nutreco

'11 annual report

feeding the future

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Our track record and ambitions

AquaVision and Agri Vision
Annual international conference organised by Nutreco since 1996, bringing multiple stakeholders together at a professional, non-political forum to **discuss challenges and opportunities in agriculture and aquaculture**. About 5,000 delegates have attended.

AquaVision AgriVision

Sustainability
- First **Sustainability Report in 2000**.
- Establishment of **Innovation and Sustainability Committee in Supervisory Board** in 2009 and **performance targets on sustainability for top management** since 2010.
- **50% reduction of CO_2 of own operations** will be realised in three instead of five years.

Nutrace
Feed-to-food quality strategy with quality standards, **tracking and tracing, monitoring and risk management**.

1994
Foundation of Nutreco
The name Nutreco reflects our activities and concerns: **Nutr**ition, **Eco**logy and **Eco**nomy.

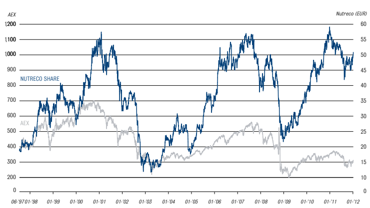
since 1996
AquaVision and Agri Vision

1997
Public listing

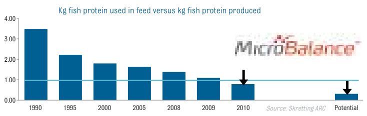
since 2000
Sustainability

since 2002
Nutrace

Public listing
Nutreco listed on the Amsterdam stock exchange. **Total Shareholder Return of 400%** since 1997.



Innovative feed solutions
Innovative feed solutions for farmed animals and fish, addressing scarcity of raw materials, animal health and economic performance.
With MicroBalance™ (2010) scarce raw materials such as fishmeal are replaced by alternatives, reducing fish feed costs at the same time.



Feeding the Future
Publication of our vision on the future.

since 2004
Innovative feed Solutions

2005-2011
Rebalancing for Growth

since 2006
Acquisitions and divestments

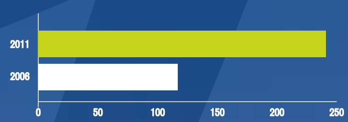
since 2009
Feeding the Future

2011

Total Shareholder Return 400% since 1997

Double EBITA
Nutreco more than **doubles EBITA from EUR 115 million in 2006 to EUR 241 million in 2011**, while maintaining a strong balance sheet.

EBITA development since 2006



Sustainability Vision 2020
Integrated strategy for raising the sustainability dimension through to 2020.

12th edition of Sustainability Report

Agri Vision 2011

Ambition 2016 – driving sustainable growth

Strategy that focuses on higher margin nutritional solutions. Focus to grow in Premix, Feed Specialties and Fish Feed and in growth geographies Latin America, Russia, China and Southeast Asia. Ambition to sustainably grow EBITA to EUR 400 million in 2016.

Acquisitions and divestments
Acquisitions of feed companies in growth economies, divestment of global fish farming and meat processing activities in the Benelux.

Rebalancing for Growth
Strategic transformation **from an integrated company active in feed, farming and meat processing to an animal nutrition and fish feed company**. Focus on core activities and reducing earnings volatility resulting in a Beta below 0.7.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Excellent progress in 2011 Preparing for sustainable growth

The past year was important in the history of Nutreco for several reasons. It was the final year of our Rebalancing for Growth strategy and we achieved targets financially. We made advances in our nutritional solutions – creating value for our customers –, reached sustainability objectives and we made commitments for the future.

The excellent result in 2011, with a 241 million EBITA, means Nutreco exceeded the long-term target set in 2007, to double the 2006 EBITA of EUR 115 million. It gives me particular pride that we achieved this in a year of continuing financial turbulence. Commodity prices were volatile and many economies in which we operate were depressed, though not all. In the Southern Hemisphere and Far East there are regions with strongly expanding economies and vibrant optimism. Nutreco now has bases in these markets and is building on them.

When setting the target in 2007, we committed to grow the company and reduce volatility. Nutreco today is significantly larger and stronger and the reduced volatility was objectively rated by a reduction of the Beta of Nutreco shares to below 0.7 measured against the AEX index.

Strategy update

In November the Executive Board presented the strategy update 'Ambition 2016 – driving sustainable growth' (see pages 17-26). At the same time we announced the intention to divest the Hendrix compound feed business in Belgium, Germany and the Netherlands to ForFarmers, where it will be a core activity with a leading market position.

The strategy update puts a greater focus on strategic marketing to commercialise our value proposition and enhance our ability to execute our strategy towards 2016. Several projects in 2011 support this focus. The Animal Nutrition division created an Application and Solution Centre (ASC) in Europe, based in the Netherlands and equivalent to the ASC in Canada. The ASCs provide a bridge between customers and R&D, linking innovations to customer needs. In 2012 the activities of the European ASC will be rolled out in Europe and those of the ASC in Canada throughout North America. The main route for growth for Animal Nutrition is premixes and feed specialties. Capital investments to support this included refurbishing and doubling of capacity of the Selko Feed Additives plant in the Netherlands and building a premix and feed plant in Russia where Trouw Nutrition International will begin production in 2012.

The Aquaculture division strengthened its marketing capabilities with a global branding strategy for products and concepts, led by the Skretting brand. In October 2011 we confirmed the completion of the Shihai fish and shrimp feed company in southwest China. Also in 2011, we completed stage one of expanding the Averøy plant in mid Norway and announced stage two, which will provide additional capacity to meet the growing demand. The continuing recovery of aquaculture in Chile, after the setbacks caused by the ISA disease outbreak, contributed to the strong performance of our Aquaculture division. All Skretting plants in Chile are fully operational again; the Pargua plant reopened in September 2011.

In both divisions feed specialties were important contributors. They include Selko products in Animal Nutrition and the proactive health feeds of Aquaculture. In addition, the Skretting MicroBalance™ concept was extended geographically and in species. It is now used in all major salmon producing countries and with marine species such as sea bass and sea bream. The concept increases flexibility in feed formulation; especially a reduction of fishmeal content. That enables Skretting companies to lessen the impact on their customers of spikes in fishmeal prices and, importantly, MicroBalance permits limited supplies of fishmeal to be used sustainably as aquaculture expands to meet the demand for fish from the growing world population.

Feeding the Future

Nutreco expresses the challenge of Feeding the Future as the need to double food production while halving the footprint.

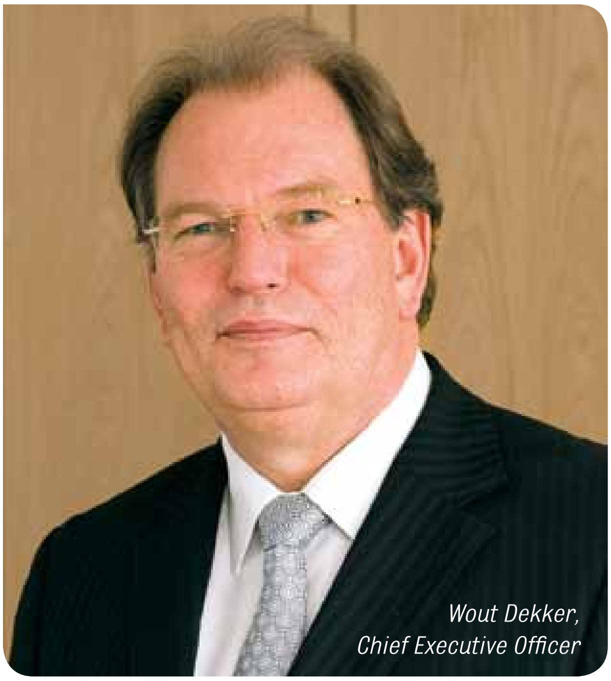
This concept provided the theme for a highly successful Agri Vision 2011 conference: How to feed nine billion people in 2050 sustainably. We organise these conferences as a neutral forum for all stakeholders to discuss crucial issues in the agriculture and aquaculture industries. They provide delegates with ideas, information and inspiration and are used by Nutreco as input in the process of strategy development. The 2011 conference identified enabling factors and addressed controversial issues such as the relationship of large companies with the loss of biodiversity and how they can reduce their impact and even generate value from environmental responsibility. In particular delegates heard from both sides of the debate on the impact of increasing soya production in Brazil. Soya meal is a major raw material for Nutreco and we take this issue seriously. We are proud to report that in 2011 our Chief Procurement Officer, Jaap Oskam, was appointed President of the Round Table on Responsible Soy. Similarly Knut Nesse, our Chief Operating Officer for Aquaculture, was appointed to the Supervisory Board of the Aquaculture Stewardship Council. Founded by WWF and IDH (Dutch Sustainable Trade Initiative), it manages the global standards for responsible aquaculture developed by the Aquaculture Dialogues, a programme of round tables initiated and coordinated by WWF.

These appointments are highlights in a year in which we made significant progress with sustainability. Many more people are now active in sustainability initiatives, ranging from reducing energy consumption and reducing the footprint of our customers to supporting self-sufficiency in rural agriculture of developing countries. In 2011, using the issues raised and views expressed at AquaVision 2010 and Agri Vision 2011, together with a review of opinions from a wide range of stakeholders, we developed a 'Sustainability Vision 2020', for publication in February 2012. It describes the issues facing our industry, how Nutreco is addressing them and our specific ambitions in each case.

Organisational changes

Nutreco delivered this strong performance in a year when several important changes took place. Early in 2011 Frank Tielens, Executive Vice-President Specialties, left Nutreco and I thank him for his contribution over the previous years. At this time we formed a four-person Executive Board with two Chief Operating Officers, Jerry Vergeer and Knut Nesse. They are responsible, respectively, for a newly formed global Animal Nutrition division and the existing global Aquaculture division.

In March 2011 Mr Rob Zwartendijk retired as Chairman of the Supervisory Board after 12 years. In September our Chief Financial Officer Cees van Rijn retired after ten years. I would like to thank them both for their valuable contribution to the performance of Nutreco. It was a pleasure and privilege to work with them. Mr Jan-Maarten de Jong became Chairman of the Supervisory Board and Gosse Boon was appointed CFO; having previously prepared and launched the Unite project. This foundation for better business performance is a change process that ran throughout 2011 and will continue through 2014. It is strengthening our ability to manage Nutreco, to grow the business and to integrate acquisitions. Earlier in 2011 we completed the integration of the Cargill compound feed activities in Iberia. The benefits are clear in the strong performance of Nanta in a market severely stressed by the economic downturn in Europe. That performance was matched in the same economic environment by Sada. Both businesses are market leaders.



Wout Dekker, Chief Executive Officer

The years ahead

As we begin 2012, Nutreco is well positioned for the first full year of the updated strategy with its clear ambition for balanced growth organically and by acquisition, with sustainability as a priority alongside profitability.

Through hard work and inspiration our people have enabled us to report these excellent 2011 results. I wish to express my appreciation and gratitude for their contributions. Collectively they have prepared Nutreco and their businesses for sustainable growth in the years ahead.

Wout Dekker, Chief Executive Officer
8 February 2012

Profile & financial highlights

Nutreco is a global leader in animal nutrition and fish feed

Our advanced feed solutions are at the origin of food for millions of consumers worldwide.

Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture. Experience across 100 years brings Nutreco a rich heritage of knowledge and experience for building its future.

Nutreco employs approximately 10,000 people in 30 countries. Nutreco is listed on the NYSE Euronext Amsterdam with annual revenues of EUR 4.7 billion in 2011.

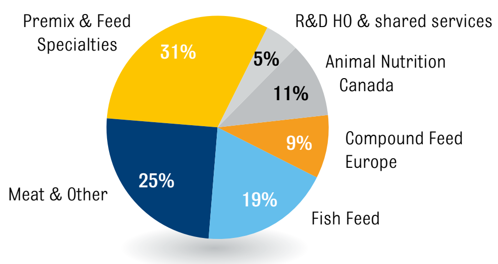
Vision

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

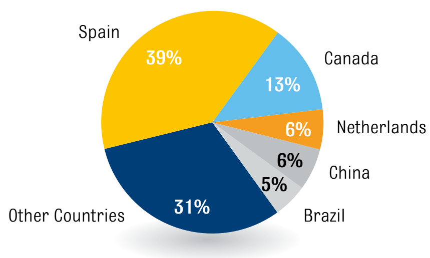
Mission

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

Segment allocation of employees



Geographical allocation of employees



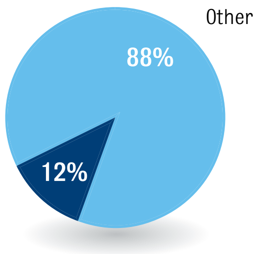
Revenue*	Operating result before exceptional items and amortisation (EBITA)*	Result after tax	Basic earnings per share	Dividend per ordinary share
EUR 4,721 million	EUR 232 million	EUR 131 million	EUR 3.74	EUR 1.80

* continuing operations

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

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

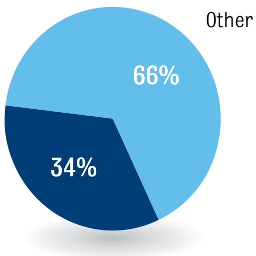
Nutreco's Trouw Nutrition has a global number 2 position in premix.



Trouw Nutrition

The premix industry is relatively consolidated with 4 players, having a joint global market share of about 50%.

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

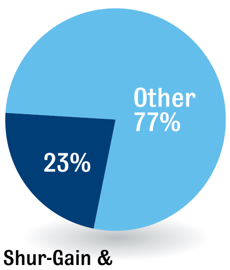


Skretting

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

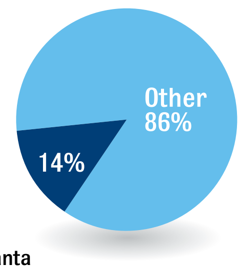
We have leading local positions in Canada and Spain.

Animal Nutrition Canada



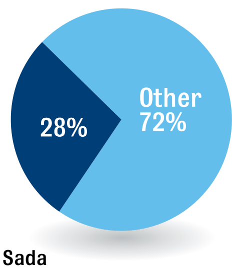
Shur-Gain & Landmark Feeds

Feed Spain



Nanta

Poultry Spain

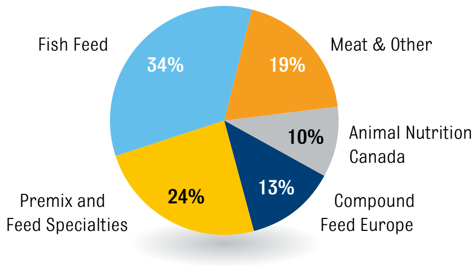


Sada

Key figures

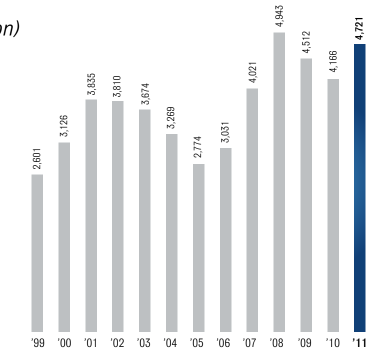
	2011	2010
Consolidated statement of comprehensive income (EUR x million)		
Revenue	4,721.1	4,166.4
Operating result (EBIT)	195.7	174.8
Operating result before exceptional items and amortisation (EBITA)	231.6	210.1
Operating result before depreciation and amortisation (EBITDA)	262.6	239.4
Result after tax	126.1	106.7
Total result for the period attributable to owners of Nutreco	130.5	111.4
Consolidated statement of financial positions (EUR x million)		
Equity attributable to equity holders of Nutreco	874.5	809.4
Balance sheet total	2,549.4	2,368.9
Capital employed	1,135.1	1,026.9
Net debt position	-251.9	-207.3
Cash flow (EUR x million)		
Net cash from operating activities	177.3	196.5
Acquisitions/disposals of subsidiaries	-24.5	-8.9
Additions of property, plant and equipment and intangible assets	-103.8	-93.2
Ratios		
Operating result before exceptional items and amortisation (EBITA) as % of revenue	4.9%	5.0%
Return on average capital employed	21.4%	21.1%
Solvency ratio (shareholders' equity divided by balance sheet total)	34.3%	34.2%
Key data per share (EUR)		
Basic earnings per share	3.74	3.17
Dividend	1.80	1.50
Share price at year-end	50.84	56.79
Other key data		
Average number of outstanding shares (x thousand)	34,882	35,139
Number of outstanding shares at year-end (x thousand)	34,766	34,963
Average number of employees	9,347	8,942
Number of employees at year-end	9,565	9,280

Revenue by segment 2011

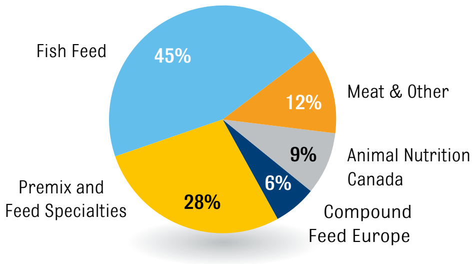


Revenue[3]

(EUR x million)

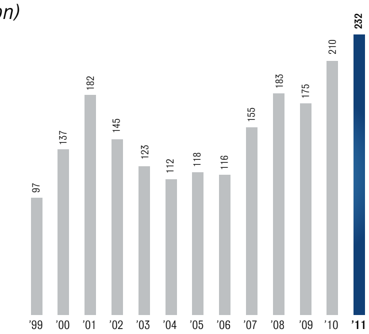


EBITA by segment 2011[1]



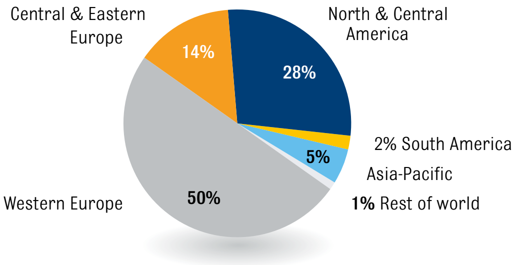
Operating result before amortisation (EBITA)[4]

(EUR x million)

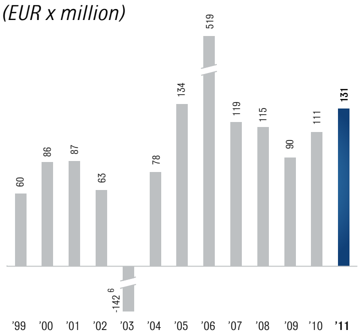


Revenue per region 2011 – Animal Nutrition[2]

(EUR 2,201 million)

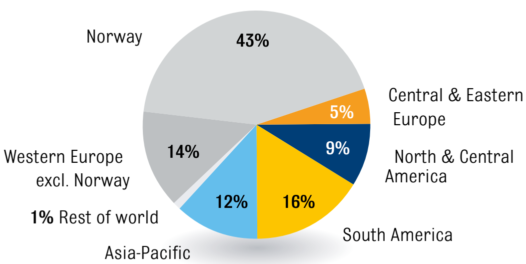


Total result for the period attributable to owners of Nutreco[5] *(EUR x million)*

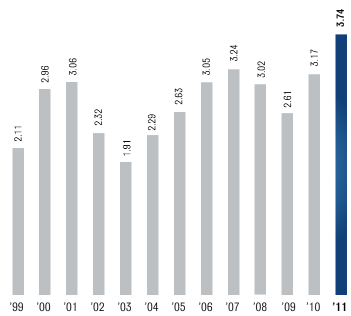


Revenue per region 2011 – Fish Feed

(EUR 1,602 million)



Basic earnings per share *(EUR)*



1 EBITA of EUR 261.1 million before corporate costs (EUR 29.5 million) and exceptional items (EUR 22.9 million)

2 Animal Nutrition consists of the segments Premix and Feed Specialties, Animal Nutrition Canada and Compound Feed Europe

3 2010 and 2011 excluding Hendrix (2004-2011 figures based on IFRS, 1999-2003 figures based on D-GAAP)

4 Excluding exceptional items, 2010 and 2011 excluding Hendrix

5 In 2005, 2006, 2007,2008 and 2011 the net results of continuing operations attributable to owners of Nutreco are EUR 90, 104, 112,104 and 125 million, respectively. Including results and gain on sale of discontinued operations, the net results are EUR 134, 519, 119,115 and 131 million, respectively (2004-2011 figures based on IFRS, 1999-2003 figures based on D-GAAP)

6 2003 net result after impairment of goodwill of EUR 193 million

From left to right:
Wout Dekker, Chief Executive Officer
Gosse Boon, Chief Financial Officer
Jerry Vergeer, Chief Operating Officer Animal Nutrition
Knut Nesse, Chief Operating Officer Aquaculture

Report of the Executive Board

- Revenue from continuing operations of EUR 4,721.1 million, an increase of 13.3%
- EBITA from continuing operations of EUR 231.6 million, an increase of 10.2%
- Basic earnings per share of 3.74, an increase of 18.0%
- Dividend proposal of EUR 1.80 per share (2010: EUR 1.50), an increase of 20%
- Sale of Hendrix expected to be completed in due time
- Strong balance sheet as basis for 'Ambition 2016 – driving sustainable growth'
- Good momentum going into 2012

The past year was important in the history of Nutreco for several reasons. It was the final year of the Rebalancing for Growth strategy and we achieved targets financially. We made advances in our nutritional solutions – creating value for our customers – reached sustainability objectives and we made commitments for the future. The excellent result in 2011, with a EUR 241 million EBITA, means Nutreco exceeded the target to double the 2006 EBITA of EUR 115 million. In November the Executive Board presented the strategy update 'Ambition 2016 – driving sustainable growth'. At the same time we announced our intention to sell the Hendrix compound feed business to ForFarmers, where it can be a core activity with a leading market position.

The Aquaculture division delivered a record operating result due to strong global volume growth, especially in Chile. In October 2011 Nutreco confirmed the completion of the Shihai fish and shrimp feed company in southwest China, which provides us with access to the largest aquaculture feed market in the world. Our animal nutrition and meat business benefited from our market leadership and achieved higher results in challenging market circumstances. We continue focussing on premix and feed specialties, while preserving our market leadership in our compound feed and meat business.

'How to feed nine billion people in 2050 sustainably' was the theme for a highly successful Agri Vision 2011 conference with 375 delegates from 37 countries. Using the issues raised and views expressed at Agri Vision and AquaVision conferences, together with a review of opinions from a wide range of stakeholders, we developed a 'Sustainability Vision 2020', which will be published on 14 February 2012. It describes the issues facing our industry, the way Nutreco is addressing them and our specific long-term ambitions.

This focus on our strategy, priorities and execution, coupled with our excellent results in 2011 and our strong

Key figures (EUR x million)	2011	2010	Δ%
Revenue	4,721.1	4,166.4	13.3
EBITDA before exceptional items	285.5	262.2	8.9
Operating result before exceptional items and amortisation (EBITA)	231.6	210.1	10.2
Operating result (EBIT)	195.7	174.8	12.0
Total result for the period	131.2	113.0	16.1
Basic earnings per share (EUR)	3.74	3.17	18.0
Dividend per ordinary share (EUR)	1.80	1.50	20.0

(EUR million)	2011	2010	Δ%
Revenues by segment			
Premix and Feed Specialties	1,150.2	1,093.4	5.2
Fish Feed	1,601.5	1,332.6	20.2
Animal Nutrition Canada	460.6	399.5	15.3
Compound Feed Europe	590.5	529.2	11.6
Meat and Other	918.3	811.7	13.1
Total revenues (continuing operations)	**4,721.1**	**4,166.4**	**13.3**

balance sheet, have prepared Nutreco for sustainable growth in the years ahead.

Strategy

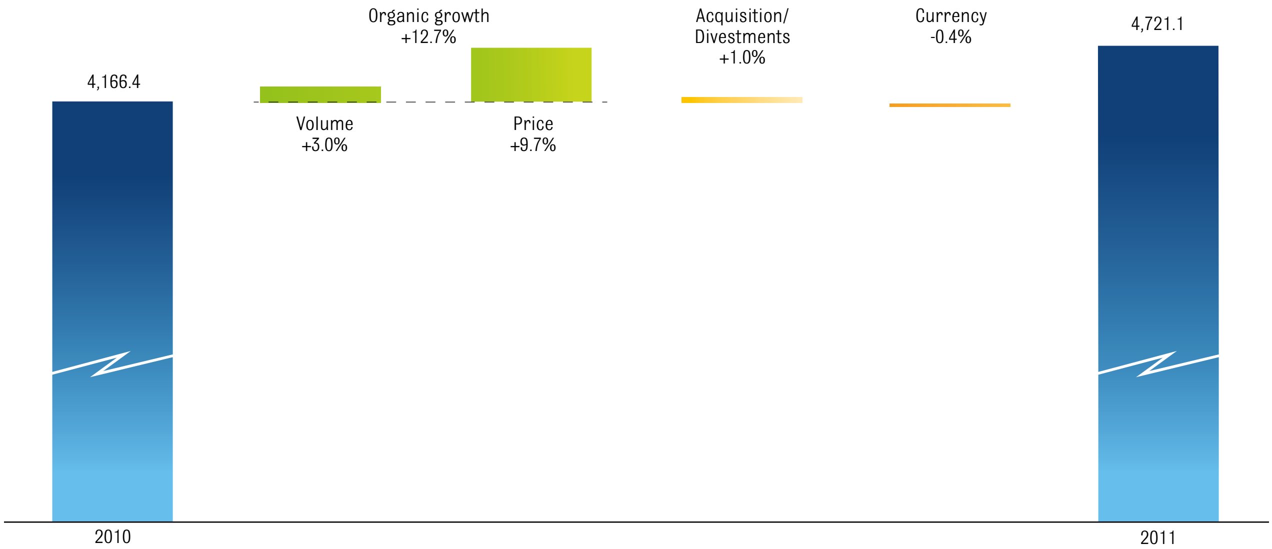
Nutreco presented the strategy update 'Ambition 2016 – driving sustainable growth' in November 2011 (see pages 17-26). The prospect of feeding nine billion people sustainably in 2050 was a main driver, alongside our growth ambitions. Rising incomes for example in Latin America, Russia, China and Southeast Asia add to the challenge as people switch to protein rich foods such as meat, fish, milk and eggs. These trends place Nutreco at an essential link in the feed-to-food value chain. The expertise of Nutreco is to add value to ingredients by converting them into safe, nutritious feed for animals and to develop models and management insights that enable farmers to be more productive while reducing environmental impact.

Nutreco describes the challenge as Feeding the Future. In our sectors, we need to double food production and do so sustainably: doubling production while halving the footprint. Efficiency in feeds, together with attention to ecology and to the economics of farming, is inherent in the name Nutreco. Chosen in 1994 when the company was formed, it stands for nutrition, ecology and economy.

Nutreco's ambition for 2016 builds on the existing strategy to grow and improve profitability by innovative and sustainable feed solutions for our customers. This is to

Revenue development FY 2011

(EUR million)



(EUR million)	2011	2010	Δ%
Operating result before exceptional items and amortisation (EBITA) per segment			
Premix and Feed Specialties	72.2	76.5	-5.6
Fish Feed	118.7	94.3	25.9
Animal Nutrition Canada	24.5	22.8	7.5
Compound Feed Europe	13.0	12.6	3.2
Meat and Other	32.7	26.5	23.4
Corporate	-29.5	-22.6	-30.5
EBITA before exceptional items	**231.6**	**210.1**	**10.2**
Restructuring	-11.6	-19.5	
Impairment charges	-9.1	-4.0	
Income arising from settlements	2.2	4.7	
Acquisition related costs	-4.4	-3.0	
Other	-	-1.0	
Total exceptional items	**-22.9**	**-22.8**	**0.4**
EBITA	**208.7**	**187.3**	**11.4**

be achieved by focusing on Premix, Feed Specialties and Fish Feed and by expanding into the growth geographies of Latin America, Russia, China and Southeast Asia.

The ability of Animal Nutrition to execute the strategy is enhanced by Application and Solution Centres (ASC) in Europe (based in the Netherlands) and North America (based in Canada). The ASCs link Nutreco's nutritional and technical know-how and innovation power in serving its customers' needs. Together with more effective Go-to-Market strategies they will help us deliver innovations to customers in existing and new geographies quickly and effectively.

Skretting, Nutreco's global aquaculture feed business, will further capitalise on its leading fish feed positions and on the know-how of the Skretting Aquaculture Research Centre for innovative and sustainable feed solutions. The portfolio of activities will be further expanded into new geographies and feed for more fish species and for shrimp.

In the mature compound feed markets in Europe and North America, Nutreco will participate in the consolidation of the industry. Strong market leadership positions and operational excellence in compound feed and meat business are the basis for the good performance.

Attention to sustainability was sharpened in 2011 and good progress made, culminating in the preparation of the Sustainability Vision 2020. The paper sets objectives for progress in Ingredients, Operations, Nutritional solutions and Commitment for the next eight years.

Investing in growth

The acquisition in 2011 of the Shihai fish and shrimp feed company in China is in line with the strategy to capitalise on Nutreco's leading fish feed positions by expanding in new regions and into feed for other species. It provides a production base in the world's number 1 aquaculture feed market, which is growing in line with demand in China. Shihai owns a new plant with a capacity of approximately 150,000 tonnes and capable of operating to Skretting specifications.

Equally, Nutreco invests in organic growth. In January 2011, Nutreco announced an investment in Russia of approximately EUR 20 million to build a factory to produce young animal feed, concentrates and premixes for ruminants, pigs and poultry. It is scheduled to become operational in the second half of 2012 and will strengthen Nutreco's market position in Russia.

Total result for the period

(EUR million)	2011	2010	Δ%
EBITDA	**262.6**	**239.4**	**9.7**
Depreciation	-53.9	-52.1	
EBITA	**208.7**	**187.3**	**11.4**
Amortisation	13.0	12.5	
Operating result (EBIT)	**195.7**	**174.8**	**12.0**
Financial income	7.5	8.6	
Financial expenses	-35.2	-43.3	
Foreign exchange result	0.4	0.9	
Net financing costs	**-27.3**	**-33.8**	**-19.2**
Share in results of associates and other investments	3.2	2.2	
Result before tax	**171.6**	**143.2**	**19.8**
Income tax expense	-45.5	-36.5	
Result after tax	**126.1**	**106.7**	**18.2**
Total result attributable to:			
Owners of Nutreco	130.5	111.4	
Non-controlling interest	0.7	1.6	
Total result for the period	**131.2**	**113.0**	**16.1**

In the Netherlands, the renewed plant of Selko Feed Additives was opened in 2011. This investment doubled capacity and brought the latest technology to this production plant.

Skretting Australia will be able to meet the growing demand for high quality fish feed for salmon, trout, barramundi and tuna in both Australia and New Zealand following completion of the expansion and upgrade of the fish feed factory completed in 2011 for an amount of EUR 20 million. The market volume of fish feed in this region has grown by an average of 10% annually for the past ten years.

To enable organic growth in Norway, Nutreco announced an investment of EUR 66 million in production capacity expansion and upgrade of its fish feed plant in Averøy. The first expansion phase will be completed in 2012. Phase two will be ready for the 2013 high season and will enable Skretting to supply greater volumes of high quality feed for salmon and maintain its market leadership in Norway, where the market grew by an average of 9% per annum from 2006 to 2011.

Nutreco's strong balance sheet and cash flow generation make it possible to finance further investments for organic growth in addition to growth by acquisitions. Nutreco manages acquisitions by building a pipeline of target companies that are at or close to Nutreco requirements. Furthermore, Nutreco has established a good basis in Brazil, Russia and Southeast Asia through local presence with senior management.

Agenda 2012

- Develop higher margin portfolio of nutritional solutions
- Focus on Premix and Feed Specialties and Fish Feed
- Continue drive for operational excellence in mature markets
- Grow in geographies Brazil, Russia, China and Southeast Asia
- Start implementing the actions from Sustainability Vision 2020
- Complete divestment of Hendrix

Due to seasonality of the business, the majority of Nutreco's result is generated in the second half of the year. Nutreco will provide its first quarter trading update on 19 April 2012.

Revenue

Revenue from Nutreco's continuing operations amounted to EUR 4,721.1 million, an increase of 13.3% compared with 2010. The volume increase was 3.0% due to volume growth in each segment except for Compound Feed Europe. The price effect was 9.7% mainly due to higher raw material prices that are passed through in feed prices, at the same time impacting EBITA margin, as percentage of revenue. The contribution from acquisitions was 1.0% and concerned the acquisition of fish feed operations in Vietnam (October 2010) and in China (October 2011). The exchange rate effect was -0.4%.

EBITA before exceptional items

EBITA before exceptional items from continuing operations increased with 10.2% to EUR 231.6 million (2010: EUR 210.1 million). EBITA from total business increased to EUR 241.0 million (2010: EUR 222.5 million).

Premix and Feed Specialties achieved EBITA before exceptional items of EUR 72.2 million (2010: EUR 76.5 million). The decrease was due to a moderate start in the first quarter, while the results improved thereafter.

EBITA before exceptional items for **Fish Feed** increased with 25.9% to EUR 118.7 million compared with EUR 94.3 million in 2010. The strong improvement was mostly due to increased volume in Norway and a very strong recovery in volume from Chile.

EBITA before exceptional items for **Animal Nutrition Canada** increased by 7.5% to EUR 24.5 million (2010: EUR 22.8 million), due to continuous strong performance in a robust and relative stable market environment.

EBITA before exceptional items for **Compound Feed Europe** was EUR 13.0 million (2010: EUR 12.6 million). In challenging market circumstances, profitability was protected and increased by 3.2% compared with 2010. The integration of the acquired business from Cargill in Spain and Portugal has been concluded and starts to pay off.

Meat and Other reported EBITA before exceptional items of EUR 32.7 million (2010: EUR 26.5 million), a good result which was 23.4% higher than last year and mainly due to favourable market conditions in the second half of 2011.

The costs of **Corporate** have increased to EUR 29.5 million mainly due to costs related to strategic projects, capability building and an one off increase of EUR 2.5 million of costs related to changes within, and pension cost of the Executive Board.

Exceptional items

The total amount of exceptional items is EUR -22.9 million (2010: EUR -22.8 million), with the major part relating to restructuring costs (EUR 9.3 million) and impairment losses (EUR 6.9 million) in Compound Feed Europe. Other items included are related to acquisition costs, other restructuring costs and impairment losses/charges.

Net financing costs

Net financing costs amounted to EUR 27.3 million (2010: EUR 33.8 million). Financial expenses decreased to EUR 35.2 million (2010: EUR 43.3 million). The decrease in financial expenses was mainly due to lower interest paid on the private placements and the revolving credit facility and comprise the change in valuation of EUR 4.7 million of the loans dating from 2003 and 2004 that were transferred to an insurance company.

Financial income amounted to EUR 7.5 million (2010: EUR 8.6 million). The foreign currency exchange result for 2011 was a profit of EUR 0.4 million (2010: EUR 0.9 million).

Income tax expense

Income tax expense increased from EUR 36.5 million to EUR 45.5 million. The effective tax rate in 2011 was 26.5% (2010: 25.5%), mainly due to lower tax incentives. The effective tax rate in 2012 is expected not to exceed 27%.

Discontinued operations

Following the intended sale of Hendrix to ForFarmers, as announced in November 2011, Hendrix is reported as discontinued operations. The result after tax from discontinued operations amounted to EUR 5.1 million (2010: EUR 6.3 million). Revenue amounted to EUR 938.1 million (2010: EUR 820.5 million) and EBITA before exceptional items amounted to EUR 9.4 million (2010: EUR 12.4 million). A book profit in relation to the sale of Hendrix is anticipated at completion of the transaction.

Total result for the period

The result after tax increased by 16.1% to EUR 131.2 million from EUR 113.0 million. Basic earnings per share were 18.0% higher at EUR 3.74 (2010: EUR 3.17). The result for the period attributable to owners of Nutreco was EUR 130.5 million (2010: EUR 111.4 million).

Cash flow and investments

The net cash from operating activities amounted to EUR 177.3 million (2010: EUR 196.5 million). Capital expenditure from continuing operations increased from EUR 93.2 million in 2010 to EUR 103.8 million in 2011.

In 2011, the investment of EUR 20 million in Australia in a fish feed plant was finalised. In 2011, the investment in a new factory in Russia for an amount of approximately EUR 20 million was started. The plant will produce young animal feed, concentrates and premixes for ruminants, pigs and poultry and is scheduled to become operational in the second half of 2012. In April, Skretting announced the EUR 27 million investment in the upgrade and expansion of the fish feed plant in Averøy, Norway. In November, this was followed by the announcement of the second phase investment of EUR 39 million of the same plant in Averøy, bringing the total investment to EUR 66 million.

Cash position and capital structure

The net debt position as at 31 December 2011 was EUR 251.9 million (2010: EUR 207.3 million). Total equity as at 31 December 2011 was EUR 883.2 million (2010: EUR 819.6 million). The net working capital amounted to EUR 134.5 million which equals 2.8% of revenue (2010: 1.9%).

The net debt/EBITDA ratio of 1.0 (2010: 0.9) and interest rate coverage of 9.7 (2010: 7.1) are well within the covenants of the financing agreements. The net debt/equity ratio remained stable from 0.26 per year-end 2010 to 0.29 at 31 December 2011.

Dividend

The Annual General Meeting of Shareholders to be held on 27 March 2012 will be recommended to declare a dividend of EUR 1.80 (2010: EUR 1.50) per share for the 2011 financial year. This represents a pay-out of 45% (2010: 45%) of the total result attributable to holders of ordinary shares of Nutreco over the period from 1 January 2011 to 31 December 2011, excluding impairment and the book result on disposed activities.
In August 2011, Nutreco distributed an interim dividend of EUR 0.50 (2010: EUR 0.50) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.30 can be received in cash or in ordinary shares at the shareholder's option. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend, i.e. 11, 12 and 13 April 2012. Both the cash and the stock dividend will be made payable to shareholders on 19 April 2012. Nutreco will purchase the necessary shares to cover future stock dividend and employee stock plans.

Calendar 2012

14 February	Publication Sustainability Vision 2020
	Publication Sustainability Report 2011
	Publication Annual Report 2011
27 March	Annual General Meeting of Shareholders
19 April	Trading update first quarter
11-13 June	AquaVision Stavanger, Norway
26 July	Publication of half-year results
18 October	Trading update third quarter

Nutreco strategy

Ambition 2016 – driving sustainable growth

In November 2011 Nutreco announced its strategy update ‘Ambition 2016 – driving sustainable growth’. This ambition further builds on the existing strategy to grow and improve profitability by innovative and sustainable applications for its customers and is expected to result in an EBITA of EUR 400 million by 2016. Based on the global developments in agriculture and aquaculture in combination with Nutreco’s position and capabilities, Nutreco will focus on:

1. A higher margin portfolio of nutritional solutions
2. The growth segments Premix and Feed Specialties and Fish Feed
3. The growth geographies Latin America, Russia, China and Southeast Asia
4. Sustainability

feeding the future

Nutreco wants to create value for all stakeholders by realising 'Ambition 2016 – driving sustainable growth':

Customers
Creating value by offering innovative and sustainable nutritional solutions.

Shareholders
Creating economic value by delivering profitable growth while balancing risk and return.

Employees
Making the most of talent, potential and experience.

Suppliers
Being a responsible and reliable partner in the feed-to-food chain.

Society
Integrating sustainability in our daily business life.

The market environment

In 2011 the global population passed 7 billion. It was a sharp reminder of the task ahead for everyone producing food: how to feed nine billion people sustainably by 2050.

Rising incomes in the growth regions of Latin America, Russia, China and Southeast Asia add to the challenge as people switch to protein rich foods such as meat, fish, milk and eggs. The production of such food products in these regions will increase in line with demand.

Globally, animal protein consumption is expected to reach 465 million tonnes of meat and more than one billion tonnes of milk by 2050. Next to the growth of the world population urbanisation is expected to increase to 70% of the world population by 2050; more people will depend on fewer farmers to produce their food.

In November 2011 the United Nations Food and Agriculture Organization ('FAO') published an assessment of the state of the planet's land resources. The report estimates that farmers will have to produce 70% more food by 2050 to meet the needs of the world's expected 9 billion-strong population, however, increased competition over land for growing biofuels, coupled with climate change and poor farming practices, has left key food-producing systems at risk of being unable to meet human needs in 2050. To meet the world's future food needs, a major sustainable intensification of agricultural and aquacultural productivity on existing farmland will be necessary.

In developed economies such as Western Europe or North America the number of farmed animals will remain stable or even decrease. The volume growth in animal nutrition and fish feed consumption will take place in developing regions. The biggest increase in livestock production is likely to come from industrialised intensive livestock companies. Production from these farms will grow according to the FAO at more than double the rate of growth of production from the more traditional mixed farming companies. Globally farming will be more and more professionalised. Farmers around the globe will strive to improve their productivity and to shorten production cycles. Animal health and sustainability must not suffer from these developments. The animal nutrition industry together with the farmers must find solutions to cope with these issues.

The challenge for animal nutrition and fish feed companies is to provide sustainable feed that enables farmers to meet the rising demand for highly nutritious protein products in their region and also generate sufficient income from their farming activities. With its knowledge and expertise Nutreco is best positioned at the essential link in the feed-to-food chain to address these challenges. The expertise of Nutreco is to convert low value raw materials into safe, nutritious feed for animals and to develop models and management insights that enable farmers to be more productive while reducing environmental impact.

In 2009 Nutreco refined its focus into three words: Feeding the Future. This is the essence of Nutreco, addressing the

Nutreco – the essential link in the feed-to-food chain

challenge of feeding the world sustainably in 2050. In the beginning of 2012 Nutreco published its Sustainability Vision 2020 in which Nutreco's contribution to feeding the future world sustainably is described.

Since 1996 Nutreco organises international Agri Vision and AquaVision conferences each year, bringing multiple stakeholders together to discuss challenges and opportunities in agriculture and aquaculture. Nutreco's world-class R&D teams uncover new knowledge and concepts to raise productivity sustainably. Specialists commercialise them and take them to market. Throughout, sustainability is a priority.

Strategic context

Nutreco's 'Ambition 2016 – driving sustainable growth' builds on the existing strategy to grow and improve profitability by innovative and sustainable nutritional solutions for its customers. This will be realised by focusing on a higher margin portfolio of nutritional solutions such as premixes, feed specialties and fish feed and by expanding into the growth geographies of Latin America, Russia, China and Southeast Asia, which will see the largest increases in both production and consumption of animal protein food products.

1. Higher margin portfolio of nutritional solutions

The increasing demand for both food safety and efficiency has increased the need for innovation in the feed-to-food value chain. For farmers, day-to-day decision making has become increasingly complex due to legislation and volatility and scarcity of raw materials. Nutreco has the right people, on-farm know-how, tools, models, products and services to deliver nutritional solutions that work locally.

Nutreco has in-depth knowledge in both quantitative and functional nutrition. This requires an intimate understanding of practical animal production, excellence in science, and a unique ability to integrate and transfer technology. These competencies are the foundation of Nutreco's value proposition. Nutreco wants to be a leader in the development and supply of nutritional solutions that are tailored to meet unique on-farm needs, delivering the technical and financial results that farmers need.

Nutreco's Application and Solution Centres (ASCs) are designed to improve the commercialisation of its value proposition – nutritional solutions combining innovative products, advanced models and support services and using Nutreco knowledge, experience and standards to fulfil customer needs. The ASCs coordinate the development, launch and marketing of new products, models and services. They are the interface between local market place information and innovation teams to drive innovation that meets local market needs. They take new concepts from Nutreco R&D or from external sources and translate them to the needs of individual operating companies. The ASCs create, in close cooperation with local business, the regional portfolio of bundled nutritional solutions that fit local market conditions and customer needs. They are responsible for product management, branding, marketing and communication. The ASCs will provide technical support and training. Regional coordination and support will create efficiency and will facilitate portfolio and brand uniformity. ASC Europe was established in the Netherlands in 2011. The roll out of the European and North American ASCs will take place in 2012. Upon reaching a stronger presence and critical mass in Latin America and Asia, ASCs will also be set up in these regions before the end of 2016. In the Aquaculture division the Skretting Aquaculture Research Centre (ARC) in Norway carries out a similar task and has already delivered successful innovations such as MicroBalance™ and Protec. Skretting ARC Asia will be established in 2012 in China.

2. Growth segments Premix and Feed Specialties and Fish Feed

Premix and Feed Specialties

Farming industrialisation and professionalisation lead to higher demand for high quality premixes and feed specialties. Healthy and vital animals need accurate levels of vitamins, trace minerals and other feed additives. High quality premixes are therefore essential to the feed industry, integrators and large animal production farms with their own feed plant. Trouw Nutrition, Nutreco's premix business supplies high quality premixes and feed specialties, manufactured through state-of-the-art production technology in 35 production facilities spread globally.

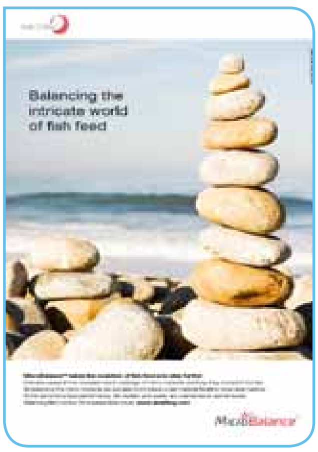
In April 2011 Nutreco announced the formation of a global Animal Nutrition division. The new organisational structure aims to better structure the development and commercialisation of nutritional solutions. Organic growth is expected to be fuelled by ASCs, innovation and an improved Go To Market approach: maximise value by matching nutritional solutions to customers' segments and needs. The most attractive markets and product segments that match customer needs will be selected to enhance better customer service.

Nutreco will accelerate its M&A activity to expand its Premix and Feed Specialties footprint in growth geographies such as Latin America, Russia and China. As a consequence, it is expected that operations in growth geographies will contribute more than half of the EBITA of Premix and Feed Specialties in 2016. Due to the strategic projects and focused investments over time Nutreco expects to outperform the current guidance of 7% EBITA margin for these segments.

Fish Feed

Worldwide the volume growth of aquaculture is expected to be at least 5% annually. The growth is driven by the demand for high-quality healthy protein. The demand for fish can no longer be met by wild catches where supplies are often affected by climatic conditions, quotas, etc. Skretting, Nutreco's global brand for fish feed, will further capitalise on its leading fish feed positions as demand for fish feed is expected to grow solidly, driven by an increasing consumer demand for fish.

Skretting is the number one fish feed company in terms of both turnover and volume (excl. shrimp feed). Skretting supplies fish feed for more than 50 species, is the global leader in salmon feed and has the largest international spread. Skretting intends to grow with salmon feed in line with the total market and turn into a global player for other fish species that have a stronghold in both mature and



emerging markets. The EBITA margin guidance for Fish Feed has been increased from 6% to 7% of revenue.

With a leading market position, recent investments in Norway and Australia in new production capacity, and with Skretting Aquaculture Research Centre (ARC) generating new knowledge, Skretting is well positioned to continue supplying customers with its strong value proposition.The research projects of ARC are integrated in Skretting's business with recently developed solutions such as MicroBalance™, a concept to reduce fishmeal in fish diets, and Protec, innovative health diets. Demand for healthy food, further growth and industrialisation of aquaculture, in conjunction with limited natural resources and Skretting's commitment to sustainability, will drive future needs for innovations.

Skretting will grow its feed business for non-salmonid species from 28% in 2010 to 45% of total fish feed revenue in 2016 by expanding its presence in Latin America, China and Southeast Asia and further spreading the species portfolio. With Skretting's global presence, its strong brand and the focused strategy towards 2016, it will continue to take the lead in driving the Blue Revolution, the rapid expansion of Aquaculture to meet the world's increasing demand for healthy fish as food.

3. Growth geographies Latin America, Russia, China and Southeast Asia

In the emerging economies such as Latin America, China, Russia and Southeast Asia the demand for agricultural and aquacultural products such as meat, fish, milk and eggs is growing. Due to the local cost structure some of these countries will also become major exporting countries of meat and/or fish. There is a need for professional farming, which leads to an increase in the demand for nutritional solutions that require high levels of knowledge and technology. These markets offer great opportunities for Nutreco to establish and build a presence.

Nutreco's growth strategy is focused on business development through organic growth and acquisition in high growth geographies with a high priority to Latin America (e.g. Brazil), Russia, China and Southeast Asia (e.g. Vietnam). Nutreco wants to increase its presence in these markets and will leverage its strengths globally. The growth in these countries will also be fuelled by investments.

Brazil

Organic growth and growth through acquisitions will lead to a more significant position in the Brazilian market for Nutreco.

Market

Brazil is the third largest animal nutrition market in the world, with annual growth of about 4-5%.

Nutreco

Joint venture with Fri-Ribe since 2009. Export positions of Selko Feed Additives:

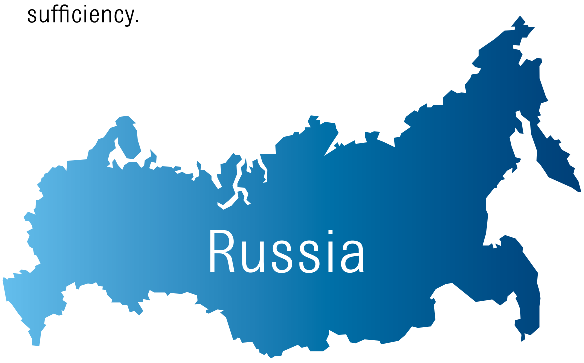
- Market leader for shrimp feed with more than 20% market share.
- Number two feed provider for tilapia with more than 10% market share.
- Fri-Ribe production capacity in both fish feed and animal nutrition is planned to increase by 20% in 2012.
- More than 500 employees.
- Six production plants and seven sales offices.

Russia

Investment offers Nutreco a platform for sustainable growth in one of the most important agricultural countries in the world.

Market

Russia ranks in the top ten of global feed markets with a 4% growth in meat production. The market is professionalising and growing towards self-sufficiency.



Nutreco

Nutreco has a sales organisation in Russia with 140 employees. It is one of the largest importers of young animal feed, concentrates and premixes in Russia. In 2011 Nutreco initiated an investment of EUR 20 million in a new production plant in the Voronezh region:

- Operational in the second half of 2012.
- Production of young animal feed, concentrates and premixes for ruminants, pigs and poultry.
- 50 employees.
- Production closer to the market, decreasing the lead times and improving the cost position and time to market.

China

Nutreco will improve its market position in China by strong organic growth and selected capacity expansions, next to growth by targeted acquisitions.

Market

China is the world's number one aquaculture feed market and the second largest compound feed market in the world. Meat production is expected to grow 2-3% annually, especially in intensive swine and poultry farming.

Nutreco

Nutreco has proactively pursued a significant animal nutrition position in China:

- 2002 new-built plant in Hunan.
- 2006 acquisition Dejia Farm Minerals.
- 2007 acquisition BASF premix activities.
- 2010 new premix factory established in Beijing.

Nutreco's subsidiary Trouw Nutrition China employs more than 600 people and has a solid base to supply the Chinese feed industry with the latest advanced animal nutrition products.

In 2011 Nutreco acquired Shihai:

- Reputable and profitable fish and shrimp feed company in China.
- New plant is constructed and equipped to a high standard and is capable of operating to Skretting specifications. Capacity of approximately 150,000 tonnes.
- Approximately 300 employees.

Vietnam

Organic growth and growth through acquisitions will lead to a more significant position in the Vietnamese market for Nutreco.

Market

Vietnam is the third largest country in global aquaculture and one of the world's largest producers of shrimps. Vietnam will develop into a leading Asian producer and processor of farmed shrimp and marine fish with a strong export focus.

Nutreco

In 2010 Nutreco acquired Tomboy Aquafeed in Vietnam (now called Skretting Vietnam):

- Reputable and profitable Vietnamese fish and shrimp feed company.
- Number four market position.
- Two production plants.
- Approximately 300 employees.

Tomboy Aquafeed offers Skretting an entrance in Vietnam and a platform for future growth.

4. Sustainability

Nutreco operates in a market challenged by major sustainability issues such as scarcity of resources, food safety, animal welfare, antibiotic resistance, pollution, climate change, biodiversity loss, and evolving governmental policies. Nutreco has to deal with volatile commodity prices due to supply and demand shocks and with an unbalanced cost distribution in the value chain.

With its global presence, state-of-the-art nutrition know-how, high standards of feed-to-food quality and safety and extensive innovation and technical capabilities, Nutreco is perfectly positioned to contribute to a more sustainable feed-to-food chain.

In 2012 Nutreco published its Sustainability Vision 2020 describing how Nutreco will contribute to the challenge of feeding 9 billion people sustainably in 2050 (Feeding the Future) and how to address the issues most material for Nutreco and its stakeholders. By 2020 Nutreco expects to have significantly reduced its environmental impact and to have inspired others to do the same. Nutreco will have significantly intensified its feed production, especially in emerging markets. Nutreco's efforts will focus on four specific elements:

- Ingredients: Creating a sustainable base for feed
- Operations: Ensuring our own house is in order
- Nutritional solutions: Enabling the animal and the farmer to perform best
- Commitment: Involving people in the Feeding the Future challenge

Strategic objectives & highlights

Customers

We offer our customers innovative and sustainable nutritional solutions for farm animals and farmed fish, through a range of products, models and services geared towards achieving optimum business results.

Strategic objectives

- Create value by developing thorough understanding of the needs of our customers and the evolving markets where they operate.
- Capture value through disciplined customer needs assessments, market segmentation, portfolio management, value based pricing and margin management.
- Offer innovative and sustainable nutritional solutions that deliver predictable results.
- Be a reliable partner in the feed-to-food chain.

Shareholders

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

Strategic objectives

- Create value for our shareholders by holding leading positions in animal nutrition and fish feed in combination with an efficient capital and tax structure that leads to a return on capital employed before tax of at least 15%.
- Pay out a dividend in the range of 35-45% of the net result of the Company's continuing operations, attributable to holders of ordinary shares, excluding impairment and book gains and losses on disposals.
- Focus on growth segments Premix and Feed Specialties and Fish Feed, and on growth

Employees

We want to be the best animal nutrition and fish feed company to work for, with a high performance culture and world class leadership.

Strategic objectives

- Provide a safe and stimulating work environment fostering employees' engagement and allowing all employees to develop and attain their full potential and create a space for innovation.
- Extend talent management and management development through training and career opportunities.
- Improve our global brand visibility expressing a pronounced industry leadership role that will make Nutreco the company of choice for employees in all countries, markets and areas of expertise.
- Maximise the benefits of collaboration and

Suppliers

We engage with our partners in the feed-to-food value chain to establish, control and manage systems for sourcing of sustainable raw materials in a responsible and reliable way.

Strategic objectives

- Enter into long term supply agreements to guarantee customers sufficient and high quality feed.
- Conduct business in an environmentally sustainable manner.

