nutreco

annual report

feeding the future

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Nutreco is a global leader in animal nutrition and fish feed.

Nutreco

Our advanced feed solutions are at the origin of food for millions of consumers worldwide. Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture. Experience across 100 years brings Nutreco a rich heritage of knowledge and experience for building its future. Nutreco employs almost 9,700 people in 30 countries, with sales in 80 countries. Nutreco is listed on the Euronext stock exchange in Amsterdam with annual revenues of EUR 4.5 billion in 2009.

Revenue from continuing operations EUR **4,512** million

Operating result from continuing operations before exceptional items and amortisation (EBITA) EUR **175** million

Result after tax from continuing operations EUR **93** million

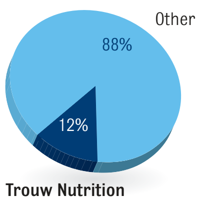
Basic earnings per share for continuing operations EUR **2.61**

Dividend per ordinary share EUR **1.32**

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

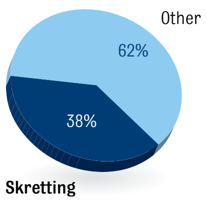
Nutreco ranks in the top three of the global animal nutrition industry in revenues.

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



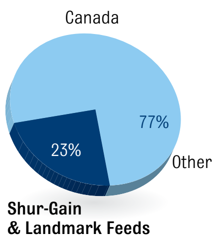
The premix and feed specialties industry is relatively consolidated with four players having a joint global market share of about 50%.

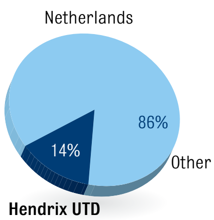
Nutreco's Skretting is the number one salmon feed producer.

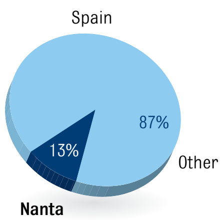


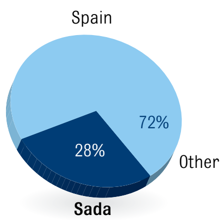
The global salmon feed industry is concentrated with three players having a joint global market share of approximately 90%. Skretting has a leading position in fish feed for other species.

We have leading local positions in the compound feed and meat industry. Market shares of Nutreco:









feeding the future

FEEDING THE FUTURE

Feeding the Future is the essence of Nutreco. It aligns and inspires our people and directs the activities of today, giving purpose to our efforts beyond earning a fair profit.

The name Nutreco reflects our activities and our concerns: **nutr**ition, **eco**logy and **eco**nomy. Our ambition is to contribute to meeting the rising food needs in a sustainable manner. We operate at the critical junction between the raw materials used in animal nutrition and fish feeds and farmers who produce meat, fish, dairy products and eggs. In Nutreco we possess a pioneering heritage of more than a century of progress. By applying our knowledge of feed ingredients and the nutrition of animals and fish, we gain optimum value from limited natural resources. Our ability is to convert those raw materials into advanced feed solutions that meet the needs of farmed animals and fish and contribute in delivering high-quality products for human nutrition: providing more from less.

DOUBLING FOOD PRODUCTION WHILE HALVING THE FOOTPRINT

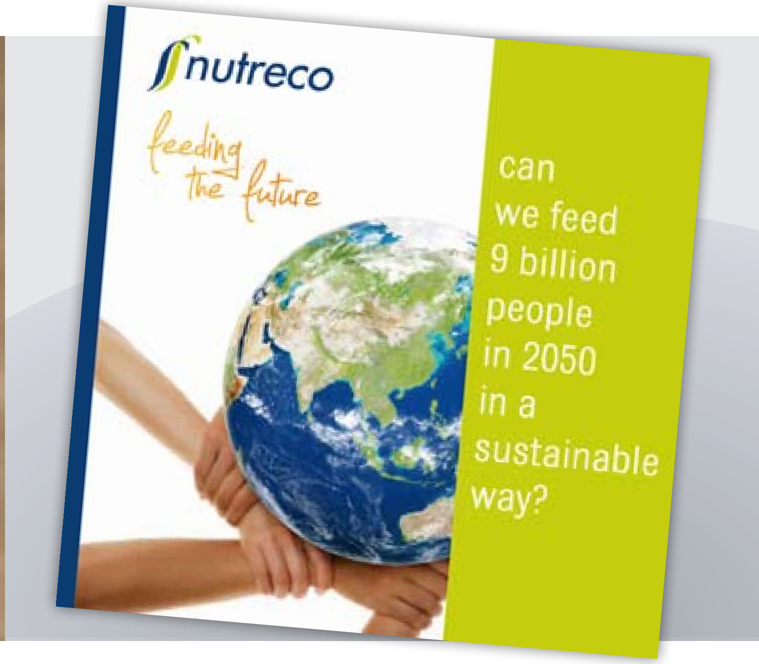
Since 1996 Nutreco has organised the biennial AquaVision and Agri Vision conferences to provide a neutral forum for all aqua- and agribusiness stakeholders to meet and to discuss strategic issues confronting them and give input for new scenarios. Feeding and fuelling the future world

Vision

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

Mission

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



sustainably was the topic in Agri Vision 2009. Leaders in business and science collectively communicated confidence that we can.

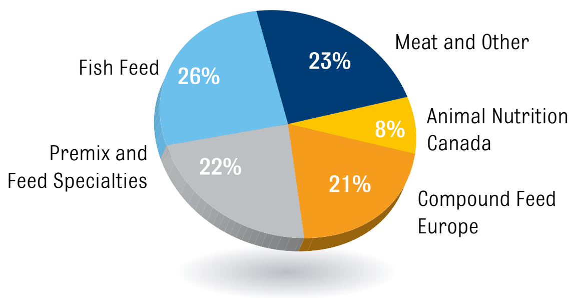
To share that optimism about the potential to feed nine billion people in 2050 in a sustainable way and to generate greater awareness of the sense of urgency for action, Nutreco published the booklet 'Feeding the Future'. This booklet brings together the views of key speakers and many other top business leaders and scientists from all stages of our value chains. They explain the challenges and how the knowledge, skills and technology we have today and will have tomorrow will enable us to feed the world of 2050. They also show it can be done without overexploiting our planet and while maintaining the richness of our biodiversity – doubling food production while halving the footprint.

The challenge is clear. We must produce more food more sustainably – more from less. And we can. Efficiency is key; delivering more from limited resources and simultaneously reducing the footprint on land, air and water. The potential to sustainably increase efficiency and productivity is there.

Key figures

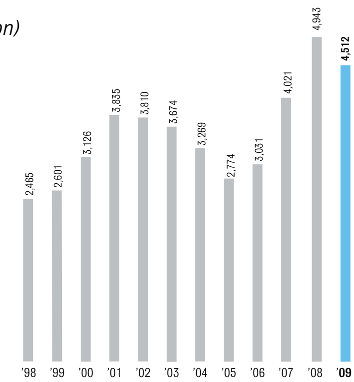
	2009	2008
Income statement (EUR x million)		
Revenue from continuing operations	4,512	4,943
Operating result from continuing operations (EBIT)	158	172
Operating result from continuing operations before exceptional items and amortisation (EBITA)	175	183
Operating result before depreciation and amortisation (EBITDA)	223	234
Result after tax from continuing operations	93	106
Total result for the period attributable to equity holders of Nutreco	90	115
Balance sheet (EUR x million)		
Equity attributable to equity holders of Nutreco	730	655
Balance sheet total	2,125	2,188
Capital employed	1,026	1,058
Net debt position	-223	-367
Cash flow (EUR x million)		
Net cash from operating activities	267	98
Acquisitions/disposals of subdidiaries	-31	-66
Additions of property, plant and equipment and intangible assets	-54	-90
Ratios continuing operations		
Operating result as % of revenue	3.5%	3.5%
Return on average capital employed	17%	19%
Solvency ratio (shareholders' equity dividend by balance sheet total)	34%	30%
Key data per share (EUR)		
Basic earnings per share from continuing operations	2.61	3.02
Total result for the period attributable to equity holders of Nutreco	2.61	3.34
Dividend	1.32	1.43
Share price at year-end	39.29	23.52
Other key data		
Average number of outstanding shares (x thousand)	34,603	34,358
Number of outstanding shares at year-end (x thousand)	34,995	34,279
Average number of employees continuing operations	9,120	9,185
Number of employees at year-end continuing operations	9,690	9,278

Revenue by segment 2009

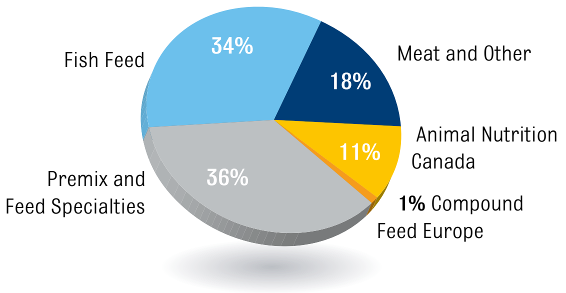


Revenue[3]

(EUR x million)

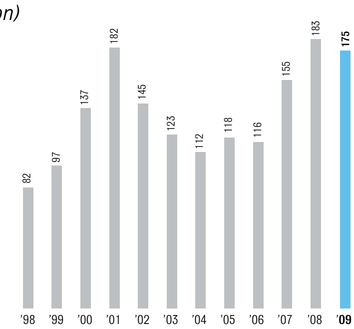


EBITA by segment 2009[1]



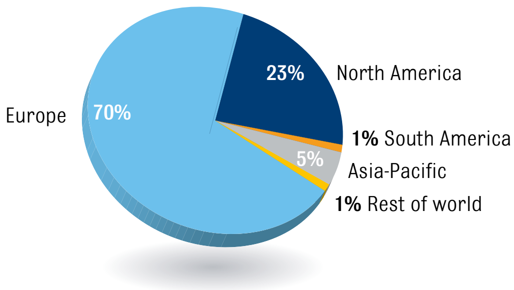
Operating result before exceptional items and amortisation (EBITA)[4]

