the acquisition of Clipper Teas we aim to strengthen our position in the organic and fairtrade tea market in Europe. **Outlook:** → Additional CBTs will be launched in the coming period, since we are positive about the results of the current four CBTs. → Improve measurability of the success rate of innovation projects.
Loss of key customers/distributors Like in any commercial business, losing large customers could have a negative impact on our profitability. Too much dependency on key markets, products, segments and customers could make our business vulnerable.	→ Creating and maintaining a large customer base. Following our dependency with the use of facts and figures. → Establishing customer intimacy, understanding the needs of our customers. → Monitoring and managing customer service levels through KPIs.	→ Continuous improvement projects related to our products and customer service levels. **Outlook:** Specifically within HFS we have seen a decline in business. As part of the reorganisation we are executing several change projects in order to improve our performance in this segment.
Reorganisation A large reorganisation may lead to introducing suboptimal solutions. There may also be a risk of (too much) internal focus or demotivation, and could increase the risk of errors and irregularities. Our internal control framework may be weakened due to the reduction of staff and potential (temporarily) confusion about responsibilities and roles.	→ Quick but careful execution of the transition, using a clear project-based approach. → Strict progress monitoring of the reorganisation plans. → Amending our control framework parallel to the transition, i.e. redesigning or implementing additional controls where necessary.	→ The reorganisation was announced late 2012 and will be executed in 2013.
Difficult economic environment The economic environment remained tough in our core countries, affecting also our organic food markets, predominantly in HFS channels.	→ See our Strategy and Business Review sections for more details related to our strategic and commercial activities. → Strict cost control throughout the organisation. See also the announcement related to the company-wide reorganisation.	→ Increased focus on our debtors, especially within HFS. → For export customers, we work with prepayments. **Outlook:** We foresee no drastic change in the economic environment in the nearby future.

Risk area	Mitigating actions	Developments 2012 & Outlook
Acquisition and divestiture risks Besides autonomous growth, we aim to expand in the organic food markets through acquisitions; these will be funded in part through divestment of non-core activities. We might be unable to acquire businesses in selected markets, leading to a risk of not meeting our strategic objectives. There is also a risk that completed acquisitions will fail to match expectations. Finally, we might not be able to generate additional funds from planned divesture, due to unfavourable timing or price.	→ M&A and divestment agenda is aligned with our strategy. → In our M&A and divestment processes, we are using both internal and external expertise.	→ With the acquisition of Clipper Teas we are strengthening our position in one of our key categories in Europe. The integration project of the Clipper organisation shows good progress, with one combined management team for the entire UK business and planned European roll-out of the brand starting in 2013. → We took full ownership of Favory Convenience Food Group through acquiring the non-controlling interest from Rabo Capital. A strategic review has led to the conclusion that further strategic alignment and process integration between Favory and Beckers into IZICO need to be achieved in order to improve results. The integration programme has started. → Wessanen has postponed the divestment of ABC as we have concluded that the bids received did not adequately reflect ABC's fundamental value. We believe that we can realise better value for our shareholders at a later stage. **Outlook:** Our strategy towards M&A remains the same for the coming period.
Operational risks		
People and talent Not having people with the right skills and competence in our organisation could adversely affect our ability to execute our strategy. In addition, a poor working environment could result in difficulties in attracting and retaining qualified staff.	→ Providing a safe and healthy working environment. → Frequent performance and appraisal processes, including execution of personal development plans. → Providing equal opportunities: decisions on recruitment, employment, promotion and termination are based on objective and non-discriminatory criteria.	→ We completed an intensive management and talent development programme. **Outlook:** The reorganisation may have an effect on our people and talent. Although this cost reduction programme has a high priority, proper performance and development processes will remain a crucial element for retention and development of our staff.
Reliance on quality of suppliers and other external (service) providers Wessanen has outsourced many of its activities related to production and logistics. It is crucial to the Company and our consumers that we have strict control over these external products and services. The fact that we are active in the organic food industry with specific and strict regulations is amplifying this even more.	→ Close relationship with our suppliers/service providers who are subject to quality audits. → Quality managers in all operating companies perform inspections on products and processes. → Balancing concentration for scale economies and overdependence on a limited number of suppliers or service providers. → Insurance contracts to manage the financial consequences of risks.	→ We completed a European wide analysis of our key suppliers' performance and are executing the consequent improvement initiatives. → Implementation of a centralised contract management database. → Monitoring (mutual) dependency between Wessanen and its suppliers. Where dependency may become too high, corrective actions are defined, such as finding alternative or back-up suppliers to reduce dependency.
Business interruption – crisis management By operating in the food industry, Wessanen runs risks related to production failure, product quality issues and product recalls.	→ Following strict food and product safety procedures. In addition, 82% of our employees at Grocery, HFS and head office work in an ISO 14001 certified environment. → Business continuity procedures to swiftly act in case of emergency. → Insurance contracts to manage the financial consequences of risks.	→ We have had no significant issues related to the quality of our products. → We had a limited number of low impact recalls. There was no risk for our customers' health or safety. → We launched the Nutrition, Food Safety & Sustainability Committee. This committee will oversee Wessanen's food and safety risks and developments. **Outlook:** Centralisation of quality management with local presence and expertise as part of the overall reorganisation.

Business review
Principal risks and uncertainties – Mitigation actions and development continued

Risk area	Mitigating actions	Developments 2012 & Outlook
Business continuity risk – IT Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes.	→ Implementing one standard ERP system (SAP) for Grocery and HFS in order to enhance the stability and security of our ICT infrastructure. → Follow security policies and business continuity planning for the ICT infrastructure, which are regularly reviewed and tested for effectiveness.	→ We completed an ERP system upgrade at ABC. → First year of testing the operating effectiveness of General IT Controls as part of our company-wide Framework of Internal Control. → Continuation of the SAP project for Germany (planned roll-out first half of 2013). **Outlook:** → With the roll-out in Germany, our multiyear SAP project will be completed, having implemented the system in all our critical businesses within Wessanen Europe. The next important steps have been defined to fully utilise SAP in order to get efficiency benefits and execute our business more effectively. → The implementation of a new ERP system in IZICO in 2013.
Inefficient processes Our processes may become inefficient, negatively affecting our profitability.	Further centralisation and centralised coordination of some selected key processes to benefit from our scale, e.g. central sourcing, quality management, finance and marketing (Category Brand Teams).	→ The activity-based analysis of Wessanen Europe which was done as preparation of the reorganisation has provided us with detailed ideas to become more efficient. **Outlook:** → Executing the reorganisation as planned should further simplify our organisational set-up, resulting in a more efficient operation. → We have hired a dedicated Wessanen Supply Chain Director who will focus on further streamlining our logistical processes within Wessanen Europe, including those at our factories. This should result in efficiency gains and increased operational excellence.
Financial and compliance risks		
Financial reporting risks With a decentralised operating model for our finance teams, there is an inherent risk of inconsistencies and misstatements in the financial statements.	→ All finance directors directly report to Wessanen's CFO. They have to comply with a detailed Accounting Manual and financial statement closing procedures. → Monthly and quarterly business reviews. → SAP roll-out creating more consistency and control. → Annual self-assessments of the financial reporting controls.	→ Key risks and related controls that are relevant to our financial reporting processes have been tested for operating effectiveness. Action plans have been put in place to remediate control failures identified. In addition, we broadened the scope by including General IT Controls and payroll related controls. **Outlook:** Ongoing testing of the operating effectiveness of key processes in our operating companies and at our head office.
Currency risk Wessanen conducts business in foreign currencies but publishes its financial statements and measures its performance in Euros.	The Group has a foreign exchange policy that mitigates the impact of transactions in foreign currencies to functional currencies, and is based on the following principles: → Transactions in currencies other than the functional currency are hedged in order to mitigate income statement volatility. → Translation results on capital invested in foreign subsidiaries are recorded directly in retained earnings. Capital invested in and net income from foreign subsidiaries are not hedged to the Euro.	→ Through the creation of the Central Sourcing department, we improved the visibility and understanding of currency risks embedded in purchasing contracts. These contracts are being included in the central contract database. → During 2012, the volatility of currency rates has had no major impact on our operating income. **For further information on currency risk management** | please see Note 24.
Interest rate risk Wessanen's debt funding is primarily achieved through its syndicated credit facility. Loan draw-downs bear interests at short-term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. Refinancing a credit facility may result in different conditions and interest rates.	We manage our interest rate risk through closely monitoring short-term and long-term interest rates and if necessary modifying the interest rate profile of debt and cash positions through the use of interest rate derivatives.	→ During 2012, Wessanen was able to benefit from the ongoing decline in interest rates. → No Interest Rate Derivatives were used in 2012. **For further information on interest rate risk management** | please see Note 24. **Outlook:** Our syndicated loan will expire in 2014, which implies that we will start the refinancing process in 2013.

Risk area	Mitigating actions	Developments 2012 & Outlook
Liquidity risk In case of a shortfall of liquidity (cash and available credit) Wessanen may not be able to meet its financial obligations as they fall due. A material and sustained shortfall in our cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service our financing obligations.	Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. The Group's syndicated credit facility allows drawing in maturities ranging between a month and a year, while its other credit facilities also allow drawing for shorter periods.	In 2012, Wessanen has had sufficient credit facilities in place. As a consequence controllable headroom has been available during the year. **For further information on liquidity management** | please see Note 24. **Outlook:** We foresee that our position will remain excellent for the coming period.
Commodity risk Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices cannot be raised.	Wessanen uses a large variety of agricultural commodities originating from different parts of the world which reduces the risk of drastic price increases having a material impact on our profitability. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term volume and price agreements with carefully selected suppliers, providing sufficient time to increase the selling prices of our products.	→ We have defined extensive sourcing strategies for our key commodities. → We closely monitor price and other relevant (like harvest and market) developments of all our commodities.
Credit risk Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is mainly influenced by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk.	→ Customer's creditworthiness is analysed frequently using benchmarks and external rating information. → As a preventive (automated) control, we manage credit risk by applying credit limits for our customers.	→ We had little bad debt write downs despite the difficult economic environment as a result of our effective preventive and monitoring controls. **For further information on credit risk management** | please see Note 24.
Tax risk Tax risk in a broad sense accumulates all sources of risk that may create an unexpected outcome of the tax position.	Wessanen generates taxable profits in some jurisdictions, while incurring losses in others. The Group aims to achieve an effective tax rate not above the weighted average of the statutory rates in the countries of operation in three ways: → Prudence in our assessment of future taxable income. → Multiple planning strategies to avoid/reduce losses. → Central oversight in monitoring and mitigating uncertain tax positions.	→ We have tested the operating effectiveness of tax-related key controls. This did not identify any major deficiencies in our control framework. → The roll-out and documentation of improved Tax and Transfer Pricing policies. **Outlook:** In recent years, the vast majority of the company's significant available deferred tax assets have been impaired. In the event of a change in facts and circumstances on which this assessment has been based, a future recognition of unrecognized deferred tax assets could have an impact on the fiscal position of the Group. **For further information on our tax position** | please see Note 15.
Compliance and regulatory risk Wessanen with its operating companies in Europe and North America is subject to a variety of local laws and regulations in each country in which it operates. Compliance with these laws may have an impact on our revenues and profitability and could affect our business. Doing business in a complex environment inherently means running the risk of claims and litigation with customers and suppliers.	→ Our procedures and contracts should prevent risks of legal disputes and claims with customers and suppliers. All material claims above €150,000 are closely followed by the corporate Legal department. → Focus on legal reviews of contracts, awareness building throughout our organisation, and monitoring and management of claims and litigation. Legal review of contracts, awareness building, and monitoring of claims and procedures.	→ We have implemented a company-wide contract management database, which enables us to better monitor and manage contractual rights and obligations. **Outlook** Completion of the database is a key task for the coming period, next to proactively managing our contractual relationships.

Governance
Biographies and management structure

The Company has a two-tier board structure: Wessanen is managed by the Executive Board, supervised and advised by its Supervisory Board.

Supervisory Board

F.H.J. (Frans) Koffrie

1952 Dutch nationality

Chairman

Current term of appointment: 2010 – 2014.

Ownership of Wessanen shares: 101,639

Experience: Supervisory Board member from 2001 until 2009 and from 2010 onwards. Former CEO of Corporate Express nv. Former interim CEO of Royal Wessanen nv.

J.G.A.J. (Jo) Hautvast

1938 Dutch nationality

Vice-Chairman

Chairman of the Selection, Appointment and Remuneration Committee. Member of the Nutrition, Food Safety and Sustainability Committee.

Current term of appointment: 2012 – 2013.

Ownership of Wessanen shares: none.

Experience: Former Vice-President Health Council of the Netherlands, former General-Director Wageningen Centre for Food Sciences. Chairman Advisory Board Risk Assessment Dutch Food Safety Authority.

R.K. (Rudi) Kluiber

1959 American nationality

Member

Member of the Audit Committee.

Current term of appointment: 2012 – 2016.

Ownership of Wessanen shares: none.

Experience: Co-founder and Managing Director of GRT Capital Partners LLC. Former Senior Vice-President and Portfolio Manager at State Street Research & Management Company.

F. (Frank) van Oers

1959 Dutch nationality

Member

Chairman of the Audit Committee.

Current term of appointment: 2009 – 2013.

Ownership of Wessanen shares: none.

Experience: Executive Vice-President and member of the Executive Board of Vorwerk & Co. KG. Former CEO of Sara Lee International Beverage & Bakery Division. Former Executive Vice-President of Sara Lee Corporation.

I.M.C.M. (Ivonne) Rietjens

1958 Dutch nationality

Member

Chairman of the Nutrition, Food Safety and Sustainability Committee.

Current term of appointment: 2012 – 2016.

Ownership of Wessanen shares: none.

Experience: Full professor of Toxicology at the Agrotechnology & Food Sciences Department at Wageningen University. Member of the Dutch Royal Academy of Sciences (KNAW). Member of the Academic Board of Wageningen University. Member of the Dutch National Health Council. Member of the German Senate Commission on Dutch Food Safety (DFG). Member of the CONTAM Panel of the European Food Safety Authority (EFSA). Member of the Expert Panel of the US Flavour and Extract Manufacturers Association. Member of the Scientific Advisory Board of the Dutch Food Safety Authority (nVWA). Chair of the Scientific Advisory Board of the Brabant Life Sciences Seed Fund. Member of the Board of the Netherlands Science Foundation Division on Earth and Life Sciences (NWO-ALW).

M.M. (Marjet) van Zuijlen

1967 Dutch nationality

Member

Member of the Selection, Appointment and Remuneration Committee.

Current term of appointment: 2012 – 2016.

Ownership of Wessanen shares: none.

Experience: Independent management consultant. Former partner at Deloitte. Former member of the Dutch parliament. Member of the Supervisory Board of Holland Casino. Member of the Supervisory Board of Verbrugge Terminals. Chair of the Board 'Het Nationale Toneel'. Member of the Board of 'Holland Festival'. Member of the Board of 'Film by Sea'.

Executive Board

P.H. (Piet Hein) Merckens

1962 Dutch nationality

CEO

Current term of appointment: 2010 – 2014.

Ownership of Wessanen shares: 80,750 shares.

Experience: Joined Wessanen in April 2010. Became CEO on 1 June 2010. Former positions include President of D.E. Netherlands, Poland and Greece, Business Unit Director at Douwe Egberts Netherlands and Associate Director for the Food Channel and Paper Category at Procter & Gamble Benelux.

R.J.J.B. (Ronald) Merckx

1967 Dutch nationality

CFO

Current term of appointment: 2011 – 2015.

Ownership of Wessanen shares: none.

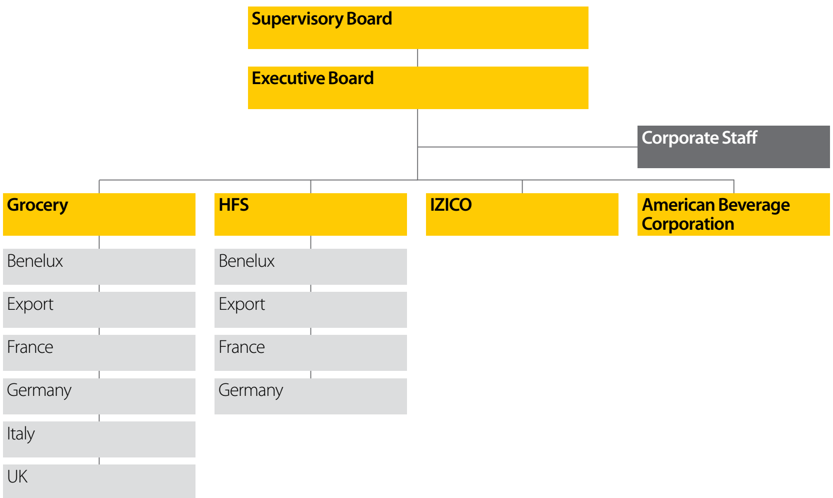
Experience: Joined Wessanen in June 2011 as CFO. Former positions include CFO Europe for Britax Childcare International and financial positions in internal audit, controlling, IR and financial management at Unilever in the Netherlands, the UK and Germany.

Governance
Corporate Governance

Wessanen embraces corporate governance as essential to the interests of its shareholders and other stakeholders. Wessanen is therefore committed to integrity and transparency in every aspect of its business, to proper supervision of its business conduct and accountability to its stakeholders.

Board structure

- Supervisory Board with currently six members. Mr Hautvast will retire from the Supervisory Board after the AGM of 2013.
- Executive Board with two members: Chairman & CEO and CFO.



Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the 'Code') forms the basis for Wessanen's governance structure. Royal Wessanen nv ('Wessanen') complies with the Code by either applying its principles and best practice provisions or by explaining why it deviates from the Code. The Code's principles and best practice provisions are applied, with currently only four exceptions for the reasons set out in this section:

- II.2.5 (shares held as long-term investment);
- II.2.8 (severance payment in case of change of control);
- III.5 (appointment of separate remuneration committee and selection and appointment committee) and,
- III.4.2 (chairman of the supervisory board may not be a former member of the management board).

Wessanen's governance structure was discussed most recently at the Annual General Meeting of Shareholders held in April 2010. Since then, no amendments were made to the corporate governance structure. Substantial changes in the corporate governance structure will be submitted to the General Meeting of Shareholders for consideration.

Corporate Governance statement

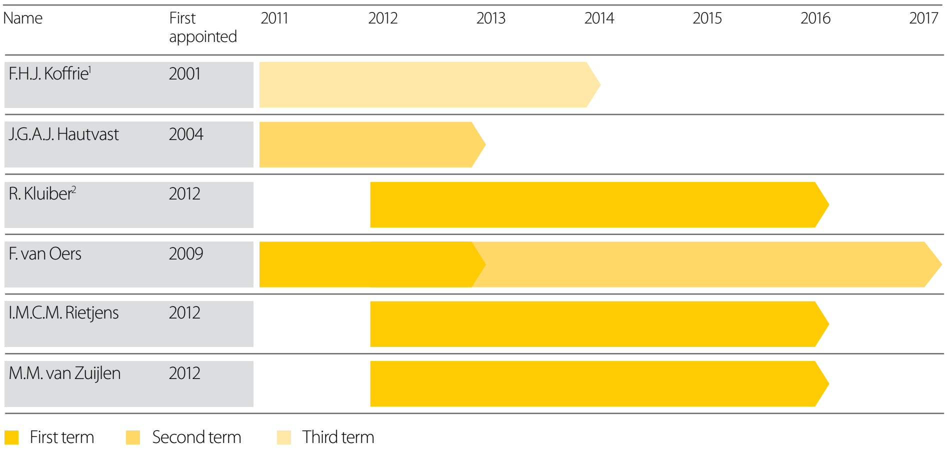
In accordance with the Decree of 23 December 2004 regarding the implementation of further accounting standards for the content of annual reports ('Besluit van 23 December 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van de jaarrekening'), as amended on 10 December 2009, Wessanen annually publishes a statement relating to corporate governance. As permitted under the regulations, Wessanen has opted to publish its corporate governance statement by posting it on its website. This Corporate Governance Statement is incorporated by reference in Wessanen's 2012 Annual Report and Financial Statements and as such cannot be amended.

Executive Board

General

Responsibility for the management and general affairs of Wessanen is vested collectively with the Executive Board, which currently consist of Mr P.H. Merckens (CEO) and Mr R.J.J.B. Merckx (CFO). Accountabilities include, but are not limited to, determining and deploying Wessanen's strategy and policies, achieving its objectives and results, risk management, control, financing and developing a sound personnel policy.

Rotation plan of the Supervisory Board



1 Mr Koffrie was first appointed in 2001 and served two terms of four years. In 2009, he resigned from the Supervisory Board and was appointed member of the Executive Board and CEO for an interim period. In 2010, he was reappointed member of the Supervisory Board for a (last) term of four years.
2 Mr Kluiber has been appointed in September 2012 on recommendation by Delta Partners. It has been agreed with Delta Partners that Mr Kluiber at the request of Wessanen's Supervisory Board will offer his resignation when Delta Partners at any time reduces its shareholding in Wessanen to below 12.5% of Wessanen's issued share capital.

The Executive Board is accountable for the performance of its assignment to the Supervisory Board and to the General Meeting of Shareholders. In discharging its duty, the Executive Board focuses on the interests of Wessanen, taking into consideration the interests of its shareholders and other capital providers, employees, customers and suppliers. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association.

Term of appointment

Members of the Executive Board are appointed for a term of four years. The composition of the Executive Board, its performance as well as the performance of individual members of the Executive Board are reviewed annually by the Supervisory Board.

Remuneration

The remuneration of the members of the Executive Board is determined by the Supervisory Board based on the advice of the Selection, Appointment and Remuneration Committee (SARC). Remuneration of the individual members of the Executive Board is consistent with the remuneration policy. Any material amendments to the remuneration policy will be submitted for adoption to the General Meeting of Shareholders.