Society

We will contribute to the Feeding the Future challenge of doubling world's food production while halving the footprint and integrate sustainability in our daily business life.

Strategic objectives

- Continuously assess and work to improve Nutreco's role in society: creating a sustainable base for feed, ensuring our own house is in order, enabling the animal and the farmer to perform best and involving people in the Feeding the Future challenge.
- Include sustainability targets in the remuneration package of all Nutreco managers, making sustainability an integral part of Nutreco business life.

Highlights 2011

- Development of the Nutreco Sustainability Vision 2020.
- Sustainability assessment method is developed and tested on recent innovations.
- Realised carbon footprint reduction of Nutreco plants by 30% (baseline 2009).

Highlights 2011

- Development of innovative products, models and services that enable Nutreco's customers to enhance their business performance sustainably. For more details, see the innovation chapter in this report.
- Partnership with the Ministry of Agriculture Feed Industry Centre (MAFIC) of China to share nutritional knowledge for mutual benefit, to expand the international research network and to conduct highly qualified research.
- Announcement of EUR 66 million investment in expansion of Skretting production capacity in Norway to meet higher demand for fish feed and to maintain market share.
- Announcement of investment of EUR 20 million in a new premix and specialties production plant Russia.
- Establishment of Application and Solution Centre for Europe in the Netherlands.
- Partnership with ForFarmers.
- Customer relationship management system has been implemented in nine operating companies to increase the effectiveness of marketing and sales activities.
- Design of Unite concluded. Construction started. Unite is a Nutreco wide project to harmonise business processes and systems.

geographies Latin America, Russia, China and Southeast Asia.

- Increase EBITA to EUR 400 million in 2016 with more than half of EBITA of Premix and Feed Specialties coming from growth geographies.
- Further growth in markets for non-salmonid species to a share of 45% of Fish Feed revenue in 2016.

Highlights 2011

- The acquisition of Shihai will provide Skretting, the Nutreco fish feed business, with a production base in China, the world's number one aquaculture feed market.
- The intended sale of Hendrix to ForFarmers.
- Strategy update in November in Amsterdam to update the analyst and investors communities on market developments and Nutreco's answer with its five year strategy Ambition 2016 – driving sustainable growth.
- Increase of EBITA margin guidance for Fish Feed from 6% to 7%.
- Total Shareholders Return of 400% since the listing in 1997.
- EBITA before exceptional items for total business EUR 241 million.

knowledge sharing by creating a global virtual environment for all our employees.

Highlights 2011

- Concluded the Expanding Horizons programme 2010/2011 with ten international employees executing strategic consulting assignments set by the Executive Board.
- Extended our people & career tool P@CT to all employees globally, providing all managers real time key performance indicators for their organisations.
- A global employee satisfaction survey was conducted regarding our performance review processes.
- 'Leading and Managing People', a new development programme for key managers was introduced.
- Recruitment processes were expanded, especially via e-recruitment and learning & development activities increased by means of E-learning pilots.
- Travel safety has been enhanced by implementing among others a tracking and tracing tool.
- A job reference model was defined and core competencies are refined and improved.

- Reduce supply chain costs, increase efficiency and develop a sustainable supply chain with our partners.
- Together with strategic partners develop new products, concepts, models and services for our markets/customers.

Highlights 2011

- Engaged top 100 suppliers to accept Nutreco's Vendor Policy.
- Defined a process to identify and engage potential long-term strategic suppliers.
- Commitment in multi-stakeholder roundtables such as the Round Table on Responsible Soy (RTRS), the Aquaculture Stewardship Council (ASC) and the Roundtable on Sustainable Palm Oil (RSPO).

- Agri Vision 2011 attracted 375 delegates from 37 countries. Agri Vision and AquaVision are the international agri- and aqua business conferences organised by Nutreco to provide a platform for discussion at a strategic level on current and future challenges in the animal feed-to-food chain.
- Development of the Nutreco Green-IT strategy 2015 to reduce the CO_2 footprint of services provided by 25% and ensuring 100% social reuse of obsolete equipment. It will provide solutions for employees and management to reduce their own and business process footprint.
- Revitalised Code of Ethical Conduct that sets out a number of moral values to which the Company subscribes, to be shared by all Nutreco employees.
- Nutreco contributed funds and expertise in aquaculture, poultry production and finance to the EPIA project in an impoverished and remote area of Bangladesh. The objective over five years is for 3,000 families to join the project thus generating a potential benefit for 100,000 people in the region. EPIA stands for Empowerment of the Poor through Integrated Agriculture.
- Secured more sustainable supplies of energy.

Guidance and financial performance

To execute Ambition 2016, a strong financial position is important to fund investments, acquisitions and innovation. Due to its strong balance sheet and cash flow Nutreco is well positioned to grow its business as defined. Nutreco provides the following guidance for the near future, wherein organic growth means volume growth as raw materials price effects are in principle passed through to customers. Acquisitions are in addition to organic growth.

	Actual 2011	Guidance
Organic growth (revenue) per segment		
- Premix and Feed Specialties	0.4%	4%
- Fish Feed	8.5%	5%
- Animal Nutrition Canada	3.5%	1-2%
- Compound Feed Europe	-6.5%	1-2%
- Meat and Other	3.2%	1-2%
EBITA margin per segment (continuing operations)	4.9%	5-6%
- Premix and Feed Specialties	6.3%	7%
- Fish Feed	7.4%	7%
- Animal Nutrition Canada	5.3%	6%
- Compound Feed Europe	2.2%	2-3%
- Meat and Other	3.6%	2-3%
Return on average capital employed	21.4%	>15%
EBITA before exceptional items	EUR 232 million	EUR 400 million in 2016
Net debt / EBITDA ratio	1.0	<3
Net debt / equity ratio	0.3	<1
Interest coverage (EBITDA / Financial income/costs)	9.6	>5
Total shareholder return three year period	No. 5 within the ranking of the peer group	Above median of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments

Sustainability objectives and performance

Objective 2011	Actual 2011	Objective 2012
• Reduction CO_2 emissions of Nutreco plants by 30% (baseline 2009) • Engage with top 100 global suppliers of the spend on the sustainability vendor policy and with suppliers that supply soya, palm oil or marine products	• Reduction of CO_2 emissions by 36% (baseline 2009) • Top 100 engaged and up to 84% of all suppliers of marine, soya and palm oil products	• Implement 2012 actions from energy efficiency plan manufacturing sites • Establish and implement a verifiable carbon footprint reduction plan for logistics, business travel and other relevant operational emissions and non-manufacturing sites by the end of 2012 • Introduce Nutreco's Sustainability Vision 2020 in own organisation • Develop a Sustainability Action Plan 2012 in line with the Sustainability Vision 2020, implement the actions stated in this action plan and integrate a progress report in the regular planning and control cycle

Information about the Nutreco share

Stock exchange listing

Nutreco has been listed at NYSE Euronext Amsterdam since 3 June 1997 and is included in the Amsterdam Midkap Index (AMX). As at 31 December 2011, the market capitalisation of Nutreco amounted to approximately EUR 1,785 million. As at year-end 2011, a total number of 35,118,682 (2010: 35,118,682) ordinary shares had been issued. Of these shares 352,847 (2010: 155,822) are held in treasury by Nutreco. As of 2010 Nutreco holds treasury shares for its obligations regarding performance plans. Previously shares were conditionally held by the beneficial employees. In February and March 2011 Nutreco conducted a share buy-back programme and repurchased 650,000 shares to cover future stock dividends and obligations for share plans. Furthermore, Nutreco added 111,597 treasury shares through purchases of restricted shares from its employees and via banks. In 2011 the Company issued 564,572 shares from the treasury shares for stock dividend, performance shares and shares under the employee share participation plan.

Spread of total number of shares outstanding

Estimated % distribution of shares:

Netherlands	35
United Kingdom	20
United States and Canada	20
Germany	10
Nordic countries	5
France	5
Other European countries	4
Other countries	1
	100

Institutional investors	85
Private investors	15
	100

Disclosures under the Disclosure of Major Holdings in Listed Companies Act

Under the Disclosure of Major Holdings in Listed Companies Act, the Company received one disclosure of ING Groep N.V. of a 11.28% shareholding.

On 31 December 2010 an agreement was concluded between Nutreco and both holders of the 2,496,600 cumulative preference shares 'A' for the Company to repurchase these shares. These shares represented 12.44% of the total issued capital of Nutreco N.V. After the legally required waiting period of two months, the cumulative preference shares 'A' were repurchased and were withdrawn in March 2011.

Investor relations (IR) policy

Nutreco's IR policy is aimed at informing (potential) shareholders in time and fully about the developments that are relevant to the Company in order to provide a true and clear picture for investment decisions involving Nutreco. As a listed company, Nutreco fulfils the obligation that all announcements are stated truthfully and are in line with all rules and obligations laid down by NYSE Euronext Amsterdam and the Netherlands Authority for the Financial Markets (AFM).

Price-sensitive information is disseminated without delay through a press release. Anyone may register through the Nutreco website for receipt by e-mail of such press releases. Besides the financial results, the Company will also furnish the broadest possible information on its strategic choices and objectives and its sustainability policy. Key documents for the provision of information are the Annual Report and the Sustainability Report. At the publication of the half-year and annual results, Nutreco will hold an analyst meeting and also a press conference at the publication of the annual results. These meetings, as well as the meetings of shareholders, can be followed through webcasts. Nutreco releases trading updates for the first and third quarterly results. In addition, Nutreco regularly features road shows and takes part in conferences for institutional investors as well as for private investors. Nutreco has also opted for regular interaction with its shareholders. These contacts help Nutreco to get a clear picture of their wishes and thoughts.

Nutreco observes a silent period, during which no road shows and meetings with potential or current investors take place. For the annual figures, this period covers the term from 1 January up to the day of publication of the annual figures as prescribed in the Regulation Insider Information (see www.nutreco.com). For the interim figures, it covers the term from 1 July up to the day of publication of the half-year figures. For the trading updates after the first quarter and after the third quarter, it covers the term from 1 April and 1 October up to the day of the publication of the trading update. Relevant information for potential and current shareholders can be found on the Nutreco website under the link 'Investor Relations'.

Direct questions of investors may be directed by e-mail to the Investor Relations department (ir@nutreco.com) or by telephone (+ 31 33 422 6112).

Dividend proposal 2011

The General Meeting of Shareholders to be held on 27 March 2012 will be recommended to declare a dividend of EUR 1.80 (2010: EUR 1.50) per share for the 2011 financial year. This represents a payout of 45% (2010: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco over the period from 1 January 2011 to 31 December 2011.

In August 2011 the Company already distributed an interim dividend of EUR 0.50 (2010: EUR 0.50) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.30 can be received in cash or in ordinary shares, chargeable to the share premium account, at the shareholder's option. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend, i.e. 11, 12 and 13 April 2012. Both the cash and the stock dividend will be made payable to shareholders on 19 April 2012.

General Meeting of Shareholders

The General Meeting of Shareholders will be held at De Flint, Coninckstraat 60, Amersfoort, on Tuesday 27 March 2012, at 2.30 pm.

Share price and volume development

In 2011 the share price opened at EUR 56.78 and at the end of the year it closed at EUR 50.84, which was a decrease of 10.5%. During the same period the AEX and AMX indexes decreased by respectively 11.9% and 26.8%.

The average daily trading volume on NYSE Euronext Amsterdam in 2011 was 150,033 shares, compared with 159,175 shares per day in 2010. In 2011 97.6% of the traded volume in Nutreco shares took place within the NYSE Euronext platform. The remaining 2.4% was traded on alternative trading platforms such as Chi-X, BATS and Turquoise.

Important dates

2012

9 February 2012	Publication of the annual results 2011
27 March 2012	Annual General Meeting of Shareholders
29 March 2012	Ex-dividend date (final dividend)
29 March – 13 April 2012	Option period
2 April 2012	Record date
13 April 2012	Determination of the stock dividend exchange ratio (after close of trading), based on the average weighted share price of 11, 12 and 13 April 2012
19 April 2012	Pay out final dividend
19 April 2012	Q1 trading update
26 July 2012	Publication of half-year results 2012
30 July 2012	Ex-dividend date (interim dividend)
30 July – 20 August 2012	Option period
1 August 2012	Record date
10 August 2012	Determination of the stock dividend exchange ratio (after close of trading), based on the average weighted share price of 8, 9 and 10 August 2012
16 August 2012	Declared interim dividend payable
18 October 2012	Q3 trading update

2013

7 February 2013	Publication of the annual results 2012
28 March 2013	Annual General Meeting of Shareholders

Key figures per share

(EUR)	2011	2010	2009	2008	2007	2006	2005	2004	2004
								IFRS	
Basic earnings	3.74	3.17	2.61	3.34	3.46	15.19	3.90	2.29	2.13
Basic earnings from continuing operations[1]	3.59	2.99	2.61	3.02	3.24	3.05	2.63	2.29	2.23
Dividend[4]	1.80	1.50	1.32	1.43	1.64	1.60	1.52	0.53	0.53
Payout[2]	45%	45%	45%	45%	45%	45%	35%	35%	35%
Highest share price	57.32	60.63	39.29	51.10	56.98	54.75	38.35	30.80	30.80
Lowest share price	39.75	36.66	23.65	21.40	37.87	36.35	20.30	17.60	17.60
Closing price	50.84	56.79	39.29	23.52	39.56	49.39	37.31	20.23	20.23
Average number of shares outstanding (x thousand)	34,882	35,139	34,603	34,358	34,317	34,209	34,498	34,056	34,056
Number of shares outstanding (x thousand)	34,766	34,963	34,995	34,279	34,256	33,906	35,528	34,081	34,081
Market value at closing price[3] (EUR x thousand)	1,767,495	1,985,549	1,374,954	806,242	1,355,167	1,674,617	1,288,240	689,459	689,459

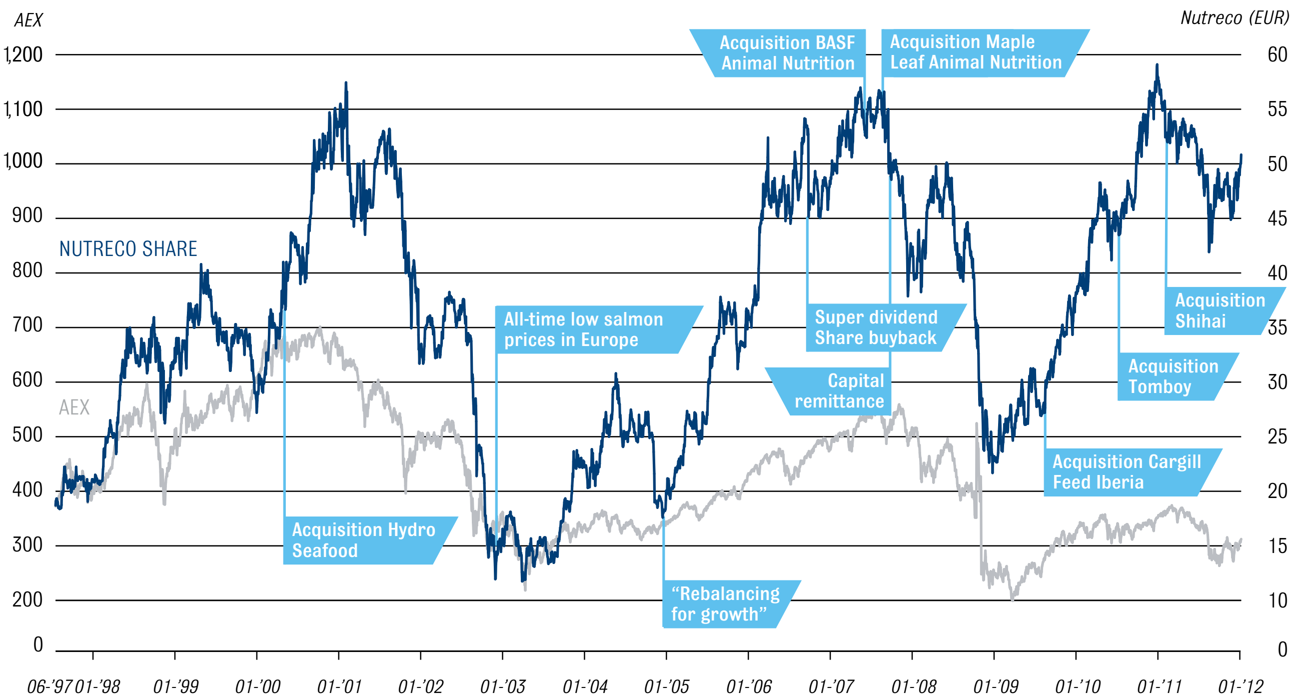
1 Basic earnings for 2004 is before amortisation of goodwill and impairment.

2 The payout ratio is calculated on the total result for the period attributable to owners of Nutreco excluding book profits and impairment.

3 The market value is calculated on outstanding shares excluding shares held in treasury.

4 Excluding superdividend of EUR 9 in 2006 and capital repayment of EUR 5 in 2007

Share price Nutreco vs AEX



Netherlands based Selko® Feed Additives develops and supplies feed additives that provide benefits in three areas: feed preservation, animal health and nutrition. Trouw Nutrition International is a major marketing channel. In this example Trouw Nutrition Asia Pacific supplies the products via its Australian distributor AusPac Ingredients.

"We work with customers to devise strategies with Selko products as part of their farm management and animal health programmes. These use products such as Fysal® Feed to control pathogens in raw materials and feed, Fysal Fit-4 to improve intestinal health and Selacid Green to counter clinical enteric diseases caused by E. coli, Salmonella and Clostridium. Part of our task is helping customers obtain the maximum benefit and to analyse critical control points of food safety, biosecurity and animal performance. Supporting the prudent use of antibiotics and improving productivity contribute to farm profitability and sustainability."

Maarten van der Heijden

Selko Business Manager Health & Preservation

PERFORMANCE

“Our goal is to control enteric disease with hygiene, autogenous probiotics and acids thus preserving antibiotics for treatment of disease outbreaks. Rivalea Veterinary Services works closely with Nutreco technical specialists fine tuning programmes for specific aged pigs and pathogens. Fysal® Fit-4 was developed by Nutreco for Salmonella control. In consultation with Nutreco specialists, Rivalea tested Fysal® Fit-4 as an *E. coli* control; it is now our main control product in high risk *E. coli* sites. Collaboration with Nutreco and their distributor, AusPac Ingredients has been critical in Rivalea being able to simultaneously reduce disease and antibiotic use.”

Peter McKenzie

Veterinary Services Manager, Rivalea

Rivalea, one of Australia’s leading integrated agri-food companies, operates across a number of sites in a full integration including pork farming, processing and distribution. High standards are maintained by extensive training for employees and contractors. This is supported by research and veterinary services, nutritional, genetic and animal welfare professionals. “Research relationships with companies such as Nutreco form an important part of our continuing drive for excellence through innovation.” Paul Pattison, Managing Director of Rivalea Australia.

OPERATIONAL DEVELOPMENTS

Trouw Nutrition INTERNATIONAL

SKRETTING

SHUR-GAIN

Landmark Feeds

NANTA

SADA

Nutreco produces a broad range of innovative nutritional products serving the needs of poultry, pigs, ruminants, companion animals and other livestock animals as well as fish. Below are short descriptions on each product group.

Premix

Premixes are a blend of feed additives. There are feed additives for different purposes, for example, nutritional (vitamins, minerals, etc.), technological (emulsifiers, antioxidants, etc.), sensory (flavours and colourants) and zootechnical (digestion enhancers).

Feed specialties

Feed specialties are low-volume, high-precision and high-value products. They include special feeds for transitional phases such as gestation and weaning, farm minerals, feed ingredients and animal health products and feeds to complement home-grown cereals.

Fish feed

Fish feed consists of proteins, oil and fats, cereals, vitamins and minerals. These nutrients are ground, mixed and extruded. The extrusion process binds and forms the product, which is subsequently dried. The fish feed is used by fish farms and there also are formulations for shrimp farms. The fish feed product range can vary from broodstock diets, juvenile feed and grower diets to special (medicated) diets.

Compound feed

Compound feeds are blended feeds of various ingredients to match the nutritional requirement of farmed animals. The main ingredients are macro-ingredients such as grains and soya, and micro-ingredients such as premixes, vitamins and minerals. Other ingredients include natural health components, organic acids, aromatic substances and pigments.

Meat

In addition to animal and fish nutrition, Nutreco produces and markets poultry and pig meat in Spain. Furthermore, in Canada, Nutreco has poultry hatchery and embryonated egg productions.

Business segments

Nutreco's activities in this report are divided into five business segments:

1. Premix and Feed Specialties
2. Fish Feed
3. Animal Nutrition Canada
4. Compound Feed Europe
5. Meat and Other

	Premix and Feed Specialties	Fish Feed	Animal Nutrition Canada	Compound Feed Europe	Meat and Other
Revenue 2011 EUR million	1,150	1,602	461	591	918
Geographical spread	Worldwide	Worldwide	Canada, USA	Spain, Portugal	Spain, Canada
Market position	Global no. 2 position in premix with 12% market share	Global no. 1 in salmon feed with 34% market share	No. 1 in Canada with 24% market share	No. 1 in Spain with 14% and in Portugal with 4% market share	No. 1 in poultry in Spain with 28% market share
Customers	Feed compounders, integrators, distributors, home-mixers	Fish farmers	Livestock farmers	Livestock farmers	Retail, wholesale, food industry, food service, poultry farmers
Nutreco main brands	Trouw Nutrition	Skretting	Shur-Gain, Landmark	Nanta	Sada

Premix and Feed Specialties

Revenue, including sales to discontinued operations, was EUR 1,150.2 million (2010: EUR 1,093.4 million). Volumes were up 0.4% and impacted by exiting a pet food toll milling contract which had an effect of -0.9%. Prices were 6.4% higher on average due to higher raw materials prices. The exchange rate effect was -1.6%. EBITA before exceptional items for Premix and Feed Specialties decreased to EUR 72.2 million compared with the excellent result of EUR 76.5 million in 2010, mainly due to a moderate start in the first quarter of the year. Operating margin in both 2010 and 2011 was diluted by 0.3% as restated revenue include intercompany sales to discontinued operations.

Profile

The Premix and Feed Specialties segment produces and sells premixes, farm minerals, young animal feeds, animal health products and feed additives. These products enhance and preserve the nutritional value of feed raw materials, support farm animals through transition periods and help to reduce the impact of stress and disease outbreaks. The products are sold to feed compounders, integrators, distributors and farmers, as well as the companion animal industry. Supported by a comprehensive distribution network, the Premix and Feed Specialties segment supplies a global market either by local operating companies or by export. Product innovation is accomplished in cooperation with six Nutreco Research centres. Premix and feed specialties are mainly sold under the Trouw Nutrition brand, which is the well-known brand for premixes. Maxcare is the chosen brand for farm minerals. All feed additive products are grouped under the brand name Selko Feed Additives. Premix and Feed Specialties has 16 production facilities in Europe incl. the Voronezh plant which is not in operation yet, 15 plants in the Americas and three plants in Asia. In addition it has a joint venture in Venezuela and an investment in Egypt. The total annual sales volume is about 1.5 million tonnes.

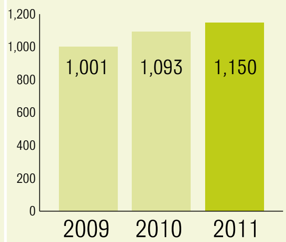
Market developments

Our customers were faced with strongly increased raw material prices. On top of that Northwest Europe is witnessing a continuous reduction of animal numbers and an intensely competitive environment. In Eastern Europe the number of swine was severely reduced due to the economic downturn as many farmers face difficulties in financing their operations in the current market circumstances. The industry growth in Russia is based on the country's policy to become a self-sufficient producer of meat. In the USA and Mexico all relevant market segments are profitable, except for poultry. Profit margins of farmers are highly variable due to their exposure to raw materials, especially grain. In Brazil the overall market outlook is good, with Brazil being well-positioned to supply the expansion in global poultry demand and an increasing regional demand for proteins. In China, Japan and Indonesia the demand for feed is good, driven by increased animal numbers.

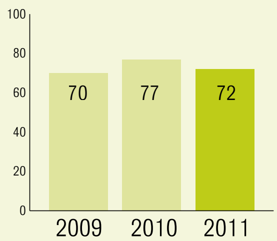
Key figures (EUR x million)	2011	2010	Δ%
Revenue	1,150.2	1,093.4	5.2
EBITDA*	81.4	85.7	-5.0
EBITA*	72.2	76.5	-5.6
Operating margin (EBITA*/revenue)	6.3%	7.0%	
Average capital employed	276.6	262.4	5.4
ROACE (EBITA/ACE)	26.1%	29.2%	

* Before exceptional items

Revenue development Premix and Feed Specialties
(EUR x million)



EBITA development Premix and Feed Specialties
(EUR x million)



About half of the global premix market is estimated to be supplied by DSM, Nutreco's Trouw Nutrition International, Cargill's Provimi and Evialis. The rest of the market is supplied by a number of local producers. Trouw Nutrition's global market share in premixes is approximately 12%. The market for premix is growing at 2-3% per annum.

The markets for animal health products and additives are fragmented. The potential market growth for the more specialised feed additives is estimated between 5 and 10% per year.

Strategy

Premix and Feed Specialties is one of the growth segments of Nutreco. The global market position in Premix and Feed Specialties will be expanded by organic and acquired growth. Nutreco will build a meaningful position in growth geographies, while securing presence in mature segments. The focus will be on high margin nutritional solutions that contribute to the sustainability and profitability of its customers. Focus geographies for major expansion are Latin America, Russia and China. Nutreco has grouped all the animal related activities in one Animal Nutrition division. Key enablers to drive growth are a focused division, the establishment of regional Application & Solutions Centers (ASCs), R&D strength, ability to innovate and an effective Go To Market strategy (see page 19 for more information about the ASCs).

Developments in 2011

In January 2011 Nutreco announced an investment of EUR 20 million in a new factory in the Voronezh region in Russia. The plant will produce young animal feed, concentrates and premixes for ruminants, pigs and poultry. The plant is scheduled to become operational in the second half of 2012 and will employ 50 people. The investment will strengthen Nutreco's market position in Russia. Taking production close to the market decreases the lead times and improves the cost position, providing a good opportunity for sustainable growth in one of the important agricultural countries in the world.

In May 2011 Selko Feed Additives opened its upgraded production plant in Tilburg, the Netherlands. The plant was rebuilt, starting at the end of 2010, to double capacity and introduce the latest techniques for acid blending. The new plant is successful and contributes to the growth of Selko.

Successful new products introduced in 2011 are described at page 51.

Fish Feed

Fish Feed revenue of EUR 1,601.5 million was 20.2% higher than in 2010. Volume increased by 8.5%, due to increased salmon feed volumes in Norway and Chile. The price effect of 7.9% was mainly caused by higher raw material prices that were passed through in feed prices. The effect of the acquisitions of Tomboy in Vietnam (October 2010) and Shihai in China (October 2011) was 3.1%. The exchange rate effect was 0.7%. EBITA before exceptional items significantly improved to EUR 118.7 million due to strong global growth. The salmon feed volumes increased due to strong performance in Norway and a very strong recovery in Chile. With the Pargua plant back into production since September 2011, all three plants of Skretting Chile are now being utilised.

SKRETTING

Profile

Nutreco's fish feed business Skretting has operations on five continents producing fish feed in 14 countries with sales in over 40 countries. Skretting produces and delivers high-quality sustainable feed from hatching to harvest for more than 50 species of farmed fish. All grower feed are formulated with the underlying drive to deliver excellent quality fish produced at competitive pricing.

The global Skretting brand driven by the world-class aquaculture research centre, Skretting ARC, and the company's sustainability focus through SEA (Sustainable-Economic-Aquafeeds) and Nutrace (feed-to-food safety and quality), positions Skretting as the world leader in fish feed.

The total annual sales volume is about 1.5 million tonnes.

Market development

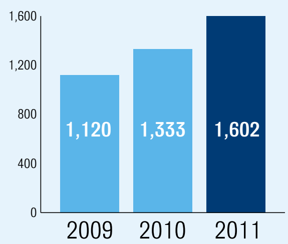
The principal markets for salmon and seawater trout feed are Norway and Chile, where approximately 80% of the global farmed salmon is harvested. The average annual growth in salmonid feed from 1998 to 2011 was more than 5%.

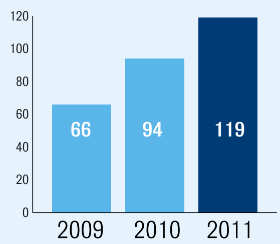
The market for fish feed in Chile grew significantly in 2011, with an increased growth rate of over 30% in comparison with 2010. Growth rate for Norway was 12% for 2011 in comparison with 2010. Another fast growing market is China with an estimated 8.6 million tonnes (excluding carp) and an annual growth of 10% in the past five years. In the feed industry for farmed marine species such as sea bass, sea bream, yellowtail and barramundi, many feed players are operating on a regional or national scale.

Skretting is the number one feed supplier for all principal salmon farming markets with a global market share of about 34%. The top three salmon feed producers Skretting,

Key figures (EUR x million)	2011	2010	Δ%
Revenue	1,601.5	1,332.6	20.2
EBITDA*	138.1	112.5	22.8
EBITA*	118.7	94.3	25.9
Operating margin (EBITA*/revenue)	7.4%	7.1%	
Average capital employed	350.3	300.2	16.7
ROACE (EBITA/ACE)	33.9%	31.4%	

* Before exceptional items





EWOS (32%) and Biomar (22%) together account for approximately 90% of the total global salmon feed market.

Strategy

In 2011 the world's population grew to seven billion people. With the predicted growth rate, it will reach 9 billion people by 2050. A significant growth in aquaculture will be part of the solution to secure food availability for the growing population. Skretting will be driving the blue revolution in fish feed and will develop the feed industry to enable increased production of sustainable fish feed on all continents. Skretting aims to keep its market-leading position in fish feed within all regions and segments. In order to achieve this, Skretting works on qualitatively unique product concepts that are driven by innovation, food safety and sustainability. Skretting targets at least 5% organic growth per year. Furthermore it aims to increase the share of fish feed for non-salmonids from 28% in 2010 to 45% of total fish feed volume by 2016. Feed for salmonid species will grow in line with the market growth of 5% per annum.

Skretting will focus on acquisitions in fish feed for non-salmonids in regions such as Latin America, North Africa, China and Southeast Asia. Skretting will expand its recently acquired fish feed activities in Brazil, China and Vietnam. A new Skretting ARC research facility will be established in China to support the growing needs for more sustainable feed for sub-tropical fish species and shrimp.

Developments in 2011

New production capacity in Norway, doubling the capacity in Australia and re-opening of the Skretting Pargua plant in Chile, were investments to support growth of feed volume from 1.5 million tonnes in 2011 to 2.7 million tonnes in the next five year period.

The investment of EUR 66 million in Norway, announced in 2011, enables Skretting to maintain its market leader position in this important market. The first part of the upgraded Averøy plant in Norway will become operational before the high season of 2013. Investing EUR 20 million to double the capacity in Tasmania has enabled production of outstanding nutrition for salmon, trout, barramundi and tuna for both Australia and New Zealand. Annual growth in these markets has been 10% since 2001. With these investments in existing markets, the position of the global Skretting brand is strengthened and the business is well prepared to meet future market needs in all these regions.

Skretting's joint venture with Fri-Ribe in Brazil has established a number one position as feed supplier for shrimp, and a number two position as supplier for fresh water species such as tilapia and tambaqui. Skretting's position and the expected growth will be key drivers for increasing the capacity by 50% in the coming years.

In October 2011, Skretting completed the acquisition, with full support of the Chinese government, of Shihai, a reputable and profitable fish and shrimp feed company in China.

In 2011 Skretting continued developing innovative and sustainable product solutions based on MicroBalance™ which gives greater flexibility in the use of raw materials. As a consequence of the MicroBalance™ concept, Skretting was able to reduce the use of fish meal in salmon grower feed to below 10% in 2011. Thanks to MicroBalance™ salmon producers now can be net fish protein producers.

Research shows that industrial fish farming needs innovative solutions to ensure fish health, and in 2011 Skretting ARC increased the fish health department, now consisting of a team of seven fish health researchers. The Skretting ARC in Stavanger is a centre of excellence and collaborates with over 40 research institutions worldwide to ensure knowledge sharing for cutting edge research results.

Animal Nutrition Canada

Revenue in 2011 for Animal Nutrition Canada was EUR 460.6 million compared with EUR 399.5 million in 2010 (+15.3%). The increase was the result of 3.5% higher volumes. Feed volumes for dairy and beef cows improved while the volume decline for swine feed bottomed out. The price effect of 13.2% was the result of passing on higher raw material prices in feed prices. The exchange rate effect was -1.4%. EBITA improved to EUR 24.5 million (2010: EUR 22.8 million) due to a strong market position in a robust and relative stable market environment.

Landmark Feeds

Profile

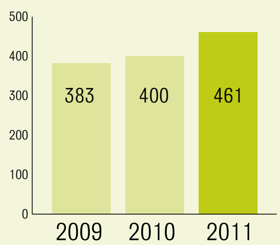
Animal Nutrition Canada is well known by its Shur-Gain and Landmark Feeds brands. It is a leading company in animal nutrition technology and offers a wide range of products. Shur-Gain operates in the central and eastern regions of Canada and in New York State, USA. Landmark Feeds operates in western Canada. Both Shur-Gain and Landmark Feeds are long-established brands: Shur-Gain dates from 1937 and Landmark Feeds from 1954. The animal nutrition products of Nutreco in Canada include premixes, concentrates, compound feed, feed specialties and animal health products. Furthermore, Nutreco Canada produces pet food for both private labels for the grocery markets and branded products.

Customers in Canada are served from 12 feed and premix manufacturing facilities for swine, beef and dairy cattle and poultry with an annual sales volume of approximately 1.1 million tonnes, equalling approximately 4.5 million tonnes compound feed equivalent (CFE). Shur-Gain is supported by an extensive dealer network in Ontario and Quebec. Nutreco Canada has a dedicated pet food plant producing private label and branded products in St. Marys, Ontario. In Strykersville, New York State, USA, Nutreco Canada operates a plant producing Shur-Gain feed mainly for dairy cows.

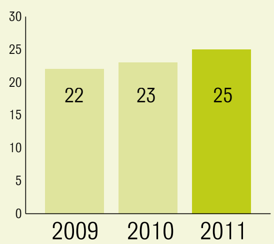
Key figures (EUR x million)	2011	2010	Δ%
Revenue	460.6	399.5	15.3
EBITDA*	30.0	28.2	6.4
EBITA*	24.5	22.8	7.5
Operating margin (EBITA*/revenue)	5.3%	5.7%	
Average capital employed	260.6	265.6	-1.9
ROACE (EBITA/ACE)	9.4%	8.6%	

* Before exceptional items

Revenue development Animal Nutrition Canada
(EUR x million)



EBITA development Animal Nutrition Canada
(EUR x million)



Market developments

Poultry and dairy production is supply-managed by quota in Canada, resulting in a relatively stable feed demand. The Canadian market for animal nutrition is stable and did not suffer from an economic downturn. Swine and beef production are not controlled by quota. The Canadian dollar is seen as a safe haven and has strengthened considerably against the US dollar. The contraction in the swine sector due to poor economics over the past few years has stabilised, with improved market prices.

The Canadian animal feed industry for poultry, swine, dairy and beef is estimated at about 21 million tonnes in Compound Feed Equivalents in 2011, representing about 3% of the global animal feed industry. The Canadian animal feed market is mainly supplied by regional feed producers. It is a fragmented and geographically diverse industry. Due to excess of production capacity, the industry has to consolidate. No meaningful consolidation has yet taken place. Animal Nutrition Canada, which has a nationwide presence, has a total market share of about 23%. Nutreco's main national competitors in Canada are Ridley, Cargill, La Coop Fédérée and Viterra.

In New York State, Animal Nutrition Canada produces feed for dairy cows and holds a market share of about 7% in the dairy feed market.

Strategy

Nutreco's leading position in Canada, supported by strong brands, provides the company with an excellent foundation on which to build its presence further in North America. Shur-Gain and Landmark Feeds have high standards in products and business performance. In order to enhance the internal global cooperation and alignment, Nutreco has grouped all the animal related activities in one Animal Nutrition division, leveraging R&D, the innovation pipeline and technology transfer through the roll out of Application and Solution Centres in Europe, North America, Latin America and Asia. Thus the scope of the Application and Solution Centre in Canada will be extended to the USA.

Developments 2011

In July 2011 the St. Mary's Shur-Gain feed mills passed the milestone of ten years without a lost time accident. The two feed mills on the site employ 50 people to operate 24 hours a day six days a week. Key factors in achieving this record are active safety committees and the pride of the workforce.

A new sow feeding programme was introduced, named Mission. This programme helps pig farmers maintain productivity and sow health.

Compound Feed Europe

Revenue in the Compound Feed Europe segment increased by 11.6% to EUR 590.5 million (2010: EUR 529.2 million). Volumes were 6.5% lower with fewer livestock in Spain and Portugal. The price effect was 18.1% due to higher raw material prices that are passed through in feed prices. EBITA amounted to EUR 13.0 million (2010: EUR 12.6 million). In challenging market circumstances, profitability was protected and increased by 3.2%. Raw materials prices could be passed on and the successful integration of the acquired compound feed activities of Cargill in Iberia starts to pay off. Strong market leadership positions combined with operational excellence are the basis for good performance.

Profile

With the intended divestment of Hendrix, Compound Feed Europe comprises the businesses in Spain and Portugal. Under the Nanta brand, Nutreco delivers a broad range of high-quality products and feed solutions primarily for poultry, pigs and ruminants, but also for horses and rabbits. Nanta also offers the farmer total farm management advice. This enables farmers to improve their business processes, resulting in improved profitability with a strong focus on quality, efficiency and reduction of environmental impact.

Nanta operates 20 compound feed plants in Spain and Portugal with an annual sales volume of about 1.9 million tonnes, which includes the supply to Nutreco's meat businesses in Spain (Sada and Inga Food).

Market developments

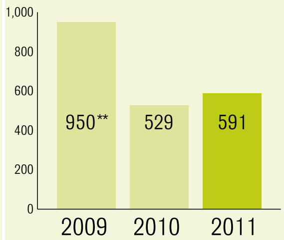
In Spain the market circumstances are challenging with almost 21% unemployment, lack of liquidity and a decrease in demand. It furthermore is a decreasing market with the exception of swine and poultry.

The Iberian compound feed industry is fragmented; 10 out of approximately 900 players account for about 35% of the total volume. It is a multi-species market where swine and poultry have great importance. Nanta is market leader in Iberia with an overall market share of 13% and a nationwide presence in Spain and Portugal, substantially strengthened by the acquisition of Cargill compound feed activities in 2009. Main competitors are Vall Co. (8%), Guissona (5%), Nuter (3%) and Coren (3%).

Key figures (EUR x million)	**2011**	**2010**	**Δ%**
Revenue	590.5	529.2	11.6
EBITDA*	21.9	20.8	5.3
EBITA*	13.0	12.6	3.2
Operating margin (EBITA*/revenue)	2.2%	2.4%	
Average capital employed	52.6	54.5	-3.5
ROACE (EBITA/ACE)	24.7%	23.1%	

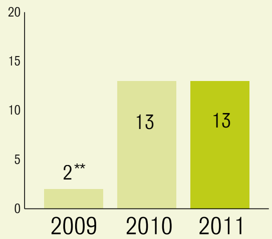
* Before exceptional items

Revenue development Compound Feed Europe
(EUR x million)



** Including Hendrix

EBITA development Compound Feed Europe
(EUR x million)



Strategy

Nutreco has compound feed positions in Spain, Portugal, Canada (see segment Animal Nutrition Canada) and in the Netherlands, Belgium and Germany. In November 2011 Nutreco announced the divestment of Hendrix (the compound feed operations of Nutreco in the Netherlands, Belgium and Germany) to ForFarmers, a reputable Dutch compound feed cooperative. Nutreco strives for leading positions, number one or two, in the markets in which it operates. After having thoroughly studied the strategic options for Hendrix Nutreco concluded that Hendrix could only get a leading position through cooperation with another party. The merger of ForFarmers and Hendrix creates one of the largest companies in the European compound feed industry.

Nanta, Nutreco's compound feed operation in Iberia, has a leading position in the compound feed industry in Spain (14% market share). The strong market position in combination with operational excellence is the basis for cost leadership. Nanta reached this position after the acquisition in 2009 of the Cargill compound feed activities in Spain and Portugal. The integration of the Cargill activities was successfully finished in 2011. Nanta has a clear farmer focus. It offers customers sustainable and healthy feed solutions for their animals geared towards achieving optimum business results. Nanta will strengthen market leadership by gaining market share in the free compound feed market, while increasing profitability ratios by increased sales of value added products. Focus areas are swine, beef, dairy, young animal feed and horses.

In 2011, Nutreco grouped all the animal nutrition related activities in one Animal Nutrition division. Key enablers to drive growth are a focused division, the establishment of regional Application & Solutions Centres (ASCs), R&D strength, ability to innovate and an effective Go To Market strategy. Nanta will benefit from the new ASC in Europe improving the commercialisation of the value proposition via those new Go To Market techniques.

Developments in 2011

Novalac for sheep and goats was launched in March 2011. Developed for farmers that raise sheep and goats for milking, Novalac Gestión Lechera uses information about the farms and their forages and a ration calculation model to prepare feed formulations to match the farm management approach.

Nanta is preparing to introduce Watson 2.0, a feed simulation program for the swine sector, which is around 50% of the feed market in Spain. Watson will be trialled first in Inga Food, the pig operation owned by Nanta. A feed simulation program enables feed specialists to predict the probable outcome on individual farms of changes in feed formulation and farm management.

Meat and Other

Revenue for Meat and Other operations increased by 13.1% to EUR 918.3 million (2010: EUR 811.7 million). Volumes were 3.2% higher than in the previous year due to a partnership with a strongly performing retailer. Favourable market conditions in Spain, especially in the second half of 2011, resulted in a price effect of 10.0%. The exchange rate effect was -0.1%. Despite a difficult economic environment, EBITA before exceptional items increased to EUR 32.7 million (2010: EUR 26.5 million), benefiting from a strong market leadership position in Spain and operational excellence.

Profile

Nutreco's Meat and Other segments primarily relate to the production of broilers and the processing and sale of Sada poultry products in Spain. Furthermore, this segment includes a pig farming and trading activity in Spain, a poultry hatchery and a pharma egg business in Canada. The broilers from Sada and the pigs from Inga Food are supplied with feed from Nutreco's compound feed business.

Sada is the Spanish market leader in poultry meat products and is well known for its brands Sada and Cuk. The majority of its products are sold to consumers through supermarkets and hypermarkets. Sada has ten processing facilities throughout Spain with a total annual production of about 142 million broilers. About 90% of the production relates to fresh products and the remainder to frozen products. Nearly half of the products are value-added products.

Inga Food is a pig farming company in Spain producing 950,000 pigs per year. These animals are raised by contracted farmers throughout Spain. Inga Food has 46 employees.

In Canada, Nutreco owns four poultry hatcheries and 50% of a joint venture producing a total of 70 million one-day-old chicks in the eastern region. The hatchery businesses are closely linked with the sale of poultry feed products to producers in the region. In Quebec, one of the hatcheries is dedicated to the production of embryonated eggs for the pharmaceutical industry (Les Embryons Lanaudière).

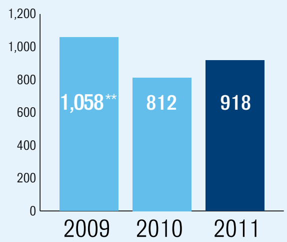
Market developments

In the first half of the year 2011 the market in Spain suffered from overproduction. In the second half of the year supply was more in balance with the demand, benefiting from a strong tourist season in Spain, resulting in better sales prices. The economic crisis in Spain has affected the poultry industry less than other meat markets, poultry being relatively cheap. However, unemployment in Spain is still growing, reaching almost 21% by the end of 2011. The market is experiencing difficulties in transferring further increases of feed costs into higher selling prices for poultry. The Spanish poultry meat market continues to be a relatively closed market with 90% fresh products.

Key figures (EUR x million)	**2011**	**2010**	**Δ%**
Revenue	918.3	811.7	13.1
EBITDA*	41.7	35.7	16.8
EBITA*	32.7	26.5	23.4
Operating margin (EBITA*/revenue)	3.6%	3.3%	
Average capital employed	194.3	181.2	7.2
ROACE (EBITA/ACE)	16.8%	14.6%	

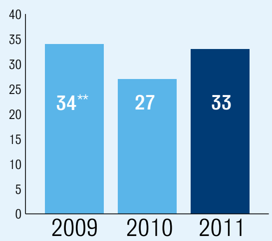
* Before exceptional items

Revenue development Meat and Other
(EUR x million)



** Including Hendrix

EBITA development Meat and Other
(EUR x million)



Frozen products will meet competition from other countries such as Brazil and Russia.

With a market share of 28%, Sada is the number one poultry producer in Spain. Its main competitors are Vall Companys Group (8%), Coren (7%), Uvesa (7%) and Avícola de Navarra-LDC Avilaves (6%). In the fragmented pig farming industry in Spain, Inga Food has a market share of 1-2%.

The Canadian poultry markets remain stable due to the supply-managed quota system of the Canadian government. By matching the total supply of the product available in Canada with the market demand, supply management systems aim to provide efficient producers with fair returns and to provide Canadian consumers with an adequate supply of the product at reasonable prices. It is a stable market that grows in line with the domestic demand. Nutreco Canada has a leading position in the production of one-day-old chicks, with a market share of 36%.

Strategy

Sada is implementing a value creation plan that includes initiatives to increase sales volumes, to improve the commercialisation in the retail and food service channels, and restructure more traditional parts of the business to optimise the industrial footprint and the product range. Fresh packed and value-added poultry products play an important role and offer the best possibility in combination with cost plus agreements to reduce volatility of the results. Value addition is achieved through innovative and flexible products and new packaging developed in close collaboration with the customers.

Inga Food focuses on cost reduction, improvement of quality through official certifying entities, reduction of volatility by means of cost plus agreements and close collaboration with feed businesses.

The Canadian poultry operations are closely linked with the poultry feed operations and are used to form strategic partnerships with poultry feed customers and enhance the stability of this business, while still being profitable in their own right.

Developments in 2011

All Sada processing plants upgraded refrigeration equipment to reduce greenhouse gas emissions.

During the year Sada and Nutreco R&D developed a trayless packaging for whole broiler chickens sold via Mercadona supermarkets. It reduces waste, improves transport and storage efficiency and extends shelf life at the retailer by two days, thereby further reducing waste from products passing their ‘sell by’ date. The packaging was trialled in selected outlets in 2011 and will be introduced through the whole Mercadona chain in 2012.

Inga Food in Spain is cooperating with the Research and Technology Food and Agriculture Institute, owned by the Government of Catalonia and having ten research centres, to improve the genetics of the iconic black Iberian pig. The Universities of Zaragoza and Extremadura are also participating. Iberian pigs are raised on a special diet, available from Nanta, to produce highly valued Iberian ham. Iberian pig breeding relied on a narrow genetic base with just one female pedigree line. The base is being expanded to introduce the benefits of hybrid vigour. The newly developed sow is known as Castua and shows increased productivity with more than 10 piglets per litter, feed conversion ratio reduced to less than 4.90, and better meat quality. An optimised feeding programme is available. To date 1,000 sows have been introduced to commercial production. The breeding programme is continuing and further improvements will be made.

Skretting Australia is located on the island of Tasmania. It produces fish feed for Atlantic salmon and Ocean trout farmed in Tasmania and for freshwater trout and marine species around mainland Australia.

MicroBalance™

> The MicroBalance™ concept provides us with much greater flexibility in feed formulation. For example, essential micro-nutrients are conventionally provided by fishmeal. Knowing what they are and what alternative sources can be used enables us to reduce the fishmeal content in our diets while maintaining the quality of nutrition. Fishmeal is a limited resource that is mainly derived from the harvest from the wild catch. Applying MicroBalance we can expand aquaculture production from a sustainable supply of fishmeal.

Ben Wybourne

Skretting New Zealand Technical Account Manager

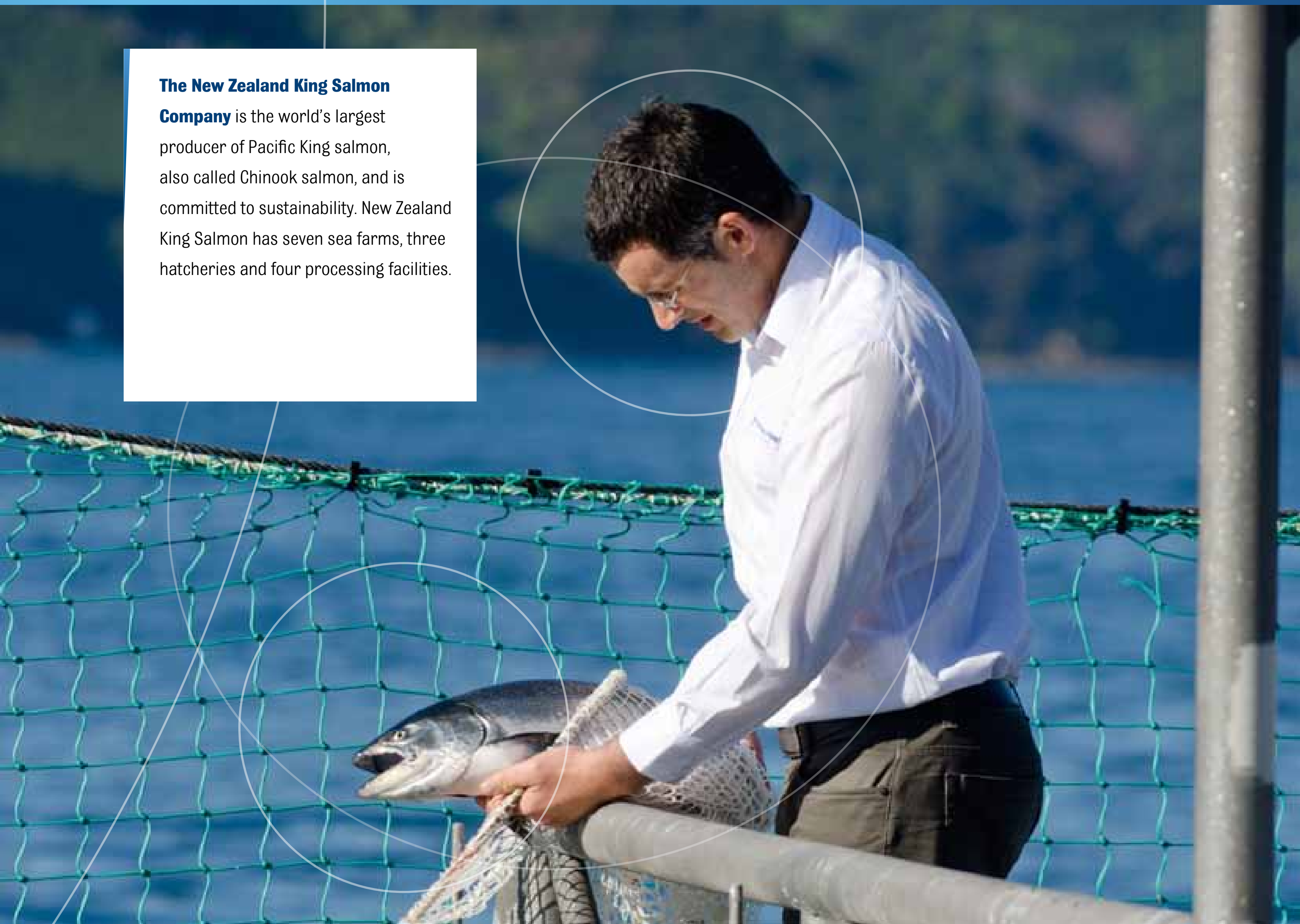
INNOVATION

"We investigated whether we could use Skretting diets formulated with the MicroBalance concept to have lower fishmeal levels. This was to manage costs in the face of rising marine protein prices and to enhance the sustainability of our farming operations, which is increasingly important to us and our customers. In trials we obtained excellent results with diets containing only 8% fishmeal. Growth equalled the best summer commercial performance and we produced 1.4 kg of fish protein for every kilo of fish protein in the diet."

Mark Preece

General Manager of Aquaculture, New Zealand King Salmon Company

The New Zealand King Salmon Company is the world's largest producer of Pacific King salmon, also called Chinook salmon, and is committed to sustainability. New Zealand King Salmon has seven sea farms, three hatcheries and four processing facilities.



INNOVATION

Innovations raise farm productivity, support health and improve sustainability

NEW SCIENCE STRATEGY APPLIED ACROSS RESEARCH & DEVELOPMENT

The primary purpose of the research and development activities in Nutreco is to develop commercially viable innovations relating to the nutrition of farm animal and aquaculture species. In 2011, the Nutreco research centres continued their impressive record of successful innovations, contributing to the productivity, profitability and sustainability of the animal protein feed-to-food value chains. Animal Nutrition Division R&D facilities are located in Europe (the Netherlands and Spain) and Canada. Aquaculture Division R&D is based in Norway, at the Skretting Aquaculture Research Centre (ARC), with access to trials facilities in several other countries including Italy and Japan.

2011 was the first full year in which a new Science Strategy was applied to all R&D activities. It focuses attention on topics grouped under two headings: quantitative nutrition and functional nutrition, as described below. The Science Strategy is designed to optimise the contribution from science to support Nutreco businesses in implementing their strategies. To facilitate this contribution in 2011, as part of a strategic marketing initiative, Nutreco introduced an Application and Solution Centre in Europe, equivalent to the centre in North America. These centres provide an interface between local marketplaces and the R&D teams, indicating research priorities and steering successful innovations through to market.

In the Animal Nutrition Division the focus areas for quantitative nutrition are:
- Evaluation of feed and feed ingredients leading to lowest cost formulations
- Animal modelling to provide optimal rations and predictability that enhances farm management
- Identification of additives that increase feed efficiency
- Nutritional solutions that improve the sustainability of animal protein production

The focus areas for functional nutrition are:
- Young animal feed
- Gut health concepts
- Feed for life/production transition stages
- Nutritional solutions for the control of zoonoses and feed-borne toxins

- **In the Aquaculture Division the focus areas for quantitative nutrition are:**
- Optimising feed value
- Flexibility in raw material choices
- Optimising feed quality at lowest cost
- Gaining a greater understanding of feed performance

The focus areas for functional nutrition are:
- Developing efficient proactive nutrition
- Developing specific health solutions
- Young fish feed
- Feed adapted to specific environmental and farming conditions

To facilitate progress three-year action plans were initiated and platforms established for sharing efforts, knowledge and networks between R&D centres and the businesses. An example in the Animal Nutrition Division is the Nutrix Feed Evaluation Platform. In the area of quantitative nutrition this platform links researchers investigating the potential of feed ingredients and formulations. An example in functional nutrition is the Gut Health Platform, which links researchers investigating the influence of nutrition on the function and health of the gut in ruminants, swine, poultry and fish. This platform is connected to a joint research project funded by the Dutch government to investigate the management of the microbial population of the gut (microbiota) in humans and animals. The project links Nutreco R&D and Skretting ARC with the NIZO food research centre and Radboud University Nijmegen Medical Centre in the Netherlands.