(EUR x million)

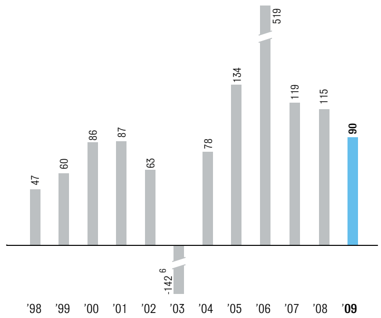


Revenue per region 2009 – Animal nutrition[2]

(EUR 2,333.2 million)

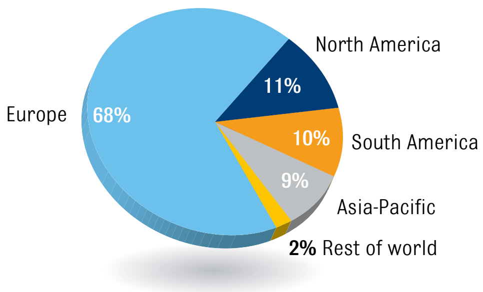


Total result for the period attributable to equity holders of Nutreco[5] *(EUR x million)*

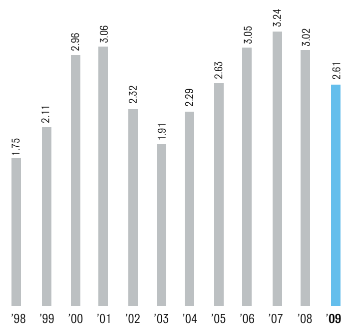


Revenue per region 2009 – Fish feed

(EUR 1,120.4 million)



Earnings per share continuing operations



1 EBITA of EUR 194.5 million before corporate costs (EUR -19.3 million) and exceptional items (EUR -5.2 million).
2 Animal nutrition consists of the segments Premix and Feed Specialties, Compound Feed Europe and Animal Nutrition Canada.
3 2005-2009 revenue from continuing operations (2004-2009 figures based on IFRS, 1998-2003 figures based on D-GAAP).
4 2005-2009 EBITA from continuing operations (2004-2009 figures based on IFRS, 1998-2003 figures based on D-GAAP).

5 In 2005, 2006, 2007, 2008 and 2009 the net results of continuing operations attributable to equity holders of Nutreco are EUR 90, 104, 112, 104 and 90 million, respectively. Including results and gain on sale of discontinued operations, the net results are EUR 134, 519, 119, 115 and 89 million, respectively (2004-2009 figures based on IFRS,1998-2003 figures based on D-GAAP).
6 2003 net result after impairment of goodwill of EUR 193 million.

Information about the Nutreco share

Stock exchange listing

Since 3 June 1997, Nutreco has been listed at NYSE Euronext Amsterdam. Nutreco is included in the Amsterdam Midkap Index (AMX). As at 31 December 2009, the market capitalisation of Nutreco amounted to approximately EUR 1,375 million. As at year-end 2009, a total number of 35,118,682 shares had been issued. Of these shares 123,913 are held in treasury by Nutreco. In 2009 Nutreco issued 250,000 new shares, mainly to cover the share and option plans for employees and the stock dividend. In 2009 the Company issued 181,336 shares from the treasury stock upon exercise of share and option plans by Nutreco employees, 498,456 shares for the stock dividend and 35,919 shares under the employee share participation plan.

Spread of total number of shares outstanding

Estimated % distribution of shares:	
Netherlands	30
United Kingdom	25
United States & Canada	20
Nordic countries	5
Germany	5
France	5
Other European countries	9
Other countries	1
	100
Institutional investors	90
Private investors	10
	100

Disclosures under the Disclosure of Major Holdings in Listed Companies Act

Under the Dutch Disclosure of Major Holdings in Listed Companies Act, the Company received three disclosures. These disclosures were made by:

ING Groep N.V.	9.55%
ASR Nederland N.V.	6.56%
MaesInvest B.V.	6.26%

Nutreco has 4,993,200 cumulative preference shares ‘A’. These cumulative preference shares ‘A’ are not quoted on the stock exchange. These shares already existed prior to the flotation in 1997. MaesInvest B.V. now holds 2,496,600 cumulative preference shares ‘A’ and 2,496,600 cumulative preference shares ‘A’ are held by shareholders of ASR Nederland N.V. No new cumulative preference shares ‘A’ were issued during the year under review.

Investor relations (IR) policy

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

Price-sensitive information is disseminated without delay through a press release. Anyone may register through the Nutreco website for receipt by e-mail of such press releases. Besides the financial results, the Company will also furnish the broadest possible information on its strategic choices and objectives and its CSR policy. Key documents for the provision of information are the Annual Report and the Sustainability Report. At the publication of the half-year and annual figures, Nutreco will hold an analyst meeting and also a press conference at the publication of the annual figures. These meetings, as well as the meetings of shareholders, can be monitored through webcast. In addition, Nutreco regularly features road shows and takes part in conferences for institutional investors as well as for private investors.

Nutreco has also opted for regular interaction with its shareholders. These contacts help Nutreco to get a clear picture of their wishes and thoughts. Nutreco also observes a 'silent' period, during which no road shows and meetings with potential or current investors take place. For the annual figures, this period covers the two-month term prescribed under the rules and regulations. For the interim figures, it covers the term from 1 July up to the day of publication of the interim figures. For the trading updates after the first quarter and after the third quarter, it covers the term from 1 April and 1 October up to the day of the publication of the trading update. Relevant information for potential and current shareholders may be found on the Nutreco website under the link 'Investor Relations'.

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

Dividend proposal 2009

The General Meeting of Shareholders to be held on 1 April 2010 will be recommended to declare a dividend of EUR 1.32 (2008: EUR 1.43) per share for the 2009 financial year. This represents a payout of 45% (2008: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco over the period from 1 January 2009 to 31 December 2009. This dividend payout ratio is the maximum payout percentage within the Nutreco dividend policy to pay out a dividend in the range of 35-45% as adopted at the Annual General Meeting of Shareholders of 2006.

In August 2009 the Company already distributed an interim dividend of EUR 0.20 (2008: EUR 0.40) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.12 can be received in cash or in ordinary shares, chargeable to the share premium account, at the shareholder's option. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend, i.e. 19, 20 and 21 April 2010. Both the cash and the stock dividend will be made payable to shareholders on 27 April 2010.

General Meeting of Shareholders

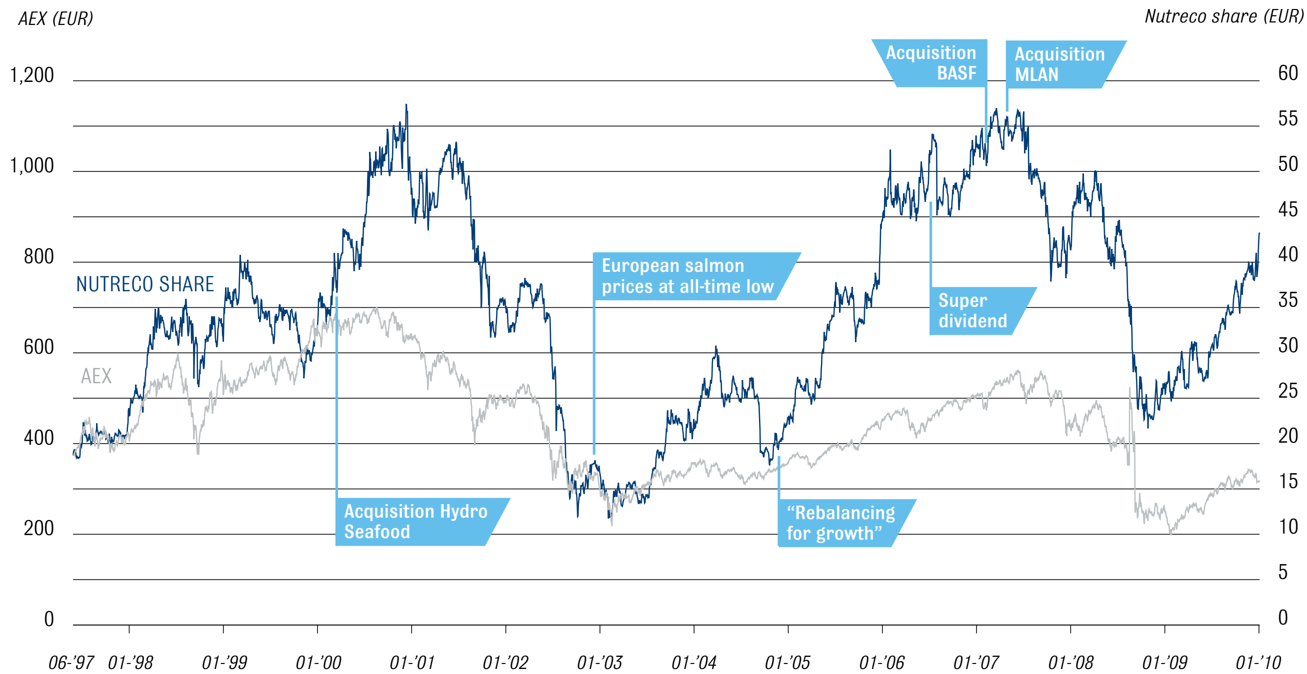
The General Meeting of Shareholders will be held at the NH Barbizon Palace Hotel, Amsterdam, on Tuesday 1 April 2010, at 2.30 pm.