Best practice provision II.2.8 of the Code, which provides that the maximum remuneration in case of dismissal of a member of the Executive Board shall not exceed one year's salary, is not applied by Wessanen. In cases where the dismissal is a result of a change of control over Wessanen, the severance pay consists of one year's salary plus payout of the short-term cash incentive 'at target', plus the cash equivalent of the exercise value of all outstanding performance shares.

In deviation of best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board may sell shares to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

Supervisory Board

General

Wessanen has a two-tier board structure. Wessanen's day-to-day operations are managed by the Executive Board.
The Supervisory Board supervises the policies of the Executive Board and the general course of affairs of Wessanen and advises on these matters. In doing so, the Supervisory Board is guided by the interests of Wessanen and the relevant interests of its stakeholders. Major decisions and the Group's strategy are discussed with and require approval from the Supervisory Board.

The Supervisory Board, while retaining overall responsibility, has delegated certain tasks to the Audit Committee, the SARC and the Nutrition, Food Safety and Sustainability Committee (NFSC). The main purpose of these Committees is to prepare the foundations that support the decision-making processes of the Supervisory Board.

The Audit Committee assists the Supervisory Board in fulfilling its supervising responsibilities in relation to inter alia Wessanen's accounting and financial reporting practice, policies and procedures, the operation of internal risk management and control systems and the performance and evaluation of the Internal Audit department and the External Auditor.

Because the tasks in the area of Executive and Supervisory Board appointment, selection and remuneration are closely related, these tasks, in deviation of best practice provision III.5, have been combined into one Committee. The SARC is responsible for, amongst other things, establishing policies for the remuneration of the members of the Executive Board and Wessanen's top management, making proposals for the remuneration of individual Executive Board Members and assessing the composition and performance of the Executive Board and Supervisory Board and advising on selection criteria and appointment procedures.

The NFSC supports and advises the Executive Board in fulfilling its responsibility to ensure that Wessanen's nutritional policies are relevant to its business and are scientifically supported and that Wessanenn operates in a sustainable way.

Appointment, independence, expertise and composition

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 of Wessanen's Articles of Association. The Supervisory Board currently comprises of Mr F.H.J. Koffrie (Chairman), Mr J.G.A.J. Hautvast (Vice-Chairman), Mr R.K. Kluiber, Mr F. van Oers, Mrs I.M.C.M. Rietjens and Mrs M.M. van Zuijlen.

For more information visit the Corporate Governance | page on Wessanen.com

Corporate Governance continued

Members of the Supervisory Board are appointed for a term of four years. Supervisory Board members may in principle serve a maximum of three terms of four years each on the Supervisory Board.

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration of a Supervisory Board member is not dependent on Wessanen's results. The Remuneration Report (see pages 55 to 57) contains information on the level and structure of the remuneration for individual Supervisory Board members.

The Supervisory Board, in the two-tier corporate structure applicable under Dutch law, is a separate body that is independent of the Executive Board. The members of the Supervisory Board are independent as defined in the By-Laws of the Supervisory Board and in the Code, with the exception of Mr Koffrie. Wessanen does not follow best practice provision III.4.2 of the Dutch Corporate Governance Code, which provides that the chairman of a supervisory board may not be a former member of the management board of the company. The reasons for not applying this provision are that the Chairman of the Supervisory Board, Mr Koffrie, served as Wessanen's CEO for a relatively short period of 15 months and that his extensive experience in leading large international companies makes him excellently qualified to chair.

The Supervisory Board's profile, size and composition, which are reviewed regularly, reflect the expertise required to supervise Wessanen's activities.

Conflicts of interests

In compliance with the Code, Wessanen has formalised strict rules to avoid conflicts of interests between Wessanen on the one hand and individual members of the Executive Board or Supervisory Board on the other hand. Decisions to engage in transactions in which interests of Board members play a role, which have a material significance for Wessanen or for the Board member concerned, require approval by the Supervisory Board. The Supervisory Board is responsible for taking decisions on handling conflicts of interest between Wessanen and members of the Executive Board and Supervisory Board, major shareholders and the External Auditor. No conflicts of interests were reported in 2012.

Gender balance

On 1 January 2013 the Act on Management and Supervision entered into force. Pursuant to this Act, the composition of Wessanen's Executive Board and Supervisory Board must be balanced to the effect that at least 30% of the seats on each board are taken by women and at least 30% by men. On 1 January 2013 the composition of the Supervisory Board already met this requirement, whilst the two seats on the Executive Board were all taken by men. In selecting new Executive Board members gender diversity will be one of the elements to be taken into account.

The General Meeting of Shareholders

General

At least once a year a General Meeting of Shareholders will be held. The agenda of the Annual General Meeting of Shareholders shall at least contain the report of the Executive Board, the adoption of the financial statements, including the appropriation of the results, the proposal to distribute dividends and the proposal to discharge the members of the Executive Board and Supervisory Board. Shareholders, who, alone or jointly, represent at least 1% of Wessanen's issued capital or a block of shares, alone or jointly, at least worth 50 million Euro (€50,000,000) shall have the right to request the Executive Board or the Supervisory Board that items be placed on the agenda of the General Meeting of Shareholders.

The General Meetings of Shareholders shall be convened by notice given by the Supervisory Board or the Executive Board. The notice convening the meeting shall be given no later than the 42nd day prior to the date of the meeting and shall specify the subjects to be discussed.

Resolutions; Appointment of Executive Board and Supervisory Board

Resolutions of the General Meeting of Shareholders shall be passed on the basis of an absolute majority of votes cast, unless a greater majority is required by law or by the Articles of Association. The appointment of members of the Executive Board and of the Supervisory Board shall be made following a non-binding nomination by the Supervisory Board. A resolution of the General Meeting of Shareholders to approve an appointment in accordance with a nomination by the Supervisory Board requires an absolute majority of the votes cast. In the event of a candidate nominated by the Supervisory Board not being appointed by the General Meeting of Shareholders, the Supervisory Board will nominate a new candidate.

Shareholders who have the right to place an item on the agenda of the General Meeting of Shareholders are also entitled to nominate a candidate. A resolution of the General Meeting to appoint a member of the Executive Board or of the Supervisory Board other than in accordance with a nomination by the Supervisory Board requires an absolute majority of the votes cast representing more than one-third of the issued capital. At a General Meeting of Shareholders, votes can only be cast for candidates named in the agenda or explanatory notes of the meeting. Similarly, a resolution of the General Meeting of Shareholders to suspend or remove a Board member that is not in accordance with a proposal of the Supervisory Board requires an absolute majority of the votes cast representing more than one-third of the issued capital.

Dividends

The proposed dividend for a financial year must be approved by the General Meeting of Shareholders, and the dividend is paid after this meeting. Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law. Dividend payments shall be made not later than 14 days after adoption of the dividend.

The Executive Board, with the approval of the Supervisory Board, determines which part of the profit is to be appropriated to the reserves. The remaining profit may be distributed as a dividend to the holders of the shares. The General Meeting of Shareholders may, at the proposal of the Executive Board that has been approved by the Supervisory Board, resolve that payment of dividend be wholly or partly in shares. If a loss is sustained in any year, no dividend shall be distributed for that year and for subsequent years until the loss has been defrayed out of the profit. The General Meeting may, however, resolve on a motion of the Executive Board that has been approved by the Supervisory Board, to defray any such loss out of the distributable part of the shareholders' equity or to charge the dividend to the distributable part of the shareholders' equity. Wessanen's dividend policy is described on page 104.

Description of share capital and Articles of Association

General

Wessanen's Articles of Association were last amended by a notarial deed dated 23 April 2010. Wessanen's head office is at Hoogoorddreef 5, Amsterdam Zuidoost and its registered seat is Amsterdam. Wessanen is registered at the Trade Register of the Chamber of Commerce of Amsterdam under file number 33.14.58.51.

Share capital

As of 31 December 2012, Wessanen's authorised share capital amounted to €300 million divided into 300,000,000 shares, with a nominal value of €1.00 per share each. All shares are registered shares and can be included in the deposit system of the Act on deposit securities transactions ('Wet giraal effectenverkeer').

As of 31 December 2012, the issued share capital was divided into 75,992,275 shares all of which have been fully paid up.

Issue of shares; Pre-emptive rights

Shares shall be issued pursuant to a resolution of the Executive Board, subject to the prior approval of the Supervisory Board. The authority vested in the Executive Board shall relate to all unissued shares in the authorised capital. The duration of this authority shall be determined by a resolution of the General Meeting of Shareholders and shall amount to a maximum of five years. If no authorisation is given, the issue of shares requires a resolution of the General Meeting of Shareholders. Such resolution may only be taken upon a proposal by the Executive Board that has been approved by the Supervisory Board. Currently, the Executive Board is not authorised to resolve the issuance of shares. Therefore, the issuance of shares requires the approval of the General Meeting of Shareholders.

Unless Dutch law prescribes otherwise, Wessanen shareholders have pro rata pre-emptive rights to subscribe for new issuances of shares. These pre-emptive rights may, subject to the prior approval of the Supervisory Board, be restricted or excluded by the corporate body that is authorised to issue shares.

Repurchase of shares

Wessanen may repurchase its own shares, subject to certain provisions of Dutch law and the Articles of Association. Wessanen may not repurchase its own shares if (i) the payment required to make the repurchase would reduce shareholders' equity to an amount less than the sum of paid-in and called portions of the share capital and any reserves required by law or our Articles of Association or (ii) Wessanen and its subsidiaries would thereafter hold shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by Wessanen may not be voted. Any repurchase of shares that are not fully paid-up is null and void.

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 18 October 2013 by resolution dated 17 April 2012.

Capital reduction

Upon the proposal of the Executive Board and subject to the approval of the Supervisory Board, the General Meeting of Shareholders may resolve to reduce Wessanen's issued share capital by cancellation of shares or by reducing the nominal value of the shares through amendment of the Articles of Association, subject to certain statutory provisions and the provisions of the Articles of Association.

Major shareholdings as per 31 December 2012

Pursuant to the Dutch Financial Markets Supervision Act ('Wet op het Financieel Toezicht') shareholders having (potential) ownership of and (potential) voting rights on the issued capital in excess of 5% are required to disclose their interest to the (Dutch) Authority Financial Markets (AFM). On 31 December 2012 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

Share ownership	Holding
Delta Partners, LLC	25–30%
ID-Sparinvest A/S	5–10%

At 17 January 2013, ID Sparinvest has notified that it reduced its stake to 4.86%.

Provision of information

In accordance with the Dutch Financial Markets Supervision Act, Wessanen will ensure that any public communication of non-public price-sensitive information about Wessanen will be disclosed without delay to the general public and is factual and accurate. Principles to ascertain this are included in Wessanen's Disclosure Policy, which is posted on our website.

Audit of financial reporting and role of Internal and External Auditors

The General Meeting of Shareholders appoints the External Auditor. The Audit Committee recommends to the Supervisory Board the External Auditor to be proposed for reappointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and where appropriate recommends replacement of the External Auditor and approves its remuneration after consultation with the Executive Board. On 17 April 2012, the General Meeting of Shareholders appointed Deloitte Accountants B.V. as external auditors for Wessanen for the financial year 2012.

External Auditor policy

Wessanen has established a policy for the independence of and provision of services by its External Auditors. This policy stipulates that external auditors may only provide services that do not conflict with its independence and which are explicitly listed in the policy.

The External Auditor attends the meeting of the Supervisory Board in which the financial statements are approved and all meetings of the Audit Committee. The functioning of the External Auditor is assessed annually. The main conclusions will be shared in the following General Meeting of Shareholders.

Internal Auditor

The Internal Audit Department operates under the responsibility of the Executive Board. Its annual plan is risk based and is reviewed and approved by both the Executive Board and the Audit Committee. The External Auditor is closely involved and informed on the plan. Audit findings and follow-up of remediating action plans are presented to the External Auditor and the Audit Committee.

Change of control

In the event of a change of control our senior debt facility becomes immediately due and payable. Also, in the event of a change of control the members of the Executive Board and a small group of senior executives are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short-term incentive will be paid out on the fixed assumption of at least an 'on-target' performance and outstanding long-term incentive rights will vest. Further information regarding the remuneration of the members of the Executive Board can be found on page 55. There are no other agreements that come into existence or may be amended or terminated in the case of a change of control and whose effect could reasonably be expected to have a material adverse effect on Wessanen's business, operations, property and condition (financial or otherwise).

Governance
Report of the Supervisory Board

During 2012, we have strengthened our Board with three new members. We have discussed extensively Wessanen's strategic objectives including an acceleration of the speed of implementation of its strategy, its consequent reorganisation and the acquisition of Clipper Teas. Ample time was spent as well on the acquisition of the non-controlling interest in Favory Convenience Food Group, the strategic review at IZICO and the disposal process of ABC. We also have erected a new Nutrition, Food Safety and Sustainability Committee to reflect the importance of these topics for the entire Company.

Financial Statements

The Supervisory Board herewith submits the 2012 financial statements prepared by the Executive Board. The financial statements have been audited by Deloitte Accountants B.V., whose report can be found on page 99. The financial statements and the independent auditor's report were discussed with the Executive Board and Deloitte. We are of the opinion that the financial statements provide a true and fair view of the state of affairs of Wessanen. We recommend that the Annual General Meeting of Shareholders adopt the 2012 financial statements accordingly and grant discharge to the members of the Executive Board and the Supervisory Board.

The Supervisory Board approves the proposal of the Executive Board to declare a dividend of €0.05 per share, representing 40%, which is in line with Wessanen's dividend policy to pay a dividend of between 35–45% of the net result excluding non-recurring effects. The dividend will be charged to the freely distributable reserves.

Meetings of the Supervisory Board

In 2012, four scheduled meetings, two other meetings and six conference calls between the Supervisory Board and the Executive Board were held. In many of these meetings country management and corporate staff were invited to update the Supervisory Board on pending affairs of the Company. The Supervisory Board discussed the affairs of the Company and the performance of the Executive Board in the absence of the Executive Board at the end of these meetings and on other occasions. In addition, the Chairman of the Supervisory Board frequently met with Mr Merckens. As part of their induction programme the members of the Supervisory Board that were appointed in the course of 2012 visited Wessanen's operations at Distriborg and IZICO. The Supervisory Board was supported by Wessanen's General Counsel & Company Secretary.

Activities of the Supervisory Board

Wessanen's strategic objectives were discussed extensively. During the course of the year it became clear that the developments of earnings and revenues remained behind target and that an acceleration of the speed of implementation of Wessanen's strategy was required. The Supervisory Board fully supported the Executive Board's consequent decision to reduce the complexity of the organisation, stop activities that added no economic value and simplify the Group's overhead structure, which will result in a substantial cost reduction. Regrettably, forced redundancies could not and cannot be avoided. The execution of this reorganisation was and will be monitored vigorously. The Supervisory Board firmly believes that the reorganisation will transform Wessanen into a lean and agile organisation with a sustainable and profitable growth model and drastically reduced complexity.

The Executive Board regularly reported on its activities in the area of M&A. Many of the acquisition targets that were discussed either did not meet Wessanen's acquisition criteria or are not for sale. Given this difficult environment the Supervisory Board was pleased with the acquisition of Clipper. It ascertained that synergies could be achieved by integrating Clipper into Kallo Foods and that the Clipper brand could be rolled-out into Wessanen's core countries.

Ample time was spent on the disposal process of ABC. Mid 2012 the Supervisory Board approved of starting the process to divest ABC. Progress updates were discussed regularly. When the final bids received were lower than expected, ABC's higher perceived valuation based on the outlook of its management was discussed with the Executive Board. The Supervisory Board concurred with the Executive Board that this outlook was achievable given ABC's strong performance over 2010–2012 and its clear position as market leader and that consequently the final bids did not unlock the full value of the business for the shareholders.

The strategic review of the IZICO activities, which was started last year, was concluded in the reporting year. The review led to the conclusion that IZICO's could only operate competitively and generate a sustainable profit under sole ownership and after aligning and integrating the organisations of Beckers Benelux and Favory Convenience Food Group. As it felt that Wessanen was better positioned to execute the much needed integration process than Rabo Capital, the Supervisory Board approved of acquiring Rabo Capital's non-controlling interest in Favory Convenience Food Group, albeit that IZICO continues to be labelled non-core.

Early 2012 Wessanen's major shareholder Delta Partners recommended the appointment of Mr Rudi Kluiber to the Supervisory Board. Even though an immediate need to expand the Supervisory Board did not exist, the Supervisory Board supported the recommendation, because it felt it would benefit from Mr Kluiber's financial expertise and extensive knowledge of the financial markets.

Attendance at Board and Committee meetings during 2012

Attendee	Supervisory Board	Audit Committee	Selection Appointment and Remuneration Committee	Nutrition, Food Safety and Sustainability Committee
F.H.J. Koffrie	12/12	4/4	2/2	–
J.G.A.J. Hautvast	11/12	–	5/5	1/1
R.K. Kluiber as of 5 September 2012	5/5	–	–	–
F. van Oers	7/12	3/4	–	–
I.M.C.M. Rietjens as of 17 April 2012	9/10	–	–	1/1
M.M. van Zuijlen as of 17 April 2012	8/10	–	3/3	–

Supervisory Board
Audit Committee
Selection Appointment and Remuneration Committee
Nutrition, Food Safety and Sustainability Committee

Other discussion topics included the financial outlook for 2012, the annual and interim financial results, updates about core categories and core brands, risks inherent to Wessanen's business and the performance of the Company's risk management and control systems, ICT, the corporate governance structure, sustainability and human resources.

Committees of the Supervisory Board

The Supervisory Board, while retaining overall responsibility, has formed three committees: the Audit Committee, the Selection, Appointment and Remuneration Committee (SARC) and the new Nutrition, Food Safety and Sustainability Committee (NFSC). The purpose of these committees is described in the Corporate Governance section (page 49).

Audit Committee

The Audit Committee met four times in 2012. All Audit Committee meetings were attended by the Executive Board, the VP Corporate Accounting & Control, the VP Internal Audit and the External Auditor. At the end of these meetings the Audit Committee spoke with the External Auditor in the absence of the Executive Board.

Topics that were discussed included the financial performance of the Company, the 2011 financial statements and the quarterly and semi-annual reports, the management letter and the Executive Board's response thereto, risk management and internal control systems, whistleblower reports and IT.

In each meeting the Audit Committee was informed about the effectiveness of Wessanen's Framework of Internal Control. The Audit Committee concluded that the Executive Board is overall in control and that no material deficiencies exist. Identified areas for improvement included a further shift from compensating and detective controls to preventive controls, paying more attention to smaller Wessanen units, such as De Rit, Biodistrifrais, Hagor and Bioslym, better segregation of duties in SAP and better contract management. The Executive Board has made a start with implementing these improvement areas.

The Audit Committee supported a contemplated refinement of Wessanen's risk management approach aimed at further improving risk awareness and control by fully integrating risk management in the planning and control cycle of the Group companies.

Ample time was spent on Wessanen's legal and tax affairs. In particular, legal proceedings related to the termination of Distriborg's relationship with one of its main logistic service providers and a claim filed by ABC against Diageo for patent infringement were closely monitored. Furthermore, the Company's tax planning was reviewed, including Wessanen's significant tax losses in the Netherland and the US and the effect of a disposal of ABC on the US tax losses.

The role and functioning of the Internal Audit Department was reviewed. The Audit Committee concluded that the Internal Audit Department continued to perform satisfactorily and cooperated well with the External Auditor. In view of the potential risk that internal controls may weaken as a side-effect of the transformation process that Wessanen is undergoing the Audit Committee will closely monitor the internal audit activities in 2013.

The Audit Committee evaluated the performance of Wessanen's External Auditor Deloitte. It concluded that Deloitte is experienced, professional, has a good understanding of the business and displays a critical and challenging attitude, coupled with a practical approach. Furthermore, the Audit Committee saw an improvement in the communication and cooperation between Deloitte and Wessanen. The audit process was well prepared and communicated ahead of the audit. The Audit Committee has no reason to question Deloitte's independence as Wessanen's External Auditor. As the performance of Deloitte is satisfactory, the Supervisory Board will propose the Annual General Meeting of Shareholders to appoint Deloitte to audit the 2013 financial statements.

Selection, Appointment and Remuneration Committee

The SARC met five times during the reporting year. Each meeting of the SARC was attended by Mr Merckens and the EVP Human Resources.

The outcome of the 2009 Long Term Incentive Plan and the 2004 Stock Option Plan, which both expired, was discussed. Both incentive plans did not result in any pay out as the performance hurdle for the 2009 Long Term Incentive Plan was not made and the granted options were 'under water'.

The SARC established that the 2011 Short Term Incentive targets of the members of the Executive Board were met and consequently approved of the related bonus pay out. Also, the grant of conditional shares and performance incentive rights to Messrs Merckens and Merckx was discussed and approved. The Short Term Incentive targets for 2012 were set and the achievement of these targets was monitored during the course of the year.

Governance
Report of the Supervisory Board continued

The SARC performed a scenario analysis of the Executive Board's remuneration and concluded that the remuneration was fair and did not lead to unreasonable effects under the tested scenarios.

The pension plan for the members of the Executive Board, which also applies to Wessanen head office employees expired on 31 December 2012. The SARC discussed the new pension plan extensively. Given the high cost of, amongst others, the unconditional indexing under the old pension plan, the SARC consented to conditional indexing under the new pension plan. It also supported the proposal to offer new Executive Board members a defined contribution pension plan instead of a defined benefit plan.

The SARC discussed the role of Wessanen's head office with the Executive Board. After the restructuring the Head Office will, in addition to its ordinary corporate staff services, focus specifically on orchestrating the further integration and transformation of Wessanen's European organisation focusing on corner stones such as innovation, category alignment, manufacturing, quality control and ICT.

The performance of the country managers as well as changes in senior management were reviewed critically. In 2013 the review will be expanded to the members of the countries' management teams and certain members of the corporate staff.