Quantitative animal nutrition

Data generated from feed evaluation is entered into the Nutrix data base, which is directly accessed by the formulation software used by nutritionists at the feed plants of Nutreco businesses. Greater accuracy of this data increases the precision with which feeds are formulated. To accelerate and broaden the scope of this work, Nutreco established a research partnership with the Ministry of Agriculture Feed Industry Centre (MAFIC) of China in 2011. MAFIC is part of the China Agricultural University in Beijing. The partnership is planned as a long term research programme on swine and poultry nutrition with researchers from MAFIC and Nutreco working together on several joint projects.

Models
Data from such research leads to more efficient use of feed ingredients, without going below minimum requirement levels, and less excretion of excess nutrients on farm. In the same way, improved data validates the predictions provided by the Nutreco animal models such as Watson, Newton, Novalac and Rumenac. These are used to support dairy and swine farmers. In 2011 work began for the development of a poultry model. An example of the practical benefits delivered by animal nutrition models (Newton) is described on pages 54 and 55.

In 2011 nutritionists combined the latest knowledge of ingredient digestibility and nutritional content with findings on the nutritional requirements and digestive capabilities of highly prolific breeding sows. The resulting sow feeding programs, Mission in Canada and Optifeed in Europe, take into account the many production factors throughout the dry period, gestation and lactation. The programs ensure nutrition does not limit the breeding herd's productivity and supports the health of the sows while keeping the cost of production as low as possible and reducing environmental impacts.

NIR analysis
The NIR platform contributes to improved data on feed ingredients. NIR is near infrared spectroscopy; an analytical technique that compares the spectrum of near infrared light reflected from a sample with reference calibrations. The Nutreco NIR platform combines the NIR data, expertise and activities of MasterLab, the central Nutreco laboratory service, with equivalent activities in Agresearch Canada and Skretting ARC in Norway. Most Nutreco feed plants have NIR equipment for rapid assessment of feed ingredients and finished feed, using links with the central NIR database in a project known as NIRLine. MasterLab holds the largest set of animal feed reference calibrations in the world. In the past year NIR was used to measure rumen degradation of forages, which increased the predictability of dairy cow rations in the ration calculation models. Also in 2011, work began to incorporate in the model the environmental impact of dairy nutrition.

Additives for feed efficiency
Work on phytase enzymes provides a typical example of additives delivering economic and sustainability benefits. Phytase enzymes added to feed enable pigs and poultry to obtain usable inorganic phosphorus from grains and oilseeds. Nutreco researchers investigated available phytase products to provide accurate information on their effectiveness. The data combines with information on animal requirements to bring the available phosphorus content of feed closer to the minimum necessary. This reduces feed costs and the excretion of phosphates on farm.

Sustainability
In 2011 the Animal Nutrition R&D team linked with the Corporate Sustainability team to develop a means of incorporating sustainability criteria into the management of research projects. A stage gate management process is used, with regular assessments from the ideation phase to the commercial introduction of successful innovations. Sustainability was added to the criteria. More information is given in the Sustainability chapter and in the Sustainability Report.

Functional animal nutrition

Nutrients, including the micro-nutrients, can enable vital physiological functions and genetic potential to contribute to the health and well-being of animals and to their productivity.

Metabolic programming
Optimised nutrition in the first days and weeks of life has significant impact on later productivity. The term Metabolic Programming was coined to describe this investment in future performance.

Nutreco research plus information from scientific literature and agricultural universities highlighted the importance of metabolic programming. The information is commercialised by Nutreco companies that produce calf milk replacers: Trouw Nutrition International with Milkivit, Sloten with Sprayfo – where the marketing message is 'Life start sets Life performance' – and Nutreco Canada with the Optivia program.

Providing calves with significantly more milk replacer than is conventional leads to healthier animals with faster growth. Early sickness, even if sub-clinical, sets development back

and may never be fully recovered. The project will follow metabolically programmed dairy calves from birth through several lactations, to confirm and quantify the benefits.

Nutreco Canada launched the Optivia calf and heifer program in 2011. The program emphasises that nutrition in the first two months of life is critical to optimising future milk production performance. It is supported by newly developed calf milk replacers and feeding protocols through to the age of first calving.

Gut health

Animal Nutrition R&D joined with Trouw Nutrition International and Selko Feed Additives to develop the Presan™ feed additive concept. Presan will be introduced commercially in 2012. The project included the development of new methods to study microbiota. Presan fed to young animals optimises the microbiota balance inhibiting problem bacteria. It also strengthens the gut wall which reduces opportunities for pathogens to invade the animal. These effects contribute to good animal health and potentially will reduce requirements for antibiotics.

Controlling zoonoses

Salmonella bacteria can be present in the gut of poultry without causing obvious health problems. If the bacteria contaminate the meat during processing they can cause disease in people that eat it. The Fysal® Salmonella control programme was developed by Animal Nutrition R&D, Sada and Selko. Launched in 2010 it was introduced into the existing Sada Salmonella control programme. The combination of strict biosecurity measures at processing and the applications Fysal® Fit-4 poultry in animal production enabled Sada to achieve highly effective control over Salmonella throughout all its activities. During 2011 Fysal® Fit-4 poultry was introduced in multiple countries where the risk of Salmonella contamination is highest.

Quantitative nutrition for aquaculture

MicroBalance™

The MicroBalance™ concept from Skretting ARC provides nutritionists with far greater flexibility in feed raw materials. Researchers identified alternative sources of essential functional micro-ingredients conventionally provided by commodity materials such as fishmeal. The effectiveness was strongly validated in 2011 following a 22-month trial in which Atlantic salmon were raised through a full generation on diets formulated with low levels of fishmeal and fish oil. All salmon grew well. Those fed the lowest proportion of marine protein were net fish protein producers. The trial was conducted at the Centre for Aquaculture Competence (CAC) in Norway; a commercial-scale trial farm owned by Skretting, Marine Harvest and equipment producer AKVA group.

Originally introduced for Atlantic salmon in Norway and the UK in 2010, in 2011 MicroBalance™ was extended through further validation trials. It now is used for Atlantic salmon in Australia, Canada and Chile and for more species, including sea bass, sea bream, yellowtail, freshwater trout and chinook salmon.

Multiple novel raw materials have been identified and studied to increase raw material flexibility so that feed composition can vary depending on market prices, without impacting feed physical or nutritional quality. Potential necessary changes in the production process to cope with different materials are documented and available, enabling the operating companies to adjust the feed composition quickly to the most economical solution.

Skretting successfully obtained a patent in 13 countries on the use of butyric acid against soya bean enteritis. The invention enables Skretting to use more soya in feed and is part of the MicroBalance concept.

Functional nutrition for Aquaculture

Gut health
Skretting ARC is represented in the Gut Health Platform described above and is pioneering the use of latest technology DNA-pyrosequencing and quantitative histology in fish health and nutrition research. These have helped demonstrate the absence of negative effects on fish gut health from diets low in fishmeal when formulated using the MicroBalance™ concept.

Health diets
Skretting ARC continued to develop and document the performance of health diets such as Protec™ and React™, which have become popular with fish farmers. They contain nutrients that prepare fish for periods of stress and outbreaks of disease, for example by supporting the immune system. Protec and React diets are formulated to suit the needs of different species of fish and different challenges, for example in anticipation of and during pancreatic disease outbreaks in Atlantic salmon or to counter the effects of winter temperatures in Mediterranean species such as sea bream.

Lice laboratory
The Target diet helps Atlantic salmon resist infestation by sea lice copepods; a stage in the lice life cycle when they are parasitic on salmon. To enhance its ability to further develop functional feed, in 2011 Skretting ARC built and equipped a laboratory for breeding sea lice. The laboratory is used to investigate the potential of functional feed to reduce lice infestation by influencing characteristics of the fish's immune system and skin and possibly by a repellent effect.

High temperatures
Fish science research recently demonstrated that fish experiencing temperatures higher than normal have reduced levels of antioxidants and gut function is disrupted. Skretting ARC identified feed ingredients to counter these effects. In 2011 they were introduced into a range of HT, high temperature, diets for example in Australia in time for the Southern Hemisphere summer.

TOP INNOVATIONS IN 2011

Science Strategy

Nutreco's new **Science Strategy** was implemented across the company's R&D activities for the full year of 2011. The strategy focuses on Quantitative Nutrition, for example evaluation of raw materials and animal modelling, and Functional Nutrition, for example young animal feeds and health supporting ingredients.

Sow feeding

Sow feeding programmes, **Mission** in Canada and **Optifeed** in Europe, help pig farmers maintain productivity and sow health together with profitability. They were developed by combining latest information on ingredient digestibility and nutritional content with knowledge of nutritional requirements and digestive capabilities of highly prolific breeding sows.

More accurate dairy rations

NIR measurements of the rumen degradation of forages increase the effectiveness of Nutreco models for calculating dairy rations. Feed evaluation data is held in the Nutrix database, which is directly accessed by the formulation software used at Nutreco feed plants.

Early nutrition

Nutreco research demonstrated **metabolic programming** through early nutrition is important for dairy herds, leading to healthier calves with faster growth and increased production in early lactations. Nutreco companies producing calf milk replacers are taking this to customers.

Improving gut health

The gut health improver **Presan**™, prepared for launch in 2012, will contribute to good animal health and potentially reduce requirements for antibiotics. Fed to young animals, Presan stabilises the microbiota balance; suppressing problem bacteria, and strengthens the gut wall to reduce opportunities for harmful bacteria to invade the animal.

Controlling Salmonella

The **Fysal® Salmonella control programme**, developed by Nutreco R&D, Sada and Selko, was introduced into the existing Sada Salmonella control programme. Strict biosecurity measures at processing and the application of Fysal® Fit-4 poultry in animal production enabled Sada to achieve highly effective control over Salmonella.

Reducing fishmeal

The **MicroBalance**™ concept greatly increases flexibility in the choice of ingredients in fish feed for carnivorous species. In particular it enables formulators to produce effective feeds with low levels of fishmeal. The availability of fishmeal is a restriction in the expansion of aquaculture. Introduced for Atlantic salmon, MicroBalance is now used for more species, including sea bass, sea bream, yellowtail, freshwater trout and Chinook salmon.

Health diets for fish

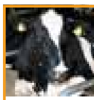
Health diets such as **Protec**™ and **React**™ are popular with fish farmers. Their nutrients prepare fish for periods of stress and outbreaks of disease, for example by supporting the immune system. The diets are formulated to suit different species and for different challenges.

Diets for high temperatures

Salmon diets for high temperatures were launched in Australia in time for the 2011 Southern Hemisphere summer. This followed Nutreco fish scientists identifying feed ingredients that counter the effects of water temperatures that are higher than normal by increasing antioxidant capacity and stabilising gut function.

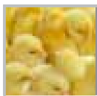
Nutreco Canada Agresearch

Nutreco Canada Agresearch is a multispecies R&D centre with separate units for broilers, layers, turkeys, swine and dairy. It is Canada's largest corporate animal R&D facility and one of the largest in North America. The location in the University of Guelph Research Park allows for collaborative research with academic, government and industrial researchers. Research focuses on quantitative nutrition, including nutritional values, diet formulation and feeding programme design. Immunology was added as a focus area in 2011. The major emphasis is on dynamic simulation models used to understand and predict input-output relations in the production of meat and milk. In 2011 new research programmes were initiated in poultry modelling.



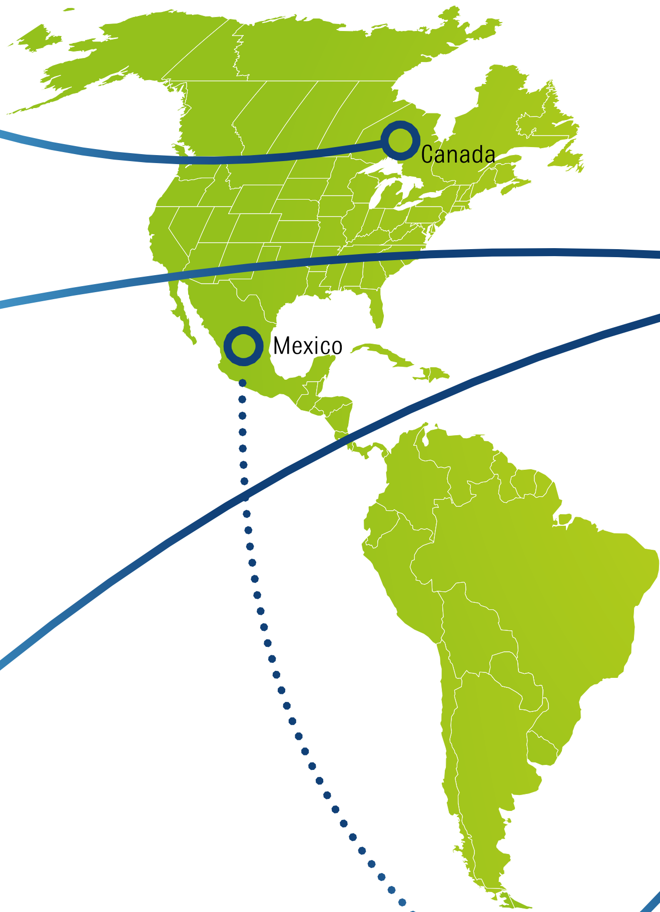
Ruminant Research Centre

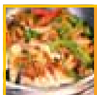
The research team of the Ruminant Research Centre in the Netherlands has expertise in dairy, beef and small ruminant nutrition. At the dairy research farm individual feed intakes are monitored, including the separate intake patterns of concentrates and roughage, both during the dry period and lactation. In 2011 efficient beef production was added as research area. The research contributes to development of products, concepts and nutritional models.



Poultry Research Centre

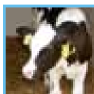
The Poultry Research Centre in Spain has facilities for research in broiler breeders, broilers, layers and turkeys. There is a special unit for physiological and digestion studies and facilities for optimising nutrition for animals in different housing systems. A pilot feed plant provides the feed needed for these research activities. In 2011 a specialist in feed utilisation and broiler performance joined the team.





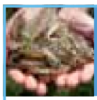
Food Research Centre

The Food Research Centre (FRC) in Spain develops poultry meat processing technology, new products and innovative packaging. Food safety is an important focus area. The facilities include a pilot plant, a kitchen, a panel room for tasting trials and a microbiology laboratory. Much research is done in cooperation with external scientific institutions.



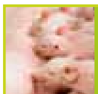
Calf Research Centre

The Calf Research Centre (CRC) in the Netherlands conducts research into nutritionally related aspects of veal and pink meat production. Topics include milk replacers, feed ingredients, feed efficiency, meat quality, animal health and animal welfare. CRC has collaborative projects with research facilities in Mexico.



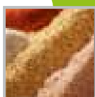
Skretting Aquaculture Research Centre

The Skretting Aquaculture Research Centre (ARC) in Norway has 26 research specialists representing 16 nationalities. They work in fish and shrimp nutrition, fish health, food safety & quality, and feed production. Research is complemented by cooperation with universities and other research centres. ARC activities were extended in 2011 with R&D in feed for shrimp. The centre has an internationally accredited laboratory and a pilot-scale Feed Technology Plant. Feed trials conducted at the ARC Fish Trials Station investigate growth and feed digestibility with fish in fresh and salt water, from fry to adult fish. ARC has further R&D units in Italy and Spain for research on freshwater trout, sea bass and sea bream, marine hatchery fry and other marine species. In 2011 ARC cooperated with Skretting Japan and Kagoshima University to build and equip an aquaculture research centre at the university. The objective is to develop more sustainable feed for two important species in Japanese aquaculture; yellowtail and red sea bream. Reflecting the connections, the new facility is named the Kagoshima ARC. Following the acquisition in 2011 of the Shihai fish and shrimp feed company, ARC will establish a shrimp feed research unit in China, ARC Asia.



Swine Research Centre

The Swine Research Centre in the Netherlands houses sows, piglets and growing pigs. A special unit is equipped for physiological and digestion studies. In 2011 a new unit was added to test products under suboptimal conditions. Electronic pig identification and data collection systems are used to monitor individual feed intake behaviour, health and performance and to assess feeding regimes, from the piglet stage to finishing pigs.



Ingredient Research Centre

The Nutreco Ingredient Research Centre (IRC) in the Netherlands assesses newly identified potential ingredients for feed. Researchers evaluate the nutritional and functional content of ingredients and any bioactivity that may contribute to animal health and product quality. In 2011 IRC strengthened its team with specialists on fermentation and biochemistry. At MasterLab, the IRC has a dedicated laboratory for screening ingredients, which was extended with a Polymerase Chain Reaction (PCR) facility. Additionally, at the Research Feed Plant, the centre focuses on feed production technology.

VALUE CREATION

"Newton is a tool to support the activities of dairy customers. It uses our data on the nutritional needs of dairy cows at different stages of the production cycle and our knowledge of the nutrition provided by our products. To this we add our analyses of forages and grain grown on the farm and the objectives of the farmer. The results enable us to prepare a least-cost formulation that delivers the required performance at a moderate cost while supporting the health of the cows."

Pierre Dionne,

Ruminant sales representative Shur-Gain

Nutreco Canada
produces and supplies premixes, supplements, complete feeds and feeding programs for all major livestock and poultry species. It operates under the brands Landmark in the west and Shur-Gain in the central and east regions of Canada and in New York State.

Delapointe Farm

is located in Upton, Quebec Province. Owners Claude and Guy Lapointe milk a herd of 114 Holstein cows. Annual production is 1.3 million litres; 11,545 kg/cow/year, with 3.96% butterfat and 3.37% milk protein. The cattle are housed and fed forage and grain from the farm plus feed products from Shur-Gain.

“Newton calculates the rations we need to produce milk according to the genetic potential of our cows. More than that, Newton is a tremendous tool for making economic decisions on feed ingredients and how we use forages and grains produced on the farm. That is vital in these times of volatile prices. Using rumen modifiers as calculated by Newton we saved 40 tonnes of corn while producing the same volume of milk as in the previous year. Selling the corn brought CAD 7,500 extra income.”

Claude and Guy Lapointe

Delapointe Farm, Quebec

SUSTAINABILITY

In 2011 the Nutreco Sustainability Vision 2020 was developed setting the agenda and targets until 2020. Operating companies implemented Sustainability Action Plans and energy assessments. The sustainable procurement strategy was implemented and sustainability was integrated into innovation management. As in 2010, progress on sustainability was a criterion in the performance contracts of all business managers, corporate staff and the Executive Board.

Structure for sustainability management

Increasing awareness and embedding sustainability in business activities is led by the Corporate Sustainability Team. The team is guided by the Sustainability Steering Committee, with corporate and business representatives. Plans and commitments are approved by the Nutreco Executive Board. Activities are reviewed by the Innovation and Sustainability Committee of the Nutreco Supervisory Board.

Sustainability Vision 2020

The development of the Sustainability Vision 2020 is described in the Nutreco Sustainability Report 2011. Briefly, it consisted of four stages: Issue selection, Theme development, Setting ambitions and Confirming ambitions. The process was conducted by the Corporate Sustainability Team, using input from within Nutreco and the views of external stakeholders such as the EU, FAO and WWF and opinions expressed at the Agri Vision and AquaVision conferences organised by Nutreco.

The selected issues were grouped into four themes:
- Creating a sustainable base for feed
- Ensuring our own house is in order
- Enabling the animal and the farmer to perform best
- Involving people in the Feeding the Future challenge

Each theme is divided into three sections for which targets are set. For example, 'Creating a sustainable base for feed' divides into 'Sustainable sourcing', 'Sustainable Partnerships' and 'Flexible Formulations'. The targets combine ambition with relevance and practicality. Key performance indicators and metrics to monitor progress were specified. The Sustainability Vision 2020 will be launched in February 2012 and will provide guidance in the continuing renewal of Sustainability Action Plans.

Sustainable sourcing

In 2010 Nutreco prepared a Sustainable Procurement strategy to implement in 2011, with targets for 2011 and beyond. The strategy includes a general Vendor Policy covering fundamental points such as fair treatment of employees and compliance with laws and regulations relating for example to pollution, water and energy. Three additional policies address specific sustainability issues relating to feed raw materials derived from marine sources, soya bean and oil palm.

Targets 2011:
1. Engage with the top 100 feed ingredient/raw material suppliers, based on the amount spent by Nutreco, on the Vendor Policy.
2. Engage with all suppliers of marine, soya and oil palm products on the specific procurement policies.
3. Internal launch of the Sustainable Procurement strategy.
4. Internal engagement and training on sustainable procurement, the Vendor Policy and the Specific Raw Material Policies.
5. An annual evaluation and optimisation of the strategy and redefining of targets for 2012 and beyond.

The Sustainable Procurement strategy was launched in Nutreco in March 2011 and is a regular topic at Nutreco internal procurement meetings. Training activities were developed and run continuously through the year, following the launch.

In 2011 the procurement team of Nutreco engaged with 100% of the top 100 suppliers and up to 83% of all suppliers of marine, soya and palm oil products. New suppliers must conform to the relevant policies to be selected.

One of the ambitions for 2012 is to begin discussions with suppliers on ways in which to increase the sustainability of all products, from commodities to specialist ingredients. These can range from incremental improvements, through accreditation to sustainability standards to innovations that boost sustainability.

In June 2011, Nutreco's Chief Procurement Officer was elected President of the Round Table on Responsible Soy (RTRS).

Sustainability in innovations

The progress of innovations from an original idea through to commercial launch is marked by assessments at regular stage gates. In 2011 a process was developed for including a sustainability assessment in the stage gate approval process. This will be effective in 2012.

The assessment identifies possible positive and negative sustainability impacts from implementing the potential innovation. For example, any new ingredient must be available from a supplier compliant with the procurement policies described above and new products must be safe in production and use.

Environmental benefits of the innovation will support a positive assessment. The inclusion of sustainability parameters will raise awareness, encouraging researchers to look for relevant benefits and facilitate the progress of sustainable innovations through to commercial reality.

Sustainability data will be gathered during the development sequence, especially in late stage field trials, to provide documentary evidence of benefits. Such data provides customers and their customers with positive information to pass on to regulatory authorities, retailers and end consumers with concerns about sustainability.

Sustainability Action Plans

In 2011 all Nutreco operating companies had a Sustainability Action Plan. This could be specific to the individual company, as in Premix and Feed Specialties, or at divisional level, as in Fish Feed. The Corporate Sustainability Team provided guidance to operating companies to help them finalise their Sustainability Action Plans. The team also developed a framework for reporting progress in the implementation of the plans.

In addition, all plants, excluding recent acquisitions and joint ventures, conducted energy assessments in 2011 and identified opportunities to reduce consumption. More information is given in the Nutreco Sustainability Report 2011.

Agri Vision 2011 – Feeding nine billion people sustainably in 2050

In 2011 Nutreco organised the fourteenth of its multi-stakeholder Vision conferences: Agri Vision and AquaVision. Agri Vision 2011 addressed the challenge of feeding nine billion people in 2050 through sustainable agriculture. Academics with international reputations, top consultants and leaders of major agri businesses presented to an audience of 375 delegates from 37 countries. Through presentations and discussions a series of enabling factors important for success emerged. Further information is in a short video on the Nutreco website www.nutreco.com and in the Nutreco Sustainability Report 2011.

Objective 2011	Level of realisation	Concrete results
Managing Sustainability		
Develop a Nutreco Sustainability Ambition Paper 2015. Implementation sustainability actions scheduled for 2011 as defined in Sustainability Action Plans (SAPs) and Carbon Reduction Programmes (and report progress every quarter by regular business review meetings). Develop Sustainability Action Plans 2012 for all operating companies.	◕	Sustainability Vision 2020 developed and ready for launch. Companies started implementing defined actions. For 95% of the 25 SAPs a progress report was made during the year. For 52% this was done every quarter after finalisation/revision of the plan. 72% shared best practices at the end of the year. The development of the SAPs 2012 was postponed to the beginning of 2012 because needed alignment with Sustainability Vision 2020.
Stakeholder Engagement		
Develop Global Issue Management Approach to increase effectiveness of stakeholder engagement.	◕	In 2011 we again organised our business conference Agri Vision to gather and address the sustainability issues of our industry. It was one of the important elements of a structural process of issue gathering and selection that took place during the year as basis for our Sustainability Vision 2020. A final step - still to be taken in 2012 – is the formalisation of our stakeholder engagement strategy and issue management organisation.
Responsibility to natural resources – Sustainable Sourcing		
Engage with top 100 global suppliers (by spending) on the sustainable vendor policy and with all suppliers that supply soya, palm oil or marine products.	◕	Following a successful internal launch, engagement took place with 100% of top 100 suppliers, 83% of suppliers marine products, 33% for soya protein and 75% for palm and soya oil.
Responsibility to natural resources – Developing sustainable nutritional solutions		
Implement a sustainability assessment dashboard to assess new products.	◕	Following the development of a new Science Strategy a renewed assessment (dashboard) methodology was developed and tested on new gut health product Presan™. Started with integration of sustainability in Nutreco's stage-gate innovation process.
Responsibility to natural resources – Reducing environmental impact in our operations		
Total reduction of carbon footprint of Nutreco manufacturing operations: 30% (baseline 2009). Expand scope of carbon footprint reduction programmes to all head offices, hatcheries, R&D centres and other relevant sites. Also expand scope of CO_2 reduction programme to Scope 3 of the GHG protocol, by establishing programmes for inbound and outbound logistics, business travel and similar activities.	◕	Worldwide implementation of local energy efficiency programmes in combination with carbon neutral power supply worldwide. Realised carbon footprint reduction in 2011: 36% (baseline 2009). Expansion to head offices, hatcheries, R&D centres and other relevant sites initiated and in progress. Nutreco Scope 3 guidance and scope 3 conversion factor table completed and issued to the business. Skretting and SADA developed draft Scope 3 reduction plans.
Assurance of feed-to-food quality		
Finalise harmonisation of ingredient specifications and upgrade Nutrace standards.	●	Micro-ingredients specifications and selected macro-ingredients harmonised. Nutrace standards adapted and ready for implementation.
Cherish our workforce and local communities		
Target setting for selected global HR KPIs. Review code of Ethics and Integrity line. Create a Corporate Internal Communication and Engagement Plan.	◕	As foundation for future target setting and steering of our HR performance the number of Nutreco employees included in People & Career tool P@CT was increased from 31% (2010) to 95% (2011) together with the development of a HR management dashboard. Survey among all P@CT users, interviews with senior managers (including ExBo) and 2 workshops were executed to assess added value Performance Management & Management Development process and user-friendliness P@CT tool. New Code of Ethics (incl. charters and directives) and Integrity Line developed and to be launched through global campaign. Launch of Sustainability Portal and enlargement of number of employees actively involved in sustainability. Development of internal engagement plan postponed because of needed alignment with Sustainability Vision 2020.

● fully realised ◕ partly realised

Human resources

Nutreco has the ambition to be the best animal nutrition and aquaculture company to work for, with a culture where high performance and world class leadership are encouraged and appreciated. The Human Resources function has a key role in achieving this ambition. This role includes ensuring there is a safe and stimulating work environment throughout Nutreco, fostering employees' engagement and allowing all employees to develop and attain their full potential and create space for innovation. To enable Nutreco to achieve its business objectives, in addition to the right culture, the Human Resources team must deliver the right talent, services and programmes. Human Resources initiatives are in four strategic themes: Organisation, People, Culture and Systems. Organisation focuses on structure, roles and responsibilities. People focuses on performance, capabilities, potential and development. Culture focuses on Nutreco's values, integrity and cherishing the workforce. Systems facilitates these processes and practices, both globally and regionally, in a user-friendly, efficient and simple manner.

Organisation

In 2011, the main actions under the organisation theme began with the new top structure and the formation of a four person Executive Board, including Chief Operating Officers for the divisions Animal Nutrition and Aquaculture. Following the creation of the global Animal Nutrition division a top team structure was formed and appointments made. This was followed by the design of the newly created Application Service Centre Europe. Simultaneously, the business units Trouw Nutrition Europe and Nutreco Asia were created. During the year, a new structure for a global Information Technology Services organisation was developed. This will be implemented in the first quarter of 2012. These processes included new organisation structures, job descriptions, assessments and the selection of the people from across Nutreco. A new job reference model introduced in 2011 enhances job grading processes and better aligns job levels and related compensation across geographies and businesses.

People

The People theme continued with the performance management and management development processes begun earlier. The number of people covered by these processes increased in 2011 by 10.5%. At the end of the year 3,177 employees were in the performance planning and review processes and 1,038 employees were in people career planning processes. The processes are facilitated globally via the People and Career Tool (P@CT). P@CT is accessible on-line. Employees can access their own information and managers can access personnel information on employees reporting to them. It provides a means for managers to translate company objectives aimed at achieving the strategic goals into individual objectives.

By the end of 2011 administration for almost all employees globally was in P@CT, facilitating more effective cascading of people processes within Nutreco. A Manager Dashboard was developed for all businesses and departments to provide managers with real time key performance indicators for their organisation.

A global survey in 2011 assessed the perceived quality and value of the people performance review processes and facilitating tools. It included an online survey, interviews with all Executive Board members, selected business managers and human resources managers and two workshops. The performance review and management development processes are seen as being very positive and adding value. One recommendation was for better alignment between the behavioural indicators of the Nutreco core competencies and the job levels of people lower in the organisation as many are now included in the performance review process. This recommendation was implemented in 2011. Others will follow in 2012.

A new management development programme, "Leading & Managing People", was introduced. It increases the effectiveness of key managers; building internal networks and creating self-insight and -awareness. The programme has three one-week modules and involves Executive Board members. The first programme with 15 participants was completed in November. Also in November, a two-year Expanding Horizons programme with 10 participants from across Nutreco was completed with the delivery of five strategic assignments conducted by the participants working in pairs. Other development courses are a Personal Development Programme, Culture & Change, Advanced Negotiations and Project Management. In addition, e-learning initiatives began in Norway and the

Netherlands, including the selection of a global Learning Management System.

Culture

It is a Nutreco ambition to provide a safe working environment and that includes while travelling. As Nutreco becomes more international the challenge of keeping track of travelling employees grows. At the instigation of Human Resources and with the assistance of Nutreco Procurement, Nutreco now has a comprehensive 24/7 year-round security and support system for business travellers.

A global Human Resources Information Management strategy was initiated in 2011, in close cooperation with Nutreco Information Management. Completion is expected early in 2012. A global reward tool was developed and will be operational in 2012, connecting the performance review and merit processes via P@CT.

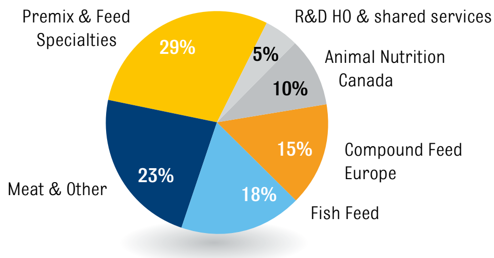
In Spain a Gender Equality Plan was signed with the major Spanish labour unions. By signing this agreement Nutreco went beyond legal requirements. Spanish labour legislation obliges operating companies to have Gender Equality Plans if they employ more than 250 employees. Nutreco España extended the plan to all operating companies, regardless of employee numbers.

Other actions

Per 1 January 2011 the Dutch pension scheme was transferred to an insurance company, in line with the agreement reached in December 2010 with the Central Works Council and the pensioners' association. The process included the amendment of the scheme, transfer of insured population and the pension funds.

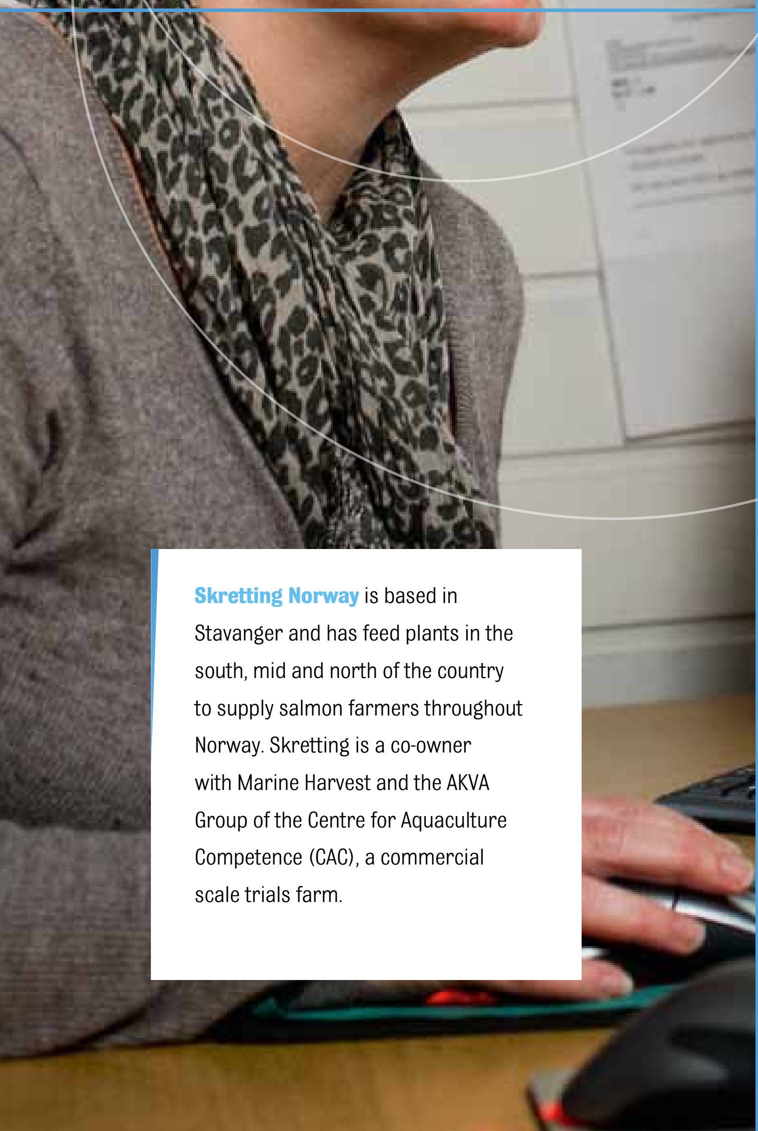
The intended divestment of the business unit Hendrix required significant attention. In particular, this was true for the mandatory consultation processes with the employee representation bodies in the Netherlands and Belgium as well as with the European Information Council of Nutreco, and the disentanglement processes that followed.

Key figures*



Key indicator	2011	2010
Total number of employees (head count)	10,651	10,280
% part-time employees	8.7%	6.7%
% women	25.9%	24.0%
% temporary contract	14.1%	14.6%
% managerial positions	10.2%	7.3%
Average turnover rate	12.3%	19.0%
Average absentee rate**	4.26%	3.93%
% employees in P@CT	95%***	31%

* All data including Hendrix
** Includes only the 5,300 employees reported in Nutreco's manufacturing database
*** TN China not yet fully included because of restructuring (scheduled for 2012)



Skretting Norway is based in Stavanger and has feed plants in the south, mid and north of the country to supply salmon farmers throughout Norway. Skretting is a co-owner with Marine Harvest and the AKVA Group of the Centre for Aquaculture Competence (CAC), a commercial scale trials farm.

“Before introducing a new feed concept we document its performance in multiple trials to ensure it is consistent, safe and positive. We are open with our customers about the results from these trials. CAC is important because it is equivalent to commercial conditions. Success here increases confidence. The 22-month trial we ran with the MicroBalance™ concept was important to validate this major step for the industry. CAC also enables us to join larger projects with other centres of scientific excellence.”

Sissel Susort

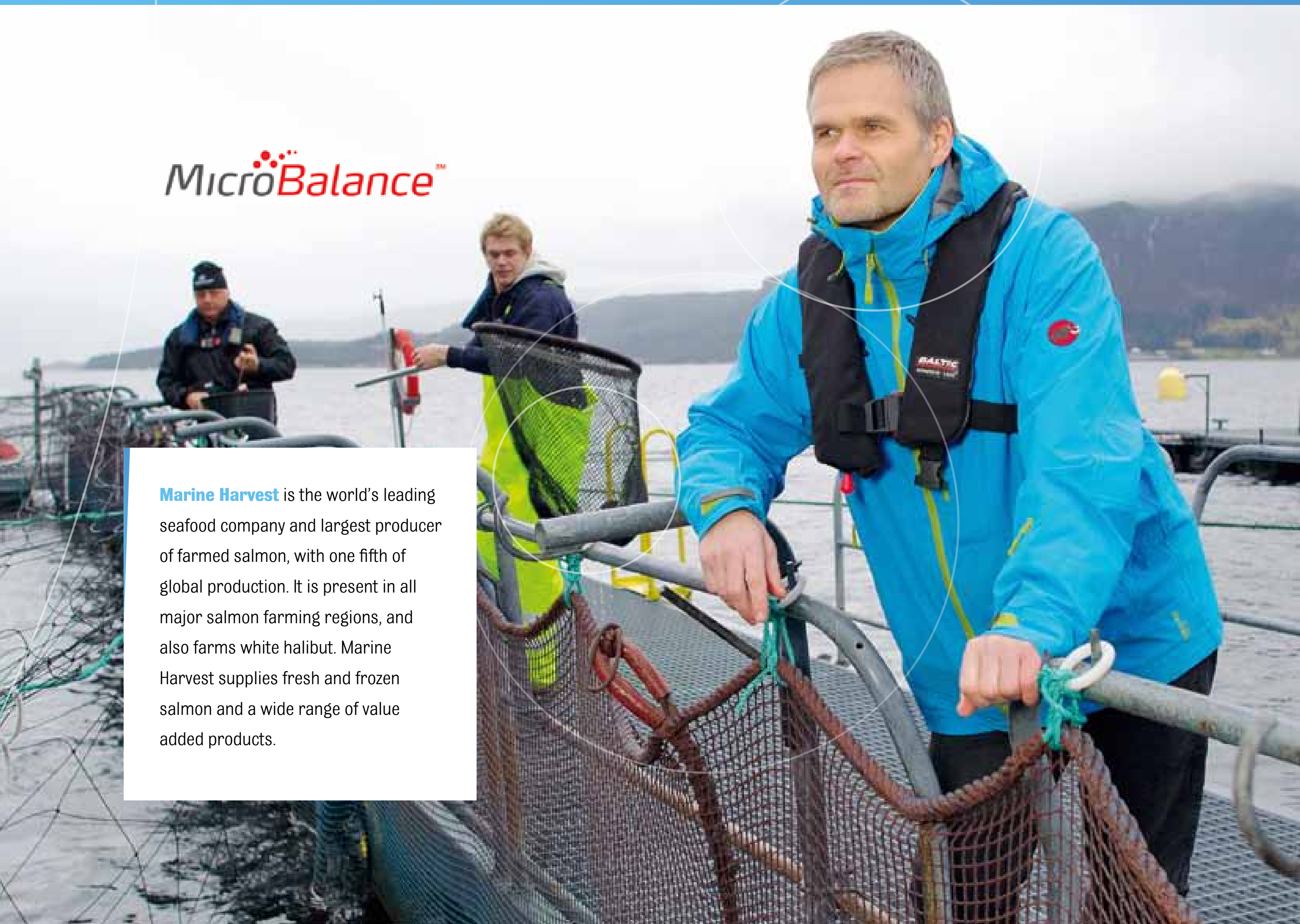
Senior Product Manager, Skretting Norway

SUSTAINABILITY

“It is important to Marine Harvest that the feed solutions we adopt are solidly tested and documented in small and large scale trials. That is why joint projects at CAC are important. The premise for safe solutions is that there is an open flow of information and collaboration in the development process. This gave us confidence that MicroBalance was a controlled and good step and we were quick to take it. The financial benefit was a significant added incentive.”

Leiv Tvenning

Group Technical Manager, Feed and Fish Performance, Marine Harvest ASA



Marine Harvest is the world's leading seafood company and largest producer of farmed salmon, with one fifth of global production. It is present in all major salmon farming regions, and also farms white halibut. Marine Harvest supplies fresh and frozen salmon and a wide range of value added products.

Risk management

Introduction

Managing risk is an essential element of entrepreneurship. In defining the strategy for the years through to 2016, risk assessments played an important role in evaluating the different strategic options and scenarios. While accepting a certain level of risk is a prerequisite for achieving the Company's strategic objectives and financial targets, Nutreco in general adopts a prudent attitude with respect to the acceptance of significant strategic and business risks.

Risk Management and Control systems

Risk profile

Nutreco has a portfolio of different products for different species, in a large number of different markets and geographies with operations spread over mature and emerging markets. As such, the risks are spread. The worldwide activities are exposed to varying degrees of risk and uncertainty, some of which, if not promptly identified and managed, may result in a material impact on a particular operating company or business unit.

Risk Management Model

Within Nutreco, risk management is based on a risk management model that is used by all business operations throughout the Group. The model provides business management tools to identify, classify, report and monitor risks at a business level. The risk monitoring results are reported during business review meetings and are presented to the Executive Board for evaluation. The model has been integrated into the existing planning and control cycle. The risk management and control systems are considered to be in balance with Nutreco's risk profile, although such systems can never provide absolute assurance and possibilities for improvement exist. Because of changes in the strategy and risks, the company's risk management and control systems are subject to continuous review and adaptations. During 2011 the design and effectiveness of the risk management model were evaluated and actions for further improvement thereof were initiated.

Responsibilities

The Executive Board, under supervision of the Supervisory Board, has overall responsibility for Nutreco's risk management and control systems. Divisional, business unit and operating company management are responsible for managing performance, underlying risks and effectiveness of operations. This is done within the rules set by the Executive Board, which is supported and advised by the Risk Management Advisory Board.

Risk Management Advisory Board

The Executive Board is assisted by a Risk Management Advisory Board (RMAB). The RMAB evaluates risk exposures and advises both the Executive Board and the businesses on risk management as well as on the set-up and effectiveness of the implemented control measures.

In 2011, the RMAB met seven times. A summary of these meetings was presented to the Executive Board and the Audit Committee. The RMAB comprises the CFO, Corporate Controller, Group Treasurer, Corporate Secretary and the Director Group Internal Audit. Since October 2011, the Corporate IT Director is also a member of the RMAB. Specific business know-how is provided by business management and internal or external experts who are invited to attend the meetings.

During 2011 the RMAB paid attention to updates of several group-wide policies and procedures, the new Code of Ethical Conduct, risk management regarding purchases of raw materials, food safety and information technology, and segregation of duties within the main ERP-system. In addition, several compliance-related matters were discussed.

Main risks

The strategic, operational, financial and compliance risks that could have the greatest adverse effect on the full achievement of Nutreco's objectives are described in more detail below. This is not an exhaustive list. There may be risks that have currently been categorised as not having a significant impact on the business but which the Company has not yet fully assessed. These risks could, however, develop into major risks. The objective of the Company's risk management systems is to highlight such incidents in time, in order that appropriate measures can be taken.

A risk's significance is determined by the likelihood of it occurring and its potential impact on the Company's strategic objectives, financial performance and reputation. The measures that were taken to manage those risks are described.

	Major risks	
Strategic	1. Integration of acquisitions 2. Execution of strategy in emerging markets	3. Macro-economic and geopolitical risks
Operational	4. Manufacturing process 5. Margin protection and volatility of raw material commodities 6. Quality and safety of raw materials and products 7. Suppliers concentration	8. Customer concentration 9. Margin impact due to volatile poultry and pig prices 10. Volume impact due to animal diseases 11. Incentive systems
Financial	12. Pensions 13. Credit risk 14. Foreign currency transaction risk	15. Liquidity risk 16. Interest rate risk
Compliance	17. Integrity risk 18. Compliance with local laws and regulations	19. Sustainability and reputation risk

Strategic risks

1. Integration of acquisitions

The risk that the integration of newly acquired businesses does not proceed according to plan and the synergy objectives are not achieved.

Managing the integration of acquired businesses

Acquisitions are one of the drivers of Nutreco's growth ambitions and a requirement for achieving its financial targets. Nutreco's acquisitions strategy is laid down in the Acquisition policy, which covers not only the pre-acquisition period and the acquisition process but also the post-acquisition process. To successfully integrate acquired businesses, an integration plan that includes functions such as marketing, sales, human resources, finance, R&D and procurement, is drawn up.

After the acquisition, the execution of this plan by dedicated people is closely monitored and discussed during the monthly business review meetings. A progress report of integrations of recent acquisitions is presented to the Executive Board regularly during the first year after acquisition. General lessons learned from executed acquisitions and integrations are distributed amongst Nutreco corporate and business staff. Within six months after acquisition an entrance review is executed by the Group Internal Audit department to assess the quality of internal controls and to provide further guidance on improvement hereof.

2. Execution of strategy in emerging markets

The time-consuming process in reaching an agreement with right and fairly priced acquisition targets in the selected growth markets due to differences in governance, business integrity, feed safety, sustainable sourcing, manufacturing practices and business culture.

Management of execution of strategy in emerging markets

It is part of Nutreco's strategy to expand through acquisitions in main growth markets such as Brazil, China, Russia and Southeast Asia. The selection of an acquisition target from these areas has to be stringent, in part because of business culture differences. Initially, business partners may for instance not meet all Nutreco's demands with regard to quality, feed safety, corporate governance, reporting and corporate social responsibility. Nutreco carries out a thorough M&A process during which various departments, including Control, Treasury, Tax, Legal, Internal Audit, IT and Health, Safety, Environment and Quality, are involved in an advisory capacity. This could result in a longer time frame to acquire the target companies than was foreseen and planned.

Nutreco manages this by building a pipeline of targets of companies that are at or close to the Company's requirements. Furthermore Nutreco already has a good basis through local presence with senior management in Brazil, Russia and Southeast Asia. In 2011, Nutreco successfully acquired Shihai, a reputable and profitable fish and shrimp feed company in China.

3. Macro-economic and geopolitical risks
The risk that prolonged financial or political crises could result in a longer term slow-down of economies, as a result of which strategic objectives may not be achieved.

Managing the macro-economic and geopolitical crises
No international company is immune to large-scale financial or political crises, as recent years have shown. However, through its presence on several continents and by running diversified businesses, Nutreco is not dependent on a single economy or political system. As such, the risk is spread and difficulties in one or more specific markets can sometimes be compensated by opportunities in other markets.

The countries which are key for realising the growth ambitions in Nutreco's strategy – Brazil, China, Russia and Vietnam – have shown positive economic developments and relative political stability in recent years, which are expected to continue. Nutreco realises though that its presence in emerging markets could eventually lead to greater political risks, including changes in tax systems, which cannot be insured. Through a geographically-oriented business unit structure, Nutreco actively follows markets and economic and political developments in order to be able to respond to changes as decisively as possible. In case of new or prolonged crises, Nutreco is resolute in making decisions regarding the focus of the businesses, potential transfers of production to other areas and investments.

Operational risks

4. Manufacturing process
Mistakes or accidents in the manufacturing processes could, amongst other consequences, lead to health problems of Nutreco's employees, environmental issues or defective products having an adverse impact on animal health.

Management of production processes
Nutreco's production processes are strictly controlled to safeguard the well-being of its employees, the environment and to meet legal requirements, as well as the demands of the customers.

All production sites apply quality standards such as the HACCP-system and are subject to Nutreco's HSEQ (Health, Safety, Environment and Quality) standards and are audited on a regular basis. These standards are according to international and industry accepted and known quality standards. The continuity of manufacturing and related IT-systems is managed through business continuity and recovery plans.

Thorough and detailed monitoring programmes at all relevant stages from raw materials to finished products are executed via monitoring systems and quality control programmes. Analyses of raw materials and products are conducted in Nutreco's own laboratories.

Besides all preventive measures Nutreco limits its financial exposure in case of (product) liability claims by, for instance, risk transfer (insurance and contractual) combined with crisis and contingency plans.

5. Margin protection and volatility of raw material commodities
Price developments in the international markets for raw materials influence revenue, cost and margins. The exposure related to purchases of raw materials consists of

Management of raw material exposures
Procurement operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures. Compliance is monitored by management and the Executive Board, supported by the Group Internal Audit department.

The business model in Animal Nutrition and Fish Feed is based on the pass through of raw material prices in sales prices either by virtue of standing industry practice or by virtue of customer contracts. In 2011, a new risk management policy for raw materials was designed, which is aimed at further mitigating the impact of purchase exposures. The new policy will take effect as from 2012. It is noted that due to the announced sale of the Hendrix business, the exposure of Nutreco to fluctuations in commodity prices is reduced.

price volatility that cannot be passed through to customers (economic purchase risk) as well as volatility in the income statement (purchase accounting risk). Nutreco aims to minimise both risks.

Nutreco's contract positions are based on a thorough understanding of the raw material markets. In recent years, Nutreco has centralised the procurement of feed additives such as vitamins, minerals, amino acids and pigments. Authority levels of local management have been shifted towards the Nutreco central procurement organisation which is executing and monitoring the main contracts and important purchase decisions. Commodities are purchased locally within the limits of the Commodity Procurement Policy. Contracts exceeding predefined limits must be authorised by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

The quality of management information has been further enhanced by the formation of a global expert network to share knowledge of markets, suppliers and conditions of raw materials at a Nutreco level.

6. Quality and safety of raw materials and products

Raw materials do not always meet the required quality and safety standards. If non-conforming materials enter the feed-to-food chain, they could constitute a risk in the area of food safety.

Management of the quality and safety of raw materials and products

Assurance that only approved and safe raw materials are used in products continues to be of utmost importance. Nutreco continues to invest in constantly improving quality and safety standards. Besides its successful Nutrace programme, Nutreco uses NIR (near infrared reflectance) spectroscopy as an analytical method. A direct link to the NIRLine service of Nutreco's Masterlab assures a rapid quality check on incoming raw materials and ingredients.

Although Nutreco only works with approved (and partly audited) suppliers, in the year under review there were some incidents with contaminated raw materials, but due to Nutreco's safety and control systems they were detected promptly. Adequate follow up, according to crisis manuals in place, kept the consequences under control with only a limited impact.

To ensure Nutreco can withstand calamities in the field, it is also covered by insurance.

7. Supplier concentration

Concentration of suppliers and the dependence on a limited number of important suppliers.

Management of supplier concentration

Especially in aquaculture, Nutreco is confronted with a rather low number of suppliers for fishmeal and fish oil. As the result of constant and intensive R&D activities Nutreco has been able to reduce the percentage of these raw materials in its formulas by replacing them with alternative sources (MicroBalance™ technology). On the other hand, the dependence on a relatively small number of suppliers for especially vitamins is increasing. For other suppliers Nutreco has inventoried the supplier and contract base and Nutreco considers the risk of dependence there as very limited.

Continuous attention is paid to the financial performance and position of strategic suppliers, to mitigate the counterparty risk to the extent possible and to ensure the availability of raw materials.

8. Customer concentration

Customer concentration and the dependence on a small number of major customers.

Management of customer concentration

In general Nutreco's customer base is rather fragmented, especially in animal nutrition, where Nutreco supplies a large number of relatively smaller customers. By contrast, salmon feed is supplied to a small number of large companies. The most important customer in the Fish Feed segment, Marine Harvest, accounts for less than 6% of Nutreco's total annual revenue. In the segment Meat and Other, the Spanish supermarket chain Mercadona is a leading customer but also accounts for less than 8% of Nutreco's total revenue. Due to the composition of Nutreco's portfolio, no major changes in this situation are foreseen. Relationships with large customers are managed by key accountmanagers, including involvement of the Executive Board, and aim for long term partnerships.

9. Margin impact due to volatility of animal prices

Prices for animals could influence the part of Nutreco business that is directly exposed to market prices.

Management of margin impact due to volatility in animal prices

Nutreco is partly exposed to risks arising from fluctuations in the market prices of species such as poultry and pigs. While there is often no direct correlation between sales prices for animals and feed prices, Nutreco's sales prices and margins may be impacted by volatility in the markets for meat. It is noted that due to the strategic objectives to move more towards fish feed and premix and feed specialties, this risk is decreasing. However, the financial performance of customers could impact Nutreco's results (see also 'credit risk') and therefore is closely monitored.

10. Volume impact due to animal diseases

The occurrence of animal diseases in livestock farming could lead to a significant reduction of the number of animals and, as a consequence, to a lower demand for feed. The livestock of Nutreco could be exposed to animal diseases.

Management of the risk related to animal diseases

Animal diseases in agriculture and aquaculture can have a financial impact on individual Nutreco businesses as temporarily lower volumes will be sold to customers whose animals are impacted. The regional spread of activities and the variety of animal species for which feed is supplied limits this risk.

In 2011, there were outbreaks of FMD (foot-and-mouth disease) worldwide, as well as salmonella incidents in live birds in Spain and a PRRS (Porcine Reproductive and Respiratory Syndrome) outbreak at a customer in Canada. These incidents did not have a significant impact on Nutreco's business as a whole.

The effects of the fish disease in Chile in 2008 and 2009 have been fully overcome. In 2011, Nutreco's fish feed sales volumes in Chile increased significantly, resulting in the re-opening of a previously retired plant.

Nutreco owns pigs and poultry, mainly in Spain. The total value of livestock as at the end of 2011 was EUR 140.5 million (2010: EUR 127.8 million). In case of a disease the Company's own livestock could be impacted. Nutreco's livestock is spread over various locations, which limits the risk. In the past the owners of livestock were in most cases (partly) compensated by local or national governments in case of diseases. In 2011 there were no special events involving Nutreco's livestock that had a material impact on the Company's consolidated result.

11. Incentive systems

Incentive systems such as the Nutreco performance bonus system could entail the risk that managers focus on short term results in order to safeguard their yearly bonus awards.

Management of incentive systems risk

In order to avoid short term focus Nutreco has constructed its performance bonus system in such a way that milestones are always a combination of sustainability and financial targets, both based on a longer term vision. Share based incentives have a performance period of three years. Short term targets are based on challenging and sustainable yearly budgets which are determined and monitored by the Supervisory Board.

Financial risks

12. Pensions

Several external circumstances, such as changes in discount rates, results on the stock markets and longevity of beneficiaries, can have a serious impact on the financial development of pension plans.