Key figures per share

(EUR)	2009	2008	2007	2006	2005	2004	2004	2003	2002
						IFRS			
Total result for the period	2.61	3.34	3.46	15.19	3.90	2.29	2.13	-4.25	1.91
Total result for the period from continuing operations[1]	2.61	3,02	3.24	3.05	2.63	2.29	2.23	1.91	2.32
Dividend	1.32	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67
Payout[2]	45%	45%	45%	45%	35%	35%	35%	35%	35%
Highest share price	39.29	51.10	56.98	54.75	38.35	30.80	30.80	24.40	39.83
Lowest share price	23.65	21.40	37.87	36.35	20.30	17.60	17.60	11.65	11.54
Closing price	39.29	23.52	39.56	49.39	37.31	20.23	20.23	21.78	17.79
Average number of shares outstanding (x thousand)	34,603	34,358	34,317	34,209	34,498	34,056	34,056	33,342	33,271
Number of shares outstanding (x thousand)	34,995	34,279	34,256	33,906	35,528	34,081	34,081	33,518	33,285
Market value at closing price[3] (EUR x thousand)	1,374,953	806,242	1,355,114	1,674,617	1,288,240	689,459	689,459	730,022	592,140

1 Total result for the period 2002 up to and including 2004 is before amortisation of goodwill and impairment.
2 The payout ratio is calculated on the total result for the period attributable to equity holders of Nutreco excluding book profits and impairment.
3 The market value is calculated on outstanding shares excluding shares held in treasury.

Share price Nutreco vs AEX



Share price and volume development

In 2009 the share price opened at EUR 24.00 while at the end of the year it closed at EUR 39.29, which was an increase of 63.7%. During the same period the AEX and AMX indexes increased by respectively 36.4% and 63.6%.

The average daily trading volume on Euronext Amsterdam in 2009 was 205,862 shares, compared to 310,371 shares per day in 2008.

Important dates

2010

11 February 2010	Publication of the annual results 2009
1 April 2010	General Meeting of Shareholders
7 April 2010	Ex-dividend date
7 April – 21 April 2010	Option period
9 April 2010	Record date
21 April 2010	Determination of the 2008 final dividend exchange ratio
27 April 2010	Declared final dividend payable and delivery of ordinary shares
29 April 2010	Trading update first quarter 2010
29 July 2010	Publication of the half-year results 2010 incl. interim dividend
30 July 2010	Ex-dividend date (interim dividend)
30 July – 13 August 2010	Option period
3 August 2010	Record date
13 August 2010	Determination of the 2009 interim dividend exchange ratio
19 August 2010	Declared interim dividend payable
28 October 2010	Trading update third quarter 2010

2011

10 February 2011	Publication of the annual results 2010
28 March 2011	General Meeting of Shareholders

Statement by the Chief Executive Officer

Dear stakeholder,

We are pleased with the performance in 2009 despite the economic turmoil. Nutreco applied strong measures at the beginning of 2009 to withstand the recession. Our programmes to reduce working capital and operational costs paid off. After a challenging start, we ended the year in a much stronger mode and well positioned for 2010. The development of the overall demand for our products is encouraging. We achieved a strong increase of EBITA in the second half of 2009 compared with the same period in 2008. This positive achievement prompts me, at the beginning of this introduction to our annual report, to thank all our employees for their hard work and enthusiasm which delivered these results.

In 2009, there was a lower demand for feed in some regions, mainly for dairy cows and pigs related to the low milk and pig prices. Farmers quickly adjust to such situations by cost-saving measures, which led to a temporary reduction in animal feed purchases. Our premix and feed specialties business performed well. The fundamentals in the fish feed business are solid, showing strong growth in Norway. The growth in Norway largely compensated the decline in Chile. The demand for fish feed in Chile is reduced due to lower fish numbers as a consequence of the ISA disease in salmon farming. On a positive note measures being implemented by the leading fish farming companies and the Chilean authorities give us good reason to believe recovery is near. Our compound feed business in the Netherlands suffered a major loss at the beginning of the year and measures were taken that restored profitability. In Spain, our poultry business returned to profitability due to good poultry prices and lower feed costs.

New structure and Executive Board gives direct links from board to business. To ensure Nutreco is able to achieve its business ambitions, we implemented a new structure and extended the Executive Board. At the end of the second quarter we decided to structure Nutreco in three divisions. Each division represents a main responsibility area, namely feed premixes and specialties, feeds for aquaculture, and agriculture feeds and meat. These divisions are now managed by Executive Vice-Presidents, who are also members of the Executive Board.
Mr J.B. Steinemann, COO of Nutreco, left the company in June 2009 and is now CEO of Barry Callebaut. We would like to thank him for his inspiration and his valuable contribution to the company.
We would also like to thank Mr Y. Barbieux, whose term on our Supervisory Board and Remuneration Committee comes to an end with the General Meeting of Shareholders of 2010. He has brought wisdom and constructive advice to Nutreco throughout the 12 years of his appointment.

R&D an integral part of our businesses. At the same time, we made the Nutreco research part of the businesses. Being part of the divisions means the research teams will be earlier aware of market needs and sooner able to share technical know-how and innovative concepts. It will improve the ability of the division to drive growth through innovation and will enhance the support to our customers.

Wout Dekker, Chief Executive Officer

We are convinced that the new structure is an important step towards growing our global animal nutrition and fish feed business, creating value for all our stakeholders. Equally it will improve our ability to develop advanced feed solutions.

Acquisitions strengthen market positions. In 2009 we have strengthened our compound feed business in Spain and Portugal with the acquisition of the animal nutrition business from Cargill. This acquisition brings together the number one and three in the Spanish market for animal nutrition. Combining these businesses will create cost savings due to optimisation of production and logistics, and it will bring potential for plant specialisation.
In November we announced the acquisition of a 51% shareholding in Fri-Ribe, a Brazilian animal nutrition and fish feed company, bringing Nutreco a platform to facilitate its further expansion in Brazil. The acquisition perfectly fits in our growth strategy to strengthen our global market positions in feed specialties and fish feed and brings substantial scope for selling Nutreco's feed specialties.
We will further develop our animal nutrition and fish feed business by organic growth and acquisitions, with a particular focus on growth in feed additives.

Doubling food production while halving the footprint. In the longer term, global demand for food is increasing as the global economy recovers and the population numbers continue to rise. There is a great challenge the world faces: producing sufficient food for a growing global population with a growing appetite. Incomes are rising as economies develop. With more money, people consume more protein as meat, fish, milk and eggs. We addressed this challenge directly in the fifth biennial Agri Vision conference that Nutreco organised in June. The main question during this multi-stakeholder conference was: will the world be able to feed and fuel nine billion people in 2050 in a sustainable way?

The sentiment in the conference was that innovation, backed by science and technology, is the key for future food security. Within that nutritional know-how, the ability to use alternative ingredients and to create sustainable feed products has become crucial. Nutreco has the essential experience, knowledge and innovative capabilities to do this. For example, we are exploring feed additives such as enzymes, antioxidants and organic acids to support the use of by-products from the food and biofuel industries in animal nutrition. Potentially feed additives can provide greater feed efficiencies and better animal health, and lessen impacts on the environment.
In 2010 Nutreco will publish its tenth Sustainability Report. For the first time, we will incorporate sustainability targets in the remuneration package of our managers, including clear targets to reduce the CO2 emissions of our operations by half in 2015. Sustainability is becoming a more important part of our business model.

The many initiatives we are involved in mean that Nutreco is heading into the future with confidence and inspiration. Our slogan 'Feeding the Future' shows our ambition to have a leading role in developing advanced feed solutions and to grow our business as we do so. I am confident we are well on track to fulfil that ambition.

Wout Dekker, Chief Executive Officer
1 March 2010

Strategy

Nutreco continues to focus its growth strategy in animal nutrition and fish feed. Our objective is to create sustainable value for all our stakeholders. We aim to achieve growth in our current markets and by building our presence in markets where economic development is transforming patterns of food production and consumption. These changes create a demand for the products and expertise that Nutreco is well positioned to provide. Growth in established Nutreco compound feed markets will take place through participation in the consolidation of the animal nutrition sector.

Nutreco ranks in the top three in revenues and is number six in volumes of the fragmented global animal nutrition industry. We have leading positions in the compound feed industry in Canada, the Netherlands and Spain. The premix and feed specialties market is more consolidated and Nutreco's subsidiary Trouw Nutrition has a number two position in the global premix market. Nutreco's subsidiary Skretting is the number one salmon feed producer with about 38% market share in this consolidated global market and we have leading positions in feed for other fish species.

To grow our business over the long term, our activities and those of our suppliers and customers must be sustainable. Part of the sustainability strategy is to reduce and mitigate climate effects of Nutreco's own operations and in the value chain by supporting and developing criteria for sustainable sourcing of raw materials, by investing in research to reduce methane emissions and by developing sustainable product innovations. Furthermore, Nutreco will continue to invest in good manufacturing practices all over the world and it's Nutreco's target to reduce the CO_2 emission of its plants by 50% by 2015. Nutreco will also continue to initiate industry-wide actions to improve the sustainability in the value chain.

We want to achieve growth by:

1. **Focusing on geographical regions and markets that have the prospect of structural profitable growth; for example countries such as Brazil, China, Russia and Vietnam**

2. **Participating in the industry consolidation process in markets where Nutreco has leading compound feed positions (for example Canada/North America, the Netherlands and Spain)**

3. **Further strengthening our market positions in feed specialties and fish feed, by organic growth and acquisitions**

4. **Executing Nutreco's science and innovation strategy and developing new sustainable products and feed solutions to add value to our customers' businesses and grow Nutreco's products portfolio of higher-margin products**

1. Focusing on geographical regions and markets that have the prospect of structural profitable growth; for example countries such as Brazil, China, Russia and Vietnam

The number of farmed animals in Western Europe is expected to be stable in the coming years. In that time, most of the human population growth is expected to take place in emerging countries. Urbanisation in these countries will result in a diminishing proportion of the population being self-sufficient in food production. Today half of all people worldwide live in cities and that part will increase to 70% in 2050, making more people dependent on food produced by others. In these countries food production currently is mainly backyard farming, but there is a rapid transition to more professional, modern husbandry techniques. These new-generation farmers need feed solutions of the type offered by Nutreco. As incomes rise, so will demand for food and there will be a shift towards animal protein foods. This means that the number of animals in these countries will increase and with that animal nutrition demand will also increase. Other countries, like Russia and Latin American countries, have huge natural resourses with which agricultural products can be produced rather efficiently. Based on this strong competitive position they will become both self-sufficient and exporters of meat and meat products. We will see similar developments in Southeast Asia. The annual market growth in countries like China (7-9%), Brazil (5%) and Russia (5%) is much higher than in Western Europe. Nutreco intends to benefit from these growth trends and will expand its business in these transforming markets. Today Nutreco's presence outside Western Europe is approximately 30%. It is our intention to expand that, with an initial target of 40% in the coming years.