Nutrition, Food Safety and Sustainability Committee

The Supervisory Board decided to establish a separate committee to support and advise the Executive Board in respect of nutrition, food safety and sustainability. This Nutrition, Food Safety and Sustainability Committee (NFSC) supervises, monitors and advises on Wessanen's nutrition policies, its systems related to food safety, its R&D strategy and capabilities, and its sustainability policies. Since its inception mid 2012 the NFSC met one time. In addition, members of the NFSC were in regular contact with Wessanen's Organic Expertise Centre. The most important topic of discussion was the need for defining Wessanen's nutritional policies and developing a risk management process in the area of nutrition, food safety and sustainability.

Remuneration report

The Remuneration Report incorporates the principal points of the Remuneration Policy for members of the Executive Board as well as the full remuneration of the individual members of the Executive Board.
The Remuneration Report (pages 55 – 57) forms part of, and is incorporated in, the Report of the Supervisory Board.

Corporate governance

We endorse the principles and best practice provisions of the Dutch Corporate Governance Code (the Code), virtually all of which have been applied by Wessanen. Any unapplied provision of the Code has been disclosed and explained in the Corporate Governance section. Wessanen's corporate governance structure was last discussed at the Annual General Meeting of Shareholders in April 2010, and has not changed since in any material respect.

Conflict of interest

In 2012 no transactions took place that involved a conflict of interest for members of the Executive Board or Supervisory Board or the External Auditor.

Assessment of its performance

The Supervisory Board assessed its composition and its performance and that of the Audit Committee, the SARC and the NFSC. To this end, the Chairman conducted one-on-one meetings with each member of the Supervisor Board, in which he also discussed his or her own functioning. The results of these interviews were discussed in a plenary meeting of the Supervisory Board. The Supervisory Board concluded that it had performed satisfactorily and that the addition of three new members to the Supervisory Board had gone well, making a positive impact on the discussions. A limited number of suggestions for improvement were identified, which will be followed up during 2013.

Composition of the Supervisory Board

As indicated at the Annual General Meeting held on 17 April 2012 Mr Hautvast will retire from the Supervisory Board after the 2013 Annual General Meeting. Mr Hautvast has been a member of the Supervisory Board since 2004 and the Company has benefited in particular from his indepth knowledge in the area of nutrition. The Supervisory Board is grateful for his contribution during this period. Mr Hautvast will remain involved with the Company as advisor to the NFSC. He will not be succeeded as member of the Supervisory Board given the current number of Supervisory Board members.

In accordance with the rotation plan Mr Frank van Oers will step down by rotation after the 2013 Annual General Meeting. He is available for reappointment. Mr Van Oers has been a member of the Supervisory Board since 2009 and chairs the Audit Committee.
The Supervisory Board proposes to reappoint Mr Van Oers as member of the Supervisory Board for a second term of four years as his extensive knowledge and experience in both financial and general management will be of great benefit in view of the transformation process that Wessanen is undergoing.
He qualifies as financial expert under the By-Laws of the Supervisory Board. Upon his reappointment Mr Van Oers will become Vice-Chairman of the Supervisory Board.

All members of the Supervisory Board are qualified as independent (as defined in the Supervisory Board By-Laws) with the exception of Mr F.H.J. Koffrie, who was interim CEO of Wessanen for a period of 15 months, ending on 1 June 2010.

The Supervisory Board expresses its gratitude to the Wessanen employees for their commitment in a difficult year.

Amsterdam, 21 February 2013

Supervisory Board

Frans Koffrie, Chairman
Jo Hautvast, Vice-Chairman
Rudi Kluiber
Frank van Oers
Ivonne Rietjens
Marjet van Zuijlen

Remuneration report

The Supervisory Board is responsible for implementing the Remuneration Policy and determining the remuneration of individual members of the Executive and Supervisory Board. Its objective is to attract, motivate and retain experienced Board members with an international outlook, and reward them appropriately for their ability to achieve stretched targets for short-term and long-term performance. To help to stimulate a performance-driven culture, Wessanen adopts a similar approach on remuneration for senior management.

The Supervisory Board has delegated its responsibility vis-à-vis Executive Board remuneration to the Selection, Appointment and Remuneration Committee (SARC).

Every year, the SARC assesses whether the Remuneration Policy is still consistent with the objectives of the Company and whether an adjustment of the terms of employment for members of the Executive Board is appropriate. Scenario analyses serve as input for the review of the Remuneration Policy.

Any material changes to the Remuneration Policy will be submitted to the General Meeting of Shareholders for approval.

Current Remuneration Policy

The objective of the Remuneration Policy is to attract, motivate and retain experienced Board members with an international outlook, and reward them appropriately for their ability to achieve stretched targets for short-term and long-term performance.

The structure of the remuneration package for the Executive Board strives to achieve a balance between Wessanen's short-term and long-term strategy while taking into account the interest of Wessanen's stakeholders. It balances short-term operational performance with the medium and long-term objective of creating sustainable value. Wessanen's Short Term Incentive Plan (STIP) rewards the Executive Board for sound operational performance in Wessanen's competitive environment, focusing on achieving annual EBITE and Sales Growth targets, whilst the Long Term Incentive Plan (LTIP) is set to reward sustainable long term value creation.

In setting remuneration levels for the Executive Board, the SARC takes into account the relevant statutory requirements, corporate governance guidelines and best practice in the Netherlands.

Details of remuneration of Executive Board members

The total direct compensation for members of the Executive Board is set at median level relative to the labour market peer group. To ensure the attraction and retention of highly skilled and qualified members, Wessanen aims for a total remuneration level that is comparable to levels provided by other Dutch multinational corporations that are similar to Wessanen in terms of size and complexity. For that purpose, external reference data are used. These reference data include remuneration data from Dutch companies operating internationally in the same sector (food, food ingredients, distribution, retail), and in the practices of AMX-listed companies that are similar to Wessanen in size and complexity.

If a member of the Executive Board is not Dutch and resides outside the Netherlands the base salary is set against the reference market of that country.

Terms of appointment

Executive Board members are appointed for a period of four years and are subject to reappointment by the shareholders after that period.

Remuneration expenses Executive Board 2012 (in €)

	Base salary	Realised short-term incentive	Restricted share rights[1]	Pension costs	Other compensation[2]	Total
P.H. Merckens	509,750	125,271	185,895	117,069	189,218	1,127,203
R.J.J.B. Merckx	331,250	65,124	34,210	59,437	81,813	571,833

1 Costs related to restricted share rights granted are taken by the Company over a number of years (the vesting period). As a consequence, the costs of 'restricted share rights' are the aggregate accounting costs of multi-year grants to each Executive Board member during their Board membership.
2 Other compensation in 2012 includes amongst others social security expenses and a one-off 'crisis levy' of €122 thousand for Mr Merckens and €46 thousand for Mr Merckx paid for by Wessanen.

Remuneration components

The remuneration for Executive Board members comprises the following components:

- A base salary, which is fixed and will be reviewed once a year.
- A short-term incentive, ranging from 0%–100% of base salary, depending on the achievement of performance targets.
- A long-term incentive, ranging from 0%–50% of base salary at grant date, depending on the achievement of performance hurdles.
- Pension contributions.
- Benefits in kind such as a contribution to health and medical insurance premium, a company car, a contribution to telephone costs and a fixed expense allowance for business purposes.

Details of the 2012 remuneration can be found in Note 7 of the Financial Statements, which notes form part of and are incorporated in this Remuneration Report.

Base salary

On joining the Executive Board, members receive a base salary that is comparable with the median of the labour-market peer group. Adjustment of the base salary is at the discretion of the Supervisory Board, which takes into account external and internal developments. The annual review date for the base salary is 1 April.

Variable compensation

Variable compensation is linked to measurable pre-determined targets. Incentive targets and performance conditions reflect the key drivers for value creation and medium to long-term growth in shareholder value. Therefore, a considerable part of the total compensation consists of variable compensation depending on performance.

The Supervisory Board has 'ultimate remedy' power in matters relating to adjustment of the value of the variable remuneration components awarded, either downwards or upwards, if this remuneration produces an unfair result.

Governance
Remuneration report continued

Performance targets 2012 and 2013 Executive Board

Position	Short Term Incentive Performance	Performance targets and relative weighting
P.H. Merckens	At target: 50% of base salary	Royal Wessanen nv (consolidated)
	Maximum: 100% of base salary	EBITE: 30%
		Sales growth: 30%
		Net working capital: 10%
		Personal agenda: 30%
R.J.J.B. Merckx	At target: 40% of base salary	Royal Wessanen nv (consolidated)
	Maximum: 80% of base salary	EBITE: 30%
		Sales growth: 30%
		Net working capital: 10%
		Personal agenda: 30%

Short Term Incentive Plan

Members of the Executive Board are eligible to participate in the Wessanen Short Term Incentive Plan (STIP), which provides an annual variable cash incentive, based on the achievement of specific performance targets. These targets are set at a challenging level, taking into account general trends in the relevant markets, and are linked to the consolidated financial results of the Company.

The financial performance targets are related to operational performance, as measured by operating result before exceptionals (EBITE), reflecting (normalised) short-term financial results, in addition to annual sales growth and net working capital.

The Company considers that the combination of EBITE, annual sales growth and net working capital adequately reflects the key elements of the Company's financial performance.

Targets as well as the personal agenda will be determined each year by the Supervisory Board, based on, among other things, historical performance, the operational and strategic outlook of the Company in the short-term and stakeholder/management expectations.

For on-target performance, the CEO will earn an incentive amounting to 50% of annual base salary and the CFO an incentive amounting to 40% of annual base salary. The maximum payout relative to performance will not exceed 100% of the base salary for the CEO and 80% of the base salary for the CFO.

The incentive payout in any year relates to achievements in the preceding financial year versus agreed upon financial targets, next to personal targets. As a result, the STIP payout in 2013 relates to the salary levels and the performance in 2012.

The incentive payout in 2013 in respect of the performance in 2012 relates for 70% to the achievements in relation to agreed financial targets and for 30% to the achievements in relation to the personal agenda.

Based on the 2012 results as published in this Annual Report, the realised short-term incentive amounts mentioned in the table below will be paid to members of the Executive Board in April 2013.

Payout in 2013 (in €)	Realised annual incentive	As a % of (pro rata) base salary (2012)
P.H. Merckens	125,271	25%
R.J.J.B. Merckx	65,124	20%

For 2013 EBITE, annual sales growth and net working capital will apply as performance targets, in addition to personal targets. The short-term incentive related to financial targets will only apply if the EBITE target has been achieved.

The Company will not disclose the actual and personal targets, as they qualify as commercially sensitive information.

Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) motivates Executive Board members to focus on long-term sustainable value creation for shareholders. This plan aligns the interests of the Executive Board members with the shareholders' interests.

Under the LTIP, Executive Board members are rewarded with performance shares (restricted share rights). The performance share plan has a three-year horizon with a review date at the end of the third year. At the review date, one specific performance target is measured. The number of shares that vest after three years is determined on the basis of Wessanen's performance against a previously set hurdle.

The actual number of performance shares granted to Executive Board members is determined by the Supervisory Board. The target value at grant date is set at a maximum of 50% of the base salary for the CEO and 40% for the CFO. The awarded performance shares must be retained by Executive Board members for a period of at least five years (including the three-year vesting period, or at least until termination of employment if this period is shorter). Members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting.

Costs related to restricted share rights granted are recognised in the profit and loss statement by the Company (as personnel costs), over the (three-year) vesting period. As a consequence, the costs mentioned in the column 'Restricted share rights' (as disclosed in Note 7 of the Financial Statements) are the aggregate accounting costs for the year of multi-year grants to each Executive Board member during their Board membership.

Restricted shares granted in 2012

	Granted shares	Vesting date
P.H. Merckens	91,600	June 2015
R.J.J.B. Merckx	46,430	June 2015

Relative Total Shareholder Return (TSR) as performance measure

Performance shares granted under the LTIP have a three-year horizon with a review date at the end of this period. At the review date the performance of Wessanen is measured on the basis of its total shareholder return (TSR) in relation to the TSR peer group companies. TSR measures the returns received by shareholders over the three-year measurement period, and comprises the aggregate of share price appreciation or depreciation and dividends. The measure reflects performance relative to a relevant group of companies (the peer group). If after three years Wessanen has performed well compared to these companies, the Supervisory Board believes management should be rewarded. The actual reward at the end of the three-year period is determined by the vesting schedule. As a result, performance under the median is not rewarded.

Ranking	% vesting of granted shares
1st	150
2nd	125
3rd	125
4th	100
5th	50
6th	0
7th	0
8th	0
9th	0
10th	0

The current peer group consists of Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

This peer group is not the same as the one used for determining remuneration levels. The latter is chosen to reflect the relevant labour market. The peer group used for benchmarking TSR performance reflects the relevant market in which the Company competes for shareholder preference. It includes sector-specific competitors that the Supervisory Board and the Executive Board consider to be suitable benchmarks for Wessanen. The peer group is reviewed by the Supervisory Board each year.

Pensions

The pension policy for Executive Board members is predicated on a retirement age of 65.

The pension plan is based on a combination of defined benefit (career average) and defined contribution plan with a maximum of €85,000. Above the amount of €85,000 a defined contribution system is applicable. The plan does not require employee contribution.

Loans

As a matter of policy, the Company does not grant any loans to Executive Board members.

Notice period

Termination of employment by an Executive Board member is subject to a three months' notice period. A notice period of six months will be applicable in the case of termination by the Company.

Contract termination

The employment contracts of Executive Board members include an exit-arrangement provision that is in accordance with best practice provision II.2.8 of the Dutch Corporate Governance Code (i.e. a sum equivalent to the fixed annual salary) except in change of control situations (see below) or if this is manifestly unreasonable in the case of dismissal during the first term of office.

Agreed termination payments in the contracts of Executive Board members are not to exceed 100% of the base salary.

Change of control

If the Company discontinues the employment of an Executive Board member following a takeover, merger or any other event in which there is a change of control of Royal Wessanen nv, members of the Executive Board are, at the sole discretion of the Supervisory Board, entitled to the following:

- A severance payment equal to a single multiple of the gross annual base salary on the date of termination.
- The annual short-term incentive award (in cash) will be paid out in full for the year in which the change of control occurs on the fixed assumption of at least 'on-target' performance.

The outstanding performance shares shall be deemed to be unconditionally and fully vested and exercisable immediately prior to the change of control, or the Company shall pay out the fair market value of the outstanding performance shares as per the date of the change of control.

Remuneration of the Supervisory Board

The remuneration package of the Supervisory Board comprises an annual fixed fee.

Members of the Supervisory Board each receive a fixed fee of €45 thousand, excluding expenses.

The Chairman of the Supervisory Board is awarded an additional fee of €20 thousand, the Chairman of the Audit Committee is awarded an additional fee of €10 thousand and the Chairmen of the SARC and NFSC are each awarded an additional fee of €5 thousand.

In accordance with good corporate governance, the remuneration of the Supervisory Board is not dependent on the results of the Company. This implies that no bonus or shares are granted to Supervisory Board members.

Any shareholdings in Wessanen held by Supervisory Board members serve as a long-term investment in the Company. At year end 2012 Mr Koffrie held 101,639 shares in Royal Wessanen nv.

Wessanen does not provide any loans to Supervisory Board members.

Senior management

For senior management Wessanen adopts a similar approach on remuneration as for Executive Board members. This helps to stimulate a performance-driven culture, reflecting the Company's ambition and its position in the international market.

The SARC is informed on all major remuneration issues for senior management of the Company, and pre-approves the allocation of the total number of restricted shares for the Executive Board and restricted shares and/or performance incentive rights for Senior Management.

Organic is *our* choice

Financial statements
Consolidated income statement

In € millions, unless stated otherwise	Notes	2012	2011
Continuing operations			
Revenue		**710.8**	706.0
Raw materials and supplies		**(440.3)**	(442.4)
Personnel expenses	7, 8	**(125.4)**	(115.5)
Depreciation, amortisation and impairments	12,13	**(60.8)**	(53.3)
Other operating expenses		**(130.1)**	(113.8)
Operating expenses		**(756.6)**	(725.0)
Operating result		**(45.8)**	(19.0)
Interest income		**–**	–
Interest expense		**(1.3)**	(1.4)
Other financial income and expense		**(2.5)**	(2.1)
Net financing costs	9	**(3.8)**	(3.5)
Profit/(loss) before income tax		**(49.6)**	(22.5)
Income tax expense	10	**(3.9)**	1.5
Profit/(loss) for the period		**(53.5)**	(21.0)
Attributable to:			
Equity holders of Wessanen		**(53.2)**	(17.1)
Non-controlling interests		**(0.3)**	(3.9)
Profit/(loss) for the period		**(53.5)**	(21.0)
Earnings per share attributable to equity holders of Wessanen (in €)	11		
Basic		**(0.70)**	(0.23)
Diluted		**(0.70)**	(0.23)
Average number of shares (in thousands)	11		
Basic		**75,688**	75,343
Diluted		**75,862**	75,732
Average USD exchange rate (Euro per USD)		**0.7733**	0.7151
Average GBP exchange rate (Euro per GBP)		**1.2316**	1.1485

Consolidated statement of comprehensive income

In € millions	Notes	2012	2011
Profit/(loss) for the period		**(53.5)**	(21.0)
Other comprehensive income			
Foreign currency translation differences, net of income tax		**(0.5)**	4.6
Effective portion of changes in fair value of cash flow hedges, net of income tax		**0.3**	(0.4)
Other comprehensive income/(loss)		**(0.2)**	4.2
Total comprehensive income/(loss)		**(53.7)**	(16.8)
Attributable to:			
Equity holders of Wessanen		**(53.4)**	(12.9)
Non-controlling interests		**(0.3)**	(3.9)
Total comprehensive income/(loss)		**(53.7)**	(16.8)

Consolidated statement of financial position

In € millions, unless stated otherwise	Notes	31 December 2012	31 December 2011
Assets			
Property, plant and equipment	12	**77.4**	86.4
Intangible assets	13	**66.8**	90.6
Other investments	14	**1.1**	1.0
Deferred tax assets	15	**9.2**	8.8
Total non-current assets		**154.5**	186.8
Inventories	16	**72.3**	67.5
Income tax receivables		**–**	2.2
Trade receivables	17	**85.7**	78.9
Other receivables and prepayments	17	**15.7**	24.4
Cash and cash equivalents	18	**9.7**	8.2
Total current assets		**183.4**	181.2
Total assets		**337.9**	368.0
Equity			
Share capital		**76.0**	76.0
Share premium		**102.9**	102.9
Reserves		**(20.9)**	(20.7)
Retained earnings		**(56.4)**	5.0
Total equity attributable to equity holders of Wessanen	19	**101.6**	163.2
Non-controlling interests		**–**	2.9
Total equity		**101.6**	166.1
Liabilities			
Interest-bearing loans and borrowings	20	**60.7**	37.4
Employee benefits	21	**24.1**	24.0
Provisions	22	**1.7**	2.5
Deferred tax liabilities	15	**3.7**	1.4
Total non-current liabilities		**90.2**	65.3
Bank overdrafts	18	**1.4**	2.9
Interest-bearing loans and borrowings	20	**2.5**	0.1
Provisions	22	**16.8**	3.3
Income tax payables		**0.7**	0.5
Trade payables	23	**68.3**	70.5
Non-trade payables and accrued expenses	23	**56.4**	59.3
Total current liabilities		**146.1**	136.6
Total liabilities		**236.3**	201.9
Total equity and liabilities		**337.9**	368.0
End of period USD exchange rate (Euro per USD)		**0.7579**	0.7729
End of period GBP exchange rate (Euro per GBP)		**1.2253**	1.1972

Financial statements
Consolidated statement of changes in equity

In € millions	Issued and paid up share capital	Share premium	Reserves: Treasury shares	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Other legal reserves	Retained earnings	Total equity attributable to equity holders of Wessanen	Non-controlling interests	Total equity
2011										
Balance at beginning of year	75.2	105.0	(3.0)	(24.0)	0.2	1.1	22.5	177.0	6.8	183.8
Total comprehensive income and expense for the period										
Profit/(loss) for the period	–	–	–	–	–	–	(17.1)	(17.1)	(3.9)	(21.0)
Foreign currency translation differences	–	–	–	4.6	–	–	–	4.6	–	4.6
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(0.4)	–	–	(0.4)	–	(0.4)
Total comprehensive income and expense for the period	–	–	–	4.6	(0.4)	–	(17.1)	(12.9)	(3.9)	(16.8)
Contributions by and distributions to owners										
Share options exercised/shares delivered	–	–	0.4	–	–	–	(0.4)	–	–	–
Dividends	0.8	(2.1)	–	–	–	–	–	(1.3)	–	(1.3)
Share-based payments	–	–	–	–	–	–	0.4	0.4	–	0.4
Transfer to other legal reserves	–	–	–	–	–	0.4	(0.4)	–	–	–
Total contributions by and distributions to owners	0.8	(2.1)	0.4	–	–	0.4	(0.4)	(0.9)	–	(0.9)
Balance at year end	76.0	102.9	(2.6)	(19.4)	(0.2)	1.5	5.0	163.2	2.9	166.1
2012										
Balance at beginning of year	**76.0**	**102.9**	**(2.6)**	**(19.4)**	**(0.2)**	**1.5**	**5.0**	**163.2**	**2.9**	**166.1**
Total comprehensive income and expense for the period										
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(53.2)**	**(53.2)**	**(0.3)**	**(53.5)**
Foreign currency translation differences	**–**	**–**	**–**	**(0.5)**	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**–**	**–**	**0.3**	**–**	**–**	**0.3**	**–**	**0.3**
Total comprehensive income and expense for the period	**–**	**–**	**–**	**(0.5)**	**0.3**	**–**	**(53.2)**	**(53.4)**	**(0.3)**	**(53.7)**
Contributions by and distributions to owners										
Share options exercised/shares delivered	**–**	**–**	**0.4**	**–**	**–**	**–**	**(0.4)**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(6.1)**	**(6.1)**	**–**	**(6.1)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Transfer to other legal reserves	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**0.1**	**–**	**–**	**–**
Total contributions by and distributions to owners	**–**	**–**	**0.4**	**–**	**–**	**(0.1)**	**(6.1)**	**(5.8)**	**–**	**(5.8)**
Changes in ownership interest in subsidiaries that do not result in a loss of control										
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(2.4)**	**(2.4)**	**(2.6)**	**(5.0)**
Balance at year end	**76.0**	**102.9**	**(2.2)**	**(19.9)**	**0.1**	**1.4**	**(56.7)**	**101.6**	**–**	**101.6**

Consolidated statement of cash flows

In € millions	Notes	2012	2011
Cash flows from operating activities			
Operating result		**(45.8)**	(19.0)
Adjustments for:			
Depreciation, amortisation and impairments		**60.8**	53.3
Provisions recognised		**16.6**	1.9
Other non-cash and non-operating items		**0.4**	3.7
Cash generated from operations before changes in working capital and provisions		**32.0**	39.9
Changes in working capital	28	**(7.6)**	(18.8)
Payments from provisions		**(3.2)**	(4.1)
Changes in employee benefits		**(2.4)**	(2.1)
Cash generated from operations		**18.8**	14.9
Interest paid		**(1.9)**	(1.8)
Income tax paid		**(2.3)**	(4.3)
Net cash from operating activities		**14.6**	8.8
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(5.7)**	(10.2)
Proceeds from sale of property, plant and equipment		**0.2**	0.1
Acquisition of intangible assets		**(1.4)**	(3.2)
Proceeds from/(repayments for) other investments		**(0.2)**	0.8
Proceeds from sale of business		**3.9**	1.7
Acquisition of subsidiaries and businesses, net of cash acquired	5	**(20.4)**	–
Net cash from investing activities		**(23.6)**	(10.8)
Cash flows from financing activities			
Net proceeds from interest bearing loans and borrowings		**23.1**	1.3
Net payments of finance lease liabilities		**–**	(0.4)
Cash receipts/(payments) derivatives		**(2.5)**	0.1
Purchase of non-controlling interest	5	**(2.5)**	–
Dividends paid		**(6.1)**	(1.3)
Net cash from financing activities		**12.0**	(0.3)
Net cash flow	28	**3.0**	(2.3)

Financial statements
Notes to the consolidated financial statements

Notes to the consolidated financial statements are in € millions, except for per share data, ratios, percentages and where indicated otherwise.

