Royal Wessanen nv

organic is our choice

Annual Report 2011


BJORG
Galettes Epeautre Son d'Avoine
BIO
Fourrés Chocolat
Muesli Superfruits
Céréalissim Express
Fraise cassis
Soja Cuisine
Bonneterre
Pâte à Pizza
Châtaigne Riz et Avoine
Allos
Sesam-Knäcke
Frucht Pur
Crunchy
Zonnatura
kallo
LOW FAT RICE CAKES
RICE CAKES
Orientalische Pfanne
Sparkling Cola
Original
Tartex
KRAUTER
de Rit
Whole Rye Honey Cake
Evernat
Formule Choc'
Nutricoco
eko land
Engelse melange thee
Witte basmatirijst

Royal Wessanen nv ('Wessanen') is a leading company in the European organic food market. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop our brands and products in the grocery and health food channels.

As well as being a market leader in organic foods, we also produce and market frozen snacks in the Benelux and fruit drinks and cocktail mixers in the US.

In 2011, revenue amounted to €706 million, achieved with on average 2,200 employees.

Our vision
To make our organic brands most desired in Europe

Our mission
Our organic food, your natural choice

Contents

Key business highlights

Wessanen
- European organic food markets continue to grow ±6%
- Strategic orchestration model being rolled out
- Central sourcing, innovations and marketing gaining further traction
- Innovation Boards and Category Brand Teams launched
- Ronald Merckx started as CFO on 1 June 2011

Grocery
- Bjorg, Whole Earth and Zonnatura growing volumes
- Innovations such as Bjorg lunch boxes, Zonnatura full organic tea line and Whole Earth cookies
- Launch Bjorg in Germany
- Increased 360° brand activations in different markets paying off

Health Food Stores (HFS)
- Divestments of Tree of Life UK and Kalisterra to focus on higher value added wholesale activities
- Currently five GooodyFooods stores in the Netherlands
- German position strengthened through product launches at Allos and Tartex

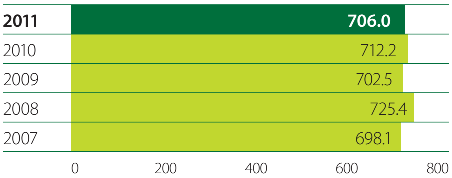
Frozen Foods
- Successful innovations such as Bicky Double Chicken
- Increased brand awareness for Beckers and Bicky
- Sales growth in out-of-home markets

American Beverage Corporation (ABC)
- Increased sales volumes
- Ready-to-drink pouches driven by increased distribution
- Little Hug successfully introduced new packaging and brand identity
- Much improved operating result

Growth in European organic food markets in 2011

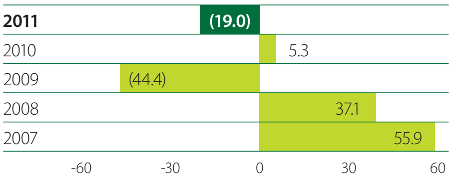
±6%

Revenue[1] (in € millions)



[1] Continuing operations only

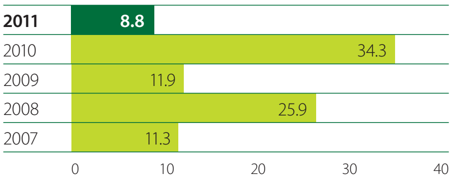
Operating result[1] (in € millions)



[1] Continuing operations only

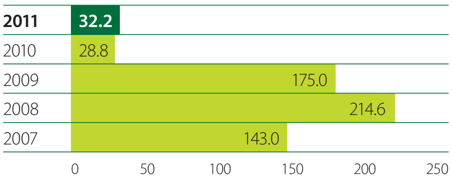
Earnings per share/Dividend per share (in €)

Cash flow from operating activities[1] (in € millions)



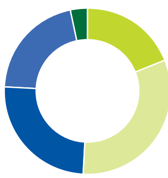
[1] Continuing operations only

Net debt at year end (in € millions)



FTEs per segment (at year end)

2011	
Grocery	379
HFS	639
Frozen Foods	501
ABC	416
HQ	63
Total	1,998



In € millions, unless stated otherwise	2011	2010
Income statement		
Revenue[1]	**706.0**	712.2
Operating result before exceptional items (EBITE)[1]	**23.7**	19.8
Operating result (EBIT)[1]	**(19.0)**	5.3
Profit for the period attributable to equity holders of Wessanen	**(17.1)**	(6.1)
Cash flow		
Cash flow from operating activities[1]	**8.8**	34.3
Cash flow from investing activities[1]	**(10.8)**	(14.5)
Cash flow from financing activities	**(0.3)**	(168.1)
Statement of financial position		
Average capital employed[1]	**248.3**	268.9
Shareholders' equity	**163.2**	177.0
Net debt	**32.2**	28.8
Ratios[1]		
Operating result before exceptional items (EBITE) as a % of revenue	**3.4%**	2.8%
Operating result (EBIT) as a % of revenue	**(2.7)%**	0.7%
Return on average capital employed (ROCE)	**(7.6)%**	2.0%
Return on average shareholders' equity	**(10.1)%**	(3.5)%
Leverage ratio (net debt/EBITDAE) at year end	**0.8**	0.9
Capital expenditure to revenue	**1.4%**	1.6%
Share information (in €)		
Equity attributable to equity holders of Wessanen at year end	**2.16**	2.37
Profit for the period attributable to equity holders of Wessanen[1]	**(0.23)**	(0.06)
Dividend	**0.08**	0.05
Average number of outstanding shares (in thousands)	**75,343**	73,229
Number of shares outstanding at year end (in thousands)	**75,665**	74,819
Share price information		
Highest share price (in €/share)	**3.90**	4.24
Lowest share price (in €/share)	**2.50**	2.43
Share price at year end (in €/share)	**2.83**	2.96
Market capitalisation at year end (in € million)	**215**	221
Enterprise value at year end (in € million)	**247**	250
Number of employees (in FTE)[1]		
Average number of employees	**2,182**	2,276
Number of employees at year end	**1,998**	2,222

[1] Continuing operations only

Wessanen Europe

Our European organic food business includes operations in the Benelux, France, Germany, Italy and the UK. These companies market and distribute a wide range of organic brands via supermarkets, grocery stores, health food stores and other food and catering outlets. Besides this, we export our organic products to other countries. We source most of our products from third parties (about 85%), based on our recipes and specifications. In Germany we have two factories for products such as vegetarian spreads, cooking essentials, honeys, cereals, bars and cookies. In Italy we own a soya milk factory.

Grocery

Key brands and markets

Bjorg: France, Germany, Italy, Export

Whole Earth: UK, Germany, Benelux, Export

Zonnatura: Benelux

Kallo: UK

Culinessa: Germany

Revenue

€243.9m

2010: €233.1m

For more information please go to pages 18-19.

Health Food Stores (HFS)

Key brands and markets

Tartex: Germany, France, Benelux, UK, Italy, Export

Allos: Germany, France, Benelux, UK, Italy, Export

Bonneterre: France, Export

De Rit: Benelux, Germany, Export

Evernat: France

Ekoland: Benelux

Formulas

Goody Foods, Natuurwinkel: Netherlands

Revenue

€247.5m

2010: €282.6m

For more information please go to pages 20-21.

A long and rich history: 2015 will mark the 250th anniversary of Wessanen

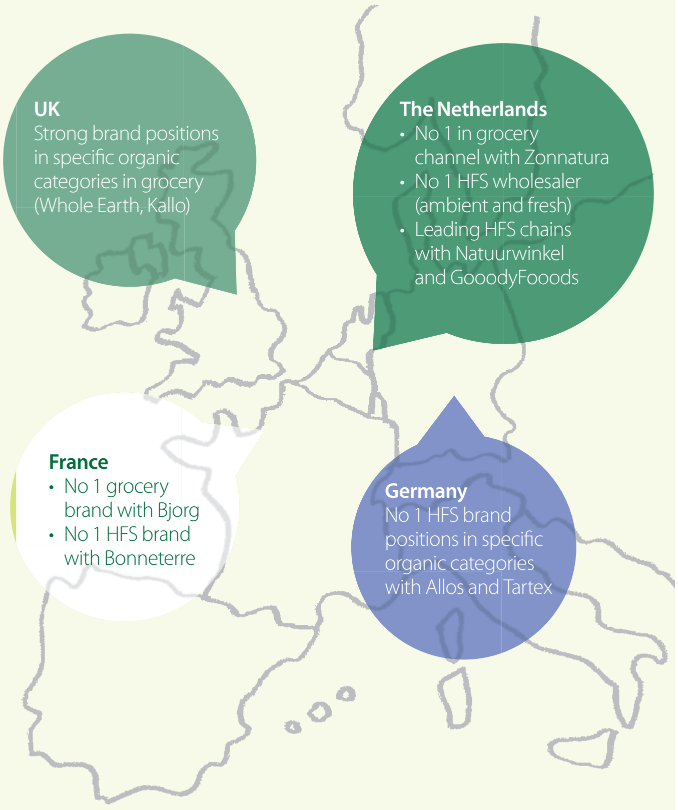
1700 > 1900 >

1910 > Consumer brands

1946 > Pioneering organic brands

- 1765 Incorporated near river De Zaan in the Netherlands, when Adriaan Wessanen started to trade in mustard, canary and other seeds
- Around 1910 introduced first consumer products like oatmeal and cocoa
- 1913 Distinguished title Royal
- 1946 Registration of Tartex trademark
- 1954 First products under Zonnatura brand
- 1959 Listed on Amsterdam Stock Exchange
- 1967 Foundation of Whole Earth (UK)
- 1974 Allos established

Leading organic positions in core countries



Frozen Foods

Our European Frozen Foods business comprises the activities of Beckers Benelux and Favory Convenience Food Group. These companies manufacture and market a wide variety of frozen convenience food products, such as the traditional Dutch 'frikandel' and spring rolls. These products are available at supermarkets and in the out-of-home channel in the Netherlands and Belgium.

Revenue

€113.1m

2010: €115.8m

For more information please go to pages 22-23.

American Beverage Corporation (ABC)

ABC is one of the leading producers of cocktail mixers and non-carbonated bottled fruit drinks in North America. The company manufactures and markets leading brands of juice drinks and cocktail mixers within both the on- and off-premise channels, including supermarkets, convenience stores, liquor stores, bars and restaurants.

Revenue

€112.6m

2010: €92.8m

For more information please go to pages 24-25.

1980 — 1990 — 2000 — 2010

- 1988 Creation of the Bjorg brand
- 90s Start of roll-out of Natuurwinkel retail chain in the Netherlands
- 1993 Merger Bols and Wessanen – split in 1998
- 2000/01 Acquisition Distriborg, Zonnatura, Natudis and Tartex
- 2009 Strategic reorientation – focus on organic food in Europe
- 2009/10/11 Several divestments to increase focus
- 2011 Innovation Boards and Category Brand Teams started

Dear shareholder,

In 2011, we concentrated on strengthening the position of our businesses and putting our strategy into action. With effective leadership teams to run them, our brands are well placed to capture growth in our various markets. I am increasingly enthusiastic about the progress we are making.

"Our organic 'flywheel' is gradually starting to spin faster, helping us to achieve better results."

2011 was characterised by subdued economic growth throughout Europe, resulting in low consumer confidence. Inevitably, the organic food market – and the health food channel in particular – was impacted by these conditions. The recession is driving consumers to search for ways to control their shopping bill. In response, we need to continue to explain to them the health benefits and added value of quality organic food as well as keeping it affordable.

Organic food is a growth market

The organic food market has been growing for the last 40 years and 2011 was no exception. The European organic food market still recorded mid single digit growth. In recent years consumers have become increasingly conscious about their health and food consumption, and the impact of it on our planet. This strong trend has helped to offset the effect of a weakening economy. Our own market experience shows increases both in purchase frequency and overall organic consumer penetration during 2011. We expect this trend to drive sales growth of organic food in 2012 and beyond.

Our organic range promises consumers tasty, affordable and healthy products, free from pesticides, GMO and artificial ingredients. This all delivered via a sustainable food chain all the way from seed to plate. These factors are increasingly important to consumers, putting us in an ideal position to make our organic brands most desired in Europe.

Our 2011 financial performance

For 2011, we reported autonomous revenue growth, improved our gross margins and increased underlying operational profitability. Initiatives such as central sourcing and brand activation are clearly paying off. As a result of incidental charges, we had to report a net loss to shareholders. These incidental charges relate in particular to impairments of intangible assets in relation to our Health Food Stores (HFS) and Frozen Foods businesses, as well as negative impacts connected with divestments made.

Three focus areas to put our strategy into action

As stated in our 2010 Annual Report, our strategy is clearly continuing to show substantial performance improvement. Looking back at 2011, I see our organic 'flywheel' is gradually starting to spin faster in our various business channels, helping us to achieve better results. I am convinced that this trend will continue as we go forward.

Our objective is to make our organic brands most desired in Europe. During the year we further clarified our strategy and took significant steps to put it into action.

The three focus areas for activating our strategy are topline growth, profitability improvement and 'enablers', designed to help our people achieve our business targets.

We deploy a dedicated objectives and strategy framework with clear Key Performance Indicators. It provides visibility and enhances accountability. It also ensures that all activity is concentrated firmly on the pursuit of our goals. This framework supports us to orchestrate our strategic approach. It increases focus

Social media are getting more popular every day.
We are embracing social media. We are increasingly using it for brand activation. Check out these pages and come on board: Kallo Food Academy, Whole Earth – Die Welt ist kostbar, Bjorg Officiel: les ateliers bio-nutrition and Zonnatura.

across the Company, and specifically within channels, through core brands, core categories, and initiatives such as the divestment of Tree of Life UK and Kalisterra.

Topline growth is our first driver

We made clear progress towards our goal of transforming Wessanen into a dedicated player in the organic markets. Cross-country Category Brand Teams were initiated to deploy relevant innovation expertise within our core categories. We also introduced Innovation Boards to sharpen and accelerate our innovation activity locally, with the aim of launching fewer, bigger and better innovations. In addition, we embarked on an initiative to build up a dedicated Export group to speed up sales of our HFS and grocery brands beyond our home markets.

We further fine-tuned and implemented our country-specific growth strategies. This was shown by our initiatives in the Netherlands, where we completed a distribution deal with fresh and chilled logistics supplier Vroegop-Windig, and opened new GooodyFooods and Natuurwinkel stores. We also introduced a modular, dedicated organic shelf for grocery chains, called Biobest.

To strengthen our overall position, we continue to look for prospective acquisitions that fit our current market and core categories. We intensified the process during the year, based on our brand-category road map. We intend to make tangible advances in this area in 2012.

The upward pressure on commodity prices presented our Central Sourcing function with tough challenges, but it managed to mitigate most of the pressure by maintaining a coherent pan-European approach.

Looking at the performance of our businesses in 2011, I am encouraged with the progress we are making. I am convinced the overall picture is promising.

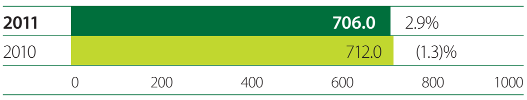
Grocery – balancing sales growth and further marketing and brand support

Our Grocery segment performed well, showing a healthy growth of sales and profits. This was particularly true in France where Bjorg continued to grow its market share. We fully converted Zonnatura to organic, launched Bjorg in Germany, launched the 'Biobest' shelf in the Netherlands, relaunched soy under the Kallo brand and executed 'cutting the tail' in the UK. Our teams did much good work on the brand positioning and market activation of Bjorg, Kallo, Whole Earth and Zonnatura.

HFS – addressing the issues to improve its 2012 performance

We continue to work hard at implementing multiple improvements, of which several have yet to be translated into tangible results. Overall, HFS had a disappointing year, as HFS wholesale had to deal with a tough market and lost customers and the branded activities modestly declined. There were numerous positives such as great product launches by Bonneterre, Allos and Tartex, the successful Little Red Bag campaign in the Netherlands, new GooodyFooods store openings and the increased focus as a result of two divestments.

Revenue[1] (in € millions)



[1] Autonomous revenue growth

Frozen Foods – many positive developments

Despite the challenging economic environment, the Frozen Food segment has achieved many positive developments such as the Beckers and Bicky brand activation and innovations such as the Bicky Double Chicken. The Beckers 'Family Man of the Year' contest and cooperation at Frozen Foods has significantly improved, while production and supply chain are benefiting from additional investment.

ABC – a strong result in 2011 with more to come

After changing management two years ago, the new team has done an excellent job in turning ABC around. Multiple processes in areas such as sales, supply chain, production and finance have improved performance dramatically. The proof is in the strong 2011 results, which are mostly attributable to Daily's, and in particular

> ***"We are determined to improve our performance step by step."***

our fast growing ready-to-drink frozen pouches. We furthermore re-energised and revitalised Little Hug through a.o. advertising and new packaging, and made corrective actions to improve the forecasting process. We postponed the intended divestment since we expect to extract more value at a later stage, building on the success in 2011 and expected growth.

Profitability improvement as our second focus area for activating our strategy

Growing volumes is as important as adhering to disciplined pricing strategies for our customers and consumers. We tightened our focus on improving our competitiveness in pricing and achieving value for money for our consumers. This adherence to disciplined pricing has the added benefit of generating room for investing in our businesses.

The HFS channel has to deal with competition from within and outside the channel. The challenge is to change from only push-driven to a more demand-driven approach, with the end consumer in mind. Therefore, we will actually support our brands using all kinds of activation together with our customers and will bring more innovations generating added value for our consumers. Furthermore, we will continue to drive out operational costs to be competitive in our pricing.

We enhanced operational excellence through the further roll-out and deployment of SAP. We successfully implemented SAP in the UK in the summer and at a large part of our French HFS business in January 2012. We also deployed a Framework of Internal Control.

Enablers as our third cornerstone for activating our strategy

Organic knowledge is a fundamental strength

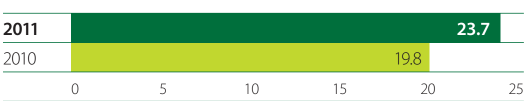
Organic food is at the core of Wessanen. To deepen and share our joint knowledge of organic food and agriculture and its characteristics, we started our Organic Expertise Centre (OEC). It will function as a knowledge centre for collecting and disseminating organic knowledge to our employees as well as external stakeholders. The OEC will cooperate closely with our quality team to ensure that our products retain the highest possible standards.

Our people – an important asset

Our brands are strong and we have good positions in many of our markets. But, more importantly, we have many motivated and talented people. I see these people around me every day, committed to building a Wessanen that is even stronger and more successful. Their drive and passion inspire me to be even more convinced about our future.

Bjorg No 1
Bjorg is the largest organic brand in the French grocery channel and in the forefront of growing this market.

EBIT before exceptional items (in € millions)



In 2012 we intend to build on this drive and passion by introducing a new leadership programme. To me, leadership is about building the future together, and it is based on four key behaviours: collaboration, building the future, performance & responsibility and positive energy.

We must aim for ongoing improvement with the focus on critical priorities driven by our long-term objectives. In my view, a true leader is recognisable by a combination of head, heart and guts. These are the elements that we require from our people in order to achieve our goals.

Looking ahead

Like most companies, we have had to deal with the ongoing effect of the subdued economic environment which impacted consumer confidence across the board. Although the underlying consumer trend towards health is undeniable and organic food remains a growth market, it is also reasonable to assume that the growth of our markets will continue to be impacted to a certain extent. Despite these macro-economic challenges, we are determined to improve our performance step by step and further consolidate our positions and brands in the European organic markets.

Going into 2012 we are prudently financed as a Company with low levels of net debt and we successfully renegotiated our credit facility last summer. Our financial position is healthy, enabling us to fund our organic and acquisitional growth from internal sources.

Our corporate reputation is improving step by step. We have a strong leadership team in place and the execution of our strategy is progressing. We ended 2011 as a stronger Company than we started, and I envisage that this will continue during 2012 and in the years to come. Ultimately, this will result in a strong, focused and successful Company in 2015, when we will be celebrating our 250th anniversary.

Piet Hein Merckens
Chief Executive Officer

> ***"In 2015, we will be celebrating our 250th anniversary."***

Organic food is at the core of Wessanen. With strong pioneering brands and good market positions we are well placed to realise our vision 'to make our organic brands most desired in Europe'.

Wessanen's strategy is to focus on organic food in Europe with the clear vision of making our organic brands most desired in Europe. We conduct three business models; brands for grocery, brands for health food stores (HFS) as well as HFS wholesale. These three models are reported under the segments Grocery and HFS and are managed by a matrix structure under the leadership of the Executive Management Group. Our main markets are the Benelux, France, Germany, Italy and the UK, as well as a growing export business.

We have two additional segments, Frozen Foods and American Beverage Corporation (ABC).

Frozen Foods produces and markets branded (Beckers, Bicky) and private label frozen snack products in the Benelux and via export. Ultimately, we intend to sell Frozen Foods, although we have yet to decide on a timepath for the divestment.

North American-based ABC is a leading producer of premium cocktail mixers and single-serve value-priced fruit drinks. We previously flagged our intention to divest ABC in 2011, which process we postponed in light of ABC's strong performance. While the clear intention to divest ABC remains, we believe that a divestment in 2011 would not have unlocked the full value of the business for our shareholders. We continue to review the situation on a regular basis and we will take action as and when appropriate.

An evolving, growing marketplace

The European organic food market is an attractive and growing segment of the overall food market at €21 billion a year. In 2011, the market showed mid single digit growth. Historically, organic food has been a niche market, characterised by a relatively small but loyal group of consumers. This picture is changing rapidly with organic food increasingly reaching the mainstream consumer. Its growth potential is also significant, driven by increasing appreciation by consumers and the current, still low, per capita consumption.

The organic food landscape continues to alter. In the past, organic certification was a differentiator, while it is now becoming more of a table stake. The next generation of organic food products will have to deliver clear consumer benefits instead of being copies of mainstream products. Innovation will become increasingly important in this arena as well. Pricing will increasingly be based on the perceived value and consumer benefits. In contrast to the past when price sensitivity was low, private label is increasingly becoming the key reference point.

Innovation is a must

Organic food products are made from pure ingredients that are grown and processed under environmental-friendly and sustainable conditions. Creativity and innovation will continue as key factors in our efforts to meet the growing demand for safe and healthy food in the long-term. The world is in need of a cohesive global policy. Wessanen is playing a responsible and pioneering role in the pursuit of this goal and with good reasons. We believe this is the only way to ensure safe, responsible organic products in the years to come.

Innovation Boards and Category Brand Teams

Our ambition is to find ways of improving and renewing our products so that they meet all sustainability demands, as well as health and taste demands of consumers. To create more distinctive innovations and above average growth in our core categories, we have

"Organic food is an attractive and growing market."

Our organic choice:

"Organic food is nutritionally pure and rich in flavour."

> **Our vision: To make our organic brands most desired in Europe."**

increased the effectiveness of our innovation process and installed pan-European Category Brand Teams (CBT). We have now four CBTs running and more will follow in the course of 2012. Through deep consumer insight, international alignment, sharing best practices and reduced complexity we aim to significantly increase the number of cross-country initiatives. Additionally, the total number of projects conducted will be reduced substantially. Ultimately, our focus regarding innovations will be on 'fewer, bigger, better'.

Our vision and mission

We believe we have a strong proposition for consumers: 'Organic food is good for you, our living planet and the next generation'. By adopting an organic approach, we give our customers and consumers the opportunity to experience the benefits of organic food. While the food is made from ingredients that originate from sustainable sources, the supply chain complies with social and ethical standards. Moreover, organic food products are nutritionally pure and rich in flavour. To be fully successful, we need to make organic food affordable for consumers.

Our brands are pioneering and prominent organic brands across Europe, offering a variety of relevant products. Focus is on the growing number of organic mainstream consumers as well as our core consumer base.

Our vision combines all the above mentioned into: 'To make our organic brands most desired in Europe'. Our mission says it all: 'Our organic food, your natural choice'.

Organic is our strategic focus

Following a comprehensive review of market opportunities in 2009, Wessanen decided that its future is focusing on the European organic food market. Accordingly, transforming the Company into a dedicated organic food company resulted in the divestment of most of the North American operations and a halving of the Company's size. Up to then the focus was on building branded and distribution businesses in both Europe and North America. Despite the presence of our current organic companies in the total portfolio, the total Group had a rather diverse and unrelated mix of activities.

In 2010 we refined our strategic direction with the decision to mainly concentrate on organic brands in both grocery and health food stores. Our playing field is determined by four consumer benefit platforms based on nutrition and taste and focused on several core categories.

Our brand-platform-category map (see page 13) has provided us with a forward plan for executing our strategy towards suppliers, customers and consumers. This refinement of the strategy to better align it with developments in the organic food market resulted in a focused road map which will drive our agenda for the future.

Strategy in action

During 2011 ample time was spent on further optimising the execution of our strategy, with emphasis on putting it into action. We use our 'OGSM' (Objectives, Goals, Strategies and Measures) framework to ensure visibility and accountability for our strategic objectives. It also ensures that all activities are aligned by cascading these down to clearly defined divisional, functional and individual goals.

We originally set nine strategic objectives for the period 2011-13. For 2012, we adjusted these modestly and incorporated them in an OGSM framework.

We have identified three main areas of focus for putting our strategy into action, namely topline growth, profitability improvement and enablers.

Topline growth covers areas such as growing our core brands and core categories, fewer, bigger and better, innovations, country-specific growth strategies, the building of strongholds in new markets and the execution of our acquisitions shortlist.

The second focus area is profitability improvement, which includes the realisation of central sourcing savings via aligning both products and suppliers, pricing strategies towards our customers, improving operational excellence with SAP, and further filling our own factories.

Our enabling strategies emphasis is on talent performance management, building connected leadership, a simplification of how we do business together and on organic expertise and quality.

Strategic objectives

We aim to achieve, over the medium term, a return on capital employed in excess of our weighted average cost of capital and hence create economic value. The Group aims to be capitalised according to a target net debt level below 2.5 EBITDAE.

Strategic objectives 2012 – 2014

Topline growth

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

Profitability improvement

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

Enablers

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

Acquisitions

Add-on acquisitions are, next to autonomous growth, an important driver for growth. We have clear business and financial criteria in place with respect to any potential acquisition target. These include focus on brands and products in any of our eight core categories and the prerequisite of being a well-managed company. The main focus is on countries where we already operate to build scale in our key categories or gain distribution.

Any acquisition has to be value enhancing, realising a return on capital employed above our pre-tax weighted average cost of capital (2011 pre-tax WACC is 12-13%).

Our business models

We conduct three business models: brands in grocery, brands in HFS and HFS wholesale.

The Grocery channel involves the sourcing, innovation, marketing and sales of our own brands to grocery retailers. We deliver our products both to distribution centres and directly to stores. As a leading European player we have brands such as Bjorg, Zonnatura, Whole Earth, Kallo, Merza, Gayelord Hauser, Biorganic and Culinessa and manage third-party brands such as Dr. Schär and Krisprolls in certain markets. We have our own operations in the Benelux, France, Germany, Italy, the UK, and export to several other markets.

Brands in HFS involve the sourcing, innovation, marketing and sales of our own brands to health food stores. Distribution is either via third-party wholesalers (in Germany) or direct to the stores (France, the Netherlands). Our brands include Bonneterre, Evernat, De Rit, Ekoland, Allos and Tartex.

HFS wholesale involves sourcing, category management, formula management, sales and distribution to health food stores. Focus is on a full range of products and a high share of products per store. Our operations include the distribution of ambient and fresh in France and the Netherlands as well as ambient in Belgium.

In 2011, UK-based Tree of Life UK and French-based Kalisterra have been divested, a move fully in line with Wessanen's strategic emphasis on creating more focus on higher added value activities within wholesale.

Towards a strategically orchestrated organisation

All Wessanen operating companies have a profit and loss responsibility and are managed by a dedicated management team. They are the basic building blocks for the organisation, being part of our four segments, Grocery, HFS, Frozen Foods and ABC.

> **"Our strategies and measures focus on growth, profit and enablers."**

Our organic choice:

"A healthy meal for the whole family."

One-stop organic shopping experience

On my way home from work, I stopped at GooodyFooods to do all the shopping for tonight's dinner. I love to spend quality time with the family and to prepare a tasteful and well-balanced dinner. GooodyFooods offers everything to wish for: fresh organic vegetables, LunaeTerra olive oil, Ekoland rice, De Rit sauce and lovely cheeses and fresh fruit for afterwards. But this great organic store offers more, from Allos cereals and Tartex vegetarian patés to Zonnatura herbal teas and De Rit storytelling pralines. It is simply great!

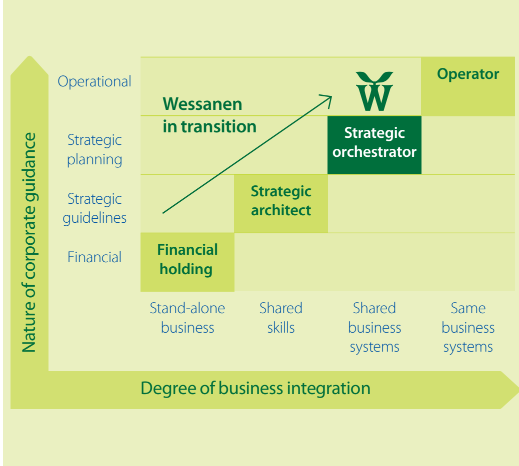
Grocery and HFS are managed by a matrix structure under the leadership of the Executive Management Group (EMG). This is a platform for discussing actions and initiatives, taking cross-country decisions and deploying resources with the aim of coordinating and directing the implementation of our strategy. It means a greater operational involvement for the Executive Board, and a greater degree of involvement and responsibility with regard to the execution of the strategy for the individual country managers. The EMG consists of two strategic coordinators, country managing directors, senior corporate staff and the Executive Board, chaired by the CEO.

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

The role of corporate headquarters is transitioning to strategic orchestrator. To exploit Wessanen's potential, our central steering capability needed strengthening and required us to adapt to our organisational and governance models.

Corporate guidance will therefore shift to strategic orchestration while the degree of business integration is moving to shared business systems. We will set tailored operational targets for each operating unit, using a dedicated framework (OGSM) and proactive intervention. We have established focused lead or coordination roles in functions that have a genuine European scale such as central sourcing, quality, organic expertise, innovation, brand alignment, ICT & operations, export, supply chain and mergers & acquisitions.

Strategic orchestrator



Our central sourcing initiatives aim to lower the cost of goods sold, while creating strategic partnerships with suppliers. Through a centralised, professional single way of working we focus on further increasing our expertise regarding raw materials, bundling purchasing volumes and reducing complexity within the supply chain. Some of the priorities in this respect will be the development and execution of a sourcing strategy per category and to drive alignment between marketing, quality and supply chain across functional teams.

As of 2012, organic and quality expertise are centrally aligned as part of the Organic Expertise Centre. This will result in a more integrated European approach and exchange of best practices regarding the quality of our ingredients, products and processes. The new Supplier Quality Approval policy monitors our sources and suppliers in an integrated way for all our companies.

Emphasis is on putting the strategy into action."

Whole Earth
Our cereals are appreciated for the additives of quinoa and amaranth. These ingredients are well-known for the high quality of proteins and are gluten-free.

Brand-platform-category map

Consumer Platforms	Point of differentiation	Consumer motives	Consumption moments	Organic brands
Organic Nutrition	Best nutrition from organic ingredients	Daily nutrition	Breakfast, lunch, in-between	Allos, Bjorg, Evernat, Kallo, Tartex, Zonnatura
Organic Taste – Indulgence	Rich and exciting taste from organic ingredients	Indulge and reward	Breakfast, in-between	De Rit, Whole Earth
Organic Taste – Cooking	Taste closest to freshly prepared organic meals	Complete organic cooked meal	Lunch/dinner meal occasions	Bonneterre, Culinessa, Merza
Organic Basics	A strategic platform to enter the Dutch grocery market	Alternative to grocery private label	Breakfast, lunch, in-between	Biorganics, Ekoland

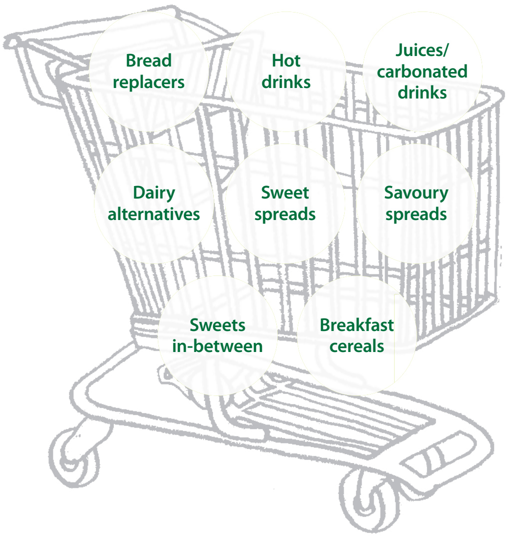
ICT is managed centrally with local support. We have a dedicated SAP team in place to ensure that – in close cooperation with local management – SAP implementations and go-lives run smoothly. The benefits of SAP are clear, being improved data comparability, data transparency and improved decision-making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

To further leverage our export activities, we are in the midst of building a dedicated (small) organisation around markets with 'feet on the ground'. Instead of a fragmented and scattered approach, focus will be on fewer, albeit sizeable European markets. We aim to better activate the HFS channel thereby leveraging our product and brand portfolio and current network. The priority for Grocery, which is still a small part of total export, is to strengthen current export operations, while exploring new ones.