These regions also offer good prospects for growth of our fish feed production and feed specialties, described below under items 3 and 4.

2. Participating in the industry consolidation process in markets where Nutreco has leading compound feed positions (for example Canada/North America, the Netherlands and Spain)

For historic reasons Nutreco has strong positions in compound feed in Western Europe, mainly in Spain and the Netherlands. Through an acquisition in 2007, Nutreco also has a leading market position in Canada. The organic growth in these markets is limited as mentioned before and any growth in market share will come mainly by participation in the industry consolidation process in these countries. Consolidation will bring additional EBITA from synergies and efficiencies, as we expect from the acquisition of 12 compound feed plants of Cargill in Spain and Portugal in 2009.

3. Further strengthening our market positions in feed specialties and fish feed, by organic growth and acquisitions

Nutreco's premix and feed specialties market positions in Western Europe are relatively strong with market shares in the UK, the Netherlands, Belgium and Spain in the range of 20 to 30%. However, the development of professional farming in the emerging economies such as Brazil, China, Russia and Vietnam and in other regions such as Eastern Europe leads to growth in these regions. Because, by their nature, feed specialties require high levels of knowledge and technology, these markets offer interesting opportunities for Nutreco to establish and build a presence.

Fish feed

The volume growth rate worldwide of aquaculture has been sustained, averaging about 8% per annum for over 30 years, while the take from wild fisheries has been essentially flat for the last decade. Measures to reduce the overexploitation of wild catch marine species, combined with a growing demand for high-quality protein, creates a market opportunity that is driving further growth in aquaculture. The proportion of seafood coming from aquaculture is steadily increasing, for example, FAO statistics indicate that in 2008 approximately half of seafood consumed came from aquaculture.

The global demand for farmed fish will continue to grow and therefore the market for fish feed. Skretting, Nutreco's fish feed business, is committed to further strengthening its global market position. Skretting supplies fish feed for more than 40 species and is the global leader in salmon feed. Currently, approximately 75% of its fish feed activities are in salmon feed with a strong presence in all the major salmon farming areas in the world: Norway, Chile, Scotland, Canada and Australia.

Nutreco's fish feed activities for species other than salmon are mainly in Spain, Italy, France and Turkey for species such as freshwater trout, sea bass and sea bream. In Japan Nutreco is involved in the feed production for yellowtail and several other species.

Nutreco intends to expand its fish feed business in Latin America and Southeast Asia and build a sizeable position in these regions in the coming years. The farming of species such as tilapia, pangasius and shrimp is growing rapidly in these areas. In 2009 we made a first step in the production of fish feed for shrimps and tilapia with the acquisition of Fri-Ribe in Brazil. Southeast Asia produces about 80% of all the farmed fish in the world.

Since 2009 we now also have Skretting fish feed produced in Indonesia. The first delivery, of barramundi feed, was in February 2010.

4. Executing Nutreco's science and innovation strategy and developing new sustainable products and feed solutions to add value to our customers' businesses and grow Nutreco's products portfolio of higher-margin products

Feed specialties such as feed additives and highly concentrated premixes are high-margin products. With its experience, knowledge, research and innovation capabilities Nutreco is well positioned to build a portfolio of high-margin products. The margin for these products is in the range of 5 to 10%.

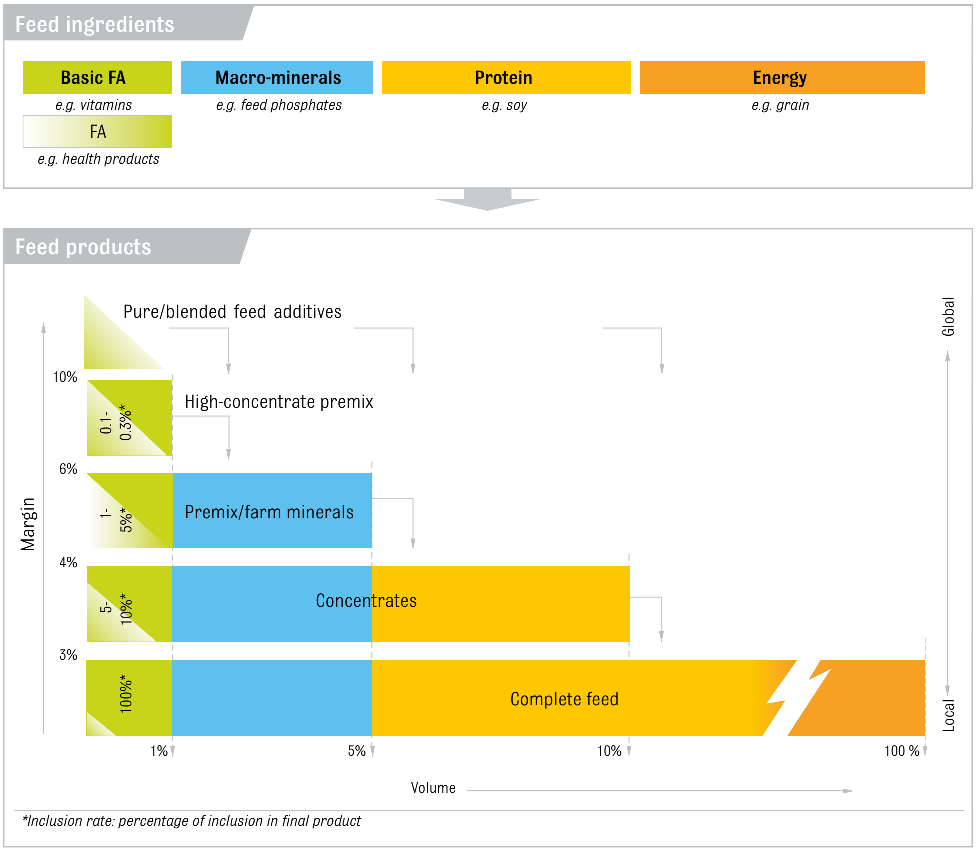
Throughout 2009 the world has been more aware of the food security challenge. Agriculture and aquaculture must increase production volumes over the coming 40 years to feed the predicted population of nine billion in 2050. Increasing prosperity is an additional driver of volume growth in the consumption of meat and fish. Simultaneously there is a growing awareness of the importance of animal health and welfare and the need to produce food that is environmentally and socially sustainable.

In response to these factors, farmers around the world are increasing productivity and shortening production cycles to deliver higher volumes while also making changes to improve animal health and sustainability. Nutreco feed specialties and knowledge will help farmers achieve these objectives through a range of products and with advice programmes geared towards achieving optimum business results. Feed additives, for example, can contribute to sustainable production from available resources while reducing the output of greenhouse gases and other environmental impacts.

Simultaneously, Nutreco is giving attention to improving the sustainability of its own operations and to the sustainability of the raw materials it sources. This is reported in the Sustainability section on page 46.

Premixes and feed additives are added to complete a healthy and nutritious diet. They ensure the presence of nutrients such as vitamins and minerals and contribute to efficiency and health through products such as digestibility enhancers. Due to the low inclusion rates, for example premixes range from 0.1 to 5% of the compound feed, it is economically possible to transport these products over a longer distance than complete feed. Therefore, feed specialties provide an effective means of initiating a Nutreco presence in new areas.

Nutreco's portfolio will grow to higher-margin products



Financial targets

To execute the Nutreco strategy, a strong financial position is important, to fund acquisitions, research & development and initial presence in new markets. Due to our strong balance sheet and market positions we are well placed to grow our business as defined. Organic growth and growth by acquisition will increase the operating result and further improve the return on total invested capital and equity.

Our financial targets are:

- An operating result (EBITA) as percentage of sales of 5%
- A return on capital employed before tax and interest of at least 15%
- A net debt/EBITDA ratio of less than 3
- A net debt/equity ratio maximum of 1
- An interest coverage above 5

Ambitions and strategic objectives

Customers:

efficient and sustainable feed solutions

Ambitions

To offer our customers sustainable and healthy feed solutions for their animals, through a range of products and concepts geared towards achieving optimum business results.

Strategic objectives

- To supply safe products, through the implementation of Nutrace, the unique Nutreco feed-to-food quality standards and protocols.
- To offer innovative products and feed programmes.
- To leverage global purchasing power and nutritional knowledge to create value for customers.
- To conduct our business in an environmentally sustainable manner.

Actions during 2009

- Accelerated the implementation of new insights in the nutritional needs of farm animals, assessed the potential of alternative raw materials and developed more effective ways of managing feed use on farms.
- Demonstrated the effectiveness of feed additives to stimulate the immune systems of land animals and fish.
- Innovations from Nutreco R&D in 2009 led to many new products, product enhancements and improved customer service. Amongst these innovations were MicroBalance™ for salmonid feeds, Novalac, Newton and Rumenac ration calculation models and Fylax® Forte mould inhibitor for raw materials and compound feeds. For more details, see pages 44-45 of this report.
- Expanded the reach of Nutrace and Nutreco Procurement through recent acquisitions.
- Opened a new premix plant near Jakarta, Indonesia. The plant is a stepping stone for Trouw Nutrition in the Southeast Asian region, with potential to develop more opportunities in this growing market.
- Opened a state-of-the-art feed specialties plant in Mozzecane, Italy, that features a high level of environmental responsibility.