Management of pension risks

Nutreco has defined benefit plans in several countries, of which the plan in the United Kingdom is the most important as the former defined benefit plan, that lasted until 2005, by law cannot be converted to a defined contribution plan. Funding of any deficits of this plan is spread over time. The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit plans in order to forecast the financial consequences thereof and to take actions in time.

Nutreco is also engaged in defined contribution agreements with local pension funds. In the Netherlands, effective as from 1 January 2011, the pension scheme for the Dutch subsidiaries has been transferred to a third party insurance company. This company guarantees the nominal pension claims for 100%. For more information see note 24 of the financial statements.

13. Credit risk

Difficult economic situations in several of the markets in which Nutreco is operating have increased the risk that third parties will not be able to fulfil their financial commitments. Especially in Southern Europe, credit risk has increased due to the poor current economic situation and the lack of bank facilities for customers. The number of bankruptcies has increased.

Management of credit risks

Credit risk is the loss that would have to be recognised if third parties failed to perform as contracted. As a consequence of the financial crisis, and to the extent possible, continuous attention is paid to the creditworthiness of third parties such as banks, insurance companies, strategic suppliers and customers.

To reduce credit risk regarding customers, Nutreco has a credit policy in place and carries out ongoing credit analyses of its customers' financial situation. Nutreco uses market intelligence and, if required and possible, credit rating agencies to determine its customers' creditworthiness. For doubtful debts adequate allowances are in place of EUR 80.5 million (2010: EUR 64.2 million). Credit to debtors is closely monitored in business review meetings and specific indicators, such as Days Sales Outstanding and overdue debts, are reported and discussed in detail. In some cases securities are provided to Nutreco by customers. In 2011, in some operating companies credit committees were established. Authorisation levels are formalised while the Executive Board is involved in authorising major amounts with customers. Some customers are temporarily no longer supplied.

Low prices for farmer products such as milk, pigs, chicken or fish could also increase the credit risk. Although these prices have no or limited direct correlation with feed prices, a long period of low prices for farmer products could have an impact on the financial situation of some of the customers.

The international growth of premixes, special feed and fish feed for different fish species has resulted in a wider and more international spread of customers. Although this increased spread has a risk reducing effect, it has, at the same time, increased the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment. As at 31 December 2011 the total outstanding amount owed by Nutreco's most important customers, Marine Harvest (Fish Feed) and Mercadona (Meat and Other), in total represented less than 4% of the total outstanding amount.

Nutreco has an exposure to a group of reputable banks created by the usage of cash investments and derivative financial instruments. The exposures to banks are carefully monitored and credit limits are based on credit rating and maturity of the exposure. Generally, cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A- (Standard & Poor's). The maturity of the exposure is, except for interest rate derivatives, short term and spread over various banks to reduce the counterparty risk.

With respect to insurance companies Nutreco has placed its insurance coverage, in which property damage and product liability are the most important, with insurance companies having an A-rating as a minimum.

14. Foreign currency transaction risk
Exchange rate fluctuations relating to either the purchase of raw materials or sales of finished products to customers could influence margins.

Management of foreign currency transaction risk
Most of Nutreco's foreign currency translation risks relate to the purchase of raw materials. In the animal nutrition and fish feed business, price changes resulting from foreign currency movements can generally be passed on to customers. In addition, in some markets sales contracts include price clauses to cover foreign currency movements. The possibilities and time to pass the effects of foreign currency movements on to customers vary per market and are regularly assessed and only take place when a structural increase has occurred.

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

15. Liquidity risk
Nutreco should always be in a position to be able to meet its payment obligations.

Liquidity risk management
The primary objective of liquidity management is to ensure that Nutreco always has sufficient committed credit facilities, cash and cash equivalents to meet its payment obligations. Group Treasury monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco's target is to have sufficient committed credit facilities, a well spread long-term debt maturity schedule and a strong liquidity position.

Nutreco realises that in the current financial markets, obtaining credit from financial institutions and investors is becoming increasingly difficult as several financial institutions are suffering from the crisis. In 2010, Nutreco successfully amended its existing revolving credit facility, by extending the maturity by two years to May 2014 and by reducing the margin. The facility amounts to EUR 500 million and is supported by an international group of banks.

Through the revolving credit facility and with current liquidity, Nutreco has ensured sufficient liquidity for the coming years. At the end of 2011 EUR 428.6 million of the total facilities of EUR 1,056.6 million had been used (2010: EUR 438.1 million and EUR 1,029.1 million respectively). Nutreco's core credit facilities and its use of these facilities are contracted by Group Treasury. Interest-bearing borrowings by operating companies are only allowed with the prior approval of Group Treasury. In addition to the unused credit facilities Nutreco had EUR 176.8 million in cash and cash equivalents available at the end of 2011 (2010: EUR 230.8 million).

16. Interest rate risk
Interest rate fluctuations affect the cost of financing of the Company.

Management of interest rate risks
Managing the interest rate risk is the responsibility of Group Treasury. Interest rate hedging via fixed interest rate agreements or derivative financial instruments is carried out within the framework of Nutreco's policy and reported quarterly. The relative share of fixed rate interest-bearing borrowings at year-end 2011 was 73% (2010: 74%), which is in line with the policies.

Compliance

17. Integrity risk

The growth of international activities increases the integrity risk. Failure to meet regulatory compliance may expose the company to fines, other penalties and reputational risks.

Management of integrity risk

Corporate governance and compliance requirements have become increasingly stringent and comprehensive. Today, rather than merely being a matter of 'form', compliance has become more and more a matter of 'substance' and, therefore, demands more attention from the organisation in both procedural and cultural terms. Growth strategies in emerging markets and new legislation such as the UK Bribery Act have increased the company's risk profile in this respect.

Nutreco recognises that the risk of fraud, by both external parties and its own staff, might increase given the current economic climate, which requires appropriate measures.

Based upon new laws and regulations, in 2011 Nutreco implemented a revised Code of Ethical Conduct including supplemental guidelines concerning business integrity, which sets out the main moral values to which Nutreco subscribes. A breach of the Code of Ethical Conduct can lead to sanctions, including termination of employment. As from the beginning of 2012, a global communication programme including roadshows is rolled out to again increase awareness of and compliance with the Code of Ethical Conduct.

The members of the Supervisory Board, the Executive Board and all employees with managerial responsibilities are required each year to confirm in writing that they have complied with this Code. In addition, the Nutreco Integrity Line, which is operated by an external service provider, allows employees to report issues anonymously. During 2011, a limited number of ten complaints was received through this line, which complaints mainly related to labour relations and none were of a material nature. The complaints were all investigated and a response was posted to inform the complainants of the Company's position and, where relevant, corrective actions were taken.

Outside the Nutreco Integrity Line two alleged fraud cases were reported. Furthermore one case of alleged irregular payment was reported. These were thoroughly investigated and appropriate actions to address the situation and measures to prevent repetition were taken. The financial impact of these cases was not material to the Nutreco Group.

18. Compliance with local laws and regulations

Nutreco can be held liable for the consequences of its non-compliance with legislation and regulations particularly in the field of the environment. Changes in laws and regulations could mean that products, services, policies and/or procedures are not adapted (quickly enough), potentially exposing Nutreco to fines, sanctions and loss of customers, profits and reputation.

Management of risks related to local laws and regulations

Nutreco is committed to comply with laws and regulations in the various countries in which it operates. The Company has established policies and procedures aimed at compliance with local environmental and other laws. We adjust to local situations by building strong local companies and developing a proper approach in coping with dilemmas within the bounds of applicable laws and responsible conduct. We support the principle of free enterprise and fair competition. The management carries out regular reviews to identify environmental and other risks and to ensure that adequate systems to manage those risks are in place. Changes in laws and regulations are actively analysed and assessed and when necessary, appropriate adaptations are implemented.

19. Sustainability and reputation risk

The use of raw materials that may become scarce in animal nutrition and fish feed obliges Nutreco to behave responsibly and to focus on driving a sustainable business. Actions that are contradictory to Nutreco's strategy could result in loss of the good reputation that Nutreco has built over the years by being on the forefront of sustainable innovations.

Management of sustainability and reputation risk

In recent years, the world has become very aware of the upcoming food security challenge of doubling the supply while halving the footprint. Agriculture and aquaculture must increase production substantially, rapidly and sustainably over the coming decades if the predicted population of nine billion people in 2050 is to be fed adequately. Furthermore, there currently is a period of climate change. Increased stakeholder awareness and the ambition to contribute to meeting the rising food needs of a growing world population in a sustainable manner mean that Nutreco's reputation will suffer if it does not address the relevant issues in the industry and/or fail to reach its goals. Eventually the Company could lose its licence to operate. Furthermore, the cost competitiveness may be adversely affected if the ambition leads to the purchase of more expensive ingredients or to higher innovation costs.

At Nutreco, sustainability has been solidly embedded into the management structure and motivation through the implementation of the Feeding the Future programme. The programme sets targets for Nutreco, its businesses and operating companies, and links progress towards those targets with the remuneration of Nutreco managers. The Executive Board is fully committed to this programme. For more information about sustainability, reference is made to the Sustainability Report 2011 on the Nutreco website.

Assessment of internal control

The Executive Board has evaluated the design and the effectiveness of the internal risk management and control systems, based upon continuous monitoring and interaction with business and corporate staff and by assessing – amongst others – the following information:

- Letters of representation signed by operating company, business unit and divisional management.
- Reports of Internal Audit on reviews and audits performed throughout the year. Findings and measures to address issues were discussed with local management, the Executive Board and the Audit Committee.
- Management Letter from the external auditor with findings and remarks regarding internal control. This letter has been discussed with the Audit Committee and the Supervisory Board.

The Executive Board concluded that good progress was made with further improvements of risk management and internal control and that the issues identified did not materially impact the consolidated accounts of Nutreco N.V.

Management review and reporting

In control statement

The Executive Board manages the Company and is responsible for achieving the Company's strategy, objectives, goals and results as well as for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see pages 64 to 72). These systems, which are based on the COSO internal control framework, have been designed to identify opportunities and risks on a timely basis, to manage significant risks, to facilitate the realisation of the Company's strategic, operational and financial objectives, to safeguard the reliability of the Company's financial reporting and to comply with applicable laws and regulations.

To fulfil our responsibilities, we systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial (reporting) risks during the year 2011. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

Based on the approach as described above, we believe that to the best of our knowledge with respect to the financial reporting risks, the internal risk management and control systems have adequately performed during the year 2011 and provide a reasonable assurance that the financial reporting does not contain any errors of material importance.

Responsibility Statement

In accordance with article 5.25c of the Financial markets Supervision Act (Wet op het financieel toezicht), the Executive Board confirms that to the best of its knowledge:

- the consolidated financial statements of 2011 give a true and fair view of the assets, liabilities, the financial position and comprehensive income of Nutreco and its consolidated operations; and
- the management report includes a true and fair review of the position as per 31 December 2011 and of the development and performance during 2011 of Nutreco and its related participations of which the data have been included in the financial statements, and describes the principal risks that the Nutreco group is facing.

Amersfoort, 8 February 2012

W. Dekker, CEO
G. Boon, CFO
K. Nesse, COO Aquaculture
J.A. Vergeer, COO Animal Nutrition

Corporate governance

Nutreco is committed to the principles of corporate governance, which are based on the requirements of Dutch legislation, the Company's Articles of Association, the Dutch Corporate Governance Code (the Code) and the Nutreco Code of Ethics. Given the international context in which Nutreco and its businesses operate, both national and international developments are closely monitored.

Since the introduction of the Code (2004), each year an overview report on compliance of Nutreco with the principles and best practices of the Code, including explanation of deviations, is presented in the annual report. Amendments made to the Code entered into force in 2009. Nutreco has implemented the required changes and additions, where feasible and relevant, and, if required, by making amendments to the Articles of Association and regulations. In the Annual General Meetings of Shareholders (AGM) that was held in April 2010 the 'Corporate Governance' chapter was tabled as a separate agenda item for discussion with the shareholders in accordance with the "comply or explain" principle. No questions or issues were raised by shareholders, who concurred with the way Nutreco handled compliance with the Code. Any future substantial changes in the Company's corporate governance structure and its compliance with the Code will be submitted to the General Meeting of Shareholders for their consideration.

The overview of the corporate governance structure of Nutreco and an explanation of deviations from the principles and best practices of the Code are provided on page 78, and are also posted on the Nutreco website: www.nutreco.com.

Organisational structure

Nutreco N.V. is a public limited liability company (Naamloze Vennootschap) under Dutch law with a two-tier board structure. The Company is managed by the Executive Board under supervision of the Supervisory Board. The two boards are accountable to the General Meeting of Shareholders.

The Company is structured to effectively execute its strategy and to balance local and global decision-making. It comprises a Corporate Centre and two divisions, Animal Nutrition and Aquaculture, each of which contains a number of operating companies.

Based on a proposal by the Supervisory Board, the General Meeting of Shareholders can amend the Articles of Association. A resolution to amend the Articles of Association must be adopted by an absolute majority of the votes cast. For the Nutreco Articles of Association, please refer to the Nutreco website: www.nutreco.com.

Executive Board

The Executive Board manages the Company and is responsible for achieving the Company's goals, objectives, strategy and results. The responsibility for the management is vested collectively. The Supervisory Board determines the number of Executive Board members.

The Executive Board is appointed by the General Meeting of Shareholders on the proposal of the Supervisory Board, with the latter indicating whether or not the proposal is binding. This binding character can be waived by a simple majority of the votes cast, in a meeting in which more than one third of the issued share capital is represented. Since the AGM in 2002, the Supervisory Board agreed not to use the option of making a binding proposal for appointments unless in exceptional circumstances, such as a hostile takeover attempt.

The General Meeting of Shareholders can dismiss or suspend a member of the Executive Board. Such a decision, other than when proposed by the Supervisory Board, requires a majority of the votes cast representing at least one third of issued share capital.

Since 2005, new board members have been appointed for a maximum term of four years. The Supervisory Board appoints one of the Executive Board members as chairman. The division of tasks between the board members requires the approval of the Supervisory Board. Currently, the Executive Board consists of four members.

The present composition of the Executive Board and information about its members are provided on pages 190 and 191 of this report.

Supervisory Board

The Supervisory Board, acting in the best interests of the company and its stakeholders, supervises and advises the Executive Board in performing its management tasks, including the financial policies, the effectiveness and integrity of the internal control and risk management systems and procedures put in place by the Executive Board, and the general conduct of affairs within Nutreco and its businesses. The Supervisory Board assists the Executive Board with advice in accordance with the best practices of the Dutch Corporate Governance. In addition, certain (material) decisions of the Executive Board, as specified in the law, in the Articles of Association and in the Supervisory Board rules, are subject to the prior approval of the Supervisory Board.

Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of Nutreco's business and activities as well as the desired expertise and background of candidates. The profile is periodically evaluated and revised, if necessary, to reflect such things as developments in the size of the Company, the nature of its activities, the degree of internationalisation, and the specific risks in the medium and long term. The Supervisory Board strives to achieve diversity in terms of expertise, nationality and gender.

Supervisory Board members are appointed by the General Meeting of Shareholders. For every appointment the Supervisory Board is entitled to make a binding or a non-binding nomination. Non-binding nominations are voted on by a simple majority of the votes cast in the General Meeting of Shareholders.

In case of a binding nomination, the General Meeting of Shareholders can overrule such by a majority of the votes cast which majority represents at least one/third of the issued share capital. If the first binding nomination is overruled by the General Meeting the Supervisory board may present a second binding nomination and if that second binding nomination is overruled, the General Meeting appoints a member of the Supervisory Board with an absolute majority of the votes cast not based upon a binding nomination.

The Supervisory Board appoints one of its members as chairman. Currently, the Supervisory Board consists of five members, which are appointed for a maximum term of four years and are eligible for reappointment for two additional four-year terms, up to a maximum of twelve years.

The composition of the Supervisory Board, information about its members and the profile are provided on pages 191 and 192 of this report.

Supervisory Board Committees

While the Supervisory Board as a whole retains overall responsibility for its functions, it has assigned some of its tasks to four committees: the Audit, the Remuneration, the Selection and Appointment and the Innovation and Sustainability committee. These committees, which are selected by and composed from amongst the Supervisory Board members, are to provide a focused analysis and preparation of the subjects within their respective areas of expertise and to report and make recommendations to the Supervisory Board, thus enhancing the effectiveness of the Supervisory Board's supervision and advisory work. The role, tasks and procedures of the committees are outlined in their charters, which can be found on the Nutreco website. Details about the Committee's activities during the year under review are included in the report of the Supervisory Board on the pages 85 to 90.

Board compliance and no conflicts of interest

Both the Executive and Supervisory Board, including the committees of the Supervisory Board, have their own regulations which set rules with regard to objectives, composition, duties, responsibilities and working methods. These regulations are posted on the Nutreco website: www.nutreco.com.

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

Two of the Supervisory Board's current members can be regarded as financial experts within the meaning of best practice III.3.2. Mr J.M. de Jong was a member of the Executive Board of ABN Amro Bank N.V. (Netherlands) and Mr R.J. Frohn was a member of the Executive Board and CFO of Akzo Nobel N.V. until his appointment in 2008 as a member of the Executive Board responsible for AkzoNobel's Specialty Chemicals business.

In June 2011, the chairman of the Remuneration Committee Mrs. H.W.P.M.A. Verhagen was appointed as executive board member of Post.NL N.V., a listed company. This deviates from best practice III.5.11. After consultation, Nutreco has concluded that this deviation is justified. For the explanation, please refer to the paragraph "Compliance with the Code".

Members of the Executive Board may accept no more than two mandates as a supervisory board member of a listed company. Any acceptance of such position requires the prior approval of the Supervisory Board to prevent conflicts of interest and reputation risks. Chairmanship of such supervisory board position is excluded. Other appointments of material importance need to be notified to the Supervisory Board. Members of the Executive Board are appointed to the Board of a number of Nutreco operational entities.

The regulations of the Executive Board and the Supervisory Board contain provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest were reported between members of the Executive or Supervisory Board and Nutreco or its subsidiaries.

The Code states as a best practice that all transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company shall be agreed under the conditions customary in this branch of industry. During 2011, the Company had dealings with ING, which declared a 11.28% interest. ING is a member of the bank syndicate which granted a syndicated bank loan in 2009 which was renewed in 2010. As part of this syndicated bank loan, financial transactions took place throughout the year with several banks, including ING. Such transactions were carried out subject to conditions customary for such transactions in this branch of industry.

For administrative reasons, all members of the Executive Board have an employment agreement with subsidiaries of Nutreco N.V. As part of the terms of their employment contract, they have undertaken not to compete with Nutreco activities. None of the members of the Executive Board is a supplier of goods or, in any way other than necessary for the performance of their job, of services to the Company or its subsidiaries.

Nutreco's Code of Ethics prohibits employees and directors accepting gifts of commercial value for themselves or their relatives, providing advantages to third parties to the detriment of the Company or taking advantage of business opportunities to which Nutreco is entitled.

General Meeting of Shareholders

A General Meeting of Shareholders is held at least once a year and may be convened by the Executive Board or the Supervisory Board and can also be held on request of shareholders jointly representing 5% or more of the issued share capital. In accordance with Article 21.5 of the Articles of Association, shareholders holding at least 1% of the issued share capital or representing at least EUR 50 million in value of the shares are entitled to propose items on the agenda of the General Meeting of Shareholders. Each shareholder is entitled to attend shareholder meetings in person or be represented by written proxy. Each outstanding share entitles the holder to one vote. Resolutions are adopted by simple majority unless the Articles of Association or the law provide otherwise. A fixed registration date of 28 days before the meeting for the exercise of voting rights is determined while voting is facilitated by electronic means.

Resolutions adopted by the General Meeting of Shareholders are published on the Company's website within 15 days following the meeting. Within three months after the meeting, the draft Dutch version of the minutes of the meeting is made available for three months for comments. The translation of the minutes into English is published shortly afterwards. The final minutes are posted on the Nutreco website.

In 2011, one General Meeting of Shareholders was organised. During this meeting, which was held on 28 March and webcasted live, a total of 19,662,247 ordinary shares or 56.86% of the issued ordinary shares were (re-)present(-ed).

For more information about the authorities of the General Meeting of Shareholders, as well as the Company's Articles of Association and the resolutions adopted in the General Meetings of Shareholders, please visit the Nutreco website.

Share capital

The authorised share capital of the Company at 31 December 2011 amounted to EUR 41.5 million (2010: EUR 41.5 million), consisting of 55 million ordinary shares, 16 million cumulative preference shares ‘A’, 71 million cumulative preference shares ‘D’ and 31 million cumulative financing preference shares ‘E’, all with a nominal value of EUR 0.24. Cumulative preference shares ‘A’, ‘D’ and ‘E’ have not been issued and are not outstanding. The Articles of Association do not provide the possibility to issue depository shares (‘certificaten’). All shares carry equal rights where it concerns voting at the General Meeting of Shareholders. Votes may be casted directly, by voting instructions or through a proxy.

For a further explanation on the capital structure and an overview of the shares outstanding as per the beginning and the end of the year, please refer to notes 22 and 27 of the Financial Statements.

Regulation concerning securities
Nutreco has regulations concerning the ownership of, and transactions in Nutreco shares and other Nutreco securities, which apply to all employees unless stipulated otherwise. These regulations also prohibit Executive and Supervisory Board members from executing transactions in the securities of certain other listed companies, regardless of having any inside information.

Profit appropriation and dividend policy

Distribution of net profit is stipulated in the Company’s Articles of Association, articles 29 and 30.

The Company may distribute profits only if and to the extent that its shareholders’ equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law. Any distribution other than an interim dividend may be made only after adoption of the consolidated financial statements which show that they are justified.

Cumulative preference shares ‘A’, ‘D’ and ‘E’ (none of which have been issued) carry special rights in respect of the distribution of the net profit.

Of the profit remaining after payment to holders of preference shares, such amount will be allocated to the reserves as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual results at the Annual General Meeting of Shareholders. The profit remaining shall be at the disposal of the General Meeting of Shareholders.

The General Meeting of Shareholders shall be authorised to resolve, at the proposal of the Executive Board subject to the approval of the Supervisory Board, to make distributions to the shareholders from the general reserves. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on the other classes of shares.

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

Dividends are payable as from a date to be determined by the Supervisory Board. Dividends which have not been collected within five years of the start of the second day on which they became due and payable shall revert to the Company.

Dividend policy
The dividend policy of the Company on additions to reserves and on dividends was discussed and adopted by the Annual General Meeting of Shareholders held in May 2006. In that meeting, the General Meeting of Shareholders resolved the proposal to change the dividend policy by increasing the pay-out ratio from a range of 30-35% to 35-45% of the net profit for the year attributable to

holders of ordinary shares, excluding impairment charges and book results on disposed activities. The dividend will be distributed in cash or as a stock dividend at the shareholder's option.

No change in dividend policy has occurred since that date. Proposals to pay a dividend are dealt with as separate agenda item at the General Meeting of Shareholders.

Financial reporting and role of auditors

Before being presented to the Annual General Meeting of Shareholders for adoption, the Company's annual financial statements as prepared by the Executive Board must be examined by an external registered auditor. The external auditor is appointed by the General Meeting of Shareholders, based on a nomination from the Executive Board that takes into account the advice of the Audit Committee and the Supervisory Board. Annually the Audit Committee evaluates the functioning of the external auditor in consultation with the Executive Board, and the outcome is discussed with the Supervisory Board. Also the desirability of rotating the external auditor's lead partners is evaluated. In 2010 Nutreco changed partners based on independency rules.

At the Annual General Meeting of Shareholders held on 28 March 2011, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2012.

The Company has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO and the Audit Committee. The scope of work of the internal audit function is prepared in consultation with the Audit Committee.

Compliance with the Code

Nutreco applies the principles and best practices of the Code, except for the following deviations and for the reasons as set out below:

II.1.1: The (renewable) maximum four-year term of office will not be observed for the one member of the Executive Board that was appointed in 1996 for an indefinite period. This complies with the preamble to the Code, which indicates that existing contracts prior to the introduction of the Code may be respected. For Executive Board members to be (re-)appointed after the Code became effective, the maximum four-year terms does apply. This is the case for the Executive Board members appointed in 2009 and 2011.

II.2.8: For Executive Board members to be (re-)appointed after the Code became effective, in principle a maximum severance payment consistent with the Code is or will be included in their contracts. This applies to the CFO who was appointed to the Executive Board in 2011. Since the two Executive Board members appointed in June 2009 also retained their responsibilities for the Nutreco operations where they were employed before, the severance pay provisions in line with the existing employment agreements continued to be in place. Concerning that part of the remuneration for their Executive Board membership they are eligible to a severance payment equal to one-year base salary which is in line with the Code. The employment contract of the Executive Board member appointed prior to the introduction of the Code contains a severance payment based upon the Dutch "kantonrechtersformule".

III.5.11: The chairman of the Remuneration Committee was appointed executive board member of PostNL N.V. in June 2011. After consultation Nutreco has concluded that this deviation is justified, given the current size of the Supervisory Board and the allocation of responsibilities among its members, the position of the two other Remuneration Committee members (one is the chairman of the Supervisory Board and the other a non-Dutch national) and, most importantly, the fact that the chairman was selected for this Nutreco position given her extensive expertise and experience in this field and that the committee is functioning satisfactorily with the current composition.

Remuneration Report

As provided for in article 19 of the Articles of Association, the General Meeting of Shareholders is authorised to adopt the remuneration policy of the Executive Board, upon a proposal of the Supervisory Board. In its meeting of 15 April 2008 the Annual General Meeting ("AGM") adopted the (revised) remuneration policy for the Executive Board. Within the framework of the remuneration policy, compensation of the Executive Board members is determined by the Supervisory Board, based on advice of the Remuneration Committee.

With the assistance of an external remuneration advisor that provided advice regarding market practices and developments, in 2011 the Remuneration Committee re-evaluated the remuneration policy to verify its market conformity. After an extensive review, in which all short- and long-term compensation elements, the composition of the labour market reference group, a scenario analysis on the long-term variable remuneration and other conditions were included, the Supervisory Board concluded that the present remuneration policy and its components still serve their purpose and objectives and will be continued accordingly. Also the level of the remuneration (fixed and variable) of the members of the Executive Board was considered to be in line with the labour market reference group and will remain unchanged. Therefore no proposal for amendments to Nutreco's remuneration policy will be submitted to the AGM in 2012. In the re-evaluation it was further concluded that future benchmark reviews of the total remuneration package and its different components will be assessed once every three years. Interim adjustments to the remuneration package of Executive Board members, within the boundaries of the remuneration policy, are up to the discretion of the Supervisory Board.

Remuneration Executive Board

Remuneration policy

Compensation in line with the median level of the labour market reference group

The main objective of the remuneration policy is to attract, motivate and retain qualified senior management, for an international company of Nutreco's size and complexity, by a market-compliant remuneration policy. The remuneration policy as approved by the AGM is to remunerate the Executive Board at the median level of the labour market reference group.

Remuneration of the Executive Board consists of the following components:

- Fixed base salary;
- Short-term variable remuneration, consisting of an annual cash bonus opportunity, related to challenging performance targets set by the Supervisory Board for the year ahead;
- Long-term variable compensation, consisting of performance shares;
- Pension contributions and other fringe benefits such as a company car and an amount for compensation of expenses.

Variable remuneration is an important part of the total package and is based on measurable objectives, directly related to the performance of the Company. The remuneration structure is therefore designed to balance short-term operational performance with the long-term objectives of the Company and value creation for its stakeholders.

Labour market reference group

A labour market reference group was constituted as a benchmark to assess the competiveness for the Executive Board's base salary, cash bonus and performance shares. Given the absence of industry peers of comparable size and complexity, the AGM in 2008 approved a proposal to define the base salary peer group as a group consisting of the seven lowest ranked companies of the AEX index and the eight highest ranked companies of the AMX index (in terms of annual revenues) as such indices are published by NYSE Euronext Amsterdam. Financial institutions and real estate companies are excluded from the labour market reference group.

In 2011 the labour market reference group included (in sequence of index and revenues 2010): TNT Express N.V., ASML Holding N.V., Wolters Kluwer N.V., CSM N.V., Koninklijke Boskalis Westminster N.V., SBM Offshore N.V., Fugro N.V., TomTom N.V., Koninklijke BAM Groep N.V., Imtech N.V., Logica plc, USG People N.V., Mediq N.V., Heijmans N.V. and Arcadis N.V.

Fixed base salary

A benchmark conducted by an external remuneration advisor at the end of 2010 showed lagging deviations with regard to the remuneration of members of the Executive Board against the median level of the labour market reference group. Based on this observation, it was decided to increase the annual fixed base salary of the Company's Chief Operating Officers, also members of the Executive Board, as of 1 January 2011 from EUR 395,000 per year to EUR 415,000. The raise also reflected their increased responsibilities. The salary of the newly appointed CFO was also proposed to be set at EUR 415,000. Since the benchmark also showed that the base salary of the CEO was below median, this was increased with effect from 1 January 2011 from EUR 605,000 to EUR 625,000. Accordingly, the base salary of the CFO who retired from his position in September 2011 was raised from EUR 440,000 to EUR 455,000.

Short term variable remuneration: cash bonus

The total cash bonus opportunity amounts to 60% of fixed base salary for on target performance and the maximum bonus is capped at 90% of fixed base salary. If performance is below a predefined minimum target level (80%), no bonus will be paid out. In calculating the bonus, a linear scale between the minimum level (80%) and the maximum level (130%) of the score is used.

At the beginning of each financial year, the Supervisory Board pre-sets a number of challenging and measurable financial, strategic, and operational as well as sustainability performance targets.

The targets for 2011 were financial performance targets (EBITA, net working capital and cash EPS) which have a combined weighting of 60%; strategic and operational targets each have a weighting of 10%; and sustainability targets (reduction carbon footprint of operations and development of Sustainability Vision 2020) have a weighting of 20%. Actual targets are not disclosed, as these qualify as information that is commercially confidential and potentially share price sensitive.

Each year the external auditor carries out agreed upon procedures of the actual performance measured against the financial performance targets agreed between the Executive Board and the Supervisory Board.

Performance target measurement 2011
At a meeting held in February 2012, the Remuneration Committee proposed to the Supervisory Board to attribute a 120% score to the Executive's Board performance against the targets set for 2011, resulting in a variable payment of 72% of the base salary to the CEO, 72% of the base salary to the CFO, 60% of the base salary to the formal CFO and 72% of the base salary to the COO's. The external auditor confirmed the score of the financial targets for 2011. The Supervisory Board approved the proposal made by the Remuneration Committee.

Long-term variable compensation: performance shares

Peer group and vesting
The remuneration policy includes the granting each year of conditional performance shares. These are granted by the Supervisory Board without financial consideration. The shares will vest and become unconditional after three years dependent on the Company's relative performance against a selected peer group, consisting of all companies except for Nutreco N.V., listed on the NYSE, Euronext Amsterdam AEX, AMX and AScX segments, as approved by the AGM in 2008. Performance is measured as Total Shareholder Return (TSR), defined as share price increase including reinvested dividends and possible share capital reimbursements. This stimulates the creation of shareholder value in the longer term. During the vesting period, the costs of these shares, determined according to IFRS, are recognised in the income statement as personnel costs.

The current Nutreco Performance Share Plan rules are posted on the Company's website, www.nutreco.com.

Performance measurement, vesting and vested shares

Vesting of the conditional shares takes place at the end of each three year cycle, when Nutreco's TSR performance is measured. Nutreco's ranking in the peer group as mentioned above determines whether and to what extent the originally granted shares vest and become unconditional. This analysis is prepared by an external remuneration advisor. No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of

50% of the granted number of shares takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the granted number of shares if the Company achieves the number one position within the peer group. Except for taxes due, vested performance shares should be held by the Executive Board for a specified minimum period of five years after grant date or till the end of board position of the member of the Executive Board concerned, whichever is the shorter.

For the grantings under the 2009 Performance Share Plan, for which the performance period ran from 1 January 2009 until 31 December 2011, the TSR has resulted in a 5th position (2010: 5th position out of 75) within the ranking of the peer group. This ranking will result in a vesting of 138% (2010: 137%) of the initially granted number of shares for the members of the Executive Board and of 138% (2010: 138%) for the other participants. The vesting date will be 2 March 2012.

Number of shares to be granted

The number of the conditional performance shares to be granted annually is based on the annualised economic fair value of the shares at the grant date. The calculation of the economic fair value of the performance shares is prepared by an external remuneration advisor of the Remuneration Committee, based on a pre-defined methodology as defined in the Nutreco Performance Share Plan. The economic fair value of the performance shares granted in 2011 has been defined at EUR 31.43 per share. The annualised economic fair value at the moment of granting represents 85% of the base salary of the chairman of the Executive Board, 80% of the base salary of the former CFO and 60% of the base salary of the CFO and each of the COOs.

This has resulted in the following numbers of performance shares conditionally awarded in 2011 to the Executive Board: total number of shares granted to the Executive Board amounted to 52,250 (2010: 56,302). Shares granted to the CEO amounted to 16,903 (2010: 19,848), to the former CFO 11,581 (2010: 13,585) and the individual numbers granted to the CFO and both the COOs amounted to 7,922 (2010: 7,623).

In addition, a total of 73,743 (2010: 77,129) performance shares were awarded to a number of senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of a lockup period after vesting, which does not apply to non-Executive Board participants.

Below is a table showing the remuneration structure for the Executive Board in 2011:

	Fixed base salary	Variables cash bonus based on performance criteria	Minimum cash bonus (% of annual base salary)	Target cash bonus (% of annual base salary)	Maximum cash bonus (% of annual base salary)	Long term variable in shares(economic value of shares granted in % of annual base salary)
CEO	100% cash	Financial 60% Strategic 10% Operational 10% Sustainability 20%	0%	60%	90%	85% 3 years relative TSR
CFO	100% cash	Financial 60% Strategic 10% Operational 10% Sustainability 20%	0%	60%	90%	80% 60% (former CFO) 3 years relative TSR
COOs	100% cash	Financial 60% Strategic 10% Operational 10% Sustainability 20%	0%	60%	90%	60% 3 years relative TSR

Pensions, and other contract terms

Pensions

Dutch members of the Executive Board can participate in a defined contribution plan based on career average wages. Currently only the CEO participates in this plan; since the CFO opted not to participate in this plan, his defined contributions are paid out as gross salary, while the non-Dutch members of the Executive Board will continue to build up pension rights in their respective home countries. In 2011, the Company made a one-off dotation of EUR 1.3 million to the pension scheme of the CEO, as contractually already agreed in 2006, which compensated the CEO for an unintended value reduction of retirement benefits; by the end of 2004, the pension investments of Executive Board members were separated from the Nutreco pension fund and deposited in a pension plan for Executive Board members. In line with the changes in the Nutreco pension fund, early 2005 this pension plan was changed from a final pay-based defined benefit plan into a defined contribution plan based on career average wages. During the transition period, actuarial calculations showed a substantial underfunding of the pension rights for the CEO, which would eventually result in a considerable deficit of the regular pension rights of average income at retirement age. Since this effect was not intended and considered undesirable, the Supervisory Board committed to an one-off dotation of EUR 1.3 mio that, based on the actuarial calculations made at that time, would reduce the deficit to an acceptable level. The factual deposit was deferred, given the mediocre financial situation of the Nutreco pension fund. Since this situation has been solved during 2011 by the transfer of the Nutreco pension fund to an insurance company, and the subsequent approval of De Nederlandsche Bank with such transfer, it has been decided by the Supervisory Board to complete the dotation to the pension fund of the CEO as agreed upon earlier.

Other benefits

Executive Board members receive a fixed allowance for expenses of EUR 3,570 per year, as well as other customary fringe benefits, including a company car. They may also participate in the Nutreco employee share participation scheme, to purchase Nutreco shares up to a maximum of EUR 1,800 per year.

Employment contracts, severance pay and change of control

With Mr J.A. Vergeer and Mr K. Nesse, who both were appointed to the Executive Board in 2009, and with Mr G. Boon, who was appointed in 2011, a four-year employment term has been agreed. Also a maximum severance pay of one year's Dutch base salary was agreed for their function as member of the Executive Board. Since Mr J.A. Vergeer and Mr K. Nesse also retained their operational responsibilities for the Nutreco operations where they were employed before, the severance pay provisions in line with their existing local employment agreements continued to be in place. For Mr K. Nesse this means a severance payment of one year gross base salary and for Mr J.A. Vergeer two years gross base salary being defined as that part of their fixed base salary allocated to the operational responsibilities in their home countries.

Mr W. Dekker was appointed as Executive Board member in 1996 for an indefinite period. His employment contract contains a severance clause that is based upon the Dutch "*Kantonrechtersformule*".

Due to organisational changes, in 2011 Mr F. Tielens relinquished his position as Executive Board member. After having served for two years in this function and in line with his employment agreement he was eligible for a severance payment of one year fixed base salary.

At 26 September 2011, after a long-standing tenure of ten years, Mr C.J.M. van Rijn, Executive Board Member and CFO, stepped down from his position and he retired on 31 December 2011. In line with the Dutch Code on Corporate Governance no severance payment was made.

In line with the recent report of the Monitoring Committee Dutch Code on Corporate Governance, Mr. W. Dekker has consented to renounce on any rights to severance related payments in case of a voluntary step down of his Executive Board position.

There are no provisions in the employment contracts of the Executive Board members for the event of the termination of employment resulting from a change in control of the Company. However, in case of such a situation the Supervisory Board can decide to accelerate the vesting of granted conditional performance shares on a pro-rata basis, whereby for the calculation of the vesting conditions the last share price that is included will be the closing price of the Nutreco shares at the day before the announcement of a takeover bid.

Other elements of the remuneration policy

Since the date of the adoption of the remuneration policy by the General Meeting of Shareholders in 2008, revised law and regulations have been issued which contain additional best practices regarding executive remuneration. Based upon advice of the Remuneration Committee, the Supervisory Board has evaluated these additional best practices.

Alignment with strategy and financial goals
The remuneration policy as described above is aligned with the strategy and the financial goals of Nutreco and its related risks. It includes a good balance between fixed and variable, and between short and long term remuneration. It is further (relatively) simple and transparent, and it is aligned with the company's interests for the medium and long-term.

Scenario analysis
The Remuneration Committee, with the assistance of an external remuneration advisor, carried out an analysis of the value of the performance shares granted to the members of the Executive Board under different potential scenarios. Based upon this analysis the conclusion was that this variable remuneration component would not lead to unfair or unintended results in any of the scenarios that had been examined.

Clawback
It was decided that, with the precedence of the law over the clawback regulation, the Supervisory Board will have the authority to claim back any variable pay elements that have been paid out on the basis of incorrect (financial) data over a time period including a full financial year prior to the financial year in which the cause for this claim presented itself. This clause has been included in the regulation of the Executive Board and in employment agreements since 2010.

Conditionally awarded variable remuneration
If, in the opinion of the Supervisory Board, the determination of variable remuneration awarded in a previous year, would produce an unfair result due to extraordinary circumstances which occurred during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust downwards or upwards the value of such variable remuneration that would have been payable, thereby applying principles of reasonableness and fairness. This clause has been included in the regulation of the Executive Board and in employment agreements since 2010.

Pay differentials
The remuneration of the Executive Board is in reasonable proportion to that for the next level in the organisation. Nutreco's senior staff has a remuneration structure comparable to the Executive Board.

Remuneration overview

For more information on remuneration of and the actual number of shares held by the Executive Board (either freely available or for which a lockup restriction applies), and the number of shares conditionally granted to members of the Executive Board, reference is made to note 24 of the financial statements in this annual report.

Remuneration of the Supervisory Board and its committees

In accordance with article 19.3 of the Articles of Association, the Annual General Meeting of shareholders determines the remuneration of the Supervisory Board, based upon a proposal made by the latter. The remuneration of the Supervisory Board and its committees is reviewed once a year. During 2011, the Remuneration Committee re-evaluated the remuneration for the members of the Supervisory Board, whose last raise was made in 2007. Based on the review, which was prepared by an external advisor, it was concluded that the total compensation package was reasonable. Therefore no proposal for a raise will be submitted to the Annual General Meeting in 2012.

As approved by the Annual General Meeting of Shareholders in 2007, the annual allowances for the members of the Supervisory Board are set at median level of the same labour market reference group used for the remuneration of the Executive

Board: Annual fixed remuneration for Supervisory Board membership is EUR 43,000 for members and EUR 55,000 for the Chairman. In addition, the remuneration of the membership of the Innovation & Sustainability Committee is the same as that for the Remuneration Committee (EUR 5,000 for members and 7,500 for the chairman), the remuneration of the Audit Committee is EUR 7,500 for the member and EUR 10,000 for the chairman. Work performed as a member of the Selection and Appointment Committee is not remunerated separately. The total remuneration of the members of the Supervisory Board in 2011 amounted to EUR 285,250 (2010: EUR 332,000), which are gross amounts.

As provided in the Articles of Association, none of the Supervisory Board members receives a remuneration that is dependent on or linked to the financial performance of Nutreco. Members of the Supervisory Board do not receive any performance or equity related compensation and do not accrue any pension rights with the company. The regulation of the Supervisory Board requires members' individual shareholdings in the Company to serve for the sole purpose of long-term investment only. None of the Supervisory Board members holds any shares or option rights to acquire shares in Nutreco.

For more information on remuneration of Supervisory Board members, please refer to note 24 of the Financial statements.

Other information

As a matter of policy, Nutreco does not grant any loans, advances or guarantees to the members of the Executive Board and Supervisory Board.

The Company does provide Executive Board and Supervisory Board members with an indemnification for all costs and expenses from and against any claim, action or law-suit related to acts and/or omissions in their function. Article 20 of the Articles of Association describes the terms and conditions of such indemnification.

On behalf of the Remuneration Committee
Mrs H.W.P.M.A. Verhagen, Chairman

Report of the Supervisory Board

From left to right: Ajai Puri, Herna Verhagen, Jan Maarten de Jong, Rob Frohn, Jaap Vink

Activities of the Supervisory Board

In 2011, the Supervisory Board met six times with the Executive Board and two scheduled telephone conferences were held, all according to a fixed schedule. Three closed meetings, without Executive Board members, were held preceding regular meetings. Subsequently, in the period between May and September two additional meetings and six telephone conferences were convened to monitor and approve milestones in the process concerning a potential investment opportunity. In between meetings, the Chairman had regular contact with the CEO and occasionally with other Executive Board members. Incidentally, Supervisory Board members also visited country management or participated in country meetings on an individual basis as the opportunity arose. Supervisory Board members were very rarely absent from either full board meetings or any of the Committee meetings.

In meetings with the Executive Board, a number of recurring items were discussed, such as the report by the CEO, an explanation by the CFO on the Company's financial performance, net working capital developments and the forecast, as well as reports by the COOs on the operations, developments in the markets in which the Company operates, business projects and acquisition opportunities. Press releases related to financial results were discussed prior to publication. The Supervisory Board takes a close interest in investor relations; trading updates, share price developments and the composition of the shareholder base are evaluated on a regular basis along with feedback from road shows. In addition to these standard topics, a number of specific topics were reviewed. Throughout 2011, there was increased attention for innovation and marketing and ample time was spend on the strategy process "Ambition 2016"; we closely monitored progress and the implementation of related actions and organisational changes.

Early February, in the presence of the external auditor, we discussed the draft 2010 annual accounts as well as the external auditor's report and the findings as summarised in the management letter. We agreed with the financial statements and approved the dividend proposal and the press release on the 2010 annual results. We proposed some minor adjustments to the text of the draft annual report 2010 and we approved the draft agenda for the Annual General Meeting of Shareholders to be held in March. We further discussed the draft report of the Supervisory Board and its Committees for the 2010 annual report, and we decided on the Executive Board's performance rating for the year 2010, the granting of performance based shares and the 2011 bonus performance criteria. We also approved the proposal to repurchase own shares to cover for obligations deriving from stock dividend and share based incentive programs. In relation to the Dutch pension fund, we concurred with the transfer of the pension agreements to a third party insurance company. We were updated on the potential acquisition by the Aquaculture division of Shihai (China) and discussed the financial impact analysis and the organisation and management of this strategically important acquisition, which we approved. In relation to a potential upcoming investment opportunity we were informed on the negotiations with a selected consortium partner and we concurred with the approach as taken by the Executive Board in this project. In a private meeting, we discussed the composition of the Executive Board and its distribution of tasks, and we decided on the nomination proposal for the Executive Board to be made to the upcoming Annual General Meeting of Shareholders.

In a telephone conference held on February 14, in the presence of the external auditor and after review of the unqualified opinion provided by KPMG Accountants N.V., the Company's financial statements 2010 were endorsed by all members of the Supervisory Board.

By the end of March, we prepared for the Company's Annual General Meeting of Shareholders. Based upon a detailed financial analysis we approved the investment for the first phase of the proposed production capacity expansion of the Averøy plant in Norway. In view of the strategy, considerable time was spent on the composition of the business model and portfolio of the new Animal Nutrition division. We were also informed on the negotiations with the consortium partner on a potential investment opportunity; we approved the outcomes so far and concurred with the continuation of these discussions.

Next to the pre-scheduled meeting in June, which was largely dedicated to strategy, from May to August eight additional meetings with the Executive Board were convened. Main meeting topic in these meetings was the assessment of a major investment opportunity in one of the Company's peers. In these meetings we focused on the strategic rationale and on the financial and valuation models, including earnings per share calculations. Funding of the potential investment and subsequent effects on covenants and internal rates of return, also in view of the deteriorating financial climate in that period, were closely monitored. The Supervisory Board met regularly during the process with financial and legal advisors to discuss the various scenarios. Their advice was taken into account in the various decisions we took on account of our supervising and consenting role. Also the cooperation in the consortium was monitored throughout. Eventually, the investment opportunity was not pursued. During this whole process, we were well informed by the Executive Board and we fully support the approach and decisions taken.

In a telephone conference held in July, we discussed the external auditors report and agreed with the preliminary results for the first half-year 2011; we approved with the draft press release including the outlook for 2011 and the proposal of the Executive Board to grant an interim dividend of EUR 0.50 per ordinary share.

In September, we were updated on the strategic and organisational objectives and actions to realise the strategic ambitions 2016. Following the organisational changes we reviewed governance, management and staffing issues. Considerable discussion time was spent on the potential divestment of the Hendrix group: The strategic rationale including our future positioning in the Dutch market, but also cultural issues and the proposed financial deal terms were extensively discussed. Further we were informed on opportunities to expand the business in targeted growth areas, where suitable acquisition candidates had been identified.

In November, we particularly focused on the public presentation of the strategy update "Ambition 2016". We discussed the draft press release and the presentation to the analysts and we provided some guidance to the Executive Board. A first draft of the budget 2012 was reviewed. We approved the outline and conditions of the sale and purchase agreement to be concluded with ForFarmers on the Hendrix group. We also approved the second phase investment in the capacity expansion of the Averøy production plant in Norway, and after some deliberation, we consented with a long-term global lease agreement concerning transportation vessels for the fish feed business. The Corporate Director Human Resources briefed us on the progress of the Management Development program.

Preceding the regular December meeting the performance of the Supervisory Board and its Committees, and the Executive Board as a whole and of the members individually, was reviewed in a closed meeting. In the regular meeting, we extensively discussed and challenged the 2012 budget, which we approved. We were further informed on the Nutreco Risk Management Framework, its design and the effectiveness of the information and control systems. We discussed the actions initiated and the investments proposed by the Executive Board for further improvement and integration of these systems within the frame of the Unite project, which we approved. We discussed claims and litigation matters and we were updated on developments in Dutch law and regulations. In this meeting also the updated Nutreco Code of Ethics was presented and we provided advice concerning the roll-out. We were also informed on two, not material, infringements of the Code of Ethics and we consented with the correction measures taken by management.

Supervisory Board committees

Remuneration Committee

The Committee met two times, in the presence of the CEO and the Corporate Director Human Resources. In between meetings, the Chairman of the Committee had regular contacts with the CEO.

In February, the Committee prepared proposals to the Supervisory Board on the performance evaluation of the Executive Board against the 2010 performance targets, and established the 2011 performance targets. Also the annual grant of performance shares under the Long Term Incentive plan to the Executive Board and senior management, as well as the ranking within the peer group as the basis for the vesting of performance shares in 2011, were assessed. The Committee also prepared the annual benchmark of the remuneration for the Executive Board. An external remuneration advisor was hired to perform a benchmark assessment on the Executive Boards remuneration against the labour market group and to prepare an overall assessment of the relevant developments in the Dutch market. Based on this benchmark and in line with the company's remuneration policy, it was concluded to increase the fixed base salaries for the CEO and the COOs, as well as to harmonise the target bonus (as percentage of fixed base salary) of the Executive Board members, commencing 1 January 2011. Also the remuneration package of the newly to be appointed Executive Board member was defined in line with the existing remuneration policy. In this meeting the termination agreements and related severance payments of the two Executive Board members that would withdraw from their function during 2011 were discussed and approved. The Committee decided at this stage not to propose any amendments to the system or structure of the remuneration policy for the Executive Board, but to review the framework of the remuneration policy in more detail during the course of 2011 in order to verify its market conformity.

The Committee also evaluated the remuneration for the members of the Supervisory Board, whose last raise was made in 2007. Based on a review by an external advisor, it appeared that the annual fixed fees were somewhat below the median while the committee fees were slightly above. The conclusion was that the total compensation package, consisting of fixed remuneration and individual committee fees, was reasonable. Therefore no proposal will be submitted to the upcoming Annual General Meeting of Shareholders.

In 2011 an external remuneration advisor assigned by the Committee prepared an assessment of the Remuneration Policy of the Executive Board. In their December meeting, the Committee reviewed the outcome of this assessment and concluded that the present policy, including the composition of the labour market reference group, still fits its purpose and will therefore be maintained with the exception that a benchmark against the labour market reference group will be conducted once every three years instead of annually, barring any unforeseen and extraordinary circumstances. This amendment is expected to enhance the long-term character and predictability of the policy. Adjustments to the remuneration of Executive Board members within the framework of the policy remain up to the discretion of the Committee, while deviations from the policy will be presented to the General Meeting of Shareholders for their consent. The Committee further conducted scenario analyses with regard to the annual remuneration package and the equity portfolio of Executive Board members, also against the pay differentials of the Nutreco top-250 managers. The Committee further determined, as contractually agreed in 2006, to deposit the one-off dotation to the pension scheme of the CEO, which compensated the CEO for an unintended value reduction of retirement benefits that occurred before that date.

It was also decided that, in line with the remuneration policy of the Executive Board, benchmark assessments for the Supervisory Board will be performed once every three years instead of annually.

The continuation of the employee share participation scheme for 2012 was approved and the structure of and the criteria for the annual bonus 2012 were discussed. The Committee further discussed the compliance by the Company on the remuneration part of the Dutch Code on Corporate Governance, and the consequences of upcoming Dutch legislation related to the remuneration of Executive Board members.

Audit Committee
According to a fixed schedule, the Committee met four times in the presence of the CEO, CFO, Group Internal Auditor and KPMG Accountants N.V. One meeting was held partly without any members of the Executive Board present. In April and October, telephone conferences were held to discuss and review the quarterly financial results and the related press releases. In between meetings, the chairman had regular contact with the CFO.

The Committee reviewed in February the draft annual accounts 2010, including working capital developments. Updates were received on the financing, provisioning, impairment testings, legal claims and pending litigation, the dividend proposal, the report of the external auditor and the management letter of the external auditor. In this respect special attention was paid to the new pension agreement for the Dutch employees with an external party, and the defined contribution status of that agreement. The draft press release regarding the 2010 performance was discussed and after some amendments forwarded to the Supervisory Board for final review. The Audit Committee also reviewed the report over 2010 on compliance with the code of Ethics, based on the annual compliance certificates received from management and senior staff. There were a few minor cases of non-compliance, none of which were of material importance. Finally, the Audit Committee had a private meeting with the external auditor.

In June, the newly appointed group internal auditor presented an overview of the results of internal audit reviews and IT audits and the related follow-up actions. Attention was paid to the actions related to the further improvement of the internal risk management and control systems in the organisation. With regard to the external audit, the Committee reviewed in consultation with the Executive Board the proposed audit scope, approach and fees 2011, and the independence of and the non-audit services provided by the external auditor.

The Committee reviewed in July the draft half-year interim results and the Company's 2011 outlook. Also the interim dividend proposal and the report of the external auditor on the half-year figures were discussed. The draft press release was reviewed and with some remarks forwarded to the Supervisory Board for approval and release.

In December, we evaluated and discussed the report of the external auditor on the hard close of the third quarter. In relation to internal risk management, we reviewed the assessment of the Executive Board and discussed the proposed approach and focus for 2012. We approved a renewed Internal Audit charter and reviewed an update on material claims and litigation. With regard to integrity, the Committee was informed on the updated Code of Ethics and related reporting procedures, and advice was provided on the implementation proposals. Two infringements of the Code, both not material to the Company, were reported to us and we discussed with management the details of the individual cases and consented with the actions taken. The meeting was followed by a private self-assessment session.

Selection and Appointment Committee
The Committee meets on an ad hoc basis. In the year under review its main areas of focus were the succession issues related to the Executive Board, and the management changes due to the merger of the Agriculture and Specialties divisions into one Animal Nutrition division. The Committee also discussed the succession and management development processes within Nutreco.

Innovation and Sustainability Committee
The Committee met three times, in the presence of the Corporate Director R&D, in most of the meetings also the CEO and the COOs participated.

Main topic discussed in the February meeting was the Company's Social Responsibility report 2011, and the objectives and targets for 2011. Further on the Committee was updated on the status and plans of the R&D activities of the Animal Nutrition division and its link to Sustainability.

In June, the Committee visited the Aquaculture operations in Stavanger. A progress report was received on the 2011 focus areas for sustainability, which are Responsibility to natural resources, Assurance of feed-to-food quality and Workforce and local communities, which programs were well on track. In addition, the Committee met with senior management of the Aqua division and was informed on their sustainability, R&D, marketing and branding processes.

The December meeting focussed on the draft of the Nutreco Sustainability Vision 2020, which specifies the Company's contribution to feeding the future in a sustainable way. The structure of the paper and its ambitions, which focuses on ingredients, production, nutritional solutions and commitment, is considered to be guiding and inspiring. The Committee was also informed on Nutreco's feed evalution approach and on a recently developed R&D product, which improves health and supports the immune system. An external advisor informed the Committee on the potential ways for auditing and reporting on the progress of sustainability and related dilemma's.