Organic food is at the core of Wessanen

To summarise, Wessanen's strategy is to focus on organic food in Europe, which is an attractive and growing segment. We are well-positioned with strong pioneering brands and good market positions. We have a clear set of strategic objectives, which focus on the top-line, margins and enablers. We continue to work on further optimising our execution, with the emphasis on putting the strategy into action. The organisation, moving towards being strategically orchestrated, will create additional benefits and synergies within Wessanen. This all makes us well placed to realise our vision 'to make our organic brands most desired in Europe'.

Our core categories



Allos
Since 1974 we have developed a food-handling quality culture in the Allos farmyard in Drebber (Germany). It points us in the right direction daily: Organic food must be natural and should be based on sensible recipes.

What is organic?

In order to carry the label 'organic', clear legal criteria regarding the way ingredients and products have to be farmed, grown and processed have to be met. Organic food is a growth market, driven by consumers demanding healthier and more sustainable products.

All products in the European Union have to meet strict criteria to be allowed to be labelled organic. These must be demonstrably free from genetically modified organism (GMO) content, antibiotics and growth hormones. The organic regulations severely restrict the usage of fertilisers, herbicides and pesticides as well as additives and processing aids, while food colouring is prohibited. There are strict rules about animal welfare, including the provision of sufficient space, whether they are kept indoors or outside.

Organic food is controlled by a unique certification system ensuring that it meets these requirements. It is mandatory for all organic food produced in the EU to carry the EU organic logo, which was introduced in 2010. In addition, there are national logos to indicate that the product meets these EU organic requirements in that country, such as the AB logo in France and the EKO logo in the Netherlands.

Before starting to manufacture organic products or farm organically, producers must apply to an organic inspection body in their home market to become certified as being organic. Such inspection bodies need to be accredited by one of the national accreditation bodies. Examples are Skal in the Netherlands, Agence Bio in France and the Soil Association in the UK. These inspection bodies officially accredit certifiers regularly, at least once a year. Certifiers are responsible for ensuring that products conform to organic regulations all the way through the supply chain.

The term 'organic' does not specifically relate to one or more categories of products, but applies to all food and beverages, if produced and processed in line with these principles.

"Organic food is controlled by a unique European certification system."

Single European organic logo

A single European certification system helps consumers to easily recognise organic products. It was introduced in July 2010 by the European Union, including the obligation to use the EU logo on all pre-packaged organic products that have been produced in any of the EU member states. This requirement is in addition to the various national logos, which are all governed by strict certification systems as well.

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

IFOAM, as the worldwide umbrella organisation for the organic food movement, defines organic agriculture as a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.

The relevance of organic food

Organic food products promote health and well-being, but they also hold benefits for the planet and future generations. The interest in organic food and its importance is growing. Nowadays, most consumers are aware of the relevance of organic food and its sustainable production methods. They perceive organic food as an attractive proposition that offers health benefits, a rich taste and good product quality.

Despite all this, a significant gap still remains between what consumers say and what they actually do. In many cases consumers do not buy organic despite being well aware of the benefits.

The single largest barrier remains awareness, as many consumers do not understand the organic proposition and are confused by the terminology. For example, they find it difficult to differentiate between concepts such as natural, fair trade, sustainable, local and organic. Other barriers include lack of choice, low availability and high prices relative to non-green options.

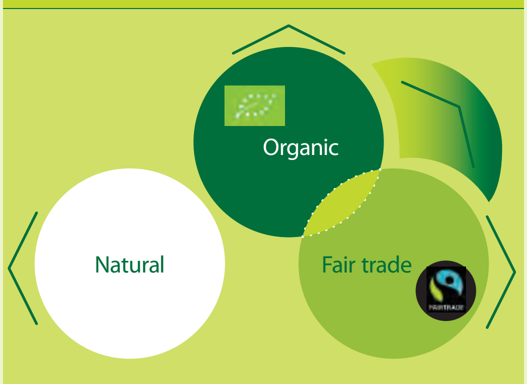
An important task for Wessanen in the years to come is to convince more consumers of the attractiveness and uniqueness of organic food and to help them translate

this positive perception into more frequent buying of organic food. The remedy to all these barriers lies in demonstrating that organic food has clear benefits for consumers. Therefore building on consumer trust is our No 1 priority to make sure that consumer awareness increases and barriers are taken away.

In addition, the knowledge of consumers about organic food is still limited. One of our key challenges is to educate them clearly and effectively on the benefits of organic food. Furthermore to expand consumer knowledge, many of our brands have devised ways to communicate the benefits of organic directly to consumers.

We also use the benefits of organic food in the four consumer benefit platforms we have in place, while we consider ethical and social benefits to be standard attributes in these platforms.

Food and beverages market



Landscape for 'green' food

Organic food is part of a broader spectrum related to the green agenda. In the consumer's mind, green is associated with a rich and broad range of benefits including 'best for yourself', and 'good for the world'. Both 'health' and 'organic' are top of mind, but also aspects such as local production, Fair trade, fewer artificial additives and enhanced flavours, are part of the 'green' equation.

To be called Fair trade, a product has to be certified. It is all about better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world. This enables these farmers and workers to improve their position and have more control over their lives.

Natural is a widely used term with various meanings and no legal definition. It generally means that these products do not contain any artificial ingredients, colouring ingredients or chemical preservatives. It certainly is not a synonym for organic food as organic food is certified all through the supply chain.

Market breakdown by category

1 Fruit/vegetables 22%

2 Dairy products 17%

3 Meat 15%

4 Bread and cereals 10%

5 Cheese and butter 4%

6 Coffee, tea and cocoa 4%

7 Eggs 3%

8 Fish 0.3%

9 Other (incl. ambient) 25%

Source: Organic Monitor

Interesting 'organic' links

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

www.organic-world.net
A website providing background information and news related to organic farming statistics and general developments in organic agriculture worldwide.

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

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

The European organic food market has a long track record of growth. Its potential remains significant, driven by an increasing number of consumers appreciating the rich taste, health benefits and sustainable production methods of organic food. Wessanen is a prominent player in this market.

The European organic food market is an attractive and growing segment of the overall food market. Its growth potential is also significant, driven by increasing appreciation by consumers and the current, still low, per capita consumption. Nowadays, most consumers are aware of the relevance of organic food and its sustainable production methods, although most of them still buy organic products on an irregular basis.

2011 was another year of European food market growth. At €21 billion in 2011, the organic food market represents less than 3% of the total European food market. In 2011 the estimated growth amounted to 6%, which was in line with 2010 (6% growth) and 2009 (4% growth). Up to 2008, before the impact of the economic recession was felt, growth was running around 10% per year. Also for the medium term, including 2012, we expect the organic food market in Europe to outpace growth of the total food market, cautiously estimating growth around mid single digit.

Our organic choice:

"Whatever you do, wherever you are, organic food is there for you."

Per capita consumption remains still low, varying from just 1.7% in the UK up to 7% in Denmark. Average European per capita consumption is held back because of the current low penetration in Central and Eastern Europe.

Organic products reach the market through two primary channels: the grocery channel and health food stores (HFS). Historically, organic food was a niche market with low volumes and attracting a relatively small but loyal group of consumers. In recent years organic food has become much more of a common feature in supermarkets. A broader assortment and increased availability of organic products go hand-in-hand with the rising engagement of mainstream consumers, fuelling market growth. Most of the future market growth is expected to originate from the grocery channel, driven by light users.

The health food stores channel

Historically, owners of health food stores pursued an ideological agenda: they wanted to sell and promote organic food giving consumers a clear, healthy and tasty alternative. Many of these stores were independently owned, small or medium in size (100-250m^2) and generally offered a full range of ambient products as well as vegetables and fruits.

An irreversible trend is occurring in the HFS channel: the rise of chains and larger stores. While many HFS stores still retain their independence, an increasing part belongs to a local or nationwide chain. So far, all chains are based in a single country, except for US-based Whole Foods, which runs several stores in the UK. Those stores belonging to a chain are either company-owned or part of a franchise chain like we operate in the Netherlands with both Natuurwinkel and GooodyFooods.

In Europe, there are about 5,000 stores. The number is modestly growing, while the number of square meters is also rising due to smaller stores being replaced by larger stores (400-600m^2). In general, independent HFS stores source products from wholesalers on a store-by-store basis. HFS chains, which are on the rise, tend to go more often to suppliers directly.

Specialist health food stores will remain an important channel for many consumers, being a mixture of heavy users who traditionally visit these HFS stores as well as light users being attracted by the increasing number of larger, more modern stores.

The grocery channel

An increasing proportion of organic food is bought in supermarkets. For the retailer, organic food has become a small but important segment that functions as an image and margin builder. It enables supermarkets to boost their image as being conscious about environmental, ethical and social aspects. The consumer has the convenience of all organic food products being available at one place, including an increasing organic assortment of fresh and ambient products.

Per capita consumption of organic food
(in € per year, estimate)

Own operations		Export markets	
Germany	75	Denmark	140
France	55	Sweden	85
The Netherlands	50	Austria	115
Belgium	40	Switzerland	150
Italy	25	Spain	20
UK	30	European Union	30

Source: Wessanen; BOLW

Growth has been stimulated by broadening the range of organic food products, adding new categories and by dedicating more shelf space to the organic food proposition.

Organic food is placed either on the mainstream or dedicated shelf. The mainstream option displays the offerings per category, such as tea or cooking aids, bearing the risk that organic is insufficiently visible due to its still modest size. Various surveys and research conducted show that while a consumer expects to find organic on the mainstream shelf, in reality that same consumer finds it hard to locate the organic products in-store. Practice shows that placing the dedicated organic shelf close to the fresh department near the entrance provides the best results.

The dedicated shelf has the strong benefit that it groups all ambient organic products together, offering a one-stop shopping. To the consumer it offers a clear, grouped selection. The grocery chain benefits from directing consumer traffic towards these dedicated shelves enabling them to benefit and fuel growth of organic food. In our markets, except for the UK where the mainstream shelf is common, most of the retailers opt for a dedicated shelf.

The competitive landscape

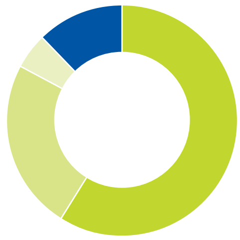
Wessanen is one of the few players having a strong European presence. Most branded competitors are small to medium sized, family owned, active in just one country and producing and selling one or several product categories.

A few of the larger, and most comparable, players are French-based Nutrition et Santé (to a large extent focusing on dietetic food), German-based Hipp (baby food) and US-based Hain Celestial, being active in Europe with amongst others tea, rice and soy drinks.

European organic food market – Breakdown by channel (2011) (estimate)

Grocery chains	59
Health Food Stores	24
Catering and Food Services	5
Other	12

€21 billion



Source: Wessanen; Organic Monitor

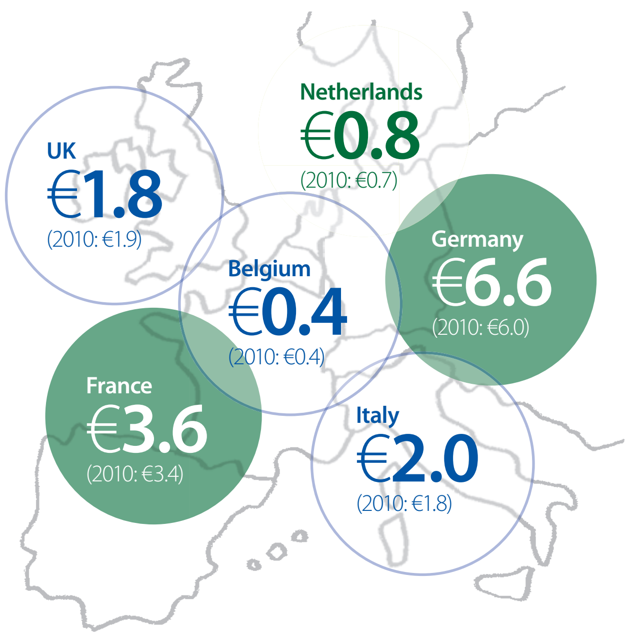
In general, HFS brands are not available in supermarkets and vice versa. Over time, the expectation is that this will become more diffuse as witnessed, for example, in the Netherlands with the introduction of Zonnatura teas in HFS stores and Hipp baby food being available in both channels at the same time (in HFS via Natudis, our Benelux wholesaler).

Private label

Private label is also becoming a more important factor in organic food, showing the attractiveness and growing market size of organic. Larger HFS chains such as German Alnatura and French Biocoop have own private label ranges, as do most of the larger grocery chains in Europe, including hard discounters. A-brands and private label have a symbiotic relationship, competing head-to-head on the one hand while jointly building an organic category versus conventional offering. In general, the weaker brands are losing out to the stronger A-brands and private label.

The focus of Wessanen is on building brands. We do not aspire to be a private label player, except for the utilisation rates at our German and Italian factories.

Organic food market size in 2011 (in € billion)



Source: Wessanen; Bionext; Soil Association; Organic-market; Bioforum; Agence Bio

Grocery

Grocery is a leading player in the European supermarket channel with its range of own organic brands such as Bjorg, Zonnatura, Whole Earth and Kallo. In 2011, Grocery performed well with most of our brands growing volumes and increasing their brand equity.

Key objectives 2011
• Achieve revenue growth and gain market share
• Improve operating margins through focus on core brands and strengthening of brand equity
• Improve operational excellence

Key achievements 2011
• Autonomous revenue growth, largely driven by higher volumes
• Market share gains achieved with most of our core brands
• Underlying operating margin improved to 7.4%, a 1.7%-point increase year-on-year
• European marketing alignment, including new Innovation Boards and Category Brand Teams
• Strategic orchestration in areas such as marketing, innovation and export gaining further traction

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

Our organic choice:

"Our 'Biobest' modular shelf system offers Dutch grocery chains a wide range of organic products."

Market developments and competition

The European market for organic food grew mid single digit in 2011. The picture varied considerably country by country. Both the Benelux and France recorded growth, benefiting from numerous initiatives by grocery chains expanding their organic food products offering. French chains already have ample shelf space dedicated to organic food, and continue to increase this, while in the Netherlands shelf space for organic food is still largely focused on fresh and meat, with ambient food still having a modest position.

The UK organic food market witnessed another year of decline, albeit at a slower pace than before. Consumption is impacted by the subdued economic circumstances and consumers have not bought into organic across the board. In Germany, both the HFS and supermarket channel grew in 2011.

The competitive landscape was comparable to last year. Wessanen is one the very few European players dedicated to organic food. Competition exists between smaller local players, larger single category players, grocery chains expanding their private label offering, and conventional food producers launching organic product line extensions.

Brands, marketing and innovations

We fully converted Zonnatura to organic, launched Bjorg in Germany and did much good work on the brand positioning of Kallo, Bjorg, Whole Earth and Zonnatura. We kicked off Category Brand Teams and Innovation Boards. We also further invested in brand marketing as well as in category insight and product development.

Bjorg grew strongly and gained additional market share in France, driven by its broad range of products and innovations such as the lunch box, coconut drinks and soy cuisine. During two periods we aired a commercial on national TV. In Italy, Bjorg continued to grow and the brand was launched in the German market in the autumn. Its nutritional positioning is complementary to the taste positioning of Whole Earth.

Whole Earth in the UK achieved growth, driven by strong performances of spreads and peanut butter. In the German market it continued to grow, supported by several city marketing campaigns launching Whole Earth in these respective cities.

For over 50 years Zonnatura has been well-regarded for its natural and organic food products. In 2011, its entire natural range was converted to organic, accompanied by new packaging. Sales grew modestly in 2011. Distribution of tea was expanded to numerous health food stores, since tea is a traffic generator for these stores. In the autumn a 360º activation campaign focused on organic teas and their natural taste. It consisted of multimedia, outdoor and in-store promotions.

Under the **Kallo** brand we launched a range of soy milks. Since dairy alternatives are one of our European core categories we migrated the So Good business to create one strong brand. This rebranding to Kallo has been supported by a programme of posters, press and digital support.

Other local brands generally performed well. **Culinessa** showed strong growth with its range of vegetarian spreads. Also **Biorganic** performed well, driven by gaining additional distribution at both existing and new customers. Attractive pricing and broadened assortment both contributed as well.

Our French dietetic brand **Gayelord Hauser** has been stable in a modestly growing market. Focus in 2012 will be on re-energising the brand. **Merza** continued to grow, while third-party brands such as **Dr. Schär** in the Netherlands and **Krisprolls** in France also performed well.

In the Netherlands we introduced the **'Biobest'**. It is a dedicated organic shelf based on a modular system containing a wide range of organic food products, including our brands Zonnatura, Merza, Whole Earth and Biorganic.

Operational developments

Sales in France continued to grow. Innovation remains important to secure shelf space and attract new consumers to organic. Sales in the Netherlands increased driven by the overall good performance of our brands. The managed withdrawal from the Belgian market resulted in improved profitability after assessing that our position was too weak to successfully grow in the medium term.

German revenue was up, due to a strong performance of all three grocery brands. Increased distribution and rising consumer take-off both contributed.

Revenue in the UK was impacted by de-emphasising private labels and 'cutting the tail', a programme to delist smaller SKUs and unprofitable lines. SAP was successfully implemented in the UK last July.

In Italy, we expanded distribution, resulting in growing volumes. The soy factory benefited from additional volumes as our UK business switched its sourcing to the factory.

Financial developments

Revenue amounted to €244 million. Autonomous revenue growth equalled 4.9% with volume contributing 3.4% and price/mix 1.5%. Growth was recorded in France, Germany, Italy, the Netherlands and through export. Belgium and the UK posted a decline. For the UK, this was largely attributable to its delisting of smaller SKUs and unprofitable lines, reducing UK sales by almost 10%. The effect on total European Grocery sales was (1.5)%.

Key figures Grocery

In € millions, unless stated otherwise	2011	2010
Revenue	**243.9**	233.1
Autonomous revenue growth	**4.9%**	3.4%
Operating result before exceptional items (EBITE)	**18.0**	13.4
EBITE margin as % of revenue	**7.4%**	5.7%
Operating result (EBIT)	**15.6**	7.0
Cash flow from operating activities	**(1.9)**	18.8
Return on average capital employed (ROCE)	**24.7%**	10.6%

Operating profit more than doubled to €15.6 million. Much of the growth is attributable to higher sales and increased gross margin, despite a step-up in costs for IT. Advertising and promotion were stable. Non-recurring costs amount to €2.4 million and relate to impairment costs for the Italian operations (€(3.0) million) and the release of some provisions. Underlying operating profit increased to €18.0 million (operating margin of 7.4%).

Operating cash flow was €(1.9) million (2010: €18.8 million), impacted by a working capital outflow of €13.6 million. This was largely due to the ending of factoring debtors (€(10.0) million) during the year and decreased creditors. Capital expenditure was stable at €2.4 million.

Outlook 2012

In 2012, we expect the European market to further grow, although the impact of the subdued European economy might impact the growth rate.

We expect to further grow sales of Grocery based on strong market and brand positions and the further execution of our plans in areas such as innovation, sales, brand activation and export.

"A rise in 360° activation campaigns to grow brand awareness."

Zonnatura
During 2011, Zonnatura teas were launched into selected Dutch HFS stores.

Health Food Stores (HFS)

HFS is a leading player in the health food channel in the Benelux, France and Germany and via export. We focus on own brands such as Bonneterre, Ekoland, De Rit, Allos and Tartex. HFS also includes ambient and fresh wholesale activities in France and the Netherlands, and the Dutch franchise chains GooodyFooods and Natuurwinkel.

Key objectives 2011

- Achieve revenue growth and gain market share
- Improve operating margins through focus on core brands and strengthening of brand equity
- Improve operational excellence

Key achievements 2011

- Increased focus on higher value added activities as a result of divestments
- European marketing alignment, including new Innovation Boards and Category Brand Teams
- Strategic orchestration in areas such as innovation, marketing and export, gaining further traction
- Fresh wholesaler Kroon intensified cooperation with Vroegop-Windig

Key objectives 2012

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

Our organic choice:

"Specialist health food stores remain an important channel to the consumer."

Our branded activities involve the sourcing, development, marketing and selling of our own brands to health food stores. Distribution is done either via wholesalers (in Germany) or direct to the stores (France, the Netherlands).

HFS wholesale involves the sourcing, category management, sales and distribution to health food stores. Focus is on a full range of products and a high share of products per store. Our operations include the distribution of ambient and fresh in France and the Netherlands as well as ambient in Belgium.

UK-based Tree of Life UK and French-based Kalisterra have both been divested during 2011 following Wessanen's strategic emphasis on higher added value activities in wholesale.

Market developments and competition

In 2011, the HFS part of the European market for organic food was modestly growing. The market varied considerably country by country. Growth was recorded in the Benelux and Germany, whereas the UK and France declined. Both the number of stores was growing as well as there is an ongoing European trend of closures among smaller stores and larger ones opening, resulting in a rise in average floor space.

The organic food landscape continues to alter with organic food increasingly reaching the mainstream consumer. Most of this growth is caught by grocery chains instead of HFS stores, while the HFS channel also feels the impact of a subdued European economy.

Regarding branded products, Wessanen is one of the very few European players dedicated to organic food. Competition is twofold, being smaller local players and HFS chains expanding their private label offering.

At Dutch wholesale, one of our competitors further expanded into ambient, whereas the French market landscape remained the same. The increase of stores in the various countries is driven by HFS chains expanding such as Alnatura and Dennree in Germany, Biocoop and La Vie Claire in France and Marqt and GooodyFooods in the Netherlands. The Dutch landscape further changed as a result of part of Natuurwinkel franchises leaving to join a different banner. The majority of the stores left are now owned by a competing wholesaler.

Brands, marketing and innovations

During the year we kicked off Category Brand Teams and Innovation Boards jointly with Grocery. Numerous new products were launched in various categories such as Allos Frucht Pur, bars, spreads, teas and non-dairy. We put more emphasis on brand activation, e.g. with the Little Green Bag campaign highlighting several of our Dutch brands.

Our branded revenue in France and Germany was stable, whereas the Netherlands showed a decline. Bonneterre and our vegetarian spreads brand Tartex continued to grow. Evernat and Allos showed modest declines.

Operational developments

In France, ambient wholesale was up, although it could not compensate for the decline at fresh wholesale.

Revenue at Natudis was impacted by a substantial number of Natuurwinkel stores leaving our banner. The opening of several GooodyFooods and Natuurwinkel stores could not compensate for this. Early in 2012, Natudis started to offer a range of 1,000 organic food products to customers of foodservice wholesaler Deli XL.

Our fresh wholesaler Kroon combined its distribution operations with dedicated logistical provider Vroegop-Windig. Early in 2012, the intensified cooperation resulted in Kroon moving to the premises of Vroegop-Windig.

Our German factories both performed in line with plans and are increasingly being utilised for European production, in contrast to the previous situation when the focus was largely on the German domestic market. By implementing SAP in our German operations in 2012, HFS is to further benefit from a standardised ICT system.

Financial developments

Revenue decreased to €248 million, being strongly impacted by the divestment of Tree of Life UK and Kalisterra during the year. Autonomous revenue declined 5.6% with volume contributing (5.3)% and price/mix (0.3)%. German sales increased whereas our other markets posted a sales decline. This also includes weak sales performances of divested Tree of Life UK and Kalisterra.

An operating loss of €(21.8) million was incurred including non-recurring costs of €(26.8) million (2010: €5.7 million). The decline in underlying profitability to €5.0 million was attributable to divested businesses as well as the remaining businesses.

Operating cash flow was €2.6 million (2010: €3.5 million). Working capital increased modestly as a result of a decrease in accounts payable, partly offset by a decrease in trade receivables. Capital expenditure amounted to €1.6 million (2010: €1.5 million).

Key figures HFS

In € millions, unless stated otherwise	2011	2010
Revenue	**247.5**	282.6
Autonomous revenue growth	**(5.6)%**	(3.5)%
Operating result before exceptional items (EBITE)	**5.0**	10.1
EBITE margin as % of revenue	**2.0%**	3.6%
Operating result (EBIT)	**(21.8)**	4.4
Cash flow from operating activities	**2.6**	3.5
Return on average capital employed (ROCE)	**(26.1)%**	4.6%

Outlook 2012

The expectations are mixed for market growth in the various HFS markets across Europe in 2012. We expect these markets will be impacted by the subdued European economy, and by competitive pressure from the grocery channel. In our opinion, the French market is likely to remain stable, while Germany and the Benelux show low-level growth.

2012 reported revenue will still be impacted by the divestments made in 2011. This negative impact will be €29 million. At wholesale we continue to work hard at implementing multiple improvements, of which several have yet to translate into tangible results. The Benelux organisation will continue to feel the impact of customers lost in the first half of 2011, while it should increasingly benefit from new customers for both fresh and ambient as well as the opening of new franchise stores (both GooodyFooods and Natuurwinkel).

"Further expansion of Dutch GooodyFooods formula."

De Rit – since 1970
De Rit is Wessanen's Dutch HFS indulgence brand. Its product range shows that exquisite taste, organic and Fair trade go very well together.

Frozen Foods

Frozen Foods produces and markets branded (Beckers, Bicky) and private label frozen snack products in the out-of-home, grocery and foodservice channels in the Benelux and via export to other European countries.

Key objectives 2011
• Increase relevance of Beckers and Bicky brands for our customers and consumers
• Improve operational efficiency by continuously improving quality of processes, systems and production

Key achievements 2011
• Strong sales performance in Belgian out-of-home and export markets
• Implementation category management at Foodservice
• Strong performance Bicky: growing sales and increased brand awareness

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

Key figures In € millions, unless stated otherwise	2011	2010
Revenue	**113.1**	115.8
Autonomous revenue growth	**(2.6)%**	(3.3)%
Operating result before exceptional items (EBITE)	**2.3**	4.6
EBITE margin as % of revenue	**2.0%**	4.0%
Operating result (EBIT)	**(12.3)**	4.3
Cash flow from operating activities	**6.6**	10.4
Return on average capital employed (ROCE)	**(24.2)%**	7.8%

Launch of Bicky Double Chicken
The Bicky Double Chicken was launched in the Belgian out-of home channel, thereby further extending the Bicky range. The introduction was supported by TV commercials and an online campaign.

Frozen Foods comprises Beckers Benelux and Favory Convenience Food Group (64.1% owned). Beckers Benelux focuses on the production and sales of strong brands like Beckers and Bicky in the out-of-home, grocery and foodservice channels in the Benelux. As well as the production, marketing and sales of private label products to major retailers and out-of-home wholesalers, Favory produces the basic snack assortment for Beckers.

Frozen Foods has production locations in Katwijk (NL) for spring rolls, Bocholt (B) for meat snacks and Deurne (NL) for both bread snacks and meat-breadcrumb snacks.

All production sites meet the most stringent hygiene standards, like IFS, BRC and HACCP as well as safety and environmental standards (ISO 9001 and 14001). We use an extensive tracking-and-tracing system to control our supply chain. We have a well-defined nutritional profile for all products, while we try to make these as sustainable as possible.

Market developments and competition

For an extended period of time, the Benelux frozen snacks markets have been characterised by low growth, limited innovations and fierce competition, partly based on price and some production overcapacity in the market. In 2011, private label and branded sales have both been affected by lower consumer demand. Grocery markets were stable. The Dutch out-of-home declined, while it continued to grow in Belgium.

Competition not only occurs within the frozen snacks market, but also with adjacent markets in both out-of-home and supermarkets. The moment of consumption and purchase intention determine the kind and amount of alternatives, which could vary from sushi and pizza to a sandwich on-the-go and healthy snacks or ready-to-eat meals at the supermarket.

The frozen snack market has a history of consolidation, which is one of the potential answers for rightsizing existing production capacity and improving profitability within the sector. The intended merger of two competitors to become market leader in the Benelux has therefore a clear rationale. If granted permission by the Dutch antitrust authority, it also provides the market with additional opportunities to grow and innovate.

> **Our philosophy: eating snacks is enjoyable as long as you do so in moderation and take sufficient exercise."**

Out-of-home channel
In the out-of-home channel Bicky and Beckers both gained market share in Belgium due to partnerships with clients, emphasis on successful Bicky and Beckers branded products and innovations such as the Bicky Double Chicken. In the Netherlands, Beckers lost some ground, despite its efforts to counter the inroads made by private label in terms of innovations and category management. Favory with its private label offering could not fully compensate for this.

Supermarket channel
Market share in Dutch grocery was enhanced as a result of increased distribution to several retailers in a stable, overall market. Both private label and branded products showed the same trend.

In both channels, innovations remain an important driver for growth and building brand awareness. It is not about the number of introductions, but each innovation should strengthen the existing product range. Recognising that consumers in grocery spend little time at the frozen products shelf, Beckers focuses strongly on high-impact design and packaging as well as on in-store product demonstrations and advertising.

Operational developments
Marketing spending focused on further revitalising the Beckers brand and expanding the Bicky brand. A four-month consumer action to find 'The Family Man 2011' in the Benelux was a big success. It was supported by media partners, through social media and via retail and out-of-home activation such as point-of-sale promotions and loyalty actions. We are committed to increasing the relevance of Beckers and Bicky for our customers and consumers.

Continued optimisation of our supply chain and production processes remains key to coping with increased raw material prices and inflationary pressure.

Financial developments
Revenue amounted to €113.1 million. Autonomous revenue declined 2.6% with volume contributing (4.9)% and price/mix 2.3%. Private label sales especially were lower. An operating loss of €(12.3) million was recorded driven by an impairment loss at Favory of €(14.3) million. Underlying profitability declined to €2.3 million.

Operating cash flow was €6.6 million with a slight improvement in working capital. Capital expenditure amounted to €3.6 million (2010: €2.6 million). Projects included an additional mini spring roll line, production equipment at Favory and maintenance.

Outlook 2012
Frozen Foods will focus on sales growth in 2012, driven by innovations and a balanced channel approach. This follows a strategic review process, which was undertaken during 2011, focusing on our markets, products, strongholds and how to increase the 'share of stomach'. Structure is there to follow strategy.

We also continue to work to improve sales growth and realise higher operating margins over the medium term. At some point in time, we expect Frozen Foods to be divested.

My choice:
"The Beckers philosophy"

Eating snacks is enjoyment. And so is working at this snacks producer.
The 'Bewust Beckers' philosophy ('Conscious Beckers') targets consumers and employees. It is developed to improve the workplace, the products, the environment, the supply chain and society.

How? Snacking is a treat to many of us. Beckers snacks are just nice! But at Beckers, we show that nice and healthy can go hand in hand. That is why the amount of salt (Na11) has been reduced by 10%. And Beckers is aiming for another 10%-reduction by 2015.

Staff are supported to live a healthy lifestyle, while local sports clubs are being sponsored. More resources to sport clubs, in general means more people being able to enjoy the fun of being active and to meet with others at the same time.

American Beverage Corporation

ABC is one of the leading producers of premium cocktail mixers and single-serve value-priced fruit drinks. Daily's and Little Hug are its main brands. ABC operates within the grocery, liquor store and out-of-home channels and sells its products throughout the United States.

Key objectives 2011
• Build equity of core brands by further optimising marketing and sales
• Expand distribution across customers, channels and regions
• Grow sales and improve operating result and margin

Key achievements 2011
• Strong sales growth and much improved operating result
• Substantial growth for ready-to-drink frozen pouches driven by increased distribution
• Little Hug successfully introduced new packaging and new brand identity

Key objectives 2012
• Ongoing growth of sales and operating result
• Sizeable opportunities for Daily's to expand distribution and grow volumes
• Further building of equity of Daily's and Little Hug by increased marketing spending

Key figures In € millions, unless stated otherwise	2011	2010
Revenue	**112.6**	92.8
Autonomous revenue growth	**29.3%**	(3.0)%
Operating result before exceptional items (EBITE)	**9.9**	1.9
EBITE margin as % of revenue	**8.8%**	2.0%
Operating result (EBIT)	**11.1**	1.9
Cash flow from operating activities	**12.0**	5.4
Return on average capital employed (ROCE)	**27.7%**	4.1%

Daily's
Sales of RTD cocktails skyrocketed after single pouches began being merchandised across a wider distribution base.

In the last two years, multiple processes in areas such as sales, supply chain, production and finance have improved drastically following the discovery of accounting irregularities mid-2009, the corrective actions taken and the arrival of new management.

The focus in 2011 was on further optimisation in different areas, such as sales, marketing and production. It resulted amongst others in production efficiencies, strongly increased distribution for Daily's and packaging and design upgrades. The strong results show the success of these actions. The divestment of ABC intended in 2011 was postponed.

Market developments and competition

Due to legal regulation – dating back to the days of Prohibition – Daily's products containing alcohol have to be distributed via a three-tier system, requiring ABC to sell to licensed distributors state by state, with those distributors selling to retailers. ABC is therefore using an extensive network of brokers and distributors.