1. The Company and its operations

Royal Wessanen nv ('Wessanen' or 'the Company') is a public limited company domiciled in the Netherlands. It is a leading company in the European organic food market. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop our brands and products in the grocery and health food channels. Our vision is to make our organic brands most desired in Europe. Next to our leading position in the organic food businesses, we also produce and market branded and private label frozen snack products in the Benelux and fruit drinks and cocktail mixers in the United States. The consolidated financial statements of Royal Wessanen nv for the year ended 31 December 2012, comprise Wessanen and its subsidiaries (together referred to as 'the Group'). Wessanen's subsidiaries as at 31 December 2012 are listed in Note 29. The address of the Company's registered office is Hoogoorddreef 5, Amsterdam Zuidoost, the Netherlands.

2. Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and the Executive Board on 21 February 2013, and will be submitted for adoption to the Annual General Meeting of Shareholders on 16 April 2013.

With reference to the Company income statement of Wessanen, use has been made of the exemption pursuant to Section 402, Part 9 of Book 2 of the Dutch Civil Code.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated, including the following assets and liabilities that are stated at their fair value: derivative financial instruments, defined benefit plan assets and liabilities for cash-settled share-based payment arrangements. The methods used to measure fair value are disclosed in Note 4.

Functional and presentation currency

The functional currency of Wessanen is the Euro. These consolidated financial statements are presented in millions of Euro.

Use of estimates and judgements

The preparation of Wessanen's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. Although these estimates and associated assumptions are based on management's best knowledge of current events and actions, actual results may ultimately differ materially from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate 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.

The estimates and assumptions, that management considers most critical and that have a significant inherent risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed hereinafter.

Impairment of non-current assets

Determining whether non-current assets are to be impaired requires an estimation of the recoverable amount of the asset (or cash-generating unit), which is the greater of fair value less costs to sell and value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset (or cash-generating unit) and an appropriate discount rate, in order to calculate the present value of the expected future economic benefits of an asset (or cash-generating unit). See Note 13 for specific information on the carrying amounts of goodwill and brands, the cash-generating units affected and the estimates and assumptions applied.

Pensions

The calculation of the defined benefit obligations and, in relation to that, the net periodic benefit costs for the periods presented, requires management to estimate, amongst others, future benefit levels, discount rates, investment returns on plan assets and life expectancy. Due to the long-term nature of these plans such estimates are subject to considerable uncertainties and may require adjustments in future periods, impacting future liabilities and expenses. See Note 21 for specific information on the estimates and assumptions applied in respect of the calculation of the defined benefit obligations.

Income taxes

Wessanen is subject to income taxes in several jurisdictions. The Group has tax loss carry forward positions whereby the realisation of deferred tax assets will be largely dependent upon the availability of future taxable income, as estimated from time to time by management and the availability of tax strategies. Significant judgement is required in determining the consolidated position for income taxes and the recoverable amounts of deferred tax assets related to tax loss carry-forward positions.

Provisions

Restructuring, onerous contract and other provisions are determined by management on the basis of estimated amounts of the future outflow of economic benefits and judgement of the probability that such outflow will take place.

New and revised IFRSs applied

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011 and have been adopted in preparing these consolidated financial statements. None of these had a significant effect on the consolidated financial statements.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of Wessanen and all entities that are controlled by Wessanen ('subsidiaries'). Control is presumed to exist when Wessanen has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities (generally accompanying a shareholding of more than one half of the voting rights). 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.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies (not being the functional currency) are translated to the functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates ruling 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 that are stated at historical cost are translated into Euro at foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into Euro at annual average exchange rates. The resulting foreign exchange differences arising on translation are recognised directly in a separate component of equity, the translation reserve.

Net investment in foreign operations

Foreign exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the translation reserve. Such differences are recognised in the income statement upon disposal of the foreign operation or settlement of the net investment.

The principal exchange rates against the Euro used in the statement of financial position and income statement are:

	Statement of financial position		Income statement	
Currency per €	**31 December 2012**	31 December 2011	**2012**	2011
US$	**1.3194**	1.2939	**1.2932**	1.3984
£	**0.8161**	0.8353	**0.8119**	0.8707

Derivative financial instruments

Wessanen uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks arising from operating, investing and financing activities. These instruments are initially recognised in the statement of financial position at fair value on a settlement date basis and are subsequently remeasured at their fair value. Gains and losses resulting from the fair value remeasurement are recognised directly in the income statement, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

Gains and losses on derivative financial instruments are (ultimately) recognised in the income statement under financial income and expenses, except for the effective portion of those derivative financial instruments that are designated as hedges and entered into to mitigate operational risks. This portion is recognised in operating result.

Hedging

Cash flow hedges

If a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the asset or liability. Otherwise, the cumulative gain or loss is removed from other comprehensive income and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is immediately recognised in the income statement.

When a hedging instrument or hedge relationship is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in the income statement 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 other comprehensive income is recognised immediately in the income statement.

Fair value hedges

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognised for the hedged risk in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability.

Hedge of monetary assets and liabilities

If a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, the gain or loss on the hedging instrument is recognised in the income statement, except for those financial instruments that are designated as hedges.

Hedge of net investment in a foreign operation

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 other comprehensive income. The ineffective portion is recognised in the income statement.

Segment reporting

An operating segment is a component of Wessanen that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

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The operating segment's operating result (EBIT) is reviewed regularly by the Executive Board of Wessanen to make decisions about resources to be allocated to the segment and assess the performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Board of Wessanen include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise part of the overhead expenses (corporate costs), financial income and expenses and income tax gains and losses. Corporate assets and liabilities and income tax assets and liabilities are excluded from segment 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.

Inter-segment sales are executed under normal commercial terms and conditions that would be available to unrelated third parties.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and may include borrowing costs incurred during construction.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives. Land is not depreciated. Where n item of property, plant or equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation methods, useful lives, as well as residual values are tested annually.

Assets not in use are recorded at the lower of their book value and recoverable amount.

The estimated useful lives of property, plant and equipment for the current and comparative period are as follows:

Buildings and offices	30 years
Machinery and equipment	10 – 15 years
Computers	3 – 5 years
Other	3 – 5 years

Assets not in use and assets classified as held for sale are not depreciated.

Finance lease

Leases under which Wessanen assumes substantially all the risks and rewards of ownership are classified as finance leases. 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 impairment losses. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are accounted for as described in the accounting policy on Expenses.

Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method as at the acquisition date. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions that have occurred since 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition (measured based on methods as described in Note 4). Negative goodwill arising on an acquisition is recognised directly in the income statement, classified as 'other income'. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that Wessanen incurs in connection with a business combination are expensed as incurred.

In respect of acquisitions that have occurred between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition. When the excess was negative, a bargain purchase gain was recognised directly in the income statement, classified as 'other income'. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

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 previous Dutch GAAP. In respect of acquisitions prior to 1 January 2001, goodwill was deducted directly from equity under previous Dutch GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Brands and customer relationships

Capitalised brands and customer relationships are measured at cost less accumulated amortisation and impairment losses. Brands and customer relationships acquired in business acquisitions are initially measured at fair value.

The useful lives of brand names have been determined on the basis of certain factors such as the economic environment, the expected use of the 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 to the period of time over which the brand names are expected to contribute to the cash flows of the Group. Capitalised brands with an indefinite life are not amortised, but tested annually for impairment.

Customer relationships are amortised over their estimated useful lives of maximum 20 years.

Research and development

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

Expenditure on development activities, of which research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in the income statement as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets
Other intangible assets that are acquired by Wessanen, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

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 as incurred.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. Residual useful life is re-assessed annually.

Investments in equity and debt securities
Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement. Held-to-maturity assets are stated at amortised cost less impairment losses. Other investments held by Wessanen are classified as being available for sale and are stated at fair value, with any resultant gain or loss recognised directly in other comprehensive income, except for impairment losses and, in the case of monetary items, foreign exchange rate gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Dividends received are recognised upon declaration.

Inventories
Inventories are stated at the lower of cost and net realisable value. 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 and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is valued net of vendor allowances if applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Trade and other receivables
Trade and other receivables are stated at their amortised cost less impairment losses. Amortised cost is determined using the effective interest rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances and call deposits. Cash equivalents are only recognised when control over the possibility to convert to cash is transferred to or from Wessanen.

Bank overdrafts that are repayable on demand and form an integral part of Wessanen's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Bank accounts are netted if the Company has a legal enforceable right to offset and offsetting takes place on a regular basis.

Impairment of assets
The carrying amounts of Wessanen's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

Goodwill, brands and other intangible assets with indefinite useful lives are subject to annual impairment testing, irrespective of whether indications of impairment exist or not.

Calculation of recoverable amount
The recoverable amount of Wessanen's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to 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.

Reversal of impairment
An impairment loss in respect of a held-to-maturity security or 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 in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment may no longer exist and when there has been 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.

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Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups (a group of assets to be disposed of in a single transaction and liabilities directly associated with those assets) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of Wessanen'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. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on the income statement. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

Equity
Issued and paid-up capital
Wessanen's issued capital comprises of €1.00 par value common shares and is stated at nominal value.

Repurchase of shares
When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Considerations received when own shares are reissued are presented as a change in equity. Any results arising on the reissuance of shares are recognised in retained earnings.

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

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.

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans
Wessanen'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 any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of Wessanen's obligations. The calculation is performed 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 will vest. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses that arise are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to Wessanen, 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.

Long-term service benefits
Wessanen's net obligation in respect of long-term service benefits, other than pension plans, is the amount of the 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 while the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of Wessanen's obligations.

Share-based payment transactions
The restricted shares program grants conditional rights to receive shares to eligible employees of Wessanen (equity-settled share-based payment transactions). The performance incentive rights program grants conditional share appreciation rights, which are settled in cash, to eligible employees of Wessanen (cash-settled share-based payment transactions).

For equity-settled share-based payment transactions, the grant date fair value of share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognised at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will eventually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g. total shareholder return), which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all non-market conditions (e.g. continued employment) are satisfied.

For cash-settled share-based payment transactions, the grant date fair value is recognised in the income statement over the vesting periods of the grants, with a corresponding increase in provisions. At each balance sheet date, and ultimately at settlement date, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement.

Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A restructuring provision is recognised when certain criteria are met. Such criteria include the existence of a detailed formal plan that identifies at least the business or part of the business concerned, the principal location(s) affected, the approximate number of employees whose employment contracts will be terminated, the estimated costs and the timing of when the plan will be implemented. Furthermore, the Company must have raised a valid expectation with those affected that it will carry out the restructuring, by starting to implement that plan or announcing its main features to those affected by it. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Trade and other payables

Trade and other payables are stated at amortised cost. Amortised cost is determined using the effective interest rate.

Revenue

Revenue represents the value of goods delivered to third parties, less any value-added taxes or other sales taxes. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Customer deductions, coupons, rebates, and sales returns and discounts are recorded as reductions to sales and are included in revenue in the consolidated income statement.

Fair value of the consideration received or receivable is allocated between (1) the goods and/or services purchased and delivered and (2) the award credits that will be redeemed in the future, if applicable. The consideration allocated to the award credits is presented as 'deferred revenue' in the statement of financial position. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Expenses

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.

Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, losses on unwinding the discount on provisions, interest expense related to defined benefit plans, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Income tax

Income tax expense 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 tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to current tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets and liabilities are not recognised for temporary differences arising from the initial recognition of goodwill, the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects 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. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets, including deferred tax assets for tax loss carry forwards, are recognised to the extent that the company has sufficient taxable temporary differences or it is probable that future taxable profits will be available against which deductible temporary differences can be utilised and deferred tax assets realised. The recoverable amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not discounted.

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Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes are levied by the same fiscal authority.

Cash flows statement

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated operating result of Wessanen for expenses that are not cash flows (such as amortisation, depreciation and impairments), and for autonomous movements in consolidated working capital (respectively excluding the impact from acquisitions, divestments and foreign currency differences). Cash payments to employees and suppliers are all recognised as cash flows from operating activities. Operating cash flows also include the costs of financing of operating activities, income taxes paid on all activities, and spending on restructuring and other provisions.

Cash flows from investing activities

Cash flows from investing activities are those arising from net capital expenditure and from the acquisition and sale of subsidiaries and businesses. Cash and cash equivalents available at the time of acquisition or sale are deducted from the related payments or proceeds.

Cash flows from financing activities

Cash flows from financing activities comprise the cash receipts and payments from issued and repurchased shares, dividend, debt instruments and derivatives. Cash flows from short-term financing are also included.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. Cash flows in foreign currencies are translated into Euro at foreign exchange rates ruling at the date of transaction.

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. This includes the new standards that address the scope of the reporting entity. These standards – IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 – are to be implemented conjointly and clarify definition of control as a prerequisite for inclusion in consolidated financial statements. None of these, nor any of the other new standards, amendments and interpretations, is expected to have a significant effect on the consolidated financial statements of Wessanen, except for IFRS 9 *Financial Instruments* and the revised standard IAS 19 *Employee Benefits* (IAS 19R).

IFRS 9 becomes mandatory for the Wessanen 2015 consolidated financial statements (when endorsed by the European Union) and could change the classification and measurement of financial assets. Wessanen does not plan to adopt this standard early and the extent of the impact has not been determined.

IAS 19R becomes mandatory for the Wessanen 2013 consolidated financial statements and changes the accounting for defined benefit plans and termination benefits. IAS 19R is effective for annual periods beginning on or after 1 January 2013 and requires retrospective application with certain exceptions. Wessanen will adopt the amendments to IAS 19 in the Group's consolidated financial statements for the period beginning 1 January 2013.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. IAS 19R requires the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminates the 'corridor approach' permitted under the previous version of IAS 19 as well as accelerates the recognition of past service costs. IAS 19R requires all actuarial gains and losses, net of tax effects, to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Changes to defined benefit obligations will also be presented differently and will be split into three components: service cost, net interest and remeasurement.

If the revised standard would have been applied on 31 December 2012, the unrecognised actuarial gains and losses would be recognised through equity in "Other Comprehensive Income", resulting in an increase in equity of €9.0 before tax. The impact on the income statement for 2012 is estimated to result in €0.5 lower service costs and €1.2 higher net interest costs.

4. Determination of fair value

A number of the Group'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. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible assets

The fair value of brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. 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.

Inventories

The fair value of inventories 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 inventories.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price or another reliable fair value estimate at the balance sheet date. The fair value of held-to-maturity investments is determined for disclosure purposes only. If not quoted, and another reliable fair value estimation is not available, those investments are stated at (deemed) cost.

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.

Derivatives

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 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 interest rate (based on government bonds).

Non-derivative financial liabilities

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.

Share-based payment transactions

The fair value of restricted shares and performance incentive rights granted is recognised as personnel expense over the vesting period of the restricted shares and performance incentive rights with a corresponding increase in equity for equity-settled plans respectively provisions for cash-settled plans. For equity-settled plans, the fair value of restricted shares is measured at grant date and spread over the period during which the employees become unconditionally entitled to the restricted shares. For cash-settled plans the fair value of the performance incentive rights is remeasured at each balance sheet date. The fair value of the restricted shares granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

5. Acquisitions

In 2012 Wessanen made the following acquisitions of subsidiaries and non-controlling interests:

Grocery

In March 2012, Wessanen acquired 100% of the shares of Clipper Teas Ltd, UK market leader in organic and fair-trade teas, located in Dorset, UK. In the 10 months to 31 December 2012 Clipper Teas Ltd contributed €18.1 to the consolidated revenue and €(0.9) to the consolidated operating result for the period, including exceptional items of €(0.8). Besides exceptional items the operating result for the period was impacted by significant investments in advertising and promotion.

The acquisition had the following total effect on Wessanen's assets and liabilities:

	Acquired values	Fair value adjustments	Carrying amounts
Property, plant & equipment	3.4	1.6	5.0
Intangible assets	–	8.4	8.4
Inventories	4.3	–	4.3
Trade and other receivables	4.3	–	4.3
Net cash and cash equivalents	0.1	–	0.1
Deferred tax liabilities	–	(2.4)	(2.4)
Accounts payable, income tax payable and other liabilities	(5.3)	–	(5.3)
Net identifiable assets and liabilities	**6.8**	**7.6**	**14.4**
Goodwill on acquisition			6.1
Consideration paid			**20.5**
Cash and cash equivalents acquired			(0.1)
Net cash outflow			**20.4**

The total consideration of €21.5 (including acquisition costs of €1.0) was fully paid in cash.

The goodwill recognised on the acquisition of Clipper Teas Ltd is mainly attributable to the expected synergies to be achieved from integrating these businesses into Wessanen's UK business and the European roll-out opportunities. The goodwill is allocated to the cash-generating unit Grocery-UK.

If the acquisition had occurred on 1 January 2012, the acquired business would have contributed €21.8 to the consolidated revenue and €(1.3) to the consolidated profit.

IZICO

In July 2012, Royal Wessanen acquired the non-controlling interest of 35.9% in Favory Convenience Food Group held by Rabo Capital. The total consideration amounted to €5.0, of which €2.5 is deferred (payable in 2013).

The carrying amount of Favory Convenience Food Group's net assets on the date of acquisition amounted to €7.0. Following the acquisition, the Group recognised a decrease in non-controlling interests of €2.6 and a decrease in retained earnings of €2.4.

The 2012 cash outflow related to the acquisition of the non-controlling interest is presented as a cash outflow from financing activities.

In 2011 Wessanen made no acquisitions.

6. Segment information

The accounting policies used for the segments are the same as the accounting policies applied in the consolidated financial statements as described in Note 3.

Segment	Significant operating companies
Grocery	Distriborg France, Foodprints, Kallo Foods, Clipper Teas[1], CoSa, Bio Slym
HFS	Bio-Distrifrais-Chantenat, R. Bonneterre, Natudis Nederland, Kroon, Tartex, Allos, Tree of Life UK[2], Terradis[3]
IZICO	Beckers Benelux, Favory Convenience Food Group
American Beverage Corporation	American Beverage Corporation
Non-allocated	Corporate entities

1 Acquired as per 1 March 2012.
2 Divested as per 18 July 2011.
3 Previously Laboratoire Kalisterra, of which business activities were divested as per 1 October 2011.

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6. Segment information continued

2011	Grocery	HFS	IZICO	American Beverage Corporation	Non-allocated[4]	Eliminations	Total Wessanen
Income statement information							
Total revenue third parties	242.6	237.7	113.1	112.6	–	–	706.0
Inter-segment revenue	1.3	9.8	–	–	–	(11.1)	–
Total segment revenue	243.9	247.5	113.1	112.6	–	(11.1)	706.0
Operating result (EBIT)	15.6	(21.8)	(12.3)	11.1	(11.6)	–	(19.0)
Net financing costs							(3.5)
Profit/(loss) before income taxes							(22.5)
Statement of financial position							
Assets							
Assets related to operations	137.6	94.0	59.5	51.3	14.6	–	357.0
Deferred and current income tax	2.8	0.5	0.1	4.9	2.7	–	11.0
Total Assets	140.4	94.5	59.6	56.2	17.3	–	368.0
Liabilities							
Liabilities related to operations	84.5	31.3	32.5	8.5	43.2	–	200.0
Deferred and current income tax	–	–	1.3	–	0.6	–	1.9
Total Liabilities	84.5	31.3	33.8	8.5	43.8	–	201.9
Other information							
Investments in PP&E and IA[1]	2.4	1.7	4.7	1.9	2.7	–	13.4
Depreciation, amortisation	1.0	2.0	4.9	3.8	2.0	–	13.7
Impairments[2]	3.0	23.1	14.3	(0.8)	–	–	39.6
Total other non-cash items[3]	(0.5)	3.8	0.7	–	1.6	–	5.6
Average capital employed	63.3	83.5	50.7	39.9	10.9	–	248.3
Average number of employees	399	741	512	468	62	–	2,182

1 Investments in property, plant and equipment ('PPE') and intangible assets ('IA').

2 Including impairments on assets related to disposal groups (classified as held for sale) in the amount of €3.3 (HFS).

3 Total of provisions recognised, gain from disposals, and other non-cash and non-operating items as reflected in the consolidated statement of cash flows.