Composition Executive Board

At the General Meeting of Shareholders held on 28 March 2011, Mr G. Boon was appointed as member of the Executive Board for a period of four years, effective 1 April 2011. He was appointed Chief Financial Officer (CFO) as from September 2011. In that function he succeeded Mr C.J.M. van Rijn who stepped down of his function after 10 years as he reached the retirement age. Per March 2011 Mr F. Tielens, prompted by organisational changes, resigned as a member of the Executive Board. We appreciate the valuable contributions made by Mr Van Rijn and Mr Tielens to the growth and success of the Company.

Composition and evaluation of the Supervisory Board

The members of the Supervisory Board together represent a broad range of experience and expertise. The Supervisory Board meets the requirement of the Dutch Code on Corporate Governance that all its members are independent, and it also complies with the rules that its members do not hold more than five Supervisory Board positions at publicly listed Dutch companies. The Supervisory Board currently comprises five members, whose profiles and other information are given on pages 191 and 192 of this annual report.

At the Annual General Meeting of Shareholders held on 28 March 2011, the third and final term of Mr R. Zwartendijk, Chairman of our Board, expired and he resigned from our Board. We are very grateful for the contribution, support, advice and wisdom that Mr R. Zwartendijk provided throughout his many years in function. Following the resignation of Mr R. Zwartendijk, Mr J.M. de Jong was appointed Chairman, Mr J.A.J. Vink was appointed vice-Chairman and the Remuneration Committee was reconstituted. Concerning the composition of our Board, after deliberations we agreed that for the time being the Supervisory Board will consist of five members.

In a private meeting held in December, the Supervisory Board reflected on its own performance, composition, and that of its three Committees. In preparation for this self-assessment, each member of the Supervisory Board completed a questionnaire. Items assessed included composition and profile, the Board's size, mix of skills and experience, decision-making, follow-up of and discussion during meetings, induction and performance, areas of supervision, the relationship with the Executive Board, the support by the Company Secretary and the performance of the Chairman. A summary of the main findings from the completed questionnaires, with the vice-Chairman receiving comments on the Chairman, was used as the basis for individual interviews that were held by the Chairman with each individual board member and the CEO. The report of the Chairman was the basis for the self-assessment discussion in the Supervisory Board, in which the Board concluded that all of the above mentioned items were unanimously assessed positively, although some procedural items were identified for further improvement. In the same meeting also the compliance of the Supervisory Board with the Dutch Corporate Governance Code was assessed. The reflections on this assessment can be found in the chapter on Corporate Governance on pages 74 to 78 of this annual report.

Results and strategy

Nutreco's 2011 performance was excellent; the strategic targets as defined in 2006 were achieved. The company's strong balance sheet and steady cash flow generation provide a solid fundament for organic growth in addition to growth by acquisitions.

In our discussions with the Executive Board, also during 2011 ample time was spent on the strategy review process that was initiated in 2010. We fully support the outcome of this process 'Ambition 2016 – driving sustainable growth', including the financial goals and the ambitions and targets for the divisions. The divisional structure, with a focus on sustainable innovation and the application of knowledge, supported by a client driven approach in combination with operational excellence, will enable the Company to build on the existing strategy of growth and further improvement of profitability. We consider expansion into Latin America, Russia, China and Southeast Asia as a priority of the strategy. We are of the opinion that the Company's strategy will enable it to continue its leadership position in the global animal nutrition and fish feed markets.

2011 Financial statements and dividend

The financial statements for the year 2011, as prepared by the Executive Board, have been audited by KPMG Accountants N.V., whose auditor's report is included on pages 186-187 of this report, and were extensively discussed in February 2012 by the Audit Committee with the auditor in the presence of the CEO and CFO. In addition, they were topic of discussion by the Supervisory Board with the Executive Board in the presence of the auditor.

The Supervisory Board endorses the Executive Board's proposal to pay a dividend of EUR 1.80 per ordinary share, at the discretion of the shareholders either in cash or in the form of ordinary shares in the capital of the Company. The Supervisory Board also supports the Executive Board's proposal to retain the remaining net income for equity holders of EUR 85.3 million and add it to reserves.

The Annual General Meeting of Shareholders will be asked to grant discharge to the members of the Executive Board for their management during 2011 and to the members of the Supervisory Board for their supervision over said management.

The members of the Supervisory Board and Executive Board have signed the 2011 financial statements pursuant to their statutory obligation under art. 2:101 (2) of the Dutch Civil Code. The members of the Executive Board have also signed under art. 5:25 (2) (c) of the Markets Supervision Act (Wet op Financieel Toezicht).
The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2011 financial statements and the proposed dividend over the year 2011.

Word of thanks

The Board further wishes to thank management and all staff for the excellent results obtained in 2011. Their continued commitment and dedication to Nutreco is more than apparent from the way the Company is handling the challenges in the current economic environment.

Amersfoort, 8 February 2012

The Supervisory Board

J.M. de Jong (chairman)
J.A.J. Vink (vice-chairman)
R.J. Frohn
A. Puri
H.W.P.M.A. Verhagen

FINANCIAL STATEMENTS 2011

Consolidated statement of comprehensive income

(EUR x million)	Note	2011	2010
Revenue	3	**4,721.1**	**4,166.4**
Raw materials and consumables used		-3,709.1	-3,242.3
Change in fair value of biological assets	19	0.3	1.0
Changes in inventories of finished goods and work in progress		3.4	6.3
Gross margin		**1,015.7**	**931.4**
Other operating income	7	8.4	13.0
Personnel cost	8	-456.9	-436.1
Depreciation and amortisation expenses	3,13,14	-66.9	-64.6
Impairment of long-lived assets	13,14	-9.1	-4.2
Other operating expenses	9	-295.5	-264.7
Operating result from continuing operations		**195.7**	**174.8**
Financial income	10	7.5	8.6
Financial expenses	10	-35.2	-43.3
Foreign exchange result	10	0.4	0.9
Net financing costs		**-27.3**	**-33.8**
Share in result of associates and other investments	15	3.2	2.2
Result before tax from continuing operations		**171.6**	**143.2**
Income tax expense	11	-45.5	-36.5
Result after tax from continuing operations		**126.1**	**106.7**
Result after tax from discontinued operations	4	5.1	6.3
Gain on sale of discontinued operations, net of tax	4	-	-
Result after tax from discontinued operations		**5.1**	**6.3**
TOTAL RESULT FOR THE PERIOD		**131.2**	**113.0**
Other comprehensive income			
Currency translation differences:			
Net foreign exchange differences on foreign operations		11.5	88.3
Net foreign exchange differences on net investment hedges		-13.0	-67.0
Net loss on revaluation related to inflation accounting		0.6	-1.0
Cash flow hedges:			
Effective portion of changes in fair value of cash flow hedges related to interest rate derivatives		3.8	13.5
Net change in fair value of cash flow hedges related to interest rate derivatives reclassified to profit or loss		-3.5	-6.9
Net change in cash flow hedges of foreign exchange transactions		2.9	-1.7
Net change in cash flow hedges of commodity derivatives		-	-0.1
Income tax on other comprehensive income	11	-1.6	-1.2
Other comprehensive income for the period, net of tax		**0.7**	**23.9**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**131.9**	**136.9**

Continued >

(EUR x million)	Note	2011	2010
Total result atrributable to:			
Owners of Nutreco		130.5	111.4
Non-controlling interest	22	0.7	1.6
Total result for the period		**131.2**	**113.0**
Total comprehensice income attributable to:			
Owners of Nutreco		131.2	135.3
Non-controlling interest		0.7	1.6
Total comprehensive income for the period		**131.9**	**136.9**
Earnings per share	12		
Basic earnings per share (euro)		3.74	3.17
Diluted earnings per share (euro)		3.72	3.16
Basic earnings per share for dividend calculation (euro)		4.00	3.33
Diluted basic earnings per share for dividend calculation (euro)		3.98	3.33
Earnings per share - continuing operations	12		
Basic earnings per share (euro)		3.59	2.99
Diluted earnings per share (euro)		3.58	2.98
Number of ordinary shares			
Weighted average number of ordinary shares outstanding during the year (x 1,000)		34,882	35,139
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)		35,036	35,222
Number of ordinary shares outstanding as at 31 December (x 1,000)		34,766	34,963
Key figures - continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)	3	208.7	187.3
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		262.6	239.4

The notes on pages 98-181 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(EUR x million)	Note	31 December 2011	31 December 2010
Assets			
Property, plant and equipment	13	583.3	564.6
Intangible assets	14	360.5	347.3
Investments in associates	15	23.2	21.9
Other investments	16	45.2	40.2
Employee benefits	24	6.1	5.2
Deferred tax assets	17	26.1	26.0
Total non-current assets		**1,044.4**	**1,005.2**
Inventories	18	296.8	309.0
Biological assets	19	140.5	127.8
Income tax receivables	17	9.4	10.7
Trade and other receivables	20,27	742.0	674.7
Cash and cash equivalents	21	176.8	230.8
Assets classified as held for sale	5	139.5	10.7
Total current assets		**1,505.0**	**1,363.7**
TOTAL ASSETS		**2,549.4**	**2,368.9**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-18.7	-7.3
Hedging reserve	22	-5.5	-8.7
Retained earnings	22	602.1	547.0
Undistributed result	22	130.5	111.4
Translation reserve	22	-1.8	-0.9
Equity attributable to equity holders of Nutreco		**874.5**	**809.4**
Non-controlling interest	22	8.7	10.2
Total equity		**883.2**	**819.6**
Liabilities			
Interest-bearing borrowings	23	370.3	282.3
Employee benefits	24	11.7	15.0
Provisions	25	2.1	1.7
Deferred tax liabilities	17	31.1	24.3
Total non-current liabilities		**415.2**	**323.3**
Interest-bearing borrowings	23	58.4	155.8
Employee benefits	24	39.0	44.0
Provisions	25	2.9	4.7
Income tax liabilities	17	29.3	17.5
Trade and other payables	26,27	1,044.8	1,004.0
Liabilities classified as held for sale	5	76.6	-
Total current liabilities		**1,251.0**	**1,226.0**
Total liabilities		**1,666.2**	**1,549.3**
TOTAL EQUITY AND LIABILITIES		**2,549.4**	**2,368.9**

The notes on pages 98-181 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(EUR x million)	Issued and paid-up share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Undis-tributed result	Trans-lation reserve	Equity attribut-able to owners of Nutreco	Non-con-trolling interest	Total equity
BALANCE AT 1 JANUARY 2010	**8.4**	**159.5**	**-1.2**	**-13.5**	**507.9**	**90.3**	**-21.2**	**730.2**	**10.5**	**740.7**
Total comprehensive income for the period										
Result						111.4		111.4	1.6	113.0
Total other comprehensive income				4.8	-1.2		20.3	23.9		23.9
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**4.8**	**-1.2**	**111.4**	**20.3**	**135.3**	**1.6**	**136.9**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					90.3	-90.3		0.0		0.0
Dividend on ordinary shares					-28.2			-28.2	-0.2	-28.4
Stock dividend			25.0		-25.0			0.0		0.0
Usage of treasury shares			-0.8		2.0			1.2		1.2
Share-based payments					3.5			3.5		3.5
Repurchase own shares			-30.3					-30.3		-30.3
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-6.1**	**0.0**	**42.6**	**-90.3**	**0.0**	**-53.8**	**-0.2**	**-54.0**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-2.3			-2.3	-1.7	-4.0
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-6.1**	**0.0**	**40.3**	**-90.3**	**0.0**	**-56.1**	**-1.9**	**-58.0**
BALANCE AT 31 DECEMBER 2010	**8.4**	**159.5**	**-7.3**	**-8.7**	**547.0**	**111.4**	**-0.9**	**809.4**	**10.2**	**819.6**
Total comprehensive income for the period										
Result						130.5		130.5	0.7	131.2
Total other comprehensive income				3.2	-1.6		-0.9	0.7		0.7
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**3.2**	**-1.6**	**130.5**	**-0.9**	**131.2**	**0.7**	**131.9**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					111.4	-111.4		0.0		0.0
Dividend on ordinary shares					-27.8			-27.8	-0.2	-28.0
Stock dividend			25.0		-25.0			0.0		0.0
Usage of treasury shares			4.1		-2.8			1.3		1.3
Share-based payments					3.5			3.5		3.5
Repurchase own shares			-40.5					-40.5		-40.5
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-11.4**	**0.0**	**59.3**	**-111.4**	**0.0**	**-63.5**	**-0.2**	**-63.7**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-2.6			-2.6	-2.0	-4.6
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-11.4**	**0.0**	**56.7**	**-111.4**	**0.0**	**-66.1**	**-2.2**	**-68.3**
BALANCE AT 31 DECEMBER 2011	**8.4**	**159.5**	**-18.7**	**-5.5**	**602.1**	**130.5**	**-1.8**	**874.5**	**8.7**	**883.2**

The notes on pages 98-181 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(EUR x million)	Note	2011	2010
Total result for the period		**126.1**	**106.7**
Net financing costs	10	27.3	33.8
Share in results of associates and other investments	15,16	-3.2	-2.2
Income tax expense	11	45.5	36.5
Impairment losses on property, plant and equipment	13	6.9	4.0
Reversal of impairment losses on property, plant and equipment	13	-0.5	-0.2
Impairment losses on intangible assets	14	2.7	0.2
Depreciation	13	53.9	52.1
Amortisation	14	13.0	12.5
Equity settled share-based payment expense	24	3.5	3.5
Changes in fair value of other investments	16	4.6	-1.1
Changes in fair value of biological assets	19	-0.3	-1.0
Changes in fair value foreign exchange contracts		-2.2	-
Loss on sale of property, plant and equipment		0.1	1.5
Cash flows from operating activities before changes in working capital and provisions		**277.4**	**246.3**
Increase/decrease in working capital	31	-37.0	24.6
Increase/decrease in employee benefits	31	0.9	-3.5
Increase/decrease in provisions	31	0.4	-7.0
Cash generated from operations		**241.7**	**260.4**
Interest received	10	4.1	6.7
Interest paid	10	-33.3	-45.7
Income taxes paid	11	-37.8	-26.0
Dividends received from investments in associates and other investments	15,16	2.6	1.1
Net cash from operating activities		**177.3**	**196.5**
Acquisition of property, plant and equipment	13	-97.5	-86.6
Acquisition of intangible assets	14	-6.3	-6.6
Acquisition of business combinations net of cash acquired	6	-24.5	-8.5
Acquisition of other investments	16	-15.5	-4.3
Proceeds from the sale of property, plant and equipment	13	4.7	2.9
Disposal of associates	15	-	0.1
Disposal of business combinations net of cash disposed of	4	-	-0.4
Received from other investments	16	1.7	3.7
Net cash used in investing activities		**-137.4**	**-99.7**

Continued >

(EUR x million)	Note	2011	2010
Usage of treasury shares		1.3	1.2
Repurchase own shares	22	-40.5	-30.3
Dividends paid to owners of Nutreco	22	-27.8	-28.2
Dividends paid to owners of non-controlling interest		-0.2	-0.2
Acquisition of non-controlling interest	6	-4.6	-4.0
Repayment of borrowings	31	-146.7	-123.9
Proceeds from borrowings	31	167.7	19.1
Net cash used in financing activities		**-50.8**	**-166.3**
Net cash flow received from discontinued operations	4	1.1	4.1
NET DECREASE IN CASH AND CASH EQUIVALENTS		**-9.8**	**-65.4**
Cash and cash equivalents at 1 January	21	143.0	201.0
Net decrease in cash and cash equivalents		-9.8	-65.4
Effect of exchange rate fluctuations on cash held		3.5	7.4
Cash and cash equivalents at 31 December	21	**136.7**	**143.0**
Cash and cash equivalents continuing operations at 31 December	21	176.8	230.8
Cash and cash equivalents discontinued operations at 31 December	21	3.7	-
Bank overdrafts at 31 December		-43.8	-87.8
Cash and cash equivalents for the cash flow statement at 31 December	21	**136.7**	**143.0**

The notes on pages 98-181 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 ACCOUNTING POLICIES USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

General

Nutreco N.V. ('the Company') is a company domiciled in the Netherlands. The consolidated financial statements of Nutreco N.V. for the year ended 31 December 2011 comprise Nutreco N.V. and its subsidiaries ('Nutreco' or 'the Group') and Nutreco's interest in associates and jointly controlled entities.

Nutreco is a global leader in animal nutrition and fish feed. Nutreco has strong fundamentals based on agriculture and aquaculture knowledge and comprehensive R&D capacity which support customers including farmers to meet the current and future requirements in the food value chains.

The Group employs approximately 10,000 employees in more than 30 countries, generates its turnover in 80 countries, operates approximately 120 production plants in 25 countries, and has 8 leading research facilities to support its customers and its animal nutrition and fish feed activities. The Group also has a selective presence in various stages of the meat production chain.

On 16 November 2011 Nutreco has announced its intention to sell all activities of the Business Unit Hendrix. The sale is already approved by the Works Councils and needs approval from competition authorities and is expected to be completed in due time. Following the classification as disposal group the related balances and results of Hendrix are reported separately as assets and liabilities held for sale in the consolidated statement of financial position and as discontinued operations in the statement of comprehensive income, cash flow statement and related notes.

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

The consolidated (and company) financial statements were approved for issuance by the Executive Board and Supervisory Board on 8 February 2012. The Group's financial statements will be subject to adoption by the Annual General Shareholders' Meeting on 27 March 2012.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years, except for the overviews 'Ten years of Nutreco income statement' and 'Ten years of Nutreco balance sheet' (pages 188-189), in which Dutch GAAP is applied for the period 2002 up to 2004 and except for changes in accounting policies.

2. Basis of preparation and measurement

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

The consolidated financial statements are presented in millions of euro, except where otherwise indicated. They are prepared on a historical cost basis, except for the following assets and liabilities which are stated at their fair value: financial assets and financial liabilities (including derivative financial instruments), available-for-sale-assets, liabilities for cash-settled share-based payment arrangements and certain biological assets.

Changes in accounting policies and disclosures

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- Revised IAS 24, 'Related party disclosures', issued in November 2009, which supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. Revised IAS 24 has had an insignificant impact on the current period.

- 'Classification of rights issues' (amendment to IAS 32), published in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues must be classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The amendment to IAS 32 has had an insignificant impact on the current period.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. IFRIC 19 has had an insignificant impact on the current period.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise some voluntary prepayments for minimum funding contributions as an asset. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011 and should be applied retrospectively to the earliest comparative period presented. The amendments to IFRIC 14 have had an insignificant impact on the current period.

Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to conform to the current year presentation.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the amendments to IAS 19 'Employee Benefits' (effective 1 January 2013) and IFRS 9 'Financial Instruments' for which the impact is under investigation. IFRS 9 'Financial Instruments', which becomes mandatory for the Group's 2013 consolidated financial statements could change the classification and measurement of financial assets. The Group does not plan to adopt these standards before their effective dates and the extent of the impact has not been determined.

3. Use of estimates and judgements

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

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

Certain accounting estimates and judgements are particularly sensitive given their significance to the consolidated financial statements and the possibility that future events may differ from management's current estimates and judgements. The most important accounting estimates and judgements are described in Note 2.

4. Basis of consolidation

4.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the excess of:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs related to the acquisition of business combinations, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions of business combinations are described in Note 6.

4.2 Non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions of non-controlling interests are described in Note 6.

4.3 Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.4 Loss of control
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transaction costs directly related to loss of control are expensed at the date of closing.

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

4.6 Jointly controlled operations
Jointly controlled operations are entities in which Nutreco is a shareholder and has joint control of their activities, established by contractual agreement. The consolidated financial statements include Nutreco's interest in a joint venture using the equity method. In the presentation of the consolidated financial statements, joint ventures are disclosed as associates in Note 15.

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

A list of affiliated companies, drawn up in conformity with Book 2 of the Netherlands Civil Code, sections 379 and 414, is enclosed in this annual report on pages 194-196.

5. Foreign currency translation

5.1 Functional and presentation currency

Items included in the consolidated financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). For two of Nutreco's companies (i.e., Nutreco Chile S.A. and PT Trouw Nutrition Indonesia), the functional currency is the US dollar rather than the local currency. The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency.

5.2 Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate effective at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges to the extent the hedge is effective.

Non-monetary assets and liabilities denominated in foreign currencies not qualifying as foreign operations that are stated at historical cost are translated into the functional currency at foreign exchange rates at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into functional currency at foreign exchange rates effective at the dates the fair values were determined. Foreign exchange differences arising on retranslation are recognised in profit or loss, except when qualifying as a net investment hedge or cash flow hedges to the extent the hedge is effective.

Other comprehensive income is recognised directly in equity.

5.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at foreign exchange rates effective at the balance sheet date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to euro at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

Foreign currency differences related to foreign operations are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

The income and expenses of foreign operations in hyperinflationary economies are translated to euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date. In case of hyperinflationary economies (i.e. Venezuela), the financial statements of associates are adjusted for the effects of changing prices of local currency and are presented within equity in the translation reserve.

5.4 Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and Nutreco's functional currency (euro), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented in the translation reserve within equity. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

The principal exchange rates against the euro (EUR) used in the statement of financial position and the statement of comprehensive income are:

	Statement of financial position		Statement of comprehensive income	
	31 December 2011	**31 December 2010**	**2011**	**2010**
Canadian dollar per unit	0.76	0.75	0.73	0.73
Norwegian krone per 100	12.88	12.80	12.82	12.49
British pound per unit	1.20	1.16	1.15	1.17
US dollar per unit	0.77	0.75	0.72	0.75
Russian ruble per 100	2.40	2.45	2.45	2.48
Australian dollar per unit	0.79	0.76	0.74	0.69
Chinese yuan renminbi per 100	12.27	11.36	11.12	11.15
Japanese yen per 1,000	9.99	9.20	9.01	8.61
Mexican peso per 100	5.53	6.04	5.78	5.97

6. Financial instruments

6.1 Non-derivative financial instruments

Non-derivative financial instruments are comprised of equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in the specific accounting principles.
Non-derivative financial instruments entered into and continued to be held in accordance with the Group's expected purchase, sales and usage are accounted for at the trade date or the date that they are originated.
Dividends are recognised when the Group's right to receive payments is established and interest is recognised based on the effective interest method. Gains and losses, if any, are recorded in net financing costs/income.

Non-derivative financial instruments are derecognised when the contractual rights to the cash flow from the asset expire, or when the rights to receive the contractual cash flow in a transaction are transferred, subsequently all the risk and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.1.1 Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

6.1.2 Available-for-sale financial assets
Available for sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity.

6.1.3 Held-to-maturity financial assets
Debt securities held by Nutreco are classified as being held to maturity and are initially stated at fair value. Subsequently, they are presented at amortised cost using the effective interest method, less any impairment losses.

6.1.4 Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, debt securities that do not have a fixed maturity and that have either a fixed or a market-based variable rate of interest are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

6.2 Derivative financial instruments
Nutreco uses derivative financial instruments to hedge its exposure to foreign exchange risk, interest rate risk and commodity price risk arising from operational, financing, and investment activities. Nutreco's policy is not to hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivative financial instruments qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged as described in section 7.

Determination of fair value and fair value hierarchy
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

In accordance with IFRS 7 Nutreco uses the following hierarchy for determining and disclosing the fair value of financial instruments:
- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that Nutreco can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The judgment as to whether a market is active or inactive may include, although not necessarily determinative, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods. In inactive markets, assurance is obtained that the transaction price provides evidence of fair value or determined that the adjustments to transaction prices are necessary to measure the fair value of the instrument.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for such financial instruments, the derivation of fair value is more judgmental. An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs. 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value.

7. Hedging

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy in undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

7.1 Cash flow hedges

For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect profit or loss.

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

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

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in profit or loss, when the forecast transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss, as part of net financing costs/income.

Nutreco has defined cash flow hedge relationships for certain derivative financial instruments that cover interest rate risk, commodity price risk as well as for some derivative financial instruments that are used to hedge the foreign exchange exposure of forecasted transactions.

7.2 Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised as profit or loss, as part of net financing costs/income.

7.3 Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately as profit or loss, as part of net financing costs/income.

When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

7.4 Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded as profit or loss as part of net financing costs/income, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument, for which fair value accounting is applicable, expires or is sold, terminated or exercised the adjusted carrying amount of the hedged asset or liability that is attributable to the hedged risk will be amortised during the remaining period of this hedged asset or liability for which the effective interest method has been applied.

8. Property, plant and equipment

8.1 Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy 8.3) and accumulated impairment losses (see accounting policy 15). Cost includes expenditures that are directly attributable to the acquisition of the asset. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset. Borrowing costs, if material, are capitalised as part of the cost of assets that take a substantial period of time to prepare for their intended uses and are amortised on a straight-line basis over the estimated useful lives of the related assets.

8.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense when they are incurred.

8.3 Depreciation

Depreciation is calculated according to the straight-line method, based on the estimated useful life and the residual value of the related asset. The estimated useful lives are as follows:

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

The depreciation method, useful lives and residual values are assessed at least at each financial year-end and adjusted if deemed necessary. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals are determined by the difference between the proceeds and the carrying amount and are recognised as profit or loss.

9. Intangible assets

9.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented under intangible assets (see accounting policy 4.1 Business combinations).

Initial measurement

The Group measures goodwill at the acquisition date as the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. With respect to associates, in case goodwill has been paid, the carrying amount of goodwill is included in the carrying amount of the investment in associates.

Goodwill recognised upon the acquisition of subsidiaries is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested for impairment annually, or whenever there is an indication for impairment. The allocation is made to those cash generating units that are expected to benefit from a business combination.

9.2 Concessions, licenses and quota

Acquired concessions and licenses have definite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the estimated useful lives of the assets, which are not longer than their contractual terms.

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

9.3 Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, are recognised as expenses when incurred.

Expenditures on development activities, whereby the findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised provided the product or process is technically, financially and commercially feasible. The expenditures capitalised include the cost of materials, direct labour, and an appropriate proportion of overhead expenses. Other development expenditures are recognised as expenses when incurred.

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

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

9.4 Brand names and customer relationships

Since 2004, contractual customer relationships acquired by Nutreco through business combinations have been recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in case each contractual customer relationship has similar useful economic lives and can be measured reliably. Customer relationships have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses. Acquired brand names through business combinations are recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in case each brand name has similar useful economic lives and can be measured reliably. Brand names can have indefinite useful lives and are subsequently carried at cost less impairment losses. Brand names are amortised and/or tested for impairment at least annually or whenever there is an indication for impairment.

9.5 Software

Software that is acquired by Nutreco has a definite useful life and is carried at cost less accumulated amortisation and impairment losses.
Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed software includes the following:

- the cost of direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- capitalised borrowing costs.

9.6 Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are expensed when incurred.

9.7 Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are acquired or available for use, except when the useful life is deemed indefinite. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives are as follows:

Concessions, licenses and quota	20 years – indefinite
Capitalised development costs	5 years
Brand names	20 years – indefinite
Customer relationships	7 – 20 years
Software/technology	3 – 5 years

10. Assets held for sale or distribution and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as assets held for sale. They are stated at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement. Gains are not recognised in excess of any cumulative impairment loss.

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

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

11. Inventories

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

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

12. Biological assets

Biological assets are measured, both at initial recognition and at each subsequent reporting date, at fair value less cost to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost minus depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less cost to sell from the point at which the reliable measure of fair value becomes available.

Gains and losses that arise on measuring biological assets at fair value less cost to sell are recognised in profit or loss in the period in which they arise.

Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

13. Trade and other receivables

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy (or is in bankruptcy) or financial reorganisation, and defaults or delinquencies in payments are considered to be indicators that the trade receivable should be impaired.

Trade and other receivables are classified as current assets if collection is expected within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as debt securities as part of other investments.

14. Cash and cash equivalents

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

15. Impairment

15.1 General

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

Goodwill and assets with an indefinite useful life are not subject to amortisation and are tested for impairment each year in the third quarter and whenever there is an indication for impairment.

An impairment loss is recognised for the amount by which the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the cash generating unit on a pro rata basis, but not below the fair value less costs to sell of these assets.

15.2 Calculation of recoverable amount

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

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. The fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a pre-tax Weighted Average Cost of Capital per country that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

15.3 Reversals of impairment

An impairment loss relating to a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss related to goodwill is never reversed.

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

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

Reversals of impairment are recognised in profit or loss.

16. Equity

16.1 Ordinary shares

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

16.2 Repurchase of shares

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

16.3 Dividends

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

17. 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 proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the interest-bearing borrowings on an effective interest basis.

When interest-bearing borrowings are restructured or refinanced and the terms have been modified substantially, the transaction is accounted for as an extinguishment of the old contract, with a gain or loss recognised in profit or loss. A quantitative and qualitative assessment will be performed in order to determine whether the terms are considered to have been modified substantially. When the modification meets the requirements, the related part of the capitalized transaction costs will be recognised in profit or loss as interest expenses.

Interest-bearing borrowings that are hedged under a fair value hedge are remeasured for the changes in the fair value attributable to the risk being hedged.

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

18. Employee benefits

Nutreco operates various pension schemes. These schemes are generally funded through payments of invoices from insurance companies or pension funds, based on periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

18.1 Defined contribution plans

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

18.2 Defined benefit plans

Defined benefit plans represent an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Nutreco's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted.

The discount rate is the yield at balance sheet date on long-dated AA rated corporate bonds that have maturity dates approximating the terms of Nutreco's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

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

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised. In respect of actuarial gains and losses that arose subsequent to 1 January 2004 in calculating Nutreco's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan.

When the calculation results in a benefit for Nutreco, the recognised defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus unrecognised gains and losses. A defined benefit asset can be returned to the company by an unconditional right to a refund or by a reduction in future contributions.

18.3 Other long-term employee benefits

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

18.4 Short-term employee benefits, profit sharing and performance plans

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

18.5 Share-based payment transactions

Certain Nutreco employees are granted Nutreco shares through the Performance Share Plan, which is described in the 'Remuneration Report' on pages 80-81. The economic value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The economic value is measured at grant date and recognised in profit or loss over the three-year vesting period. Vesting and the percentage of vesting are dependent on the performance of the Company calculated as total shareholder return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting the employees become unconditionally entitled to the shares. After vesting there is a two-year lockup period for the Executive Board members amongst the employees. The economic value of the shares granted is measured using the Monte Carlo simulation methodology, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except where forfeiture is only due to the fact that the total shareholder return will lead to a higher or lower vesting amount than was granted.

Nutreco also has a performance conversion plan that entitles certain employees to convert part of their variable cash payment in shares. This plan is described in the 'Remuneration Report' on page 83.

19. Provisions

19.1 General

A provision is recognised if, as a result of a past event, Nutreco has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits from the Group 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

19.2 Restructuring provision

A provision for restructuring is recognised when Nutreco has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly (internally and/or externally). Provisions are not recognised for future operating losses.

19.3 Legal claims

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

19.4 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under that contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

20. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

21. Revenue recognition

21.1 Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration paid received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Freight costs recharged to the buyer are included in revenue.

21.2 Government grants

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

22. Raw materials and consumables used

Cost of raw materials and consumables used are recognised in profit or loss when the risks and rewards of ownership have been transferred from a party outside the Group. These costs include the purchase price of raw materials and all directly attributable costs.

Accumulated direct and indirect production costs for biological assets are classified as raw materials and consumables used in profit or loss when these biological assets are sold or processed. When the biological assets (poultry) are processed and the processed assets are sold, the cost of production is charged to profit or loss as raw materials and consumables used.

23. Net financing costs/income

Financial expenses comprise interest expenses on borrowings, dividends on cumulative preference shares classified as liabilities, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), finance lease expenses and losses. All borrowing costs and the interest expense component on finance lease payments are recognised in profit or loss using the effective interest method.

Financial income comprises interest income on cash and cash equivalents, interest income on available-for-sale financial assets, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) and interest income on loans to other parties. Interest income is recognised in profit or loss, using the effective interest method.

24. Income tax

Income tax expense in profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

25. Earnings per share

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

26. Segment reporting

An operating segment is a component of Nutreco that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of Nutreco's other components. All operating segments' results are reviewed regularly by Nutreco's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (mainly the Company's headquarters) and liabilities, head office expenses, exceptional items and Research and Development assets and liabilities.

27. Leases

The Group leases certain property, plant and equipment, vehicles and ships, which are qualified as finance lease or operational lease. If the Group has substantially all the risks and rewards of ownership the contracts are classified as finance leases. If a significant portion of risks and rewards of ownership are retained by the lessor the contracts are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss as incurred. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

28. Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Interest received, interest paid, income tax paid and dividends received are disclosed separately and are classified as operating activities. Dividends paid are disclosed separately and classified as financing activities. Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified as investing activities. Cash flows in foreign currencies are translated to the functional currency at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the rate on the dates of the transactions).

29. Determination of fair values

29.1 General

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

29.2 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. In determining fair value the Group uses appraisals of an external assessor.

29.3 Intangible assets

The fair value of patents and brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned ('relief from royalty' method). The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. 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.

29.4 Biological assets

Where there is an active market for biological assets, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist, one or more of the following methods are used to estimate the fair value:

- most recent transaction price (provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date);
- market prices for similar assets with adjustments to reflect differences;
- discounted cash flow method (fair value is estimated on the basis of the present value of expected net cash flows from the assets, discounted at the applicable market based rate).

29.5 Inventory

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

29.6 Other investments

The fair value of financial assets and available-for-sale financial assets is determined by reference to other observable inputs at the reporting date. Other observable inputs include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

29.7 Trade and other receivables

The fair value of trade and other receivables, outstanding longer than six months, is estimated as the present value of future cash flows, discounted at the actual interest rate at the reporting date.

29.8 Derivative financial instruments

The fair value of forward foreign exchange contracts is generally estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using current interbank interest rates and current foreign currency rates.

The fair value of interest rate swaps and cross-currency interest rate swaps is estimated by discounting cash flows resulting from the contractual interest rates of both legs of the transaction, taking into account current interest rates, current foreign currency rates and the current creditworthiness of the swap counterparties.

29.9 Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the actual interest rate. For finance leases the market rate of interest is determined by reference to similar finance lease agreements.

29.10 Share-based payments

The fair value of the performance share plan is measured using the Monte Carlo simulation technology. Measurement inputs include the date of award, the performance period, the share price at the date of award, the risk free rate (based on government bonds), individual dividend yield figures and the correlation coefficients between Nutreco and its performance peer group companies. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
The most important accounting estimates and judgements are:

Goodwill and long-lived assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are not subject to amortisation are tested annually for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The inherent management estimates and assumptions used in determining whether an impairment charge should be recognised are as follows:
- determining cash generating units;
- determining the discount rate;
- projecting cash flows.

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

(EUR x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Premix and Feed Specialties	59.6	61.2	0.2	-	0.3	0.4	60.1	61.6
Fish Feed	30.7	27.8	0.4	0.1	-	-	31.1	27.9
Animal Nutrition Canada*	98.2	96.9	-	-	25.0	24.8	123.2	121.7
Compound Feed Europe	-	5.4	-	-	-	-	0.0	5.4
Meat and Other*	24.4	24.2	53.4	52.9	-	-	77.8	77.1
Carrying amount of intangible assets with indefinite useful lives	**212.9**	**215.5**	**54.0**	**53.0**	**25.3**	**25.2**	**292.2**	**293.7**
Carrying amount of intangible assets with definite useful lives	-	-	-	-	8.7	3.1	8.7	3.1
TOTAL	**212.9**	**215.5**	**54.0**	**53.0**	**34.0**	**28.3**	**300.9**	**296.8**

* *Meat and Other in this table only consists of Meat Canada. The comparative amounts for Animal Nutrition Canada and Meat and Other have been reclassified to conform with the current year's presentation.*

Research and development expenditure

Management judgement is required in determining whether Nutreco should start capitalising development costs as intangible assets or expense such costs when incurred. The costs of patent projects are capitalised at the moment the Company receives final approval from the regulatory authority for the registration of the patent.

Biological assets

In measuring fair value of poultry and pig livestock management estimates are required for the determination of the fair value. These estimates and judgements relate to the average weight of an animal, mortality rates, the completion percentage used for the margin allocation, and the sales prices used to determine the margin.

Acquisitions

Estimates significantly impact goodwill and other intangibles acquired. The determination of fair values of acquired identifiable intangibles is based on an assessment of future cash flows. The following estimates and assumptions are used in determining the fair values of acquired identifiable intangible assets:

- brand premium;
- indication of 'appeal' to customers relative to competitors;
- life expectations;
- relevance of customer loyalty;
- differences in economics of different customer groups;
- length of customer relationship.

Provisions

The amounts recognised as a provision are management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. This is the amount management expects to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

Pensions

Pension costs for defined benefit plans are based on actuarial assumptions to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior periods. The principal actuarial assumptions used are:

- discount rate;
- long-term rate of return on assets;
- expected return on plan assets;
- life expectancy;
- salary increases;
- inflation.

The fair value of certain plan assets (government bonds and equity securities) is based on market prices.

Deferred tax assets

The group recognises deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unit has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be compensated with the unused tax losses or unused tax credits can be utilised by the fiscal unit.

Regarding net operating losses recognised of EUR 13.8 million (2010: EUR 35.5 million), management believes, based upon the level of historical taxable income and projections for future taxable income, that sufficient future tax profits will be available to utilise these operating losses.

Regarding net operating losses unrecognised of EUR 46.9 million (2010: EUR 55.2 million), management believes, based upon the level of historical taxable income and projections for the future taxable income, it is more likely than not that no future tax profits will be available which can be utilised. As a consequence, management did not recognise a deferred tax asset for these operating losses.

Financial instruments

In accordance with IFRS 7 Nutreco uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that Nutreco can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The judgment as to whether a market is active may include, although not necessarily determinative, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods. In inactive markets, assurance is obtained that the transaction price provides evidence of fair value or determined that the adjustments to transaction prices are necessary to measure the fair value of the instrument.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for such financial instruments, the derivation of fair value is more judgmental. An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs. 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value.

Litigations and claims

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

3 OPERATING SEGMENTS

Nutreco has structured its organisation in five segments: Premix and Feed Specialties, Fish Feed, Animal Nutrition Canada, Compound Feed Europe and Meat and Other. The segment Meat and Other covers poultry and pork activities in Spain and poultry and pharma egg activities in Canada. The segments are in accordance with management responsibilities and in line with internal management reporting.

Operating segments

(EUR x million)	Revenue third parties		Intersegment revenue		Total revenue		Operating result before amortisation (EBITA)	
	2011	2010	2011	2010	2011	2010	2011	2010
Premix and Feed Specialties*	1,150.2	1,093.4	233.1	176.6	1,383.3	1,270.0	72.2	76.5
Fish Feed*	1,601.5	1,332.6	43.4	28.7	1,644.9	1,361.3	118.7	94.3
Animal Nutrition Canada	460.6	399.5	32.4	20.9	493.0	420.4	24.5	22.8
Compound Feed Europe	590.5	529.2	364.8	300.5	955.3	829.7	13.0	12.6
Meat and Other	918.3	811.7	0.2	0.6	918.5	812.3	32.7	26.5
Eliminations	-	-	-673.9	-527.3	-673.9	-527.3	-	-
Corporate and other	-	-	-	-	-	-	-29.5	-22.6
Exceptional items	-	-	-	-	-	-	-22.9	-22.8
Continuing operations	**4,721.1**	**4,166.4**	**0.0**	**0.0**	**4,721.1**	**4,166.4**	**208.7**	**187.3**
Discontinued operations	938.1	820.5	14.1	10.9	952.2	831.4	11.0	11.9
Eliminations	-	-	-14.1	-10.9	-14.1	-10.9	-	-
CONSOLIDATED	**5,659.2**	**4,986.9**	**0.0**	**0.0**	**5,659.2**	**4,986.9**	**219.7**	**199.2**

* *As from 2010 the fish feed activities within Premix and Feed Specialties are reclassified to Fish Feed for both Revenue and Operating result before amortisation.*

The reconciliation of the operating result before amortisation (EBITA) to operating result is as follows:

(EUR x million)	2011	2010
Operating result before amortisation (EBITA)	**208.7**	**187.3**
Amortisation	-13.0	-12.5
OPERATING RESULT	**195.7**	**174.8**

For 2011, the effect of acquisitions on revenue is EUR 34.2 million. The acquisitions' effect on the operating results before amortisation was EUR 1.6 million before exceptional items. The acquisitions' effect on revenue and operating results before amortisation is related to acquisitions completed in 2011 and 2010.

Exceptional items

(EUR x million)	2011	2010
Restructuring costs*	-11.6	-19.5
(Reversal of) impairment losses on recent acquired business combinations	-9.1	-4.0
Acquisition-related costs	-4.4	-3.0
Income arising from terms of delivery and alliances	2.2	4.7
Other	-	-1.0
TOTAL EXCEPTIONAL ITEMS	**-22.9**	**-22.8**

* *Restructuring costs of EUR -11.6 million (2010: EUR -19.5 million) are presented on (i) personnel expenses for an amount of EUR -9.7 million (2010: EUR -14.8 million), (ii) other operating expenses for EUR -1.9 million (2010: EUR -5.2 million), and (iii) other operating income of EUR 0.0 million (2010: EUR 0.5 million).*

Exceptional items consist of non-operational income and/or gains and expenses and/or losses which are not related to the normal course of business. These are in general restructuring costs, impairment charges, acquisition-related costs (since 2010) and negative goodwill.

The majority of the restructuring costs for 2011 and 2010 are related to the acquisition of the animal nutrition business of Cargill in Spain and Portugal, which was completed in 2009. In 2011, the impairment charges of EUR 9.1 million include an impairment loss of goodwill of EUR 2.0 million within the segment Premix and Feed Specialties. Additionally, the impairment charges include a loss of EUR 0.7 million on software and a loss of EUR 6.9 million on property, plant and equipment mainly in our Spanish Compound Feed activities.

In 2010, the impairment charges of EUR 4.0 million were mainly related to the closures of compound feed factories in Spain (EUR 2.1 million) and a fish feed factory in Ireland (EUR 1.4 million).
The impairment in Spain was a consequence of Nutreco's strategic plans which led to the decision to restructure the business.

Other expenses by segment

(EUR x million)	Depreciation		Amortisation		Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than deprecia-tion and amortisation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Premix and Feed Specialties	-9.2	-9.2	-3.9	-3.9	-13.1	-13.1	-	-0.5	0.2	-2.2
Fish Feed	-19.4	-18.2	-1.2	-0.6	-20.6	-18.8	-	-1.6	-0.8	-0.2
Animal Nutrition Canada	-5.5	-5.4	-5.4	-5.7	-10.9	-11.1	-0.3	-0.7	-1.6	-1.3
Compound Feed Europe	-8.9	-8.2	-0.1	-0.4	-9.0	-8.6	-9.3	-14.4	-1.0	-1.7
Meat and Other	-9.0	-9.2	-1.1	-1.1	-10.1	-10.3	-2.0	-1.3	2.7	-0.3
Unallocated	-1.9	-1.9	-1.3	-0.8	-3.2	-2.7	-	-1.0	1.5	-5.8
Continuing operations	**-53.9**	**-52.1**	**-13.0**	**-12.5**	**-66.9**	**-64.6**	**-11.6**	**-19.5**	**1.0**	**-11.5**
Discontinued operations	-3.1	-4.1	-0.8	-1.0	-3.9	-5.1	-	-0.5	-2.3	-1.1
CONSOLIDATED	**-57.0**	**-56.2**	**-13.8**	**-13.5**	**-70.8**	**-69.7**	**-11.6**	**-20.0**	**-1.3**	**-12.6**

The non-cash expense in Compound Feed Europe of EUR -1.0 million (2010: EUR -1.7 million) mainly consists of decreases in provisions of EUR 1.8 million and decrease in employee benefits of EUR 0.9 million. The non-cash expenses in Animal Nutrition Canada are related to employee benefits for an amount of EUR -1.8 million (2010: EUR -1.3 million).

The non-cash expenses of EUR 1.5 million (2010: EUR -5.8 million) in Unallocated are mainly related to increases (2010 decreases) in provisions.

Assets and liabilities by segment

(EUR x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditures of PP&E and intangible assets	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Premix and Feed Specialties	496.1	484.3	5.5	3.9	501.6	488.2	241.2	231.4	22.3	21.6
Fish Feed	858.2	670.3	0.9	1.0	859.1	671.3	454.0	335.3	49.6	35.2
Animal Nutrition Canada	376.1	298.9	7.0	6.3	383.1	305.2	66.8	61.7	5.9	4.0
Compound Feed Europe	206.0	334.8	-	-	206.0	334.8	212.0	295.6	14.8	17.0
Meat and Other	366.5	367.6	9.8	10.7	376.3	378.3	140.8	149.8	9.4	11.7
Unallocated	90.4	191.1	-	-	90.4	191.1	474.8	475.5	1.8	3.7
Continuing operations	**2,393.3**	**2,347.0**	**23.2**	**21.9**	**2,416.5**	**2,368.9**	**1,589.6**	**1,549.3**	**103.8**	**93.2**
Discontinued operations	132.9	-	-	-	132.9	-	76.6	-	6.4	4.8
CONSOLIDATED	**2,526.2**	**2,347.0**	**23.2**	**21.9**	**2,549.4**	**2,368.9**	**1,666.2**	**1,549.3**	**110.2**	**98.0**

Unallocated mainly comprises of corporate investments and interest-bearing borrowings, corporate and R&D assets and corporate income tax assets and liabilities.

Geographical segments

In presenting information on the basis of geographical segments, revenue is based on the geographical location of Nutreco customers. Assets and capital expenditures of property, plant and equipment (PP&E) and intangible assets are based on the geographical location of the assets.

(EUR x million)	Revenue third parties (destination)		Total assets		Total capital expenditures of PP&E and intangible assets	
	2011	2010	2011	2010	2011	2010
Spain	1,437.8	1,284.5	534.4	532.2	24.7	28.7
Norway	686.1	565.4	240.9	202.0	28.9	8.2
Canada	555.1	496.6	488.1	415.8	7.6	6.3
Chile	234.5	167.3	148.4	86.2	2.3	1.4
USA	211.2	212.4	113.1	107.9	2.8	5.2
United Kingdom	205.5	196.3	79.9	84.6	1.6	1.5
Germany	132.6	111.4	41.0	39.2	1.6	1.0
Netherlands	103.7	111.8	253.2	325.8	11.5	15.5
Italy	97.2	94.2	72.5	70.4	1.9	0.9
China	89.3	55.0	88.5	27.2	2.3	1.7
Japan	79.3	64.2	65.7	63.8	0.5	0.4
Russia	73.1	72.2	26.8	25.0	1.0	0.1
Poland	71.5	69.6	23.6	26.1	0.4	0.3
Australia	64.6	58.7	90.5	82.3	10.2	15.0
Turkey	57.7	53.2	40.8	39.6	0.5	0.7
Brazil	54.5	54.6	46.2	47.5	0.9	0.9
Other countries	567.4	499.0	62.9	57.1	5.1	5.4
Continuing operations	**4,721.1**	**4,166.4**	**2,416.5**	**2,232.7**	**103.8**	**93.2**
Discontinued operations	938.1	820.5	132.9	136.2	6.4	4.8
CONSOLIDATED	**5,659.2**	**4,986.9**	**2,549.4**	**2,368.9**	**110.2**	**98.0**

4 DISCONTINUED OPERATIONS AND DIVESTMENTS

Consolidated statement of comprehensive income

(EUR x million)	2011				2010			
	Continuing operations	Dis-continued operations	Elimination	Total	Continuing operations	Dis-continued operations	Elimination	Total
Revenue	**4,721.1**	**952.2**	**-14.1**	**5,659.2**	**4,166.4**	**831.4**	**-10.9**	**4,986.9**
Raw materials and consumables used	-3,709.1	-858.1	14.1	-4,553.1	-3,242.3	-730.7	10.9	-3,962.1
Change in fair value of biological assets	0.3	-0.2		0.1	1.0	-		1.0
Changes in inventories of finished goods and work in progress	3.4	0.2		3.6	6.3	0.9		7.2
Gross margin	**1,015.7**	**94.1**	**0.0**	**1,109.8**	**931.4**	**101.6**	**0.0**	**1,033.0**
Other operating income	8.4	3.7		12.1	13.0	1.4		14.4
Personnel cost	-456.9	-45.7		-502.6	-436.1	-50.4		-486.5
Depreciation and amortisation expenses	-66.9	-3.8		-70.7	-64.6	-5.1		-69.7
Impairment of long-lived assets	-9.1	-		-9.1	-4.2	-		-4.2
Other operating expenses	-295.5	-38.0		-333.5	-264.7	-36.6		-301.3
Operating result	**195.7**	**10.3**	**0.0**	**206.0**	**174.8**	**10.9**	**0.0**	**185.7**
Financial income	7.5	0.4	-3.7	4.2	8.6	0.2	-2.2	6.6
Financial expenses	-35.2	-3.7	3.7	-35.2	-43.3	-2.2	2.2	-43.3
Foreign exchange result	0.4	-	-	0.4	0.9	-	-	0.9
Net financing costs	**-27.3**	**-3.3**	**0.0**	**-30.6**	**-33.8**	**-2.0**	**0.0**	**-35.8**
Share in result of associates and other investments	3.2	-		3.2	2.2	-		2.2
Result before tax	**171.6**	**7.0**	**0.0**	**178.6**	**143.2**	**8.9**	**0.0**	**152.1**
Income tax expense	-45.5	-1.9		-47.4	-36.5	-2.6		-39.1
TOTAL RESULT FOR THE PERIOD	**126.1**	**5.1**	**0.0**	**131.2**	**106.7**	**6.3**	**0.0**	**113.0**
Total result atrributable to:								
Owners of Nutreco	125.4	5.1	0.0	130.5	105.1	6.3	0.0	111.4
Non-controlling interest	0.7	-	-	0.7	1.6	-	-	1.6
Total result for the period	**126.1**	**5.1**	**0.0**	**131.2**	**106.7**	**6.3**	**0.0**	**113.0**

On 16 November 2011 Nutreco has signed an agreement on the intended sale of the business unit Hendrix ('Hendrix') to ForFarmers for an initial purchase price of EUR 92.5 million adjusted for working capital and net debt differences, resulting in an anticipated gain at completion. As part of the transaction, Nutreco and ForFarmers have entered into a long-term strategic partnership, including a know-how and supply agreement.

Nutreco and ForFarmers plan to conclude a definitive agreement upon completion of required consultation with the relevant works councils. It is expected that completion of the transaction will take place in due time upon ForFarmers gaining regulatory approval from the European anti-competition authorities and shareholder approval. Approximately 690 employees that work for Hendrix will transfer to the new owner.

In accordance with IFRS 5 'non-current assets held for sale and discontinued operations', the operations of Hendrix are presented as discontinued operations. Prior-year consolidated financial statements are also restated. In the consolidated statement of financial position Hendrix is presented as assets and liabilities held for sale in 2011, but prior year has not been restated. Following the classification as disposal group there is no depreciation and amortisation on the assets as of 1 October 2011 onwards.

The following table presents the assets and liabilities from Hendrix, classified as assets and liabilities held for sale in the consolidated statement of financial position:

(EUR x million)	31 December 2011
Property, plant and equipment	29.9
Other non-current assets	12.2
Inventories	24.8
Biological assets	1.5
Trade and other receivables	60.8
Cash and cash equivalents	3.7
Employee benefits	-9.0
Provisions	-0.5
Trade and other payables	-67.1
NET ASSETS / LIABILITIES HELD FOR SALE	**56.3**

The following table presents the highlights from the cash flow statement of discontinued operations.

(EUR x million)	2011	2010
Net cash from operating activities	9.5	9.0
Net cash used in investing activities	-3.6	-4.8
Net cash used in financing activities	-4.8	-0.1
Net increase in cash and cash equivalents	1.1	4.1

5 ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2011, besides Hendrix, the Group has five production facilities presented as assets held for sale following the commitment of the Group's management to a plan to sell the facilities. Efforts to sell the assets have commenced and a sale is expected in the course of 2012. At 31 December 2011 the assets of EUR 6.6 million (2010: EUR 10.7 million) contain the following:

- EUR 6.4 million relates to three facilities within the segment Premix and Feed Specialties;
- EUR 0.2 million relates to one facility within the segment Fish Feed.

The fifth production facility is located within the segment Animal Nutrition Canada.

Furthermore, assets held for sale consist of the assets related to the sale of the business unit Hendrix for an amount of EUR 132.9 million.

At 31 December 2011, the Group held EUR 76.6 million as liabilities held for sale which relates to the sale of the business unit Hendrix.

6 ACQUISITIONS

Acquisitions 2011

Nutreco announced on 14 February 2011 that it had agreed to acquire 100% of the shares in Zhuhai Shihai Feed Co. Ltd. ('Shihai'), a reputable and profitable fish and shrimp feed company in China. The closing of the deal was announced on 20 October 2011 after approval of the Chinese authorities.

This acquisition will provide Skretting, the Nutreco fish feed business, with a production base in China, the world's number 1 aquaculture feed market. The acquisition is fully in line with the strategy to capitalise on Nutreco's leading fish feed positions by expanding in new regions and into feed for other species.

Shihai supplies a growing market and produced approximately 100,000 tonnes of fish and shrimp feed in 2010, a year in which it commissioned a new feed plant with a capacity of approximately 150,000 tonnes. The revenue in 2010 was EUR 65 million. The new plant is constructed and equipped to a high standard and is capable of operating to Skretting specifications. Shihai employs approximately 300 people. Skretting will continue growing the business, supplying fish feed for species such as shrimp, various marine fish species, tilapia, snakehead and catfish.

Nutreco obtains control as defined in IFRS 3 Business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2011 was EUR 24.1 million outflow, excluding acquisition-related costs of EUR 0.4 million. The financials are consolidated as of 20 October 2011 onwards.

Acquisition of additional shares in non-controlling interest

In February 2011, Nutreco acquired in the segment Premix and Feed Specialties an additional 15% equity interest in Trouw Nutrition Russia B.V. This acquisition has been accounted for following the economic entity model, which requires that the acquisition of an additional equity interest in a controlled subsidiary be accounted for at its carrying amount, with the difference arising on purchase price allocation being recorded directly in equity. The purchase price of the acquired equity interest amounts to EUR 4.6 million. The Group recognised a decrease in non-controlling interest of EUR 2.0 million and a decrease in retained earnings of EUR 2.6 million. The carrying amount of the Russian premix activities net assets in the Group's financial statements on the date of acquisition was EUR 5.3 million.

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 4.4 million (2010: EUR 3.0 million) related to external legal fees and due diligence costs. The acquisition-related costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

Total results of Nutreco

Total revenue of the acquisition in 2011 included in the consolidated financial statements amount to EUR 22.3 million. Total revenue for the full year 2011 of this acquisition amount to EUR 90.8 million.