The market for ready-to-drink (RTD) cocktails – with an estimated size of US$600 million – developed favourably, showing over 20% growth. It is a very attractive, albeit emerging market with prepared cocktails being derived from all three liquor categories (wine, beer and spirits). Daily's is the first wine-based frozen cocktail, allowing distribution in most of the US states. Diageo is the largest player in this segment followed by Seagrams, Gallo, ABC and Skinny Girl. Pouches are still a small segment in this RTD market, although fast-growing driven by the success of our Daily's frozen pouches.

Little Hug's success
The process of revitalising Little Hug continued with new packaging and print advertising.

Single-serve fruit drinks grew low single digits in 2011. The market is estimated to be US$2 billion in size with Capri Sun being the market leader. Minute Maid, Snapple and Sunny Delight are other sizeable players. Little Hug completes the top-5 with a 2-3% market share. Furthermore, numerous local and regional players are active with private label products hardly being present. In line with 2010, the market witnessed intense competitive activity.

Operational developments

The fruit drinks reported about stable revenue as the positive effects of increased volume for Little Hug 20-pack and 40-pack were offset by active pruning and de-emphasising of lower margin products (including Little Hug 6-pack) and intense competition. The process of revitalising Little Hug continued with new packaging and print advertising highlighting the new brand identity with the message '75% less sugar' among other initiatives. Daily's reported strong sales growth, driven by the success of RTD frozen pouches. Other products such as the bag-in-a-box and premixes were also performing well. Drivers of this performance were the development of the right packaging concepts for all channels, a change in the distribution strategy to also sell as singles (next to a 4-pack) and consistent execution.

Due to the ongoing distribution build-up and strong consumer demand throughout the summer, pouches were on allocation up to the end of September. This meant that ABC was – due to strong customer and consumer demand – not able to produce and deliver all pouches being ordered, resulting in back-orders by existing customers. Prospective new customers could initially not be served, while they postponed agreed new listings in the last months of the year to 2012, based on the witnessed seasonality of the frozen pouches.

Accurately predicting the growth of such a breakthrough innovation as the RTD frozen pouch is challenging, amplified by the distribution complexity of the three-tier channel, which creates a time lag between shipments and consumption levels. We took corrective actions to improve the forecasting process.

In 2012, we intend to focus on building additional distribution capacity – particularly for Daily's – and enhancing brand equity in both Daily's and Little Hug, reinforced by increased marketing spend.

ABC's production plant in Verona (PA) has numerous production lines for cocktail mixers and fruit drinks. A small, second plant is being operated in Phoenix (AZ), which has been adjusted for the production of pouches. Investments in additional production lines have resulted in sufficient capacity to meet anticipated future demand and will avoid stock allocation as experienced in 2011.

Financial developments

Revenue increased 21.3% to €112.6 million. Autonomous growth was 29.3%, based on 23.2% volume growth and price/mix contributing 6.1%. Operating profit increased to €11.1 million, showing a strong year-on-year improvement. A strong increase in pouches volumes and related realised production efficiencies were the largest contributor to this increase. The underlying profitability was €9.9 million.

Operating cash flow increased to €12.0 million (2010: €5.4 million), despite working capital modestly increasing. Capital expenditure amounted to €1.7 million, primarily for the expansion of our pouches production capacity.

Outlook 2012

In 2012, we expect further revenue and earnings growth, mainly driven by Daily's. These expectations are based on the strong growth in demand for RTD pouches in 2011, increased distribution of Daily's, and strong interest from prospective new customers for Daily's new listings, underpinned by the availability of larger production capacity due to investments made. In addition, we expect to implement further brand activation to boost sales of both Daily's and Little Hug.

"The success of our RTD pouches was driven by distribution expansion and great consumer demand."

Our choice:

"Creating smiles for over 50 years"

How to enjoy a frozen pouch?
After buying Daily's ready-to-drink pouches, freeze it for about eight hours and gently massage before serving. You can enjoy it either at home or on the go. No blender or ice needed, simply freeze and enjoy. Flavours include Margarita, Frozen Lemonade and Strawberry Daiquiri (with new ones, such as Pina Colada, to be introduced in 2012).

2011 was a year in which significant time was spent on putting the strategy into action. The strategic orchestration model was being sharpened. We also enhanced operational excellence, resulting in a more focused Wessanen.

"Three main areas of focus for putting our strategy into action: topline growth, profitability and enablers."

2011 was a year characterised by subdued economic growth in Europe, resulting in low consumer confidence. While this affected organic food markets as well, and in particular the health food channel, the European organic food market still recorded mid single digit growth. Although growth of organic food varied by market and by channel, the underlying growth trend remains intact. The organic food market has been growing for the last 40 years and we envision continued growth based on increased consumer awareness and appreciation for healthier and tastier food and a sustainable supply chain.

Our Grocery activities showed continued growth in revenue and profits, whereas part of our HFS activities had a challenging year. Frozen Foods continued to focus on efficiency improvements and brand awareness. ABC showed strong progress during the year and increased its revenue and profitability markedly.

We reported autonomous revenue growth of 2.9%, we improved our gross margins and we realised an increasing underlying profitability. Initiatives such as central sourcing and brand activation are clearly paying off. As a result of incidental charges, we had to report a net loss to shareholders. These relate in particular to impairments of intangible assets in relation to our Grocery, HFS and Frozen Foods businesses, as well as negative impacts connected with our divestment programme.

Going into 2012 we are prudently financed as a Company with low levels of net debt and we successfully renegotiated our credit facility in the summer. Our financial position is sufficiently strong to enable us to fund internal and external growth from internal sources.

OGSM framework to ensure visibility and accountability

During 2011 ample time was spent on further optimising the execution of our strategy, with emphasis on putting it into action. We use our 'OGSM' (Objectives, Goals, Strategies and Measures) framework to ensure visibility and accountability for our strategic objectives. It also ensures that all activities are aligned by cascading these down to clearly defined divisional, functional and individual goals.

We had set nine strategic objectives for the period 2011-13. For 2012, we made minor adjustments and updated the OGSM framework. We have identified three main areas of focus for putting our strategy into action, namely topline growth, profitability improvement and enablers.

These three clusters provide all of us within the organisation with a combination of clear strategies and measures, which anyone can incorporate in their day-to-day operations. The cascading down and feed-back mechanisms are a continuous cycle for delivering individual and collective performance.

Growing our businesses

Growth covers areas such as growing our core brands and core categories. Our efforts will all be directed to growing eight core categories and strengthening our core brands in Grocery and HFS. We have channel and country-specific growth strategies to cater for different market circumstances. We adjusted our internal organisation by starting multi-country Category Brand Teams and, in addition, Innovation Boards to develop fewer, bigger and better innovations.

Finally, we spent much time last year on laying the foundation for building strongholds in new markets and the execution of our acquisition shortlist. We set up a dedicated export team to bundle and grow all export activities.

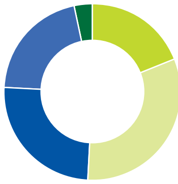
My organic choice:

"A Tartex vegi sandwich while being out in the countryside."

Revenue per segment[1] (in € millions)	
2011	
Grocery	€243.9m
HFS	€247.5m
Frozen Foods	€113.1m
ABC	€112.6m

[1] Including inter-segment revenue

FTEs per segment (at year end)	
2011	
Grocery	379
HFS	639
Frozen Foods	501
ABC	416
HQ	63
Total	1,998



Our businesses becoming more profitable

The second important area of focus is improving profitability. This includes areas such as dealing with our suppliers and customers as well as internal behaviour. Our central sourcing team focuses on both mitigating the effects of fluctuating raw material prices and commodities costs and aligning with suppliers to increasingly realise strategic partnerships in core categories. While the majority of our products and brands is produced by third parties, we do operate several of our own factories, which we intend to further fill by producing own brands and products.

Enabling topline growth and profitability

Our enabling strategies is the third area of focus. As a Board, we will put much emphasis on talent performance management in the years to come. Our new leadership programme solidifies our basis and provides Wessanen's leaders with the tools and skills for building the Company. We furthermore focus on how we can simplify the way we conduct our business together.

We spent much time in the last years in introducing SAP into our various operating companies. The UK went live in July last year. Our French HFS business Bonneterre followed in early January and the German operations are to follow in summer 2012. One common IT system will drive further operational excellence in our businesses.

Lastly, we focus on organic expertise and quality. Organic knowledge is a fundamental strength and is at the core of Wessanen. To further deepen and share our joint knowledge on organic food and agriculture and its characteristics, we started our Organic Expertise Centre (OEC). It will function as a knowledge centre both collecting and disseminating organic knowledge to our employees as well as external stakeholders. The OEC will cooperate in close conjunction with our quality team in order to maintain the highest quality standards.

Employees

As the Executive Board, we attach great importance to being a good employer. Passionate people are essential for our success and we therefore continue to invest in them. We see it as a priority to further raise the overall talent bar and to increase the engagement of our employees. Our centrally-driven general principles are focused on quality and continuity.

In 2012, a leadership programme will be rolled out, with the participation of the top-40 and about 30 key players throughout the organisation. The focus is on strategy execution, connected leadership skills and improving team performance. The aim is to create unity and alignment within the organisation and to put a focus on creating value for the business. This should improve and speed up our transformational process to really become one European-wide orchestrated company.

The number of employees at year end was stable at 1,998, excluding the effect of the divestments of Tree of Life UK and Kalisterra. Several of our management teams and functional teams have been strengthened with new hirings such as within marketing, export and central sourcing. It is with great pleasure that many of these new hires have a background at large consumer goods companies or food retailers, bringing relevant experience and a focus on operational excellence.

We are grateful for the many motivated and talented people we have working at Wessanen. Without their commitment and ongoing efforts we could not have made the progress we have made in 2011 nor the progress we envision for 2012 and beyond.

Financial developments

Revenue of continuing operations amounted to €706.0 million, 0.9% lower than last year's revenue of €712.2 million. Excluding negative foreign exchange effects of €7.9 million, or (1.1)%, revenue increased by

Our top brand Bjorg
In 2011, Bjorg generated revenue of just over €90 million, a clear year-on-year increase.

Revenue

€706.0m
Autonomous growth of 2.9%
2010: €712.2m

Financial overview per segment

In € millions, unless stated otherwise	Grocery	HFS	Frozen Foods	ABC	Discontinued operations	Non-allocated	Total
2011							
Revenue third parties	**242.6**	**237.7**	**113.1**	**112.6**	**–**	**–**	**706.0**
Inter-segment revenue	**1.3**	**9.8**	**–**	**–**	**–**	**(11.1)**	**–**
Revenue	**243.9**	**247.5**	**113.1**	**112.6**	**–**	**(11.1)**	**706.0**
Operating result before exceptional items (EBITE)	**18.0**	**5.0**	**2.3**	**9.9**	**–**	**(11.5)**	**23.7**
EBITE margin as a % of revenue	**7.4%**	**2.0%**	**2.0%**	**8.8%**	**–**	**–**	**3.4%**
Operating result (EBIT)	**15.6**	**(21.8)**	**(12.3)**	**11.1**	**–**	**(11.6)**	**(19.0)**
Average capital employed[1]	**63.3**	**83.5**	**50.7**	**39.9**	**–**	**10.9**	**248.3**
Return on average capital employed (ROCE)[1]	**24.7%**	**(26.1)%**	**(24.2)%**	**27.7%**	**–**	**–**	**(7.6)%**
Cash flow from operating activities	**(1.9)**	**2.6**	**6.6**	**12.0**	**–**	**(10.5)**	**8.8**
2010							
Revenue third parties	230.8	272.8	115.8	92.8	84.2	–	796.4
Inter-segment revenue	2.3	9.8	–	–	–	(12.1)	–
Revenue	233.1	282.6	115.8	92.8	84.2	(12.1)	796.4
Operating result before exceptional items (EBITE)	13.4	10.1	4.6	1.9	2.0	(10.2)	21.8
EBITE margin as a % of revenue	5.7%	3.6%	4.0%	2.0%	2.4%	–	2.7%
Operating result (EBIT)	7.0	4.4	4.3	1.9	2.0	(12.3)	7.3
Average capital employed[1]	66.3	95.4	55.6	45.7	–	5.9	268.9
Return on average capital employed (ROCE)[1]	10.6%	4.6%	7.8%	4.1%	–	–	2.0%
Cash flow from operating activities	18.8	3.5	10.4	5.4	(21.7)	(3.8)	12.6

[1] Continuing operations only

0.2%. Autonomous growth was 2.9%, of which 1.6% was attributable to price/mix and 1.3% to higher volumes. Acquisitions made in 2010 (Kroon) added €2.8 million, or 0.4%, while the effect of divestments done in 2011 (Tree of Life UK, Kalisterra and the managed withdrawal from Foodprints Belgium) amounted to €(22.0) million, or (3.1)%.

Grocery reported a revenue increase of 4.6% to €243.9 million. Autonomous revenue growth was 4.9%, of which 1.5% attributable to price/mix and 3.4% to volume growth, mainly realised in France, Germany and the Benelux. Foreign exchange effects amounted to (0.3)% as an effect of the weaker Pound Sterling.

Revenue at HFS decreased 12.4% to €247.5 million. Autonomous revenue growth was (5.6)%, of which (0.3)% was attributable to price/mix and (5.3)% to volume, mainly driven by sales declines at the continuing operations in the Benelux and France and lower sales at both divested businesses. The foreign exchange effect amounted to (0.2)% due to a weaker Pound Sterling. The acquisition of Kroon added 1.0%, while the divestment effect of Tree of Life UK and Kalisterra was (7.5)%.

Revenue at Frozen Foods was €113.1 million, a decline of 2.3%. Autonomous growth was (2.6)%, of which 2.3% attributable to price/mix and (4.9)% to volume. Declining consumer demand affected both private label and branded volumes.

Revenue at ABC increased by 21.3% to €112.6 million. Autonomous revenue growth was 29.3%, of which 23.2% attributable to volume growth and 6.1% to price/mix. The increase was mainly due to higher revenue from 'ready-to-drink' pouches.

Operating result (EBIT) of continuing operations decreased to €(19.0) million (2010: €5.3 million). Excluding non-recurring items, operating result increased from €19.8 million to €23.7 million in 2011. Non-recurring items in 2011 amounted to €(42.7) million (2010: €(14.5) million), mainly including impairment losses related to non-current assets (€(39.6) million), (net) additions to restructuring provisions (€(1.8) million, mainly severance costs), an impairment loss on inventories (€(1.4) million) following divestment of Kalisterra and a foreign exchange recycling loss following divestment

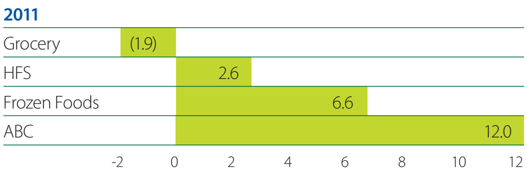
Culinessa
The yeast patés and herbal spreads of Culinessa are available in German supermarkets and grocery stores.

Operating result before exceptional items

€23.7m

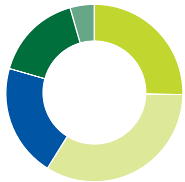
2010: €19.8m

Cash flow from operating activities per segment (in € millions)



Average capital employed per segment (in € millions)

2011	
Grocery	63.3
HFS	83.5
Frozen Foods	50.7
ABC	39.9
Non-allocated	10.9



of Tree of Life UK (€(2.0) million, partly offset by the release of a provision for a legal claim (€1.4 million).

The operating result at Grocery increased to €15.6 million. Excluding non-recurring costs of €2.4 million (2010: €6.4 million), EBIT amounted to €18.0 million compared to €13.4 million in 2010, largely attributable to higher volumes and an improved gross margin, partly offset by volume growth-related higher expenses for warehouse and transportation and ICT (SAP roll-out in several operating companies). Non-recurring expenses in 2011 mainly included an impairment loss recognised on goodwill (€3.0 million) related to our Italian operations.

HFS reported an operating result of €(21.8) million. Excluding non-recurring costs of €26.8 million in total (2010: €5.7 million), EBIT amounted to €5.0 million compared to €10.1 million in 2010. This decrease is largely attributable to lower sales volumes in the Benelux and France, a lower gross margin rate and the divestment of Tree of Life UK. Non-recurring costs in 2011 mainly include a goodwill impairment loss recognised at our Benelux HFS business (€(19.7) million) and losses incurred related to the divestment of Tree of Life UK and Kalisterra (€(7.6) million in total, including impairment losses, restructuring expenses and a foreign exchange recycling loss).

Operating result at Frozen Foods decreased to €(12.3) million. Excluding non-recurring items, operating result decreased to €2.3 million (2010: €4.6 million) as a result of negative autonomous revenue growth and higher raw material costs, partly compensated by lower advertising and promotional expenses. Non-recurring items in 2011 of €(14.6) million, mainly include an impairment loss recognised at Favory (against goodwill and other intangible assets).

ABC reported a strong EBIT improvement to €11.1 million, compared to €1.9 million last year. Excluding non-recurring items, mainly being the net reversal of impairment losses recognised related to property, plant and equipment, EBIT amounted to €9.9 million. This is mainly the result of a strong increase in RTD pouch sales and related production efficiencies. We further increased advertising and promotional expenses in 2011 compared to 2010, to revitalise the Little Hug brand and to continue building the Daily's brand.

Operating result of non-allocated, consisting of corporate overhead expenses, was €(11.6) million in 2011. Excluding non-recurring items (mainly severance costs in 2010), non-allocated costs increased from €(10.2) million in 2010 to €(11.5) million in 2011.

Net financing costs decreased by €4.8 million to €(3.5) million in 2011, mainly as a result of a decrease in interest expenses incurred (€1.8 million) due to lower draw-downs under the Wessanen credit facility following divestments.

An income tax gain was realised of €1.5 million (2010: €(0.2) million). The effective tax rate of 6.6% was influenced by non-deductible goodwill and other impairments at HFS, Grocery and Frozen Foods, and a foreign exchange recycling loss related to the divestment of Tree of Life UK, partly offset by recognised tax carry-forward losses in the United States, the Netherlands and Germany.

The 2010 net result from discontinued operations, net of income tax amounted to €(1.8) million. This includes the net after tax loss on the divestment of Tree of Life, Inc. and PANOS Brands of €(3.5) million, partly offset by their operating results of €1.7 million for the period until disposal. Included in the after tax loss recognised on divestment are cumulative exchange rate differences transferred from equity of €(6.8) million.

As a result, net result attributable to equity holders of Wessanen amounted to €(17.1) million in 2011 (2010: €(6.1) million). With a 2.9% increase in the average number of outstanding shares (mainly as a result of 6.8 million ordinary shares issued in the first quarter of 2010 and 0.8 million ordinary shares issued (stock dividend) in May 2011), earnings per share from continuing operations decreased from €(0.06) in 2010 to €(0.23) in 2011.

Working capital at the end of the year amounted to €41.7 million, being 5.9% of revenue (2010: €21.5 million, representing 3.1% of revenue). Adjusted for divestments (Tree of Life UK and Kalisterra) and foreign exchange effects, the cash outflow following changes in working capital amounted to €18.8 million (2010: cash inflow of €3.2 million), mainly as a result of the discontinuation of debtor factoring in France and higher inventories, especially at ABC.

Net cash from operating activities of continuing operations decreased to €8.8 million in 2011, mainly as a result of the negative working capital development. In addition, income taxes contributed negatively as a net income tax payment was made in 2011, whereas in 2010 a net income tax refund was obtained, following

"Going into 2012 we are prudently financed as a Company with low levels of net debt."

Passionate people are essential for our success."

utilisation of tax carry-forward losses in France after legal restructurings. These were only partly offset by the positive increased operating earnings and lower interest paid. The decrease in interest paid is mainly the result of the decrease in average net debt outstanding. The cash flow from investing activities in 2011 was positively effected by the proceeds from the divestment of Tree of Life UK, whereas last year Kroon bv was acquired.

The return on average capital employed decreased to (7.6)% over 2011 (continuing activities only) mainly stemming from the decrease in operating profit.

Financing policy
Our financing policy aims to have net debt structurally below 2.5 times EBITDAE, allowing for financing flexibility to fund acquisitions. As a Company, we are prudently financed with low levels of net debt. At the end of 2011, net debt stood at €32.2 million (2010: €28.8 million). We successfully renegotiated our €100 million credit facility in the summer, reducing interest margin to 100-225 basis points over Euribor and extended the facility to February 2014.

Acquisition policy
Given the current low levels of net debt and a leverage ratio of 0.8x at the end of 2011, we do have ample headroom to internally fund our growth, both autonomous and through add-on acquisitions. Considerations in relation to acquisitions are the strategic fit, a sound business plan and experienced management. These acquisitions are instrumental in building scale and expanding in our core categories in markets where we presently operate. These acquisitions have to be value enhancing, i.e. the return on capital employed has to be above Wessanen's pre-tax weighted average cost of capital. The potential acquisition targets in the European organic food market tend to be medium-sized businesses.

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

Dividend proposal
A proposal will be submitted to the General Meeting of Shareholders to be held on 17 April 2012 to pay a dividend of €0.08 per share. In line with the dividend policy of the Company, this represents 40% of the consolidated net result excluding major non-recurring effects, divided by the number of shares outstanding at 31 December 2011. The dividend will be paid wholly in cash and will be charged to the freely distributable reserves.

2012 key objectives and outlook
In general, our focus at Wessanen is on profitable revenue growth, both autonomous and for Grocery and HFS also via acquisitions.

We expect the European economy to remain subdued in 2012, thereby having a negative effect on consumer confidence. Despite this we expect modest European market growth for organic food. Grocery channels are to benefit most from this underlying trend, while we expect the HFS channel to lag total market growth.

We are firmly determined to improve our performance step-by-step and further solidify our positions and brands in the European organic markets. Our Grocery operations are well-positioned to benefit due to their market positions and strong organic brands, resulting in further sales growth. Revenue of our HFS operations will be impacted by the divestment of two of our operations during 2011.

Focus at both Grocery and HFS will be on achieving sales growth and market share gains in our core categories and brands. We also need to accelerate growth through acquisition of organic brands. EBIT margins have to be improved by increasing gross margins via central sourcing savings and a richer product mix. We are to manage non-core brands and non-core categories for cash. In addition, we aim to increase the utilisation capacity of our own plants.

We are to grow our export business in selected countries with dedicated resources and eventually we aim to establish footprints in new European countries. We will also improve operational performance, operate an efficient cross-country organisation, and leverage our scale and capabilities.

At Frozen Foods, the aim is to increase brand awareness and operational excellence. We continue to work on delivering autonomous sales growth and, largely through operating leverage, higher operating margins.

ABC's objectives are to further build equity of its core brands Daily's and Little Hug and take the sizeable opportunities for Daily's to expand distribution and grow volumes. We expect further sales growth and increased operating results in 2012.

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

- the 2011 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of 31 December 2011 and of the development and performance of the business for the financial year then ended; and
- the management report includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 22 February 2012

Executive Board
Piet Hein Merckens, CEO
Ronald Merckx, CFO

Wessanen's financing strategy is aimed at securing long-term financing of the Group in order to finance growth in the European organic food market through autonomous growth and acquisitions.

Wessanen's financing strategy is built around the following objectives:

- **Ongoing access to debt and equity markets.**
- **Sufficient flexibility to fund add-on acquisitions.**
- **Optimal weighted average cost of capital.**
- **Mitigating financial risks.**

The capital structure of the Company balances these objectives in order to meet the Company's strategic and operational day-to-day needs. Wessanen has access to equity funding through its listing on the Euronext Amsterdam Stock Exchange.

Acquisitions can either be funded with equity or debt, depending on the size of the acquisition and the financing capacity we have within our credit facilities.

Debt funding and liquidity

The Group maintains ongoing access to the debt markets through its committed €100 million, multi-currency credit facility. At year end 2011, Wessanen had drawn €35 million from this facility (2010: €35 million).

In 2010, the credit facility was reduced to €100 million from €250 million as proceeds from divestments of mainly Tree of Life North America were applied to mandatory redemptions of facility loans and a reduction of the credit facility. In July 2011, Royal Wessanen successfully renegotiated certain terms of its €100 million credit facility with the existing syndicate group of banks, being ABN AMRO, ING, Rabobank and BNP Paribas. The facility was scheduled to mature in February 2012 and has been extended to February 2014. Under the financial covenants of the facility, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAE.

Wessanen's net debt level is targeted to be below 2.5 times consolidated EBITDAE, but actual net debt levels can be temporarily higher depending on acquisitions, access to capital markets and the timing of cash flows. At year end 2011, net debt was well within our covenants at 0.8 times EBITDAE.

The interest margin on the facility has been reduced to 100-225 basis points over Euribor based on the leverage ratio (Net debt to EBITDAE). The financial covenants have not changed.

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

The Group has in excess of €30 million of uncommitted credit facilities with various banks throughout the Group. At year end 2011, we did not draw from these facilities. In addition, Favory Convenience Food Group has a €5.5 million credit facility, of which €2.9 million was drawn at year end (2010: €1.1 million).

The Group aims to mitigate income statement volatility from fluctuating interest rates and, at the same time, minimise its interest expense. This is primarily achieved through borrowing from its credit facilities in various maturities and modifying the interest rate exposure of debt positions through the use of interest rate derivatives.

For further information on our financial risks see the Principal risks and uncertainties section.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation. Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders, and other obligations. The Group's syndicated credit facility allows it to draw in maturities ranging between a month and a year, while its other credit facilities also allow it to draw for shorter periods.

During 2011, net debt increased by €3.4 million and is €32.2 million at year end 2011. Net cash inflows from operating activities of €8.8 million were offset by net payments of €10.1 million arising from investments in property, plant and equipment. The Company paid €1.3 million in cash dividends during 2011 (2010: €0 million).

Wessanen is subject to a number of risk factors, not all of which are within our control. Doing business means taking risks. However, we do this in a measured way, by continuously identifying and managing risks. This year we took several important steps to further strengthen our control environment.

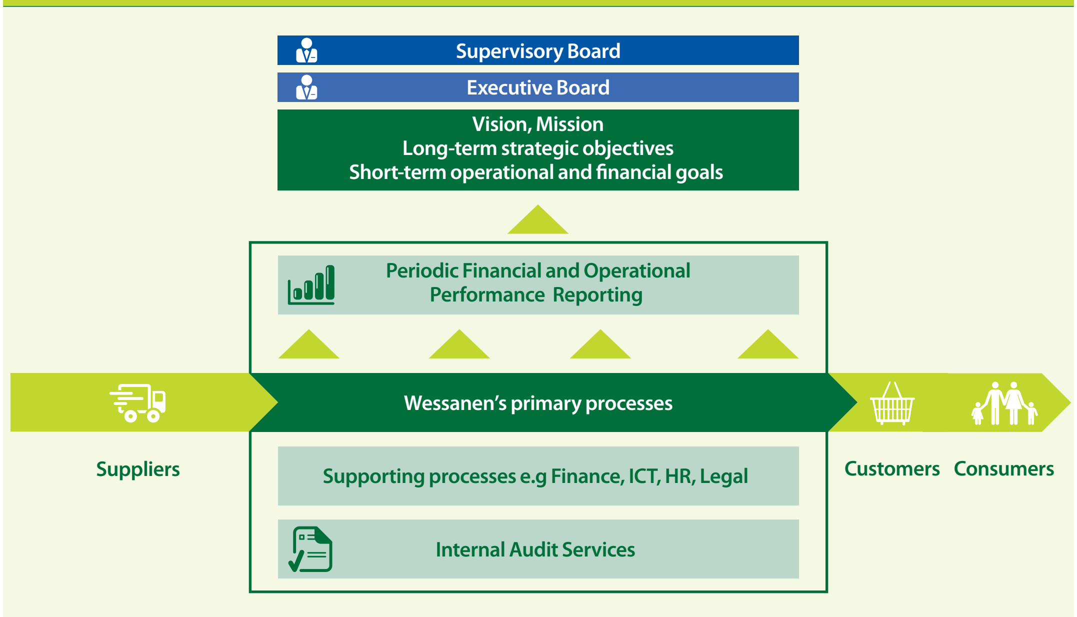
The Executive Board is responsible for setting risk management policies and strategies. Wessanen's Risk Management and Internal Control Framework are integral parts of our business model and are designed to identify and manage risks as we pursue our overall corporate objectives (see diagram below).

Doing business means taking risks. However, we do this in a measured way, by continuously identifying and actively managing them. The Company-wide Framework of Internal Control (FIC) which includes our Authority Limits, Code of Conduct and other policies and procedures, identifies clear reporting and accountability structures and is a very important component of our governance structure. The FIC provides an overview of the control activities applied to the most important process level risks of the main business and supporting functions throughout the entire organisation. The purpose of these control activities is to ensure effective and efficient operations, reliable financial reporting and compliance with laws and regulations.

Another key element of our risk management is that process owners at both corporate and operating company level have to self-assess the effectiveness of their controls on an annual basis. In addition, our Internal Audit Department provides additional assurance to the Executive Board by auditing Wessanen's main processes at Corporate Level and in our operating companies. The results of both these tests and internal audits are communicated to the Executive Board and the Audit Committee of the Supervisory Board. For identified control weaknesses, action plans are put in place by management and follow-up is closely monitored by our Internal Audit Department. In addition, our Internal Audit Department makes an annual risk assessment (likelihood versus impact) of all reported and open risk issues. These issues find their origin in FIC effectiveness testing, and in internal and external audits. For any issue that is classified as high risk we perform detailed testing in order to verify that, throughout the entire year, there was no actual event that could materially affect our Financial Statements.

Additionally, twice a year management of each operating company submits a Letter of Representation to the Executive Board, confirming compliance with the design and effectiveness of internal controls over the execution of the financial procedures and for identification of financial reporting and operational risks. During Quarterly and Monthly Business Reviews, senior management of operating companies report to the Executive Board on recent risk developments and progress of the respective action plans. Our Audit Committee is updated quarterly

Risk Management and Internal Control Framework



on the Company's accounting and financial reporting practices, policies and procedures (including judgements and estimates, significant reporting issues material adjustments and the robustness of the processes), the quality of the Company's internal control systems and risk assessment, the quality of disclosure controls and procedures, the integrity of the financial statements, the performance and evaluation (including its independence) of the External Auditor and advice on the appointment and replacement of the External Auditor, and compliance with laws and regulations.

This structure enables the Executive Board to monitor and manage the Company's risk profile.

Developments in 2011 affecting Wessanen's risk profile

- Continued refinement of Wessanen's strategy. Maturing our centralised sourcing processes, setting up European Category Brand Teams and establishing a centrally coordinated Quality Management Team as part of our Organic Expertise Centre are initiatives that show the next steps in implementing our strategic plans. Our divestments of Tree of Life UK and Kalisterra are also fully in line with Wessanen's strategic emphasis on creating more focus on higher added value wholesale activities in the HFS segment.
- In light of ABC's strong performance it was decided to postpone the divestment. Wessanen believes that a divestment at this point in time would not unlock the full value of the business for shareholders. The new timing also gives Wessanen the opportunity to implement a new ERP system at ABC and to take additional steps to improve control over ABC's key processes.
- Our project to gradually implement our ERP system SAP in Grocery and HFS operating companies has required and continues to require significant effort from our (ICT) staff. An important SAP and Supply Chain Management improvement project was started for Wessanen Benelux. Additionally, SAP was successfully implemented in the UK (Kallo) in the summer and in France (Bonneterre) in January 2012. Implementing SAP in our organisation results in increased transparency of our processes, standardisation and stability in critical supply chain and financial processes.
- In 2010, we started a project to improve our Company-wide Framework of Internal Control. In 2011, we continued this project and made important next steps to further enhance our risk control awareness. At detailed level per operating company we defined what our key risks and related controls are. All these controls have been tested. By combining detailed knowledge of the business at our operating companies and expertise available at corporate level we have increased transparency and insight in our main risks. Progress of our project was closely monitored by the Executive Board, the Audit Committee and our External Auditor. Where we identified control failures we assessed the risk impact and, where deemed necessary, additional tests were performed. For all issues, the process owner has to remediate the risk. Our Internal Audit Department continuously reviews and reports on whether there is adequate follow-up of the action plans.
- Some key policies and procedures, such as our Authority Limits and Company Code, including the Whistleblower Policy have been updated, better reflecting our current organisational set-up.
- After re-establishing it at the end 2010, Wessanen's Internal Audit Department now performs risk-based operational audits at both operating company and corporate level. The function helps to ensure that we maintain and improve the integrity and effectiveness of our Internal Control Framework.

Initiatives with respect to Internal Control in 2012

Proper risk management requires continuous improvement of the set up and functioning of the Internal Control Framework. Although this framework has further matured in 2011, additional improvement steps have been identified for 2012:

- We will further embed the control assessment process in our day-to-day business and increase the scope (by including additional processes).
- The Internal Audit Department, next to the regular plan, will also audit specific themes across the organisation. As a result we aim to identify learning opportunities more effectively and efficiently.
- As a consequence of changes related to our processes and IT infrastructure (e.g. SAP introduction in Germany and at corporate level) our Internal Control Framework requires ongoing attention and redesign of internal controls.
- We have initiated a project to increase control over Wessanen's product portfolio through Product Lifecycle Management. By creating a central database with all relevant details of our (branded) products we can improve our supply chain control and create efficiency gains.