4 Non-allocated consists of corporate entities.

6. Segment information continued

2012	Grocery	HFS	IZICO	American Beverage Corporation	Non-allocated[3]	Eliminations	Total Wessanen
Income statement information							
Total revenue third parties	272.7	197.0	112.5	128.6	–	–	710.8
Inter-segment revenue	0.1	7.8	–	–	–	(7.9)	–
Total segment revenue	272.8	204.8	112.5	128.6	–	(7.9)	710.8
Operating result (EBIT)	1.5	(30.4)	(11.4)	6.3	(11.8)	–	(45.8)
Net financing costs							(3.8)
Profit/(loss) before income taxes							(49.6)
Statement of financial position							
Assets							
Assets related to operations	147.8	69.5	53.1	49.3	9.0	–	328.7
Deferred and current income tax	2.4	0.1	0.1	4.5	2.1	–	9.2
Total Assets	150.2	69.6	53.2	53.8	11.1	–	337.9
Liabilities							
Liabilities related to operations	75.4	41.6	38.8	6.4	69.7	–	231.9
Deferred and current income tax	2.4	0.1	1.4	–	0.5	–	4.4
Total Liabilities	77.8	41.7	40.2	6.4	70.2	–	236.3
Other information							
Investments in PP&E and IA[1]	1.3	1.6	1.4	1.5	1.3	–	7.1
Depreciation, amortisation	2.0	1.7	4.1	3.8	2.4	–	14.0
Impairments	15.8	23.9	7.0	0.1	–	–	46.8
Total other non-cash items[2]	4.0	6.4	6.4	–	0.2	–	17.0
Average capital employed	89.3	58.6	37.0	48.2	6.4	–	239.5
Average number of employees	434	630	487	451	62	–	2,064

1 Investments in property, plant and equipment ('PPE') and intangible assets ('IA').
2 Total of provisions recognised, gain from disposals, and other non-cash and non-operating items as reflected in the consolidated statement of cash flows.
3 Non-allocated consists of corporate entities.

Geographical information

	Revenue		Non-current assets[1]	
	2012	2011	2012	2011
The Netherlands (country of domicile)	137.8	146.6	25.4	35.5
France	234.7	237.7	24.0	24.9
United Kingdom	60.3	63.4	28.2	23.5
Other European countries	146.8	143.9	35.6	59.1
United States and Canada	127.5	111.7	31.0	34.0
Other countries	3.7	2.7	–	–
Total Group	710.8	706.0	144.2	177.0

1 Property, plant and equipment and intangible assets.

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7. Personnel expenses and remuneration Executive Board and Supervisory Board

Personnel expenses

Personnel expenses can be specified as follows:

	2012	2011
Salaries & wages	**78.5**	80.0
Severance payments and termination benefits	**12.8**	1.9
Social security	**20.6**	18.6
Defined contribution plans	**3.0**	2.5
Defined benefit plans	**0.7**	1.6
Share-based payment expenses	**–**	0.6
Other personnel expenses	**9.8**	10.3
Total personnel expenses	**125.4**	115.5

Severance payments and termination benefits mainly comprise additions to restructuring provisions as described in Note 22.

The average number of full-time employees in 2012 amounted to 2,064 (2011: 2,182). In the Netherlands, Wessanen employed on average 611 (2011: 649) full-time employees.

Executive Board remuneration expenses

In € thousands	Salary	Short-term bonuses	Share-based compensation[1]	Pension costs	Other compensation[2]	Total[3]
2011						
P.H. Merckens[4]	500	385	250	97	78	1,310
R.J.J.B. Merckx[5]	175	108	15	27	24	349
F.E. Eelkman Rooda[6]	152	61	19	44	12	288
Total	827	554	284	168	114	1,947
2012						
P.H. Merckens[7]	**510**	**125**	**186**	**117**	**189**	**1,127**
R.J.J.B. Merckx[8]	**331**	**65**	**34**	**60**	**82**	**572**
Total	**841**	**190**	**220**	**177**	**271**	**1,699**

1 Share-based compensation represents the share-based compensation expense calculated under IFRS 2 related to the Executive Board. The fair value of the share-based compensation grants is expensed on a straight-line basis over the vesting period of the grants.

2 Other compensation in 2012 includes a one-off 'crisis levy' of €168 thousand (Mr. Merckens: €122 thousand, Mr. Merckx: €46 thousand). This one-off crisis levy is based on the 'Budget Agreement 2013 Tax Measures Implementation Act', which came into effect on 18 July 2012.

3 Total remuneration expenses, for both 2011 and 2012, does not include any termination benefits. Contract termination costs for Mr. Eelkman Rooda (of €365 thousand) were recognised in 2010, and awarded in 2011.

4 P.H. Merckens started his employment with Wessanen on 1 April 2010, was appointed as member of the Executive Board by the AGM on 14 April 2010 and became CEO as per 1 June 2010.

5 R.J.J.B. Merckx started his employment with Wessanen on 1 June 2011, was appointed as member of the Executive Board by the AGM on 19 April 2011 and became CFO as per 1 June 2011.

6 F.E. Eelkman Rooda stepped down as CFO of Wessanen as per 31 May 2011.

7 The Company provided Mr. Merckens with a base salary of €513 thousand on an annual basis as per 1 April 2012.

8 The Company provided Mr. Merckx with a base salary of €350 thousand on an annual basis as per 1 July 2012.

Remuneration policy

The remuneration for the members of the Executive Board comprises a base salary and related pension benefits and, subject to meeting performance criteria, short-term bonus and restricted shares. The composition of the remuneration package is subject to annual review by the Selection, Appointment and Remuneration Committee (SARC). The main elements of the Remuneration Policy are included in the Annual Report.

The Dutch members of the Executive Board are eligible to participate in the Wessanen Pension Plan. As of January 2007, the Wessanen Pension Plan has been changed (for all participants born after January 1, 1950) from a final pay system to an average pay system with a maximum of €85,000. Above the amount of €85,000 a defined contribution system is applicable. The pension policy for members of the Executive Board is based on retirement at the age of 65.

Short-term bonuses to members of the Executive Board are granted according to performance criteria which in 2012 were based on earnings before interest, taxation and exceptional items ('EBITE'), annual revenue and net working capital (defined as the net balance of inventory, trade receivables, other receivables and prepayments, trade payables and non-trade payables and accrued expenses) and personal targets (for 30%, 30%, 10% and 30% respectively).

Restricted shares were granted in 2012 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years, as described in Note 8. Based on this plan, Wessanen granted 138,030 share rights to members of the Executive Board in 2012. In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. Further reference is made to the Remuneration Report (page 55).

7. Personnel expenses and remuneration Executive Board and Supervisory Board continued

Supervisory Board remuneration expenses

	Fixed		Other compensation[1]		Total	
In € thousands	2012	2011	2012	2011	2012	2011
F.H.J. Koffrie	65	65	4	4	69	69
F. van Oers	55	55	3	3	58	58
J.G.A.J. Hautvast[2]	50	50	3	3	53	53
I.M.C.M. Rietjens[3]	35	–	2	–	37	–
M.M. van Zuijlen[4]	32	–	2	–	34	–
R.K. Kluiber[5]	14	–	1	–	15	–
Total	251	170	15	10	266	180

1 Other compensation includes expense allowances.
2 J.G.A.J. Hautvast was re-appointed as member of the Supervisory Board on 17 April 2012 for a term of one year.
3 I.M.C.M. Rietjens was appointed as member of the Supervisory Board on 17 April 2012 for a term of four years.
4 M.M. van Zuijlen was appointed as a member of the Supervisory Board on 17 April 2012 for a term of four years.
5 R.K. Kluiber was appointed as a member of the Supervisory Board on 5 September 2012 for a term of four years.

Members of the Supervisory Board each receive a fixed fee of €45,000, excluding expenses. The Chairman of the Supervisory Board is awarded an additional fee of €20,000, the Chairman of the Audit Committee is awarded an additional fee of €10,000 and the Chairman of the SARC and NFSC are each awarded an additional fee of €5,000. The proportionate amounts are included above, if applicable.

No loans, advances or related guarantees were provided to the present or former members of the Executive Board or the Supervisory Board. The Chairman of the Supervisory Board owns 101,639 shares in the Company.

8. Share-based payments

Stock options, restricted share and performance incentive right plans are long-term incentives that aim to reward eligible employees for their contribution, loyalty and commitment to Wessanen. As of 2005, the Long Term Incentive Plan no longer comprises a stock option plan. All Wessanen restricted shares granted to the Executive Board are equity-settled share-based payments. The performance incentive rights granted to other employees are, in principle, cash-settled share-based payments.

Based on the Long Term Incentive Plan 2012, applicable as of June 2012, Wessanen granted restricted shares to the Executive Board and performance incentive rights to other employees. Furthermore, Wessanen granted additional unconditional restricted shares and performance incentive rights under the Long Term Incentive Plan 2011 to eligible other employees in 2012. Delivery of the restricted shares respectively payment of the remuneration in cash generally depends on the achievement of performance hurdles, in addition to a three year service condition. If a participant ceases to be employed by the Group for any other reason than death, disability or retirement, during the test period, all granted stock options, restricted shares and performance incentive rights lapse automatically unless otherwise decided by the Supervisory Board respectively Executive Board. As the performance hurdles for the Long Term Incentive Plan 2010 were not met, all 2010 conditional restricted shares and performance incentive rights granted forfeited.

All costs of the plans are borne by the Group; any and all taxes which arise are for the sole risk and account of the eligible employee.

The fair value of services received in return for restricted shares granted to the Executive Board and performance incentive rights granted to other employees are measured by reference to the fair value of Wessanen's shares. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model. The model inputs for the valuation of the restricted shares granted to the members of the Executive Board and other employees can be specified as follows:

	Executive Board		Other employees	
	2012	2011	2012	2011
Share price at grant date	2.11	3.01	2.11	3.01
Expected volatility	39.0%	44.0%	39.0%	44.0%
Term (in years)[1]	5	5	3	3
Expected dividend	0.05	0.05	0.05	0.05
Risk free interest rate	0.9%	1.8%	0.9%	1.8%
Fair value at measurement date	0.97	1.76	1.12	2.09

1 In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. The test period is three years.

The expected volatility has been determined based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. Restricted shares as well as performance incentive rights are, in principle, granted under service conditions and market conditions. Only market conditions are taken into account in the fair value measurement of the restricted shares respectively performance incentive rights at grant date of the services received.

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8. Share-based payments continued

The main conditions of the stock option plans, the restricted share plans and the performance incentive right plans issued can be summarised as follows:

Stock option plans	Number of instruments	Vesting conditions	Contractual life
2004	595,530	Three years of service, profitability target 2004 greater than 0%, performance rating versus peer group at second anniversary of grant	8 years

Restricted share plans	Number of instruments	Vesting conditions	Contractual life[1]
2010	280,800	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2011	133,880	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2011	156,234	Three years of service and no performance hurdles (restricted shares granted to eligible Other employees)	3 years
2012	138,030	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years

Performance incentive right plans	Number of instruments	Vesting conditions	Contractual life
2010	329,500	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2011	115,350	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2011	471,723	Three years of service and financial performance hurdles (performance incentive rights granted to eligible Other employees)	3 years
2012	88,900	Three years of service and financial performance hurdles (performance incentive rights granted to eligible Other employees)	3 years

1 In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting.

The total shareholder return ('TSR') performance involves a comparison between the TSR of a peer group of leading multinational food companies over the same period. The peer group in 2012 consists the following companies: Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

In 2012, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €0.0 (2011: €0.6). As at 31 December 2012, other provisions include an amount of €0.2 (2011: €0.5) related to cash-settled share-based payments (see Note 22).

Stock options

The movement in the number of outstanding options is as follows:

	31 December 2011	Granted	Exercised	Forfeited/ other changes	**31 December 2012**
Other (former) employees					
2004	176,981	–	–	(176,981)	**–**
Total	176,981	–	–	(176,981)	**–**

8. Share-based payments continued

Restricted shares

The movement in the number of outstanding restricted shares is as follows:

	31 December 2011	Granted	Delivered	Forfeited/other changes	**31 December 2012**	To be delivered in[1]
Members of the Executive Board						
P.H. Merckens						
2010[2]	53,750	–	(53,750)	–	**–**	
2010[2]	53,750	–	–	–	**53,750**	April 2013
2010	80,650	–	–	(80,650)	**–**	
2011	90,580	–	–	–	**90,580**	June 2014
2012	–	91,600	–	–	**91,600**	June 2015
R.J.J.B. Merckx						
2011	43,300	–	–	–	**43,300**	June 2014
2012	–	46,430	–	–	**46,430**	June 2015
Former members of the Executive Board						
F.E. Eelkman Rooda						
2010	38,900	–	–	(38,900)	**–**	
Total (former) members of the Executive Board	360,930	138,030	(53,750)	(119,550)	**325,660**	
Other (former) employees						
2011[2,3]	147,209	9,025	–	(36,260)	**119,974**	June 2014
Total	508,139	147,055	(53,750)	(155,810)	**445,634**	

1 In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. The test period is three years similar to the shares granted to Other employees.

2 No performance hurdles.

3 In 2012, the Company granted additional unconditional restricted shares under the Long Term Incentive Plan 2011 to eligible other employees.

Performance incentive rights

The movement in the number of outstanding performance incentive rights is as follows:

	31 December 2011	Granted	Delivered	Forfeited/other changes	**31 December 2012**	To be delivered in[1]
Other (former) employees[1]						
2010	278,250	–	–	(278,250)	**–**	
2011[2]	539,365	38,508	–	(64,462)	**513,411**	June 2014
2012	–	88,900	–	(300)	**88,600**	June 2015
Total	817,615	127,408	–	(343,012)	**602,011**	

1 A performance incentive right is a conditional right as set by the Company to receive remuneration in cash, whereby each performance incentive right has a value that is equal to the closing price of a share at Euronext Amsterdam on the day prior to the date of vesting. A performance incentive right does not entitle the employee to any right related to the share of the Company including but not limited to dividend or the right to vote.

2 In 2012, the Company granted additional performance incentive rights under the Long Term Incentive Plan 2011 to eligible other employees.

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9. Net financing costs

	2012	2011
Interest income	**–**	–
Interest expense	**(1.3)**	(1.4)
Net foreign exchange gain/(loss)	**(0.3)**	(0.1)
Interest expense defined benefit plans	**(1.6)**	(1.7)
Transaction and commitment fees	**(0.4)**	(0.4)
Other	**(0.2)**	0.1
Total other financial income and expense	**(2.5)**	(2.1)
Net financing costs	**(3.8)**	(3.5)

Interest expense primarily originates from Wessanen's credit facilities to fund operations, resulting in a recognised interest expense in 2012 of €1.3 (2011: €1.4). See Note 20 for more information on the interest-bearing loans and borrowings.

Foreign exchange results on financing transactions and on financial assets and liabilities are presented as part of total net foreign exchange gain/(loss). Wessanen mitigates its foreign currency exchange exposure by entering into various financial instruments. For more information on Wessanen's foreign currency exposure and financial risk management reference is made to Note 24.

10. Income tax expense

The income tax expense for the year 2012 amounted to €3.9 (2011: gain of €1.5) and can be specified into current and deferred tax components as follows:

	2012	2011
Current income tax expense		
Current income tax expense	**(4.4)**	(3.9)
Adjustment for prior years	**–**	0.7
Total current income tax expense	**(4.4)**	(3.2)
Deferred income tax gain		
Change in income tax rate	**–**	–
Deferred taxation relating to temporary differences	**0.3**	1.1
Recognition of income tax losses	**0.3**	–
Utilisation of income tax losses	**–**	(3.9)
Benefit from previously unrecognised income tax losses	**5.7**	8.3
Reversal/(write-down) of deferred tax assets	**(0.7)**	(1.1)
Over/(under) provided in prior years and other	**(5.1)**	0.3
Total deferred income tax gain	**0.5**	4.7
Total income tax gain/(expense)	**(3.9)**	1.5

10. Income tax expense continued

Effective income tax rate

The Group's operating activities are subject to income taxes in various countries with statutory income tax rates between 24% and 38%.

The following table reconciles the domestic income tax rate as a percentage of profit before income tax with the effective income tax rate as shown in the consolidated income statement.

Reconciliation of effective income tax rate	2012	2011
Profit/(loss) before income tax	**(49.6)**	(22.5)
Income tax using the domestic income tax rate	**12.4**	5.6
Effect of income tax rates in foreign jurisdictions	**(0.3)**	(1.8)
Non-deductible expenses and tax exempt income	**(11.0)**	(9.6)
Recognition of unrecognised income tax losses	**5.7**	8.3
Unrecognised income tax losses for the year	**(4.9)**	(0.9)
Reversal/(write-down) of deferred tax assets	**(0.7)**	(1.1)
Over/(under) provided in prior years and other	**(5.1)**	1.0
Income tax gain/(expense) in income statement	**(3.9)**	1.5
Effective income tax rate	**(7.8)%**	6.6%

Non-deductible expenses and tax exempt income in both 2012 and 2011 mainly result from non-deductible goodwill impairment losses recognised. In addition, non-deductible expenses in 2011 include the recycling of a net cumulative foreign exchange loss deferred in equity of €2.0 following divestment of Tree of Life UK in July 2011.

Unrecognised income tax losses in 2012 mainly relate to income tax losses incurred in the Netherlands due to restructuring costs as well as (tax-deductible) impairment losses at Favory Convenience Food Group following the decision to close the snack plant in Deurne.

Prior year adjustments in 2012 mainly include the income tax effect (loss) of the fiscal upward revaluation of the intercompany loans; this effect is fully offset by an opposite benefit from (previously) unrecognised income tax losses.

The recognition of unrecognised income tax losses in 2011 of €8.3 mainly relates to income tax losses utilised and recognised at ABC in 2011 as a result of improved business performance following increased consumer demand, a strong increase of Ready-to-Drink pouches volumes, and related realised production efficiencies.

11. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of outstanding shares, which can be specified as follows:

	2012	2011
Profit attributable to equity holders of Wessanen		
Profit/(loss) after income tax	**(53.5)**	(21.0)
Non-controlling interests	**0.3**	3.9
Profit/(loss) for the period attributable to equity holders of Wessanen	**(53.2)**	(17.1)

	2012	2011
Number of ordinary shares (in thousands)		
Issued ordinary shares	**75,992**	75,992
Own shares, held by the Company	**(310)**	(327)
Number of ordinary shares at year end	**75,682**	75,665
Weighted average number of ordinary shares	**75,688**	75,343
Earnings per share	**(0.70)**	(0.23)

Diluted earnings per share

In the calculation of diluted earnings per share, the applicable profit and the weighted average number of outstanding shares are adjusted for the potential impact of stock options exercised and restricted shares delivered.

	2012	2011
Weighted average number of ordinary shares (diluted) (in thousands)		
Weighted average number of ordinary shares	**75,688**	75,343
Effect of restricted shares	**174**	389
Weighted average number of ordinary shares (diluted)	**75,862**	75,732
Diluted earnings per share	**(0.70)**	(0.23)

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12. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2011					
Carrying value at beginning of year	28.5	47.1	6.6	3.6	85.8
Effect of movements in foreign exchange rates	0.5	0.5	0.1	0.1	1.2
Capital expenditure	1.4	2.7	1.9	4.2	10.2
Completed construction	0.2	2.0	0.1	(2.3)	–
Reclassifications	3.1	(2.9)	(0.1)	–	0.1
Disposal	–	(0.1)	(0.1)	–	(0.2)
Depreciation	(2.5)	(6.8)	(2.1)	–	(11.4)
Impairment	–	1.0	(0.3)	–	0.7
Carrying value at year end	31.2	43.5	6.1	5.6	86.4
Accumulated depreciation and impairment losses	36.3	89.0	15.7	–	141.0
Cost at year end	67.5	132.5	21.8	5.6	227.4
2012					
Carrying value at beginning of year	**31.2**	**43.5**	**6.1**	**5.6**	**86.4**
Effect of movements in foreign exchange rates	**(0.1)**	**(0.4)**	**–**	**0.1**	**(0.4)**
Capital expenditure	**0.5**	**1.9**	**1.4**	**1.9**	**5.7**
Acquisitions through business combinations[1]	**3.2**	**0.7**	**1.2**	**–**	**5.1**
Completed construction	**0.4**	**2.0**	**0.1**	**(2.5)**	**–**
Reclassifications	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Disposal	**(0.1)**	**(0.1)**	**–**	**–**	**(0.2)**
Depreciation	**(2.6)**	**(7.3)**	**(1.6)**	**–**	**(11.5)**
Impairment	**(3.7)**	**(3.4)**	**–**	**–**	**(7.1)**
Carrying value at year end	**28.8**	**36.9**	**7.2**	**4.5**	**77.4**
Accumulated depreciation and impairment losses	**42.3**	**96.3**	**17.4**	**–**	**156.0**
Cost at year end	**71.1**	**133.2**	**24.6**	**4.5**	**233.4**

1 Reference is made to Note 5.

Impairments

In 2012 impairments on property, plant and equipment have been recognised by Favory Convenience Food Group (IZICO) and American Beverage Corporation (ABC) in the amount of €7.0 and €0.1 respectively. The impairment loss recognised by Favory Convenience Food Group relates to the production plant in Deurne, which plant will be closed in March 2013. The impairments in 2011 (a net reversal of €0.7) consist of impairments recognised by Kroon (HFS) and ABC in the amount of €0.1 and €1.5 respectively. These impairment charges were more than offset by a reversal of impairments recognised by ABC in the amount of €2.3, due to substantially improved business performance.