The acquisitions completed in 2011 and 2010 had the following effect on statement of comprehensive income of the respective years:

(EUR x million)	2011	2010
Revenue	34.2	191.2
Operating result before amortisation (before exceptional items)	1.6	7.7
Operating result (before exceptional items)	1.0	7.3
TOTAL RESULT FOR THE PERIOD	**0.6**	**3.3**

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed only relate to the acquisition of Shihai and are summarised as follows:

(EUR x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	12.8	2.0	10.8
Intangible assets	17.5	17.2	0.3
Deferred tax assets	0.3	-	0.3
Inventories	4.1	-	4.1
Trade and other receivables	29.8	-	29.8
Cash and cash equivalents	3.9	-	3.9
Interest-bearing borrowings	-6.9	-	-6.9
Deferred tax liability	-4.6	-4.6	-
Income tax liability	-2.1	-	-2.1
Trade and other payables	-28.6	-	-28.6
TOTAL IDENTIFIABLE NET ASSETS	**26.2**	**14.6**	**11.6**

Intangible assets comprise

(EUR x million)	Recognised value	Amortisation period in years
Concessions, licences and quota	0.3	
Brand names	5.4	20
Customer relationships	11.8	20
TOTAL INTANGIBLE ASSETS	**17.5**	

Goodwill

Goodwill in 2011 is recognised as a result of the acquisition as follows:

(EUR x million)	
Total consideration transferred	28.0
Fair value of identifiable net assets	26.2
GOODWILL	**1.8**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Acquisitions 2010

In 2010 Nutreco acquired full ownership of Tomboy Aquafeed JSC ('Tomboy') in Vietnam.

With this acquisition Nutreco strengthened and expanded its market position in Fish Feed in growth markets. Tomboy is a leading player in Vietnam for shrimp, produces high-quality feed, and has good brand recognition based on reliability, quality and customer support. Tomboy has two plants with annual revenue of EUR 20.7 million in 2010 and employs approximately 300 staff. The impact of this acquisition on Nutreco's net cash position in 2010 was EUR 8.2 million outflow, excluding acquisition-related costs of EUR 2.6 million (including a capital gain tax). The financials are consolidated as of 12 October 2010 onwards.

Identifiable assets acquired and liabilities assumed in 2010

The identifiable assets acquired and liabilities assumed only relate to the acquisition of Tomboy Aquafeed and are summarised as follows:

(EUR x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	2.6	0.8	1.8
Intangible assets	4.7	4.7	-
Other investments	0.1	-	0.1
Inventories	2.3	-	2.3
Income tax receivable	0.1	-	0.1
Trade and other receivables	0.6	-	0.6
Cash and cash equivalents	2.6	-	2.6
Interest-bearing borrowings	-1.0	-	-1.0
Deferred tax liability	-0.8	-0.8	-
Income tax liability	-0.1	-	-0.1
Trade and other payables	-3.0	-	-3.0
TOTAL IDENTIFIABLE NET ASSETS	**8.1**	**4.7**	**3.4**

Goodwill

Goodwill in 2010 was recognised as a result of the acquisition as follows:

(EUR x million)	
Total consideration transferred	10.8
Fair value of identifiable net assets	8.1
GOODWILL	**2.7**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Acquisition of additional shares in non-controlling interest

In May and November 2010, Nutreco acquired in the segment Premix and Feed Specialties the remaining 49% equity interest in Trouw Nutrition Turkey and Trouw Horos B.V. This acquisition has been accounted for following the economic entity model, which requires that the acquisition of an additional equity interest in a controlled subsidiary be accounted for at its carrying amount, with the difference arising on purchase price allocation being recorded directly in equity. The purchase price of the acquired equity interest amounts to EUR 4.0 million. The Group recognised a decrease in non-controlling interest of EUR 1.7 million and a decrease in retained earnings of EUR 2.3 million. The carrying amount of the Turkey premix activities net assets in the Group's financial statements on the date of acquisition was EUR 5.3 million.

7 OTHER OPERATING INCOME

(EUR x million)	2011	2010
Interest received on trade receivables	3.3	4.4
Result on disposed fixed assets	1.6	1.5
Fair value adjustment on investments	0.1	1.1
Other	3.4	6.0
TOTAL	**8.4**	**13.0**

In 2011, the result on disposed fixed assets mainly relates to the sale of production facilities in Italy and to meat activities in Spain.

In 2010, the result on disposed fixed assets was mainly related to the sale of a feed factory in Canada and the premix factory in Slovakia.

Government grants

(EUR x million)	2011	2010
Research and development grants (recorded in research and development costs, part of other operating expenses): conditional	3.3	3.0
Grants on capital expenditures (part of capitalised investments)	2.5	0.3
Training grants (recorded in other operating income): conditional	1.1	1.1
TOTAL	**6.9**	**4.4**

8 PERSONNEL COSTS

(EUR x million)	2011	2010
Wages and salaries	286.2	268.5
Compulsory social security contributions	58.6	57.4
Third-party staff	36.5	32.2
Pension costs	17.5	12.6
Increase in liability for long-term service obligations	0.1	0.1
Expense arising from performance shares	3.5	3.5
Expense arising from employee share participation plan	0.1	0.1
Other personnel costs	54.4	61.7
TOTAL	**456.9**	**436.1**

The effect of acquisitions in 2011 on personnel costs is EUR 1.7 million (2010: EUR 26.5 million). At year-end the number of employees acquired by acquisitions in 2011 is 325 (2010: 310).

Personnel costs include EUR 9.7 million (2010: EUR 14.8 million) for restructuring expenses.

Research and development expenses amount to EUR 19.9 million (2010: EUR 19.8 million) and are included for EUR 14.4 million (2010: EUR 12.6 million) in personnel costs. See also Note 9.

(Average) number of employees

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

	2011	2010
Spain	3,210	3,345
Canada	1,124	1,077
China	748	686
Netherlands	601	589
Brazil	467	432
Norway	337	302
Vietnam	334	155
Chile	316	293
United Kingdom	308	306
USA	294	294
Mexico	277	264
Poland	201	199
Russia	135	135
Italy	134	134
Germany	126	121
Czech Republic	99	102
Belgium	79	84
Other countries	557	424
AVERAGE NUMBER OF EMPLOYEES IN FTE'S	**9,347**	**8,942**
NUMBER OF EMPLOYEES IN FTE'S AT 31 DECEMBER	**9,565**	**9,280**

The main increase in average employee numbers in 2011 is due to the effect of acquisitions concluded in 2011 and 2010 of 236 employees (2010: 745 employees).

9 OTHER OPERATING EXPENSES

(EUR x million)	2011	2010
Maintenance & repair	76.4	73.4
Energy & utility	75.6	71.1
Consultancy	25.2	24.0
Travel	23.3	21.9
(Reversal of) impairment on trade receivables	18.5	7.7
Rent & lease	17.4	18.0
Insurance	15.4	17.3
Advertising & promotion	11.6	11.7
Communication	9.6	10.0
(Release of) provisions	3.3	-1.1
IT	7.7	7.6
Fees external auditor	3.4	2.9
Other	8.1	0.2
TOTAL	**295.5**	**264.7**

The increase of (reversal of) impairment on trade receivables is mainly due to the worsened economic situation worldwide and Southern Europe in particular.

For property damage and business interruption, and general and products liability losses of a frequent nature, Nutreco operates its own captive re-insurance company, located in the Netherlands and under supervision by "De Nederlandsche Bank". This company has a maximum insured amount per occurrence and per year and is fully consolidated within the results of Nutreco.
The positive result of the captive re-insurance company amounts to EUR 2.2 million (2010: EUR 0.5 million) and is included in "Insurance", as part of Other operating expenses.

Provisions include restructuring expenses for an amount of EUR 1.9 million (2010: EUR 5.2 million) and expenses for claims for an amount of EUR 1.6 million (2010: EUR 0.9 million) (see also Note 25).

Research and development expenses amounted to EUR 19.9 million (2010: EUR 19.8 million) and are included in several items of other operating expenses for EUR 4.5 million (2010: EUR 5.7 million).
The remaining research and development costs are included in personnel costs for EUR 14.4 million (2010: EUR 12.6 million) and depreciation and amortisation expenses for EUR 1.0 million (2010: EUR 1.5 million).

Operating lease payments are recognised as part of other operating expenses in profit or loss as incurred.

The acquisition effect on other operating expenses is EUR 1.5 million (2010: EUR 17.4 million) related to acquisitions concluded in 2011 and 2010.

Fees external auditor

(EUR x million)	2011	2010
Audit fees	2.4	2.2
Audit-related fees	0.3	0.4
Tax fees	0.1	0.2
Other	0.6	0.1
TOTAL	**3.4**	**2.9**

Audit-related fees primarily consist of fees in connection with IT security audits, half year procedures, reviews on sustainability reporting, and procedures related to acquisitions.

10 NET FINANCING COSTS/INCOME

EUR x million)	2011	2010
Interest income on deposits	0.2	0.3
Other interest income	7.3	8.3
Financial income	**7.5**	**8.6**
Interest expenses on syndicated loan	-8.7	-10.3
Interest expenses on private placement	-11.4	-14.4
Dividend expenses on cumulative preference shares	-	-3.6
Interest expenses on short-term loans and bank overdrafts	-4.6	-2.6
Other expenses	-8.9	-10.1
Other financial related costs	-1.6	-2.3
Financial expenses	**-35.2**	**-43.3**
Foreign exchange gains	0.4	0.9
Foreign exchange result	**0.4**	**0.9**
NET FINANCING COSTS/INCOME	**-27.3**	**-33.8**

Financial income decreased to EUR 7.5 million (2010: EUR 8.6 million). The decrease is mainly due to a non-recurring interest income in 2010 of EUR 2.2 million related to a settlement of a tax claim.

Financial expenses decreased to EUR 35.2 million (2010: EUR 43.3 million). The lower interest expenses are mainly due to the amendment of the syndicated loan in 2010, the cancellation of the cumulative preference shares in 2010, and restructuring of fixed interest rate contracts.

Arrangement and amendment fees are amortised over the life of the facility and are included in Other expenses. In 2010 the maturity of the syndicated loan was extended to 2014.

Other expenses in 2011 comprise the change in the valuation of the loan to Aegon of EUR 4.7 million. In 2010, other expenses comprised a non-recurring item which related to the cancellation of an interest rate swap of nominal EUR 50.0 million.

Other financial related costs mainly represent the change in fair value of the options.

The interest received and paid are EUR 4.1 million (2010: EUR 6.7 million) and EUR 33.3 million (2010: EUR 45.7 million) respectively and are reported in the consolidated cash flow statement.

11 INCOME TAX EXPENSE

In 2011, the income tax expense from continuing operations amounted to EUR 45.5 million (2010: EUR 36.5 million). The components of taxation on income are:

(EUR x million)	2011	2010
Current tax expense		
Current tax this year	-45.7	-31.3
Adjustments for prior years	-0.3	1.0
Total current tax expense	**-46.0**	**-30.3**
Deferred tax expense		
Origination and reversal of temporary differences	6.6	-8.3
Tax losses (de-)recognised	-5.6	2.3
Change in tax rate	-0.5	-0.2
Total deferred tax expense	**0.5**	**-6.2**
TOTAL INCOME TAX EXPENSE	**-45.5**	**-36.5**

The increased tax expense is in line with the higher result in 2011.

The reconciliation of the weighted average statutory income tax rate (as a percentage of result before taxes) to the effective tax rate is as follows:

(EUR x million)	2011		2010	
Result before tax from continuing operations	171.6		143.2	
Income tax expense	-45.5		-36.5	
Result after tax from continuing operations	**126.1**		**106.7**	
Weighted average income tax	**-48.5**	**28.2%**	**-41.1**	**28.7%**
Tax effect due to change in valuation:				
Utilisation of previously unrecognised tax losses	0.6	-0.3%	0.2	-0.1%
Recognition of previously unrecognised tax losses	0.5	-0.3%	2.3	-1.6%
New losses carry-forwards not expected to be realised	-1.7	1.0%	-2.3	1.6%
Non-taxable income (including share in result of associates)	0.6	-0.3%	0.6	-0.4%
Non-tax-deductible expenses	-2.2	1.3%	-4.9	3.4%
Tax effect due to tax incentives:				
Notional interest deduction Belgium	2.7	-1.6%	3.0	-2.1%
Participation exemption	2.9	-1.7%	2.9	-2.0%
Other	-0.4	0.2%	2.8	-2.0%
EFFECTIVE INCOME TAX	**-45.5**	**26.5%**	**-36.5**	**25.5%**

The weighted average tax rate is based on the statutory corporate income tax rates applicable in the various countries. The nominal rates vary from 12.5% (Ireland) to 41% (USA), which is comparable with 2010. In the reconciliation of the weighted average effective tax rate, the share in results of associates is included.

The weighted average statutory income tax rate of 28.2% decreased compared to 2010 (28.7%) mainly caused by a change in geographical spread.

The effective tax rate was mainly affected by tax incentives like the notional interest deduction and the participation exemption in the Netherlands. This effect was partly offset by non-tax deductible expenses.

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

(EUR x million)	2011	2010
Total tax charge	45.5	36.5
Payments current tax	37.8	26.0

The increase in cash out is in line with the higher current tax charge.

The tax effect of components of other comprehensive income is as follows:

(EUR x million)	Other comprehensive income		Tax expense	
	2011	2010	2011	2010
Currency translation differences	-1.5	21.3	-1.4	-
Cash flow hedges	3.2	4.8	-0.2	-1.2
Net loss on revaluation related to inflation accounting	0.6	-1.0	-	-
OTHER COMPREHENSIVE INCOME	**2.3**	**25.1**	**-1.6**	**-1.2**

12 EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2011 is based on the total results for the period attributable to owners of Nutreco of EUR 130.5 million (2010: EUR 111.4 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2011 of 34,882 (x 1,000) (2010: 35,139 (x 1,000)), which is calculated as follows:

(x 1,000 shares)	2011	2010
Number of ordinary shares at 1 January	**34,963**	**34,995**
Average effect of conversion of share options	-	6
Average effect of (re)purchase of shares	-631	-477
Average effect of shares returned by former employees	-	-15
Average effect of shares issued in March	72	18
Average effect of shares issued in April	-	11
Average effect of shares issued in April, stock dividend	282	-
Average effect of shares issued in May, stock dividend	-	425
Average effect of shares issued in August, stock dividend	196	176
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT 31 DECEMBER	**34,882**	**35,139**

The calculation of the diluted earnings per ordinary share is based on 35,036 (x 1,000) (2010: 35,222 (x 1,000)) shares, taking into account the outstanding unvested performance shares.

(x 1,000 shares)	2011	2010
Weighted average number of ordinary shares at 31 December	**34,882**	**35,139**
Effect of performance shares outstanding[1]	154	83
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED) AT 31 DECEMBER	**35,036**	**35,222**

1 based on performance shares awarded under the terms of the long-term incentive plan 2007 and following the performance shares awarded under the terms of the performance conversion plan.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the long-term incentive plan is based on the average closing share price over the first five trading days of 2011 multiplied by the expected vested percentage for performance shares.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the performance conversion plan is based on Monte Carlo simulation methodology.

Key figures per share

	2011	2010
Continuing operations		
Basic earnings per ordinary share for continuing operations (EUR)	3.59	2.99
Cash earnings per ordinary share (EUR)	3.97	3.35
Diluted earnings per ordinary share for continuing operations (EUR)	3.58	2.98
Weighted average number of ordinary shares outstanding during the year (x 1,000)	34,882	35,139
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)	35,036	35,222
Number of ordinary shares outstanding as at 31 December (x 1,000)	34,766	34,963
Discontinued operations (EUR)		
Basic earnings per ordinary share for discontinued operations	0.15	0.18
Diluted earnings per ordinary share for discontinued operations	0.14	0.18
Key figures per ordinary share (EUR)		
Basic earnings per share	3.74	3.17
Cash earnings per share	4.14	3.55
Diluted earnings per share	3.72	3.16
Diluted cash earnings per share	4.12	3.54
Basic earnings per share for dividend calculation	4.00	3.33
Diluted basic earnings per share for dividend calculation	3.98	3.33

The earnings per share for dividend calculation are based on the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book results on disposed activities.

13 PROPERTY, PLANT AND EQUIPMENT

(EUR x million)	Land and buildings	Machinery and equipment	Other	Under construction	Total
Cost					
Balance at 1 January 2010	**413.6**	**721.5**	**86.3**	**26.2**	**1,247.6**
Capital expenditure	3.4	21.9	7.2	58.8	91.3
Disposals	-2.1	-16.3	-2.5	-0.1	-21.0
Acquisitions through business combinations	0.5	2.1	-	-	2.6
Transfer between categories	6.4	15.2	5.8	-27.4	0.0
Transfer to intangible assets (software)	-	-	-	-0.7	-0.7
Capitalised borrowing costs	-	-	-	0.8	0.8
Reclassification to assets held for sale	-20.1	-25.9	-0.9	-	-46.9
Effect of movement in foreign exchange rates	16.0	29.0	2.5	2.0	49.5
Balance at 31 December 2010	**417.7**	**747.5**	**98.4**	**59.6**	**1,323.2**
Balance at 1 January 2011	**417.7**	**747.5**	**98.4**	**59.6**	**1,323.2**
Capital expenditure	9.4	31.3	3.2	53.6	97.5
Disposals	-3.9	-16.4	-3.6	-1.6	-25.5
Acquisitions through business combinations	6.4	6.4	-	-	12.8
Transfer between categories	5.5	33.2	-4.8	-33.9	0.0
Transfer to intangible assets (software)	-	-	-	-5.3	-5.3
Capitalised borrowing costs	-	-	-	0.7	0.7
Reclassification to assets held for sale	-43.6	-93.1	-6.1	0.0	-142.8
Effect of movement in foreign exchange rates	1.5	6.2	0.1	-0.1	7.7
Balance at 31 December 2011	**393.0**	**715.1**	**87.2**	**73.0**	**1,268.3**
Accumulated depreciation and impairment losses					
Balance at 1 January 2010	**-169.9**	**-491.1**	**-69.1**	**-0.4**	**-730.5**
Depreciation - continuing operations	-11.3	-35.3	-5.5	-	-52.1
Depreciation - discontinued operations	-0.6	-3.3	-0.2	-	-4.1
Impairment losses	-1.6	-0.9	-1.5	-	-4.0
Disposals	1.1	14.9	2.1	-	18.1
Transfer between categories	0.4	0.4	-0.8	-	0.0
Reclassification to assets held for sale	12.3	23.0	0.9	-	36.2
Effect of movement in foreign exchange rates	-4.2	-16.5	-1.5	-	-22.2
Balance at 31 December 2010	**-173.8**	**-508.8**	**-75.6**	**-0.4**	**-758.6**
Balance at 1 January 2011	**-173.8**	**-508.8**	**-75.6**	**-0.4**	**-758.6**
Depreciation	-10.7	-37.0	-6.2	-	-53.9
Impairment losses	-3.4	-3.3	-0.2	-	-6.9
Reversal of impairment losses	-	0.5	-	-	0.5
Disposals	2.2	14.7	3.4	0.4	20.7
Transfer between categories	2.1	0.6	-2.7	-	0.0
Reclassification to assets held for sale	31.2	80.6	5.0	-	116.8
Effect of movement in foreign exchange rates	-0.7	-2.8	-0.1	-	-3.6
Balance at 31 December 2011	**-153.1**	**-455.5**	**-76.4**	**0.0**	**-685.0**
Carrying amount at 1 January 2010	**243.7**	**230.4**	**17.2**	**25.8**	**517.1**
Carrying amount at 31 December 2010	**243.9**	**238.7**	**22.8**	**59.2**	**564.6**
Carrying amount at 1 January 2011	**243.9**	**238.7**	**22.8**	**59.2**	**564.6**
CARRYING AMOUNT AT 31 DECEMBER 2011	**239.9**	**259.6**	**10.8**	**73.0**	**583.3**

In the statement of comprehensive income, depreciation is reported under 'depreciation and amortisation expenses' and the impairment loss under 'impairment of long-lived assets'.

Assets not in use

As a consequence of lower fish feed production caused by fish diseases in Chile, the Pargua plant in Chile has been temporarily closed in 2008 and has been reopened in September 2011.

Nutreco has a few production facilities not in use. The assets include fish feed production facilities in Ireland, premix and feed specialties production facilities in Italy, Poland, and Slovakia as well as compound feed and meat production facilities in Spain. The total book value of these production facilities is EUR 9.3 million at 31 December 2011 (2010: EUR 8.2 million) of which EUR 6.6 million is recognised as assets classified as held for sale.

Furthermore, Nutreco has received assets from customers for an amount of EUR 1.7 million (2010: EUR 2.5 million) as payment for their outstanding debt. These assets are not in use.

Assets under construction

The most material and important assets under construction in 2011 relate to projects that already started in 2010, with the intention of constructing new factories and modernising production lines. These investments are capitalised as assets under construction for an amount of EUR 73.0 million (2010: EUR 59.2 million) and consist mainly of projects in the segment (i) Premix and Feed Specialties in Russia (EUR 3.5 million), Germany (EUR 2.0 million) and the Netherlands (EUR 2.2 million), (ii) Fish Feed in Norway (EUR 27.5 million), (iii) Compound Feed Europe in Spain (EUR 5.2 million) and (iv) Animal Nutrition Canada (EUR 5.2 million).

Capital expenditure projects

During 2011, Nutreco invested a total amount of EUR 97.5 million (2010: EUR 91.3 million) in property, plant and equipment. Investments in factories took place across different businesses and were intended to enable growth in new markets.

Nutreco has invested in efficiency processes and capacity extension projects in more mature markets. This included projects for (i) maintaining the quality level of Nutreco's asset base through upgrade and replacement projects, (ii) further automation of the packaging processes and (iii) additional production lines for extra capacity and the flexibility to use different raw materials.

The total capital expenditure for expansion amounted to EUR 33.2 million in 2011, which is related to significant expansion of existing factories in Norway, Australia, and Spain and investments in other major projects for strengthening the efficiency of main processes and increasing capacity (Russia).

Borrowing costs

Nutreco has capitalised borrowing costs of EUR 0.7 million (2010: EUR 0.8 million) for its expansion capital expenditure in Australia for EUR 0.5 million (2010: EUR 0.7 million) and Norway for EUR 0.2 million (2010: EUR 0.0 million). The average interest rate for these capitalised borrowing costs is 5.2% (2010: 5.5%).

(Reversal of) impairment losses

In 2011, the impairment losses recognised are mainly related to the closure of compound feed factories in Spain for an amount of EUR 6.0 million. The reversal of impairment losses of EUR 0.5 million relates to the reopening of two compound feed factories in Spain.

In 2010, the impairment losses recognised were mainly related to the closure of compound feed factories in Spain of EUR 2.1 million and the closure of a fish feed factory in Ireland of EUR 1.4 million.

Disposals

During 2011, Nutreco sold property, plant and equipment with a carrying amount of EUR 4.8 million (2010: EUR 2.9 million). The loss on the sale of property, plant and equipment amounted to EUR 0.1 million (2010: gain of EUR 1.5 million) and is recorded on the line Other operating income in profit or loss for an amount of EUR 1.6 million and on the line Other operating expenses for an amount of EUR -1.7 million.

14 INTANGIBLE ASSETS

(EUR x million)	Goodwill	Concessions, licences and quota	Development costs	Software	Brand names	Customer relationships	Total
Cost							
Balance at 1 January 2010	**218.4**	**47.7**	**7.6**	**27.1**	**24.4**	**43.8**	**369.0**
Capital expenditure	-	-	-	6.6	-	0.1	6.7
Disposals	-	-	-	-0.4	-	-	-0.4
Acquisitions through business combinations	2.7	-	-	-	0.8	3.9	7.4
Final calculation acquisitions previous year	0.4	-	-	-	-	-	0.4
Divestment	-1.4	-	-	-	-	-	-1.4
Transfer from Property, plant & equipment	-	-	-	0.7	-	-	0.7
Effect of movement in foreign exchange rates	23.1	6.4	0.9	1.1	3.2	5.6	40.3
Balance at 31 December 2010	**243.2**	**54.1**	**8.5**	**35.1**	**28.4**	**53.4**	**422.7**
Balance at 1 January 2011	**243.2**	**54.1**	**8.5**	**35.1**	**28.4**	**53.4**	**422.7**
Capital expenditure	-	0.4	-	5.9	-	-	6.3
Disposals	-	-	-	-0.4	-	-	-0.4
Acquisitions through business combinations	1.8	0.3	-	-	5.4	11.8	19.3
Transfer from Property, plant & equipment	-	-	-	5.3	-	-	5.3
Capitalised (borrowing) costs	-	-	-	0.1	-	-	0.1
Reclassification to assets held for sale	-8.1	-	-	-5.7	-	-	-13.8
Effect of movement in foreign exchange rates	2.8	0.5	0.1	-	0.4	1.3	5.1
Balance at 31 December 2011	**239.7**	**55.3**	**8.6**	**40.3**	**34.2**	**66.5**	**444.6**
Accumulated amortisation and impairment losses							
Balance at 1 January 2010	**-26.9**	**-1.0**	**-2.3**	**-14.4**	**0.0**	**-14.0**	**-58.6**
Amortisation - continuing operations	-	-	-1.0	-4.7	-0.1	-6.7	-12.5
Amortisation - discontinued operations	-	-	-	-1.0	-	-	-1.0
Impairment losses	-	-	-	-0.2	-	-	-0.2
Disposals	-	-	-	0.4	-	-	0.4
Effect of movement in foreign exchange rates	-0.8	-0.1	-0.2	-0.6	-	-1.8	-3.5
Balance at 31 December 2010	**-27.7**	**-1.1**	**-3.5**	**-20.5**	**-0.1**	**-22.5**	**-75.4**
Balance at 1 January 2011	**-27.7**	**-1.1**	**-3.5**	**-20.5**	**-0.1**	**-22.5**	**-75.4**
Amortisation	-	-	-0.7	-4.9	-0.1	-7.3	-13.0
Impairment losses	-2.0	-	-	-0.7	-	-	-2.7
Disposals	-	-	-	0.4	-	-	0.4
Reclassification to assets held for sale	2.7	-	-	4.3	-	-	7.0
Effect of movement in foreign exchange rates	0.2	-0.2	-0.1	0.1	-	-0.4	-0.4
Balance at 31 December 2011	**-26.8**	**-1.3**	**-4.3**	**-21.3**	**-0.2**	**-30.2**	**-84.1**
Carrying amount at 1 January 2010	**191.5**	**46.7**	**5.3**	**12.7**	**24.4**	**29.8**	**310.4**
Carrying amount at 31 December 2010	**215.5**	**53.0**	**5.0**	**14.6**	**28.3**	**30.9**	**347.3**
Carrying amount at 1 January 2011	**215.5**	**53.0**	**5.0**	**14.6**	**28.3**	**30.9**	**347.3**
CARRYING AMOUNT AT 31 DECEMBER 2011	**212.9**	**54.0**	**4.3**	**19.0**	**34.0**	**36.3**	**360.5**

The increase of intangible assets of EUR 13.2 million in 2011 is mainly due to (i) the acquisition Shihai of EUR 19.3 million, (ii) the positive effect of movement of foreign exchange rates of EUR 4.7 million, (iii) amortisation for an amount of EUR 13.0 million, (iv) capital expenditure of EUR 6.3 million and (v) the reclassification as assets held for sale related to the intended sale of the business unit Hendrix of EUR 6.8 million.

At 31 December 2011, Nutreco has internally-generated intangibles of EUR 5.9 million (2010: EUR 3.0 million) which relate to software (standardisation programme Unite) and is reported as capital expenditure.

Amortisation of intangible assets is reported on the line 'depreciation and amortisation expenses' of the consolidated statement of comprehensive income.

Goodwill

At 31 December 2011, the carrying amount of goodwill amounts to EUR 212.9 million (31 December 2010: EUR 215.5 million). The decrease of goodwill of EUR 2.6 million relates to (i) the positive effect of movement of foreign exchange rates of EUR 3.0 million, (ii) reclassification of the business unit Hendrix as assets held for sale of EUR 5.4 million (iii) recognition of an impairment loss in the cash generating unit Trouw Nutrition Hungary of EUR 2.0 million and (iv) acquisition Shihai of EUR 1.8 million.

Acquisitions through business combinations in 2010 include goodwill related to the acquisition of Tomboy Aquafeed for EUR 2.8 million.

The accumulated impairment losses per 31 December 2011 are EUR 2.0 million (31 December 2010: nil).

Goodwill is allocated to the following cash generating units:

(EUR x million)	31 December 2011	31 December 2010
Animal Nutrition Canada	98.2	96.9
Trouw Nutrition USA	26.8	26.0
Meat and Other - Canada	24.4	24.2
Skretting Australia	18.9	18.3
Trouw Nutrition China	8.3	7.7
Trouw Nutrition Feed additives	7.9	7.9
Trouw Nutrition Mexico	7.6	8.3
Silver Cup	4.4	4.3
Trouw Nutrition Brazil	4.0	4.3
Trouw Nutrition Netherlands	4.0	4.0
Skretting Vietnam	2.9	2.8
Skretting Japan	2.6	2.4
Shihai Feed	1.9	-
Compound Feed Europe	-	5.4
Trouw Nutrition Hungary	-	2.0
Other	1.0	1.0
TOTAL	**212.9**	**215.5**

Impairment tests for assets with indefinite useful lives

Goodwill, concessions, licenses and quota and part of the brand names are assets with indefinite useful lives. These assets are allocated to Nutreco's cash generating units for the purpose of impairment testing. Goodwill is allocated to those cash generating units that are expected to benefit from the business combination.

Cash generating units are a group of operating companies within the reportable segments representing the smallest identifiable group of assets that generate cash flows that are largely independent of the cash flows from other assets or group of assets.

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

(EUR x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Premix and Feed Specialties	59.6	61.2	0.2	-	0.3	0.4	60.1	61.6
Fish Feed	30.7	27.8	0.4	0.1	-	-	31.1	27.9
Animal Nutrition Canada*	98.2	96.9	-	-	25.0	24.8	123.2	121.7
Compound Feed Europe	-	5.4	-	-	-	-	0.0	5.4
Meat and Other*	24.4	24.2	53.4	52.9	-	-	77.8	77.1
Carrying amount of intangible assets with indefinite useful lives	**212.9**	**215.5**	**54.0**	**53.0**	**25.3**	**25.2**	**292.2**	**293.7**
Carrying amount of intangible assets with definite useful lives	-	-	-	-	8.7	3.1	8.7	3.1
TOTAL	**212.9**	**215.5**	**54.0**	**53.0**	**34.0**	**28.3**	**300.9**	**296.8**

* *Meat and Other in this table only consists of Meat Canada. The comparative amounts for Animal Nutrition Canada and Meat and Other have been reclassified to conform with the current year's presentation.*

The recoverable amount of a cash generating unit with goodwill, quota or brand names is the greater of its fair value less costs to sell and value in use. The fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal. The costs to sell are estimated at 1% of the total fair value of the cash generating unit.

In assessing the fair value less cost to sell the estimated future cash flows are discounted to their present value using a discount rate, determined as a pre-tax Weighted Average Cost of Capital per country that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

This assessment uses cash flow projections over a period of 5 years based on past performance and its expectations of market and business developments. Cash flows beyond that period are extrapolated assuming limited or no growth. The cash flow projections are discounted to their present value using a discount rate that reflects the market assessments of the time value of money and the risks of the asset.

The main assumptions applied in these fair value less costs to sell assessments for the most significant cash generating units per segment are:

(%)	Revenue growth 2012-2016	Operating result margin	Pre-tax discount rates
Premix and Feed Specialties	0.9 – 5.0	3.2 – 14.3	7.6 – 12.6
Fish Feed	1.8 – 16.9	5.6 – 9.8	8.3 – 11.8
Animal Nutrition Canada	1.5	4.8	6.9
Compound Feed Europe	1.0	0.9	7.6
Meat and Other*	1.5	7.2	7.4

* *Meat and Other in this table only consists of Meat and Other Canada.*

All assumptions are in line with business developments and forecasts. The upper range increase of revenue growth for Fish Feed is solely due to the cash generating unit (CGU) Vietnam having a strong growth profile over the next years. All other CGU's within the segment Fish Feed are in a range of 1.8% to 7.1%. The majority of the operating result margins are lower compared to previous year reflecting increased margin pressure in some of our business. The upper range increase of operating margin for Premix & Feed Specialties is due to the expected operating margin improvement in our CGU Feed Additives having a relative high margin compared to other business in the segment Premix and Feed Specialties. Operating margins for other CGU's are in a range of 3.2% to 7.0%. The decrease of the overall WACC level of our CGU's is related to a lower risk free interest rate used for the determination of the WACC.

Due to the number of details, the information above is presented on aggregate level and not per cash generating unit.

On the basis of the impairment test performed, the Group recorded an impairment loss of EUR 2.0 million relating to the cash generating unit Trouw Nutrition Hungary.

Management also performed sensitivity analyses around the current assumptions for the most significant cash generating units. The table below reflects the changes in WACC or revenue growth that would result in a fair value less cost to sell lower than its carrying value.

	Excess value	Change in pre-tax WACC	Change in revenue growth
Animal Nutrition Canada	163.9	+ 3.5%	- 4.2%
Trouw Nutrition USA	42.9	+ 10.0%	- 7.1%
Meat and Other - Canada	39.4	+ 5.25%	- 7.6%

On this basis management concluded that no reasonably possible changes in key assumptions would cause the carrying amount of any cash-generating unit with goodwill, quota and/or brand names to exceed its recoverable amount.

Concessions, licenses and quota

In 2011, concessions, licenses and quota amounted to EUR 54.0 million at 31 December 2011 (2010: EUR 53.0 million) and mainly consisted of quota which had been acquired in 2007 as part of the acquisition of Maple Leaf Animal Nutrition. Quota is an acquired right to sell poultry products in markets in which sales of these products are regulated and limited by the government and is recognised in Meat and Other (Canada).

Quota has an indefinite useful life as there is no indication of possible rescission of the quota system.

In 2011, no impairments have been recognised for concessions, licenses and quota (2010: nil).

Brand names

The useful lives of brand names have been determined on the basic factors, such as the economic environment, the expected use of an asset and related assets or groups of assets, and legal or other provisions that might limit the useful life. The main part of the brand names has an indefinite useful live.

The brand names of EUR 34.0 million (2010: EUR 28.3 million) are mainly related to the acquisition of Nutreco Canada's brand names Shur-Gain and Landmark Feeds in 2007, recognised in Animal Nutrition Canada, the brand name Fri-Ribe related to our Brazilian acquisition in 2009 and the brand name related to the acquisition of Tomboy in 2010.

The increase of brand names in 2011 of EUR 5.7 million relates to acquisition of Shihai for EUR 5.4 million, the positive effect of movement in foreign exchange rates for EUR 0.4 million and amortisation expenses for an amount of EUR 0.1 million.

Customer relationships

The remaining average amortisation period for customer relationships is nine years. The increase in 2011 of EUR 5.4 million relates to the positive effect of movement in foreign exchange rates for EUR 0.9 million, amortisation expenses for an amount of EUR 7.3 million and the acquisition of Shihai for EUR 11.8 million. The increase for acquisitions in 2010 of EUR 3.9 million relates to the acquisition of Tomboy.

The customer relationships mainly relates to the acquisition of Nutreco Canada in 2007, recognised for an amount of EUR 12.7 million (2010: EUR 16.7 million) in Animal Nutrition Canada and for EUR 1.7 million (2010: EUR 2.7 million) in Meat and Other. Furthermore, the customer relationships relates to the acquisition of Shihai in 2011 for an amount of EUR 12.2 million at 31 December 2011.

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

15 INVESTMENTS IN ASSOCIATES

Nutreco has the following investments in associates, directly or indirectly through subsidiaries:

(EUR x million)	Ownership		Amount	
	2011	**2010**	**2011**	**2010**
Couvoir Scott Ltée, Canada (Meat and Other)	50%	50%	9.8	10.3
Nanta de Venezuela C.A., Venezuela (Premix and Feed Specialties)	50%	50%	5.4	3.9
Advanced Nutrition Ltd., Canada (Animal Nutrition Canada)	50%	50%	-	-
Nieuwland Feed and Supply Ltd., Canada (Animal Nutrition Canada)	40%	40%	2.6	2.7
Gène-Alliance Inc., Canada (Meat and Other)	40%	40%	0.4	0.4
Yantzi's Feed & Seed Ltd., Canada (Animal Nutrition Canada)	40%	40%	0.4	0.2
Lactech Inc., Canada (Animal Nutrition Canada)	33%	33%	3.5	3.4
Ens partnership, Canada (Fish Feed)	33%	33%	1.1	1.0
Centre for Aquaculture Competence A/S (Fish Feed)	33%	33%	-	-
Beijing Dejia Honesty Livestock Import & Export Co. Ltd. (Premix and Feed Specialties)	20%	20%	-	-
BALANCE AT 31 DECEMBER			**23.2**	**21.9**

No goodwill has been recognised separately in relation to these investments in associates. Nutreco is not responsible for the (contingent) liabilities of the associates.

Changes in investments in associates

(EUR x million)	**2011**	**2010**
Balance at 1 January	**21.9**	**19.8**
Share in results	2.6	2.0
Dividends received	-2.0	-0.9
Disposals	-	-0.1
Effect of movement in foreign exchange	0.7	1.1
BALANCE AT 31 DECEMBER	**23.2**	**21.9**

Breakdown of the share in results of associates

(EUR x million)	2011	2010
Nanta de Venezuela C.A., Venezuela	1.5	0.9
Couvoir Scott Ltée, Canada	0.9	0.7
Nieuwland Feed and Supply Ltd., Canada	-	0.3
Gène-Alliance Inc., Canada	0.1	-
Yantzi's Feed & Seed Ltd., Canada	-	-
Advanced Nutrition Ltd., Canada	-	-
Ens partnership, Canada	-	-
Centre for Aquaculture Competence A/S, Norway	-	-
Lactech Inc., Canada	0.1	0.1
Beijing Dejia Honesty Livestock Import & Export Co. Ltd., China	-	-
TOTAL	**2.6**	**2.0**

In the statement of comprehensive income the share in results of associates and other investments of EUR 3.2 million (2010: EUR 2.2 million) includes the share in results of other investments for an amount of EUR 0.6 million (2010: EUR 0.2 million).

Main balance sheet items of associates

The breakdown of the main balance sheet items is as follows:

(EUR x million)	Premix and Feed Specialties	Fish Feed	Animal Nutrition Canada	Meat and Other	Total 2011	Total 2010
Total non-current assets	1.5	0.9	16.4	5.8	24.6	20.1
Total current assets	10.5	5.0	16.0	7.9	39.4	37.2
TOTAL ASSETS	**12.0**	**5.9**	**32.4**	**13.7**	**64.0**	**57.3**
Equity	5.2	0.8	13.3	7.0	26.3	27.5
Total non-current liabilities	0.2	-	5.5	0.7	6.4	3.7
Total current liabilities	6.6	5.1	13.6	6.0	31.3	26.1
TOTAL EQUITY AND LIABILITIES	**12.0**	**5.9**	**32.4**	**13.7**	**64.0**	**57.3**

These figures were stated based on the latest audited financial statements which have several dates ranging from 31 December 2010 to 31 July 2011.

The total revenue of these associates amounted to EUR 127.3 million and net profit amounted to EUR 3.9 million.

16 OTHER INVESTMENTS

(EUR x million)	Equity securities		Debt securities		Other long-term investments		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Balance at 1 January	**4.1**	**3.8**	**36.1**	**39.6**	**0.0**	**-**	**40.2**	**43.4**
Share in result	0.6	0.2	-	-	-	-	0.6	0.2
Change in valuation	-	-	-4.6	1.1	-	-	-4.6	1.1
Additions	-	-	2.1	4.3	13.4	-	15.5	4.3
Disposals/loans repaid	-	-	-1.7	-3.7	-	-	-1.7	-3.7
Acquisitions through business combinations	-	-	-	0.2	-	-	0.0	0.2
Transfer from/(to) other balance sheet items	-	0.2	-3.5	-6.3	-	-	-3.5	-6.1
Dividends received	-0.6	-0.2	-	-	-	-	-0.6	-0.2
Reclassification to assets held for sale	-	-	-0.7	-	-	-	-0.7	0.0
Effect of movement in foreign exchange	-	0.1	-	0.9	-	-	0.0	1.0
BALANCE AT 31 DECEMBER	**4.1**	**4.1**	**27.7**	**36.1**	**13.4**	**0.0**	**45.2**	**40.2**

Equity securities

The equity securities consist of interests in several non-listed companies ranging from 1.8% up to 33.3% in which Nutreco does not have control or significant influence. In 2010, the investment in Isoporc Inc. has been transferred from Investments in associates to Other investments due to the sale of 16% of Nutreco's interest in Isoporc. With this transaction the interest in Isoporc Inc. is 17% at the reporting date.

The EUR 4.1 million includes interests in Hendrix Misr (33.3%), Sociedad Comercializadora de Aves, S.L. (34.96%), and Aragonesa de Piensos S.A. (23.98%), and other smaller equity interests. Nutreco does not participate in the management of these entities and is not able to exercise significant influence on the strategy and daily operations.

Other long-term investments

Other long-term investments include unlisted equity participations which have been transferred from the Dutch Nutreco Pension Fund to the Group.

Breakdown of debt securities

(EUR x million)	2011	2010
Loans to Aegon / Dutch Nutreco Pension Fund	7.4	12.1
Loan related to divestment Euribrid	3.4	7.0
Loans to customers	31.8	26.5
	42.6	**45.6**
Provision	-14.9	-9.5
BALANCE AT 31 DECEMBER	**27.7**	**36.1**

Loans to Aegon/Dutch Nutreco Pension Fund

The former loans to the Dutch Nutreco Pension Fund, granted during 2003 and 2004, consisted of a subordinated loan of EUR 7.0 million and a subordinated loan of EUR 5.1 million. The interest rate was one month Euribor plus 0.5%.

At 1 January 2011, the subordinated loans were transferred to Aegon as part of an agreement to place the Dutch pensions plan with the insurer Aegon with an interest rate of one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised cost, resulting in a carrying value of EUR 7.4 million as of 31 December 2011.

Loan related to divestment of Euribrid

At the balance sheet date a loan of EUR 7.5 million (2010: EUR 9.4 million) is related to Euribrid, a former investment of Nutreco divested in 2007. An interest rate of 5% is being charged by Nutreco. The interest-bearing value of this loan amounts to EUR 7.6 million (2010: EUR 9.6 million) and has been discounted for with a rate of 6.4% (2010: 6.9%), resulting in the above amount of EUR 7.5 million (2010: EUR 9.4 million). This loan is subordinated and has been accounted for under other investments for an amount of EUR 3.4 million (2010: EUR 7.0 million) and under trade and other receivables for EUR 4.1 million (2010: EUR 2.4 million).

Loans to customers

The loans to customers are mainly related to the sale of feed. Interest is charged based on normal business conditions. The loans to customers are amongst others transfers from short-term receivables, which were not paid within one year due to the financial situation of some of our customers. To the extent possible, loans are secured by pledges on assets such as livestock.

Provisions

The provision relates to loans to customers, which for the majority are located in China, Italy, Greece, Spain and Turkey. Reference is made to credit risk in Note 27.

17 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

Current tax receivables and liabilities

Classification of the current tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(EUR x million)	31 December 2011	31 December 2010
Income tax receivables	9.4	10.7
Income tax liabilities	-29.3	-17.5
NET CURRENT TAX LIABILITIES	**-19.9**	**-6.8**

The income tax receivables represent the amount of income taxes recoverable in respect of current and prior periods that exceeds taxes paid. Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

The movements of the net current assets and liabilities are as follows:

(EUR x million)	2011	2010
Balance at 1 January	**-6.8**	**-1.8**
Recognised in profit or loss	-46.0	-30.8
Recognised in other comprehensive income	-2.4	-
Payments	37.8	26.3
Acquisitions and divestments	-2.1	0.6
Transfer to/from deferred tax	-0.1	-1.0
Effect of movement in foreign exchange	-0.3	-0.1
BALANCE AT 31 DECEMBER	**-19.9**	**-6.8**

Deferred tax assets and liabilities

Classification of the deferred tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(EUR x million)	31 December 2011	31 December 2010
Deferred tax assets		
Deferred tax asset to be settled after more than 12 months	17.1	17.4
Deferred tax asset to be settled within 12 months	9.0	8.6
Total deferred tax assets	**26.1**	**26.0**
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	-31.1	-21.0
Deferred tax liabilities to be settled within 12 months	-	-3.3
Total deferred tax liabilities	**-31.1**	**-24.3**
NET DEFERRED TAX LIABILITIES/ASSETS	**-5.0**	**1.7**

The balance of deferred tax assets and liabilities decreased by EUR 6.8 million due to the changes presented in the table below:

(EUR x million)	2011	2010
Balance at 1 January	**1.7**	**10.9**
Recognised in profit or loss	0.5	-8.3
Recognised in other comprehensive income	0.8	-1.2
Acquisitions and divestments	-4.3	-0.8
Transfer to/from current tax	0.1	1.0
Reclassification to assets held for sale	-3.4	-
Effect of movement in foreign exchange	-0.4	0.1
BALANCE AT 31 DECEMBER	**-5.0**	**1.7**

The net deferred tax on valuation differences relates to the following balance sheet items:

(EUR x million)	Assets		Liabilities	
	2011	2010	2011	2010
Property, plant and equipment	-2.4	1.7	-10.3	-12.4
Intangible assets	11.5	11.8	-17.2	-11.3
Other non-current assets	-0.1	0.6	-0.2	-1.0
Inventories	-0.8	0.9	-3.6	-0.6
Biological assets	-1.6	0.5	-	-3.2
Trade and other receivables	8.1	8.2	1.1	-1.1
Employee benefits	0.7	3.5	0.1	-
Provisions	0.3	0.7	-1.0	-0.8
Trade and other payables	6.9	4.5	-0.7	-9.9
Total	**22.6**	**32.4**	**-31.8**	**-40.3**
NET DEFERRED TAX LIABILITIES ON VALUATION DIFFERENCES			**-9.2**	**-7.9**

A specification of the net operating losses is provided in the table below:

(EUR x million)	31 December 2011	31 December 2010
Net operating losses not recognised	46.9	55.2
Net operating losses recognised	13.8	35.5
NET OPERATING LOSSES	60.7	90.7

The decrease in net operating losses is mainly caused by timing differences of among others valuation of loans and inventories in the Netherlands.

The effect of net operating losses on the net deferred tax on valuation differences of EUR -9.2 million (2010: EUR 7.9 million), results in a net deferred tax asset of EUR 5.0 million (2010: EUR 1.7 million) and is summarised in the table below:

(EUR x million)	31 December 2011	31 December 2010
Net deferred tax liabilities on valuation differences	-9.2	-7.9
Deferred tax on tax loss carried forward	3.7	4.2
Netting net operating loss	0.5	5.4
NET DEFERRED TAX LIABILITIES/ASSETS	-5.0	1.7

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

Movements in recognised deferred taxation during 2011

(EUR x million)	Balance at 1 January 2011	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Reclassification to assets / liabilities held for sale	Effect of movement in foreign exchange	Other	Balance at 31 December 2011
Property, plant and equipment	-10.7	-0.9	-	-0.4	-1.0	-0.1	-	-13.1
Intangible assets	0.5	-1.5	-	-4.2	-	-0.3	-	-5.5
Other non-current assets	-0.4	0.4	0.8	-	-1.2	-0.1	0.1	-0.4
Inventories	0.3	-4.6	-	-	-	-0.1	-	-4.4
Biological assets	-2.7	1.1	-	-	-	-	-	-1.6
Trade and other receivables	7.1	2.0	-	-	-	0.1	-	9.2
Employee benefits	3.5	-2.7	-	-	-	-	-	0.8
Provisions	-0.1	-0.6	-	-	-	-	-	-0.7
Trade and other payables	-5.4	11.6	-	0.3	-	-	-	6.5
Tax loss carry-forwards	4.2	-0.5	-	-	-	-	-	3.7
Netting net operating losses	5.4	-3.8	-	-	-1.2	0.1	-	0.5
TOTAL	1.7	0.5	0.8	-4.3	-3.4	-0.4	0.1	-5.0

Movements in recognised deferred taxation during 2010

(EUR x million)	Balance at 1 January 2010	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance at 31 December 2010
Property, plant and equipment	-7.4	-2.5	-	-0.1	-0.7	-	-10.7
Intangible assets	3.0	-1.7	-	-0.7	-0.1	-	0.5
Other non-current assets	1.5	-1.8	-	-	-0.1	-	-0.4
Inventories	-	0.6	-	-	-0.3	-	0.3
Biological assets	-3.0	0.2	-	-	0.1	-	-2.7
Trade and other receivables	3.9	2.9	-	-	0.3	-	7.1
Employee benefits	3.0	0.1	-	-	0.4	-	3.5
Provisions	2.7	-2.9	-	-	0.1	-	-0.1
Trade and other payables	0.9	-5.3	-1.2	-	0.2	-	-5.4
Tax loss carry-forwards	2.0	1.9	-	-	0.3	-	4.2
Netting net operating losses	4.3	0.2	-	-	-0.1	1.0	5.4
TOTAL	**10.9**	**-8.3**	**-1.2**	**-0.8**	**0.1**	**1.0**	**1.7**

The unused income tax credits at 31 December 2011 amount to EUR 5.6 million and are included in other investments for an amount of EUR 3.8 million (2010: EUR 0.0 million) and other receivables for an amount of EUR 1.8 million (2010: EUR 3.1 million) and are mainly related to R&D tax credits in Canada and Spain.

Unrecognised net operating losses

The total of unrecognised net operating losses is EUR 46.9 million at the end of the financial year 2011 (2010: EUR 55.2 million) and will expire as follows:

(EUR x million)	31 December 2011	31 December 2010
Expiration < 5 years	1.4	3.0
Expiration 5-10 years	21.2	21.9
Expiration > 10 years	24.3	30.3
TOTAL	**46.9**	**55.2**

Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for future taxable income, management believes that it is more likely than not that sufficient tax profits will be available against which the benefits can be utilised. These unrecognised net operating losses mainly relate to acquisitions, restructuring and normal operating losses.

18 INVENTORIES

(EUR x million)	31 December 2011	31 December 2010
Raw materials	201.9	212.4
Finished products	94.9	96.6
TOTAL	**296.8**	**309.0**

There are no inventories pledged as security for liabilities.

In 2011, inventories decreased by EUR 12.2 million of which EUR 24.8 million is due to the reclassification to assets as held for sale. An increase of EUR 2.5 million relates to the positive effect of movement in foreign exchange rates, EUR 4.1 million relates to the acquisition of Shihai completed in 2011 and EUR 6.0 million relates to price and volume effects.

The rate of inventory turnover in 2011 for continuing business is 40 days (2010: 37 days).

The write-down of inventories to net realisable value amounted to EUR 5.8 million (2010: EUR 5.0 million), which is recognised in the lines ‘raw materials and consumables used’ and ‘changes in inventories of finished goods and work in progress’.

19 BIOLOGICAL ASSETS

(EUR x million)	2011	2010
Balance at 1 January	**127.8**	**104.9**
Expenses capitalised	745.1	671.2
Decrease due to sales	-186.4	-165.5
Decrease due to harvest	-543.4	-484.6
Change in fair value	0.3	1.0
Reclassification to assets held for sale	-2.9	-
Effect of movement in foreign exchange rates	-	0.8
BALANCE AT 31 DECEMBER	**140.5**	**127.8**

The increase of biological assets is mainly due to the increase in the number of pigs in Spain. Furthermore, the average weight of these pigs has increased by 16 kilo due to the demand for heavier pigs.

At balance sheet date, Nutreco has biological assets in Spain, Canada and the Netherlands related to pig livestock, poultry livestock, hatching eggs and a small amount of animals used for research purposes. In Spain, the poultry business is integrated whereby the fattened broilers are transferred from the fattening farm to our processing facility. The decrease of biological assets due to harvest as shown in the above movement schedule refers to these transfers. The poultry livestock in all other countries and the fattening pigs in Spain are sold externally which is reflected by the decrease due to sales.

The table below shows the biological assets per relevant country and applied valuation method:

(EUR x million)	Spain	Canada	Netherlands	Total
Fair value less cost to sell	110.2	3.0	0.2	113.4
At cost less accumulated depreciation and impairment losses	24.3	2.8	-	27.1
CARRYING AMOUNT AT 31 DECEMBER 2011	**134.5**	**5.8**	**0.2**	**140.5**
Fair value less cost to sell	94.8	3.2	2.9	100.9
At cost less accumulated depreciation and impairment losses	24.3	2.6	-	26.9
CARRYING AMOUNT AT 31 DECEMBER 2010	**119.1**	**5.8**	**2.9**	**127.8**

Spain

The value and the volumes of the biological assets in Spain can be summarised as follows:

(EUR x million)	2011			2010		
	Poultry livestock	Pig livestock	Total	Poultry livestock	Pig livestock	Total
Fair value less cost to sell						
Broilers	26.6	-	26.6	27.2	-	27.2
Hatching eggs	2.8	-	2.8	2.7	-	2.7
Fattening pigs	-	80.8	80.8	-	64.9	64.9
Total	**29.4**	**80.8**	**110.2**	**29.9**	**64.9**	**94.8**
At cost less accumulated depreciation and impairment losses						
Parent stock:						
Gross carrying amount	12.7	19.9	32.6	12.4	18.0	30.4
Accumulated depreciation and impairment losses	-4.2	-4.1	-8.3	-3.6	-2.5	-6.1
Total	**8.5**	**15.8**	**24.3**	**8.8**	**15.5**	**24.3**
CARRYING AMOUNT AT 31 DECEMBER	**37.9**	**96.6**	**134.5**	**38.7**	**80.4**	**119.1**

(Volumes x million)	2011			2010		
	Poultry livestock	Pig livestock	Total	Poultry livestock	Pig livestock	Total
Broilers	19.3	-	19.3	20.3	-	20.3
Hatching eggs	13.3	-	13.3	13.0	-	13.0
Fattening pigs	-	0.7	0.7	-	0.6	0.6
Parent stock	1.2	0.1	1.3	1.3	0.1	1.4
NUMBER OF ANIMALS AT 31 DECEMBER	**33.8**	**0.8**	**34.6**	**34.6**	**0.7**	**35.3**

Poultry livestock

In financial year 2011 Nutreco processed 139.0 million animals (2010: 142.5 million).

Parent stock

Parent stock refers to hens and is held for the production of hatching eggs. The eggs are transferred to hatcheries and hatched to become day-old-chicks. The day-old-chicks are transferred to the fattening farm and fattened in about 7 weeks to become a broiler. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and the amount of eggs a hen will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Costs include all production costs incurred during the rearing phase (e.g. cost of a day-oldchick, feed costs, medication and farmer fees). Parent stock is depreciated using a straight-line method starting from the laying phase and taking into account a small residual value (i.e. slaughter value). The depreciation period is approximately 40 weeks.