Statement of Internal Control

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

The Executive Board is responsible for establishing and maintaining adequate internal risk management and control systems. With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2011 financial statements do not contain any material misstatements. Our assessment included the review of the Company's principle risks and uncertainties (as outlined on the following pages), test of the design and operating effectiveness of entity-level controls, and detailed assessment of our operational controls in our operating companies. Any control weaknesses not fully remediated at year end were evaluated. Based on this assessment, management determined that the Company's financial reporting systems are adequately designed and operated effectively in 2011.

Amsterdam, 22 February 2012

Executive Board

Piet Hein Merckens, CEO
Ronald Merckx, CFO

In this section, we set out the risks Wessanen management believes are our principal risks, and are specific to our business. Accordingly, it is not intended to be a comprehensive overview of all the risks that may affect our business. These risks have been discussed with the Audit Committee and the Supervisory Board.

Risk area	Mitigating actions	Developments 2011
Strategic and Market Risks		
Risk related to fine-tuning of strategy and to increased competition The year 2011 was another year in which we fine-tuned our strategy to focus on the European organic food market. Despite the fact that the execution of our strategy is progressing there is a risk that we may not be able to achieve the anticipated benefits from this strategy.	• With **Key Performance Indicators** (KPIs) we measure the success of our strategy and take corrective actions when necessary. • Detailed and measurable **objectives** throughout the entire Company aligned to our strategy. These goals are reassessed and potentially redefined on an annual basis. • Continuous monitoring of latest **market developments**.	• **Improved measurability** of the KPIs. • Combined top down and bottom up goal setting process ensuring Company-wide **consistency** of goals and objectives. • Intensified use of **market data** and research .
Loss of position in organic market **Organic niche market to become mainstream** **Understanding our customers** The organic food market may become part of the regular food market, or Wessanen's position in the organic food market may weaken due to strong competition. In addition, we are dealing with the more generic risk that we are not able to understand or meet the needs of our customers and/or consumers.	• Product **innovation** and **renovation** to keep our unique position in the market. • Increase **marketing** efforts. • **Market research**, investigating the market's developments.	• Setting up multi-disciplinary **Category Brand Teams** across Europe to drive superior growth of core categories. • Improved **new product development** process in order to have more effective innovations.
Loss of key customers / distributors Losing large customers could have a negative impact on our profitability.	• Creating and maintaining a **large customer base**. • Establishing **customer intimacy**, understanding the needs of our customers. • Closely monitoring and actively managing **service levels** through KPIs.	• Continuous **improvement projects** related to our products and customer service levels.
Difficult economic environment The economic environment remained tough in our core countries, resulting in challenging organic food markets particularly in HFS channels. The direct and indirect impact of sovereign debt crisis in Europe on the economic environment remains difficult to predict.	• See our Strategy and Business Review sections for more details related to our strategic and commercial activities. • **Tight cost control** throughout the organisation. • Active monitoring of sovereign debt crisis.	• Increased focus on our **debtors**, especially within HFS. • Wessanen's exposure to Italy confined to its direct investments in BioSlym and Distriborg Italy. • No operations based in Greece, Ireland, Portugal, and Spain. • Wessanen did not have significant exports to Greece, Ireland, Portugal and Spain in 2011.
Acquisition and divestiture risks Besides autonomous growth, we aim to expand in the organic food markets through acquisitions; these will be funded in part through divestment of non-core activities. We might be unable to acquire businesses in selected markets, leading to a risk of not meeting our strategic objectives. In addition, in case we acquire businesses there is a risk of poor integration management that may adversely affect our profitability. We might not be able to generate additional funds from planned divesture (due to unfavourable timing or price).	• **M&A and divestment agenda** is aligned with our strategy. • Controlled M&A and divestment processes, leveraging both internal and external **expertise**. • Strict project management procedures for **integration** of acquired businesses.	• We have a **prudent approach** in M&A and divestments. • We increased focus on our brands and higher value added distribution in HFS by divesting two activities (TOL UK and Kalisterra). • Postponing the divestment of **ABC** in light of its strong performance as it would not unlock the full value of the business for shareholders.

Risk area	Mitigating actions	Developments 2011
Operational risks		
People and talent Not having people with the right skills and competence in our organisation could adversely affect our ability to execute our strategy. In addition, a poor working environment could result in difficulties to attract and retain qualified staff.	• Providing a **safe and healthy** working environment. • Supporting the development of each individual's **competences**. • Providing **equal opportunities**: decisions on recruitment, employment, promotion and termination are based on objective and non-discriminatory criteria.	• Kick off of a **management and talent development programme**. The aim of this programme is to retain our talented staff, train and develop them in line with our beliefs and values, and to increase mobility in the organisation.
Reliance on quality of suppliers and other external (service) providers Wessanen has outsourced many of its activities related to production and logistics. It is crucial to the Company and our consumers that we have strict control over these external products and services. The fact that we are active in the organic food industry with specific and strict regulations is amplifying this even more.	• Close relationship with our suppliers / service providers who are subject to **quality audits**. • **Quality managers** in all operating companies perform inspections on products and processes. • **Balancing** concentration for scale economies and overdependence on a limited number of suppliers or service providers. • **Insurance contracts** to manage the financial consequences of risks.	• Better **Company-wide insight** in the dependency on main suppliers. • Improving **contract management** throughout our organisation, e.g. by using ready-made contracts, formalising contract-related procedures and training our staff.
Business interruption – crisis management By operating in the food industry, Wessanen runs risks related to production failure, product quality issues and product recalls.	• Following strict **food and product safety procedures**. In addition, all of our operating companies are **ISO 9001 certified**. • **Business continuity procedures** to swiftly act in case of emergency. • **Insurance contracts** to manage the financial consequences of risks.	• As a result of our strict procedures we have had no significant issues related to the quality of our products. • A fire in one of our production facilities was adequately dealt with.
Business continuity risk – IT Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes.	• Implementing one **standard ERP system** (SAP) for Grocery and HFS in order to enhance the stability and security of our ICT infrastructure. • Follow **security policies** and Business Continuity Planning for the ICT infrastructure, which are regularly reviewed.	• Successful **roll-out of SAP** at Kallo (UK) and Bonneterre (France). • **ERP system upgrade** at ABC. • Additional **system updates** and SAP implementation projects are ongoing. • **A new back-up data centre** ensuring business continuity.
Inefficient processes Our processes may become inefficient, negatively affecting our profitability.	• Ongoing **monitoring** of the efficiency of our processes through SAP, e.g. by using KPIs and product profitability reports. • **Centralisation** and centralised coordination of some selected key processes to benefit from our scale, e.g. central sourcing and marketing.	• An **improved Management Information** (MI) system that has a direct interface with our core SAP enabling us to quickly and more effectively respond to business challenges.
Financial and compliance risks		
Financial reporting risks With a decentralised operating model for our finance teams, there is an inherent risk of inconsistencies and misstatements in the financial statements.	• All finance directors directly report to Wessanen's CFO. They have to comply with a detailed **Accounting Manual** and financial statement closing procedures. • Monthly and quarterly business reviews. • **SAP roll-out** creating more consistency and control. • Annual **self-assessments** of the financial reporting controls.	• This year, we defined at detailed level per operating company what our **key risks** and related **controls** are that are relevant to our financial reporting processes. All these controls have been tested. **Action plans** have been put in place to remediate control failures identified.
Currency risk Wessanen conducts business in foreign currencies but publishes its financial statements and measures its performance in Euros.	The Group has a **foreign exchange policy** that mitigates the impact of transactions in foreign currencies to functional currencies, and is based on the following principles: • Transactions in currencies other than the functional currency are hedged in order to mitigate income statement volatility. • Translation results on capital invested in foreign subsidiaries are recorded directly in retained earnings. Capital invested in and net income from foreign subsidiaries are not hedged to the Euro.	• Through the creation of the Central Sourcing department, we improved the **visibility and understanding of currency risks** embedded in purchasing contracts. • During 2011, the volatility of currency rates has had no major impact on our operating income except for translation results realised from the disposal of TOL UK.
Interest rate risk Wessanen's debt funding is primarily achieved through its multi-currency syndicated credit facility. Loan draw-downs bear interests at short-term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs.	• We manage our interest rate risk through closely **monitoring short-term and long-term interest rates** and **where necessary** modifying the interest rate exposure of debt and cash positions through the use of **interest rate derivatives**. For further information on interest rate risk management, please see Note 25 on page 89.	• Our loan draw-downs continue to have **short maturities**. • Short-term **interest rates** have been consistently **low** during 2011. • **No interest rate derivatives** to modify interest exposures were used during 2011.

Risk area	Mitigating actions	Developments 2011
Financial and compliance risks continued		
Liquidity risk In case of a shortfall of liquidity (cash and available credit) Wessanen may not be able to meet its financial obligations as they fall due. A material and sustained shortfall in our cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service our financing obligations.	• Wessanen manages its liquidity by **monitoring** and **forecasting cash flows** of its operating companies, debt servicing requirements, dividends to shareholders, and other obligations. The Group's **syndicated credit facility** allows drawing in maturities ranging between a month and a year, while its other credit facilities also allow drawing for shorter periods. For further information on liquidity management, please see Note 25 on page 88.	• Due to the **decrease in net debt** and availability of credit facilities, liquidity has been excellent.
Commodity risk Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices can not be raised.	• The Group uses a large variety of commodities and monitors potential **exposures of concentration** in one single category. In general, Wessanen aims to **mitigate volatility** in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.	• We are managing the risks by closely monitoring **pricing developments**. We have hired a **Sourcing Director Commodities** to, among others, further control the risks associated with commodities.
Credit risk Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is mainly influenced by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk.	• Customer's creditworthiness is analysed frequently using **benchmarks** and **external rating** information. • As a preventive (automated) control, we manage credit risk by applying **credit limits** for our customers. • The creditworthiness of a financial institution is assessed by their **credit rating**, which should be a minimum of **A** (Standard & Poor's).	• We have increased focus on monitoring credit risk (trade receivables) of our **HFS customers**.
Tax risk Tax risk in a broad sense accumulates all sources of risk that may create an unexpected outcome of the tax position.	Wessanen generates taxable profits in some jurisdictions, while incurring losses in others. The Group aims to achieve an effective tax rate not above the weighted average of the statutory rates in the countries of operation in three ways: • **Prudence** in our assessment of future taxable income. • **Multiple planning strategies** to avoid/reduce losses. • **Central oversight** in monitoring and mitigating uncertain tax positions.	• As part of our FIC improvement project we have identified and described in detail all **tax-related key controls**. • The roll out and documentation of improved Tax and **Transfer Pricing policies**. • We have **increased central oversight** at head office.
Compliance and regulatory risk Wessanen with its operating companies in Europe and North America is subject to a variety of local laws and regulations in each country in which it operates. Compliance with these laws may have an impact on our revenues and profitability and could affect our business. Doing business in a complex environment inherently means running the risk of claims and litigation with customers and suppliers.	• Our procedures and contracts should prevent risks of legal disputes and claims with customers and suppliers. All **material claims** above €150,000 are closely followed by the corporate Legal department. • Focus on **legal reviews of contracts**, awareness building throughout our organisation, and monitoring and management of claims and litigation. Legal review of contracts, awareness building, and monitoring of claims and procedures.	• We have made important steps in **better** contract **management** and we have identified additional improvement points for next year.

As Wessanen, we recognise that we are part of a larger system and we take responsibility in managing our impact on the world around us. We are committed to upholding the interests of our stakeholders and acting as responsible corporate citizens.

We observe best business practices, labour, health, safety and environmental standards in all countries in which the Company operates. We work with our suppliers and trade partners to enhance social, ethical and environmental performance within our supply chain. We strive to minimise the negative impact of our products and processes on the environment as we regard ourselves as part of the ecological chain. We believe we have a mission to increase society's awareness of organic food products. While balancing the interests of all our stakeholders in search of long-term gains, we are also committed providing a fair return to our shareholders.

Sustainability and organic food form a symbiotic, mutually reinforcing partnership, since they are based on adherence to many of the same principles. Sustainability is an essential and natural part of our daily work, our businesses, our processes and our products. It is the 'green' thread that runs through everything we do. Our commitment to sustainability is also important for many of our employees. They feel a sense of pride working for a company that generates its revenues through a business model that is fundamentally life-affirming. Many of our operating companies also have a long history within organic food and have been at the forefront of building and growing this organic food market.

Commitment towards the world around us

We promote clear, timely and transparent communication to all stakeholders and are responsible and accountable for our performance. We conduct our operations in accordance with internationally accepted principles of good corporate governance. Wessanen respects and supports fundamental human rights of all parties in society affected by its business. Wessanen supports the principle of free market competition as the proper basis for conducting its business and observes applicable competition laws and regulations.

Stakeholders	How we engage our stakeholders	Expectations of stakeholders
Employees	• Day-to-day contacts • Employee engagement survey	• Fair and principled employer • Safe workplace • Development opportunities • Sound working conditions and fair wage package
Consumers	• Organic, healthy and tasty products • Advertising and promotions	• Organic, healthy and tasty food • Clear sound product information (e.g. labelling)
Shareholders	• Annual shareholder meeting • Timely, fair disclosure	• Return on investment • Dividend
NGOs	• Meetings; conferences	• Be a promotor of organic with focus on sustainability
Governments	• Meetings; disclosures	• Compliance

Our organic choice:

"We regard ourselves as part of the ecological chain."

Sustainability and Wessanen's Supply Chain

From raw materials to consumption…

Inflow of materials	Production	Distribution & warehousing	Marketing & sales
• Organic ingredients	• Semi-finished goods and packaging materials by Allos, Tartex, BioSlym and 3rd parties	• Finished goods	• Our brands • Brand logos

Commitment towards our consumers

A strong underlying and long-term trend exists of consumers being increasingly conscious about their health and eating behaviour. Organic food fits that trend perfectly. There is also a growing awareness among consumers that organic food is not only healthy, but also a key factor in achieving a sustainable environment. Nowadays, most consumers are aware of the relevance of organic and its sustainable production methods.

We are convinced that we are contributing to the longer-term well-being of our consumers by delivering organic products. Our products are manufactured with the greatest care, guaranteeing the highest degree of food safety, and a reliable and transparent supply chain. Our products and services are accurately and properly labelled, advertised and communicated. We respect consumer privacy and will always deal with consumers in a fair and forthright manner, maintaining the highest levels of integrity.

In addition, organic knowledge at consumers is still limited. One of our key challenges is to educate them clearly and effectively in the benefits of organic food. In addition to a more general approach, many of our brands explain the benefits of organic in their approach to consumers.

Visit www.wessanen.com for additional information on sustainability, such as
– GRI G3 table
– performance fact sheet

Commitment to minimise impact on the environment[1]

Wessanen is committed to minimising its impact on the environment by measuring and monitoring the effects of its operations. All our organic products are free of GMO. We are working on reducing our CO_2 footprint and the usage of water. Additionally, organic products do not use pesticides, therefore contributing to a decrease.

ISO 14001 is an internationally recognised standard for embedding processes to analyse and reduce our impact on the environment. 92% of our employees were working in an ISO 14001-certified organisation in both 2010 and 2011.

To make our organic brands most desired in Europe

Our vision at Wessanen is to make our organic brands most desired in Europe. While we compete to achieve business success, the Company is concerned not only about its results, but also how those results are achieved. Our core values are the standards to which all must adhere, striving to fulfil our strategic objectives.

Core values and key behaviours

Our core values represent the heart of the company culture, and should underlie both the corporate conduct of all Wessanen companies, and the fundamental attitudes that we expect from Wessanen employees. We have identified four core values: ownership; winning; authenticity and entrepreneurship. For us, this means that we all are involved, not only with our own Company, but also with the world around us. We believe that respect for food, its origins and the supply chain through which it travels is essential to the sustainability of our business. Food safety and quality is our highest priority.

We believe it to be critical that individual behaviour reflects the values and aspirations of our mission. Therefore everyday behaviour has to be aligned with the following behaviours that are key; these being passion; teamwork; integrity; speed; and engagement.

[1] These data relate to Grocery and HFS.

Point of sale
- Grocery and Health Food Stores

Consumption
- By the organic consumer, at sustainable offices and catering facilities

Recycling
- Partly biodegradable plastics and FSC paper

ISO 14001

92%

Of our employees work in such certified environment.

Wessanen Company Code

The Wessanen Company Code, which was revised and re-introduced for all employees in 2011, has been drawn up to provide a clear set of guiding principles on integrity and ethics in business conduct. It governs business decisions and actions throughout the Company, applicable to both corporate actions and behaviour of individual employees when conducting Wessanen's business.

The general business principles are:
- Compliance with laws: Wessanen wants to be a responsible partner in society, acting with integrity towards all its stakeholders and others who can be affected by its activities. Wessanen duly observes the applicable laws of the countries in which it operates.
- Environment: Wessanen, in line with its commitment to sustainable development, will do all that is reasonable and practicable to minimise adverse effects on the environment.
- Product safety: Wessanen aims at all times to supply safe products and services.
- Free market competition: Wessanen supports free market competition as the basis for conducting its business and observes applicable competition laws and regulations.
- Child, bonded and forced labour: Wessanen will under no circumstances make use of forced or bonded labour and it will not employ children in violation of the relevant conventions of the International Labour Organisation.
- Human rights: Wessanen supports and respects human rights and strives to ensure that its activities do not make it an accessory to infringements of human rights.

Wessanen expects its suppliers and business partners to comply with the above principles.

In addition, Wessanen considers that the application of its Company Code is of prime importance when deciding to enter into or continue relationships with contractors and suppliers, and to participate in joint ventures. We compete for business fairly, on the merits of our products and services. Bribes in any form are unacceptable to us.

Wessanen funds or resources may not be used to supportany political candidate or political party anywhere in the world.

Whistleblower Policy

In 2011, in conjunction with the Wessanen Company Code, our Whistleblower Policy was revised and re-introduced for all employees. It aims to support compliance with applicable laws, integrity in financial management, a healthier and safer work environment and effective corporate governance. It ensures that any employee can make a report without the risk of retaliation and with the assurance that all reports are treated confidentially and are promptly investigated.

Organic Expertise Centre (OEC)

In order to stimulate the exchange of knowledge and experience that is widely available within the Company, the OEC was established in 2010. Specialists will join forces and will work on pan-European issues, such as the sourcing of sustainable palm oil. The purpose of this internal expertise centre is to stimulate the exchange of knowledge and experience that is widely available within the Company and to educate and inspire our internal and external stakeholders in organic values. It also offers ample opportunity to legitimise our position in the organic world by championing the organic case. Our own specialists are the engine behind the OEC and will join forces and work on pan-European issues, such as the switch to sustainable organic palm oil (RSPO certified) for our own brands by 2013.

Send an email to ir@wessanen.com for feedback and/or any queries.

In 2012, the first results will become visible. One of the focal areas will be training, including a training package for newcomers and the founding of the Organic Academy (as part of our WEacademy). Other focal areas will be knowledge building by teaming up with external researchers and experts, lobbying to promote organic food and communication to further build more general awareness and knowledge of organic food.

Supply chain

By going for organic and 'making our organic brands the most desired brands in Europe', we have chosen the most sustainable food chain. This means not only marketing healthy, tasty products, but also creating a more sustainable society, for now and in the future.

To be able to explain to the consumer what is in our products and where these originate, we pay close attention to the sourcing of our ingredients and products. We have therefore identified our supply chain as a possible area of vulnerability in terms of sustainability. To deal with this potential weakness, we have taken steps to create a framework of standards that brings our entire supply chain into alignment with our overall business principles. The objective is to ensure that our suppliers comply with these common criteria and with our commitment to transparency and sustainability.

My organic choice:

"Sustainability is an essential and natural part of our daily work."

Our Supply Chain Audit Protocol (SCAP) has been replaced by our Supplier Quality Approval (SQA) policy to monitor our sources and suppliers in an integrated way for all our companies. It ensures that each supplier producing food or raw materials (including packaging) has a Quality Management System in place. We require the delivering of proof of compliance to agreed specifications. We assess each supplier formally to understand its capability to meet our requirements and we assess these proportionally, based on the level of business and food safety risks. In case of minor or major shortcomings, we discuss with suppliers improvement plans while we delist suppliers not able or willing to meet our expectations.

Our policy requires each supplier to be able to deliver proof of compliance to the relevant and applicable European food safety legislation, having excellent Good Manufacturing Practices in place and proof of having valid certificates as agreed. The supplier also has to have a structure and commitment that allows it to maintain such standards and be willing to work with Wessanen in an open and transparent way.

During 2012, we are to finalise the pre-audit protocol and to start the first pilot projects to audit suppliers. In the second half of 2012, we expect our Supplier Quality Approval policy and subsequent auditing of (prospective) suppliers to be fully implemented and operational.

Additional support for our partners in the supply chain ensures that extra care is taken to deliver key ingredients of the highest quality. This support takes the form of, amongst others, good employment conditions, sustainable pricing (which allows farmers to improve quality and takes account of social and ecological principles at the same time), education and development, and a preference for plant-based products as an alternative to animal origin.

Palm oil

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

In March 2011, Wessanen became a Member of the Roundtable on Sustainable Palm Oil (RSPO), a global multi-stakeholder initiative set up to encourage the

Number of employees (at year end)

1,998

Total Company

sustainable production and use of palm oil. Wessanen commits to the organisation's objectives and will actively contribute to the growth of sustainable palm oil through its sourcing practices. In fact, in 2011 we developed a policy to govern palm oil sourcing and guidelines for implementation in partnership with our suppliers. We have also started preparations for the supply chain certification of our UK operations in the first half of 2012, with other operations to follow soon after. We are committed to switching our palm oil to RSPO certified sustainable palm oil (RSPO certified segregated palm oil for organic and GREEN PALM certificates for conventional) during 2012-2013.

Great importance attached to being a good employer

Wessanen attaches great importance to being a good employer. Our HR strategy focuses on developing and maintaining a capable organisation, committed employees and a connected leadership group, underpinned by a competitive performance-based remuneration policy. The centrally-driven general principles are focused on quality and continuity. This is reflected in our management development policy that offers employees scope for personal development.

Furthermore, the retention of experienced and talented staff is both a priority and a strategic issue.

Labour agreements and relations

There is a uniform remuneration policy for the management of all operating companies and headquarters. Moreover, bonus systems for senior executives are drawn up centrally. These are based not only on the financial targets of the operating company, but also on personal performance and Wessanen's overall results.

Wessanen's performance objectives are cascaded down into the personal objectives of our management group with a tool called 'OGSM' (Objectives, Goals, Strategies and Measures). It brings visibility and accountability to the Company objectives. It also ensures that all activities are aligned with the corporate and financial goals by cascading these down to divisional and functional goals, and ultimately to the goals of individual employees.

The various OGSMs are linked with Employee Performance Commitment (EPC) targets of all individuals from 2011 onwards. The EPC process is a continuous cycle that equips employees with a methodology for managing and delivering individual performance. Key elements are performance objective setting and review; competency and functional skills assessment; personal development planning; and year end performance rating. The EPC cycle is now being deployed by all employees.

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

Corporate
Objectives, Goals, Strategies & Measures (OGSM)

Country and Functional
OGSM

Individual goals in Employee
Performance Commitment (EPC)

Personal development plans in EPC

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

Employee engagement

Wessanen attaches great importance to being a good employer. To quantify our performance, we have implemented a system of three annual surveys, namely a Company Monitor, employee engagement and 360° leadership monitor. These all provide clear upward feedback, helping us identify opportunities for improving our organisation, culture and people management.

The 'Company Monitor' focuses on the capable organisation, assessing if our organisation, culture and management enable everyone to excel, if communication and best practice sharing are stimulated, and if there is sufficient focus. Based on these results follow-up plans are made and implemented at each operating company.

The engagement survey determines the level of engagement and commitment of all employees and what drives their engagement. The 2011 participation

Visit www.wessanen.com for additional information on sustainability, such as
– GRI G3 table
– performance fact sheet

Bonneterre
In the French HFS channel, Bonneterre holds the No 1 position for both wholesaler to HFS stores as well as Bonneterre branded products.

rate was 66% (2010: 58%) with an overall score of 6.5 (2010: 6.8), being somewhat below the benchmark. Since the differences per country are too large to define one overall plan, local improvement plans are set and are part of our OGSM model with the aim to improve the 2012 score.

The 360° leadership monitor measures if management 'walks-the-talk' regarding the corporate ambition and values, and if senior management is aware of and acting upon strengths and weaknesses at all levels of our organisation. This assessment is executed once every two years.

Employee development

We use a competency model that defines behaviour expectations for all employees and translates our ambitions and values into behaviour conventions and skill sets. These competencies and functional skills also serve as the basis for selecting and developing candidates for promotion, while experience and track record are equally important criteria. We operate a variety of training initiatives to support the development of our staff, including enhancing employee engagement and development, functional, leadership and new hire orientation training.

Our Management Development Review links individual achievements and developments to business challenges. The insights we gain regarding our senior management, talent pool and organisation prompt the development of action plans. This ensures sufficient talent for our future needs and establishes succession plans up to the most senior levels in the organisation.

Leadership development programme

In 2012, a leadership programme has been started with the participation of the top-40 and about 30 potential leaders throughout the organisation. The focus is on strategy execution, connected leadership skills and improving team performance with the aim of creating unity and alignment within the organisation and focusing on creating value for the business. This should improve and speed up our transformational process to really become one European company. Group sessions, individual and group coaching and business challenge projects are part of the programme. These projects are based on our OGSM and are planned to deliver additional growth, close critical gaps and speed up processes.

Employee turnover

Employee turnover remains a key focus area. We strive to improve the employee turnover rate by reducing the number of people who leave on their own initiative.

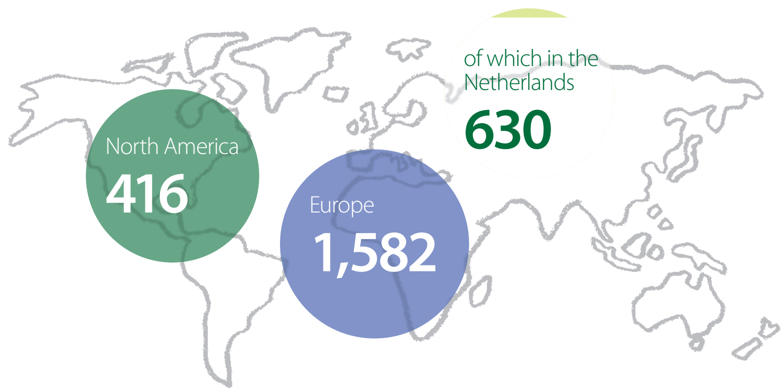
Health and safety

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

Global Reporting Initiative (GRI) guidelines

Over the years, we developed a robust framework, based on GRI guidelines, to measure our performance of the 4Ps: Product (food safety etc.), Planet (environment), People (social impact) and Profit (financial), being all areas under our direct control. We report according to the GRI guidelines (GRI-G3) for which we conform to application level C. The reported data has not been verified by an independent third party. All data used relate to Grocery, HFS and headquarters.

Regional number of employees in 2011 (at year end)



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

Supervisory Board

F.H.J. (Frans) Koffrie, Chairman
Male, Dutch nationality, 1952
Experience:
Supervisory Board member from 2001 until 2009 and since 2010.
Current term of appointment: 2010 – 2014.
Former CEO of Corporate Express nv.
Former interim CEO of Royal Wessanen nv.

Committee memberships:
- Audit Committee
- Selection, Appointment and Remuneration Committee

Ownership of Wessanen shares:
101,639

J.G.A.J. (Jo) Hautvast, Vice-Chairman
Male, Dutch nationality, 1938
Experience:
Chairman of the Selection, Appointment and Remuneration Committee.
Current term of appointment: 2008 – 2012.
Former Vice President Health Council of the Netherlands, former General-Director Wageningen Centre for Food Sciences. Chairman Advisory Board Risk Assessment Netherlands Food Safety Authority.

Committee memberships:
- Selection, Appointment and Remuneration Committee (Chairman)

Ownership of Wessanen shares:
none

F. (Frank) van Oers, Member
Male, Dutch nationality, 1959
Experience:
Current term of appointment: 2009 – 2013.
Executive Vice President and member of the Executive Board of Vorwerk & Co. KG.

Committee memberships:
- Audit Committee (Chairman)

Ownership of Wessanen shares:
none

Executive Board

P.H. (Piet Hein) Merckens, Chairman
Male, Dutch nationality, 1962
Joined Wessanen in April 2010. Became CEO on 1 June 2010; current term will expire in 2014. Former positions include President of D.E. Netherlands, Poland and Greece, Business Unit Director at Douwe Egberts Netherlands and Associate Director for the Food Channel and Paper Category at Procter & Gamble Benelux. Mr Merckens holds 27,000 shares in the Company.

R.J.J.B. (Ronald) Merckx, CFO
Male, Dutch nationality, 1967
Joined Wessanen on 1 June 2011 as CFO.; current term will expire in 2015. Former positions include CFO Europe for Britax Childcare International in London and several financial positions in the field of internal audit, controlling, IR and financial management at Unilever, where he worked in the Netherlands, the UK and Germany.
Mr Merckx does not hold shares in the Company.

Executive Management Group (EMG) Grocery and HFS

Piet Hein Merckens, CEO (chair)

Ronald Merckx, CFO

Fred Alkemade (1961), EVP Strategy, Sourcing and New Business Development

Klaus Arntz (1964), EVP Marketing

Christophe Barnouin (1968), Strategic Coordinator Grocery and Managing Director France, Italy and Export

Hein Bijl (1968), General Counsel and Company Secretary

Henk van den Bogaart (1958), EVP Human Resources

Patrick Cairns (1967), Managing Director UK

Jeremy Deacon (1960), Strategic Coordinator HFS and Managing Director Benelux

Frank von Glan (1962), Managing Director Germany

Fons de Vries (1953), EVP Supply Chain and ICT

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

All relevant corporate governance documents can be found on our website, www.wessanen.com

Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the 'Code') forms the basis for Wessanen's governance structure. Royal Wessanen nv ('Wessanen') complies with the Code by either applying its principles and best practice provisions or by explaining why it deviates from the Code. The Code's principles and best practice provisions are fully applied, with currently only three exceptions for the reasons set out in this section: best practice provision II.2.8 (severance payment in case of change of control), best practice provision III.4.2 (chairman of the supervisory board may not be a former member of the management board) and best practice provision II.2.5 (shares held as long-term investment). Wessanen's governance structure was discussed most recently at the Annual General Meeting of Shareholders held in April 2010. Since then, no amendments were made to the corporate governance structure. Substantial changes in the corporate governance structure will be submitted to the General Meeting of Shareholders for consideration.

The Corporate Governance Statement ('Corporate-Governanceverklaring') as determined in the Decree of 23 December 2004 regarding the implementation of further accounting standards for the content of annual reports ('Besluit van 23 December 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van de jaarrekening') and as amended on 10 December 2009, can be found on Wessanen's website in the section 'Corporate Governance'.

Corporate Governance statement

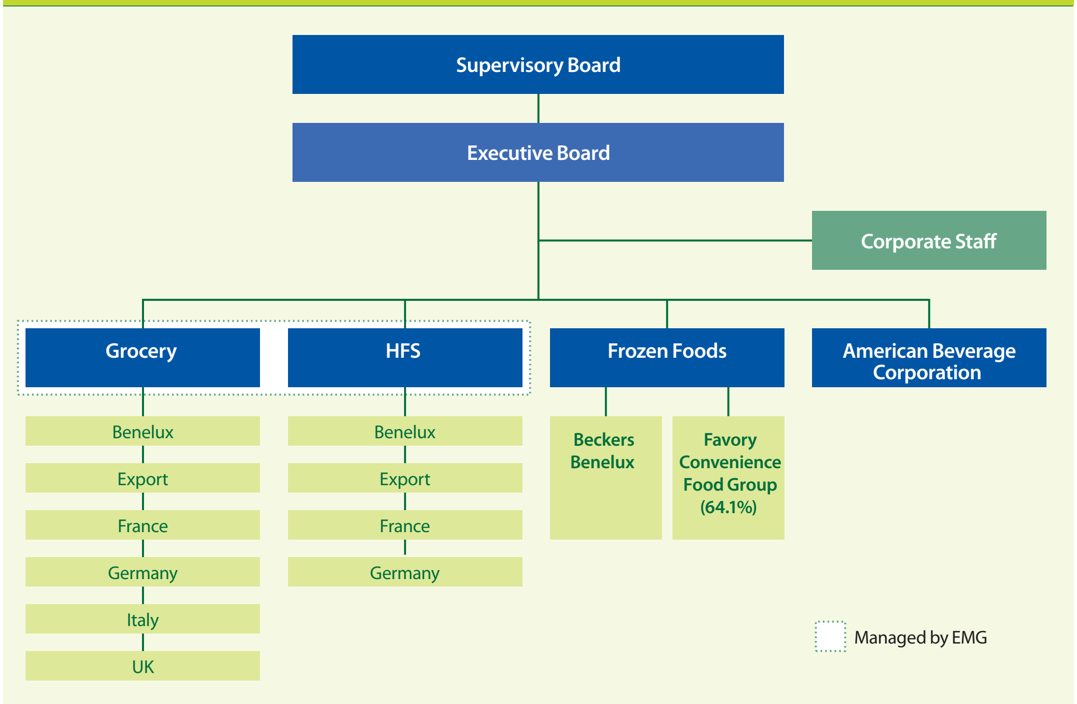
In accordance with the Decree of 23 December 2004 regarding the implementation of further accounting standards for the content of annual reports ('Besluit van 23 December 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van de jaarrekening'), as amended on 10 December, Wessanen annually publishes a statement relating to corporate governance. As permitted under the regulations, Wessanen has opted to publish its corporate governance statement by posting it on its website, www.wessanen.com, in the Corporate

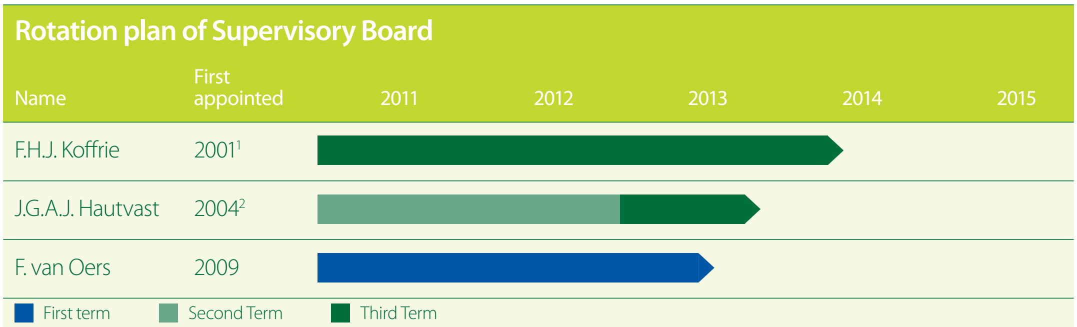
Board structure

The Company has a two-tier board structure comprising:

- Supervisory Board with three members. The Supervisory Board has nominated two new Supervisory Board members to be appointed at the AGM of 2012.
- Executive Board with two members: Chairman & CEO and CFO.