Employees:

developing for our future

Ambitions

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

Strategic objectives

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

Actions during 2009

- The global HR Leadership Team continued to share best practices and work together on projects such as P@CT (People & Career Tool) and e-recruitment.
- During the first months of 2009 P@CT was implemented globally in 29 countries and is available in seven languages.
- A new tool for job evaluation was devised to facilitate better international mobility in Nutreco and to support the management development processes.
- We successfully finalised this year our second two-year 'Expanding Horizons' programme, which focuses on developing our international talent.
- Implemented a policy to help management prepare for an outbreak of a highly infectious disease such as influenza caused by the H1N1 virus, also known as the Mexican flu and swine flu.

Shareholders:

creating value by balancing risk and return

Ambitions

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

Strategic objectives

- To create value for shareholders by holding leading positions in animal nutrition and fish feed in combination with an efficient capital and tax structure that leads to a return on capital employed before tax of at least 15%.
- An operating result (EBITA) as percentage of revenues of 5%.
- A net debt/EBITDA ratio of less than 3.
- An interest coverage above 5.
- A net debt/equity ratio lower than 1.
- To pay out a dividend in the range of 35-45% of the result available to holders of ordinary revenues.
- To ensure that communication of share price-sensitive information is timely made, balanced and accurate, and is disseminated in accordance with all applicable legal, regulatory and stock exchange requirements.

Actions during 2009

- Nutreco focused on growth in the higher-margin feed specialties, feed additives and fish feed businesses.
- Acquisitions in animal nutrition and fish feed further strengthened the business for a total consideration of approximately EUR 50 million.
- Nutreco conducted a company-wide programme to reduce working capital and operational costs. Net working capital as % of revenues improved to 3.0% from 5.1% in 2008.
- Improvement of key financial ratios. The net debt/EBITDA ratio strengthened to 1.0 (2008: 1.57) and the net debt/equity to 0.30 (2008: 0.56).

Partners:

being a good partner to all stakeholders

Ambitions

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

Strategic objectives

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

Actions during 2009

- In June 2009 Nutreco organised the fifth Agri Vision conference. This brought together 375 leaders of agribusinesses from 44 countries to hear from 20 top business managers and agricultural scientists during three half-day sessions. The theme of Agri Vision 2009 was the challenge of feeding the world in 2050 with nine billion people and many having higher expectations for animal proteins in their diets.
- Nutreco Procurement established strategic partnerships with suppliers.
- In 2009 Nutreco provided information and cooperated in the production of the first environment report of the European Feed Manufacturers' Federation.

Society:

doubling food production, while halving the footprint

Ambitions

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

Strategic objectives

- To continuously assess and work to improve Nutreco's role in society by increasing the positive contributions and reducing the impacts of its activities.
- To include sustainability targets in the remuneration package of all Nutreco managers, making sustainability an integral part of Nutreco business life.
- To focus on progress in the Nutreco sustainability themes: responsibility towards natural resources including climate change, feed-to-food quality, Nutreco people and investment in the community.

Actions during 2009

- Nutreco developed a sustainability policy. Sustainability targets are included in the remuneration package for 2010 of Nutreco managers, including a clear target to reduce the carbon footprint of the Nutreco operations by half in 2015.
- An Innovation and Sustainability Committee as a Committee of the Supervisory Board was created with three Supervisory Board members.
- Skretting participated in the Salmon Aquaculture Dialogue meeting organised by WWF USA held in Boston, Massachusetts, in March 2009.
- Nutreco was, and is, an active member in the Round Table on Responsible Soy, the Dutch Soya Task Force and the Round Table on Sustainable Palm Oil.
- In February a project in Bangladesh was launched with the aim of helping poor families move out of poverty through integrated agriculture. Nutreco is providing both finance and expertise.

From left to right:
Cees van Rijn, Chief Financial Officer
Wout Dekker, Chief Executive Officer
Frank Tielens, Executive Vice-President Specialties
Knut Nesse, Executive Vice-President Aquaculture
Jerry Vergeer, Executive Vice-President Agriculture

Report of the Executive Board

- Revenue 2009 EUR 4,511.7 million; impact lower volumes limited to 3.7%
- Operating result 2009 EUR 175.2 million; 3.8% lower than 2008
- EBITA second half year EUR 133.6 million; 33.9% higher than last year
- Nutreco secured financing with a syndicated loan and a private placement and maintained a strong balance sheet.
- The acquisition of 12 compound feed plants from Cargill in Spain and Portugal will strengthen Nutreco's leading market position.
- Acquisition of 51% shareholding in Fri-Ribe in Brazil; an excellent platform to facilitate future expansion in one of the most important agriculture growth markets
- Company-wide programmes to reduce working capital and operational costs are contributing to the result
- Strong cash flow by reduction of net working capital by EUR 98 million
- Dividend proposal of EUR 1.32 per share; payout ratio 45%

In an economically challenging year, Nutreco businesses successfully applied several financial measures at the same time as balancing market constraints with good performance. The outcome was an excellent second half with Nutreco entering 2010 well positioned to implement a strategy of organic growth coupled with targeted acquisitions.

Nutreco implemented in 2009 a company-wide programme to control the development of working capital with significantly better cash flows as a result. The net debt decreased by EUR 144.2 million from EUR 367.1 million to EUR 222.9 million at 31 December 2009. Together with the refinancing of Nutreco, through a private placement in the US and a syndicated loan, these actions gave Nutreco a lot of room for acquisitions, enabling the Company to go ahead with acquisitions like those in Spain and Brazil.

In 2010 Nutreco will continue to pursue acquisition opportunities, for example looking to expand fish feed and feed specialities in its target areas of Latin America, Southeast Asia – notably China and Vietnam, and in Russia. At the same time Nutreco will support organic growth in these activities and look for opportunities to participate in the consolidation in markets in North America, the Netherlands and Spain.

Key figures (EUR x million)	2009	2008	Change
Revenue from continuing operations	4,511.7	4,943.1	-8.7%
Operating result before exceptional items and amortisation (EBITA)	175.2	182.1	-3.8%
Operating result from continuing operations (EBIT)	157.9	172.1	-8.3%
Profit after tax from continuing operations	93.0	105.8	-12.1%
Basic earnings per share for continuing operations (EUR)	2.61	3.02	-13.6%
Dividend per ordinary share (EUR)	**1.32**	**1.43**	**-7.7%**

Revenues

Revenue from Nutreco's continuing operations amounted to EUR 4,511.7 million, a decrease of EUR 431.4 million or 8.7% compared with 2008. This decrease was due to price effects (-4.5%), mostly related to passing on lower raw material prices in compound feed prices. The volume development in 2009 was -3.7% compared with 2008, but in comparison with the decline in the first half year (-7.1%) we see a recovery of the volume of 3.4% in the second half year. Acquisitions contributed 0.9% and the foreign exchange effect was -1.4% mainly related to the US dollar.

(EUR x million) **Revenues by segment continuing operations**	2009	2008	Change
Revenues to third parties			
Premix and Feed Specialties	1,000.7	1,069.4	-6.4%
Fish Feed	1,120.4	1,169.9	-4.2%
Compound Feed Europe	949.9	1,219.7	-22.1%
Animal Nutrition Canada	382.6	398.0	-3.9%
Meat and Other	1,058.1	1,086.1	-2.6%
Revenues continuing operations	**4,511.7**	**4,943.1**	**-8.7%**

Acquisitions

Revenue increased by 0.9% due to acquisitions. In 2009 we have strengthened our compound feed business in Spain and Portugal with the acquisition of the animal nutrition business from Cargill, which was approved by the antitrust authorities in November. The acquisition includes Cargill's 12 Spanish and Portuguese compound feed production facilities, with a production volume of around 700,000 metric tonnes and annual revenue of approximately EUR 240 million.

After integration and transformation, the acquired business is expected to contribute a similar operating margin in two years' time as Nutreco's existing compound feed business in Iberia. Combining these businesses will create cost savings due to optimisation of production and logistics and it will bring potential for plant specialisation.

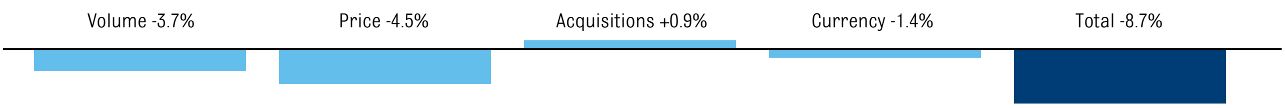
In November we announced the acquisition of a 51% shareholding in Fri-Ribe, a Brazilian animal nutrition and fish feed company, bringing Nutreco a platform to facilitate its further expansion in Brazil. The company has five production plants and six sales offices across the central and northeast of Brazil and had annual revenues of EUR 47 million in 2008.

EBITA

In the full year, EBITA before exceptional items decreased by 3.8% to EUR 175.2 million (2008: EUR 182.1 million). In the second half year of 2009 EBITA before exceptional items increased by 33.9% versus 2008 to EUR 133.6 million.

The Premix and Feed Specialties business had a strong performance in 2009 due to a focus on higher value-added

Revenue development 2009



(EUR x million)	2009	2008	Change
Operating result before exceptional items and amortisation (EBITA) per segment continuing operations			
Premix and Feed Specialties	70.4	84.1	-16.3%
Fish Feed	66.4	67.7	-1.9%
Compound Feed Europe	1.6	29.4	-94.6%
Animal Nutrition Canada	21.8	20.9	4.3%
Meat and Other	34.3	-0.4	-
Corporate	-19.3	-19.6	-1.5%
EBITA continuing operations before exceptional items	**175.2**	**182.1**	**-3.8%**
Restructuring	-11.8	-9.4	
Negative goodwill	11.2	10.2	
Impairment charges	- 7.5	-	
Other	2.9	-	
Total exceptional items	**-5.2**	**0.8**	**-**
Total EBITA continuing operations	**170.0**	**182.9**	**-7.1%**

products. EBITA decreased by -16.3% to EUR 70.4 million (2008: EUR 84.1 million). However, EBITA in 2008 includes EUR 20 million benefits related to favourable raw material positions in a market with increased prices.