Broilers

In Spain, there is an active market for broilers which provides weekly quoted market prices (“Lonja price”). This Lonja price is by all market participants seen as a reference or target price. The actual price is established on the basis of demand and supply in the market and usually deviates from the Lonja price. Therefore, we do not consider the Lonja price a reliable estimate of fair value.

In accordance with IAS 41.18, other techniques should be used to estimate fair value. Management considers the most recent achieved price (reference price) with a major customer as the most reliable estimate of fair value. This reference price is used as a basis for the input costs for the poultry production process. The fair value of broilers is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of day-old chick, feed, medication and farmer fees). The fattening process takes about 7 weeks. The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs

Hatching eggs are used for the production of day-old-chicks for the fattening process. There is no active market with quoted market prices for hatching eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Market prices for similar assets are also not available. The fair value of hatching eggs is determined in a similar way as the fair value of broilers. The growth cycle of a broiler starts with a hatching egg and accordingly a proportional part of the broiler margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase e.g. depreciation, feed, medication and farmer fees.

Pig livestock

In financial year 2011 Nutreco sold approximately 957,000 fattening pigs (2010: approximately 958,000).

Parent stock

Parent stock refers to sows (grandmothers and mothers) and a limited number of boars (male pigs). Grandmothers are held for the production of piglets that become sows. Sows are held for the production of piglets that are transferred to the fattening process. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these pigs. Other references to market prices such as market prices for similar assets are also not available.

Valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to mortality rates and the amount of piglets a sow will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Cost includes all costs during the growth cycle (e.g. cost of a piglet, feed costs, medication, and farmer fees). Parent stock is depreciated using a straight-line method starting from the reproduction phase and taking into account a residual value (i.e. slaughter value). The depreciation period is approximately 30 months.

The offspring of a sow is initially recognised when the birth has proven successful and the piglets are healthy. The value of a piglet before birth is therefore reflected in the value of the pregnant sow. The value of the unborn piglets is based on the costs incurred for the sow mother during her pregnancy. At balance sheet date, the value of the unborn piglets amounts to EUR 4.8 million (2010: EUR 5.0 million) and is presented in the gross carrying amount of the parent stock.

Fattening pigs

In Spain, there is an active market for fattening pigs which provides weekly quoted market prices (“Lonja price”). However, these quoted market prices are only used by a limited number of market participants and can only be interpreted as a reference price. In general, pig prices are established on the basis of negotiation between pig producers and pig meat processors. Therefore, we do not consider the Lonja price a reliable estimate of fair value. In accordance with IAS 41.18, other techniques should be used to estimate fair value. Management considers the most recent achieved transaction price (reference price) with major customers as the most reliable estimate of fair value. The fair value of fattening pigs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of piglet, feed, medication and farmer fees). The fattening process takes about 19 weeks. The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Canada

The value and the volumes of the biological assets in Canada can be summarised as follows:

(EUR x million)	2011	2010
Fair value less cost to sell		
Broilers	1.5	1.6
Hatching eggs	1.0	1.0
Turkeys	0.5	0.6
Total	**3.0**	**3.2**
At cost less accumulated depreciation and impairment losses		
Parent stock		
Gross carrying amount	8.1	7.5
Accumulated depreciation and impairment losses	-5.3	-4.9
Total	**2.8**	**2.6**
CARRYING AMOUNT AT 31 DECEMBER	**5.8**	**5.8**

(Volumes x million)	2011	2010
Broilers	0.8	1.2
Hatching eggs	2.8	5.1
Turkeys	0.1	0.1
Parent stock	1.5	0.6
NUMBER OF ANIMALS AT 31 DECEMBER	**5.2**	**7.0**

Poultry livestock

Parent stock

Parent stock refers to chicken breeders and laying hens. Chicken breeders are held for the production of hatching eggs in order to produce day-old-chicks. Laying hens are held for the production of embryonated eggs. The accounting treatment for parent stock is similar as to the parent stock in Spain. The depreciation period for chicken breeders and laying hens is 28 weeks and 44 weeks respectively.

Broilers & turkeys

In Canada, there is an active market for broilers and turkeys. Market prices for broilers & turkeys are established by provincial marketing boards who act as sales agents for the poultry producers. The fair value of broilers and turkeys is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle and include cost of day-old chick, feed, medication and other direct production costs. Broilers are marketed at about 6 weeks and turkeys at about 13 or 17 weeks dependent of the bird's type. The margin is derived from the market price as set by the provincial marketing boards and cost and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs

Hatching eggs are both used for the production of day-old-chicks and for the production of embryonated eggs which are sold to the pharmaceutical industry. There is no active market with quoted market prices for hatching or embryonated eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Also market prices for similar assets are also not available. The fair value of hatching eggs is determined in a similar way as the fair value of broilers & turkeys. The growth cycle of a broiler or turkey starts with a hatching egg and accordingly a proportional part of the broiler or turkey margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase (e.g. depreciation, feed, medication and farmer fees). Embryonated eggs are sold to the open market and therefore a recent market transaction price is available. The fair value of embryonated eggs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale.

Other biological assets

In Canada, a limited number of animals (i.e. dairy cows and hogs) are held by the research & development department for research purpose. These animals are measured at cost and re-valued to slaughter value.

The Netherlands

The biological assets in the Netherlands amount to EUR 0.2 million (2010: EUR 2.9 million). This decrease is mainly related to the reclassification to assets classified as held for sale.
A limited number of animals (i.e. dairy cows and hogs) are held by the research & development department for research purpose. These animals are measured at cost and re-valued to slaughter value.

20 TRADE AND OTHER RECEIVABLES

(EUR x million)	31 December 2011	31 December 2010
Trade receivables – third parties	653.1	598.9
Trade receivables – related parties	2.6	2.5
Trade receivables	**655.7**	**601.4**
Prepayments	14.2	24.5
Tax receivable (no income tax)	23.6	21.8
Fair value foreign exchange derivatives	9.8	4.2
Fair value interest rate derivatives	2.3	1.0
Other	36.4	21.8
Total other receivables	**86.3**	**73.3**
TOTAL TRADE AND OTHER RECEIVABLES	**742.0**	**674.7**

Trade receivables are shown net of impairment losses amounting to EUR 73.4 million (2010: EUR 64.1 million). In 2011, EUR 18.5 million (2010: EUR 9.8 million) was charged through profit or loss, of which EUR 25.4 million (2010: EUR 20.5 million) was recognised as impairment losses and EUR 6.9 million (2010: EUR 10.7 million) was recognised as a reversal of impairment losses. See also Note 27.

Days sales outstanding (= turnover rate trade debtors) is 53 days (2010: 47 days).

Nutreco's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 27.

Nutreco has credit insurance, in a number of countries, to mitigate the credit risk on customers. In some countries, mainly Spain, part of credit risk on customers is mitigated by non-recourse factoring for an amount of EUR 70.6 million (2010: EUR 58.4 million).

In 2011, trade and other receivables increased by EUR 67.3 million of which EUR 4.8 million relates to the positive effect of movement in foreign exchange rates, EUR 29.8 million relates to the acquisition of Shihai completed in 2011, EUR 94.2 million relates to price and volume effects and a decrease of EUR 60.1 million is due to the reclassification as assets held for sale.

Receivables which will be due after one year are presented as debt securities, as part of other investments.

The following table shows the fair value of derivative financial instruments per hedge category:

(EUR x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge acccounting
Derivative financial instruments at 31 December 2011					
Fair value foreign exchange derivatives	9.8	8.2	1.5	0.1	-
Fair value interest rate derivatives	2.3	-	-	-	2.3
TOTAL FAIR VALUE	**12.1**	**8.2**	**1.5**	**0.1**	**2.3**
Derivative financial instruments at 31 December 2010					
Fair value foreign exchange derivatives	4.2	3.0	0.8	0.4	-
Fair value interest rate derivatives	1.0	-	-	-	1.0
TOTAL FAIR VALUE	**5.2**	**3.0**	**0.8**	**0.4**	**1.0**

21 CASH AND CASH EQUIVALENTS

(EUR x million)	31 December 2011	31 December 2010
Deposits	3.3	69.7
Bank accounts	162.1	151.7
Transit/cheques	11.4	9.0
In hand	-	0.4
Cash and cash equivalents	**176.8**	**230.8**
Bank overdrafts	-43.8	-87.8
Cash and cash equivalents in the cash flow statement - continuing operations	**133.0**	**143.0**
Cash and cash equivalents - discontinued operations	3.7	-
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	**136.7**	**143.0**

Cash and cash equivalents are at Nutreco's free disposal (see Note 27). Bank overdrafts are included in the interest-bearing borrowings (current) in the balance sheet (see Note 23).

22 EQUITY ATTRIBUTABLE TO THE OWNERS OF NUTRECO

Share capital

	Number of shares (x million)		Amount (EUR x million)	
	2011	2010	2011	2010
Authorised share capital				
Ordinary shares	55	55	13.2	13.2
Cumulative preference shares 'A'	16	16	3.8	3.8
Cumulative preference shares 'D'	71	71	17.0	17.0
Cumulative preference shares 'E'	31	31	7.5	7.5
BALANCE AT 31 DECEMBER	**173**	**173**	**41.5**	**41.5**

The authorised share capital of Nutreco amounts to EUR 41,520,000 and consists of 55 million ordinary shares, 16 million cumulative preference shares 'A', 71 million cumulative preference shares 'D' and 31 million cumulative financing preference shares 'E', all with a nominal value of EUR 0.24.

During the year under review, no shares were issued and 650,000 ordinary shares were repurchased. At 31 December 2011 no cumulative financing preference shares 'A', 'D' or 'E' were outstanding (2010: 4,993,200 cumulative preference shares 'A').

At 31 December 2011, a total of 35,118,682 (2010: 40,111,882) ordinary shares had been issued, consisting of 35,118,682 (2010: 35,118,682) shares which are fully paid up and listed on the NYSE Euronext Amsterdam, and 352,847 ordinary shares (2010: 155,822) which were held in treasury.

Cumulative preference 'A' shares

Cumulative preference shares 'A' entitle the holder to a right of approval regarding certain decisions. These include the resolution to amend certain articles of the Articles of Association, to issue cumulative preference shares 'A', to appoint the Executive Board as the authorised board to issue cumulative preference shares 'A' and to authorise the Executive Board to acquire shares in the Company's own capital, and resolutions to reduce the issued share capital. The 4,993,200 cumulative preference shares 'A', issued in 1996 and 1997, were repurchased at 31 December 2010 for an amount of EUR 54.5 million and were withdrawn in March 2011.

Cumulative preference (anti-takeover construction) 'D' shares

The objective of the 'Stichting Continuïteit Nutreco' (Foundation), established in 1997, is to care for and protect the interests and continuity of the Company, its enterprise(s) connected therewith and all of those involved by, amongst other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests. A call-option agreement has been entered into between the Foundation and Nutreco N.V., that enables the Foundation to acquire Nutreco preference shares 'D' up to a maximum equal to the number of outstanding shares issued at the date in question. In case of a (gradual) acquisition of or an offer by a third party for the Nutreco shares, the Foundation may only exercise the call option in case such build-up of shares or offer has not received the support of the Executive Board and the Supervisory Board of Nutreco N.V.

At balance sheet date, the Board of the Foundation consisted of the following members:

- Mr J. Veltman (chairman)
- Mr P. Barbas
- Mr C. van den Boogert
- Prof J. Huizink
- Mr J.G. van der Werf

The Executive Board of Nutreco N.V. and the Board of Stichting Continuïteit Nutreco are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in article 5:71c of the Dutch Act on Financial Supervision (Wet op het financieel Toezicht) and section 2:118a par. 3 of the Dutch Civil Code.

Cumulative preference (financing) 'E' shares

The Articles of Association incorporate the possibility to issue cumulative preference shares 'E' for financing purposes. The authorisation to issue cumulative preference shares 'E' is dependent on a specific authorisation which will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class.

Issuance of shares and pre-emptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Executive Board for a period of time not exceeding five years.

The General Meeting of Shareholders approved a delegation of this authority to the Executive Board, relating to the issuance and/or granting of rights to acquire common shares up to a maximum of 10% (and 20% in case of mergers and acquisitions) of the issued common shares through 28 September 2012, subject to the approval of the Supervisory Board.

Upon the issuance of new ordinary shares, holders of Nutreco' s ordinary shares have a pre-emptive right to subscribe to ordinary shares in proportion to the total amount of their existing holdings of Nutreco' s ordinary shares. This pre-emptive right does not apply to any issuance of shares to employees of Nutreco or a group company of Nutreco. The General Meeting of Shareholders may decide to restrict or exclude pre-emptive rights and may also resolve to designate the Executive Board as the corporate body authorised to restrict or exclude pre-emptive rights for a period not exceeding five years. The General Meeting of Shareholders has delegated to the Executive Board, subject to approval of the Supervisory Board, the authority to restrict or exclude the pre-emptive rights of holders of ordinary shares upon the issuance of ordinary shares and/or upon the granting of rights to subscribe for ordinary shares through 28 September 2012.

Repurchase of shares

Nutreco may acquire fully paid up shares of any class in its capital for a consideration only following authorization by the General Meeting of Shareholders and subject to certain provisions of Dutch law and the Company's Articles of Association, if (i) shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Nutreco's Articles of Association; and (ii) Nutreco and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 20% of the issued share capital.

The Executive Board has been authorised through 28 September 2012 to acquire ordinary shares in the Company up to a maximum of 10% of the issued share capital, subject to the approval of the Supervisory Board. Such acquisition of shares, at the stock exchange or otherwise, will take place at a price between par value and 110% of the average price of the shares at NYSE Euronext Amsterdam calculated over the 5 trading days prior to the acquisition as published in the Officiële Prijscourant of NYSE Euronext Amsterdam.

Treasury shares

Treasury shares are accounted for as a reduction of the equity attributable to the owners of the parent. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury stock on a First In First Out (FIFO) basis. Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

During the year under review, Nutreco acquired 650,000 (2010: 600,000) of its issued ordinary shares through purchases on the Euronext Stock Exchange. The total amount paid in 2011 to acquire these shares was EUR 40.5 million (2010: EUR 30.3 million) and these shares are held as treasury shares. Furthermore, Nutreco acquired 111,597 (2010: 54,339) of its issued ordinary shares through purchases from its employees' vested shares amongst others to satisfy taxes due.

The Company has the right to re-issue these shares at a later date. The shares are held in treasury for delivery upon exercise of share-based payments, liabilities arising from the employee share participation scheme and payment of (interim) stock dividend.

In 2011 Nutreco re-issued 564,572 (2010: 614,830) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of EUR 29.1 million (2010: EUR 24.3 million).

As of 2010, Nutreco holds treasury shares for its liabilities for performance plans. In previous years, performance plan shares were conditionally held by the beneficial employees.

The movements in the treasury shares can be summarised as follows:

	Number of shares		Amount (EUR x 1,000)	
	2011	2010	2011	2010
Balance at 1 January	**155,822**	**123,913**	**7,267**	**1,261**
Options exercised	-	-7,600	-	-2
Employee share participation scheme	-16,412	-17,920	-765	-4
Share repurchase/issuance	761,597	654,339	40,466	30,333
(Interim) stock dividend	-478,373	-601,405	-25,028	-25,005
Performance shares	-69,787	4,495	-3,263	684
BALANCE AT 31 DECEMBER	**352,847**	**155,822**	**18,677**	**7,267**

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As at 31 December 2011 the hedging reserve amounted to EUR -5.5 million (2010: EUR -8.7 million).

Cash flow hedges have been defined for foreign exchange deals related to forecast transactions and corn futures which will both mature within 12 months and for an interest rate swap which will mature in 2016. The change in fair value related to the foreign exchange derivatives amounted to EUR 2.9 million as at 31 December 2011 (2010: EUR -1.7 million), the change in fair value related to the corn futures amounted to EUR 0.0 million (2010: EUR -0.1 million), and the change in fair value related to the interest rate swaps amounted to EUR -3.5 million as at 31 December 2011 (2010: EUR -6.9 million).

All cash flow hedges are highly effective as at 31 December 2011; during 2011 no material ineffectiveness is recognised in profit or loss.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature, and liabilities that are used as hedging instrument in a net investment. As at 31 December 2011 the translation reserve amounted to EUR -1.8 million (2010: EUR -0.9 million). The decrease of EUR 0.9 million was mainly caused by fluctuations of the Chinese yuan, the US dollar, and the Brazilian real.

Dividends

On 21 April 2011 the Company delivered 281,896 shares as a final stock dividend over the year 2010. The cash dividend was paid out on the same date and amounted to EUR 19.1 million (2010: EUR 19.2 million).

In August 2011, the Company paid out an interim dividend over the year 2011 of EUR 0.50 in cash per ordinary share. 196,477 shares have been delivered as an interim stock dividend. On 18 August 2011, the remaining interim dividend of EUR 8.7 million (2010: EUR 9.0 million) was paid in cash out of the retained earnings.

After the balance sheet date the following dividends over the year 2011 were proposed by the Executive Board: The proposed dividend per ordinary share amounts to EUR 1.80 (2010: EUR 1.50). The final dividend of EUR 1.30 (2010: EUR 1.00) will be payable in cash or shares at the shareholder's option. The value of the stock dividend will be virtually equal to the cash dividend. The ex-dividend date is 29 March 2012.

The conversion ratio will be determined after trading hours on 13 April 2012, based on the weighted average share price on the last three days of the period allowed for shareholders to notify the Company of their preference, namely 11, 12 and 13 April 2012. Both the cash and stock dividends will be placed at the shareholders' disposal on 19 April 2012.

These dividends have not been provided for and income tax consequences are not recognised as a liability.

(Agreements with) major shareholders

Nutreco is neither directly nor indirectly owned nor controlled by another corporation or by any government. The Company does not know of any arrangements that may, at a subsequent date, result in a change of control except as described under Cumulative Preferred 'D' shares above.

The Code states as a best practice that all transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company shall be agreed under the conditions customary in this branch of industry. During 2011, the Company had dealings with ING, which declared a 11.28% interest. ING is a member of the bank syndicate which granted a syndicated bank loan in 2009 which was renewed in 2010. As part of this syndicated bank loan, financial transactions took place throughout the year with several banks, including ING. Such transactions were carried out subject to conditions customary for such transactions in this branch of industry.

Non-controlling interest

The non-controlling interest mainly consists of Piensos Nanfor (50%) and Piensos Nanpro (50%) in Spain and Trouw Nutrition Russia (10%). For disclosure on the change of non-controlling interest reference is made to note 6 Acquisitions.

The key items for profit or loss (based on the non-Nutreco share) for the non-controlling interests are shown in the table below:

(EUR x million)	2011	2010
Revenue	101.5	98.9
Gross margin	17.0	16.7
Operating result	3.5	4.2
TOTAL RESULT FOR THE PERIOD	**0.7**	**1.6**

23 INTEREST-BEARING BORROWINGS

Total interest-bearing borrowings are as follows:

(EUR x million)	31 December 2011	31 December 2010
Interest-bearing borrowings (non-current)	370.3	282.3
Interest-bearing borrowings (current)	58.4	155.8
TOTAL	**428.7**	**438.1**

The specification of interest-bearing borrowings (non-current) is as follows:

(EUR x million)	31 December 2011	31 December 2010
Syndicated loans	181.3	109.9
Private placement	177.4	170.1
Other long-term loans	11.6	2.3
TOTAL	**370.3**	**282.3**

The breakdown of interest-bearing borrowings (non-current) by currency:

(EUR x million)	31 December 2011	31 December 2010
US dollar	196.9	170.6
Canadian dollar	113.5	112.5
Norwegian krone	48.3	-
Euro	1.8	-1.6
Other currencies	9.8	0.8
TOTAL	**370.3**	**282.3**

The specification of interest-bearing borrowings (current) is as follows:

(EUR x million)	31 December 2011	31 December 2010
Bank overdrafts	43.8	87.8
Short-term loans	16.5	10.0
Current portion private placement	-	59.9
Capitalised refinancing costs	-1.9	-1.9
TOTAL	**58.4**	**155.8**

Syndicated loan

In May 2010, Nutreco extended the maturity of the revolving credit facility from May 2012 to May 2014 and decreased the total amount of the facility to EUR 500.0 million. The credit facility may be used for loans in various currencies. The facility is granted by an international syndicate of banks.

The financial covenants of the syndicated loan facility are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. During 2011, Nutreco remained well within the financial covenants agreed upon with the syndicated loan facility. Reference is made to chapter capital risk management in Note 27.

The interest rates are based on Euribor or Libor of the applicable currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA. As a result of the amendment in May 2010, interest margin and commitment fees have decreased compared to the former conditions.

At 31 December 2011, an amount of EUR 181.3 million (2010: EUR 109.9 million) was drawn under the EUR 500.0 million syndicated loan facility.

Private placements

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The senior notes consist of three tranches of which the first two tranches of USD 46.0 million and USD 80.0 million matured in respectively 2009 and 2011. The third tranche of USD 78.0 million will mature in 2014.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches of USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in respectively 2014, 2016 and 2019.

At 31 December 2011, the private placements amounted to USD 228.0 million (2010: USD 308.0 million, including the current portion of USD 80.0 million).

The financial covenants of the private placements are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. Interest rates are fixed for the life of each of the five tranches. During 2011, Nutreco remained well within the financial covenants agreed upon with the private placements. Reference is made to chapter capital risk management in Note 27.

Uncommitted facilities

In addition to the syndicated loan facility and the private placements, credit facilities of EUR 380.6 million (2010: EUR 298.5 million) are available to Nutreco.

Of the total facilities of EUR 1,056.6 million (2010: 1,029.1 million) an amount of EUR 428.7 million (2010: 438.1 million) had been used as of 31 December 2011. Reference is made to liquidity risk in Note 27.

The average fixed interest rate on the interest-bearing borrowings was 5.48% as at 31 December 2011 (2010: 6.61%) and the average variable interest rate on the interest-bearing borrowings was 4.05% as at 31 December 2011 (2010: 4.78%). The interest rates of the major currencies ranged from 1.87% to 8.22% (2010: 4.53% to 8.22%) depending on the currency of the interest-bearing borrowings. Reference is made to interest rate risk in Note 27.

Securities

All credit facilities are unsecured except for some standalone credit facilities of not fully-owned subsidiaries. Most of the credit facility agreements contain negative pledge and pari passu clauses. Several Group companies are jointly and severally liable for the amounts due to credit institutions.

24 EMPLOYEE BENEFITS

Employee benefits

The components of the employee benefits for the financial years 2011 and 2010 are shown in the following table:

(EUR x million)	31 December 2011	31 December 2010
Present value of funded obligations	129.4	111.2
Present value of unfunded obligations	5.5	4.0
Fair value of plan assets	-102.2	-92.0
Present value of net obligations	**32.7**	**23.2**
Unrecognised actuarial gains and losses	-28.8	-19.4
Unrecognised past service costs	-0.2	-
Restriction on asset recognition	-	1.0
Recognised liability for defined benefit obligations	**3.7**	**4.8**
Liability for defined contribution obligations	2.0	1.8
Liability for long-term service obligations	3.9	4.0
Liability for wages and variable payments to be paid	32.2	31.6
Accrued holiday entitlements	11.8	11.6
Reclassification to liabilities held for sale	-9.0	-
TOTAL EMPLOYEE BENEFITS	**44.6**	**53.8**
Non-current employee benefits (non-current assets)	-6.1	-5.2
Non-current employee benefits (non-current liabilities)	11.7	15.0
Current employee benefits (current liabilities)	39.0	44.0

Expenses and income recognised in profit or loss

(EUR x million)	2011	2010
Current service cost	1.9	1.8
Interest cost	6.0	6.9
Expected return on plan assets	-5.4	-6.0
Curtailment result	-	-2.7
Change of restriction on asset recognition	-1.0	1.0
Settlement result	-	1.5
Amortisation of unrecognised gains/losses	1.9	0.3
Expenses related to defined benefit obligations	**3.4**	**2.8**
Expense related to defined contribution obligations	14.1	9.8
Expense arising from long-term service obligations	0.1	0.1
Expense arising from performance shares	3.5	3.5
Expense arising from employee share participation plan	0.1	0.1
Other expenses	**17.8**	**13.5**
TOTAL EXPENSES AND INCOME RECOGNISED IN PROFIT OR LOSS	**21.2**	**16.3**

The expenses and income are recognised in personnel cost in profit or loss (see Note 8).

Nutreco expects EUR 5.8 million in contributions to be paid to post-employment defined benefit plans for the year ending 31 December 2012 (2011: EUR 3.3 million).

Defined benefit obligations

Employee pension plans have been established in a number of countries in accordance with legal requirements and the local situation in the countries involved. The Company also sponsors a number of defined benefit pension plans. The benefits provided by these plans are based on employees' years of service and compensation levels.

The measurement date for all defined benefit plans is 31 December 2011.

As at 31 December 2011, Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, Mexico, Norway, and the United Kingdom.

The table below provides a summary of the number of employees participating in a defined benefit pension plan:

(Number of participants)	Active		Deferred		Pensioners		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
United Kingdom	-	-	308	308	116	116	424	424
Canada	256	266	20	17	16	8	292	291
Belgium	97	106	49	46	-	-	146	152
Norway	-	-	-	-	41	45	41	45
Germany	81	80	13	15	38	39	132	134
Italy	53	155	-	-	-	-	53	155
Mexico	254	-	-	-	-	-	254	0
France	78	73	-	-	-	-	78	73
TOTAL	**819**	**680**	**390**	**386**	**211**	**208**	**1,420**	**1,274**

The increase in participants is due to the incorporation of the defined benefit plans for the entities in Mexico.

In 2010, a new agreement was approved in relation to the early retirement plan in Norway. This means a curtailment gain of EUR 0.7 million has been recognised and future rights will no longer be accounted for in this plan.

At 31 December 2010, the obligation of the Dutch Sloten pension plan was transferred to an external insurer. In 2010, this transfer was accounted for as a plan settlement, with the obligation and associated assets removed from the balance sheet. The settlement of the defined benefit pension plan resulted in a curtailment gain of EUR 2.0 million and a settlement loss of EUR 1.5 million.

Plan assets related to defined benefit obligations

The plan assets consist of the following:

(EUR x million)	31 December 2011		31 December 2010	
	Amount	%	Amount	%
Government bonds	27.7	27	25.7	28
Equity securities	41.0	40	37.3	40
Insurance	32.4	32	27.7	30
Real estate	1.1	1	1.3	2
TOTAL	**102.2**	**100**	**92.0**	**100**

Movement in the present value of the defined benefit obligations

The funded status of the pension plans and the amounts recognised as a Company liability are as follows:

(EUR x million)	2011	2010
Present value of defined benefit obligations at 1 January	**115.2**	**118.3**
Current service cost	1.9	1.8
Interest cost	6.0	6.9
Contributions by plan participants	0.4	0.4
Actuarial gains and losses	11.7	9.6
Effect of movement in foreign exchange rates	2.7	6.6
Benefits paid	-3.9	-4.8
Incorporation Mexico	0.9	-
Curtailments	-	-2.7
Settlements	-	-20.9
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS AT 31 DECEMBER	**134.9**	**115.2**

Movement in the fair value of plan assets related to defined benefit obligations

The fair value of the plan assets of the pension plans are as follows:

(EUR x million)	2011	2010
Fair value of plan assets at 1 January	**92.0**	**101.7**
Expected return on plan assets	5.4	6.0
Actuarial gains and losses	1.2	2.3
Effect of movement in foreign exchange rates	2.1	5.4
Contributions by the employer	5.0	4.5
Contributions by plan participants	0.4	0.4
Benefits paid	-3.9	-4.8
Settlements	-	-23.5
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**102.2**	**92.0**

The actual return on plan assets was EUR 6.6 million (2010: EUR 8.3 million). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Actuarial assumptions

(%)	Discount rate		Long-term rate of return on assets		Salary increases		Inflation (RPI)	
	2011	2010	2011	2010	2011	2010	2011	2010
United Kingdom	5.0	5.5	4.5	5.6	-	-	3.3	3.7
Canada	4.3	5.3	7.0	7.0	3.5	3.5	2.0	2.5
Belgium	4.7	5.4	5.3	6.0	3.5	3.5	2.0	2.0
Norway	2.5	4.0	4.7	5.5	3.8	3.8	2.5	2.5
Germany	4.7	5.4	4.5	4.5	2.5	2.5	2.0	2.0
Italy	4.7	5.4	-	-	-	-	2.0	2.0
Mexico	7.3	-	-	-	5.0	-	4.0	-
France	4.7	5.4	4.0	4.3	2.3	2.3	2.0	2.0
Netherlands	-	5.4	-	4.0	-	3.5	-	2.0
AVERAGE	**4.6**	**5.4**	**5.5**	**5.6**	**3.5**	**3.5**	**3.0**	**3.0**

Historical information of experience gains and losses

(EUR x million)	2011	2010	2009	2008	2007
Present value of defined benefit obligation	134.9	115.2	118.3	95.9	127.8
Fair value of plan assets	-102.2	-92.0	-101.7	-87.4	-117.7
DEFICIT	**32.7**	**23.2**	**16.6**	**8.5**	**10.1**
Experience gains/(losses) on plan liabilities	0.1	-1.9	0.8	6.3	2.0
Experience gains/(losses) on plan assets	1.2	2.3	3.9	-17.2	-2.7

Sensitivity analysis

Assuming discount rates can have a significant effect on the defined benefit obligation reported for the employee benefit plans, a sensitivity analysis was performed. A 0.5% change in the assumed discount rates in the discount rate would have the following effects as at 31 December 2011.

(EUR x million)	Discount rate in %	Benefit obligation determined at		
		Discount rate used	Discount rate +0.5%	Discount rate -0.5%
United Kingdom	4.7	59.8	54.4	66.0
Canada	7.3	55.1	50.8	59.8
Belgium	2.5	7.0	6.5	7.4
Norway	4.7	5.8	5.5	6.2
Germany	5.0	3.4	3.2	3.6
Italy	4.3	2.3	2.2	2.4
Mexico	4.7	0.9	0.9	1.0
France	4.7	0.6	0.5	0.6
TOTAL		**134.9**	**124.0**	**147.0**

Risks related to pension plans

Defined benefit plans

Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, Mexico, Norway, and the United Kingdom. The plans cover 1,420 (2010: 1,274) persons currently or previously employed within the Group. These plans require detailed reporting and disclosure information for the financial statements. The increase in persons is due to the incorporation of the defined benefit plans for the entities in Mexico.

The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pension plans in order to forecast the financial consequences hereof and to take actions in time.

The 2012 estimated pension expense of EUR 4.3 million is higher than the 2011 pension expense of EUR 3.4 million, primarily due to the amortisations of actuarial losses resulting from a reduction in the discount rate in previous years and expected poor asset performance during the financial year 2011.

Defined contribution plans

In addition to defined benefit plans Nutreco is engaged in defined contribution agreements with local pension funds of which the Dutch Nutreco Pension Fund was the most important. At the reporting date the fund covers approximately 1,200 persons currently employed by Nutreco. Since 1 January 2011, the defined contributions agreements of the Dutch Nutreco Pension Fund are transferred to Aegon.

Share-based compensation

To stimulate the realization of long-term Company objectives and goals, Nutreco N.V. has share based incentive plans. Following is an overview.

Performance shares 2006 – Interim long-term incentive plan

The proposal to put in place an interim long-term incentive plan for the Executive Board exclusively for the year 2006 was adopted at the Annual General Meeting of Shareholders of 18 May 2006. Under this interim plan, in 2006 performance shares were granted, subject to a number of conditions. At the Annual General Meeting of Shareholders of 2008, the Supervisory Board reported on the achievement of the different performance targets set in 2006 and informed the Annual General Meeting of Shareholders that it had resolved to the vesting of 70,000 performance shares, granted to the Executive Board under the interim long-term incentive plan of 2006 effective 18 May 2008. A five-year lockup restriction applies to these shares until 18 May 2013, or until the end of employment whichever is the shortest, with an allowance to sell shares to satisfy tax obligations resulting from the vesting of the performance shares. At the moment 20,166 shares are under the lock up.

Long-term incentive plan 2007

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

- On an annual basis, were the grant date is the first business day of that plan year, performance shares will be granted conditionally. The conditional grant will vest after three year and two months as of grant date.
- Vesting is subject to whether the Company achieves a pre-set level of the Total Shareholders' Return (TSR) relative to a peer group which was proposed to and approved by the General Meeting of Shareholders, consisting of all companies, except for Nutreco, listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments. The achievement of the performance conditions shall be audited by an independent auditor.
- No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the grant takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the grant if the Company achieves the number one position within the peer group.
- For members of the Executive Board a lockup will be effective for a period of five years after grant date or until the end of employment as Executive Board member, whichever is the shortest, with the allowance to sell shares as from vesting to satisfy taxes due.
- Participants of the plan are entitled to dividends each year on the number of shares granted, but these are only paid out in case of vesting.

In 2011 the number of performance shares conditionally awarded to the Executive Board amounted to 52,250 (2010: 56,302), of which the number of shares granted to the CEO amounted to 16,903 (2010: 19,848), to the CFO 11,581 (2010: 13,585), to the incoming CFO 7,922 (2010: 0) and to each of the COO's 7,922 (2010: 7,623).
In addition, a total of 73,743 (2010: 77,129) performance shares were awarded to a number of senior executives and senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of the two-year lock-up period after vesting which is not applicable for non-Executive Board participants. For the performance shares granted in 2007 and 2008 a different method of calculating the Total Shareholders' Return for the peer group for participants other than the Executive Board members was used. As from the grantings of 2009, for all participants the same method applies.

For the grants made under the 2009 Performance Share Plan, for which the performance period runs from 1 January 2009 until 31 December 2011, the Total Shareholders Return has resulted in a 5th position (2010: 5th position) within the ranking of the peer companies. Therefore this ranking will result in a vesting of 138% (2010: 137%) of the initial grant for the members of the Executive Board and of 138% (2010: 138%) for the other participants. The vesting date will be 1 March 2012 (three years and two months after the grant date).

Movements in LTI shares of the members of the Executive Board

The movements in the number of LTI shares outstanding of the members of the Executive Board can be summarised as follows:

(Number of shares)	Vesting	Expiration – restricted until	Balance at 1 January 2011	Granted in 2011	Vested in 2011[1]	Balance at 31 December 2011	
						To be vested	Restricted
W. Dekker							
2006	2008	2013	20,166				20,166
2007	2010	2012	8,176				8,176
2008[3]	2011	2013	21,000		28,770		14,558
2009[2]	2012	2014	32,000			32,000	
2010[2]	2013	2015	19,848			19,848	
2011[2]	2014	2016		16,903		16,903	
G. Boon							
2011[2]	2014	2016		7,922		7,922	
K. Nesse							
2008[3]	2011	2013	3,900		5,382		2,822
2009[2]	2012	2014	9,300			9,300	
2010[2]	2013	2015	7,623			7,623	
2011[2]	2014	2016		7,922		7,922	
J.A. Vergeer							
2008[3]	2011	2013	3,900		5,382		3,306
2009[2]	2012	2014	9,300			9,300	
2010[2]	2013	2015	7,623			7,623	
2011[2]	2014	2016		7,922		7,922	
C.J.M. van Rijn							
2006[4]	2008	n.a.	9,335				n.a.
2007[4]	2010	n.a.	5,825				n.a.
2008[4]	2011	n.a.	14,500		19,865		n.a.
2009[4]	2012	n.a.	22,000			n.a.	
2010[4]	2013	n.a.	13,585			n.a.	
2011[4]	2014	n.a.		11,581		n.a.	
F.J. Tielens							
2009[5]	2012	n.a.	9,300			n.a.	
2010[5]	2013	n.a.	7,623			n.a.	

1 *Vesting percentage in 2011: 138%.*
2 *If performance targets are met, vesting of the 2009, 2010, and 2011 performance shares will take place on 1 March 2012, 2013 and 2014, respectively. The shares are entitled to dividend and the dividend is restricted until 1 March 2012, 2013 and 2014, respectively.*
3 *After income tax.*
4 *Mr C.J.M van RIjn was member of the Executive Board until 26 September 2011.*
5 *Mr F.J. Tielens was member of the Executive Board until 1 March 2011.*

The economic value of the LTI shares in the year when granted was: 2008 EUR 22.56, 2009 EUR 15.16, 2010 EUR 25.91 and 2011 EUR 31.43.

In 2011, the share price on vesting date for LTI shares granted in 2008 was EUR 55.48. All shares that vest are subject to income tax.

Performance conversion plan

A performance conversion plan was introduced in 2007 for a range of senior executives and staff. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them (if any) in shares of the Company.
After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. In the year under review, 59 (2010: 45) managers opted to invest in a total of 8,390 (2010: 8,437)

shares. The performance conversion plan, which started in 2009, will be matched for 267% on 1 March 2012.

Employee share participation scheme

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

In February 2011, the Supervisory Board decided that the 2010 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought (including ESP bonus) 16,412 shares (2010: 17,920 shares).

Remuneration of members of the Executive Board and of the Supervisory Board

The remuneration for the members of the Executive Board is as follows:

(EUR)	Salary costs	Variabele payments	Pension costs	Total 2011	Total 2010
W. Dekker[1]	652,677	450,000	1,476,637	2,579,314	1,224,735
G. Boon[2]	324,463	228,430	48,855	601,748	-
K. Nesse	424,419	298,800	62,139	785,358	635,377
J.A. Vergeer	427,354	298,800	71,943	798,097	636,604
C.J.M. van Rijn[3]	489,288	273,000	150,315	912,603	879,498
F.J. Tielens[4]	664,414	105,307	30,704	800,425	622,750
TOTAL	**2,982,615**	**1,654,337**	**1,840,593**	**6,477,545**	**3,998,964**

1 In 2011, The Company made a one-off dotation of EUR 1.3 million to the pension scheme of the CEO as contractually already agreed in 2006, which compensated the CEO for an unintended value reduction of retirement benefits.
2 The figures of Mr G. Boon relate to the period 28 March 2011 - 31 December 2011.
3 Mr C.J.M. van Rijn stepped down from the Executive Board on 26 September 2011 and retired at 31 December 2011.
4 For 2011, the stated figures of Mr F.J. Tielens relate to the period 1 January 2011 - 31 August 2011 and include a severance payment of EUR 395,000 in conjunction with his departure from the Company.

The table below summarises profit or loss charges for performance shares of the members of the Executive Board:

(EUR)	2011	2010
W. Dekker	510,214	491,047
G. Boon[1]	87,478	-
K. Nesse	195,829	142,161
J.A. Vergeer	195,829	142,161
C.J.M. van Rijn[2]	229,836	337,542
F.J. Tielens[3]	81,487	112,833
	1,300,673	**1,225,744**

1 The figures of Mr G. Boon relate to the period 28 March 2011 - 31 December 2011.
2 Mr C.J.M. van Rijn stepped down from the Executive Board on 26 September 2011.
3 For 2011, the stated figures of Mr F.J. Tielens relate to the period 1 January 2011 - 31 August 2011.

The remuneration for the members of the Supervisory Board can be summarised as follows:

(EUR)	Board remuneration	Committee remuneration	Total 2011	Total 2010
R. Zwartendijk[1]	13,750	1,250	15,000	60,000
J.M. de Jong[2]	52,000	5,625	57,625	50,500
Y. Barbieux	-	-	-	26,500
R.J. Frohn	43,000	10,000	53,000	53,000
A. Puri[3]	43,000	11,250	54,250	50,500
H.W.P.M.A. Verhagen[4]	43,000	6,875	49,875	36,000
J.A.J. Vink	43,000	12,500	55,500	55,500
			285,250	**332,000**

1 Mr R. Zwartendijk was Chairman of the Supervisory Board and member of the Remuneration Committee until 28 March 2011.
2 Mr J.M. De Jong was member of the Supervisory Board until 28 March 2011 and is Chairman of the Supervisory Board as from 28 March 2011; he was Chairman of the Remuneration Committee until 28 March 2011 and is member of the Remuneration Committee as from 28 March 2011.
3 Mr A. Puri is member of the Remuneration Committee as from 28 March 2011.
4 Mrs H. Verhagen was member of the Remuneration Committee until 28 March 2011 and is Chairman of the Remuneration Committee as from 28 March 2011.

Shares owned by the Executive Board and Supervisory Board

Members of the Executive Board are shareholders of the Company. The table below shows the share holdings of the Executive Board.

(Number of shares)	31 December 2011	31 December 2010
Conditional shares		
W. Dekker	111,651	139,690
G. Boon	7,922	-
K. Nesse	27,667	20,823
J.A. Vergeer	28,151	20,823
C.J.M. van Rijn	n.a.	90,910
F.J. Tielens	n.a.	16,923
Available shares		
W. Dekker	38,500	-
G. Boon	-	-
K. Nesse	-	-
J.A. Vergeer	-	1,823
C.J.M. van Rijn	n.a.	687
F.J. Tielens	n.a.	150

Conditional shares are the total of unvested and restricted shares.

For the movement in shares held by the Executive Board and other managerial staff, please see page 162 of the consolidated financial statements.

None of the Supervisory Board members held any ordinary shares in 2011.

25 PROVISIONS

(EUR x million)	Restructuring	Claims	Total
Balance at 1 January 2011	**4.7**	**1.7**	**6.4**
Additions charged	11.6	1.6	13.2
Release	-	-0.2	-0.2
Utilised	-12.2	-0.4	-12.6
Reclassification to liabilities held for sale	-1.0	-0.8	-1.8
BALANCE AT 31 DECEMBER 2011	**3.1**	**1.9**	**5.0**
Non-current	0.6	1.5	2.1
Current	2.5	0.4	2.9

Restructuring

Provisions for restructuring include costs related to certain compensation to staff and costs which are directly associated with plans to execute specific activities and closing of facilities. For all restructuring provisions a detailed plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date.

The 2011 additions charged of EUR 11.6 million relate to the compound feed activities in Spain (acquired in 2009), the animal nutrition activities in Canada and the meat activities in Spain. An amount of EUR 1.9 million is recognised as other operating expenses and an amount of EUR 9.7 million is recognised as personnel expenses in the statement of comprehensive income.

Most restructuring expenses are expected to be paid within two years of the balance sheet date.

Claims and litigation

A number of claims as a result of normal course of business are pending against the Group. These claims, justified or not, were issued by suppliers, customers, former employees and consumers. The major part of the provision for claims as at 31 December 2011 consists of exposures from several customers of Nutreco which relate to discussions about past supplies.

Management ensures that these cases are firmly defended. In consultation with in-house and outside legal counsels, management regularly evaluates relevant facts and circumstances of those claims.
Nutreco has global liability insurance coverage with a self-insured retention and a maximum pay-out level.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated position of Nutreco. To the extent management has been able to estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2011. These provisions are reviewed periodically and adjusted if necessary to the extent that cash-outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on Nutreco's consolidated financial position and consolidated results of operations for a particular period.

Most claims are expected to be completed within two years from the balance sheet date.

26 TRADE AND OTHER PAYABLES

(EUR x million)	31 December 2011	31 December 2010
Trade creditors – third parties	736.0	678.8
Taxes and social security contributions	14.3	23.2
Other liabilities	79.9	59.1
Deferred income and accrued expenses	185.1	201.2
Fair value foreign exchange derivatives	13.2	16.8
Fair value cross-currency interest rate derivatives	9.6	18.0
Fair value interest rate derivatives	6.7	6.9
TOTAL	**1,044.8**	**1,004.0**

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

In 2011, trade and other payables increased by EUR 40.8 million of which EUR 8.0 million relates to the positive effect of movement in foreign exchange rates, EUR 28.6 million relates to the acquisition of Shihai completed in 2011, EUR 71.3 million relates to price and volume effects and a decrease of EUR 67.1 million is due to the reclassification as liabilities held for sale.

Trade creditor days in 2011 for continuing business are 94 days (2010: 85 days).

Nutreco notices an increasing number of suppliers that sell, factor or confirm their trade receivables on Nutreco companies, which enables these suppliers to maintain or extend the payment terms. As of 31 December 2011, Nutreco was aware of EUR 238.5 million (2010: EUR 191.2 million) usage of such solutions within Fish Feed and the Spanish business activities.

The following tables show the fair value of derivative financial instruments per hedge category.

(EUR x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2011					
Fair value foreign exchange derivatives	13.2	2.8	0.4	10.0	-
Fair value cross-currency interest rate derivatives	9.6	-	-	9.6	-
Fair value interest rate derivatives	6.7	-	6.7	-	-
TOTAL	**29.5**	**2.8**	**7.1**	**19.6**	**0.0**

(EUR x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2010					
Fair value foreign exchange derivatives	16.8	5.7	2.5	8.6	-
Fair value cross-currency interest rate derivatives	18.0	-	-	18.0	-
Fair value interest rate derivatives	6.9	-	6.9	-	-
TOTAL	**41.7**	**5.7**	**9.4**	**26.6**	**0.0**

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Group is exposed to a variety of financial risks, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and capital risk. These risks are inherent to the way the Group operates as a multinational with a large number of local operating companies. The Group's overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimise potential adverse effects on financial performance. The treasury risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Financial risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies.

Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the treasury risk management policies within the Group. Nutreco has a Risk Management Advisory Board that advises the Executive Board on risk management.

The capitalisation and funding of subsidiaries is a joint responsibility of Group Treasury and Group Tax, whereas the combination of equity and short-term intercompany loans is mostly used as financing structure. Decisions regarding the debt to equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Except for dividend withholding tax in some countries and the currency control restrictions in Venezuela, the Group has no restrictions in paying intercompany cash dividends or in repaying intercompany loans.

The operating companies are primarily responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities and credit risk for non-financial counterparties.

Within the boundaries set forth by the treasury risk management policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties, unless approved by Group Treasury. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

For further details reference is made to the Risk Management paragraph of the Annual report on page 64.

Financial instruments by class and by category

Financial assets 31 December 2011

(EUR x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	-	-	4.1	-	4.1	4.1
Debt securities and other long-term investments	16	24.3	16.8	-	-	-	41.1	41.1
Trade receivables	20	655.7	-	-	-	-	655.7	655.7
Other receivables	20	60.0	-	-	-	-	60.0	60.0
Fair value foreign exchange derivatives	20	-	8.2	1.6	-	-	9.8	9.8
Fair value interest rate derivatives	20	-	2.3	-	-	-	2.3	2.3
Cash and cash equivalents	21	176.8	-	-	-	-	176.8	176.8
TOTAL		**916.8**	**27.3**	**1.6**	**4.1**	**0.0**	**949.8**	**949.8**

Financial liabilities 31 December 2011

(EUR x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-370.3	-370.3	-396.1
Interest-bearing borrowings (current)	23	-	-	-58.4	-58.4	-58.4
Trade payables	26	-	-	-736.0	-736.0	-736.0
Other payables	26	-	-	-94.2	-94.2	-94.2
Fair value foreign exchange derivatives	26	-2.8	-10.4	-	-13.2	-13.2
Fair value cross-currency interest rate derivatives	26	-	-9.6	-	-9.6	-9.6
Fair value interest rate derivatives	26	-	-6.7	-	-6.7	-6.7
TOTAL		**-2.8**	**-26.7**	**-1,258.9**	**-1,288.4**	**-1,314.2**

Financial assets 31 December 2010

(EUR x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities*	16	-	-	-	4.1	-	4.1	4.1
Debt securities*	16	-	24.0	-	12.1	-	36.1	36.1
Trade receivables	20	601.4	-	-	-	-	601.4	601.4
Other receivables	20	43.6	-	-	-	-	43.6	43.6
Fair value foreign exchange derivatives	20	-	3.0	1.2	-	-	4.2	4.2
Fair value interest rate derivatives	20	-	1.0	-	-	-	1.0	1.0
Cash and cash equivalents	21	230.8	-	-	-	-	230.8	230.8
TOTAL		**875.8**	**28.0**	**1.2**	**16.2**	**0.0**	**921.2**	**921.2**

* *The comparative amounts for equity and debt securities have been reclassified to conform with the current year's presentation.*

Financial liabilities 31 December 2010

(EUR x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-282.3	-282.3	-305.2
Interest-bearing borrowings (current)	23	-	-	-155.8	-155.8	-156.5
Trade payables	26	-	-	-678.8	-678.8	-678.8
Other payables	26	-	-	-82.3	-82.3	-82.3
Fair value foreign exchange derivatives	26	-5.7	-11.1	-	-16.8	-16.8
Fair value cross-currency interest rate derivatives	26	-	-18.0	-	-18.0	-18.0
Fair value interest rate derivatives	26	-	-6.9	-	-6.9	-6.9
TOTAL		**-5.7**	**-36.0**	**-1,199.2**	**-1,240.9**	**-1,264.5**

The following methods and assumptions were used to estimate the fair value of financial instruments:

Equity securities

Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. The financial statements of the other investments for the financial year 2011 have not been approved and received before publication of the Nutreco results. As the fair value can therefore not be measured reliably, the participations are valued at cost.

Debt securities

For investments in debt securities, the fair value and the carrying amount of the loan related to the divestment of Euribrid are based upon the current market rates. At the reporting date the fair value and the carrying amount are identical.

Other (long term) investments

For other long term investments the fair value can not be based on current market data. As a consequence fair value is determined based on 'unobservable' inputs which are obtained on a quarterly basis from the external fiduciary manager.

Cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short maturity of those instruments.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at actual market rates at the reporting date.

Interest-bearing borrowings (current and non-current)

The fair value is estimated on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of borrowing arrangements and interest rate contracts with comparable terms and maturities.

Fair value foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives

The fair value calculation of the foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market foreign exchange rates and actual market yield curves on the reporting date.

Credit risk

Credit risk represents the accounting loss that would have to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. As a consequence of the financial crisis and to the extent possible, special attention is paid to the liquidity of other parties such as banks, insurance companies, customers and strategic suppliers.

Nutreco has strong positions in mature markets such as Canada, Netherlands, Spain and the US. The increased focus on geographic regions and markets like Brazil, China, Russia and South East Asia has resulted in a wider international spread of customers thus affecting the credit risk from emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Premix and Feed Specialties has, due to the geographical presence, a widely spread portfolio of customers in all continents and, due to its growth strategy towards emerging markets, an increased exposure to emerging markets.
- The activities of Compound Feed Europe and Animal Nutrition Canada are mainly in Canada, Spain and the USA. This business segment has a widely spread portfolio of customers, mostly farmers.
- Fish Feed: as a consequence of the concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance. As a consequence of the growth strategy towards emerging markets, the exposure to a more widely spread portfolio of customers in emerging markets will increase.
- Meat and Other: the Spanish customers of meat activities are food and retail suppliers. Due to the economic circumstances in Spain, credit risk has increased. Concentration risk on large retailers is partly mitigated by non-recourse factoring.

The outstanding amounts of Nutreco's largest customers Mercadona and Marine Harvest together account for less than 4% of the total outstanding amount as per 31 December 2011.

The former loans to the Dutch Nutreco Pension Fund, granted during 2003 and 2004, consisted of a subordinated loan of EUR 7.0 million and a subordinated loan of EUR 5.1 million. The interest rate was the one month Euribor plus 0.5%. At 1 January 2011, the subordinated loans were transferred to Aegon as part of an agreement to place the Dutch pension plans with the insurer Aegon with an interest rate of one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised costs, resulting in a carrying value of EUR 7.4 million as of 31 December 2011.

At the balance sheet date a loan of EUR 7.5 million (2010: EUR 9.4 million) related to Euribrid, a former investment of Nutreco divested in 2007. An interest rate of 5% is being charged by Nutreco. The interest-bearing value of this loan amounts to EUR 7.6 million (2010: EUR 9.6 million) and has been discounted with a rate of 6.4% (2010: 6.9%). This loan is subordinated and has been accounted for under other investments for an amount of EUR 3.4 million (2010: EUR 7.0 million) and under trade and other receivables for EUR 4.1 million (2010: EUR 2.4 million).

Nutreco has an exposure to banks created by the usage of cash investments and derivative financial instruments. The exposure created by cash investments equals the notional amount; the exposure created by the derivative financial instruments equals the fair value of these instruments.

Nutreco has an exposure to reputable banks that have a sufficient credit rating. Banks are carefully monitored and credit limits are (temporarily) reduced in the event of uncertainty. Generally, cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A- (Standard & Poor's). The maximum exposure well as the maximum maturity of such exposure is a function of the credit rating of the counterparty.

The maturity of the exposure is, except for (cross-currency) interest rate derivatives, short-term and spread over various banks to reduce the counterparty risk. Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Allowances are recognised when necessary.

The maximum amount of credit risk of all financial assets is EUR 949.8 million (2010: EUR 921.2 million).

Rating cash and bank

Cash at bank and short-term bank deposits

(EUR x million)	31 December 2011	31 December 2010
AAA	-	46.5
AA+	-	-
AA	0.3	79.4
AA-	60.9	7.3
A+	8.3	65.1
A	64.2	-
A-	6.6	-
BBB	12.0	2.6
< BBB	2.7	-
Not classified	21.8	29.9
TOTAL	**176.8**	**230.8**

The cash at bank includes an amount of EUR 41.3 million (2010: EUR 62.0 million) which is part of notional cash pools and a corresponding amount is reported as bank overdrafts.

All derivative financial instruments are concluded with counterparties that have a credit rating of at least A-.

Ageing of trade and other receivables

(EUR x million)	Gross amount		Impairment	
	2011	**2010**	**2011**	**2010**
Before due date	661.3	589.3	19.5	13.2
0 < 3 months after due date	83.3	80.5	8.4	5.3
3 < 6 months after due date	19.4	16.6	3.1	2.7
6 months and longer after due date	51.4	52.4	42.4	42.9
TOTAL TRADE AND OTHER RECEIVABLES AT 31 DECEMBER	**815.4**	**738.8**	**73.4**	**64.1**

Movements in the impairment of trade and other receivables

(EUR x million)	**2011**	**2010**
Balance at 1 January	**64.1**	**58.0**
Additions charged	25.4	20.5
Release	-6.9	-10.7
Utilised	-6.5	-5.4
Transfer to other investments – debt securities	2.5	-0.3
Reclassification to assets held for sale	-6.0	-
Effect of movement in foreign exchange	0.8	2.0
BALANCE AT 31 DECEMBER	**73.4**	**64.1**

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in Note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the private placements. In addition and in order to achieve a mix of fixed and floating rate exposure in accordance with Nutreco's policy, part of the floating syndicated loan has been fixed with interest rate swaps. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In 2004, Nutreco agreed upon fixed interest rates for an amount of USD 78.0 million of the private placements, for a period of ten years. The private placements also included a tranche of USD 46.0 million which matured in 2009 and a tranche of USD 80.0 million which matured in 2011.