Management structure





[1] Mr Koffrie was first appointed in 2001 and served two terms of four years. In 2009, he resigned from the Supervisory Board and was appointed member of the Executive Board and CEO for an interim period. In 2010, he was re-appointed member of the Supervisory Board for a (last) term of four years.
[2] Mr Hautvast will be nominated for reappointment for one year.

Retirement and possible reappointment schedule

Name	First appointment	Latest re-appointment	Current term expires
P.H. Merckens	2010	–	2014
R.J.J.B. Merckx	2011	–	2015

Governance section. This Corporate Governance Statement is incorporated by reference in Wessanen's 2011 Annual Report and Financial Statements and as such cannot be amended.

Executive Board

General

Responsibility for the management and general affairs of Wessanen is vested collectively with the Executive Board, which currently consist of Mr P.H. Merckens (CEO) and Mr R.J.J.B Merckx (CFO). Accountabilities include, but are not limited to, determining and deploying Wessanen's strategy and policies, achieving its objectives and results, risk management, control, financing and developing a sound personnel policy.
The Executive Board is accountable for the performance of its assignment to the Supervisory Board and to the General Meeting of Shareholders. In discharging its duty, the Executive Board focuses on the interests of Wessanen, taking into consideration the interests of its shareholders and other capital providers, employees, customers and suppliers. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association.

Term of appointment

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

Remuneration

The remuneration of the members of the Executive Board is determined by the Supervisory Board based on the advice of the Selection, Appointment and Remuneration Committee (SARC). Remuneration of the individual members of the Executive Board is consistent with the remuneration policy, which was last amended in April 2010. Any material amendments to the remuneration policy will be submitted for adoption to the General Meeting of Shareholders. Best practice provision II.2.8 of the Code, which provides that the maximum remuneration in case of dismissal of a member of the Executive Board shall not exceed one year's salary, is not applied by Wessanen. In cases where the dismissal is a result of a change of control over Wessanen, the severance pay consists of one year's salary plus payout of the short-term cash incentive 'at target', plus the cash equivalent of the exercise value of all outstanding performance shares. In deviation of best practice provision II.2.5, which provides that shares

Allos
Allos has a strong position in the German HFS market for cereals, honey, fruit bars and cookies. The brand is available in all of our core countries and through Export.

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

Supervisory Board

General

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

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

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

Given the size of the Supervisory Board, the tasks in the area of Executive and Supervisory Board nomination and remuneration have been combined into one Committee. The SARC is responsible for, amongst other things, establishing policies for the remuneration of the members of the Executive Board and Wessanen's top management, making proposals for the remuneration of individual Executive Board Members and assessing the composition and performance of the Executive Board and Supervisory Board and advising on selection criteria and appointment procedures.

Appointment, independence, expertise and composition

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 of Wessanen's Articles of Association. The Supervisory Board currently comprises of Mr F.H.J. Koffrie (Chairman), Mr J.G.A.J. Hautvast (Vice-Chairman) and Mr F. van Oers. Members of the Supervisory Board are appointed for a term of four years. Supervisory Board members may in principle serve a maximum of three terms of four years each on the Supervisory Board.

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration of a Supervisory Board member is not dependent on Wessanen's results. The Remuneration Report (see pages 54 to 58) contains information on the level and structure of the remuneration for individual Supervisory Board members.

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

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

Conflicts of interests

In compliance with the Code, Wessanen has formalised strict rules to avoid conflicts of interests between Wessanen on the one hand and individual members of the Executive Board and Supervisory Board on the other hand. Decisions to engage in transactions in which interests of Board members play a role, which have a material significance for Wessanen or for the Board member concerned, require approval by the Supervisory Board. The Supervisory Board is responsible for taking decisions on handling conflicts of interest between Wessanen and members of the Executive Board and Supervisory Board, major shareholders and the External Auditor. No conflicts of interests were reported in 2011.

Kallo
Rice cakes from Kallo have a strong position in the UK grocery and HFS markets. The assortment varies from low fat rice cakes to specialty flavours such as 'hint of real chilli'.

The General Meeting of Shareholders

General

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

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

Resolutions; Appointment of Executive Board and Supervisory Board

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

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

Dividends

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

The Executive Board, with the approval of the Supervisory Board, determines which part of the profit is to be appropriated to the reserves. The remaining profit may be distributed as a dividend to the holders of the shares. The General Meeting of Shareholders may, at the proposal of the Executive Board that has been approved by the Supervisory Board, resolve that a payment of dividend be wholly or partly in shares. If a loss is sustained in any year, no dividend shall be distributed for that year and for subsequent years until the loss has been defrayed out of the profit. The General Meeting may, however, resolve on a motion of the Executive Board that has been approved by the Supervisory Board, to defray any such loss out of the distributable part of the shareholders' equity or to charge the dividend to the distributable part of the shareholders' equity. Wessanen's dividend policy is described on page 102.

Description of share capital and Articles of Association

General

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

Ekoland
Ekoland offers a wide range of basic products to Dutch health food stores, where it holds the No 1 position.

Share capital
As of 31 December 2011, our authorised share capital amounted to €300 million divided into 300,000,000 shares, with a nominal value of €1.00 per share each. All shares are registered shares and can be included in the deposit system of the Act on deposit securities transactions ('Wet giraal effectenverkeer').

As of 31 December 2011, the issued share capital was divided into 75,992,275 shares all of which have been fully paid up.

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

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

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

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 19 October 2012 by resolution dated 19 April 2011.

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

Major shareholdings as per 31 December 2011 Pursuant to the Dutch Financial Markets Supervision Act ('Wet op het Financieel Toezicht') shareholders having (potential) ownership of and (potential) voting rights on the issued capital in excess of 5% are required to disclose their interest to the (Dutch) Authority Financial Markets (AFM). On 31 December 2011 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

Share ownership

	Holding
Delta Partners, LLC	25-30%
Sparinvest Fondsmaeglerselab A/S	5-10%

De Rit
A De Rit product is an authentic delight. Whether you bake it yourself or buy the ready-to-enjoy cookies from the shop, De Rit is simply hard to resist.

Provision of information

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

Audit of financial reporting and role of Internal and External Auditors

The General Meeting of Shareholders appoints the External Auditor. The Audit Committee recommends to the Supervisory Board the External Auditor to be proposed for reappointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and where appropriate recommends replacement of the External Auditor and approves its remuneration after consultation with the Executive Board. On 19 April 2011, the General Meeting of Shareholders appointed Deloitte Accountants B.V. as external auditors for Wessanen for the financial year 2011.

External Auditor policy

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

Relationship and communication of the External Auditor with the bodies of the Company

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

Internal Auditor

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

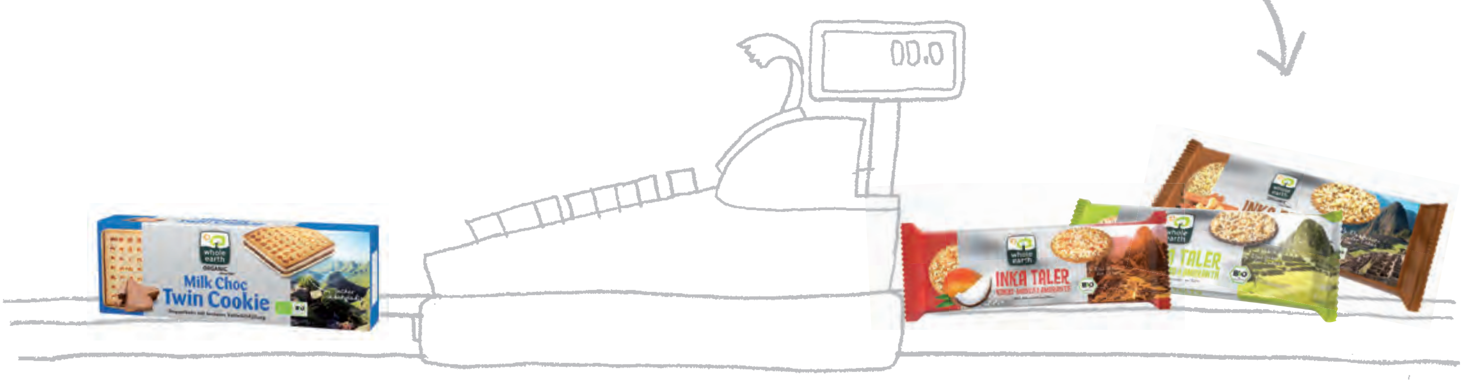
Change of control

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

Information pursuant to Clause 5:25f of the Financial Markets Supervision Act

The information and documents specified in clause 5:25f of the Financial Markets Supervision Act ('Wet op het Financieel Toezicht') can be found on Wessanen's website, www.wessanen.com.

Whole Earth
Our range of Whole Earth Inka Taler Amaranth cookies won an award as one of the top 2012 organic brands from the magazine 'Lebensmittel Praxis'.



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Dear Shareholder,

It is with pleasure that we present to you our findings for the reporting year 2011. They have been and still are challenging times. However, with all the work done and with talented people in place, we feel Wessanen is well-positioned for a sound future.

Financial Statements
The Supervisory Board herewith submits the 2011 financial statements prepared by the Executive Board. The financial statements have been audited by Deloitte Accountants B.V., whose report can be found on page 97. The financial statements and the audit report were discussed with the Executive Board and Deloitte. We are of the opinion that the financial statements provide a true and fair view of the state of affairs of Wessanen. We recommend that the Annual General Meeting of Shareholders adopt the 2011 financial statements accordingly and grant discharge to the members of the Executive Board and the Supervisory Board.

The Supervisory Board approves the proposal of the Executive Board to declare a dividend of €0.08 per share, representing 40%, which is in line with Wessanen's dividend policy to pay a dividend of between 35-45% of the net result excluding non-recurring effects. The dividend will be charged to the freely distributable reserves.

Attendance at Board and Committee meetings 2011

	Supervisory Board	Audit Committee	Selection, Appointment & Remuneration Committee
F.H.J. Koffrie	7/7	5/5	3/3
J.G.A.J. Hautvast	7/7	n/a	3/3
F. van Oers	6/7	5/5	n/a

Meetings of the Supervisory Board
The Supervisory Board met with the Executive Board seven times in 2011. Members of Wessanen's senior management were regularly invited to clarify pending business matters during these meetings. Generally, at the end of these meetings the Supervisory Board discussed the affairs of the Company and the performance of the Executive Board in the absence of the members of the Executive Board. The Supervisory Board meeting held in December was combined with a visit to Wessanen's UK subsidiary Kallo Foods and a number of health food stores. The Chairman of the Supervisory Board conferred regularly with Mr P.H. Merckens about current business.

In accordance with Wessanen's Articles of Association the Supervisory Board has taken a number of resolutions without holding a meeting. These resolutions related to matters that did not require a discussion in a formal Supervisory Board meeting.

The Supervisory Board was supported by Wessanen's General Counsel & Company Secretary.

Activities of the Supervisory Board
The progress of the implementation of Wessanen's strategy was presented by and discussed with the Executive Board regularly. Wessanen's overall objectives have been translated into channel/country-specific functional goals, most of which are quantifiable on the basis of market share, net revenue and gross margin. The members of the Executive Management Group presented their country-specific strategic plans per channel for 2012 to the Supervisory Board. The Supervisory Board discussed the actions and timeframe needed for achieving the Group and country targets per channel and considers them ambitious but feasible.

Bjorg lunch box
The launch of Bjorg lunch boxes was most successful. It provides a meal full of proteins and fibres in just two minutes of microwave heating.

The Supervisory Board approved the extension of Wessanen's €100 million credit facility until February 2014, which included a reduction of the interest margin to 100-225 basis points over Euribor based on the leverage ratio (Net debt to EBITDAE). The Supervisory Board is of the opinion that Wessanen's financial position is sound and provides sufficient room to finance future add-on acquisitions with cash.

The Supervisory Board and the Executive Board discussed at length the developments in the results of ABC. The Supervisory Board is delighted with the vast improvement in the result for the entire year compared with 2010. As this upward trend looks set to continue in 2012, the Supervisory Board concurs with the Executive Board's decision to postpone the sale of ABC, since divestment at this point in time would not unlock the full value of the business for shareholders. The Supervisory Board will closely monitor the results development at ABC during the coming year.

As mergers and acquisitions are crucial to the successful implementation of the Wessanen strategy, acquisitions were a recurrent item on the agenda at the meetings of the Supervisory Board. The Supervisory Board shares the vision of the Executive Board that acquisitions must focus on expanding Wessanen's leading position in existing core categories, acquiring route-to-market in grocery and acquiring 'first movers' in new high-growth categories. A list of potential acquisition targets has been drawn up on the basis of these criteria. Preliminary discussions are being held with some of these targets. However, acquisition processes are slow, mainly because of the familial character of the targets.

Businesses that do not fit in with the organic activities of Wessanen have either been sold or will be sold. The proceeds from these sales will, in principle, be used to finance acquisitions. The sale of Tree of Life UK and Kalisterra, both of which fell outside the strategy, and the timing of the sale of ABC were discussed.

The Supervisory Board and the Executive Board have discussed alternative scenarios for the Frozen Foods activities on several occasions. Amongst other things, the sale of Beckers alone or in combination with the Favory Convenience Food Group and the integration of both businesses were considered as strategic options. No final decision was taken.

The Supervisory Board was informed of the innovation efforts at Wessanen. Historically, Wessanen had a large number of small innovation projects resulting in generally low and below market innovation rates across the business. Currently, most of the innovation efforts are local. The Supervisory Board endorses the aim to increase international innovations to 50% by focusing on fewer, bigger and better innovations and will monitor the developments in this respect.

Other discussion topics included the annual budget, the financial outlook for 2011, the annual and interim financial results, risks inherent to Wessanen's business and the performance of the Company's risk management and control systems, ICT, the corporate governance structure, sustainability, human resources and press releases.

Committees of the Supervisory Board

The Supervisory Board, while retaining overall responsibility, has formed two committees: the Audit Committee and the Selection, Appointment and Remuneration Committee (SARC). The purpose of these committees is described in the Corporate Governance section (pages 44 to 49).

Audit Committee

The Audit Committee met five times in 2011. Topics that were discussed included the financial performance of the Company, the 2010 financial statements and the quarterly and semi-annual reports, the management letter and the Executive Board's response thereto, risk management and internal control systems, and IT. All Audit Committee meetings were attended by the Executive Board, the Vice President of Accounting & Control, the Internal Auditor and External Auditor. The Audit Committee spoke with the External Auditor several times in the absence of the Executive Board.

A recurring topic on the agenda of the Audit Committee was Wessanen's framework of internal control. The Audit Committee closely monitored the efforts to improve the quality of the Internal Control Framework and the actions to remedy deficiencies. Despite a limited number of points of improvement needed the Audit Committee observed an overall substantial quality improvement and an acceptable level of internal control. Attention was also paid to Wessanen's IT governance. The Audit Committee stressed that the running IT of operations should continue to receive sufficient attention, given the time spent on the implementation of SAP in the operating companies. Furthermore, the Audit Committee discussed the importance of rolling out corporate policies throughout the Group and further improving contract management.

Further information can be found in the Company's website: www.wessanen.com

Evernat
This French HFS brand was developed in the 1970s by Monsieur Robert Bonneterre.

Wessanen's legal and tax affairs were discussed. Particular attention was paid to the termination of Distriborg's relationship with one of its main logistic service providers following a dispute. The Audit Committee saw to it that appropriate measures were taken to ensure that Distriborg's business would not be interrupted as a result of this termination.

Whistleblower reports that were received by the Company during the year and business incidents were discussed. At year end all whistleblower reports and business incidents, which did not turn out to be of material importance, were resolved or closed.

The Audit Committee reviewed the performance of the Internal Auditor and the audit planning for 2012. It concluded that following the rebuilding of the Internal Audit function in 2010 the Internal Auditor performed satisfactorily and it observed an increased acceptance of the recommendations made by the Internal Auditor. The role and performance of the External Auditor Deloitte was also discussed. The Audit Committee concluded that Deloitte provides relevant industry data and has broad experience in the sector where Wessanen operates. The skills and approach of Deloitte's teams were considered to be satisfactory. The Audit Committee appreciated the open and constructive discussions with Deloitte as well as their critical approach towards the Internal Control Framework and their support in improving it. Finally, the Audit Committee had no reason to question Deloitte's independence as External Auditor of Wessanen. Consequently, the Supervisory Board will propose the Annual General Meeting of Shareholders to appoint Deloitte to audit the 2012 financial statements.

Selection, Appointment and Remuneration Committee

The SARC met three times during the reporting year.

The SARC was involved in appointing a successor to Mr F.E. Eelkman Rooda as CFO, who left the Company on 31 May 2011 as a result of the desired change of financial leadership that was necessitated by the significant transformation of the Company. The SARC is of the opinion that the Company will benefit from the experience of Mr R.J.J.B. Merckx. He will help to further transform the Company and will change the role of CFO to a strategic orchestrator closely involved in the execution of Wessanen's strategy.

The vesting period for the Long Term Incentive Plan (LTIP) 2009 expired on 1 January 2012. Given the low position of Wessanen in its peer group (based on Total Shareholder Return) the SARC concluded that, in line with the terms and conditions of the LTIP 2009, no shares would vest under the LTIP 2009.

The 2010 Remuneration Report and the payout under the Short Term Incentive Plan (STIP) 2010 to the members of the Executive Board were discussed and approved. Given the 2010 results a decision was taken to freeze the salaries of the members of the Executive Board, the Executive Management Group (EMG) and Head Office staff for 2011. The SARC furthermore approved the granting of shares to Mr Merckx under the LTIP 2011 and the remuneration of Mr Merckx. It discussed and approved the STIP 2011 financial and personal targets aligned with the Company's strategic imperatives for the members of the Executive Board and analysed different scenarios to assess possible payments under the current STIP and LTIP programmes. The SARC benchmarked the Remuneration Policy, which can be found on our Company website, and considered the Policy to be adequate. As well, the remuneration of the members of the Supervisory Board was considered to be appropriate.

The SARC approved the proposal of the Executive Board to grant conditional shares to certain members of the EMG, which it believes will further stimulate and commit the eligible EMG members to achieve the Group's ambitious growth targets.

The filling of various senior management positions and management development was discussed. The SARC was supportive of the Executive Board's proposal to start a leadership programme for Wessanen's top 60 management in 2012. It discussed the scope of the programme with the Executive Board, which, in the opinion of the SARC, will provide management with improved knowledge and tools to implement Wessanen's strategy and motivate their people to contribute to the success of Wessanen.

Visit www.wessanen.com for additional information on Corporate Governance, such as
– AGM meeting papers
– Policies and procedures

Kallo Food Academy
There is a strong belief at Kallo that the more you think about food, the more you enjoy it. That's why they opened the Kallo Food Academy on Facebook; to have a place to think, talk and swap ideas about food.

Remuneration Report
The Remuneration Report incorporates the principal points of the Remuneration Policy for members of the Executive Board as well as the full remuneration of the individual members of the Executive Board. The Remuneration Report (pages 54 to 58) forms part of, and is incorporated in, the Report of the Supervisory Board.

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

Conflict of Interest
In 2011 no transactions took place that involved a conflict of interest for members of the Executive Board or Supervisory Board or the External Auditor.

Assessment of its performance
The Supervisory Board discussed its own performance, that of its individual members and that of the Audit Committee and the SARC. All Supervisory Board members were interviewed by the Chairman and asked for their opinion on the performance of the Board and the Board committees. The Supervisory Board concluded that its own performance and that of the subcommittees are satisfactory and that it continues to meet the composition criteria of the Supervisory Board profile. The performance of the Executive Board and its individual members was also evaluated. The Supervisory Board concluded that they performed satisfactorily.

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

In view of the desired expansion of the number of members of the Supervisory Board and as part of the succession policy of its members the Supervisory Board discussed its composition and its profile.

Given the phase in which Wessanen now finds itself and the ambitious goals it intends to pursue, the Supervisory Board is of the opinion that the number of supervisory directors should be increased. The Supervisory Board is delighted that Ms I.M.C.M. Rietjens and Ms M.M. van Zuijlen have agreed to join the Board, subject to shareholder approval. They will both bring a wealth of experience to Wessanen. As an important player in the organic food market, Wessanen regards food safety and nutrition as key. The broad-ranging expertise and knowledge of Ms Rietjens in these fields will prove invaluable. Ms Van Zuijlen has an impressive track record in human resources, strategy, corporate social responsibility and business development in the profit and non-profit sectors.

In accordance with the rotation plan Mr J.G.A.J. Hautvast will step down at the Annual General Meeting of Shareholders to be held on 17 April 2012. Mr Hautvast is eligible for reappointment. In order to secure a proper handover of Mr Hautvast's responsibilities and knowledge, in particular those related to nutrition, to the new Supervisory Board members the Supervisory Board will propose the Annual General Meeting of Shareholders to re-appoint Mr Hautvast for one year.

The Supervisory Board would like to express its appreciation for the commitment and dedication of the Wessanen team around the world in driving the Group's strategic aims and objectives.

Amsterdam, 22 February 2012

Supervisory Board
Frans Koffrie, Chairman
Jo Hautvast, Vice-Chairman
Frank van Oers

Ekoland
In the Dutch HFS market juices of Ekoland are popular; it holds the No 1 position.

The Supervisory Board is responsible for implementing the Remuneration Policy and determining the remuneration of individual members of the Executive Board and Supervisory Board.

The Supervisory Board may, if necessary, deviate from the Remuneration Policy if market circumstances make it necessary or the application of the policy is considered to be unreasonable. Any deviation from the Remuneration Policy will be accounted for in the Annual Report.

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

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

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

Current Remuneration Policy

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

The structure of the remuneration package for the Executive Board is designed to balance short-term operational performance with the long-term objective of creating sustainable value within the Company.

The Remuneration Policy for the members of the Executive Board is aligned with the remuneration structure of other senior executives of Wessanen.

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

Details of remuneration of Executive Board members

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

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

Terms of appointment

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

Zonnatura
In 2011, Zonnatura's natural tea range was converted to organic, accompanied by new packaging and a 360° activation campaign.

Remuneration expenses Executive Board 2011 (in €)

	Base salary	Base salary pro-rata	Realised Short-Term Incentive	Restricted share rights[1]	Pension costs	Other compensation
P.H. Merckens	500,000	500,000	385,350	250,203	96,793	77,734
R.J.J.B. Merckx[2]	300,000	175,000	107,898	14,810	27,229	24,270
F.E. Eelkman Rooda[3]	365,400	152,250	60,900	19,480	43,950	11,988

1 Costs related to restricted share rights granted are taken by the Company over a number of years (the vesting period). As a consequence, the costs of 'Restricted share rights' are the aggregate accounting costs of multi-year grants to each Executive Board member during their Board membership.
2 As of 1 June 2011
3 Until 31 May 2011

Notice period

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

Remuneration components

The remuneration for Executive Board members comprises the following components:

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

Information on the individual remuneration of Executive Board members is shown in the table above. Details of the 2011 remuneration can be found in Note 8 of the Financial Statements, which notes form part of and are incorporated in this Remuneration Report.

Remuneration expenses

The table at the top of this page gives an overview of costs incurred by the Company in the financial year in relation to the remuneration of the Executive Board. Costs related to restricted share rights granted are taken by the Company over a number of years (the vesting period). As a consequence, the costs mentioned in the column 'Restricted share rights' are the aggregate accounting costs for the year of multi-year grants to each Executive Board member during their Board membership.

Base salary

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

Variable compensation

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

Ultimate remedy

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

Short Term Incentive Plan

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

The targets are determined annually at the beginning of the year by the SARC on behalf of the Supervisory Board.

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

Tartex
Tartex has a very long and rich history: since 1946! The assortment ranges from vegetarian spreads to yeast patés.

Performance targets 2011 Executive Board		
Position	Short Term Incentive Performance	Performance targets and relative weighting
P.H. Merckens	At target: 50% of base salary	Royal Wessanen nv (consolidated)
	Maximum: 100% of base salary	EBITE: 30%
		Sales growth: 30%
		Net working capital: 10%
		Personal agenda: 30%
R.J.J.B. Merckx	At target: 40% of base salary	Royal Wessanen nv (consolidated)
	Maximum: 80% of base salary	EBITE: 30%
		Sales growth: 30%
		Net working capital: 10%
		Personal agenda: 30%

Based on the 2011 results as published in this Annual Report, the realised short-term incentive amounts mentioned in the table below will be paid to members of the Executive Board in April 2012.

Payout in 2012 (in €)	Realised annual incentive	As a % of (pro rata) base salary (2011)
P.H. Merckens	385,350	77%
R.J.J.B. Merckx	107,898	62%

The incentive payout in any year relates to achievements in the preceding financial year versus agreed upon financial targets, next to personal targets. As a result, the STIP payout in 2012 relates to the salary levels and the performance in 2011.

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

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

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

The incentive payout in 2012 in respect of the performance in 2011 relates for 70% to the achievements in relation to agreed financial targets and for 30% to the achievements in relation to the personal agenda.

For 2012 EBITE, annual sales growth and net working capital will apply as performance targets, in addition to personal targets.

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

Restricted shares granted in 2011

	Granted shares	Vesting date
P.H. Merckens	90,580	June 2014
R.J.J.B. Merckx	43,300	June 2014

Allos
Fruit spreads from Allos Frucht Pur are made of the best organic fruit with just a hint of natural agave sweetener. Our jams are lovely with rice cakes and also as a healthy treat in-between.

Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) motivates Executive Board members and eligible employees to focus on long-term sustainable value creation for shareholders. This plan aligns the interests of participating employees with the shareholders' interests and aims to attract, motivate and retain participating employees.

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

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

During the three-year vesting period, the costs of these shares (determined according to IFRS) will be recognised in the profit and loss statement as personnel costs.

Relative Total Shareholder Return (TSR) as performance measure

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

TSR vesting schedule

	% vesting of granted shares	
Ranking	LTIPs up to 2010	LTIPs from and including 2010
1st	150	150
2nd	125	125
3rd	125	125
4th	100	100
5th	100	50
6th	50	0
7th	0	0
8th	0	0
9th	0	0
10th	0	0
11th	0	n/a

The current peer group consists of Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro. Following the take over of Northern Foods the Supervisory Board decided not to replace Northern Foods in the peer group but instead to adjust the TSR vesting schedule, with retrospective effect until 2010. In line with the principle that performance under the median is not rewarded, as approved by the General Meeting of Shareholders in April 2010, ranking 5th and 6th results in a vesting of 50% (was 100%) and 0% (was 50%), respectively, which effectively is a relative deterioration of the vesting rights.

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

Innovation
Fourré Choc, a top-selling cookie from Bjorg, found its way to the Dutch and German markets. De Rit and Whole Earth sell it in these countries.

Pensions

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

The pension plan is based on a combination of defined benefit (career average) and defined contribution plan. The plan does not require employee contribution.

Contract termination

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

Agreed termination payments in the contracts of Executive Board members are not to exceed 100% of the base salary. The severance payment made to Mr Eelkman Rooda in 2011, in view of his resignation from the Executive Board (recognised and already accounted for in 2010) did not exceed this threshold.

Loans

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

My organic choice:

"Working at a company with a real belief in sustainability."

Senior management

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

The SARC is informed on all major remuneration issues for senior management of the Company, and pre-approves the allocation of the total number of Restricted Shares for the Executive Board and Performance Incentive Rights for Senior Management.

Change of Control

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

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

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

Remuneration of the Supervisory Board

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

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

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

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

Any shareholdings in Wessanen held by Supervisory Board members serve as a long-term investment in the Company. At year end 2011 Mr Koffrie held 101,639 shares in Royal Wessanen nv.

Wessanen does not provide any loans to Supervisory Board members.