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 12.7% (2011: 12.1%) in respect of our UK businesses and 11.6% (2011: 12.8%) in respect of our other European businesses.

Security

Except for the leased assets, no other restrictions on title exist and no property, plant and equipment is pledged as security for liabilities.

13. Intangible assets

	Goodwill	Brands	Customer relationships	Software	Development expenses and other	Total
2011						
Carrying value at beginning of year	99.3	16.8	3.5	6.3	0.2	126.1
Effect of movements in foreign exchange rates	0.6	0.1	–	(0.1)	0.1	0.7
Capital expenditure and additions	1.1	–	–	2.0	0.1	3.2
Reclassifications	–	–	(0.1)	–	–	(0.1)
Amortisation	–	–	(0.7)	(1.5)	(0.1)	(2.3)
Impairment	(32.9)	(1.4)	(2.7)	–	–	(37.0)
Carrying value at year end	68.1	15.5	–	6.7	0.3	90.6
Accumulated amortisation and impairment losses	64.9	11.1	13.8	7.3	4.0	101.1
Cost at year end	133.0	26.6	13.8	14.0	4.3	191.7
2012						
Carrying value at beginning of year	**68.1**	**15.5**	**–**	**6.7**	**0.3**	**90.6**
Effect of movements in foreign exchange rates	**0.5**	**0.2**	**–**	**–**	**0.1**	**0.8**
Capital expenditure and additions	**––**	**–**	**–**	**2.1**	**0.1**	**2.2**
Acquisitions through business combinations[1]	**6.3**	**7.2**	**1.3**	**–**	**–**	**14.8**
Reclassifications	**–**	**–**	**–**	**0.3**	**0.3**	**0.6**
Amortisation	**–**	**–**	**(0.1)**	**(2.2)**	**(0.2)**	**(2.5)**
Impairment	**(39.5)**	**–**	**–**	**–**	**(0.2)**	**(39.7)**
Carrying value at year end	**35.4**	**22.9**	**1.2**	**6.9**	**0.4**	**66.8**
Accumulated amortisation and impairment losses	**102.0**	**11.1**	**13.8**	**9.1**	**4.5**	**140.5**
Cost at year end	**137.4**	**34.0**	**15.0**	**16.0**	**4.9**	**207.3**

1 Reference is made to Note 5.

Capital expenditure and additions

Final settlement with the former shareholders of Favory Convenience Food Group in 2011 resulted into payment of an additional cash consideration of €1.1, (initially) recognised as additional goodwill allocated to Favory Convenience Food Group (IZICO).

Impairment testing for cash-generating units containing goodwill and brands

Goodwill and brands with an indefinite life are tested for impairment annually, or more frequently if there are indications that a particular cash-generating unit might be impaired.

The following cash-generating units have significant carrying values of goodwill and brands:

	31 December 2012			31 December 2011		
Cash-generating unit	**Goodwill**	**Brands**	**Total**	Goodwill	Brands	Total
Grocery – France	**10.4**	**9.1**	**19.5**	10.4	9.1	19.5
Grocery – UK	**11.1**	**10.5**	**21.6**	20.1	3.1	23.2
Grocery – Benelux	**4.6**	**–**	**4.6**	4.6	–	4.6
Total Grocery	**26.1**	**19.6**	**45.7**	35.1	12.2	47.3
HFS – France	**–**	**–**	**–**	0.3	–	0.3
HFS – Germany/Tartex & Dr. Ritter	**–**	**1.2**	**1.2**	19.9	1.2	21.1
HFS – Germany/Allos	**9.3**	**2.1**	**11.4**	12.8	2.1	14.9
Total HFS	**9.3**	**3.3**	**12.6**	33.0	3.3	36.3
Carrying value at year end	**35.4**	**22.9**	**58.3**	68.1	15.5	83.6

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generating units in the table above were sales growth rates, operating profit (margin) and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover an initial period from 2013 to 2015 that matches the period used for our strategic review. Projections were extrapolated with stable growth rates for a period of 2 years, after which a terminal value was calculated. For the terminal value calculation, growth rates were capped at an average inflation rate of 2.0%.

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 12.7% (2011: 12.1%) in respect of our UK businesses and 11.6% (2011: 12.8%) in respect of our other European businesses. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

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13. Intangible assets continued

Based on the annual impairment test the recoverable amounts for certain cash-generating units were estimated to be lower than the carrying amounts and therefore impairment losses were identified as follows:

Cash-generating unit	Reportable segment	**Amount of impairment 2012**	Amount of impairment 2011
Grocery – UK	Grocery	**15.8**	–
Grocery – Italy	Grocery	**–**	3.0
HFS – France	HFS	**0.5**	–
HFS – Germany/Tartex & Dr. Ritter	HFS	**19.9**	–
HFS – Germany/Allos	HFS	**3.5**	–
HFS – Benelux	HFS	**–**	19.7
IZICO – Favory Convenience Food Group	IZICO	**–**	14.3
Total		**39.7**	**37.0**

Grocery – UK
The annual impairment test resulted in a goodwill impairment of €15.8. This was mainly as a consequence of lower growth projections for Kallo dairy alternatives, the loss of a private label contract and an adverse movement in the pre-tax discount rate.

HFS – France
The annual impairment test resulted in €0.3 impairment of goodwill and €0.2 impairment of other intangibles. Predominantly as a result of a weaker market outlook.

HFS – Germany/Tartex & Dr. Ritter
The annual impairment test resulted in a goodwill impairment of €19.9. A lower growth projection for the Reformhaus channel, which is in decline, is the largest contributor. In addition, the growth of the private label business is negatively impacted by the insolvency of one of our customers.

HFS – Germany/Allos
The annual impairment test resulted in a goodwill impairment of €3.5. This was mainly as a consequence of lower growth projections for two core product categories and limitations in translating factory input costs into price increases.

Additional information
After the impairment charge mentioned above, the estimated recoverable amount for Grocery – UK, and HFS – Germany/Allos equals their respective carrying value. Consequently, any adverse change in key assumptions would, individually, cause a further impairment loss to be recognised.

After the impairment charge mentioned above the remaining carrying values of goodwill at HFS – France respectively HFS – Germany/Tartex & Dr. Ritter are nil.

The result of the annual impairment test of Grocery – France has indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

Based on the annual impairment test, it was noted that the headroom for the cash-generating unit Grocery – Benelux was limited. An increase of 50 basis points in the pre-tax discount rate, a 102 points decline in the compound sales growth rate or a 7% decrease in terminal value would cause its value in use to fall to the level of its carrying value. Goodwill allocated to Grocery – Benelux at 31 December 2012 amounts to €4.6.

Security
No restrictions on title exist and no intangible assets are pledged as security for liabilities.

14. Other investments

Other investments mainly include debt securities and long term receivables of €1.1 (2011: €1.0).

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The significant components of deferred tax assets and liabilities can be specified as follows:

	Balance 1 January 2011	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2011
Provisions	0.5	–	–	–	–	0.5
Trade and other payables and accrued expenses	1.2	–	–	–	0.1	1.3
Tax of loss carry-forward	3.3	0.2	–	4.7	–	8.2
Total deferred tax assets	5.0	0.2	–	4.7	0.1	10.0
Property, plant and equipment	(1.8)	–	–	0.2	–	(1.6)
Intangible assets	(0.8)	–	–	(0.2)	–	(1.0)
Total deferred tax liabilities	(2.6)	–	–	–	–	(2.6)
Net deferred tax assets	2.4	0.2	–	4.7	0.1	7.4

	Balance 1 January 2012	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2012
Provisions	**0.5**	**–**	**–**	**1.0**	**–**	**1.5**
Trade and other payables and accrued expenses	**1.3**	**–**	**–**	**(0.1)**	**–**	**1.2**
Tax of loss carry-forward	**8.2**	**–**	**–**	**(0.6)**	**–**	**7.6**
Other	**–**	**–**	**–**	**0.5**	**–**	**0.5**
Total deferred tax assets	**10.0**	**–**	**–**	**0.8**	**–**	**10.8**
Property, plant and equipment	**(1.6)**	**–**	**(0.4)**	**(0.2)**	**–**	**(2.2)**
Intangible assets	**(1.0)**	**–**	**(2.0)**	**(0.1)**	**–**	**(3.1)**
Total deferred tax liabilities	**(2.6)**	**–**	**(2.4)**	**(0.3)**	**–**	**(5.3)**
Net deferred tax assets	**7.4**	**–**	**(2.4)**	**0.5**	**–**	**5.5**

	31 December 2012	31 December 2011
Net deferred tax assets/(liabilities) are presented as follows:		
Deferred tax assets presented under non-current assets	**9.2**	8.8
Deferred tax liabilities presented under non-current liabilities	**(3.7)**	(1.4)
Net deferred tax assets	**5.5**	7.4

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15. Deferred tax assets and liabilities continued

Unrecognised/impaired deferred tax assets

The unrecognised/impaired deferred tax assets can be specified as follows per expiration date:

	31 December 2012
Expiration date 2013	–
Expiration date 2014	–
Expiration date 2015	2.1
Expiration date 2016	–
Expiration date 2017 and future years	131.3
Indefinite	12.6
Total unrecognised/impaired deferred tax assets	146.0

Up to and including 2012 Wessanen has unrecognised deferred tax assets related to temporary differences and tax losses carried forward , mainly relating to the United States and the Netherlands, for the amount of €146.0 in total (2011: €117.4).

16. Inventories

	31 December 2012	31 December 2011
Finished products	56.7	57.0
Semi-finished products	0.6	0.5
Raw materials and supplies	14.9	9.9
Prepayments on inventories	0.1	0.1
Total inventories	72.3	67.5

In 2012 the write-down of inventories to net realisable value amounted to €0.7 (2011: €0.7). The write-down is included in cost of raw materials and supplies.

17. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €3.0 (2011: €3.5) arising from identified doubtful receivables from customers.

The Group's exposure to credit and currency risks and impairments losses related to trade and other receivables and prepayments are disclosed in Note 24.

18. Cash and cash equivalents

	31 December 2012	31 December 2011
Cash and cash equivalents	9.7	8.2
Bank overdrafts	(1.4)	(2.9)
Cash and cash equivalents in the statement of cash flows	8.3	5.3

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2012.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24.

19. Equity attributable to equity holders of Wessanen

Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2012 consists of 300 million ordinary shares (2011: 300 million shares) with a nominal value of €1.00, of which 76.0 million shares were issued and paid-up (2011: 76.0 million shares).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings of Wessanen. The Company's shares that are held by Wessanen are entitled to dividend.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares, held by Wessanen. As at 31 December 2012 Wessanen held 310 thousand shares (2011: 327 thousand).

The movements in the reserve for own shares can be summarised as follows:

	2012		2011	
	Number of shares x 1,000	Amount	Number of shares x 1,000	Amount
Balance at beginning of the year	327	(2.6)	376	(3.0)
Stock dividend	–	–	6	–
Re-allocated shares[1]	37	–	–	–
Share options exercised/shares delivered	(54)	0.4	(55)	0.4
Balance at year end	310	(2.2)	327	(2.6)

1 Shares re-allocated by trust company to Wessanen.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (foreign currency forward contracts) related to hedged transactions that have not yet occurred.

Other legal reserves

In accordance with the Dutch Civil Code, a legal reserve is established of €1.4 as at 31 December 2012 (2011: €1.5) related to the capitalisation of (software) development expenses (see Note 13).

Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 0.05 eurocent per share will be paid in 2013 with respect to 2012. This dividend is subject to approval by the General Meeting and has not been included as a liability on the consolidated statement of financial position as per 31 December 2012. The payment of this dividend will not have income tax consequences for the Company.

	2012	2011
Dividends declared and paid in the year	(6.1)	(1.3)

20. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

	31 December 2012			31 December 2011		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Syndicated loans	–	60.7	60.7	–	34.6	34.6
Other long-term loans	2.5	–	2.5	0.1	2.8	2.9
Total	2.5	60.7	63.2	0.1	37.4	37.5

The current portion of the interest-bearing loans and borrowings, due to be paid in 2013, is included in current liabilities.

Syndicated loans

Syndicated loans consist of €61 floating rate borrowings as at 31 December 2012 (2011: €35) under a €100 (2011: €100) credit facility, net of €0.3 (2011: €0.4) capitalised financing costs.

The facility, which is scheduled to mature in February 2014, has various general and financial covenants in place which are customary for its type, amount and tenor. Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net result, excluding major non-recurring items. There are certain restrictions in place in case of acquisitions.

The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 month and 1 year. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

Interest is based on EURIBOR plus a margin. During 2012, the margin was between 100-225 basis points dependent on the net debt to EBITDAE ratio. The average interest rate for 2012 is 1.7% (2011: 2.7%).

Other long-term loans

Other long-term loans as at 31 December 2012 consist of a deferred consideration of €2.5 related to the acquisition of the non-controlling interest in Favory Convenience Food Group. Interest is based on 3 months EURIBOR plus a margin of 100 basis points. Last year, other long-term loans consisted of €2.0 floating rate borrowings under a €5.5 credit facility and other floating rate bank loans of €0.9, both to Favory Convenience Food Group, which borrowings both were repaid in September 2012. The average interest rate for 2012 related to these borrowings was 3.4% (2011: 4.7%).

21. Employee benefits

Defined benefit plans

Wessanen and its subsidiaries make contributions to defined benefit plans in the Netherlands and France, that provide pension benefits for employees upon retirement. Wessanen pays benefits directly to employees upon retirement in Germany. These are final-pay and average-pay plans, based on the employees' years of service and compensation near retirement.

The schemes in the Netherlands and France are administered by industry pension funds and life insurance companies. The schemes in Germany are administered by Wessanen.

The net obligation for defined benefit plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value while the fair value of any plan asset is deducted. The discount rate used is the yield on high-quality corporate bonds of a currency and maturity consistent with the currency and maturity of the post-employment defined benefit obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

The pension liabilities in the scheme for corporate staff in the Netherlands (€65.9) are directly insured with Zwitserleven. The fair value of the insurance asset amounts to €63.3, which equals the value in the separate account with the insurer.

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21. Employee benefits continued

Multi-employer plans

The Dutch companies are engaged in multi-employer plans with 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' and 'Stichting Bedrijfspensioenfonds voor de vlees, vleeswaren- en de gemaksvoedingindustrie'. These multi-employer plans are defined benefit plans, though accounted for as if they were defined contribution plans because it is not possible to identify Wessanens' shares of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This is due to the fact that the plans expose the participating entities to actuarial risks associated with the current and former employees of other entities. Surpluses or deficits for the mentioned plans are determined on the basis of 'Actuariële principes pensioenfondsen' and 'Richtlijnen van De Nederlandse Bank 30 September 2002'. The 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' ('GIL') and the 'Stichting Bedrijfspensioenfonds voor de vlees-, vleeswaren- en de gemaksvoedingindustrie'('VLEP') both show a deficit compared to the minimum required coverage. Recovery plans have been made comprising of adjustments in contributions and restriction of indexations, and in case of VLEP the plans also include adjustment in pensions. These recovery plans and information concerning the future contributions are publicly available on the websites of both industry pension funds.

Defined contribution plans

At the North American companies, pension arrangements consist of defined contribution plans.

The components of the employee benefits for the years ending 31 December 2012 and 2011 respectively are shown in the following tables.

Defined benefit plans

	31 December 2012	31 December 2011
Present value of unfunded obligations	**3.5**	2.7
Present value of funded obligations	**94.4**	78.0
Total present value of obligations	**97.9**	80.7
Fair value of plan assets	**(83.3)**	(72.0)
Deficit	**14.6**	8.7
Unrecognised actuarial gains and losses	**9.8**	15.8
Unrecognised past service costs	**(0.8)**	(0.9)
Net liability for defined benefit obligations	**23.6**	23.6
Other employee benefits	**0.5**	0.4
Total liability employee benefits	**24.1**	24.0

Movement in the liability for defined benefit obligations

	2012	2011
Liability for defined benefit obligations at beginning of year	**80.7**	78.8
Benefits paid	**(3.6)**	(3.0)
Employee contributions	**0.2**	0.1
Current service costs	**1.7**	1.8
Interest costs	**4.4**	4.2
Curtailments and settlements	**(0.5)**	–
Actuarial (gains)/losses	**15.0**	(1.2)
Liability for defined benefit obligations at year end	**97.9**	80.7

Movement in plan assets

	2012	2011
Fair value of plan assets at beginning of year	**72.0**	66.8
Employer contributions	**2.4**	2.0
Employee contributions	**0.2**	0.1
Benefits paid	**(3.6)**	(3.0)
Expected return on plan assets	**2.8**	2.5
Actuarial gains/(losses)	**9.5**	3.6
Fair value of plan assets at year	**83.3**	72.0

Plan assets

The pension plan asset allocation can differ per plan, and can be specified as follows (on a weighted averaged basis):

	31 December 2012	31 December 2011
Equity securities	**2.7%**	3.6%
Bonds	**73.3%**	78.4%
Other	**24.0%**	18.0%
Total	**100.0%**	100.0%

Expense recognised in the income statement

	2012	2011
Current service costs	**1.7**	1.8
Past service costs	**0.1**	0.1
Interest costs	**4.4**	4.2
Expected return on plan assets	**(2.8)**	(2.5)
Amortisation unrecognised net (gain)/loss	**(0.6)**	(0.3)
Gains on curtailments and settlements	**(0.5)**	–
Total expense	**2.3**	3.3

21. Employee benefits continued

The expense is recognised in the following line items in the income statement:

	2012	2011
Personnel expenses	0.7	1.6
Net financing costs	1.6	1.7
Total expense	**2.3**	3.3

	2012	2011
Actual return on plan assets	**12.3**	6.1

The expected contributions for defined benefit plans in 2013 amount to €1.9.

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	2012 Euro-zone	2011 Euro-zone
Discount rate at year end	3.0-3.5%	5.3-5.8%
Expected return on plan assets at year end	3.0-3.5%	3.9-5.8%
Future general salary increases	2.0-3.0%	2.0-3.0%
Price inflation	2.0%	2.0%
Future pension increases	0.0-2.0%	1.0-2.0%

The increase of the Company's present value of defined benefit obligations is mainly driven by the decrease of the applied discount rate at year end as shown in the table above. This increase of the defined benefit obligations is partly offset by the following changes in the assumption of future pension increases:

The assumption of future pension increases, for inactive participants of the pension scheme of corporate staff in the Netherlands, is adjusted from 2.0% in 2011 to 0.0% in 2012, as the Company has no formal obligation to index the pensions of inactive participants. The change in assumption had an impact on the present value of obligations respectively the fair value of plan assets of €(17.7) respectively €0.7, which is almost entirely offset by an increase of the unrecognised actuarial gains or losses by €18.3. As a consequence, the change in assumption had an effect on the net liability for defined benefit obligations of €0.1.

The assumption of future pension increases of two other schemes in the Netherlands is adjusted from a 2.0% year-on-year indexation towards 0.0% for the next 12 years and 2.0% for the years thereafter. This change is made in order to align the indexation with assumptions used by VLEP (inclusive of considering the impact of announced pension reductions by VLEP). The change in assumption had an impact on the present value of obligations of €(5.1), which is offset by an increase of the unrecognised actuarial gains or losses by €5.1.

Expected return on plan assets at year end

As from 2013 IAS19 revised will be applied, which prohibits interest cost and expected returns on plan assets. The interest cost and the expected return on assets will be replaced by the net interest income/cost on the net asset or liability recognised in the balance sheet, which is measured based on the plan's discount rate.

Actual return on plan assets

The actual return on plans assets for 2012 amounted to 15.6%.

Sensitivity analysis

A reduction in the discount rate by 25 basic points would result in an increase in the liability for defined benefit obligations of €5.1 as per 31 December 2012 (2011: €3.4).

Assumptions regarding further mortality are based on published statistics and mortality tables.

Present value of the defined benefit obligation, fair value of plan assets and deficit

	2012	2011	2010	2009	2008
Defined benefit obligation	97.9	80.7	78.8	74.5	71.2
Fair value of plan assets	(83.3)	(72.0)	(66.8)	(61.4)	(58.5)
Deficit in the plan	**14.6**	8.7	12.0	13.1	12.7

Experience adjustments arising on plan liabilities and plan assets

	2012	2011	2010	2009	2008
Plan liabilities	1.8	0.6	0.2	1.8	0.4
Plan assets	9.5	3.6	3.9	0.1	(5.3)

Experience adjustments are defined as all gains/(losses) due to changes other than changes in the discount rate.

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22. Provisions

Movements in provisions can be specified as follows:

2011	Restructuring	Onerous contract	Other provisions	Total
Non-current	0.1	–	2.4	2.5
Current	4.3	–	2.9	7.2
Balance at beginning of year	4.4	–	5.3	9.7
Additions charged against result	2.1	–	0.8	2.9
Used during the year	(3.7)	–	(0.4)	(4.1)
Reclassifications	(0.1)	–	0.1	–
Released to result	(0.7)	–	(2.0)	(2.7)
Balance at year end	2.0	–	3.8	5.8
Non-current	–	–	2.5	2.5
Current	2.0	–	1.3	3.3
Balance at year end	2.0	–	3.8	3.8

2012	Restructuring	Onerous contract	Other provisions	Total
Non-current	–	–	2.5	2.5
Current	2.0	–	1.3	3.3
Balance at beginning of year	2.0	–	3.8	5.8
Additions charged against result	**12.5**	**1.5**	**3.8**	**17.8**
Used during the year	**(2.4)**	**–**	**(0.8)**	**(3.2)**
Released to result	**(0.5)**	**–**	**(1.4)**	**(1.9)**
Balance at year end	**11.6**	**1.5**	**5.4**	**18.5**
Non-current	**–**	**0.4**	**1.3**	**1.7**
Current	**11.6**	**1.1**	**4.1**	**16.8**
Balance at year end	**11.6**	**1.5**	**5.4**	**18.5**

Restructuring
The additions to the restructuring provision of €12.5 in 2012, mainly relate to announced restructurings labelled 'Wessanen 2015'. To address the structure and cost base of the Company, a wide range of actions have been initiated to increase focus and substantially reduce complexity. In addition, also low-yielding and non-performing activities are addressed. Announced restructurings mainly include restructurings at IZICO (€6.0: closure of production plant in Deurne and (back-office) integration), France HFS (€3.7: integration of marketing teams and outsourcing of transportation) and the corporate head office (€0.7: reduction of head count at various staff departments). The additions to the restructuring provision include severance payments and termination benefits, and required management judgment in estimating the expected cash outflows based on detailed plans. For all restructuring provisions a detailed formal plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date. The company expects that the provision will be utilised mostly within the next year. In 2011, additions to restructuring provisions mainly related to announced restructurings in France (€1.7).