Fish Feed reported a 1.9% lower EBITA of EUR 66.4 million compared with EUR 67.7 million in 2008. A strong volume growth in Norway has largely balanced the decline in volumes in Chile, where there is a reduced demand for fish feed due to lower salmon fish volumes as a consequence of the disease situation caused by the ISA virus. Fish feed for other farmed fish species reported results in line with the previous year.

EBITA from Compound Feed Europe amounted to EUR 1.6 million compared with EUR 29.4 million in 2008. The decline in EBITA relates mainly to a one-off loss of approximately EUR 20 million in the Dutch business in the first half year of 2009. Measures have been implemented to restore profitability in the Netherlands. These measures have contributed to an EBITA of EUR 14.5 million in the second half year and a small profit for the full year.

Animal Nutrition Canada's EBITA increased by 4.3% to EUR 21.8 million (2008: EUR 20.9 million). Cost savings after restructuring have resulted in a slightly increased EBITA margin.

Meat and other activities showed an increased EBITA of EUR 34.3 million compared with a small loss of EUR 0.4 million in 2008. Poultry and pork meat business in Spain were the main contributors, showing a strong recovery. The return to profitability for the poultry business was due to lower feed prices and a stable demand. Also the Spanish pig business benefited from lower feed prices than in 2008 and returned to a profit in 2009. The poultry hatchery business in Canada has performed well driven by high demand for eggs used for vaccine production for the pharmaceutical industry.

Exceptional items are items which are non-operational income and/or gains and expenses and/or losses, which in general are not related to the normal course of the business. These are in general restructuring cost, impairment and badwill. Part of the restructuring cost for 2009 is related to the acquisition of the animal nutrition business of Cargill in Spain and Portugal. The negative goodwill occurred only from the acquired business of the animal nutrition business of Cargill in Spain and Portugal. The impairment charges are mainly related to the acquired assets of Maple Leaf Animal Nutrition (2007) in Canada and of Cargill (2009) in Spain.

The restructuring costs for 2008 are mainly related to the acquisition of Copaga and Marine Feed and the negative goodwill occurred from the acquisitions of Marine Feed, Copaga and Biofactory.

(EUR x million)	2009	2008	Change
Total result for the period			
EBITDA	**222.7**	**233.5**	**-4.6%**
Depreciation	-52.7	-50.6	-4.2%
EBITA	**170.0**	**182.9**	**-7.1%**
Amortisation	12.1	10.8	0.9%
Operating result (EBIT) from continuing operations	**157.9**	**172.1**	**-8.3%**
Financial income	5.9	6.3	
Financial expenses	-38.3	-38.1	
Foreign exchange result	0.8	0.6	
Net financing costs	**-31.6**	**-31.2**	**1.3%**
Share in results of associates	1.4	2.1	
Result before tax from continuing operations	**127.7**	**143.0**	**-10.7%**
Income tax expense	-34.7	-37.2	
Result after tax from continuing operations	**93.0**	**105.8**	**-12.1%**
Result after tax from discontinued operations	-	11.1	
Gain on sale of discontinued operations, net of income tax			
Result after tax from discontinued operations	**-**	**-**	
	-	11.1	
Total result for the period	**93.0**	**116.9**	**-20.4%**
Attributable to:			
Equity holders of Nutreco	90.3	114.8	
Minority interest	2.7	2.1	
Total result for the period	**93.0**	**116.9**	**-20.4%**

Net financing costs in line with 2008

Net financing costs from continuing operations amounted to EUR 31.6 million (2008: EUR 31.2 million).

Financial income decreased to EUR 5.9 million (2008: EUR 6.3 million), for the larger part due to lower short-term interest rates.

Financial expenses were in line with EUR 38.3 million (2008: EUR 38.1 million); higher long-term interest rates compensated an on average lower debt. The increased expenses are a consequence of the refinancing in 2009. Financial expenses include the dividend of EUR 3.6 million (2008: EUR 4.5 million) on the cumulative preference shares. The foreign exchange result amounts to EUR 0.8 million (2008: EUR 0.6 million).

Income tax expense

Income tax expense on continuing operations decreased from EUR 37.2 million to EUR 34.7 million. The effective tax rate in 2009 was 27.2% for continuing operations (2008: 26.0%). The effective tax rate in 2010 is expected to be 26 to 28%.

Result for the period

The result after tax from continuing operations decreased to EUR 93.0 million from EUR 105.8 million. Basic earnings per share for continuing operations were 13.6% lower at EUR 2.61 (2008: EUR 3.02). The result for the period attributable to equity holders of Nutreco was EUR 90.3 million (2008: EUR 114.8 million).

Cash flow and investments

The net cash from operating activities improved from EUR 98.0 million to EUR 267.0 million. This was mainly the result of a strong improvement in working capital. The decrease in working capital was EUR 98.4 million compared to an increase of EUR 51.7 million in 2008. The improvement was amongst others the result of a company-wide programme to reduce working capital and of lower raw material prices compared with last year. Further improvement to the cash flow came with the reduction in capital expenditure. The capital expenditure declined from EUR 90.2 million to EUR 54.1 million in 2009. Nutreco invested in new production facilities in Italy, Indonesia and Poland for premix and feed specialties. In fish feed a new plant was opened in Turkey.

Furthermore, Nutreco invested in projects to improve efficiency and in upgrading and replacement projects.

Strong cash position and capital structure

In comparison with the previous year, net debt decreased by EUR 144.2 million to EUR 222.9 million (2008: EUR 367.1 million) mainly to the reduction in working capital. The total equity on 31 December 2009 was EUR 740.7 million (2008: EUR 665.5 million). The net debt/EBITDA ratio declined to 1.00 compared with a ratio of 1.57 in 2008. Also the net debt/equity ratio improved from 0.56 to 0.30 at 31 December 2009.

On 8 April 2009, Nutreco issued USD 150 million in senior notes in a private placement in the United States of America. The notes have been partly used to repay the maturing USD 46 million tranche of the notes that were issued in 2004 and to refinance existing bank debt by long-term debt. The senior notes consist of three tranches with maturities of five, seven and ten years and are placed with six institutional investors. On 20 May 2009, Nutreco successfully refinanced its existing revolving credit facility, which would have matured in March 2010. The new facility amounts to EUR 550 million and has a maturity of three years. The facility is supported by an international group of banks.

With both the private placement and the new revolving credit facility, Nutreco has extended its debt maturity profile and ensured extra liquidity.

Dividend in line with policy of 45% payout

The General Meeting of Shareholders to be held on 1 April 2010 will be recommended to declare a dividend of EUR 1.32 (2008:1.43) per share for the 2009 financial year. This represents a payout of 45% (2008: 45%) of the total result attributable to holders of ordinary shares of Nutreco over the period from 1 January 2009 to 31 December 2009, excluding impairment and the book result on disposed activities. This dividend payout ratio is the maximum payout percentage within the Nutreco dividend policy to pay out a dividend in the range of 35 to 45% as adopted at the Annual General Meeting of Shareholders of 2006.

In August 2009, the Company already distributed an interim dividend of EUR 0.20 (2008: 0.40) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.12 can be received in cash or in ordinary shares, chargeable to the share premium account, at the shareholder's option. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend, i.e. 19, 20 and 21 April 2010. Both the cash and the stock dividend will be made payable to the shareholders on 27 April 2010. It is Nutreco's intention to purchase the necessary shares on the market.

Strategic agenda 2010 and outlook

Nutreco will continue to focus on growth in animal nutrition and fish feed. In 2010 Nutreco will:

- Focus on new geographic regions and markets with the perspective of structural profitable growth in countries like Brazil, China, Russia and Vietnam
- Participate in the industry consolidation process in markets where it has leading positions (Canada/North America, Netherlands and Spain)
- Further strengthen its global market positions in feed specialties and fish feed by organic growth and acquisitions
- Execute its science and innovation strategy and develop new sustainable products and feed solutions to add value to its customers' business and grow its product portfolio to higher-margin products

Although the economic environment continues to be uncertain, we believe that our business model and spread of activities provide stability in these challenging times. Barring unforeseen circumstances, Nutreco expects EBITA before exceptional items in the first half year of 2010 to exceed EUR 50 million (2009: EUR 41.6 million). Nutreco will also increase the investments in capacity expansion and plant optimisation related to volume growth and the acquisition of the compound feed plants that were acquired from Cargill in Spain and Portugal. The capital expenditure in 2010 is therefore expected to be higher than depreciation level. An outlook for the second half year 2010 will be provided at the interim results at 29 July 2010. The majority of Nutreco's result is generated in the second half of the year.

Nutreco remains focused on achieving the medium-term target of an EBITA of EUR 230 million by the end of 2012.