Consolidated financial statements

Company financial statements

Financial statements

Consolidated income statement

In € millions, unless stated otherwise	Notes	2011	2010
Continuing operations			
Revenue		706.0	712.2
Raw materials and supplies		(442.4)	(449.7)
Personnel expenses	7,8	(115.5)	(118.2)
Depreciation, amortisation and impairments	13,14	(53.3)	(22.9)
Other operating expenses		(113.8)	(116.1)
Operating expenses		(725.0)	(706.9)
Operating result		(19.0)	5.3
Interest income		–	–
Interest expense		(1.4)	(3.2)
Other financial income and expense		(2.1)	(5.1)
Net financing costs	9	(3.5)	(8.3)
Share in results of associates		–	–
Profit/(loss) before income tax		(22.5)	(3.0)
Income tax expense	10	1.5	(0.2)
Profit/(loss) after income tax from continuing operations		(21.0)	(3.2)
Discontinued operations			
Profit/(loss) from discontinued operations, net of income tax	11	–	(1.8)
Profit/(loss) for the period		(21.0)	(5.0)
Attributable to:			
Equity holders of Wessanen		(17.1)	(6.1)
Non-controlling interests		(3.9)	1.1
Profit/(loss) for the period		(21.0)	(5.0)
Earnings per share attributable to equity holders of Wessanen (in €)	12		
Basic		(0.23)	(0.08)
Diluted		(0.23)	(0.08)
Earnings per share from continuing operations (in €)	12		
Basic		(0.23)	(0.06)
Diluted		(0.23)	(0.06)
Earnings per share from discontinued operations (in €)	12		
Basic		–	(0.02)
Diluted		–	(0.02)
Average number of shares outstanding (in thousands)	12		
Basic		75,343	73,229
Diluted		75,732	73,538

Consolidated statement of comprehensive income

In € millions	Notes	2011	2010
Profit/(loss) for the period		(21.0)	(5.0)
Other comprehensive income			
Foreign currency translation differences, net of income tax		4.6	13.4
Effective portion of changes in fair value of cash flow hedges, net of income tax		(0.4)	0.7
Other comprehensive income/(loss)		4.2	14.1
Total comprehensive income/(loss)		(16.8)	9.1
Attributable to:			
Equity holders of Wessanen		(12.9)	8.0
Non-controlling interests		(3.9)	1.1
Total comprehensive income/(loss)		(16.8)	9.1

Consolidated statement of financial position

In € millions, unless stated otherwise	Notes	**31 December 2011**	31 December 2010
Assets			
Property, plant and equipment	13	86.4	85.8
Intangible assets	14	90.6	126.1
Investments in associates and other investments	15	1.0	1.6
Deferred tax assets	16	8.8	3.7
Total non-current assets		186.8	217.2
Inventories	17	67.5	63.4
Income tax receivables		2.2	3.0
Trade receivables	18	78.9	66.4
Other receivables and prepayments	18	24.4	20.1
Cash and cash equivalents	19	8.2	8.7
Assets classified as held for sale	11	–	13.5
Total current assets		181.2	175.1
Total assets		368.0	392.3
Equity			
Share capital		76.0	75.2
Share premium		102.9	105.0
Reserves		(20.7)	(25.7)
Retained earnings		5.0	22.5
Total equity attributable to equity holders of Wessanen	20	163.2	177.0
Non-controlling interests		2.9	6.8
Total equity		166.1	183.8
Liabilities			
Interest-bearing loans and borrowings	21	37.4	35.9
Employee benefits	22	24.0	22.7
Provisions	23	2.5	2.5
Deferred tax liabilities	16	1.4	1.3
Total non-current liabilities		65.3	62.4
Bank overdrafts	19	2.9	1.1
Interest-bearing loans and borrowings	21	0.1	0.6
Provisions	23	3.3	7.2
Income tax payables		0.5	2.3
Trade payables	24	70.5	74.6
Non-trade payables and accrued expenses	24	59.3	54.0
Liabilities classified as held for sale	11	–	6.3
Total current liabilities		136.6	146.1
Total liabilities		201.9	208.5
Total equity and liabilities		368.0	392.3

Consolidated statement of changes in equity

In € millions	Issued and paid-up share capital	Share premium	Reserves: Treasury shares	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Other legal reserves	Retained earnings	Total equity attributable to equity holders of Wessanen	Non-controlling interests	Total equity
2010										
Balance at beginning of year	68.4	93.9	(6.0)	(37.4)	(0.5)	0.1	31.4	149.9	5.7	155.6
Total comprehensive income and expense for the period										
Profit/(loss) for the period	–	–	–	–	–	–	(6.1)	(6.1)	1.1	(5.0)
Foreign currency translation differences	–	–	–	13.4	–	–	–	13.4	–	13.4
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	0.7	–	–	0.7	–	0.7
Total comprehensive income and expense for the period	–	–	–	13.4	0.7	–	(6.1)	8.0	1.1	9.1
Contributions by and distributions to owners										
Share options exercised/shares delivered	–	–	0.5	–	–	–	(0.5)	–	–	–
Equity offering	6.8	11.1	–	–	–	–	–	17.9	–	17.9
Sale of own shares	–	–	2.5	–	–	–	(1.7)	0.8	–	0.8
Share–based payments	–	–	–	–	–	–	0.4	0.4	–	0.4
Transfer to other legal reserves	–	–	–	–	–	1.0	(1.0)	–	–	–
Total contributions by and distributions to owners	6.8	11.1	3.0	–	–	1.0	(2.8)	19.1	–	19.1
Balance at year end	75.2	105.0	(3.0)	(24.0)	0.2	1.1	22.5	177.0	6.8	183.8
2011										
Balance at beginning of year	75.2	105.0	(3.0)	(24.0)	0.2	1.1	22.5	177.0	6.8	183.8
Total comprehensive income and expense for the period										
Profit/(loss) for the period	–	–	–	–	–	–	(17.1)	(17.1)	(3.9)	(21.0)
Foreign currency translation differences	–	–	–	4.6	–	–	–	4.6	–	4.6
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(0.4)	–	–	(0.4)	–	(0.4)
Total comprehensive income and expense for the period	–	–	–	4.6	(0.4)	–	(17.1)	(12.9)	(3.9)	(16.8)
Contributions by and distributions to owners										
Share options exercised/shares delivered	–	–	0.4	–	–	–	(0.4)	–	–	–
Dividends	0.8	(2.1)	–	–	–	–	–	(1.3)	–	(1.3)
Share-based payments	–	–	–	–	–	–	0.4	0.4	–	0.4
Transfer to other legal reserves	–	–	–	–	–	0.4	(0.4)	–	–	–
Total contributions by and distributions to owners	0.8	(2.1)	0.4	–	–	0.4	(0.4)	(0.9)	–	(0.9)
Balance at year end	76.0	102.9	(2.6)	(19.4)	(0.2)	1.5	5.0	163.2	2.9	166.1

Consolidated statement of cash flows

In € millions, unless stated otherwise	Notes	2011	2010
Cash flows from operating activities			
Operating result		(19.0)	5.3
Adjustments for:			
Depreciation, amortisation and impairments[1]		53.3	22.9
Provisions created		1.9	6.7
Other non-cash and non-operating items		3.7	0.5
Cash generated from operations before changes in working capital and provisions		39.9	35.4
Changes in working capital	29	(18.8)	3.2
Payments from provisions		(4.1)	(4.4)
Changes in employee benefits		(2.1)	(2.0)
Cash generated from operations		14.9	32.2
Interest paid		(1.8)	(4.6)
Income tax received/(paid)		(4.3)	6.7
Operating cash flow from continuing operations		8.8	34.3
Operating cash flow from discontinued operations		–	(21.7)
Net cash from operating activities		8.8	12.6
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10.2)	(11.5)
Proceeds from sale of property, plant and equipment		0.1	0.3
Acquisition of intangible assets		(3.2)	(2.4)
Proceeds from investments		0.8	1.7
Proceeds from sale of business		1.7	–
Acquisition of subsidiaries and businesses, net of cash acquired	5	–	(2.6)
Investing cash flow from continuing operations		(10.8)	(14.5)
Investing cash flow from discontinued operations		–	134.8
Net cash from investing activities		(10.8)	120.3
Cash flows from financing activities			
Proceeds from/(Repayments of) interest bearing loans and borrowings		1.3	(177.9)
Net payments of finance lease liabilities		(0.4)	(0.4)
Cash receipts/(payments) derivatives		0.1	(8.5)
Sale of own shares		–	0.8
Share capital increase		–	17.9
Dividends paid		(1.3)	–
Financing cash flow from continuing operations		(0.3)	(168.1)
Financing cash flow from discontinued operations		–	–
Net cash from financing activities		(0.3)	(168.1)
Net cash flow	29	(2.3)	(35.2)

[1] Including impairments on assets related to disposal groups (classified as held for sale) in the amount of €3.3 (2010: €0.0).

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

1. The Company and its operations

Royal Wessanen nv ('Wessanen' or 'the Company') is a public limited company domiciled in the Netherlands. It is a leading company in the European organic food market. Operating mainly in France, the Benelux, the UK, Germany and Italy, we manage and develop our brands and products in the grocery and health food channels. Our vision is to make our organic brands most desired in Europe. Next to our leading position in the organic food businesses, we also produce and market branded and private label frozen snack products in the Benelux and fruit drinks and cocktail mixers in the United States. The consolidated financial statements of Royal Wessanen nv for the year ended 31 December 2011, comprise Wessanen and its subsidiaries (together referred to as 'the Group') and Wessanen's interest in associated companies. Wessanen's subsidiaries and associated companies as at 31 December 2011 are listed in Note 30. The address of the Company's registered office is Hoogoorddreef 5, Amsterdam Zuidoost, the Netherlands.

2. Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and the Executive Board on 22 February 2012, and will be submitted for adoption to the Annual General Meeting of Shareholders on 17 April 2012.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

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

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

Impairment of non-current assets

Determining whether non-current assets are to be impaired requires an estimation of the recoverable amount of the asset (or cash-generating unit), which is the greater of fair value less costs to sell and value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset (or cash-generating unit) and an appropriate discount rate, in order to calculate the present value of the expected future economic benefits of an asset (or cash-generating unit). See Note 14 for specific information on the carrying amounts of goodwill and brands, the cash-generating units affected and the estimates and assumptions applied.

Pensions

The calculation of the defined benefit obligations and, in relation to that, the net periodic benefit costs for the periods presented, requires management to estimate, amongst others, future benefit levels, discount rates, investment returns on plan assets and life expectancy. Due to the long-term nature of these plans such estimates are subject to considerable uncertainties and may require adjustments in future periods, impacting future liabilities and expenses. See Note 22 for specific information on the estimates and assumptions applied in respect of the calculation of the defined benefit obligations.

Income taxes

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

Provisions

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

New and revised IFRSs applied

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010 and have been adopted in preparing these consolidated financial statements. None of these had a significant effect on the consolidated financial statements.

3. Significant accounting policies

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

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of Wessanen and all entities that are controlled by Wessanen ('subsidiaries'). Control is presumed to exist when Wessanen has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities (generally accompanying a shareholding of more than one half of the voting rights). In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates
Associates are those entities in which Wessanen has significant influence, but not control, over the financial and operating policies (generally accompanying a shareholding of between 20% and 50% of the voting rights). The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of the associate exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that Wessanen has incurred obligations or made payments on behalf of the associate.

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

Foreign currency
Foreign currency transactions
Transactions in foreign currencies (not being the functional currency) are translated to the functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into Euro at foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates ruling at the dates the fair value was determined.

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

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

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

	Statement of financial position		Income statement	
Currency per €	31 December **2011**	31 December 2010	**2011**	2010
US$	1.2939	1.3346	1.3984	1.3198
£	0.8353	0.8614	0.8707	0.8549

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

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

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

When a hedging instrument or hedge relationship is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in the income statement in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

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

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

Hedge of net investment in a foreign operation
The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in other comprehensive income. The ineffective portion is recognised in the income statement.

Segment reporting
An operating segment is a component of Wessanen that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating segment's operating result (EBIT) is reviewed regularly by the Executive Board of Wessanen to make decisions about resources to be allocated to the segment and assess the performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Board of Wessanen include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise part of the overhead expenses (corporate costs), financial income and expenses and income tax gains and losses. Corporate assets and liabilities and income tax assets and liabilities are excluded from segment assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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

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

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

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

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

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

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

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

Finance lease
Leases under which Wessanen assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are accounted for as described in the accounting policy on Expenses.

Government grants
Government grants received in respect of property, plant and equipment are deducted from the carrying values of the related assets. The grants are thus recognised as income over the life of the assets by way of reduced depreciation charges.

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

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

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

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Dutch GAAP. In respect of acquisitions prior to 1 January 2001, goodwill was deducted directly from equity under previous Dutch GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

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

The useful lives of brand names have been determined on the basis of certain factors such as the economic environment, the expected use of the asset and related assets or groups of assets and legal or other provisions that might limit the useful life. Based on this assessment, the useful life is determined to be indefinite, since there is no foreseeable limit to the period of time over which the brand names are expected to contribute to the cash flows of the Group. Capitalised brands with an indefinite life are not amortised, but tested annually for impairment.

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

Research and development

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

Expenditure on development activities, of which research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in the income statement as an expense when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

Investments in associates

The results, assets and liabilities of associates are accounted for by the equity method. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of the associate exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Wessanen has incurred obligations or made payments on behalf of the associate.

Transactions between the Group and associates are at an arm's length basis.

Investments in equity and debt securities

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

Dividends received are recognised upon declaration.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is valued net of vendor allowances if applicable.

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

Trade and other receivables

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

Cash and cash equivalents

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

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

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

Impairment of assets

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

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

Calculation of recoverable amount

The recoverable amount of Wessanen's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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

Reversal of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment may no longer exist and when there has been a change in the estimates used to determine the recoverable amount.

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

Non-current assets held for sale and discontinued operations

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

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

A discontinued operation is a component of Wessanen's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

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

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

Equity

Issued and paid-up capital

Wessanen's issued capital comprises of €1.00 par value common shares and is stated at nominal value.

Repurchase of shares

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

Dividends

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

Interest-bearing borrowings

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

Employee benefits

Defined contribution plans

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

Defined benefit plans

Wessanen's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of Wessanen's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

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

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

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

Long-term service benefits

Wessanen's net obligation in respect of long-term service benefits, other than pension plans, is the amount of the future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value while the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of Wessanen's obligations.

Share-based payment transactions

The stock option program (discontinued as of 2005) allowed Wessanen employees to acquire shares of Wessanen. The restricted shares program grants conditional rights to receive shares to eligible employees of Wessanen (equity-settled share-based payment transactions). The performance incentive rights program grants conditional share appreciation rights, which are settled in cash, to eligible employees of Wessanen (cash-settled share-based payment transactions).

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

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

Provisions

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

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

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

Trade and other payables

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

Revenue

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

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

Revenue related to government grants is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that Wessanen will comply with the conditions associated with the grant. Grants that compensate Wessanen for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate Wessanen for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

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

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

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

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

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to current tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets and liabilities are not recognised for temporary differences arising from the initial recognition of goodwill, the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and liabilities are not discounted.

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

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

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

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

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

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

New standards and interpretations not yet effective
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 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 Wessanen, except for IFRS 9 Financial Instruments and IAS 19R Employee Benefits.

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

The amendments to IAS 19 are effective for annual periods on or after 1 January 2013 and require retrospective application with certain exceptions. Wessanen anticipates that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 will have impact on amounts reported in respect of the Group's defined benefit plans. However, Wessanen has not yet performed a detailed analysis of the impact of the application of the amendments and hence has not yet quantified the extent of the impact.

IAS 19R becomes mandatory for the Wessanen 2013 consolidated financial statements (when endorsed by the European Union) and changes the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses, net of tax effects, to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

4. Determination of fair value

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

Property, plant and equipment

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

Intangible assets

The fair value of brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

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

Investments in equity and debt securities

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

Trade and other receivables

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

Derivatives

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

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

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

Share-based payment transactions

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

5. Acquisitions

In 2011 Wessanen made no acquisitions.

In 2010 Wessanen made the following acquisition:

Wessanen Europe HFS

In April 2010, Royal Wessanen acquired 100% of the shares of Kroon B.V. for a cash amount of €2.6, net of cash acquired (€0.1). Kroon is the number two supplier of produce in the HFS channel in the Netherlands. The results of Kroon are consolidated as from 1 April 2010, contributing €7.6 to consolidated revenue and €0.1 to consolidated operating profit for the period. The acquisition had an effect on the Group's assets and liabilities of €1.5 respectively €1.4. The acquisition resulted in additional goodwill recognition of €2.6. The goodwill is mainly attributable to the expected synergies to be achieved from integrating the businesses into the Group's existing Wessanen Europe HFS business.

6. Segment information

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

Segment	Significant operating companies
Wessanen Europe Grocery	Distriborg France, Foodprints, Kallo Foods, CoSa, Bio Slym
Wessanen Europe HFS	Bio-Distrifrais-Chantenat, R. Bonneterre, Natudis Nederland, Kroon, Tartex, Allos, Tree of Life UK[1], Laboratoire Kalisterra[2]
Frozen Foods	Beckers Benelux, Favory Convenience Food Group
American Beverage Corporation	American Beverage Corporation
Non-allocated	Corporate entities
Discontinued operations	Tree of Life, Inc.[3], PANOS Brands[4]

1 Divested as per 18 July 2011
2 Business activities divested as per 1 October 2011
3 Divested as per 29 January 2010
4 Divested as per 17 December 2010

6. Segment information continued

2010	Wessanen Europe Grocery	Wessanen Europe HFS	Frozen Foods	American Beverage Corporation	Non-allocated[3]	Eliminations	Total	Discontinued operations	Total Wessanen
Income statement information									
Total revenue third parties	230.8	272.8	115.8	92.8	–	–	712.2	84.2	796.4
Inter-segment revenue	2.3	9.8	–	–	–	(12.1)	–	–	–
Total segment revenue	233.1	282.6	115.8	92.8	–	(12.1)	712.2	84.2	796.4
Operating result (EBIT)	7.0	4.4	4.3	1.9	(12.3)	–	5.3	2.0	7.3
Net financing costs							(8.3)	–	(8.3)
Share in results of associates							–	–	–
Profit/(loss) before income tax							(3.0)	2.0	(1.0)
Statement of financial position									
Assets									
Assets related to operations	117.3	120.5	72.9	47.4	14.0	–	372.1		
Deferred and current income tax	3.8	1.1	2.4	–	(0.6)	–	6.7		
Assets related to continuing operations	121.1	121.6	75.3	47.4	13.4	–	378.8		
Assets held for sale	–	13.5	–	–	–	–	13.5		
Total Assets	121.1	135.1	75.3	47.4	13.4	–	392.3	–	392.3
Liabilities									
Liabilities related to operations	90.3	38.2	28.3	7.1	34.7	–	198.6		
Deferred and current income tax	0.5	0.5	1.2	–	1.4	–	3.6		
Liabilities related to continuing operations	90.8	38.7	29.5	7.1	36.1	–	202.2		
Liabilities held for sale	–	6.3	–	–	–	–	6.3		
Total Liabilities	90.8	45.0	29.5	7.1	36.1	–	208.5	–	208.5
Other information									
Investments in PP&E and IA[1]	2.4	1.9	2.7	3.1	3.8	–	13.9	–	13.9
Depreciation, amortisation	0.9	2.2	4.8	4.7	1.3	–	13.9	–	13.9
Impairments	4.5	4.2	0.2	–	0.1	–	9.0	–	9.0
Total other non-cash items[2]	2.7	1.4	0.2	0.2	2.7	–	7.2	–	7.2
Average capital employed	66.3	95.4	55.6	45.7	5.9	–	268.9		
Average number of employees	437	815	505	458	61	–	2,276	–	2,276

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

6. Segment information continued

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

1 Investments in property, plant and equipment ('PPE'), including financial leases and intangible assets ('IA').
2 Including impairments on assets related to disposal groups (classified as held for sale) in the amount of €3.3 (Wessanen Europe HFS).
3 Total of provisions created, gain from disposals, and other non-cash and non-operating items as reflected in the consolidated statement of cash flows.
4 Non-allocated consists of corporate entities.

Geographical information

	Revenue		Non-current assets[1]	
	2011	2010	**2011**	2010
The Netherlands (country of domicile)	146.6	156.6	35.5	70.4
France	237.7	236.7	24.9	27.8
United Kingdom	63.4	81.9	23.5	22.5
Other European countries	143.9	143.2	59.1	57.1
United States and Canada	111.7	92.9	34.0	34.1
Other countries	2.7	0.9	–	–
Total continuing operations	706.0	712.2	177.0	211.9
Total discontinued operations	–	84.2	–	–
Total Group	706.0	796.4	177.0	211.9

1 Property, plant and equipment and intangible assets

Financial statements

7. Personnel expenses and remuneration Executive Board and Supervisory Board

Personnel expenses

Personnel expenses can be specified as follows:

	2011	2010
Salaries & wages	81.9	84.6
Social security	18.6	19.3
Defined contribution plans	2.5	2.5
Defined benefit plans	1.6	2.1
Share-based payment expenses	0.6	0.4
Other personnel expenses	10.3	9.3
Total personnel expenses	115.5	118.2

The average number of full-time employees in 2011 for continuing operations amounted to 2,182 (2010: 2,276). In the Netherlands, Wessanen employed on average 649 (2010: 656) full-time employees.

Executive Board remuneration expenses

Mr Merckx was appointed by the Annual General Meeting of Shareholders on 19 April 2011 as member of the Executive Board for a term of four years, effective 1 June 2011. He also became Chief Financial Officer as per 1 June 2011. Mr Eelkman Rooda stepped down as Chief Financial Officer as per 31 May 2011.

In € thousands	Salary	Short-term bonuses	Share-based compensation[1]	Pension costs	Other compensation	Contract termination	Total
2010							
P.H. Merckens[2]	375	250	252	72	55	–	1,004
F.E. Eelkman Rooda[3]	365	140	95	104	34	365	1,103
F.H.J. Koffrie[4]	208	–	–	–	5	–	213
Total	948	390	347	176	94	365	2,320
2011							
P.H. Merckens[2]	500	385	250	97	78	–	1,310
R.J.J.B. Merckx[5]	175	108	15	27	24	–	349
F.E. Eelkman Rooda[3]	152	61	19	44	12	–	288
Total	827	554	284	168	114	–	1,947

1 Share-based compensation represents the share-based compensation expense calculated under IFRS 2 related to the Executive Board. The fair value of the share-based compensation grants is expensed on a straight-line basis over the vesting period of the grants.
2 P.H. Merckens started his employment with Wessanen on 1 April 2010, was appointed as member of the Executive Board by the AGM on 14 April 2010 and became CEO as per 1 June 2010.
3 F.E. Eelkman Rooda stepped down as CFO of Wessanen as per 31 May 2011. Contract termination in 2010 includes a contractual exit provision of €365 thousand, awarded in 2011.
4 F.H.J. Koffrie was interim CEO from 24 February 2009 until 1 June 2010, and was reappointed as member of the Supervisory Board as per that same date.
5 R.J.J.B. Merckx started his employment with Wessanen on 1 June 2011, was appointed as member of the Executive Board by the AGM on 19 April 2011 and became CFO as per 1 June 2011.

Remuneration policy

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

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

Short-term bonuses to members of the Executive Board are granted according to performance criteria which in 2011 were based on earnings before interest, taxation and exceptional items ('EBITE'), annual revenue and net working capital (defined as the net balance of inventory, trade receivables, other receivables and prepayments, trade payables and non-trade payables and accrued expenses) and personal targets (for 30%, 30%, 10% and 30% respectively).

Restricted shares were granted in 2011 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years, as described in Note 8. Based on this plan, Wessanen granted 133,880 share rights to members of the Executive Board in 2011. In deviation of best practice provision II.2.5 of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting.

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

Supervisory Board remuneration

	Fixed		Other compensation[1]		Total	
In € thousands	**2011**	2010	**2011**	2010	**2011**	2010
F.H.J. Koffrie[2]	65	35	4	2	69	37
F. van Oers	55	52	3	3	58	55
J.G.A.J. Hautvast	50	50	3	3	53	53
D.I. Jager[3]	–	37	–	2	–	39
L.M. de Kool[4]	–	16	–	1	–	17
Total	170	190	10	11	180	201

[1] Other compensation includes expense allowances.
[2] F.H.J. Koffrie was reappointed as member of the Supervisory Board on 1 June 2010 and became chairman of the Supervisory Board on 28 July 2010.
[3] D.I. Jager resigned from the Supervisory Board on 28 July 2010.
[4] L.M. de Kool resigned from the Supervisory Board on 14 April 2010.

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

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

8. Share-based payments

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

Based on the Long Term Incentive Plan 2011, applicable as of June 2011, Wessanen granted restricted shares to the Executive Board and performance incentive rights to other employees. In addition, Wessanen granted unconditional restricted shares to eligible other employees in 2011. Delivery of the restricted shares respectively payment of the renumeration in cash generally depends on the achievement of performance hurdles, in addition to a three year service condition. If a participant ceases to be employed by the Group for any other reason than death, disability or retirement, during the test period, all granted stock options, restricted shares and performce incentive rights lapse automatically unless otherwise decided by the Supervisory Board respectively Executive Board. As the performance hurdles for the Long Term Incentive Plan 2009 were not met, all 2009 conditional restricted shares and performance incentive rights granted forfeited.

All costs of the plans are borne by the Group; any and all taxes which arise are for the sole risk and account of the eligible employee.

The fair value of services received in return for restricted shares granted to the Executive Board and performance incentive rights granted to other employees are measured by reference to the fair value of Wessanen's shares. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model. The model inputs for the valuation of the restricted shares granted to the members of the Executive Board and other employees can be specified as follows:

	Executive Board		Other employees	
	2011	2010	**2011**	2010
Share price at grant date	3.01	3.03	3.01	3.03
Expected volatility	44.0%	47.8%	44.0%	47.8%
Term (in years)[1]	5	5	3	3
Expected dividend	0.05	0.05	0.05	0.05
Risk free interest rate	1.8%	0.6%	1.8%	0.6%
Fair value at grant date	1.76	1.43	2.09	1.72

[1] In deviation of best practice provision II.2.5 of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. The test period is three years.

8. Share-based payments continued

The expected volatility has been determined based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. Restricted shares as well as performance incentive rights are granted under service conditions and market conditions. Only market conditions are taken into account in the fair value measurement of the restricted shares respectively performance incentive rights at grant date of the services received.

The main conditions of the stock option plans, the restricted share plans and the performance incentive right plans issued can be summarised as follows:

Stock option plans	Number of instruments	Vesting conditions	Contractual life
2004	595,530	Three years of service, profitability target 2004 greater than 0%, performance rating versus peer group at second anniversary of grant	8 years

Restricted share plans	Number of instruments	Vesting conditions	Contractual life[1]
2009	56,000	Three years of service, Relative TSR over three years and development of share price over total test period of three years has to be positive (restricted shares granted to Executive Board)	3 years
2010	280,800	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2011	133,880	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2011	147,209	Three years of service and no performance hurdles (restricted shares granted to eligible Other employees)	3 years

Performance incentive right plans	Number of instruments	Vesting conditions	Contractual life
2009	250,400	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2010	329,500	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2011	115,350	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2011	433,215	Three years of service and financial performance hurdles (performance incentive rights granted to eligible Other employees)	3 years

[1] In deviation of best practice provision II.2.5 of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting.

The total shareholder return ('TSR') performance involves a comparison between the TSR of a peer group of leading multinational food companies over the same period. The peer group in 2011 consists the following companies: Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Northern Foods, Nutreco, Premier Foods and Sligro. Since Northern Foods has been acquired in spring and therefore was delisted, it has been removed.

In 2011, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €0.6 (2010: €0.4). As at 31 December 2011, other provisions include an amount of €0.5 (2010: €0.3) related to cash-settled share-based payments (see Note 23).

8. Share-based payments continued

Stock options

The movement in the number of outstanding options is as follows:

	31 December 2010	Granted	Exercised	Forfeited/ other changes	**31 December 2011**	Exercise price (in €)[1]	To be exercised before
Former members of the Executive Board							
2003	102,689	–	–	(102,689)	–		
Total (former) members of the Executive Board	102,689	–	–	(102,689)	–		
Weighted average exercise price	9.70						
Other (former) employees							
2003	96,375[2]	–	–	(96,375)	–		
2004	176,981[2]	–	–	–	176,981	10.91	November 2012
Total other (former) employees	273,356	–	–	(96,375)	176,981		
Weighted average exercise price	9.52		–	–	10.91		
Total	376,045	–	–	(199,064)	176,981		

[1] Weighted average exercise price.
[2] Opening balances include a reclassification adjustment of 28,125 between years 2003 and 2004.

Restricted shares

The movement in the number of outstanding restricted shares is as follows:

	31 December 2010	Granted	Delivered	Forfeited/ other changes	**31 December 2011**	To be delivered in[1]
Members of the Executive Board						
P.H. Merckens						
2010[2]	53,750	–	(53,750)	–	–	
2010[2]	53,750	–	–	–	53,750	April 2012
2010[2]	53,750	–	–	–	53,750	April 2013
2010	80,650	–	–	–	80,650	June 2013
2011	–	90,580	–	–	90,580	June 2014
R.J.J.B. Merckx						
2011	–	43,300	–	–	43,300	June 2014
Former members of the Executive Board						
F.E. Eelkman Rooda						
2009	28,000	–	–	(28,000)	–	
2010	38,900	–	–	–	38,900	June 2013
Total (former) members of the Executive Board	308,800	133,880	(53,750)	(28,000)	360,930	
Other (former) employees						
2011[2]	–	147,209	–	–	147,209	June 2014
Total	308,800	281,089	(53,750)	(28,000)	508,139	

[1] In deviation of best practice provision II.2.5 of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. The test period is three years similar to the shares granted to Other employees.
[2] No performance hurdles.

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8. Share-based payments continued

Performance incentive rights

The movement in the number of outstanding performance incentive rights is as follows:

	31 December 2010	Granted	Delivered	Forfeited/ other changes	**31 December 2011**	To be delivered in[1]
Other (former) employees[1]						
2009	143,100	–	–	(143,100)	–	
2010	306,100	–	–	(27,850)	278,250	June 2013
2011	–	548,565	–	(9,200)	539,365	June 2014
Total	449,200	548,565	–	(180,150)	817,615	

[1] A performance incentive right is a conditional right as set by the Company to receive remuneration in cash, whereby each performance incentive right has a value that is equal to the closing price of a share at Euronext Amsterdam on the day prior to the date of vesting. A performance incentive right does not entitle the employee to any right related to the share of the Company including but not limited to dividend or the right to vote.

9. Net financing costs

	2011	2010
Interest income	–	–
Interest expense	(1.4)	(3.2)
Net foreign exchange gain/(loss)	(0.1)	0.1
Net change in fair value of derivatives	–	(3.0)
Interest expense defined benefit plans	(1.7)	(1.2)
Transaction and commitment fees	(0.4)	(0.2)
Other	0.1	(0.8)
Total other financial income and expense	(2.1)	(5.1)
Net financing costs	(3.5)	(8.3)

Interest expense primarily originates from Wessanen's credit facilities to fund both continuing and discontinued operations, resulting in a recognised interest expense in 2011 of €1.4 (2010: €3.2). See note 21 for more information on the interest-bearing loans and borrowings.

Foreign exchange results on financing transactions and on financial assets and liabilities are presented as part of total net foreign exchange gain/(loss). Wessanen mitigates its foreign currency exchange exposure by entering into various financial instruments. For more information on Wessanen's foreign currency exposure and financial risk management reference is made to Note 25.

The net change in fair value of derivatives in 2010 mainly includes a loss on termination of the Interest Rate Swap early April 2010.

10. Income tax expense

The income tax expense for the year 2011 amounted to a gain of €1.5 (2010: expense of €0.2) and can be specified in current and deferred tax components as follows:

	2011	2010
Current income taxes		
Current income tax expense	(3.9)	(5.3)
Adjustment for prior years	0.7	3.3
Total current income tax expense	(3.2)	(2.0)
Deferred income taxes		
Change in income tax rate	–	(0.4)
Deferred taxation relating to temporary differences	1.1	2.8
Recognition of income tax losses	–	0.8
Utilisation of income tax losses	(3.9)	(1.3)
Benefit from previously unrecognised income tax losses	8.3	4.5
Reversal/(write-down) of deferred tax assets	(1.1)	(3.5)
Over/(under) provided in prior years and other	0.3	(1.1)
Total deferred income tax gain/(expense)	4.7	1.8
Total income tax gain/(expense)	1.5	(0.2)

10. Income tax expense continued

Effective income tax rate

The Group's operating activities are subject to income taxes in various countries with statutory income tax rates between 25% and 40%.

The following table reconciles the domestic income tax rate as a percentage of profit/(loss) before income tax with the effective income tax rate as shown in the consolidated income statement.

Reconciliation of effective income tax rate	2011	2010
Profit/(loss) before income tax	(22.5)	(3.0)
Income tax using the domestic income tax rate	5.6	0.8
Effect of income tax rates in foreign jurisdictions	(1.8)	(1.1)
Change in income tax rate	–	(0.4)
Non-deductible expenses and tax exempt income	(9.6)	(1.0)
Recognition of unrecognised income tax losses	8.3	4.5
Unrecognised income tax losses for the year	(0.9)	(1.1)
Reversal/(write-down) of deferred tax assets	(1.1)	(3.5)
Over/(under) provided in prior years and other	1.0	1.6
Income tax gain/(expense) in income statement	1.5	(0.2)
Effective income tax rate	6.6%	(7.6)%

Non-deductible expenses and tax exempt income in both 2011 and 2010 mainly result from non-deductible goodwill impairment losses recognised. In addition, non-deductible expenses in 2011 includes the recycling of a net cumulative foreign exchange loss deferred in equity of €2.0 following divestment of Tree of Life UK in July 2011.

The recognition of unrecognised income tax losses in 2011 of €8.3 mainly relates to income tax losses utilised and recognised at ABC in 2011 as a result of improved business performance following increased consumer demand, a strong incresase of Ready-to-Drink pouches volumes, and related realised production efficiencies.

11. Disposal groups and discontinued operations

The following balances of assets and liabilities are classified as held for sale as at 31 December 2011 and 2010 respectively, because the carrying amount of these assets and liabilities are expected to be recovered through a sales transaction rather than through continuing use:

	2011	2010
Assets related to disposal groups	–	13.5
Assets related to discontinued operations	–	–
Total assets classified as held for sale	–	13.5
Liabilities related to disposal groups	–	6.3
Liabilities related to discontinued operations	–	–
Total liabilities classified as held for sale	–	6.3

Disposal groups

Following the strategy update in Fall 2010, Wessanen classified its UK HFS business as a disposal group held for sale as per 31 December 2010; Tree of Life UK was divested on 18 July 2011. In addition, Wessanen classified its French HFS business Kalisterra as held for sale at the end of the second quarter of 2011; the business activities of Kalisterra were divested on 1 October 2011.

Assets held for sale related to disposal groups

The combined carrying amounts of the major classes of assets and liabilities classified as held for sale related to disposal groups at year-end are as follows:

	31 December 2011	31 December 2010
Non-current assets	–	4.5
Current assets	–	9.0
Assets related to disposal groups	–	13.5
Non-current liabilities	–	–
Current liabilities	–	6.3
Liabilities related to disposal groups	–	6.3
Net assets related to disposal groups	–	7.2

Discontinued operations

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the North American Distribution operations (Tree of Life, Inc.) and the operations of PANOS Brands (the latter was part of the North America Branded segment in prior periods) classified as discontinued operations in the third quarter of 2009. Management committed to a plan to sell these operations following the strategic decision to focus on expansion of Wessanen's presence in the European organic food markets.

In 2010 Tree of Life, Inc. and PANOS Brands LLC were divested. On 23 December 2009 Wessanen reached an agreement with Kehe Food Distributors, Inc. to sell Tree of Life, Inc., effectively as per 29 January 2010, for US$190, subject to normal working capital adjustments and potential adjustments to operating interest expense, income tax, depreciation and amortisation (EBITDA) depending on Tree of Life's operating performance prior to closing. The final settled sales price amounted to US$194, excluding expenses. On 17 December 2010 Wessanen reached an agreement with High Road Capital Partners I, L.P. to sell PANOS Brands LLC, effectively as per 17 December 2010, for US$22, subject to normal working capital adjustments and potential adjustments to operating interest expense, income tax, depreciation and amortisation (EBITDA) depending on PANOS Brands' operating performance prior to closing. The final settled sales price amounted to US$22.