Onerous contract
This concerns mainly provisions for contracts which became onerous contracts (rental agreements, supplier and agency contracts) due to restructurings. The non-current part of the provision relates to a non-cancellable rental agreement, which contract will expire in 2017.

Other provisions
Other provisions mainly comprise provisions for contract risks of €2.3 (2011: €1.8), legal risks of €1.8 (2011: €1.1) and liabilities arising from cash-settled share-based payment transactions of €0.2 (2011: €0.5). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Additions in 2012 of €3.8 mainly relate to contract risks of €1.8 and legal risks of €1.2. The release from other provisions in 2012 mainly includes the release of a provision for contract risks amounting to €1.0, as the probability that certain guarantees would materialize became remote. Releases of prior year provisions are accounted for in operating result. The Company expects the provisions at year-end to be utilised mostly within the next year; timing of cash outflows related to the non-current part of the other provisions is uncertain, however, are likely to materialize over several future years.

23. Trade and non-trade payables and accrued expenses

	31 December 2012	31 December 2011
Total trade payables – third party	**68.3**	70.5
Customer incentives	**18.4**	20.8
Personnel expenses	**10.5**	12.7
Pensions	**4.3**	4.8
Social securities and other taxes	**7.4**	6.6
Interest payables	**0.1**	0.3
Derivatives	**–**	0.4
Other liabilities	**15.7**	13.7
Total non-trade payables and accrued expenses	**56.4**	59.3
Total trade and non-trade payables and accrued expenses	**124.7**	129.8

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

24. Financial instruments and risk management

This note presents information about Wessanen's exposure to liquidity risk, market risk (including currency risk, interest rate risk and commodity risk) and credit risk, Wessanen's objectives, policies and processes for measuring and managing risk, and Wessanen's management of capital, as well as quantitative disclosures (before income tax) in addition to those included throughout these consolidated financial statements.

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control system. The system is designed to enable the Executive Board to achieve its strategic objectives within a managed risk profile. The Executive Board is responsible for setting risk management policies and strategies. Senior management and operating companies conduct a risk assessment to create action plans and execute internal control procedures. As a Committee of the Supervisory Board, the Audit Committee monitors risk management and control activities and provides the Supervisory Board with a clear overview of the entire risk management and internal control process. Any significant changes and improvements to the Risk Management and Internal Control system are discussed with the Audit Committee and the Supervisory Board.

24. Financial instruments and risk management continued

Liquidity risk

Liquidity risk is the risk that Wessanen will not be able to meet its financial obligations as they fall due. A material and sustained shortfall in Wessanen's cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service the Group's financing obligations. The Group's objective to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders, and other obligations. The Group's syndicated credit facility allows to draw in maturities ranging between a month and a year, while its other credit facilities also allow to draw for shorter periods. When a loan expires, this is ordinarily refinanced with a new loan drawn from the facility. In addition to the syndicated loan facility, Wessanen has over €24.2 of uncommitted credit facilities with various banks throughout the Group.

The table below summarises the maturity profile of Wessanen's financial liabilities, including estimated interest payments at 31 December 2012 and at 31 December 2011 based on undiscounted contractual cash flows.

			Undiscounted contractual cash flows						
2011	Note		Carrying amount	Total cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	20	floating	(34.6)	(36.3)	(0.3)	(0.3)	(0.6)	(35.1)	–
Other long-term loans	20	floating	(2.9)	(3.1)	(1.3)	(0.6)	(0.3)	(0.4)	(0.5)
Trade and other payables[1]	23	non-interest bearing	(129.4)	(129.4)	(129.4)	–	–	–	–
Bank overdrafts	18	floating	(2.9)	(2.9)	(2.9)	–	–	–	–
Subtotal			(169.8)	(171.7)	(133.9)	(0.9)	(0.9)	(35.5)	(0.5)
Derivative financial instruments									
Other forward contracts used for hedging			(0.4)	(0.4)	(0.3)	(0.1)	–	–	–
Subtotal			(0.4)	(0.4)	(0.3)	(0.1)	–	–	–
Total			(170.2)	(172.1)	(134.2)	(1.0)	(0.9)	(35.5)	(0.5)

1 Excluding derivatives.

			Undiscounted contractual cash flows						
2012	Note		**Carrying amount**	**Total cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities									
Syndicated loans	20	floating	**(60.7)**	**(62.0)**	**(0.3)**	**(0.5)**	**(61.2)**	**–**	**–**
Other long-term loans	20	floating	**(2.5)**	**(2.5)**	**–**	**(2.5)**	**–**	**–**	**–**
Trade and other payables[1]	23	non-interest bearing	**(124.7)**	**(124.7)**	**(124.7)**	**–**	**–**	**–**	**–**
Bank overdrafts	18	floating	**(1.4)**	**(1.4)**	**(1.4)**	**–**	**–**	**–**	**–**
Subtotal			**(189.3)**	**(190.6)**	**(126.4)**	**(3.0)**	**(61.2)**	**–**	**–**
Derivative financial instruments									
Other forward contracts used for hedging			**–**	**–**	**–**	**–**	**–**	**–**	**–**
Subtotal			**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total			**(189.3)**	**(190.6)**	**(126.4)**	**(3.0)**	**(61.2)**	**–**	**–**

1 Excluding derivatives.

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24. Financial instruments and risk management continued

Currency risk

Wessanen conducts business in foreign currencies but publishes its financial statements, and measures its performance, in Euros. These foreign currencies mainly include the US dollar, the Pound sterling and the Swiss Franc. Because of the Group's international presence, it is subject to risks from changes in foreign currency values that could affect earnings and capital.

The Group has a foreign exchange policy that mitigates the impact of foreign currencies to functional currencies and is based on the following principles:

- Transactions arising from operational and financing activities, in currencies other than the functional currency, are hedged in order to mitigate income statement volatility. All operating companies conduct their hedging transactions internally through the centralised corporate treasury department. Wessanen provides operational funding to its operating companies in their functional currency.
- Translation results on capital invested in foreign subsidiaries are recorded as a movement in the translation reserve in equity. Capital invested in, and net income from foreign subsidiaries, are not hedged to the Euro.

Further, hedging foreign exchange risk is achieved through the use of forward foreign exchange contracts and forward foreign exchange swaps. Hedge accounting is applied for transactions that exceed certain thresholds. In 2012, currency translation effects were €(0.5) (2011: €4.6).

The Group's balance sheet exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2012				31 December 2011			
	€	**US$**	**£**	**Other[1]**	€	US$	£	Other[1]
Trade receivables	**–**	**–**	**–**	**–**	–	–	–	–
Cash and bank overdrafts	**–**	**(0.2)**	**–**	**0.1**	–	0.1	–	–
Trade payables	**(1.4)**	**(0.2)**	**–**	**–**	(2.7)	(0.1)	(0.1)	(0.5)
Financial assets, excluding investments in subsidiaries	**–**	**4.3**	**1.5**	**–**	–	5.8	(3.6)	–
Derivatives[2]	**8.4**	**(3.3)**	**–**	**0.2**	18.6	(5.5)	3.3	0.4
Net exposure	**7.0**	**0.6**	**1.5**	**0.3**	15.9	0.3	(0.4)	(0.1)

1 In €.
2 Represents forward foreign exchange contracts related to future purchase commitments, as well as foreign exchange swaps. The opposite currency of such contracts and swaps is mainly €, US$ or £.

At year end 2012 the Group designated US$115 (2011: US$115) and £17 (2011: £-) of intercompany loan financing as part of its net investment in its US and UK operations. Foreign currency results on this intercompany financing are recorded in the translation reserve in equity of €2.3 negative (net of income tax) in 2012 and €2.6 positive (net of income tax) in 2011.

24. Financial instruments and risk management continued

A 10% strengthening of the Euro against the US dollar and Pound Sterling currencies in 2012 would have hypothetical impact on equity and net result by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

10% strengthening of the Euro	US$ 2012	£ 2012	US$ 2011	£ 2011
Equity[1]	**(4.6)**	**(2.0)**	(5.6)	(2.5)
Net result	**(0.5)**	**1.6**	(1.4)	0.2

1 Including P&L impact.

Interest rate risk

Wessanen's debt funding is primarily achieved through its syndicated credit facility. Loan draw-downs bear interest at short term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. We manage our interest rate risk through closely monitoring short term and long term interest rates and where necessary modifying the interest rate exposure of debt and cash positions through the use of interest rate derivatives.

A change of 100 basis points (bp) in variable interest rates in 2012 would have a hypothetical impact on equity and profit by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity[1]	
2011	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(0.4)	0.4	(0.4)	0.4
Interest rate swap	–	–	–	–
Net impact	(0.4)	0.4	(0.4)	0.4
2012				
Variable rate instruments	**(0.6)**	**0.6**	**(0.6)**	**0.6**
Interest rate swap	**–**	**–**	**–**	**–**
Net impact	**(0.6)**	**0.6**	**(0.6)**	**0.6**

1 Including P&L impact

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24. Financial instruments and risk management continued

Commodity risk

Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices cannot be raised. The Group uses a large variety of commodities and is not exposed to a significant concentration in one single category. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.

Credit risk

Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is influenced mainly by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk. Moreover, a customer's creditworthiness is analysed frequently using benchmarks and external rating information. As a preventive control Wessanen manages credit risk by applying credit limits for its customers. The creditworthiness of a financial institution is assessed by their credit rating, which should be at least A minus (Standard & Poor's).

Wessanen establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

	31 December 2012	31 December 2011
Supermarkets	**44.7**	38.6
Natural/Health food stores	**23.2**	23.8
Other customers	**17.8**	16.5
Total	**85.7**	78.9

The aging of trade receivables at balance sheet date can be specified as follows:

	31 December 2012			31 December 2011		
	Gross	Impairments	Net	Gross	Impairments	Net
Not past due	**74.8**	**–**	**74.8**	66.0	–	66.0
Past due 0-30 days	**8.4**	**(0.2)**	**8.2**	10.6	(0.3)	10.3
Past due 31-180 days	**3.3**	**(0.9)**	**2.4**	3.0	(0.7)	2.3
Past due 181-360 days	**0.6**	**(0.4)**	**0.2**	0.6	(0.5)	0.1
More than 360 days	**1.6**	**(1.5)**	**0.1**	2.2	(2.0)	0.2
Total	**88.7**	**(3.0)**	**85.7**	82.4	(3.5)	78.9

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

	2012	2011
Balance at beginning of year	**3.5**	3.9
Write offs	**(0.5)**	(0.4)
Balance at year end	**3.0**	3.5

The allowance amounts relating to trade receivables are used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Capital management

Wessanen's financing strategy is built around the following objectives:

- Ongoing access to debt and equity markets
- Sufficient flexibility to fund add-on acquisitions
- Optimal weighted average cost of capital
- Mitigating financial risks

The capital structure of the Company balances these objectives in order to meet the Company's strategic and day-to-day needs. Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. At 31 December 2012 the net debt level amounted to 1.7 times consolidated EBITDAE (2011: 0.8).

The gearing ratio (net debt/shareholders' equity) at 31 December 2012 amounted to 54.0% (2011: 19.7%)

24. Financial instruments and risk management continued

Fair values versus carrying amounts

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 December 2012		31 December 2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange swap contracts used for hedging	**0.2**	**0.2**	–	–
Total	**0.2**	**0.2**	–	–
Assets carried at amortised cost				
Loans and receivables:				
Long term receivables	**1.1**	**1.1**	1.0	1.0
Trade receivables	**85.7**	**85.7**	78.9	78.9
Other receivables and prepayments[1]	**15.7**	**15.7**	24.4	24.4
Cash and cash equivalents	**9.7**	**9.7**	8.2	8.2
Total	**112.2**	**112.2**	112.5	112.5
Liabilities carried at fair value				
Forward exchange contracts used for hedging	**–**	**–**	0.4	0.4
Total	**–**	**–**	0.4	0.4
Liabilities carried at amortised cost				
Syndicated loans	**60.7**	**60.7**	34.6	34.6
Other long-term loans	**2.5**	**2.5**	2.9	2.9
Trade payables	**68.3**	**68.3**	70.5	70.5
Non-trade payables and accrued expenses[1]	**56.4**	**56.4**	58.9	58.9
Bank overdrafts	**1.4**	**1.4**	2.9	2.9
Total	**189.3**	**189.3**	169.8	169.8

1 Excluding derivatives, which are shown separately.

Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing.

The fair value of financial instruments has been determined by Wessanen using available market information and appropriate valuation methods (level 2 only). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Level 2 uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).

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25. Commitments and contingencies

Operating lease commitments

Non-cancellable operating leases are payable as follows:

	31 December 2012	31 December 2011
Less than 1 year	**8.1**	9.1
Between 1 and 5 years	**16.3**	22.6
More than 5 years	**5.9**	7.2
Total non-cancellable operating lease commitments	**30.3**	38.9

Wessanen leases a number of office, warehouse and factory facilities, cars and computer hardware under operating leases. The leases typically run between 3 and 15 years, with an option to renew after that date. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals. Wessanen does, in principle, not act as a lessor.

During the year ended 31 December 2012, €11.1 (2011: €10.5) was recognised as an expense in the income statement in respect of operating leases.

Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2012 amounted to €1.4 (2011: €1.2). As at 31 December 2012 there are no commitments to acquire intangible assets (2011: €0.0).

Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms.

Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$31.7 as at 31 December 2012 (2011: US$45.5). Letters of credit amounting to US$6.6 (2011: US$8.3) are provided in favour of workers compensation insurers and are reduced as the workers compensation claims, on amongst others ABC and the divested operation Tree of Life, Inc., are settled and closed. Wessanen has also provided guarantees amounting to US$25.1 (2011: US$33.1) relating to lease obligations of Tree of Life, Inc. which are reduced when the underlying lease contracts expire during a maximum period of up to ten years. Kehe Food Distributors Inc. has indemnified Wessanen for calls of third parties under such guarantees and, to the extent these claims are related to Tree of Life, Inc., letters of credit.

For guarantees provided, a provision has been made of €0.8 as at 31 December 2012 (2011: €1.9). Reference is made to Note 22.

Bank guarantees have been issued for €0.5 (2011: €0.4).

Contingent assets and liabilities

Wessanen is subject to certain other loss contingencies arising from claims by various parties. Management believes that any reasonable possible loss related to such claims and possible litigation is properly provided for when recognition criteria are met. These estimates and associated assumptions are based on management's best knowledge of current events and actions.

Main contingencies as at 31 December 2012 are:

An entity in the Group is both claimant and defendant in a legal action against a logistic service provider. Legal proceedings are still ongoing. We believe, based on legal advice, that the risk of additional (net) losses is remote.

Another entity in the Group has a claim outstanding against a competitor for patent right infringement. As legal proceedings are currently ongoing, and the outcome is still uncertain, no asset is recognised. Accordingly, our claim is being disclosed as a contingent asset.

26. Related parties

Wessanen has a related party relationship with its subsidiaries (see Note 29) and key management. Furthermore pension funds in the Netherlands are related parties. Transactions with key management are described in Notes 7 and 8.

In 2012 no transactions were made with related parties, other than described above.

27. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

	2012			2011		
	Deloitte Accountants B.V.	Other Deloitte Network	Total	Deloitte Accountants B.V.	Other Deloitte Network	Total
Audit of annual accounts	**0.3**	**0.3**	**0.6**	0.4	0.2	0.6
Other assurance services[1]	**–**	**0.6**	**0.6**	–	0.7	0.7
Tax advisory services	**–**	**–**	**–**	–	–	–
Other non-audit services	**–**	**–**	**–**	–	–	–
Total principal auditor's remuneration	**0.3**	**0.9**	**1.2**	0.4	0.9	1.3

1 In both 2012 and 2011, mainly relating to services provided to ABC.

28. Cash flow

The following table presents a specification of changes in working capital:

	2012	2011
Inventories	**(0.6)**	(4.8)
Trade receivables	**(3.0)**	(12.0)
Other receivables and prepayments	**6.8**	(0.4)
Trade payables	**(6.3)**	(5.3)
Non-trade payables and accrued expenses	**(4.5)**	3.7
Total changes in working capital	**(7.6)**	(18.8)

The following table presents a reconciliation of the change in cash and cash equivalents (net of bank overdrafts) as presented in the balance sheet to the net cash flow from operating, investing and financing activities in the period:

	2012	2011
Cash and cash equivalents at beginning of year	**5.3**	7.6
Net cash from operating, investing and financing activities	**3.0**	(2.3)
Effect of exchange rate differences on cash and cash equivalents	**–**	–
Cash and cash equivalents at year end	**8.3**	5.3

29. List of subsidiaries

The following are Wessanen's significant subsidiaries and holding companies as at 31 December 2012:

	Country of Incorporation	Ownership interest (%) 2012	Ownership interest (%) 2011
Subsidiaries			
Beckers Benelux BV	the Netherlands	**100.0**	100.0
Natudis Nederland BV	the Netherlands	**100.0**	100.0
Kroon BV	the Netherlands	**100.0**	100.0
Favory Convenience Food Group BV[1]	the Netherlands	**100.0**	64.1
Hagor NV	Belgium	**100.0**	100.0
Allos GmbH	Germany	**100.0**	100.0
Tartex + Dr. Ritter GmbH	Germany	**100.0**	100.0
Cosa Naturprodukte GmbH	Germany	**100.0**	100.0
Distriborg Groupe SA	France	**100.0**	100.0
Bio-Distrifrais-Chantenat SAS	France	**100.0**	100.0
R. Bonneterre SAS	France	**100.0**	100.0
Terradis SAS[2]	France	**100.0**	100.0
Distriborg France SAS	France	**100.0**	100.0
Kallo Foods Ltd.	United Kingdom	**100.0**	100.0
Clipper Teas Ltd.[3]	United Kingdom	**100.0**	–
Bio S.l.y.m. S.r.l.	Italy	**100.0**	100.0
American Beverage Corporation	United States	**100.0**	100.0
Holding companies			
Wessanen Nederland Holding BV	the Netherlands	**100.0**	100.0
Wessanen Finance BV	the Netherlands	**100.0**	100.0
Wessanen Europe BV	the Netherlands	**100.0**	100.0
Wessanen Beteiligungs GmbH	Germany	**100.0**	100.0
Wessanen Italia S.r.l.	Italy	**100.0**	100.0
Wessanen France Holding S.A.S.U.	France	**100.0**	100.0
Wessanen Great Britain Holdings Ltd.	United Kingdom	**100.0**	100.0
Wessanen USA Inc.	United States	**100.0**	100.0

1 Non-controlling interest acquired as per 23 July 2012.
2 Previously Laboratoire Kalisterra SAS, of which business activities were divested as per 1 October 2011.
3 Acquired as per 1 March 2012.

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Income statement of the Company

In € millions	2012	2011
Income from subsidiaries, net of income tax	**(44.6)**	(5.5)
Other income and expenses, net of income tax	**(8.6)**	(11.6)
Profit/(loss) for the period	**(53.2)**	(17.1)

Balance sheet of the Company

(before appropriation of current year's result)

In € millions	Notes	31 December 2012	31 December 2011
Assets			
Financial assets	2	**390.8**	435.6
Current assets	3	**–**	0.5
Total assets		**390.8**	436.1
Shareholders' equity			
Share capital		**76.0**	76.0
Share premium		**102.9**	102.9
Reserve for own shares		**(2.5)**	(2.6)
Legal reserves		**(18.4)**	(18.1)
Retained earnings		**(3.2)**	22.1
Profit/(loss) for the period		**(53.2)**	(17.1)
Total shareholders' equity	4	**101.6**	163.2
Current liabilities	5	**289.2**	272.9
Total shareholders' equity and liabilities		**390.8**	436.1

Notes to the financial statements of the Company

1. Principles of valuation and income determination

1.1 General

The Company financial statements are part of the 2012 financial statements of Wessanen.

In accordance with Section 379 and 414, Part 9, of Book 2 of the Dutch Civil Code, a list of consolidated group companies will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

1.2 Principles for the measurement of assets and liabilities and the determination of the result

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Wessanen makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch 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 financial statements of Wessanen are the same as those applied for the consolidated financial statements (see Note 3 of the consolidated financial statements). Participating interests over which control or significant influence is exercised, are stated on the basis of the equity method. The share in the result of participating interests consists of the share of the Group in the result of these participating interests. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Results on transactions, where the transfer of assets and liabilities between the Group and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

2. Financial assets

	31 December 2012	31 December 2011
Balance at beginning of year	**435.6**	436.9
Effect of movements in foreign exchange[1]	**(0.5)**	4.6
Cash flow hedges[1]	**0.3**	(0.4)
Income from subsidiaries[1]	**(44.6)**	(5.5)
Balance at year end	**390.8**	435.6

1 Net of income tax.

Financial assets include investments in subsidiaries.

3. Current assets

	31 December 2012	31 December 2011
Income tax receivable	–	0.5
Total current assets	–	0.5

4. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 62) and Note 19 to the consolidated financial statements. Legal reserves (translation reserve, hedging reserve and other legal reserves) are not available for distribution to the Company's equity holders. If the translation reserve , hedging reserve or other legal reserves have a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance.