Operational developments

Nutreco business segments

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

Premix and feed specialties

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

Fish feed

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

Compound feed

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

Meat and other

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

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

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

The table below outlines Nutreco's core activities and presence in 2009:

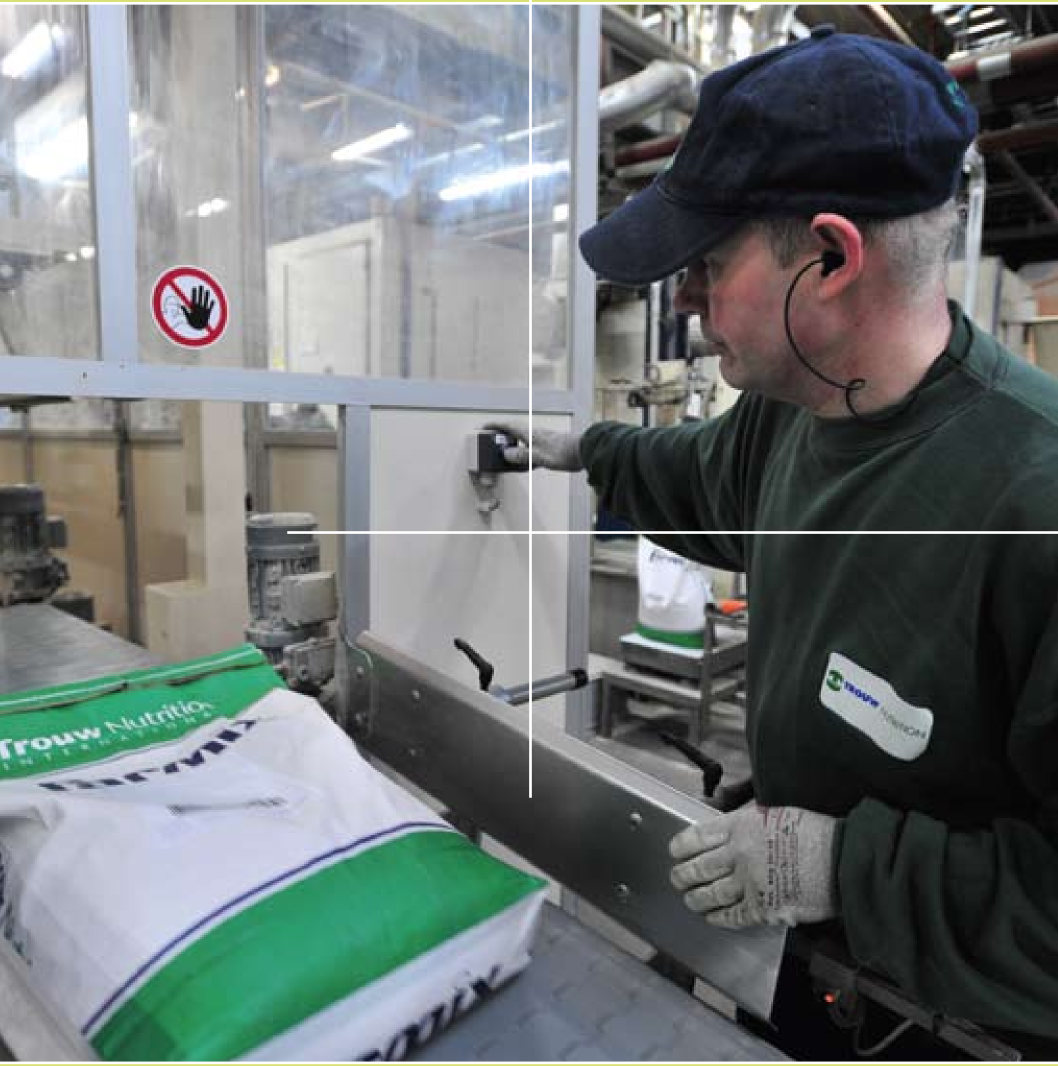
	Premix and Feed Specialties	Fish Feed	Compound Feed Europe	Animal Nutrition Canada	Meat and Other
Sales 2009 EUR million	1,001	1,120	950	383	1,058
Geographical spread	Worldwide	Worldwide	Benelux, Germany, Spain	Canada, USA	Spain, Canada
Market position	Global no. 2 position in premix with 12% market share	Global no. 1 in salmon feed with 38% market share	No. 2 in Benelux with 12% market share and no. 1 in Spain with 13% market share	No. 1 in Canada with 23% market share	No. 1 in poultry in Spain with 28% market share
Customers	Feed compounders, integrators, distributors, home-mixers	Fish farmers	Livestock farmers	Livestock farmers	Retail, wholesale, food industry, food service, poultry farmers
Nutreco main brands	Trouw Nutrition	Skretting	Hendrix, Nanta	Shur-Gain, Landmark	Sada

Operational developments

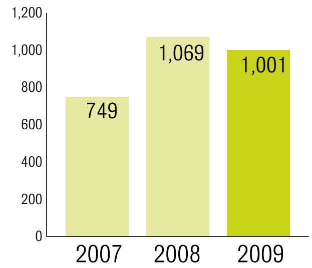
Premix and Feed Specialties

Nutreco's premixes and feed specialties products are produced by its subsidiary Trouw Nutrition International (Trouw Nutrition). Essential for premix and feed specialties products is a successful formulation of feed ingredients. Premix and feed additives are added to grains and soy, the main raw materials of compound feed, to compose a healthy and nutritious diet. The products are sold to feed compounders, integrators, distributors and home-mixers, as well as the companion animal industry. Supported by a comprehensive distribution network, Trouw Nutrition supplies markets across Europe, the Americas and Asia.

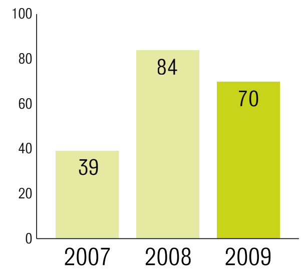
Trouw Nutrition works in close liaison with seven Nutreco research centres on the development of innovative premix and specialty products.



Revenue development Premix and Feed Specialties
(EUR x million)



EBITA development Premix and Feed Specialties
(EUR x million)



Key figures (EUR x million)	2009	2008	Change
Revenue (third parties)	1,000.7	1,069.4	-6.4%
EBITDA*	79.2	92.9	-14.7%
EBITA*	70.4	84.1	-16.3%
Operating margin (EBITA*/revenue)	7.0%	7.9%	
Average capital employed	231.1	251.3	-8.0%
ROACE (EBITA/ACE)	30.5%	33.5%	

** Before exceptional items*

Market position and industry characteristics

About half of the global premix market is estimated to be supplied by DSM, Trouw Nutrition, Provimi and Evialis. The rest of the market is in hands of a number of regional producers. Trouw Nutrition's global market share in premixes is approximately 12%. Main suppliers are DSM, BASF, Evonik and Adisseo. The markets for young animal feed, innovative feed additives like pro- and pre-biotics and the nutritional animal health products are still very fragmented.

Strategy

Trouw Nutrition aims to expand its global market position in premix and feed specialties. The growth strategy for existing product ranges focuses on capturing leading market positions by means of acquisitions and organic growth. Trouw Nutrition's major expansion focus is in Brazil, Russia and China. Trouw Nutrition is further working to include R&D in the business process and improve innovation.

Production and marketing

The products of Trouw Nutrition are sold with a wide range of brands. Trouw Nutrition is the well known brand for premixes and Maxcare for farm minerals. For the young animal feed including milk replacers, Milkiwean, Milkivit, Milkinal Syncrono, Sprayfo and Nuklo Spray are the main product brands. In the animal health segment, Trouw Nutrition sells with Perfexan brand. Major feed ingredients brands are Betain™, Selko, Optimin, Fibosel and NovaSil Plus. Laboratory services are supplied with MasterLab brand. In 2009 Trouw Nutrition established a central Commercial Technical Department to steer the marketing, branding and product launching activities. Trouw Nutrition has 18 production facilities in Europe and Russia and 14 plants in the Americas. Furthermore, Trouw Nutrition counts four plants in Asia and one joint venture in Egypt. Trouw Nutrition has a total annual production of about 1.2 million metric tonnes. The total workforce of Trouw Nutrition is approximately 3,150 employees including the acquired business of Fri-Ribe.

Operational developments 2009

The Premix and Feed Specialties business reported a 6.4% decrease in revenue compared with 2008. The decline in volumes was 5.6%. Due to increasing raw material prices in 2008 we saw a period of stocking in 2008, which was followed by a destocking in 2009. The volumes were also affected by the global economic crisis, although we noted a recovery in the second half of 2009. Prices were on average 1.4% higher and the impact of acquisitions was 2.1%. The foreign exchange effect was -4.3%.

EBITA decreased by -16.3% to EUR 70.4 million (2008: EUR 84.1 million), but EBITA in 2008 included EUR 20 million of benefits related to favourable raw material positions in a market with increasing prices. The EBITA margin of 7.0% was above the normalised 6% in 2008, thanks to the procurement initiative and a focus on product mix with higher margins.

In 2009, Nutreco announced an acquisition of a 51% shareholding in Fri-Ribe in Brazil. The company is active in the production and sales of premixes, farm minerals, compound feed, horse feed, pet food and fish feed. Fri-Ribe is an important player in Brazil for shrimp and tilapia fish feed. The company has five production plants and six sales offices spread across the central and northeast of Brazil.

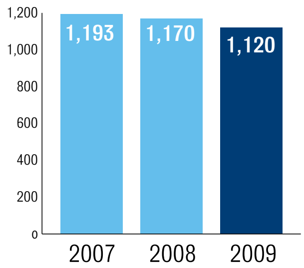
Nutreco has disposed its pet food business in Belgium. Restructuring programmes were executed at Trouw Nutrition Spain, Sloten, MasterLab and CE Europe. A new production plant was inaugurated in Italy. This new feed specialties plant integrates and will replace the production of the Trouw Nutrition plant in Bussolengo and the former BASF plant in Comun Nuovo, acquired in 2007. Hence, Nutreco captures synergies while the location facilitates synergies between Trouw Nutrition feed specialties and Skretting fish feeds. The plants in Poland and Indonesia were expanded and relocated.

In the innovation area, Fylax Forte was launched worldwide as a more effective mould inhibitor. In the farm mineral line, Maxcare, all-in-one, is a new proposition that combines all micro-ingredients in one product. In the Netherlands, Salar, salmon oil, was newly launched as a nutritional supplement for animal nutrition.