Result from discontinued operations

The total result from discontinued operations (inclucding Tree of Life, Inc. and PANOS Brands LLC) can be specified into the operating result from discontinued operations, the result recognised on re-measurement of assets of discontinued operations and the result on divestment of discontinued operations as follows:

	2011	2010
Net sales	–	84.2
Operating result	–	2.0
Net financing costs	–	–
Profit/(loss) before income tax	–	2.0
Share in results of associates	–	–
Income tax expense	–	(0.3)
Profit/(loss) after tax from discontinued operations	–	1.7
Pre-tax gain/(loss) recognised on the re-measurement of assets of discontinued operations	–	–
Income tax expense	–	–
After tax gain/(loss) recognised on the re-measurement of assets of discontinued operations	–	–
Pre-tax gain/(loss) on the divestment of discontinued operations	–	(2.7)
Income tax expense	–	(0.8)
After tax gain/(loss) recognised on the divestment of discontinued operations	–	(3.5)
Result for the year from discontinued operations	–	(1.8)

Result on divestment of discontinued operations

The following table presents a reconciliation between net assets divested, proceeds on the divestments of discontinued operations and the result of the divestment:

	31 December 2011	31 December 2010
Non-current assets	–	10.5
Current assets	–	183.8
Non-current liabilities	–	(6.3)
Current liabilities	–	(57.2)
Net assets divested	–	130.8
Consideration received in cash, net of expenses	–	134.9
Proceeds to be received	–	–
Total proceeds on the divestment	–	134.9
Net assets divested	–	(130.8)
Foreign exchange result on transaction	–	–
Cumulative exchange rate differences transferred from equity	–	(6.8)
Income tax expense	–	(0.8)
After tax gain/(loss) recognised on the divestment of discontinued operations	–	(3.5)

12. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of outstanding shares, which can be specified as follows:

	2011	2010
Profit attributable to equity holders of Wessanen		
Profit/(loss) after income tax from continuing operations	(21.0)	(3.2)
Profit/(loss) from discontinued operations, net of income tax	–	(1.8)
Non-controlling interests	3.9	(1.1)
Profit/(loss) for the period attributable to equity holders of Wessanen	(17.1)	(6.1)

	2011	2010
Number of ordinary shares (in thousands)		
Issued ordinary shares	75,992	75,195
Own shares, held by the Company	(327)	(376)
Number of ordinary shares at year end	75,665	74,819
Weighted average number of ordinary shares	75,343	73,229
Earnings per share from continuing operations	(0.23)	(0.06)
Earnings per share from discontinued operations	–	(0.02)
Total earnings per share	(0.23)	(0.08)

Diluted earnings per share

In the calculation of diluted earnings per share, the applicable profit and the weighted average number of outstanding shares are adjusted for the potential impact of stock options exercised and restricted shares delivered.

	2011	2010
Weighted average number of ordinary shares (diluted) (in thousands)		
Weighted average number of ordinary shares	75,343	73,229
Effect of restricted shares	389	281
Weighted average number of ordinary shares (diluted)	75,732	73,510
Diluted earnings per share from continuing operations	(0.23)	(0.06)
Diluted earnings per share from discontinued operations	–	(0.02)
Total diluted earnings per share	(0.23)	(0.08)

13. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2010					
Carrying value at beginning of year	31.3	48.3	7.0	1.7	88.3
Effect of movements in foreign exchange rates	0.6	2.5	–	0.1	3.2
Capital expenditure	1.5	3.5	2.5	4.0	11.5
Acquisitions through business combinations	–	0.1	0.2	–	0.3
Completed construction	0.8	1.1	0.3	(2.2)	–
Disposal	–	(0.4)	(0.1)	–	(0.5)
Transfer to held for sale	(3.5)	–	(0.9)	–	(4.4)
Depreciation	(2.2)	(7.8)	(2.3)	–	(12.3)
Impairment	–	(0.2)	(0.1)	–	(0.3)
Carrying value at year end	28.5	47.1	6.6	3.6	85.8
Accumulated depreciation and impairment losses	37.1	82.9	16.6	–	136.6
Cost at year end	65.6	130.0	23.2	3.6	222.4
2011					
Carrying value at beginning of year	28.5	47.1	6.6	3.6	85.8
Effect of movements in foreign exchange rates	0.5	0.5	0.1	0.1	1.2
Capital expenditure	1.4	2.7	1.9	4.2	10.2
Completed construction	0.2	2.0	0.1	(2.3)	–
Reclassifications	3.1	(2.9)	(0.1)	–	0.1
Disposal	–	(0.1)	(0.1)	–	(0.2)
Depreciation	(2.5)	(6.8)	(2.1)	–	(11.4)
Impairment	–	1.0	(0.3)	–	0.7
Carrying value at year end	31.2	43.5	6.1	5.6	86.4
Accumulated depreciation and impairment losses	36.3	89.0	15.7	–	141.0
Cost at year end	67.5	132.5	21.8	5.6	227.4

Impairments
Impairments on property, plant and equipment have been recognised by Wessanen Europe HFS and American Beverage Corporation (ABC) in the amount of €0.1 and €1.5 respectively. These impairment charges were more than offset by a reversal of impairments recognised by ABC in the amount of €2.3, due to substantially improved business performance. The impairments in 2010 (€0.3) consists of impairments recognised by Corporate entities and Frozen Foods in the amount of €0.1 and €0.2 respectively.

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 12.1% (2010: 13.3%) in respect of our UK businesses, 12.8% (2010: 12.7%) in respect of our other European businesses and 13.6% (2010: 14.7%) in respect of our North American business.

Finance leases
The carrying value of land and buildings and machinery and equipment includes an amount of €0.0 (2010: €1.0) in respect of assets held under finance leases.

Security
Except for the leased assets, no other restrictions on title exist and no property, plant and equipment is pledged as security for liabilities.

14. Intangible assets

	Goodwill	Brands	Customer relationships	Software	Development expenses and other	Total
2010						
Carrying value at beginning of year	100.1	21.1	4.1	4.9	0.2	130.4
Effect of movements in foreign exchange rates	0.8	0.2	–	0.1	–	1.1
Capital expenditure and additions	–	–	–	2.3	0.1	2.4
Acquisitions through business combinations	2.6	–	–	–	–	2.6
Amortisation	–	–	(0.6)	(0.9)	(0.1)	(1.6)
Impairment	(4.2)	(4.5)	–	–	–	(8.7)
Transfer to held for sale	–	–	–	(0.1)	–	(0.1)
Carrying value at year end	99.3	16.8	3.5	6.3	0.2	126.1
Accumulated amortisation and impairment losses	31.7	9.4	10.1	6.3	3.9	61.4
Cost at year end	131.0	26.2	13.6	12.6	4.1	187.5
2011						
Carrying value at beginning of year	99.3	16.8	3.5	6.3	0.2	126.1
Effect of movements in foreign exchange rates	0.6	0.1	–	(0.1)	0.1	0.7
Capital expenditure and additions	1.1	–	–	2.0	0.1	3.2
Reclassifications	–	–	(0.1)	–	–	(0.1)
Amortisation	–	–	(0.7)	(1.5)	(0.1)	(2.3)
Impairment	(32.9)	(1.4)	(2.7)	–	–	(37.0)
Carrying value at year end	68.1	15.5	–	6.7	0.3	90.6
Accumulated amortisation and impairment losses	64.9	11.1	13.8	7.3	4.0	101.1
Cost at year end	133.0	26.6	13.8	14.0	4.3	191.7

Acquisitions through business combinations
Intangible assets from acquisitions through business combinations in 2010 of €2.6 consists of goodwill capitalised related to the acquisition of Kroon B.V. (see Note 5).

Capital expenditure and additions
Final settlement with the former shareholders of Favory in 2011 resulted into payment of an additional cash consideration of €1.1, (initially) recognised as additional goodwill allocated to Favory (Frozen Foods).

Impairment testing for cash-generating units containing goodwill and brands
Goodwill and brands with an indefinite life are tested for impairment annually, or more frequently if there are indications that a particular cash-generating unit might be impaired.

The following segments have significant carrying values of goodwill and brands:

	31 December 2011			31 December 2010		
	Goodwill	**Brands**	**Total**	Goodwill	Brands	Total
Wessanen Europe Grocery	35.4	12.2	47.6	37.6	12.1	49.7
Wessanen Europe HFS	32.7	3.3	36.0	52.5	3.3	55.8
Frozen Foods	–	–	–	9.2	1.4	10.6
Carrying value at year end	68.1	15.5	83.6	99.3	16.8	116.1

The recoverable amount for all cash-generating units (level below segment level) is based on value-in-use calculations. Value-in-use calculations use cash flow projections covering a maximum period of five years that are based on three-year financial budgets approved by company management. A specific Weighted Average Cost of Capital (WACC) has been used for our UK businesses (12.1%), our other European businesses (12.8%) and our North American business (13.6%), respectively, in discounting the projected cash flows. The pre-tax WACC reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit. The terminal value is based on a stable sales growth rate of 1.5-2.0% (inflation rate). Management believes that any reasonably change in the key assumptions on which recoverable amounts are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating units.

In 2011 an impairment loss has been recognised of €37.0 (2010: €8.7), allocated to goodwill at Wessanen Europe Grocery (€3.0), goodwill at Wessanen Europe HFS (€19.7), goodwill at Frozen Foods (€10.2), a brand at Frozen Foods (€1.4) and customer lists at Frozen Foods (€2.7). The impairment of goodwill at Wessanen Europe HFS relates to the lower expected profitability in the medium term based on current profitability levels. The impairments at Frozen Foods relate to decreased profitability as a consequence of fierce competition within the private label segment and lower realised volumes.

The impairment loss in 2010 was allocated to a brand at Wessanen Europe Grocery (€4.5) and goodwill at Wessanen Europe HFS (€4.2).

Security
No restrictions on title exist and no intangible assets are pledged as security for liabilities.

15. Investments in associates and other investments

Investments in associates and other investments mainly includes debt securities and long term receivables of €1.0 (2010: €1.6).

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
The significant components of deferred tax assets and liabilities can be specified as follows:

	Balance 1 January 2010	Effect of movement in foreign exchange rates	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	**Balance 31 December 2010**
Trade and other receivables	0.1	–	(0.1)	–	–	–
Interest-bearing loans and borrowings	–	–	0.2	(0.2)	–	–
Provisions	0.5	–	–	–	–	0.5
Trade and other payables and accrued expenses	0.8	–	0.5	(0.1)	–	1.2
Tax of loss carry-forward	3.3	0.1	0.8	–	(0.9)	3.3
Total deferred tax assets	4.7	0.1	1.4	(0.3)	(0.9)	5.0
Property, plant and equipment	(1.6)	–	(0.2)	–	–	(1.8)
Intangible assets	–	–	(0.8)	–	–	(0.8)
Other items	(1.4)	–	1.4	–	–	–
Total deferred tax liabilities	(3.0)	–	0.4	–	–	(2.6)
Net deferred tax assets	1.7	0.1	1.8	(0.3)	(0.9)	2.4

	Balance 1 January 2011	Effect of movement in foreign exchange rates	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	**Balance 31 December 2011**
Provisions	0.5	–	–	–	–	0.5
Trade and other payables and accrued expenses	1.2	–	–	0.1	–	1.3
Tax of loss carry-forward	3.3	0.2	4.7	–	–	8.2
Total deferred tax assets	5.0	0.2	4.7	0.1	–	10.0
Property, plant and equipment	(1.8)	–	0.2	–	–	(1.6)
Intangible assets	(0.8)	–	(0.2)	–	–	(1.0)
Total deferred tax liabilities	(2.6)	–	–	–	–	(2.6)
Net deferred tax assets	2.4	0.2	4.7	0.1	–	7.4

	31 December 2011	31 December 2010
Net deferred tax assets/(liabilities) are presented as follows:		
Deferred tax assets presented under non-current assets	8.8	3.7
Deferred tax liabilities presented under non-current liabilities	(1.4)	(1.3)
Net deferred tax assets	7.4	2.4

16. Deferred tax assets and liabilities continued

Unrecognised/impaired deferred tax assets

The unrecognised/impaired deferred tax assets can be specified as follows per expiration date:

	31 December 2011
Expiration date 2012	4.2
Expiration date 2013	–
Expiration date 2014	–
Expiration date 2015	2.1
Expiration date 2016 and future years	105.3
Temporary differences and indefinite net operating losses	5.8
Total unrecognised/impaired deferred tax assets	117.4

Up to and including 2011 Wessanen has unrecognised deferred tax assets related to temporary differences and tax losses carried forward from continuing operations, mainly relating to the United States and the Netherlands, for the amount of €117.4 in total (2010: €126.5), as it is not probable that sufficient taxable profits will be available to utilise the tax benefits.

17. Inventories

	31 December 2011	31 December 2010
Finished products	57.0	52.8
Semi-finished products	0.5	0.4
Raw materials and supplies	9.9	10.2
Prepayments on inventories	0.1	–
Total inventories	67.5	63.4

In 2011 the write-down of inventories to net realisable value amounted to €0.7 (2010: €1.6). The write-down is included in cost of raw materials and supplies.

18. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €3.5 (2010: €3.9) arising from identified doubtful receivables from customers.

The Group's exposure to credit and currency risks and impairments losses related to trade and other receivables and prepayments are disclosed in Note 25.

19. Cash and cash equivalents

	31 December 2011	31 December 2010
Cash and cash equivalents	8.2	8.7
Bank overdrafts	(2.9)	(1.1)
Cash and cash equivalents in the statement of cash flows	5.3	7.6

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2011.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

20. Equity attributable to equity holders of Wessanen

Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2011 consists of 300 million ordinary shares (2010: 300 million shares) with a nominal value of €1.00, of which 76.0 million shares were issued and paid-up (2010: 75.2 million shares). Shares issued and paid-up increased by 0.8 million to 76.0 million shares in 2011 as a result of part of the 2010 dividend being paid in shares.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings of Wessanen. The Company's shares that are held by Wessanen are entitled to dividend.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares, held by Wessanen. As at 31 December 2011 Wessanen held 327 thousand shares (2010: 376 thousand).

The movements in the reserve for own shares can be summarised as follows:

	2011		2010	
	Number of shares x 1,000	Amount	Number of shares x 1,000	Amount
Balance at beginning of the year	376	(3.0)	743	(6.0)
Stockdividend	6	–	–	–
Sale of own shares	–	–	(310)	2.5
Share options exercised/shares delivered	(55)	0.4	(57)	0.5
Balance at year end	327	(2.6)	376	(3.0)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature .

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (foreign currency forward contracts) related to hedged transactions that have not yet occurred.

Other legal reserves

In accordance with the Dutch Civil Code, a legal reserve is established of €1.5 as at 31 December 2011 (2010: €1.1) related to the capitalisation of (software) development expenses (see Note 14).

Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 0.08 eurocent per share will be paid in 2012 with respect to 2011. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated statement of financial position as per 31 December 2011. The payment of this dividend will not have income tax consequences for the Company.

	2011	2010
Dividends declared and paid in the year	(1.3)	–

21. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

	31 December 2011			31 December 2010		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
Syndicated loans	–	34.6	34.6	–	35.0	35.0
Finance leases	–	–	–	0.4	–	0.4
Other long-term loans	0.1	2.8	2.9	0.2	0.9	1.1
Total	0.1	37.4	37.5	0.6	35.9	36.5

The current portion of the interest-bearing loans and borrowings, due to be paid in 2012, is included in current liabilities.

Syndicated loans

Syndicated loans consists of €35 floating rate borrowings as at 31 December 2011 (2010: €35) under a €100 (2010: €100), multi-currency credit facility, net of €0.4 capitalised financing costs.

In July 2011, Wessanen renegotiated certain terms of the €100 million credit facility with the existing syndicate group of banks, being ABN Amro, ING, Rabobank and BNP Paribas. The facility was scheduled to mature in February 2012, and has been extended to February 2014. The interest margin on the facility has been reduced to 100-225 basis points over the relevant floating rate (EURIBOR or LIBOR) based on the leverage ratio (net debt to EBITDAE). The financial covenants have not changed. In 2010, the credit facility was reduced to €100 million from €250 million as proceeds from divestments of mainly Tree of Life, Inc. were applied to mandatory redemptions of facility loans and a reduction of the credit facility.

The facility has various general and financial covenants in place which are customary for its type, amount and tenor. Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net result, excluding major non-recurring items. There are certain restrictions in place in case of acquisitions.

The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 month and 1 year. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

Interest is based on EURIBOR plus a margin. At the start of 2011, the margin was between 150-300 basis points dependent on the net debt to EBITDAE ratio. As of July the interest margin on the facility has been reduced to 100-225 basis points over Euribor based on the leverage ratio (net debt to EBITDAE).

The average interest rate for 2011 is 2.7% (2010: 2.9%).

Finance leases

Non-cancellable finance leases are payable as follows:

	2011			2010		
	Total lease payments	**Interest**	**Carrying value**	Total lease payments	Interest	Carrying value
Less than 1 year	–	–	–	0.5	0.1	0.4
Total	–	–	–	0.5	0.1	0.4

Other long-term loans

Other long-term loans as at 31 December 2011, consist of €2.0 floating rate borrowings (2010: €0.0) under a €5.5 credit facility (2010: €5.5) and other floating rate bank loans of €0.9 (2010: €1.1), both to Favory Convenience Food Group. The average interest rate for 2011 related to these borrowings is 4.7% (2010: 4.7%).

22. Employee benefits

Defined benefit plans

Royal Wessanen nv and its subsidiaries make contributions to defined benefit plans in the Netherlands and France, that provide pension benefits for employees upon retirement. Royal Wessanen nv pays benefits directly to employees in Germany. These are final-pay and average-pay plans, based on the employees' years of service and compensation near retirement.

The schemes in the Netherlands and France are administered by industry pension funds and life insurance companies. The schemes in Germany are administered by Wessanen.

22. Employee benefits continued

The net obligation for defined benefit plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value while the fair value of any plan asset is deducted. The discount rate used is the yield on high-quality corporate bonds of a currency and maturity consistent with the currency and maturity of the post-employment defined benefit obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

The pension liabilities in the scheme for corporate staff in the Netherlands (€57.7) are directly insured with Zwitserleven. The fair value of the insurance asset amounts to €58.9, which equals the value in the separate account with the insurer.

Multi-employer plans

The Dutch companies are engaged in multi-employer plans with 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' and 'Stichting Bedrijfspensioenfonds voor de vlees-, vleeswaren- en de gemaksvoedingindustrie'. These multi-employer plans are defined benefit plans, though accounted for as if they were defined contribution plans because it is not possible to identify Wessanens' shares of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This is due to the fact that the plans expose the participating entities to actuarial risks associated with the current and former employees of other entities. Surpluses or deficits for the mentioned plans are determined on the basis of 'Actuariële principes pensioenfondsen' and 'Richtlijnen van De Nederlandse Bank 30 September 2002'. The 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' and the 'Stichting Bedrijfspensioenfonds voor de vlees-, vleeswaren- en de gemaksvoedingindustrie' both show a deficit compared to the minimum required coverage. Recovery plans have been made comprising of adjustments in contributions and restriction of indexations. These recovery plans and information concerning the future contributions are publicly available on the websites of both pension industry funds.

Defined contribution plans

At the North American companies, pension arrangements consist of defined contribution plans.

The components of the employee benefits for the years ending 31 December 2011 and 2010 respectively are shown in the following tables.

Defined benefit plans

	31 December 2011	31 December 2010
Present value of unfunded obligations	2.7	2.6
Present value of funded obligations	78.0	76.2
Total present value of obligations	80.7	78.8
Fair value of plan assets	(72.0)	(66.8)
Deficit	8.7	12.0
Unrecognised actuarial gains and losses	15.8	11.3
Unrecognised past service costs	(0.9)	(1.0)
Net liability for defined benefit obligations	23.6	22.3
Other employee benefits	0.4	0.4
Total liability employee benefits	24.0	22.7

Movement in the liability for defined benefit obligations

	2011	2010
Liability for defined benefit obligations at beginning of year	78.8	74.5
Benefits paid	(3.0)	(2.5)
Employee contributions	0.1	0.2
Current service costs	1.8	2.1
Interest costs	4.2	3.8
Actuarial (gains)/losses	(1.2)	0.7
Liability for defined benefit obligations at year end	80.7	78.8

Movement in plan assets

	2011	2010
Fair value of plan assets at beginning of year	66.8	61.4
Employer contributions	2.0	2.0
Employee contributions	0.1	0.2
Benefits paid	(3.0)	(2.6)
Expected return on plan assets	2.5	2.6
Actuarial gains/(losses)	3.6	3.2
Fair value of plan assets at year	72.0	66.8

Plan assets

The pension plan asset allocation can differ per plan, and can be specified as follows (on a weighted averaged basis):

	31 December 2011	31 December 2010
Equity securities	3.6%	7.4%
Bonds	78.4%	73.9%
Other	18.0%	18.7%
Total	100.0%	100.0%

Expense recognised in the income statement

	2011	2010
Current service costs	1.8	2.1
Past service costs	0.1	0.1
Interest costs	4.2	3.8
Expected return on plan assets	(2.5)	(2.6)
Amortisation unrecognised net (gain)/loss	(0.3)	(0.1)
Total expense	3.3	3.3

The expense is recognised in the following line items in the income statement:

	2011	2010
Personnel expenses	1.6	2.1
Net financing costs	1.7	1.2
Total expense	3.3	3.3

	2011	2010
Actual return on plan assets	6.1	6.5

The expected contributions for defined benefit plans in 2012 amount to €2.1.

22. Employee benefits continued

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	2011 Euro-zone	2010 Euro-zone
Discount rate at year end	5.3-5.8%	5.0-5.5%
Expected return on plan assets at year end	3.9-5.8%	3.9-5.8%
Future general salary increases	2.0-3.0%	2.0-3.0%
Price inflation	2.0%	2.0%
Future pension increases	1.0-2.0%	1.0-2.0%

Expected return on plan assets at year end

The Netherlands

For the major plan the expected return has been determined as the weighted average of the individual asset returns per asset class reflecting the current asset mix (Equities: 5%, Bonds: 95%). The expected return rates on the asset classes are 7.40% for equities and 3.50% for bonds, based on assumption guidelines of our actuary as per 31 December 2011.

France

The assets are locally held in bonds. The return on asset assumption is based on the assumptions model and research of our actuary and an assumed asset mix of 7% government bonds and 93% high quality corporate bonds.

Germany

The plan is unfunded.

Actual return on plan assets

The actual return on plans assets for 2011 amounted to 9.2%.

Sensitivity analysis

A reduction in the discount rate by 25 basic points would result in an increase in the liability for defined benefit obligations of €3.4 as per 31 December 2011 (2010: €3.2).

Assumptions regarding further mortality are based on published statistics and mortality tables.

Present value of the defined benefit obligation, fair value of plan assets and deficit

	2011	2010	2009	2008	2007
Defined benefit obligation	80.7	78.8	74.5	71.2	68.8
Fair value of plan assets	(72.0)	(66.8)	(61.4)	(58.5)	(60.5)
Deficit in the plan	8.7	12.0	13.1	12.7	8.3

Experience adjustments arising on plan liabilities and plan assets

	2011	2010	2009	2008	2007
Plan liabilities	0.6	0.2	1.8	0.4	4.6
Plan assets	3.6	3.9	0.1	(5.3)	(5.8)

Experience adjustments are defined as all gains/(losses) due to changes other than changes in the discount rate.

23. Provisions

Movements in provisions can be specified as follows:

	Restructuring	Other provisions	Total
Non-current	0.1	2.4	2.5
Current	4.3	2.9	7.2
Balance at beginning of year	4.4	5.3	9.7
Additions charged against result	2.1	0.8	2.9
Used during the year	(3.7)	(0.4)	(4.1)
Reclasses	(0.1)	0.1	–
Released to result	(0.7)	(2.0)	(2.7)
Balance at year end	2.0	3.8	5.8
Non-current	–	2.5	2.5
Current	2.0	1.3	3.3
Balance at year end	2.0	3.8	5.8

Restructuring

The provision for restructuring mainly relates to restructurings in France.

Other provisions

Other provisions mainly comprises provisions for contract risks of €1.8, legal risks of €1.1 and liabilities arising from cash-settled share-based payment transactions of €0.5.

Releases of prior year provisions are accounted for in operating result. The release from other provisions in 2011 mainly includes the release of a provision for a legal claim of €1.5.

24. Trade and non-trade payables and accrued expenses

	31 December 2011	31 December 2010
Trade payables – third party	70.5	74.6
Trade payables – associates	–	–
Total trade payables	70.5	74.6
Customer incentives	20.8	15.4
Personnel expenses	12.7	10.5
Pensions	4.8	4.4
Social securities and other taxes	6.6	5.6
Interest payables	0.3	0.2
Derivatives	0.4	–
Other liabilities	13.7	17.9
Total non-trade payables and accrued expenses	59.3	54.0
Total trade and non-trade payables and accrued expenses	129.8	128.6

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

25. Financial instruments and risk management

This note presents information about Wessanen's exposure to liquidity risk, market risk and credit risk, Wessanen's objectives, policies and processes for measuring and managing risk, and Wessanen's management of capital, as well as quantitative disclosures (before income tax) in addition to those included throughout these consolidated financial statements.

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control system. The system is designed to enable the Executive Board to achieve its strategic objectives within a managed risk profile. The Executive Board is responsible for setting risk management policies and strategies. Senior management and operating companies conduct a risk assessment to create action plans and execute internal control procedures. As a Committee of the Supervisory Board, the Audit Committee monitors risk management and control activities and provides the Supervisory Board with a clear overview of the entire risk management and internal control process. Any significant changes and improvements to the Risk Management and Internal Control system are discussed with the Audit Committee and the Supervisory Board.

Liquidity risk

Liquidity risk is the risk that Wessanen will not be able to meet its financial obligations as they fall due. A material and sustained shortfall in Wessanen's cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service the Group's financing obligations. The Group's objective to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders, and other obligations. The Group's syndicated credit facility allows to draw in maturities ranging between a month and a year, while its other credit facilities also allow to draw for shorter periods. When a loan expires, this is ordinarily refinanced with a new loan drawn from the facility. In addition to the syndicated loan facitility, Wessanen has over €30 of uncommitted credit facilities with various banks throughout the Group. Favory Convenience Food Group has a €5.5 credit facility.

The table below summarises the maturity profile of Wessanen's financial liabilities, including estimated interest payments at 31 December 2011 and at 31 December 2010 based on contractual undiscounted cash flows.

				Undiscounted contractual cash flows					
2010	Note		Carrying amount	Total cash flows	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	21	floating	(35.0)	(36.1)	(0.5)	(0.4)	(35.2)	–	–
Other long-term loans	21	floating	(1.1)	(1.3)	(0.2)	(0.1)	(0.3)	(0.5)	(0.2)
Finance lease liabilities	21	fixed	(0.4)	(0.4)	(0.2)	(0.2)	–	–	–
Trade and other payables[1]	24	non- interest bearing	(128.6)	(128.6)	(128.6)	–	–	–	–
Bank overdrafts	19	floating	(1.1)	(1.1)	(1.1)	–	–	–	–
Subtotal			(166.2)	(167.5)	(130.6)	(0.7)	(35.5)	(0.5)	(0.2)
Derivative financial instruments									
Other forward contracts used for hedging			–	–	–	–	–	–	–
Subtotal			–	–	–	–	–	–	–
Total			(166.2)	(167.5)	(130.6)	(0.7)	(35.5)	(0.5)	(0.2)

[1] Excluding derivatives.

				Undiscounted contractual cash flows					
2011	Note		Carrying amount	Total cash flows	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	21	floating	(34.6)	(36.3)	(0.3)	(0.3)	(0.6)	(35.1)	–
Other long-term loans	21	floating	(2.9)	(3.1)	(1.3)	(0.6)	(0.3)	(0.4)	(0.5)
Finance lease liabilities	21	fixed	–	–	–	–	–	–	–
Trade and other payables[1]	24	non-interest bearing	(129.4)	(129.4)	(129.4)	–	–	–	–
Bank overdrafts	19	floating	(2.9)	(2.9)	(2.9)	–	–	–	–
Subtotal			(169.8)	(171.7)	(133.9)	(0.9)	(0.9)	(35.5)	(0.5)
Derivative financial instruments									
Other forward contracts used for hedging			(0.4)	(0.4)	(0.3)	(0.1)	–	–	–
Subtotal			(0.4)	(0.4)	(0.3)	(0.1)	–	–	–
Total			(170.2)	(172.1)	(134.2)	(1.0)	(0.9)	(35.5)	(0.5)

[1] Excluding derivatives.

25. Financial instruments and risk managements continued

Currency risk

Wessanen conducts business in foreign currencies but publishes its financial statements, and measures its performance, in Euros. These foreign currencies mainly include the US dollar, the Canadian dollar, the Pound sterling and the Swiss Franc. Because of the Group's international presence, it is subject to risks from changes in foreign currency values that could affect earnings and capital.

The Group has a foreign exchange policy that mitigates the impact of foreign currencies to functional currencies and is based on the following principles:

- Transactions arising from operational and financing activities, in currencies other than the functional currency, are hedged in order to mitigate income statement volatility. All operating companies conduct their hedging transactions internally through the centralised corporate treasury department. Wessanen provides operational funding to its operating companies in their functional currency.
- Translation results on capital invested in foreign subsidiaries are recorded as a movement in the translation reserve in equity. Capital invested in, and net income from foreign subsidiaries are not hedged to the Euro.

Further, hedging foreign exchange risk is achieved through the use of forward foreign exchange contracts and forward foreign exchange swaps. Hedge accounting is applied for transactions that exceed certain thresholds. In 2011, currency translation effects were €4.6 (2010: €13.4).

The Group's balance sheet exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2011				31 December 2010			
	€	US$	£	Other[1]	€	US$	£	Other[1]
Trade receivables	–	–	–	–	0.2	–	–	–
Cash and bank overdrafts	–	0.1	–	–	(0.2)	0.2	–	–
Trade payables[2]	(2.7)	(0.1)	(0.1)	(0.5)	(3.4)	(0.1)	(0.1)	(1.2)
Financial assets, excluding investments in subsidiaries	–	5.8	(3.6)	–	–	(6.7)	(5.1)	(0.7)
Derivatives[3]	18.6	(5.5)	3.3	0.4	18.9	8.0	5.2	1.8
Net exposure	15.9	0.3	(0.4)	(0.1)	15.5	1.4	–	(0.1)

1 In €.
2 2010 including currency risk of Tree of Life UK (asset held for sale).
3 Represents forward foreign exchange contracts related to future purchase commitments, as well as foreign exchange swaps. The opposite currency of such contracts and swaps is mainly €, US$ or £.

At year end 2011 the Group designated US$115 (2010: US$133) of intercompany loan financing as part of its net investment in its remaining US operations. Foreign currency results on this intercompany financing are recorded in the translation reserve in equity of €2.6 positive (net of income tax) in 2011 and €9.4 positive (net of income tax) in 2010.

A 10% strengthening of the Euro against the US dollar and Pound Sterling currencies in 2011 would have hypothetical impact on equity and net result by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The 2010 analysis has been performed for both continuing and discontinued operations.

10% strengthening of the Euro	US$ 2011	£ 2011	US$ 2010	£ 2010
Equity[1]	(5.6)	(2.5)	(4.4)	(2.7)
Net result	(1.4)	0.2	(0.7)	0.1

1 Including P&L impact.

Interest rate risk

Wessanen's debt funding is primarily achieved through its multi-currency syndicated credit facility. Loan draw-downs bear interest at short term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. We manage our interest rate risk through closely monitoring short term and long term interest rates and where necessary modifying the interest rate exposure of debt and cash positions through the use of interest rate derivatives.

A change of 100 basis points (bp) in variable interest rates in 2011 would have a hypothetical impact on equity and profit by the amounts shown overleaf. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

25. Financial instruments and risk managements continued

2010	Profit or loss 100 bp increase	Profit or loss 100 bp decrease	Equity[1] 100 bp increase	Equity[1] 100 bp decrease
Variable rate instruments	(0.4)	0.4	(0.4)	0.4
Interest rate swap	–	–	–	–
Net impact	(0.4)	0.4	(0.4)	0.4
2011				
Variable rate instruments	(0.4)	0.4	(0.4)	0.4
Interest rate swap	–	–	–	–
Net impact	(0.4)	0.4	(0.4)	0.4

[1] Including P&L impact.

Commodity risk
Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices can not be raised. The Group uses a large variety of commodities and is not exposed to a significant concentration in one single category. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.

Credit risk
Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is influenced mainly by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk. Moreover, a customer's creditworthiness is analysed frequently using benchmarks and external rating information. As a preventive control, and more and more an automated control, Wessanen manages credit risk by applying credit limits for its customers. The creditworthiness of a financial institution is assessed by their credit rating, which should be a minimum of A (Standard & Poor's).

Wessanen establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

	31 December 2011	31 December 2010
Supermarkets	38.6	30.4
Natural / Health food stores	23.8	23.8
Other customers	16.5	12.2
Total	78.9	66.4

The aging of trade receivables at balance sheet date can be specified as follows:

	31 December 2011 Gross	31 December 2011 Impairments	31 December 2011 Net	31 December 2010 Gross	31 December 2010 Impairments	31 December 2010 Net
Not past due	66.0	–	66.0	56.4	–	56.4
Past due 0–30 days	10.6	(0.3)	10.3	7.0	(0.4)	6.6
Past due 31–180 days	3.0	(0.7)	2.3	5.4	(2.0)	3.4
Past due 181–360 days	0.6	(0.5)	0.1	0.3	(0.3)	–
More than 360 days	2.2	(2.0)	0.2	1.2	(1.2)	–
Total	82.4	(3.5)	78.9	70.3	(3.9)	66.4

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

	2011	2010
Balance at beginning of year	3.9	4.4
Transfer to held for sale	–	(0.3)
Effects of movements in foreign exchange rates	–	0.1
Acquisitions through business combinations	–	0.1
Addition charged against result	–	0.1
Write offs	(0.4)	(0.5)
Balance at year end	3.5	3.9

Besides specific allowances, the Group believes that, based on historic rates, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

The allowance amounts relating to trade receivables are used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Capital management
Wessanen's financing strategy is built around the following objectives:
- Ongoing access to debt and equity markets
- Sufficient flexibility to fund add-on acquisitions
- Optimal weighted average cost of capital
- Mitigating financial risks

The capital structure of the Company balances these objectives in order to meet the Company's strategic and day-to-day needs. Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows.