As at 31 December 2012, the freely distributable reserves amount to €24.2 (2011: €85.7), before distribution of dividends.

5. Current liabilities

	31 December 2012	31 December 2011
Payables to subsidiaries	**287.1**	269.7
Trade and other payables	**2.1**	3.2
Total current liabilities	**289.2**	272.9

The current liabilities are liabilities that mature within one year.

6. Commitments and contingencies

The Company has assumed liability for debts of participating interests, up to a total of €61 (2011: €35). The related guaranteed debts are included in the consolidated statement of financial position for an amount of €61 (2011: €35).

The Company is part of the fiscal unity of Wessanen. Based on this, the Company is liable for the tax liability of the fiscal unity in the Netherlands as a whole.

The Company has also assumed liability for the Dutch Group companies of which the financial statements have been included in the consolidated financial statements, as provided for in Section 403, sub 1, Part 9, of Book 2 of the Dutch Civil Code. This implies that these Group companies are not required to prepare their financial statements in every respect in accordance with Part 9, of Book 2 of the Dutch Civil Code or to publish these.

7. Remuneration Executive Board and Supervisory Board

For the remuneration of the Executive Board and Supervisory Board reference is made to Note 7 to the consolidated financial statements.

8. Principal auditor's remuneration

For the principal auditor's remuneration for audit and other services incurred reference is made to Note 27 to the consolidated financial statements.

Amsterdam, 21 February 2013

Supervisory Board
F.H.J. Koffrie, Chairman
J.G.A.J. Hautvast
R.K. Kluiber
F. van Oers
I.M.C.M. Rietjens
M.M. van Zuijlen

Executive Board
P.H. Merckens, CEO
R.J.J.B. Merckx, CFO

Financial statements
Other information

Appropriation of result 2012

The loss for the year 2012 attributable to the equity holders of Wessanen amounted to €53.2 against a loss of €17.1 in 2011.
The loss has been charged against retained earnings, respectively the distributable part of shareholders' equity.

Dividend proposal

The dividend policy of Wessanen aims to pay out a dividend between 35-45% of its net result, excluding major non-recurring effects.
As the 2012 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.05 per share will be proposed during the Annual General Meeting to be held on 16 April 2013.

Subsequent events

Subsequent to 31 December 2012 no material events occurred that require disclosure.

Independent auditor's report

To: Annual General Meeting of Royal Wessanen nv

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2012 of Royal Wessanen nv ("the Company"), Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 Royal Wessanen nv as at 31 December 2012, 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 Dutch 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 Royal Wessanen nv as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 21 February 2013

Deloitte Accountants B.V.

P.J.M. Peerlings

Additional information
Financial summary 2008 – 2012

Condensed consolidated income statement

In € millions, unless stated otherwise (adjusted for comparison purposes)	2012	2011	2010	2009[1]	2008[1]
Revenue	**710.8**	706.0	712.2	702.5	725.4
Operating profit/(loss)	**(45.8)**	(19.0)	5.3	(44.4)	37.1
Net financing costs	**(3.8)**	(3.5)	(8.3)	(19.9)	(9.8)
Share in results of associates	**–**	–	–	–	–
Profit/(loss) before tax	**(49.6)**	(22.5)	(3.0)	(64.3)	27.3
Income tax expense	**(3.9)**	1.5	(0.2)	(69.0)	(8.2)
Profit/(loss) after income tax from continuing companies	**(53.5)**	(21.0)	(3.2)	(133.3)	19.1
Profit/(loss) from discontinued operations, net of income tax	**–**	–	1.7	(88.9)	10.4
Profit/(loss) from divestment discontinued operations, net of income tax	**–**	–	(3.5)	0.6	–
Profit/(loss) for the period	**(53.5)**	(21.0)	(5.0)	(221.6)	29.5
Attributable to non-controlling interests	**(0.3)**	(3.9)	1.1	(1.9)	0.1
Profit/(loss) for the period[2]	**(53.2)**	(17.1)	(6.1)	(219.7)	29.4
Profit/(loss) for the period as a percentage of equity[2]	**(52.4)%**	(10.5)%	(3.5)%	(146.6)%	8.4%

1 Comparative figures have been adjusted from amounts previously reported to reflect the effect of discontinued operations.
2 Attributable to equity holders of Wessanen.

Revenue[1] in € millions

2008	725.4
2009	702.5
2010	712.2
2011	706.0
2012	**710.8**

1 Continuing operations only.

Raw materials and supplies in € millions

2008	433.3
2009	429.8
2010	449.7
2011	442.4
2012	**440.3**

Operating profit[1] in € millions

2008	37.1
2009	(44.4)
2010	5.3
2011	(19.0)
2012	**(45.8)**

1 Continuing operations only.

Net profit/(loss)[2] in € millions

2008	29.5
2009	(221.6)
2010	(6.1)
2011	(17.1)
2012	**(53.2)**

2 Attributable to equity holders of Wessanen.

EPS[2] in €

2008	0.44
2009	(3.25)
2010	(0.08)
2011	(0.23)
2012	**(0.70)**

2 Attributable to equity holders of Wessanen.

Dividend per share in €

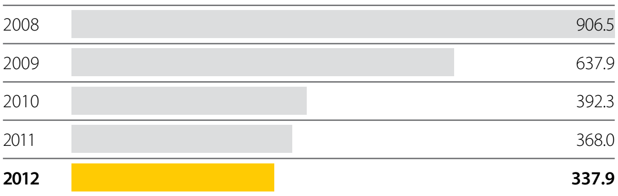
2008	0.65
2009	0.00
2010	0.05
2011	0.08
2012	**0.05**

Condensed consolidated statement of financial position

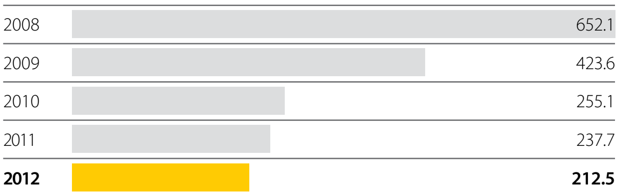
In € millions, unless stated otherwise (adjusted for comparison purposes)	2012	2011	2010	2009[1]	2008[1]
Non-current assets	**154.5**	186.8	217.2	226.2	428.8
Current assets	**183.4**	181.2	175.1	411.7	477.7
Current liabilities[2]	**(125.4)**	(130.3)	(137.2)	(214.3)	(254.4)
Invested capital	**212.5**	237.7	255.1	423.6	652.1
Financed by:					
Total equity	**101.6**	166.1	183.8	155.6	357.0
Provisions	**18.5**	5.8	9.7	8.5	8.8
Employee benefits	**24.1**	24.0	22.7	21.6	21.6
Deferred tax liabilities	**3.7**	1.4	1.3	2.6	5.3
Non-current interest-bearing loans and borrowings	**60.7**	37.4	35.9	5.8	227.1
Current interest-bearing loans and borrowings	**3.9**	3.0	1.7	229.5	32.3
	212.5	237.7	255.1	423.6	652.1
Total equity[1] as a percentage of total assets[3]	**30.1%**	44.3%	45.1%	23.5%	38.5%

1 Comparative figures have been adjusted from amounts previously reported to reflect the effect of discontinued operations.
2 Excluding short-term finance and current provisions.
3 Attributable to equity holders of Wessanen.

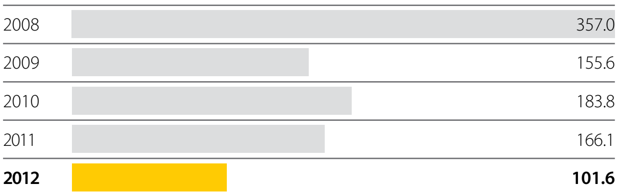
Total assets in € millions



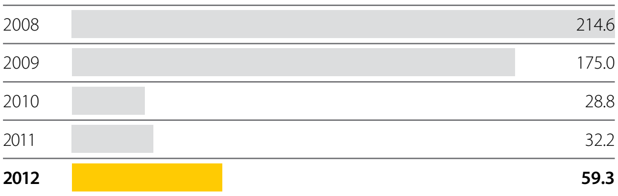
Invested capital in € millions



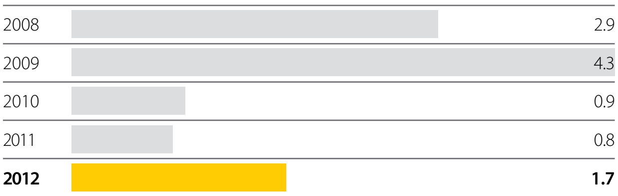
Total equity in € millions



Net debt in € millions



Leverage ratio



Additional information
Shareholder information

Wessanen is engaged in active dialogue with its shareholders and other stakeholders. Our actions are focused on ensuring clear, timely and simultaneous provision of information to all stakeholders.

Listing information

Since September 1959 Wessanen has been listed on the Amsterdam stock exchange. Next year, in 2014, we are to celebrate our 55th anniversary of being listed. Wessanen is included, amongst other indices, in the AMX and Next 150 indices. Share options are traded on NYSE Euronext Amsterdam as well.

Capital structure

The capital structure consists of one class of stocks, i.e. voting shares with a nominal value of €1.00 per share. All shares outstanding have equal rights and can be traded freely without any restriction.

Investment proposition

Royal Wessanen is a leading company in the European organic food market. Operating mainly in France, the Benelux, the UK, Germany and Italy, we manage and develop our brands and products in the grocery and health food channels.

Organic food is at the core of Wessanen. We care passionately about pure, honest and simple food, and we are dedicated to offering consumers food choices that inspire them to live healthier, happier lives. When you are eating Wessanen's organic products, you know exactly what it is, what is in it and where it comes from.

Our vision is to make our organic brands most desired in Europe. Our brands, such as Bjorg, Whole Earth, Zonnatura, Kallo, Clipper, Bonneterre, Ekoland, Allos and Tartex, are pioneering brands in the organic food markets.

Next to our leading position in organic food businesses, we have two other business segments which are both labelled non-core and which we expect to divest in the medium-term. IZICO produces and markets branded (Beckers, Bicky) and private label frozen snack products in the Benelux. US-based ABC is one of the leading producers of ready-to-drink cocktails, premium cocktail mixers and single-serve bottled fruit drinks .

Investor relations

At Wessanen, we are engaged in an active dialogue with our (potential) shareholders. During the year both members of the Executive Board and the VP Corporate Communications had regular contact with investors and analysts. The Company attended broker conferences and hosted roadshows during the year to meet institutional investors in Europe and the United States. In 2013 the Company will continue to attend investor conferences and host roadshows as an integral part of its investor relations policy.

Online presence and social media

Royal Wessanen is gradually expanding its online and social media presence, taking into consideration its (current) limited resources. In addition to our corporate website, we increasingly engage with various groups of stakeholders on Twitter and Slideshare and to a lesser extent on Linkedin.

Disclosure

All results announcements as well as press releases, are published, in principle, before market opening of NYSE Euronext Amsterdam. All results announcements and any major announcements are accompanied by a conference call and/or meeting for the professional investment community. A simultaneous audio webcast will be freely accessible for all of those interested via our corporate website. Furthermore, all presentations made to groups of investors are published at the same time on this website too. Wessanen adheres to a Disclosure Policy, available on our website.

> "Wessanen has been listed since 1959 at the Amsterdam Stock Exchange.

Prevention of misuse of insider information

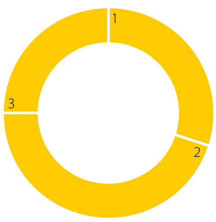
Wessanen considers the prevention of misuse of insider information essential in the relationship with all stakeholders. The Company has in place an Insider Trading Policy applicable to management. The Company Code also provides against insider trading. Both the Company Code and the Insider Trading Policy are available on our corporate website.

For more information visit the investor pages on Wessanen.com

Distribution of shares

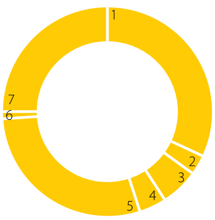
Since Wessanen's ordinary shares are mainly in bearer form, any analyses of shareholdings are based on estimates based on market sources. The estimated distribution of ownership of Wessanen shares by type of investor and by country of origin (excluding treasury shares) is based on data provided by depository banks as of the end of 2012.

Share ownership institutional vs. private estimate %



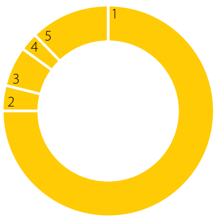
	2012	2011
1 Private	**30**	34
2 Institutional	**45**	50
3 Unidentified	**25**	16

Share ownership geographical breakdown estimate %



	2012	2011
1 Netherlands	**32**	38
2 Belgium/Luxembourg	**3**	4
3 Nordics	**6**	6
4 Rest of Europe	**4**	6
5 USA	**29**	30
6 Rest of World	**1**	0
7 Unidentified	**25**	16

Volume traded per exchange in 2012



1 Euronext	75%
2 Chi-X	4%
3 Turquiose	6%
4 Equiduct	3%
5 OTC	12%

Source: Fidessa Group PLC

Major shareholders

In accordance with the Act on the Disclosure of Influence over Listed Companies (1991) the Company believes it had the following major shareholders as at 31 December 2012:

→ Delta Partners LLC (25-30%)
→ ID Sparinvest A/S (5-10%)

At 17 January 2013, ID Sparinvest has notified that it has reduced its stake to 4.86%.

Coverage by brokers and banks

During 2012, nine brokers covered Wessanen, all based in the Benelux. As a result of the merger of Cheuvreux and Kepler, this number has been reduced to eight. They published research on a regular basis, either around the publication of quarterly reporting or updating the market after a news event. In addition, numerous brokers included Wessanen in sector and/or country reports or when addressing themes, such as raw material/input cost movements.

Peer group

In 2012 the Wessanen peer group consisted of: Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

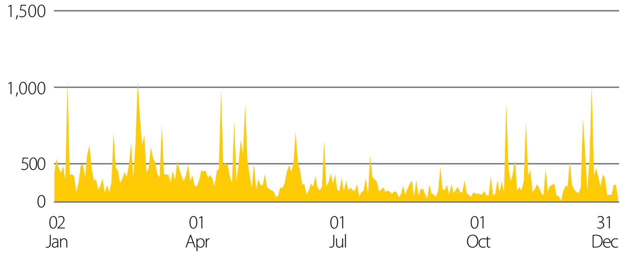
Peer group performance 2012

Premier Foods	194	Bonduelle	114
Ebro Puleva	138	Lotus Bakeries	107
CSM	135	Sligro	105
Fleury Michon	133	Bongrain	95
Nutreco	126	**Wessanen**	**78**

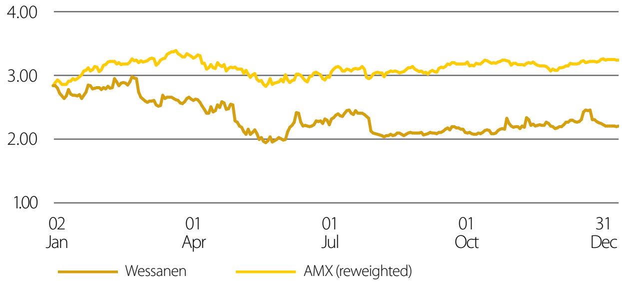
2012 performance Benelux companies/Dutch indices %

Heineken	41
ABInbev	39
CSM	35
Nutreco	26
Unilever	9
Sligro	5
Wessanen	(22)
AMX	14
AEX	10
AScX	7

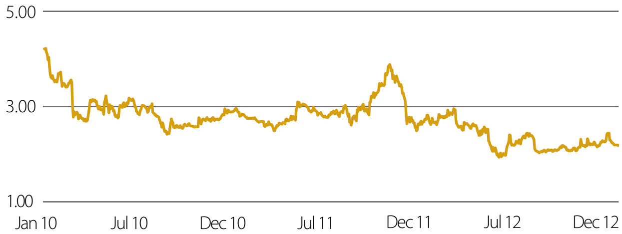
2012 trading volume (at Euronext) in thousands



Wessanen share price vs AMX (reweighted) 2012



Wessanen share price 2010 – 2012



Development of the share price

Year	End	High	Low	Average daily volume traded
2012	**2.20**	**2.97**	**1.94**	**256,790**
2011	2.83	3.90	2.50	384,441
2010	2.96	4.24	2.43	414,869
2009	4.19	5.20	2.35	599,083
2008	4.65	10.97	4.30	378,635

Additional information
Shareholder information continued

Market capitalisation in € millions

Year	High	Low	Year end	Net debt year end	Enterprise value year end
2012	**225**	**147**	**167**	**55**	**222**
2011	296	190	215	32	247
2010	319	183	221	29	250
2009	351	158	283	175	458
2008	741	290	314	214	528

Key figures in € millions except average number of employees

Year	2012	2011	2010	2009	2008
Revenue[1]	**710.8**	706.0	712.2	702.5	725.4
Operating result[1]	**(45.8)**	(19.0)	5.3	(44.4)	37.1
Net profit	**(53.5)**	(21.0)	(5.0)	(221.6)	29.5
Cash flow from operating activities	**14.6**	8.8	34.3	11.9	25.9
Invested capital	**212.5**	237.7	255.1	423.6	652.1
Total equity	**101.6**	166.1	183.8	155.6	357.0
Net debt	**54.9**	32.2	28.8	175.0	214.6
Average number of employees[1]	**2,064**	2,182	2,276	2,261	2,383

1 Continuing operations only

Key ratios

Year	2012	2011	2010	2009	2008
Leverage ratio	**1.7**	0.8	0.9	4.3	2.9
Return on average capital employed	**(19.1)%**	(7.6)%	2.0%	(14.3)%	11.2%
Return on average equity[1]	**(40.2)%**	(10.1)%	(3.5)%	(729)%	77%
Dividend yield	**2.6%**	2.8%	1.7%	0.0%	14.0%
EV to sales	**0.31**	0.35	0.35	0.65	0.73

1 Continuing operations only

Per share data in €

Year	2012	2011	2010	2009	2008
Revenue	**9.39**	9.37	9.73	10.39	10.73
Operating profit	**(0.61)**	(0.25)	0.08	(0.66)	0.55
Net profit	**(0.70)**	(0.23)	(0.08)	(3.25)	0.44
Dividend	**0.05**	0.08	0.05	–	0.65
Cash flow from operating activities	**0.19**	0.12	0.47	0.18	0.38
Invested capital	**2.81**	3.15	3.48	6.27	9.65
Total equity	**1.34**	2.20	2.51	2.30	5.28
Net debt	**0.73**	0.43	0.39	2.59	3.18

Dividend policy

As a policy, Wessanen aims to pay out a dividend of between 35-45% of its net result, excluding major non-recurring effects. No interim dividends will be paid.

The proposed dividend for a financial year must be approved by the AGM, which is usually held in April of the following financial year. Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy. Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

2012 dividend proposal

As the 2012 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.05 per share will be proposed to the Annual General Meeting of Shareholders (AGM).

2012 dividend timetable

19 March	Record date
16 April	Annual General Meeting of Shareholders
18 April	Ex-dividend date
26 April	Payment date

Key dates

2013	
16 April	Annual General Meeting of Shareholders (14h00)
26 April	Publication Q1 results
25 July	Publication Q2 results
25 October	Publication Q3 results
2014	
21 February	Publication Q4 results
15 April	Annual General Meeting of Shareholders

Corporate Communications and Investor Relations

Carl Hoyer
VP Corporate Communications
Phone: +31 20 312 21 40
E-mail: investor.relations@wessanen.com
carl.hoyer@wessanen.com

A long and rich history 2015 will mark the 250th anniversary of Wessanen

1765	1900	1980	1990	2000	2012
Incorporated near river De Zaan Adriaan Wessanen started to trade commodities	**1910** – First consumer products like oatmeal and cocoa **1913** – Distinguished title Royal **1946** – Registration of Tartex trademark **1954** – Zonnatura brand created **1959** – Listed on Amsterdam Stock Exchange **1967** – Whole Earth established **1974** – Allos established	**1988** – Bjorg brand created	**90's** – Roll-out Natuurwinkel retail chain	**2000/01** – Acquisition of Distriborg, Zonnatura, Natudis and Tartex **2009** – Strategic reorientation: focus on organic food in Europe **2009/10/11** – Divestments to increase focus	Acquisition of Clipper

Design and production
Radley Yeldar
London
ry.com

Board photography
Frank van Delft
Den Bosch
The Netherlands
frankvandelft.com

Printing
Drukkerij Aeroprint
Ouderkerk a/d Amstel
The Netherlands
aeroprint.nl

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Cautionary statement regarding forward-looking statements

This Annual Report may contain forward-looking statements. These are defined as statements not being historical facts. Forward-looking statements include (but are not limited to) statements expressing or implying Royal Wessanen nv's beliefs, expectations, intentions, forecasts, estimates or predictions (and the underlying assumptions). Forward-looking statements necessarily involve uncertainties and risks. The actual results or situations may therefore differ materially from those expressed or implied in any forward-looking statements. Those differences may be caused by various factors, including but not limited to, macro-economic developments, regulator and legal changes, market developments, competitive behaviour, currency developments, the ability to retain key employees, and unexpected changes in the operational environment. Additional factors that could cause actual results or situations to differ materially include, but are not limited to, those disclosed under 'risk factors'. Any forward-looking statements in this Annual Report are based on information available to the management on 21 February 2013. Royal Wessanen nv assumes no obligations to publicly update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise, other than as required by law or regulation.

www.wessanen.com   annualreport.wessanen.com

Royal Wessanen nv

Atlas Arena, Azië building
Hoogoorddreef 5
1101 BA Amsterdam Zuidoost
The Netherlands
Phone: +31 (0)20 3 122 122
corporate.communications@wessanen.com

Organic food is at the core of Wessanen. We care passionately about food, and we are dedicated to offering consumers food choices that inspire them to live healthier, happier lives.

When you are eating our organic products, you know exactly what they are, what is in them and where they come from.

www.wessanen.com