A cross-currency interest rate swap, with a fixed interest rate, has been contracted to swap interest and future repayment liabilities of USD 60.4 million to CAD, which terminates in 2014.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches for USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in 2014, 2016 and 2019 respectively. Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of USD 54.3 million to CAD, which terminate in 2014. In addition, the fixed rate of USD 37.2 million of the private placement has been swapped to floating by means of fixed-to-floating interest rate swaps that mature in 2016.

The interest rate risk of the loan drawn under the syndicated loan agreement has been hedged by an in 2011 extended floating-to-fixed interest rate swap of CAD 150.0 million which matures in 2016.

With the private placements and these derivative financial instruments, 73% of the interest on Nutreco's non-current interest-bearing borrowings has been fixed (2010: 74%). The decrease of this percentage is due to the unwinding of a EUR 50.0 million interest rate swap and the repayment of a tranche of USD 80.0 million private placement which were refinanced by drawdowns of syndicated loans in NOK, USD and EUR with floating rates.

The average fixed interest rate on the interest-bearing borrowings as at 31 December 2011 is 5.48% (2010: 6.61%) and the average variable interest rate on the interest-bearing borrowings as at 31 December 2011 is 4.05% (2010: 4.78%). The interest rates of the major currencies are ranging from 1.87% to 8.22% (2010: 4.53% to 8.22%) depending on the currency of the interest-bearing borrowing.

The cash and cash equivalents have been transferred to short term deposits or bank accounts with a floating interest rate.

Sensitivity analysis

At the balance sheet date, EUR 97.9 million (2010: EUR 28.7 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts to EUR 118.4 million net cash (2010: EUR 75.0 million net cash) at year-end.

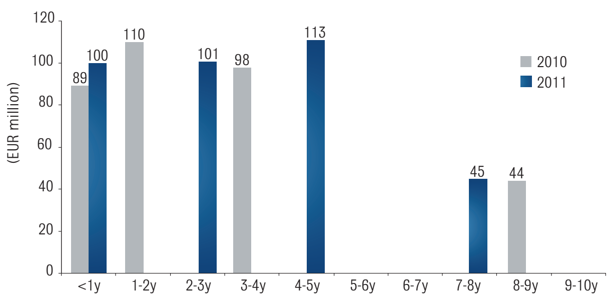
An increase of 100 basis points of all floating interest rates at the reporting date would have decreased the net financing costs in profit or loss by EUR 0.2 million (2010: decrease of EUR 0.5 million). A decrease of 100 basis points in interest rates at 31 December 2011 would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

(EUR x million)	2011	2010
Exposed interest-bearing borrowings (non-current)	-1.0	-0.3
Exposed interest-bearing borrowings (current) and cash and cash equivalents	1.2	0.8

An increase of 100 basis points of all floating interest rates at the reporting date would have increased the fair value of the outstanding interest rate swaps by EUR 4.0 million per 31 December 2011. As consequence of applying cash flow hedge accounting for the interest rate swaps the hedging reserve in equity would decrease by EUR 5.3 million and the net financing costs would increase by EUR 1.3 million.

Repricing analysis

The following graph shows the repricing calendar for non-current interest-bearing borrowings as recognised at the balance sheet date:



Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials. In Animal Nutrition Canada, Compound Feed Europe and Fish Feed, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market. These possibilities are regularly assessed and currency movements are only passed through when a structural change has occurred.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through to customers. This foreign currency exposure is managed by means of derivative financial instruments like forward foreign exchange contracts and swaps as well as short-term bank balances in foreign currencies. Consistent with the average pass through period, the average maturity of derivative financial instruments is three months, generally with a maximum of 12 months.

Per 31 December 2011, foreign currency transaction risks for trade receivables mainly comprise the currencies euro and US dollar for respectively EUR 30.9 million (2010: EUR 12.3 million) and EUR 30.8 million (2010: EUR 23.0 million). The foreign currency transaction risks for trade payables are, depending on the functional currency of an operating company, in the currencies euro and US dollar for respectively EUR 82.0 million (2010: EUR 67.5 million) and EUR 130.9 million (2010: EUR 118.6 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles, reported in the gross margin of operating companies.

Unrecognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming three months, are hedged on the basis of pass through possibilities and probability of occurrence. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. These are mainly used in cash flow hedge relationships.

The impact of unhedged transactions and balances in foreign currencies resulted in a loss recognised in cost of sales of EUR 1.8 million in 2011 (2010: EUR 0.1 million loss).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity. The amount recognised in the cash flow hedge reserve in equity is recycled through profit or loss at the same moment the underlying hedge item is recognised in profit or loss. At 31 December 2011, derivative financial instruments with a negative fair value of EUR 5.5 million (2010: EUR 1.7 million) are reported in the hedging reserve, as part of equity.

On a monthly basis, operating companies report their recognised and unrecognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the treasury risk management policy and to determine the need for additional hedging transactions.

Group Treasury is the counterparty for derivative financial instruments of the operating companies resulting in a foreign currency exposure for Group Treasury which is, together with the exposure from corporate transactions, hedged through derivative financial instruments externally.

The revaluation of corporate monetary items and internal and external derivative financial instruments is reported separately as part of net financing costs to the extent not recognised in equity. In 2011, the foreign currency exposure of Nutreco Corporate resulted in a positive foreign currency effect of EUR 0.4 million (2010: EUR 0.9 million).

On 31 December 2011, the notional amount of outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk totalled EUR 561.7 million (2010: EUR 475.1 million), mainly relating to USD, GBP, NOK and CAD. The net fair value of the outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk hedging amounted to positive EUR 6.5 million (2010: negative EUR 4.4 million).

Foreign currency translation risk

Nutreco is exposed to foreign currency translation risks of investments in foreign operations, including long term loans to foreign subsidiaries, and the net income of these foreign operations. Nutreco aims to minimise any direct impact on its other comprehensive income as a consequence of foreign currency risk related to net investments. The objective is to restrict the annual and cumulative impact on its equity as a consequence of foreign currency risk related to net investments. It is Nutreco's long term policy to manage its foreign currency translation risk in foreign operations by hedging 50-70% of the translation exposure.

To mitigate the foreign currency exposure of foreign operations, the currency of Nutreco's external funding is matched with the required financing of foreign operations, either directly by external foreign currency interest-bearing borrowings or by derivative financial instruments such as foreign exchange swaps and cross-currency interest rate swaps.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit is defined as the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency. At the balance sheet date EUR 368.5 million (2010: EUR 362.6 million) of interest-bearing borrowings in foreign currencies, including the effect of CAD/USD (EUR 98.3 million) cross-currency interest rate swap, are effectively used as net investment hedge for investments in CAD and NOK. Revaluation of these interest-bearing borrowings and related cross-currency interest rate swaps is recognised in the translation reserve.

In addition, Nutreco has used foreign currency exchange swaps to further reduce the exposure to translation risks of shareholders' equity of foreign Group companies or non-consolidated companies. On 31 December 2011, the notional amount of outstanding foreign exchange derivative financial instruments related to translation risk totalled EUR 284.8 million (2010: EUR 249.9 million), mainly relating to AUD, CNY, GBP, NOK and CAD. The net fair value of the outstanding foreign exchange derivative financial instruments related to translation risk amounted to negative EUR 9.8 million (2010: negative EUR 8.2 million).

Translation exposure for the main foreign currencies

(EUR x million)	Capital invested at 31 December		Net investment hedge at 31 December		Exposure at 31 December	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
AUD	57.7	49.9	27.5	26.7	30.2	23.2
CAD	412.9	401.4	339.3	336.4	73.6	65.0
GBP	41.7	38.3	25.0	24.2	16.7	14.1
NOK	146.3	127.6	74.1	73.6	72.2	54.0
USD	199.1	161.1	108.4	104.5	90.7	56.6

Sensitivity analysis foreign currency translation risk
A 10% strengthening of the main foreign currencies, as listed in the table below, against the euro at the reporting date would have increased equity by EUR 28.4 million (2010: EUR 21.3 million). A 10% weakening of these same main foreign currencies against the euro at the reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

The impact on equity of a 10% strengthening of foreign currencies on the exposure is as follows:

(EUR x million)	**31 December 2011**	**31 December 2010**
AUD	3.0	2.3
CAD	7.4	6.5
GBP	1.7	1.4
NOK	7.2	5.4
USD	9.1	5.7

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and a strong liquidity position.

In May 2010, Nutreco extended the maturity of the revolving credit facility from May 2012 to May 2014 and decreased the total amount of the facility to EUR 500.0 million. The interest rates and fees were reduced. The credit facility may be used for loans in various currencies.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The first two tranches of USD 46.0 million and USD 80.0 million have matured in 2009 and 2011 respectively. The third tranche of USD 78.0 million matures in 2014.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches of USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in 2014, 2016 and 2019 respectively.

Nutreco repurchased the cumulative preference shares 'A' of EUR 54.5 million by the end of December 2010.

Of the total facilities of EUR 1,056.6 million, an amount of EUR 428.6 million had been used as at 31 December 2011 (2010: EUR 1,029.1 million and EUR 438.1 million, respectively). In addition, Nutreco has EUR 176.8 million (2010: EUR 230.8 million) of cash and cash equivalents available as at 31 December 2011.

Nutreco aims to optimise its international cash and borrowings positions by minimising its net interest expenses and maximising its net interest income, respectively, and by minimising its bank costs.

Terms and debt repayment schedule

Terms and conditions of outstanding non-current interest-bearing borrowings are as follows:

(EUR x million)	Currency	Effective interest rate at 31 December 2011 (%)	Effective interest rate at 31 December 2010 (%)	Year of maturity	Interest reprising	Carrying amount at 31 December 2011	Carrying amount at 31 December 2010
Syndicated loan	CAD	3.93	6.53	2014	Fixed	112.6	109.9
Syndicated loan	NOK	4.17	-	2014	Quarterly	48.0	-
Syndicated loan	USD	1.87	-	2014	Quarterly	20.7	-
Private placement	USD	5.12	5.12	2014	Fixed	59.6	57.4
Private placement	USD	7.23	7.23	2014	Fixed	41.8	40.4
Private placement	USD	5.44	5.32	2016	Semi Annual	31.0	28.7
Private placement	USD	8.22	8.22	2019	Fixed	45.0	43.6

Maturity profile financial liabilities 2011

The following tables show Nutreco's contractually agreed (undiscounted) cash flows, including interest, as at the balance sheet date:

(EUR x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2011					
Interest-bearing borrowings (non-current)	-414.5	-7.8	-6.8	-345.5	-54.4
Interest-bearing borrowings (current)	-58.4	-48.6	-9.8	-	-
Trade payables	-736.0	-736.0	-	-	-
Other payables	-94.2	-94.2	-	-	-
TOTAL OUTFLOW NON-DERIVATIVE FINANCIAL LIABILITIES	**-1,303.1**	**-886.6**	**-16.6**	**-345.5**	**-54.4**
Foreign exchange derivatives inflow	488.0	485.0	3.0	-	-
Foreign exchange derivatives outflow	-501.7	-498.6	-3.1	-	-
Cross-currency interest rate derivatives inflow	102.1	2.7	2.7	96.7	-
Cross-currency interest rate derivatives outflow	-112.6	-2.9	-2.9	-106.8	-
Interest rate derivatives inflow	7.4	0.8	1.0	5.6	-
Interest rate derivatives outflow	-14.2	-1.5	-1.5	-11.2	-
TOTAL NET INFLOW/OUTFLOW DERIVATIVE FINANCIAL LIABILITIES	**-31.0**	**-14.5**	**-0.8**	**-15.7**	**-**

Maturity profile financial liabilities 2010

(EUR x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2010					
Interest-bearing borrowings (non-current)	-350.6	-7.0	-7.0	-251.2	-85.4
Interest-bearing borrowings (current)	-156.1	-156.1	-	-	-
Trade payables	-678.8	-678.8	-	-	-
Other payables	-82.3	-82.3	-	-	-
TOTAL OUTFLOW NON-DERIVATIVE FINANCIAL LIABILITIES	**-1,267.8**	**-924.2**	**-7.0**	**-251.2**	**-85.4**
Foreign exchange derivatives inflow	529.8	525.6	4.2	-	-
Foreign exchange derivatives outflow	-547.3	-542.9	-4.4	-	-
Interest rate derivatives inflow	3.6	0.8	1.1	1.7	-
Interest rate derivatives outflow	-10.3	-2.9	-3.0	-4.4	-
Cross-currency interest rate derivatives inflow	145.2	43.7	2.6	98.9	-
Cross-currency interest rate derivatives outflow	-166.7	-52.1	-2.9	-111.7	-
TOTAL NET INFLOW/OUTFLOW DERIVATIVE FINANCIAL LIABILITIES	**-45.7**	**-27.8**	**-2.4**	**-15.5**	**-**

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2011:

(EUR x million)	Total amount	6 months or less	6-12 months
Fair value accounting – inflow	170.5	168.7	1.8
Fair value accounting – outflow	-173.4	-171.6	-1.8
Net investment hedge accounting – inflow	275.7	275.7	-
Net investment hedge accounting – outflow	-286.2	-286.2	-
Cash flow hedge accounting – inflow	41.7	40.5	1.2
Cash flow hedge accounting – outflow	-42.2	-41.0	-1.2

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2010:

(EUR x million)	Total amount	6 months or less	6-12 months
Fair value accounting – inflow	201,5	198,2	3,3
Fair value accounting – outflow	-207,4	-203,8	-3,6
Net investment hedge accounting – inflow	220,3	220,3	-
Net investment hedge accounting – outflow	-229,4	-229,4	-
Cash flow hedge accounting – inflow	108,0	107,1	0,9
Cash flow hedge accounting – outflow	-110,5	-109,7	-0,8

Fair value of financial assets and liabilities

The financial assets and liabilities at fair value have been disclosed by the level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The estimated fair value of financial assets and liabilities by the level of fair value hierarchy is as follows:

(EUR x million)	31 December 2011	31 December 2010
Assets		
- Level 2		
Fair value foreign exchange derivatives	9.8	4.2
Fair value interest rate derivatives	2.3	1.0
- Level 3		
Other long-term investments	13.4	-
Liabilities		
- Level 2		
Fair value foreign exchange derivatives	-13.2	-16.8
Fair value cross-currency interest rate derivatives	-9.6	-18.0
Fair value interest rate derivatives	-6.7	-6.9

During 2011 there were no transfers between level 1, level 2 and level 3.

Level 3 financial instruments include unlisted equity participations which are currently held by the Group. In general, private equity investments cannot be valued directly from quoted market prices or by using valuation techniques supported by observable market prices or other market data.

The following table shows the movements of the fair value measurements in Level 3 of the fair value hierarchy:

(EUR x million)	2011
Balance at 1 January	**-**
Additions	13.4
Total gains and losses recognised in:	
profit or loss	-
other comprehensive income	-
Arising from business combinations	-
BALANCE AT 31 DECEMBER	**13.4**

Level 3 sensitivity information

The table below presents the level 3 financial instruments carried at fair value as at the balance sheet date for which fair value is measured using valuation techniques based on assumptions that are not supported by market observable inputs. There may be uncertainty about a valuation, resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique or model.

At balance sheet date, the Group was not able to perform a detailed sensitivity analysis to assess the range of reasonably possible alternative assumptions that would have a significant impact (i.e. increase and decrease) on the fair value of the instrument. Based on back-testing procedures performed by the external fiduciary manager in prior years, it is expected that the final assessment of the fair value will differ only 1-5% from the current valuation of the private equity investments resulting in an increase/decrease of the fair value with a range between EUR 0.1 million and EUR 0.6 million.

(EUR x million)	Valuation technique	Main assumptions	Carrying value
Level 3 financial assets			
Other long-term investments	Private equity - valuation statements	Net asset value/ EBITDA multiples	13.4

Capital risk management

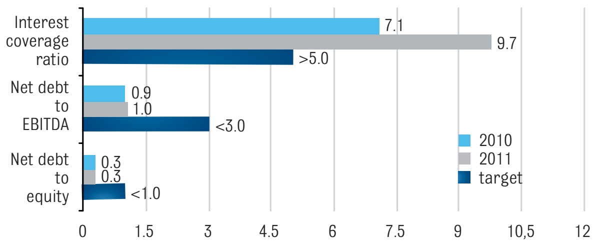
An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0 and a minimum interest coverage ratio of 5.0. The capital structure, in relation to the mentioned targets, is reported monthly. The strategic targets are evaluated regularly taking Nutreco's business profile and the objectives of Nutreco's capital providers into account. The capital of Nutreco consists of issued and paid-up share capital, share premium, retained earnings and other reserves (translation and hedging).

The financial covenants of Nutreco's core financing facilities, being the syndicated loan and the private placement, are net senior debt compared to EBITDA of maximum 3.25 to 3.5 and EBITDA compared to net financing costs, excluding dividends on cumulative preference shares, of at least 3.5 EBITDA with net financing costs calculated on a 12-month rolling basis. The interest rates of the syndicated loan facility are based on Euribor or Libor of the optional currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA.

During 2011, Nutreco remained well within the financial covenants agreed upon for both the syndicated loan and the private placements.

As at 31 December 2011 the net debt to equity ratio amounts to 0.3, the net debt to EBITDA ratio amounts to 1.0 and the interest coverage amounts to 9.7.
As at 31 December 2011, Nutreco has a net debt position of EUR 251.9 million (2010: EUR 207.3 million).

Capital risk management limits per 31 December



Commodity risk management

Risks relating to derivative financial instruments

The Group uses raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors.

In addition to fixed price contracts, futures are used to economically hedge the price volatility related to these above exposures.

As part of the Group's commodity risk management strategy, contracts have been concluded for the purchase of physical commodities in line with the Group's commodity risk management policy.

28 CONTINGENT ASSETS AND LIABILITIES

At 31 December 2011, the total lease and rental commitments amount to EUR 154.9 million (2010: EUR 137.4 million).

The annual operating lease and rental commitments and contingencies are:

(EUR x million)	31 December 2011	31 December 2010
Year 1	40.3	36.1
Year 2	35.1	30.1
Year 3	29.7	25.2
Year 4	25.5	21.5
Year 5	22.9	24.2
After five years	1.4	0.3
TOTAL LEASE AND RENTAL COMMITMENTS	**154.9**	**137.4**
Other contingencies		
Capital commitments	9.1	16.5
Guarantees	40.0	17.0

The increase of EUR 17.5 million of lease and rental commitments mainly relates to the renewal of a contract within the segment Fish Feed.

In 2011, Skretting has prolonged the contract with a strategic fish feed transporter on outbound logistics until December 2016, with a mutual option for the parties to extend by three years. This contract comprises an outbound freight commitment and is qualified as an operating lease contract.

The commitment of this contract depends on both volumes and cost developments going forward. The commitment is estimated at an amount of EUR 109.9 million at the end of 2011 (2010: EUR 89.9 million), excluding the extension option.

In the normal course of business, certain group companies issued guarantees totalling EUR 40.0 million (2010: EUR 17.0 million). Included are guarantees of EUR 14.2 million (2010: EUR 10.0 million) that are issued on behalf of Nutreco Insurance N.V. and Nutreco Assurantie N.V., both 100% owned captive reinsurance companies, in favour of their general and products liability insurer in relation to potentially Incurred but not reported nor provided liability claims in the years 2011 and 2010.

On the first of April 2011 Trouw UK has agreed to make payments of GBP 2.0 million per annum to the trustees of the UK pension scheme, during a 10 year period. The total amount is based on the valuation per 31 December 2009 and consequent negotiations with the trustees, in order to remove the funding shortfall as per 31 December 2009.

At year-end Nutreco had no significant contingent assets.

29 RELATED PARTY TRANSACTIONS

Nutreco identifies its associates, joint ventures, Nutreco pension funds and key management as related parties. Nutreco considers the members of the Executive Board as key management (see Note 24).

Transactions between related parties are subject to conditions that usually govern comparable sales and purchases with third parties. The details for associates are as follows:

(EUR x million)	2011	2010
Revenue to related parties	24.6	22.4
Amounts owed from related parties	2.6	2.5

The revenue to related parties are mainly related to associates in Canada.

A number of key management personnel, or their related parties, hold positions in external companies giving them significant influence over the financial or operating policies of these companies. A number of these companies had transactions with the Group during the year.

Nutreco initially provided loans to the Dutch Nutreco Pension Fund during 2003 and 2004 for an amount of EUR 12.1 million with net financing costs of EUR 0.1 million. At 1 January 2011, the loans were transferred to Aegon as part of an agreement to place the Dutch pension plan with insurer Aegon.

30 SUBSEQUENT EVENTS

No subsequent events occurred.

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

General

The consolidated cash flow statement is drawn up on the basis of a comparison of the Financial positions as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities

Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities

Cash used in the purchase of long-lived assets consists of the capital expenditures during the year.

Dividends paid

In 2011, EUR 27.8 million (2010: EUR 28.2 million) dividends were paid to the shareholders of Nutreco with ordinary shares.

Sundry

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the Financial position and the changes according to the cash flow statement:

(EUR x million)	Working capital[1]	Employee benefits	Provisions	Interest-bearing debt[2]
Balance at year-end 2010	107.5	-53.8	-6.4	-350.3
Balance at year-end 2011	134.5	-44.6	-5.0	-384.9
Balance sheet movement	**-27.0**	**-9.2**	**-1.4**	**34.6**
Adjustments				
Effect of movement in foreign exchange	0.6	-	-	-3.7
Acquisition through business combinations	5.3	-	-	-6.9
Reclassification to asset/liabilities held for sale	-26.8	10.1	1.8	-
Other	10.9	-	-	-3.0
CHANGE IN CASH FLOW	**-37.0**	**0.9**	**0.4**	**21.0**

1 Inventories, biological assets, trade and other receivables, and trade and other payables.
2 Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.

The adjustment 'Other' for Working capital mainly comprises changes in fair value of foreign exchange derivatives and biological assets which are presented in different categories in the cash flow statement.

Company balance sheet

(EUR x million)	Note	31 December 2011	31 December 2010
Financial fixed assets	4	**1,025.3**	**869.7**
Current assets			
Deferred tax assets		-	4.9
Income tax receivables		3.8	5.7
Receivables from Group companies	5	27.3	160.5
Cash and cash equivalents		2.1	1.3
		33.2	**172.4**
TOTAL ASSETS		**1,058.5**	**1,042.1**
Issued and paid-up share capital		8.4	8.4
Share premium account		159.5	159.5
Treasury shares		-18.7	-7.3
Retained earnings		597.8	542.0
Undistributed result		130.5	111.4
Legal reserve		-3.0	-4.6
Shareholders' equity	6	**874.5**	**809.4**
Non-current liabilities			
Interest-bearing borrowings	7	177.4	170.1
		177.4	**170.1**
Current liabilities			
Interest-bearing borrowings		-	59.7
Trade and other payables		6.6	2.9
		6.6	**62.6**
Total liabilities		**184.0**	**232.7**
TOTAL EQUITY AND LIABILITIES		**1,058.5**	**1,042.1**

Company income statement

(EUR x million)	Note	2011	2010
Net result from Group companies		142.2	126.6
Other net result	8	-11.7	-15.2
NET RESULT		**130.5**	**111.4**

Notes to the Company's financial statements

PRINCIPLES OF VALUATION AND INCOME DETERMINATION

1 General

The Company's financial statements are part of the 2011 consolidated financial statements of Nutreco N.V. With reference to the Company income statement of Nutreco N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

2 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company's financial statements, Nutreco N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company's financial statements of Nutreco N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net asset value method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS). Please see pages 98-113 for a description of these principles.

The share in the results of participating interests consists of the share of Nutreco N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

3 Changes in accounting policies

In 2011, no major changes have taken place and as from 1 January 2010 the Company has changed the valuation of its participating interests from the equity method to the net asset value method. The change in accounting policy has been applied retrospectively and has no impact on the Company's financial statements.

4 Financial fixed assets

(EUR x million)	2011	2010
Balance at 1 January	**869.7**	**593.1**
Net result from Group companies	142.2	126.6
Additions	13.4	150.0
BALANCE AT 31 DECEMBER	**1,025.3**	**869.7**

5 Receivables from Group companies

The receivables from Group companies have a period shorter than one year and consist of a receivable position with Nutreco Nederland B.V., which acts as Nutreco's in-house bank.

6 Shareholders' equity

Treasury shares

The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders.

The treasury shares are deducted from other reserves.

Legal reserve

The legal reserve consists of the following:

(EUR x million)	31 December 2011	31 December 2010
Hedging reserve	-5.5	-8.7
Translation reserve	-1.8	-0.9
Participations	4.3	5.0
TOTAL LEGAL RESERVE	-3.0	-4.6

7 Interest-bearing borrowings

Interest-bearing borrowings consist of the private placements. See Note 23 of the consolidated financial statements.

8 Other net results

Other net results mainly represent the interest expenses related to the interest-bearing borrowings and the interest income from subsidiaries and associates.

9 Contingent assets and liabilities

Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco N.V. on behalf of several Group companies in the Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch.

The liabilities of these companies to third parties and to investments in associates totalled EUR 401.5 million as at 31 December 2011 (2010: EUR 351.9 million).

Nutreco N.V. is jointly liable for several credit facilities of its subsidiaries, including the syndicated loan facility.

10 Average number of employees

The Company did not employ any person in 2011.

Amersfoort, 8 February 2012

The Supervisory Board
The Executive Board

Other information

LEGAL TRANSPARENCY OBLIGATIONS (ARTICLE 10 OF THE TAKEOVER DIRECTIVE)

Most of the information that needs to be disclosed under Article 10 Takeover Directive Decree 2004/25/EC, and section 391 sub-sections 5, book 2 of the Dutch Civil Code is available in various sections of the annual report. Nutreco N.V. wishes to include the following explanatory notes:

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares. The transfer of cumulative preference shares 'A', 'D' and 'E' is subject to the approval of the Executive Board in accordance with the provisions of Article 13 of the Articles of Association.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.
- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made.
- The US Private Placement Note Purchase Agreement entered into in April 2009 by Nutreco N.V. contains a change of control provision.

Nutreco International B.V., a subsidiary of Nutreco N.V., has a raw materials purchase agreement with BASF, which can be terminated in case of a change in control of the Company.

Appointment of the external auditor

At the General Meeting of Shareholders held on 28 March 2011, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2012. The General Meeting of Shareholders to be held on 27 March 2012 will be recommended to appoint KPMG Accountants N.V. as the Company's external auditor for a period expiring at the end of the accounting year 2013.

Independent auditor's report

TO: THE SUPERVISORY BOARD AND THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NUTRECO N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Nutreco N.V., Boxmeer. 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 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the 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 2011, 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 the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 8 February 2012

KPMG ACCOUNTANTS N.V.
D.J. Randeraad RA

Ten years of Nutreco income statement

(EUR x million)	2011	2010	2009	2008	2007	2006	2005[1]	2004 IFRS[1]	2004 D-GAAP	2003[2]	2002
Revenue	4,721	4,166	4,512	4,943	4,021	3,031	2,774	3,269	3,858	3,674	3,810
Raw materials	3,705	3,235	3,567	4,001	3,153	2,308	2,056	2,381	2,776	2,593	2,731
Gross margin	**1,016**	**931**	**945**	**942**	**868**	**723**	**718**	**888**	**1,082**	**1,081**	**1,079**
Personnel costs[3]	457	436	442	428	368	308	322	417	487	473	443
Depreciation of property, plant and equipment	54	52	53	51	42	40	43	83	90	99	97
Other operating expenses[3]	296	258	280	280	303	259	235	276	378	386	394
Total operating expenses	**807**	**746**	**775**	**759**	**713**	**607**	**600**	**776**	**955**	**958**	**934**
Operating result before amortisation (EBITA)	209	187	170	183	155	116	118	112	127	123	145
Amortisation expenses	13	12	12	11	6	3	2	6	6	5	6
Amortisation of goodwill	-	-	-	-	-	-	5	-	7	12	14
Operating result (EBIT)	**196**	**175**	**158**	**172**	**149**	**113**	**111**	**106**	**114**	**106**	**125**
Net financing costs	-27	-34	-32	-31	-10	8	-12	-32	-27	-30	-38
Share in results of associates and other investments	3	2	1	2	1	-	2	4	4	-1	-
Result before tax	**172**	**143**	**127**	**143**	**140**	**121**	**101**	**78**	**91**	**75**	**87**
Taxation	-45	-36	-35	-37	-26	-16	-8	-22	-10	-15	-17
Result after tax	127	107	92	106	114	105	93	56	81	60	70
Result after tax from discontinued operations	5	6	-	11	7	415	44	26	-	-	-
Total result for the period	**132**	**113**	**92**	**117**	**121**	**520**	**137**	**82**	**81**	**60**	**70**
Dividend on cumulative preference shares	-	-	-	-	-	-	-	-	5	5	5
Non-controlling interest	1	2	3	2	2	1	3	4	4	4	2
RESULT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF NUTRECO	**131**	**111**	**89**	**115**	**119**	**519**	**134**	**78**	**72**	**51**	**63**
Number of employees in FTEs as at year-end	9,565	9,280	9,690	9,278	9,090	7,405	6,993	12,408	12,408	12,763	13,442
Operating result (EBITA) as a % of revenue	4.4%	4.5%	3.8%	3.7%	3.9%	3.8%	4.2%	3.2%	3.1%	3.2%	3.6%
Turnover rate of weighted average capital employed[4]	4.4	4.2	4.5	5.0	5.5	3.8	2.8	3.9	3.9	3.2	3.0
Return (EBITA) on weighted average capital employed	19%	19%	17%	19%	21%	15%	12%	14%	11%	10%	10%
Interest cover	9.6	7.1	7.0	7.5	19.5	-19.4	13.4	6.1	7.8	7.4	6.5
Dividend (EUR x million)	63	52	46	49	56	359	52	23	23	22	27
Dividend per share	1.80	1.50	1.32	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67

1 Figures based on continuing operations.
2 Results 2003 before impairment.
3 Comparative figures of personnel costs and other operating expenses not adjusted for the year 2002.
4 Revenue divided by average capital employed.

The 2002 and 2003 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

Ten years of Nutreco balance sheet

(EUR x million)	2011	2010	2009	2008	2007	2006	2005[1]	2004 IFRS[1]	2004 D-GAAP	2003	2002
Property, plant and equipment	583	565	517	478	429	281	287	470	474	515	552
Intangible assets	361	347	310	286	319	91	84	166	180	199	392
Financial non-current assets	100	93	90	77	95	82	549	96	76	54	46
Non-current assets	**1,044**	**1,005**	**917**	**841**	**843**	**454**	**920**	**732**	**730**	**768**	**990**
Inventories/biological assets	437	437	356	385	342	235	204	473	421	397	407
Financial current assets	-	-	-	-	-	-	156	-	-	-	-
Trade and other receivables	751	685	620	734	600	531	415	462	472	506	580
Cash and cash equivalents	177	231	233	228	208	579	90	137	136	32	32
Assets held for sale	140	11	-	-	-	-	-	-	-	-	-
Current assets	**1,505**	**1,364**	**1,209**	**1,347**	**1,150**	**1,345**	**865**	**1,072**	**1,029**	**935**	**1,019**
TOTAL ASSETS	2,549	2,369	2,126	2,188	1,993	1,799	1,785	1,804	1,759	1,703	2,009
Equity attributable to the owners of Nutreco	875	810	730	655	643	744	698	527	604	536	734
Non-controlling interest	8	10	11	11	8	6	13	15	15	14	23
Total equity	**883**	**820**	**741**	**666**	**651**	**750**	**711**	**542**	**619**	**550**	**757**
Interest-bearing borrowings	370	282	414	467	410	250	276	502	434	396	422
Provisions/employee benefits	14	16	15	14	25	37	26	68	35	48	78
Other non-current liabilities	31	25	15	12	19	2	14	16	-	-	-
Non-current liabilities	**415**	**323**	**444**	**493**	**454**	**289**	**316**	**586**	**469**	**444**	**500**
Current interest-bearing borrowings	58	156	42	128	87	92	165	11	11	28	43
Current portion of provisions/ employee benefits	42	49	57	37	45	31	22	27	-	-	-
Other current liabilities	1,074	1,021	842	864	756	637	571	638	660	681	709
Liabilities held for sale	77	-	-	-	-	-	-	-	-	-	-
Current liabilities	**1,251**	**1,226**	**941**	**1,029**	**888**	**760**	**758**	**676**	**671**	**709**	**752**
TOTAL EQUITY & LIABILITIES	2,549	2,369	2,126	2,188	1,993	1,799	1,785	1,804	1,759	1,703	2,009
Capital employed[1]	1,134	1,027	964	1,033	984	552	1,102	1,002	969	1,008	1,271
Net debt[2]	251	207	223	367	290	-237	351	376	309	392	433
Current assets divided by non-interest-bearing debt	1.27	1.29	1.41	1.54	1.49	2.01	1.46	1.64	1.62	1.45	1.44
Solvency ratio (equity of the parent divided by total assets)	34%	34%	34%	30%	32%	41%	39%	29%	34%	31%	37%
Net debt divided by equity of the parent	29%	26%	31%	56%	45%	-27%	56%	71%	51%	73%	59%

1 Total assets less cash and cash equivalents and non-interest-bearing liabilities, except dividends payable.
2 Non-current interest-bearing borrowings and current interest-bearing borrowings less cash and cash equivalents.

The 2002 and 2003 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

Addendum

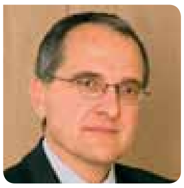
Executive Board

Mr W. Dekker (1956)
Dutch
Chairman of the Executive Board and
Chief Executive Officer
Appointed: 1 July 2000

Mr W. Dekker started his career in the Group as Research and Development Manager for Trouw International's fish business in 1983. From 1988 till 1991 he managed the Chilean business and returned to the Netherlands to assume various managerial positions. He joined the Executive Board of Nutreco on 1 January 1996 and became Chief Operating Officer on 1 January 1999. Mr W. Dekker was appointed Chief Executive Officer and Chairman of the Executive Board of Nutreco N.V. on 1 July 2000.

Mr W. Dekker graduated from Wageningen University, the Netherlands, in Animal Science.

Mr W. Dekker is a member of the Supervisory Boards of Rabobank Nederland and Macintosh Retail Group N.V. Mr W. Dekker is also a member of the Taskforce Biodiversity & Natural Resources.



Mr G. Boon (1959)
Dutch
Member of the Executive Board and
Chief Financial Officer
Appointed: 1 April 2011, for a first term of four years, expiring on 1 April 2015

Mr G. Boon started his career in 1983 with Unilever. He gained extensive experience in financial management in an international company as well as in supply chain management and procurement. In 1991 he was appointed corporate controller in the USA and subsequently financial director/CFO of Unilever in Chile and Brazil, respectively. From 2000 to 2004 Mr G. Boon was general manager/CEO of Johnson Diversey Netherlands. From 2006 to 2009 Mr G. Boon was CFO of the Van Gansewinkel Group. In June 2010 Mr G. Boon started at Nutreco as programme manager of the Nutreco-wide Unite project. On 1 April 2011 Mr G. Boon was appointed as member of the Executive Board of Nutreco N.V and on 26 September 2011 he was appointed Chief Financial Officer of Nutreco N.V.

Mr G. Boon graduated from the Erasmus University Rotterdam as business economist as well as business lawyer. In 1985 he obtained his degree as Certified Public Accountant.

Mr K. Nesse (1967)
Norwegian
Member of the Executive Board and
Chief Operating Officer Aquaculture
Appointed: 30 June 2009,
for a first term of four years,
expiring on 30 June 2013

Mr K. Nesse started his career in 1992 with the Scana group in Stavanger as Chief Accountant and joined Skretting Norway in 1995 as Chief Accountant. In 1997 he moved back to the Scana group to take up a two-year assignment as Finance Director of their joint venture in China and returned to Skretting in 1999, first as controller and subsequently in various management positions. In 2005 he moved to Chile as Managing Director of Skretting Chile and was appointed in April 2006 to the position of Managing Director of the Skretting Salmon Feed business. Mr K. Nesse was appointed member of the Executive Board of Nutreco N.V. on 30 June 2009.

Mr K. Nesse obtained an MBA degree from the Norwegian School of Economics and Business Administration, where he subsequently also attended the senior management program.

Mr K. Nesse is member of the Supervisory Board of the Aquaculture Stewardship Council (ASC).

Mr J.A. Vergeer (1963)
Canadian
Member of the Executive Board and Chief Operating Officer Animal Nutrition
Appointed: 30 June 2009, for a first term of four years, expiring on 30 June 2013

Mr J.A. Vergeer began his career with Maple Leaf Foods (Canada) in 1984, where he held various management positions within the Maple Leaf Foods organisation. In 2000 he was appointed President of the Shur-Gain Division and in 2005 President of Maple Leaf Animal Nutrition. Following the acquisition of Maple Leaf Animal Nutrition by Nutreco in 2007, he continued to lead Nutreco Canada as Group President. Mr J.A. Vergeer was appointed member of the Executive Board of Nutreco N.V. on 30 June 2009.

Mr J.A. Vergeer graduated from the University of Guelph (Canada) Agricultural Business Program in 1984 and from the Canadian Agri-Food Executive Development Program in 1996. He is a past Executive member and Chairman of the Animal Nutrition Association of Canada. He is currently a member of European Feed Manufacturers Federation (FEFAC) and the American Chamber of Commerce in the Netherlands.

Mr C.J.M. van Rijn (1947)
Dutch
Member of the Executive Board and Chief Financial Officer
Appointed: 16 November 2001
Stepped down: 26 September 2011

Mr F.J. Tielens (1962)
Dutch
Member of the Executive Board
Appointed: 30 June 2009
Stepped down: 1 March 2011

Supervisory Board

Mr J.M. de Jong (1945)
Dutch
Chairman (2011)
Appointed: 28 August 2003
Reappointed at the AGM of 28 March 2011 for a third and last term of four years, expiring at the AGM of 2015

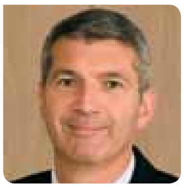
Chairman of the Supervisory Boards of Aon Groep Nederland B.V. and Onderlinge Levensverzekering-Maatschappij „'s Gravenhage" U.A., member of the Supervisory Boards of Heineken N.V., Theodoor Gilissen Bankiers N.V., KBC Bank N.V. (Belgium), Cement Roadstone Holdings plc (Ireland) and Kredietbank S.A. Luxembourgeoise (Luxembourg).

Mr J.M. de Jong studied Economics in Amsterdam, the Netherlands, and obtained an MBA degree from INSEAD. He started his career in 1970 at ABN N.V., subsequently ABN Amro Bank N.V., where he joined the Managing Board in 1989 until the end of 2001.

Mr J.A.J. Vink (1947)
Dutch
Vice-chairman (2011)
Appointed: 19 May 2005
Reappointed at the AGM of 21 April 2009 for a second term of four years, expiring at the AGM of 2013

Chairman of the Supervisory Boards of Aegon Nederland N.V. and several subsidiaries, including Aegon Bank N.V., Vice-chairman of the Supervisory Board of Vion N.V., member of the Supervisory Board of Cargill B.V. and Chairman of the Stichting Preferente Aandelen of Macintosh Retail Group N.V.

Mr J.A.J. Vink studied Organic Chemistry at the Leiden University, the Netherlands, and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974 he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was Chairman of the Executive Board from 1997 to 2005.



Mr R.J. Frohn (1960)
Dutch
Appointed: 21 April 2009
Appointed at the AGM of 21 April 2009 for a first term of four years, expiring at the AGM of 2013

Member of the Board of Management of Akzo Nobel N.V.

Mr R.J. Frohn obtained a Master's degree in Business Economics from the Groningen University, the Netherlands. He joined AkzoNobel in 1984 where he assumed various management positions from 1994. He joined the Executive Board of AkzoNobel as Chief Financial Officer in 2004. Since 1 May 2008 Mr R.J. Frohn is the Executive Board member responsible for the Specialty Chemicals business.

Mr A. Puri (1953)
American
Appointed: 21 April 2009
Appointed at the AGM of 21 April 2009 for a first term of four years, expiring at the AGM of 2013

Non-Executive Director of Britannia Industries Ltd. (India), Non-Executive Director of Barry Callebaut AG (Switzerland).

Mr A. Puri studied at the University of Maryland, United States, where he obtained a PhD in Food Science, and at the Crummer Business School, Rollins College, in the USA, where he obtained an MBA in Marketing. He joined the Coca-Cola Company in 1981, where he assumed various management positions until 2003. From 2003 till 2007 he was a member of the Executive Board of Koninklijke Numico N.V. as President R&D and Product Integrity (Food Safety and Quality). During that period he was a Non-Executive Board member of PT Sari Husada Tbk (Indonesia) from 2004 till 2007.

Mrs H.W.P.M.A. Verhagen (1966)
Dutch
Appointed: 1 April 2010
Appointed at the AGM of 1 April 2010 for a first term of four years, expiring at the AGM of 2014.

Member of the Board of Management of PostNL N.V. and responsible for International & Parcels; member of the Supervisory Board of SNS Reaal N.V.

After having obtained her law degree from Nijmegen University, Mrs H. Verhagen obtained an HR Masters degree from the Tilburg University, an International Management degree from INSEAD and an Executive MBA from Stanford University. Mrs H. Verhagen fulfilled various marketing & sales and operational functions. In 2003 Mrs H. Verhagen was appointed member of the Executive Committee of TNT Post. From 2007 to 2010 Mrs H. Verhagen was Managing Director Group HR TNT. Since 2011 Mrs H. Verhagen is member of the Board of Management of PostNL N.V.

Mr R. Zwartendijk (1939)
Dutch
Appointed: 29 January 1999
Retired: 28 March 2011

Business management

G. Botter – Dutch (1973)
Managing Director Nanta/Ingafood

J. Brennan – Canadian (1959)
R&D Director Animal Nutrition

B. Crutcher – American (1961)
Managing Director Trouw Nutrition International Americas

T.H. Dalhuisen – Dutch (1962)
Controller Hendrix

D. Engelsvoll – Norwegian (1964)
Finance Director Aquaculture

V. Halseth – Norwegian (1958)
Managing Director Skretting Northern Europe & Australia

L.A. den Hartog – Dutch (1955)
R&D Director Animal Nutrition

J. Leclerc – Canadian (1958)
Managing Director Nutreco Canada East

H. Le Ruz – French (1955)
Managing Director Nutreco Asia

H.A.M. Maatman – Dutch (1969)
Application Solution Center Director

A.C. Martinez Aso – Spanish (1961)
Controller Nutreco España Group

A. Obach – Norwegian (1964)
Managing Director Skretting Aquaculture Research Centre/
R&D Director Aquaculture

P. Ramos – Spanish (1954)
Managing Director Skretting Southern Europe

S. Roar Sandvik – Norwegian (1974)
Procurement Director Aquaculture

E. Perugini – Canadian (1970)
Controller Nutreco Canada

S. Rafferty – British (1963)
Managing Director Skretting Americas (as per 1/1/2012)

J.V. Rodríguez Ceballos – Spanish (1954)
Managing Director Sada

M.A.K. Snels – Belgian (1969)
Managing Director Feed Additives & Sloten

R.J. Tjebbes – Dutch (1969)
Finance Director Animal Nutrition

A.J.A. van der Ven – Dutch (1963)
Procurement Director Animal Nutrition

J.B. van der Ven – Dutch (1951)
Managing Director Trouw Nutrition International Brasil

A. Viga – Norwegian (1963)
Strategic Marketing Director Aquaculture

A.J.M. Voets – Dutch (1962)
Managing Director Hendrix

K. Weppler – Canadian (1963)
Managing Director Nutreco Canada Central & West

H.H. de Wildt – Dutch (1962)
Managing Director Trouw Nutrition International Europe

Corporate staff

H.J. Abbink – Dutch (1961)
Unite Programme Manager

P.F.M.E. van Asten – Dutch (1957)
Director Corporate Human Resources

J.M. van Bergen-van Kruijsbergen – Dutch (1961)
Company Secretary/Director of Legal

A.W. Goedhart – Dutch (1972)
Director Group Internal Audit

J.B.W. van Hooij – Dutch (1953)
Senior Group Tax Manager

J.G. Oskam – Dutch (1956)
Chief Procurement Officer

J. Pullens – Dutch (1968)
Director Investor Relations & Corporate Communications

J. Slootweg – Dutch (1966)
Group Treasurer

R.H.M. Sonneville – Dutch (1972)
Corporate Controller

M.J. Spronk – Dutch (1960)
Corporate Strategy Director

N. Streefkerk – Dutch (1953)
Director Business Development

H.A.T.M. Teunissen – Dutch (1955)
Corporate HSEQ Director

H.M.M. van de Ven (1962)
Director Corporate Information Management

T.W.C. Versteegen – Dutch (1952)
Corporate Manager Pensions

Participations of Nutreco N.V.

(100% unless mentioned otherwise)

Premix and Feed Specialties

Brazil
Nutreco – Fri Ribe Nutriçao Animal S.A. • São Paulo • 51%*
Trouw Nutrition Brasil Ltda • São Paulo

Cyprus
Selko Mid-East Ltd. • Limasol (in liquidation)

Czech Republic
Trouw Nutrition Biofaktory, s.r.o. • Prague

Egypt
Hendrix Misr S.A.E. • Cairo • 33.30%*** 1)

Germany
Sloten GmbH • Diepholz
Trouw Nutrition Deutschland GmbH • Burgheim

Greece
Trouw Nutrition Hellas S.A. • Athens

Guatemala
Trouw Nutrition Guatemala S.A. • Guatemala City

Hungary
Agri Services Hungary Kft. • Budapest • 96.80%*
(in liquidation)
Trouw Nutrition Környe Kft. • Környe

India
Trouw Nutrition India Pvt. Ltd. • Bangalore

Indonesia
PT Trouw Nutrition Indonesia • Jakarta

Italy
Sloten Italia Srl • Crema
Trouw Nutrition Italia S.p.A. • Bussolengo

Mexico
Nutreco México S.A. de C.V. • Zapopan, Jalisco
Técnica Analítica S.A. • Monterrey
Trouw Nutrition México S.A. de C.V. • Zapopan, Jalisco

Netherlands
Hifeed Russia B.V. • Boxmeer
Masterlab B.V. • Boxmeer
Selko B.V. • Goirle
Sloten B.V. • Deventer
Sloten Groep B.V. • Deventer
Trouw Horos B.V. • Boxmeer
Trouw Nutrition Belgorod B.V. • Boxmeer • 90%*
Trouw Nutrition Hifeed B.V. • Boxmeer
Trouw Nutrition India B.V. • Boxmeer
Trouw Nutrition International B.V. • Boxmeer
Trouw Nutrition Nederland B.V. • Putten
Trouw Nutrition Russia B.V. • Boxmeer • 90%*

Poland
Trouw Nutrition Polska Sp. Z o.o. • Grodzisk Mazowiecki

Portugal
Trouw Nutrition Portugal Lda. • Lisbon

People's Republic of China
Taigo Nutrition Technology (Beijing) Co. Ltd. • Beijing
Beijing Dejia Honesty Livestock Import & Export Co. Ltd. •
Beijing • 20%**
Taigo Nutrition Technology (Hunan) Co. Ltd. • Xiangtan
Trouw Nutrition Technology (Beijing) Co. Ltd. • Beijing

Romania
Hifeed Romania Srl • Bucharest

Russian Federation
000 Trouw Nutrition Voronezh • Belgorod • 90%*
000 Techkorm • Moscow • 90%*
Trouw Nutrition c.i.s. • Moscow

Slovak Republic
Trouw Nutrition Slovakia, s.r.o. • Bratislava

Spain
Farm-0-San S.A. • Madrid
Trouw Nutrition España S.A. • Madrid

Turkey
Trouw Nutrition Turkey • Ankara

Ukraine
LLC Trouw Nutrition • Kiev

United Kingdom
Frank Wright Ltd. • Ashbourne
Nordos (UK) Limited • Wincham, Northwich
Trouw Nutrition Limited • Wincham, Northwich
Trouw Nutrition (Northern Ireland) Limited • Belfast
Trouw Nutrition (UK) Limited • Wincham, Northwich

United States
Trouw Nutrition USA LLC • Highland, Illinois

Venezuela
Nanta de Venezuela C.A. • Aragua • 50%**

Fish Feed

Australia
Gibson's Ltd. • Launceston, Tasmania
Tassal Ltd. • Hobart, Tasmania • 11.27%***

Canada
Skretting Canada Inc. • Toronto

Chile
Nutreco Chile S.A. • Santiago
Portuari Pargua Ltda. • Santiago

France
Trouw France S.A.S. • Vervins

Ireland
Trouw Aquaculture Limited • Roman Island, Westport

Italy
SC Italia • Mozzecane (VR)
Skretting Italia S.p.A. • Mozzecane (VR)

Japan
Skretting Co. Ltd. • Fukuoka

Norway
AquaGen A/S • Sunndalsøra • 15.03%***
Centre for Aquaculture Competence A/S • Stavanger • 33%**
Gastronomisk Institutt A/S • 2.10%***
Lofitorsk A/S • 1.80%***
Skretting Aquaculture Research Centre A/S • Stavanger
Skretting A/S • Stavanger
Skretting Eiendom A/S • Stavanger
Skretting Investment A/S • Stavanger
Skretting Russia A/S • Stavanger

People's Republic of China
Skretting China Co. Ltd. • Shanghai
Zhuhai Shihai Feed Co., Ltd. • Doumen Town

Spain
Skretting España S.A. • Burgos

Sweden
T. Skretting AB Sweden • Stockholm

Turkey
Skretting Yem Uretim Anonim Sirketi • Bodrum

United Kingdom
Trouw Aquaculture Limited • Invergordon
Trouw (UK) Limited • Wincham, Northwich

United States
Moore-Clark USA Inc. • Seattle, Washington
Nelson and Sons, Inc. • Utah
ENS Partnership • Utah • 33%**

Vietnam
Tomboy JSC • Ho Chi Minh City

Animal Nutrition Canada

Canada
138324 Canada Ltée • Upton
Advanced Nutrition Ltd. • Winnipeg • 50%**
Agriplacement J2M Inc. • Upton
Les Produits Agricoles Norelco Inc. • Upton
Nieuwland Feed & Supply Limited • Drayton • 40%**
Shur-Gain Holding Inc. • Toronto
Willie Dorais Inc. • Upton
Yantzi's Feed & Seed Ltd. • Tavistock • 40%**
Lactech Inc. • Lévis, Quebec • 50%**
Lactech L.P. • Lévis, Quebec • 32.95%
Newtech Feed Inc. • Montréal • 54.95%
Newtech Feed L.P. • Saint Hyacinthe • 54.95%

Compound Feed Europe

Belgium
Hendrix N.V. • Merksem
Nutreco Feed Belgium N.V. • Ingelmunster

Denmark
Hendrix Danmark A/S • Vejen

Portugal
Alimentação Animal Nanta, S.A. • Marco de Canaveses
Nutreco Portugal SGPS Limitada • Marco de Canaveses

Spain
Agrovic Alimentación, S.A. • Madrid
Alimentación Animal Nanta, S.L. • Madrid

Aragonesa de Piensos, S.A. • Utebo (Zaragoza) • 23.98%*** 1)
Nanta S.A. • Madrid
Piensos Nanfor S.A. • La Coruña • 50%*
Piensos Nanpro S.A. • Segovia • 50%*

Meat and Other

Canada
2542-1462 Quebec Inc. • St-Jean sur Richelieu
2969-1821 Quebec Inc. • St-Felix de Valois
Couvoir Scott Ltée • Scott Junction • 50%**
Ferme Baril de St.-Félix Inc. • St-Felix de Valois
Ferme Berthier Inc. • Berthier
Ferme Gaston Inc. • St-Felix de Valois
Ferme Léo Henault Inc. • St-Felix de Valois
Gène-Alliance Inc. • Yamachiche • 40%**
Isoporc Inc. • St-Hugues • 17%***
Poirier Berard Ltée • St-Felix de Valois

Portugal
Sada Portugal, Lda • Rio de Galinhas

Spain
Grupo Sada p.a. S.A. • Madrid
Inga Food, S.A. • Madrid
Sada p.a. Andalucia, S.A. • Alcalá de Guadaira
Sada p.a. Canarias S.A. • Santa Cruz de Tenerife
Sada p.a. Castilla-Galicia, S.A. • Valladolid
Sada p.a. Catalunya S.A. • Lleida
Sada p.a. Valencia, S.A. • Sueca
Sociedad Comercializadora de Aves, S.L. • Madrid • 34.96%*** 1)

Corporate

Belgium
Nutreco Belgium N.V. • Ghent
Nutreco Capital N.V. • Ghent

Canada
Nutreco Canada Inc. • Guelph

Curaçao
Nutreco Insurance N.V. • Willemstad

France
Nutreco France S.A.S. • Vervins

Germany
Nutreco Deutschland GmbH • Burgheim

Hong Kong
Nutreco Asia Co. Ltd. • Hong Kong

Netherlands
De Körver B.V. • Boxmeer
Dinex B.V. • Bodegraven
Hendrix' Assurantiekantoor B.V. • Boxmeer
Hendrix Beleggingen International B.V. • Boxmeer
Hendrix International Investments B.V. • Boxmeer
Nutreco Asia Support B.V. • Amersfoort
Nutreco Assurantie N.V. • Boxmeer
Nutreco Brasil B.V. • Boxmeer
Nutreco B.V. • Boxmeer
Nutreco International B.V. • Boxmeer
Nutreco Investments B.V. • Amersfoort
Nutreco Nederland B.V. • Boxmeer
Nutreco North America B.V. • Boxmeer
Nutritional Ingredients B.V. • Amersfoort
Trouw International B.V. • Boxmeer

Spain
Nutreco España S.A. • Madrid
Nutreco Servicios S.A. • Madrid

United Kingdom
Nutreco Limited • Northwich
Trouw (UK) Pension Trust Limited • Wincham, Northwich

United States
Anchor USA Inc. • Delaware
Nutreco USA Inc • Delaware

** Fully consolidated*
*** Investment in associates (see Note 15)*
**** Other investments (see Note 16)*
1) No influence

Discontinued operations
Hedimix B.V. • Boxmeer
Hendrix UTD B.V. • Boxmeer
Reudink Biologische Voeders B.V. • Vierlingsbeek
Stimulan B.V. • Boxmeer
Hendrix UTD GmbH • Goch
Hendrix-Illesch GmbH • Bardenitz
PAVO Pferdenahrung GmbH • Neuss

feeding the future

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