During the first quarter of 2010, Wessanen launched an equity offering of up to 6,835,910 newly issued ordinary shares, representing 9.99% of the Company's outstanding share capital. Wessanen used the net proceeds of €17.9 from the offering to strengthen its balance sheet, thereby providing financial flexibility to carry out its strategic and operational plans. Such flexibility was desired regarding the timing of the planned divestment of US-based PANOS Brands and the amount and phasing of advertising and promotional spending during the year.

The gearing ratio (net debt/shareholders' equity) at 31 December 2011 amounted to 19.7% (2010: 16.3%).

25. Financial instruments and risk managements continued

Fair values versus carrying amounts

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange swap contacts used for hedging	–	–	0.1	0.1
Total	–	–	0.1	0.1
Assets carried at amortised cost				
Loans and receivables:				
Long term receivables	1.0	1.0	1.6	1.6
Trade receivables	78.9	78.9	66.4	66.4
Other receivables and prepayments[1]	24.4	24.4	20.1	20.1
Cash and cash equivalents	8.2	8.2	8.7	8.7
Total	112.5	112.5	96.8	96.8
Liabilities carried at fair value				
Forward exchange contracts used for hedging	0.4	0.4	–	–
Total	0.4	0.4	–	–
Liabilities carried at amortised cost				
Syndicated loans	34.6	34.6	35.0	35.0
Other long-term loans	2.9	2.9	1.1	1.1
Finance lease liabilities	–	–	0.4	0.4
Trade payables	70.5	70.5	74.6	74.6
Non-trade payables and accrued expenses[1]	58.9	58.9	54.0	54.0
Bank overdrafts	2.9	2.9	1.1	1.1
Total	169.8	169.8	166.2	166.2

[1] Excluding derivatives, which are shown separately.

Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, accounts payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The fair value of lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The carrying amount of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing. The fair value of financial instruments, including interest rate swaps, has been determined by Wessanen using available market information and appropriate valuation methods (level 2 only).

Level 2 inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

26. Commitments and contingencies

Operating lease commitments

Non-cancellable operating leases are payable as follows:

Continuing companies	31 December 2011	31 December 2010
Less than 1 year	9.1	9.3
Between 1 and 5 years	22.6	24.2
More than 5 years	7.2	7.4
Total non-cancellable operating lease commitments	38.9	40.9

26. Commitments and contingencies continued

Wessanen leases a number of office, warehouse and factory facilities, cars and computer hardware under operating leases. The leases typically run between 3 and 15 years, with an option to renew after that date. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals. Wessanen does, in principle, not act as a lessor.

During the year ended 31 December 2011, €10.5 (2010: €8.9) was recognised as an expense in the income statement of continuing operations and €0.0 (2010: €1.9) in the income statement of discontinued operations in respect of operating leases.

Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2011 amounted to €1.2 (2010: €1.3).

Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms.

Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$45.5 as at 31 December 2011 (2010: US$58.8) in favor of the divested operation Tree of Life, Inc. Kehe Food Distributors, Inc. has idemnified Wessanen for calls of third parties under such guarantees and letters of credit. Letters of credit amounting to US$8.3 are provided for in favor of workers compensation insurers and are reduced as the underlying insurance claims have been settled. A letter of credit of US$4.1 is provided for in favor of a lender to an associate of Tree of Life, Inc. and is to be maintained for one more year. Wessanen has also provided guarantees amounting to US$33.1 relating to lease obligations which are reduced when the underlying lease contracts expire during a maximum period of up to ten years.

For guarantees provided, a provision has been made of €1.9 as at 31 December 2011 (2010: €1.9)

Bank guarantees have been issued for €0.4 (2010: €0.8).

Contingencies

Wessanen is subject to certain other loss contingencies arising from claims by various parties. Management believes that any reasonable possible loss related to such claims and possible litigation is properly provided for. These estimates and associated assumptions are based on management's best knowledge of current events and actions.

27. Related parties

Wessanen has a related party relationship with its subsidiaries and its associates (see Note 30) and key management. Furthermore pension funds in the Netherlands are related parties. Transactions with key management are described in Notes 7 and 8.

In 2011 no transactions were made with related parties, other than descibed above.

28. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred (for continuing and discontinued operations) can be specified as follows:

	2011			2010		
	Deloitte Accountants B.V.	**Other Deloitte Network**	**Total**	Deloitte Accountants B.V.	Other Deloitte Network	Total
Audit of annual accounts	0.4	0.2	0.6	0.3	0.2	0.5
Other assurance services[1]	–	0.7	0.7	0.1	0.1	0.2
Tax advisory services	–	–	–	–	–	–
Other non-audit services	–	–	–	–	–	–
Total principal auditor's remuneration	0.4	0.9	1.3	0.4	0.3	0.7

[1] In 2011, mainly relating to services provided to ABC.

29. Cash flow

The following table presents a specification of changes in working capital of continuing operations:

	2011	2010
Inventories	(4.8)	1.9
Trade receivables	(12.0)	0.5
Other receivables and prepayments	(0.4)	0.1
Trade payables	(5.3)	–
Non-trade payables and accrued expenses	3.7	0.7
Total changes in working capital	(18.8)	3.2

The following table presents a reconciliation of the change in cash and cash equivalents (net of bank overdrafts) as presented in the balance sheet to the net cash flow from operating, investing and financing activities in the period:

	2011	2010
Cash and cash equivalents of continuing operations at beginning of year	7.6	20.2
Cash and cash equivalents related to discontinued operations at beginning of year	–	21.5
Cash and cash equivalents at beginning of year, including discontinued operations	7.6	41.7
Net cash from operating, investing and financing activities	(2.3)	(35.2)
Effect of exchange rate differences on cash and cash equivalents	–	1.2
Cash and cash equivalents at year end	5.3	7.7
Cash and cash equivalents related to disposal groups held for sale at year end	–	(0.1)
Cash and cash equivalents related to discontinued operations at year end	–	–
Cash and cash equivalents of continuing operations at year end	5.3	7.6

30. List of subsidiaries and associates

The following are Wessanen's significant subsidiaries, associates and holding companies as at 31 December 2011:

	Country of incorporation	**Ownership interest (%) 2011**	Ownership interest (%) 2010
Continuing operations			
Subsidiaries			
Beckers Benelux BV	the Netherlands	100.0	100.0
Natudis Nederland BV	the Netherlands	100.0	100.0
Kroon BV	the Netherlands	100.0	100.0
Favory Convenience Food Group BV	the Netherlands	64.1	64.1
Hagor NV	Belgium	100.0	100.0
Allos GmbH	Germany	100.0	100.0
Tartex + Dr. Ritter GmbH	Germany	100.0	100.0
Cosa Naturprodukte GmbH	Germany	100.0	100.0
Distriborg Groupe SA	France	100.0	100.0
Bio-Distrifrais-Chantenat SAS	France	100.0	100.0
R. Bonneterre SAS	France	100.0	100.0
Laboratoire Kalisterra SAS[1]	France	100.0	100.0
Distriborg France SAS	France	100.0	100.0
Kallo Foods Ltd.	United Kingdom	100.0	100.0
Tree of Life UK Ltd.[2]	United Kingdom	–	100.0
Bio S.l.y.m. S.r.l.	Italy	100.0	100.0
American Beverage Corporation	United States	100.0	100.0
Holding companies			
Wessanen Nederland Holding BV	the Netherlands	100.0	100.0
Wessanen Finance BV	the Netherlands	100.0	100.0
Wessanen Europe BV	the Netherlands	100.0	100.0
Wessanen Beteiligungs GmbH	Germany	100.0	100.0
Wessanen Italia S.r.l.	Italy	100.0	100.0
Wessanen France Holding S.A.S.U.	France	100.0	100.0
Wessanen Great Britain Holdings Ltd.	United Kingdom	100.0	100.0
Wessanen USA Inc.	United States	100.0	100.0

[1] Business activities divested as per 1 October 2011.
[2] Divested as per 18 July 2011.

Financial statements

Income statement of the Company

In € millions	2011	2010
Income from subsidiaries and associates, net of income tax	(5.5)	(1.5)
Other income and expenses, net of income tax	(11.6)	(4.6)
Profit/(loss) for the period	(17.1)	(6.1)

Balance sheet of the Company

(before appropriation of current year's result)

In € millions	Notes	31 December 2011	31 December 2010
Assets			
Financial assets	2	435.6	436.9
Current assets	3	0.5	2.1
Total assets		436.1	439.0
Shareholders' equity			
Share capital		76.0	75.2
Share premium		102.9	105.0
Reserve for own shares		(2.6)	(3.0)
Legal reserves		(18.1)	(22.7)
Retained earnings		22.1	28.6
Profit/(loss) for the period		(17.1)	(6.1)
Total shareholders' equity	4	163.2	177.0
Current liabilities	5	272.9	262.0
Total shareholders' equity and liabilities		436.1	439.0

1. Principles of valuation and income determination

1.1 General

The Company financial statements are part of the 2011 financial statements of Wessanen.

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

In accordance with Section 379 and 414, Part 9, of Book 2 of the Dutch Civil Code, a list of consolidated group companies and non-consolidated associates will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

1.2 Principles for the measurement of assets and liabilities and the determination of the result

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Wessanen makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Wessanen are the same as those applied for the consolidated financial statements (see Note 3 of the consolidated financial statements). Participating interests (subsidiaries and associates), over which control or significant influence is exercised, are stated on the basis of the equity method. The share in the result of participating interests consists of the share of the Group in the result of these participating interests. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Results on transactions, where the transfer of assets and liabilities between the Group and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

2. Financial assets

	31 December 2011	31 December 2010
Balance at beginning of year	436.9	424.3
Effect of movements in foreign exchange[1]	4.6	13.4
Cash flow hedges[1]	(0.4)	0.7
Income from subsidiaries and associates[1]	(5.5)	(1.5)
Balance at year end	435.6	436.9

[1] Net of income tax.

Financial assets include investments in subsidiaries.

3. Current assets

	31 December 2011	31 December 2010
Income tax receivable	0.5	1.3
Cash and cash equivalents	–	0.8
Total current assets	0.5	2.1

4. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 62) and Note 20 to the consolidated financial statements.

Legal reserves (translation reserve, hedging reserve and other legal reserves) are not available for distribution to the Company's equity holders. If the translation reserve or hedging reserve has a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance. As at 31 December 2011, the freely distributable reserves amount to €85.7 (2010: €100.5), before distribution of dividends.

5. Current liabilities

	31 December 2011	31 December 2010
Payables to subsidiaries	269.7	258.8
Trade and other payables	3.2	3.2
Total current liabilities	272.9	262.0

The current liabilities are liabilities that mature within one year.

6. Commitments and contingencies

The Company has assumed liability for debts of participating interests, up to a total of €35.0 (2010: €35.0). The related guaranteed debts are included in the consolidated statement of financial position for an amount of €35.0 (2010: €35.0).

The Company is part of the fiscal unity of Wessanen. Based on this, the Company is liable for the tax liability of the fiscal unity in the Netherlands as a whole.

The Company has also assumed liability for the Dutch Group companies of which the financial statements have been included in the consolidated financial statements, as provided for in Section 403, sub 1, Part 9, of Book 2 of the Dutch Civil Code, except for those companies that are part of the Favory Convenience Food Group. This implies that these Group companies are not required to prepare their financial statements in every respect in accordance with Part 9, of Book 2 of the Dutch Civil Code or to publish these.

7. Employees

The Company did not employ any personnel in 2011.

Amsterdam, 22 February 2012

Supervisory Board	**Executive Board**
F.H.J. Koffrie, Chairman	P.H. Merckens, CEO
J.G.A.J. Hautvast	R.J.J.B. Merckx, CFO
F. van Oers	

Other information

Appropriation of result 2011

The loss for the year 2011 attributable to the equity holders of Wessanen amounted to €17.1 against a loss of €6.1 in 2010. The loss has been charged against retained earnings, respectively the distributable part of shareholders' equity.

Dividend proposal

The dividend policy of Wessanen aims to pay out a dividend between 35-45% of its net result, excluding major non-recurring effects. As the 2011 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.08 per share will be proposed during the Annual General Meeting of Shareholders to be held on 17 April 2012.

Subsequent events

Subsequent to 31 December 2011 no material events occurred that require disclosure.

To: Annual General Meeting of Shareholders of Royal Wessanen nv

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2011 of Royal Wessanen nv ("the Company"), Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes comprising a summary of the accounting policies and other 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 Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Royal Wessanen nv as at 31 December 2011, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Wessanen nv, as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 22 February 2012
Deloitte Accountants B.V.

P.J.M. Peerlings

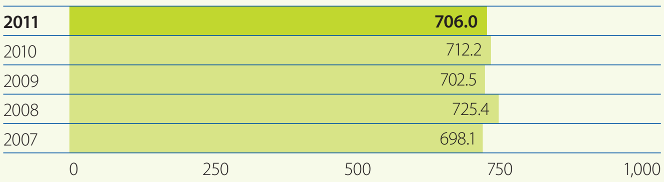
Financial summary 2007 – 2011

Condensed consolidated income statement
In € millions, unless stated otherwise (adjusted for comparison purposes)

	2011[1]	2010[1]	2009[1]	2008[1]	2007[1]
Revenue	706.0	712.2	702.5	725.4	698.1
Operating profit/(loss)	(19.0)	5.3	(44.4)	37.1	55.9
Net financing costs	(3.5)	(8.3)	(19.9)	(9.8)	(8.5)
Share in results of associates	–	–	–	–	–
Profit/(loss) before tax	(22.5)	(3.0)	(64.3)	27.3	47.4
Income tax expense	1.5	(0.2)	(69.0)	(8.2)	(17.6)
Profit/(loss) after income tax from continuing companies	(21.0)	(3.2)	(133.3)	19.1	29.8
Profit/(loss) from discontinued operations, net of income tax	–	1.7	(88.9)	10.4	12.3
Profit/(loss) from divestment discontinued operations, net of income tax	–	(3.5)	0.6	–	15.4
Profit/(loss) for the period	(21.0)	(5.0)	(221.6)	29.5	57.5
Attributable to non-controlling interests	(3.9)	1.1	(1.9)	0.1	–
Profit/(loss) for the period attributable to equity holders of Wessanen	(17.1)	(6.1)	(219.7)	29.4	57.5
Profit/(loss) for the period attributable to equity holders of Wessanen as a percentage of equity attributable to equity holders of Wessanen	(10.5)%	(3.5)%	(146.6)%	8.4%	14.3%

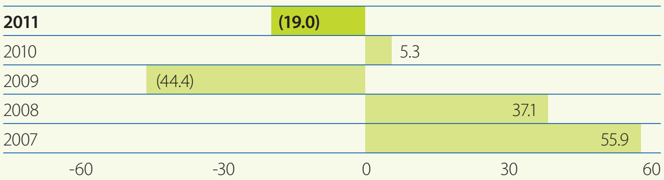
[1] Comparative figures have been adjusted from amounts previously reported to reflect the effect of discontinued operations.

Revenue[1] (in € millions)



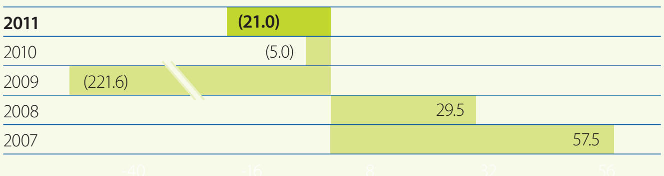
[1] Continuing operations only

Operating profit[1] (in € millions)



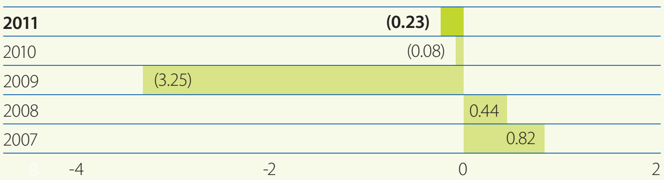
[1] Continuing operations only

Net profit/(loss)[2] (in € millions)



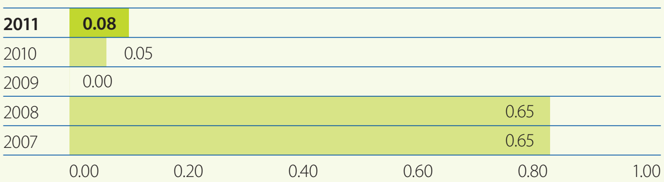
[2] Attributable to equity holders of Wessanen

EPS[2] (in €)



[2] Attributable to equity holders of Wessanen

Dividend (in €)



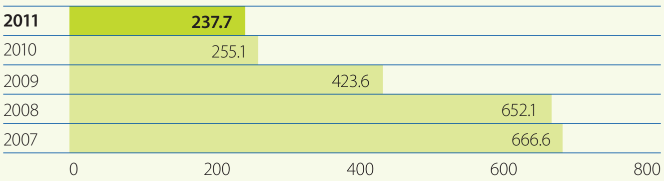
Condensed consolidated statement of financial position

In € millions, unless stated otherwise (adjusted for comparison purposes)

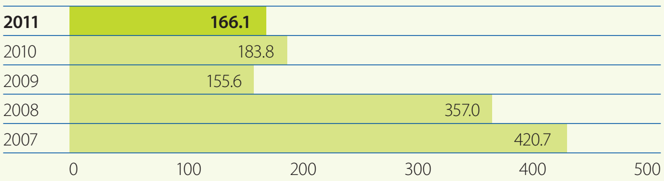
	2011	2010	2009	2008	2007
Non-current assets	186.8	217.2	226.2	428.8	401.7
Current assets	181.2	175.1	411.7	477.7	507.0
Current liabilities[1]	(130.3)	(137.2)	(214.3)	(254.4)	(242.1)
Invested capital	237.7	255.1	423.6	652.1	666.6
Financed by:					
Total equity	166.1	183.8	155.6	357.0	420.7
Provisions	5.8	9.7	8.5	8.8	9.9
Employee benefits	24.0	22.7	21.6	21.6	22.1
Deferred tax liabilities	1.4	1.3	2.6	5.3	1.6
Non-current interest-bearing loans and borrowings	37.4	35.9	5.8	227.1	188.7
Current interest-bearing loans and borrowings	3.0	1.7	229.5	32.3	23.6
	237.7	255.1	423.6	652.1	666.6
Total equity attributable to equity holders of Wessanen as a percentage of total assets	44.3%	45.1%	23.5%	38.5%	44.1%

[1] Excluding short-term finance and current provisions.

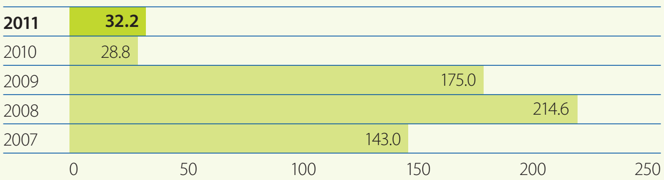
Invested capital (in € millions)



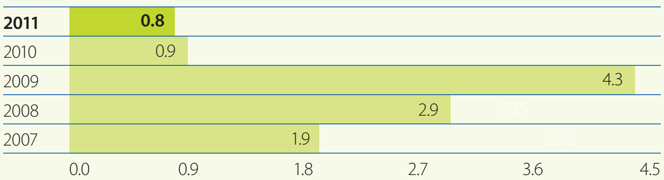
Total equity (in € millions)



Net debt (in € millions)



Leverage ratio



At Wessanen, we believe fair disclosure is not an option or a choice, but a basic principle of how we communicate with the financial community. Our actions are focused on and our fair disclosure policy is designed to ensure clear, timely and simultaneous provision of information to all stakeholders.

Disclosure
In principle, all results announcements as well as press releases, are published before NYSE Euronext Amsterdam opens. All results announcements and any major announcements are accompanied by a conference call and/or meeting for the professional investment community. All others interested can listen to a simultaneous audio webcast via www.wessanen.com. Furthermore, all presentations made to groups of investors are published at the same time on our website. Wessanen adheres to a Disclosure Policy, which is posted on its website.

Investor relations
Wessanen is engaged in an active dialogue with its shareholders and analysts. During 2011 members of the Executive Board and the VP Corporate Communications had regular contact with investors and analysts. The Company attended several broker conferences and hosted various roadshows during the year to meet institutional investors in Europe and the United States (Amsterdam, London, Paris, New York, Boston, Copenhagen, Oslo, Brussels, Milan, Zürich, Vienna). In September, Wessanen hosted a two-day capital markets day in Lyon (France).

In 2012 the Company will, again, attend investor conferences and host roadshows as an integral part of its investor relations policy.

Wessanen listed since 1959 at the Amsterdam stock exchange

Prevention of misuse of inside information
Wessanen considers the prevention of misuse of insider information essential in the relationship to all stakeholders. The Company has in place an Insider Trading Policy.

Listing information
Since 9 September 1959 Wessanen has been listed on the Amsterdam stock exchange. The capital structure consists of one class of stocks, i.e. voting shares with a nominal value of €1.00 per share. These shares are listed on the NYSE Euronext (Amsterdam) Stock Exchange and are included, amongst other indices, in the AScX and Next 150 indices. As a consequence of the split of TNT, Wessanen was moved to the AScX in June 2011 after reweighting all indices by Euronext. Based on trading volumes, Wessanen will be included in the Dutch midkap index AMX as of March 2012 again.

All shares outstanding have equal rights and can be traded freely without any restriction. In addition, share options are traded as well on NYSE Euronext Amsterdam.

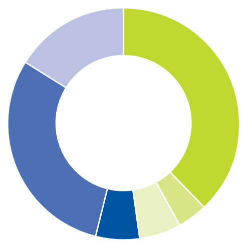
Distribution of shares
Since Wessanen's ordinary shares are mainly in bearer form, analyses of shareholdings are based on estimates from market sources. The pie charts below illustrate the estimated distribution of ownership of Wessanen shares by type of investor and by country of origin as a percentage of total shares outstanding (excluding treasury shares) in 2011. This is based on data provided by depository banks as of the end of December 2011.

Major shareholders
In accordance with the Act on the Disclosure of Influence over Listed Companies (1991) the Company believes it had the following major shareholders as at 31 December 2011:

- **Delta Partners LLC** (25-30%) (including Prism Offshore Fund, Ltd)
- **Sparinvest Holding** (5-10%)

Share ownership geographical breakdown (estimate)

	2011	2010
Netherlands	38%	63%
Belgium/Luxembourg	4%	3%
Nordics	6%	6%
Rest of Europe	6%	5%
USA	30%	22%
Rest of World	0%	1%
Unidentified	16%	0%



Share ownership institutional vs. private (estimate)

	2011	2010
Private	34%	44%
Institutional	48%	56%
Unidentified	18%	0%

Coverage by brokers and banks
During 2011, 11 brokers, all based in the Benelux, covered Wessanen. They published research on a regular basis, either around the publication of quarterly reporting or updating the market after a news event. In addition, numerous brokers included Wessanen in sector and/or country reports or when addressing themes, such as raw material/input cost movements.

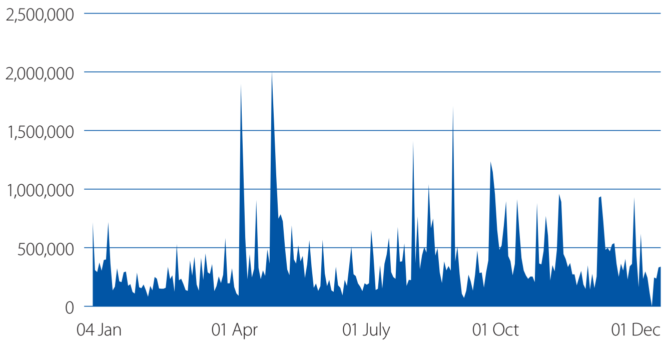
Peer group

In 2011 the peer group consisted of: Bonduelle, Bongrain, CSM, Ebro Puleva, Fleury Michon, Lotus Bakeries, Northern Foods, Nutreco, Premier Foods, Sligro and Wessanen. Since Northern Foods was acquired in spring and therefore delisted, it has been removed. The performance of all peers has been indexed starting 3 January 2011.

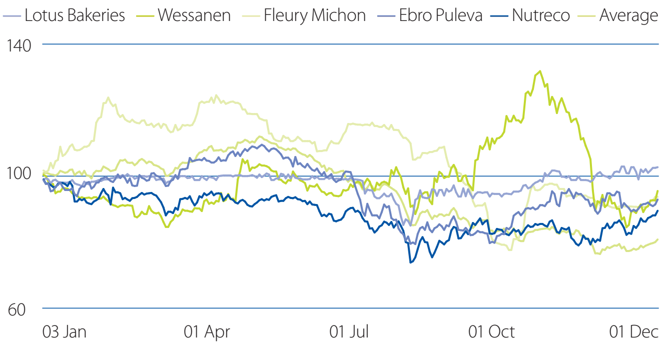
Relative 2011 performance peer group

Lotus Bakeries	103	Sligro	89
Wessanen	**96**	Bonduelle	87
Fleury Michon	94	Bongrain	80
Ebro Puleva	93	CSM	46
Nutreco	90	Premier Foods	30

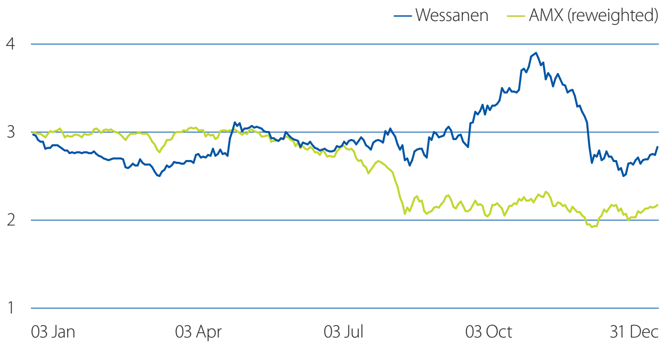
2011 trading volume (at Euronext)



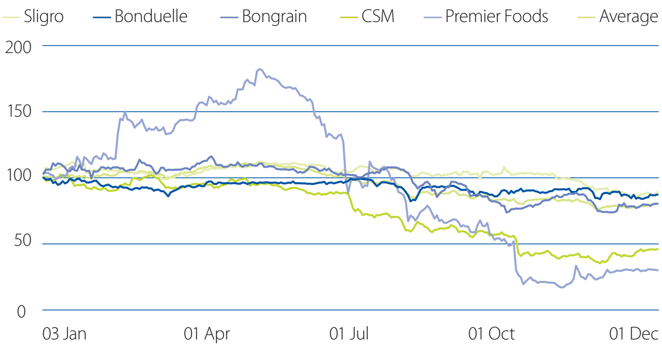
Peer group (top half)



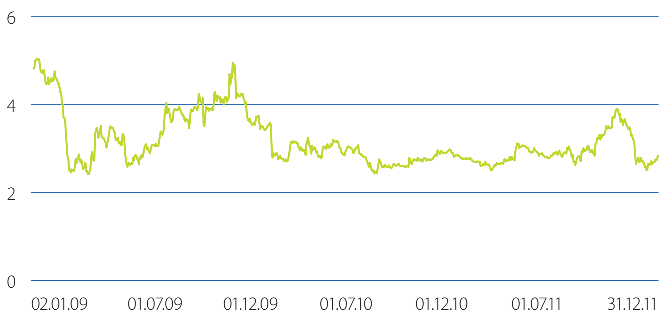
Wessanen share price (vs AMX (reweighted))



Peer group (bottom half)

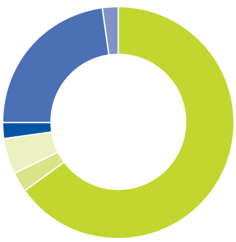


Royal Wessanen share price 2009-2011



% volume traded per exchange in 2011

Euronext	65
Chi-X	3
Turquoise	5
Bats Europe	2
OTC	23
Other	2



Source: Fidessa Group PLC

Development of the share price

Year	End	High	Low	Average daily volume traded
2011	2.83	3.90	2.50	384,441
2010	2.96	4.24	2.43	414,869
2009	4.19	5.20	2.35	599,083
2008	4.65	10.97	4.30	378,635
2007	10.88	12.68	9.97	361,176

Market capitalisation (in € millions)

Year	High	Low	Year end	Net debt year end	Enterprise value year end
2011	296	190	215	32	247
2010	319	183	221	29	250
2009	351	158	283	175	458
2008	741	290	314	214	528
2007	857	673	735	143	878

Key ratios

Year	**2011**	2010	2009	2008	2007
Leverage ratio	0.8	0.9	4.3	2.9	1.9
Return on average capital employed	(7.6)%	2.0%	(14.3)%	11.2%	n/a
Return on equity[1]	(10.1)%	(3.5)%	(729)%	77%	n/a

[1] Continuing operations only

Key figures (in € millions)

Year	**2011**	2010	2009	2008	2007
Revenue[1]	706.0	712.2	702.5	725.4	698.1
Operating result[1]	(19.0)	5.3	(44.4)	37.1	55.9
Net profit	(21.0)	(5.0)	(221.6)	29.5	57.5
Cash flow from operating activities[1]	8.8	34.3	11.9	25.9	11.3
Invested captital	237.7	255.1	423.6	652.1	666.6
Total equity	166.1	183.8	155.6	357.0	420.7
Net debt	32.2	28.8	175.0	214.6	143.0
Average number of employees[1]	2,182	2,276	2,261	2,383	n/a

[1] Continuing operations only

Per share data

Year	**2011**	2010	2009	2008	2007
Revenue	9.37	9.73	10.39	10.73	10.02
Operating result	(0.25)	0.08	(0.66)	0.55	0.80
Net profit	(0.23)	(0.08)	(3.25)	0.44	0.82
Dividend	0.08	0.05	–	0.65	0.65
Cash flow from operating activites	0.12	0.47	0.18	0.38	0.16
Invested capital	3.15	3.48	6.27	9.65	9.56
Total equity	2.20	2.51	2.30	5.28	6.04
Net debt	0.43	0.39	2.59	3.18	2.05

Dividend policy and 2011 dividend proposal

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

As the 2011 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.08 per share will be proposed to the Annual General Meeting of Shareholders (AGM).

The proposed dividend for a financial year must be approved by the AGM, which is usually held in April of the following financial year. Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy. Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

2011 dividend timetable

20 March 2012	Record date
17 April 2012	Annual General Meeting of Shareholders
19 April 2012	Ex-dividend date
2 May 2012	Payment date

Key dates

17 April 2012	Annual General Meeting of Shareholders
27 April 2012	Publication Q1 2012 results
25 July 2012	Publication Q2 2012 results
25 October 2012	Publication Q3 2012 results
22 February 2013	Publication Q4 2012 results

Corporate Communications and Investor Relations

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Cautionary statement regarding forward-looking statements

This Annual Report may contain forward-looking statements. These are defined as statements not being historical facts. Forward-looking statements include (but are not limited to) statements expressing or implying Royal Wessanen nv's beliefs, expectations, intentions, forecasts, estimates or predictions (and the underlying assumptions). Forward-looking statements necessarily involve uncertainties and risks. The actual results or situations may therefore differ materially from those expressed or implied in any forward-looking statements. Those differences may be caused by various factors, including but not limited to, macro-economic developments, regulator and legal changes, market developments, competitive behaviour, currency developments, the ability to retain key employees, and unexpected changes in the operational environment. Additional factors that could cause actual results or situations to differ materially include, but are not limited to, those disclosed under 'risk factors'. Any forward-looking statements in this Annual Report are based on information available to the management on 22 February 2012. Royal Wessanen nv assumes no obligations to publicly update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise, other than as required by law or regulation.

organic is our choice

Organic food is controlled by a unique certification system ensuring that it meets these requirements. It is mandatory for all organic food produced in the European Union to carry the EU organic logo.

Before starting to manufacture organic products or farm organically, producers must apply to an organic inspection body in their home market to become certified as being organic. Certifiers are responsible for ensuring that products conform to organic regulations all the way through the supply chain.

The term ‘organic’ does not specifically relate to one or more categories of products, but applies to all food and beverages, if produced and processed in line with these principles. Organic food products promote health and well-being, but they also hold benefits for the planet and future generations.

BJORG
Galettes Epeautre Son d'Avoine BIO
Fourrés Chocolat
Muesli Superfruits BIO
Céréalissim' Express
Soja Cuisine
Fraise Cassis
Bonneterre
Pâte à Pizza
Saumon fumé
Châtaigne Riz et Avoine
Allos
Sesam-Knäcke
Frucht Pur
Maiswaffeln
Crunchy
Zonnatura
kallo
LOW FAT RICE CAKES
RICE CAKES
whole earth
Original
Orientalische Pfanne
Sparkling Cola
Tartex
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