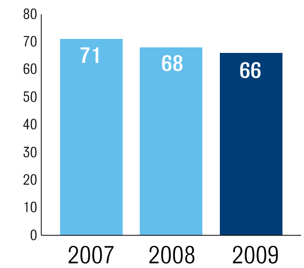
Fish Feed

Nutreco's subsidiary Skretting has business units on five continents producing fish feed in 12 countries with sales in over 40 countries. Skretting produces and delivers high-quality feeds from hatching to harvest for more than 50 species of farmed fish. All grower feeds have the underlying drive to deliver the lowest feed cost per kilogram produced fish of excellent quality. Global experience combined with a world-class aquaculture research centre positions Skretting as the world leader in fish feed.

Revenue development Fish Feed
(EUR x million)



EBITA development Fish Feed
(EUR x million)



Key figures (EUR x million)	2009	2008	Change
Revenue (third parties)	1,120.4	1,169.9	-4.2%
EBITDA*	83.0	83.7	-0.8%
EBITA*	66.4	67.7	-1.9%
Operating margin (EBITA*/revenue)	5.9%	5.8%	
Average capital employed	292.7	297.3	-1.5%
ROACE (EBITA/ACE)	22.7%	22.8%	

** Before exceptional items*

SKRETTING

Market position and industry characteristics

Skretting is the number one feed supplier for all principal salmon farming markets with a global market share of about 38%. The top three salmon feed producers including Skretting, EWOS (32%) and Biomar (22%) account for more than 90% of the total global salmon feed market volume.
The production of fish feed needs its own knowledge and R&D requirements. First because of the complexity of the extrusion process needed for fish feed production. Secondly due to the required knowledge on raw materials that is essential to replace scarce raw materials like fishmeal and fish oil in the formulation.
Fish farming has gone through rapid development during recent decades, in pace with higher growth of fish consumption compared to other animal-derived proteins. The principal markets for salmon and seawater trout are Norway and Chile, where 80% of the global farmed salmon is harvested. Other principal countries for farmed salmon are Scotland, Canada, Australia, the USA and Ireland. The average annual growth in salmonid feed in 1998-2009 was more than 5% on average. In 2008 and 2009 we saw a global decline in salmon feed volumes as an enduring consequence of the ISA virus in Chile in salmon farming. ISA is a disease which has led to a substantial reduction in the production of Atlantic salmon in 2009. However, the decline in Chile was largely balanced by growth in Norway and the other regions.
In the feed industry for farmed marine species such as sea bass, sea bream, yellowtail and barramundi, many feed players are operating on a regional or national scale. Nutreco has strong market positions in feed for marine species in Spain, France, Italy, Greece, Turkey, the USA, Australia and Japan. With the acquisition of Fri-Ribe in 2009, a leading position in Brazil for shrimp and tilapia feed was also added.

Strategy

Skretting aims to stay in the market leading position in fish feed within all regions and segments. In order to achieve this, Skretting works on qualitative unique product concepts that are driven by innovation, food safety and sustainability. Nutreco will focus on acquisitions in fish feed for non-salmonids and in new regions like China and Vietnam.

Production

Skretting has 17 fish feed factories in Australia, Canada, Chile (only one was up and running through 2009), France, Ireland, Italy, Japan, the USA, Norway, Spain, Turkey and the UK, and a dedicated R&D centre in Norway. Skretting has a comprehensive range of diets available to suit all needs of fish farmers. They are grouped into three types, tailored to suit the different lifecycle of the fish: Optimised Nutrition, Proactive Nutrition and Specific Nutrition. Optimised Nutrition provides all the feeds that meet the needs of fish under normal conditions, when the production conditions are optimal and the fish are healthy and strong, to deliver the high growth potential of the fish. Proactive Nutrition prepares fish for challenging times. This could be stress resulting from higher temperatures, handling and grading or if there is an infection in the region. Specific Nutrition provides the fish with nutrition that will give them the best opportunity to withstand the effects of a disease, environmental challenges or for those times when you must take specific quality and end-market requirements into consideration. Each formulation features nutrition specific to the challenge the fish are exposed to.
Skretting produced approximately 1.3 million tonnes of fish feed in 2009, of which about 75% was dedicated to salmon feed and seawater trout. The remaining 25% represents freshwater trout and eel and marine feeds such as sea bream, sea bass, yellowtail, barramundi, turbot, halibut and cod.

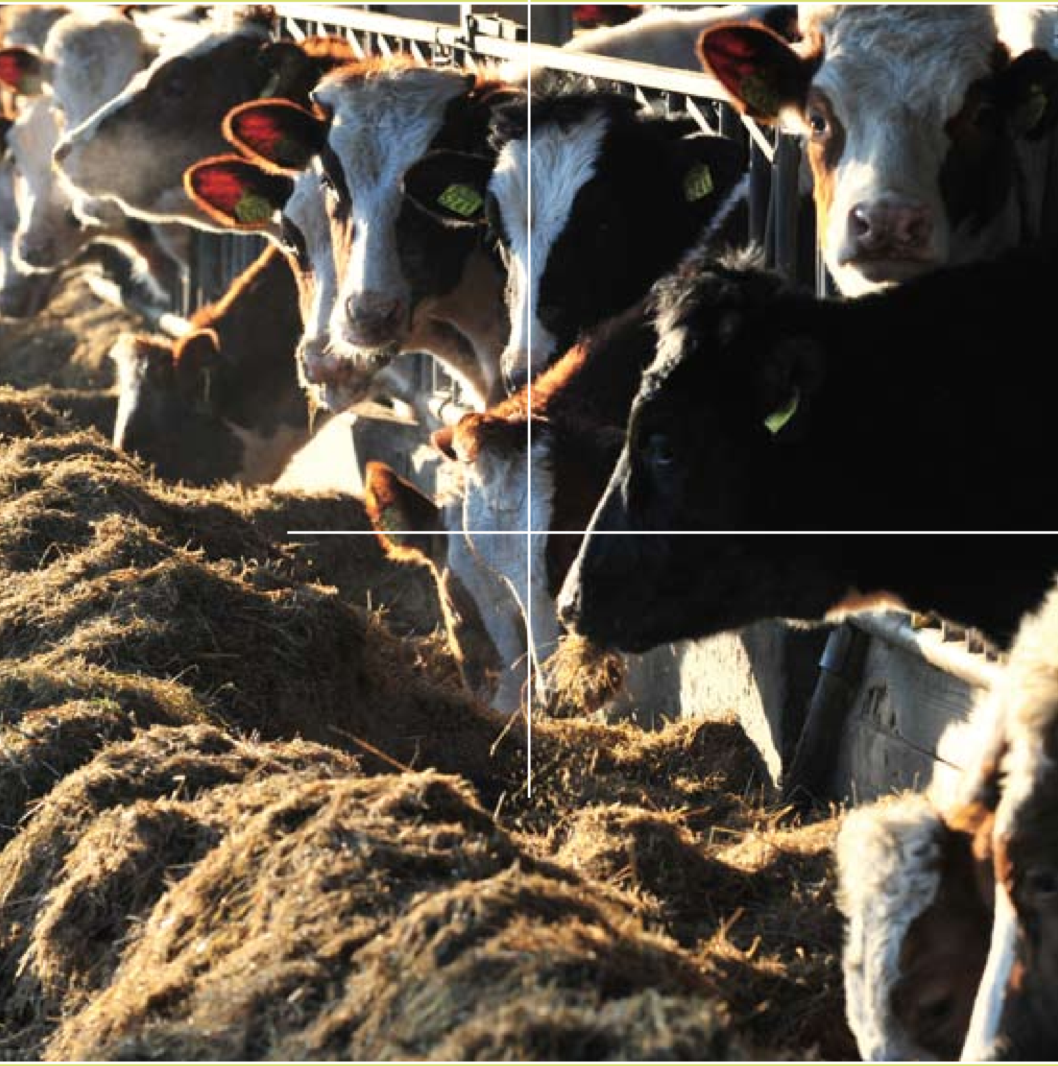
Operational developments 2009

The revenue in Fish Feed decreased by 4.2% to EUR 1,120.4 million compared with 2008 as a result of a -3.3% lower volume and a -1.7% foreign exchange effect. The impact of prices was limited (0.7%), mainly due to passing on higher raw material costs. The contribution from acquisitions was small (0.1%). A strong volume growth in Norway is largely compensating the decline in volumes in Chile, where there is a reduced demand for fish feed as a consequence of the ISA disease in salmon farming.
EBITA decreased by -1.9% to EUR 66.4 million (2008: 67.7 million), mainly due to lower feed volumes in Chile. In Chile, Skretting mothballed two of its three fish feed plants to optimise the effective utilisation of the production capacity and operating costs. Fish feed for farmed species other than salmon performed in line with last year. In September, Skretting opened a new production plant in Turkey for the production of fish feed for freshwater trout, sea bass and sea bream.
Skretting has succeeded in reducing the inclusion of fishmeal in salmon grower diets to 15% from 40% five years ago. This will be implemented in Skretting feed formulations starting from 2010. Skretting aims to achieve a 0% fishmeal inclusion further on, to reduce our dependecy on marine raw materials. Skretting has also developed new diets to prevent lice infection as a part of the Skretting proactive nutrition concept. The new feed helps the fish resist infection by lice. Furthermore, Skretting has reintroduced medicated lice feed which contains Teflubenzuron. Skretting's SEA programme coordinates sustainability actions in Skretting. SEA stands for Sustainable Economic Aquafeeds and is Skretting's commitment for improving the sustainability of aquaculture. In 2009 the SEA programme was launced in Chile and Italy, after a successful implementation in the UK and Norway.

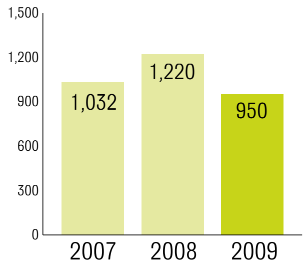
Operational developments

Compound Feed Europe

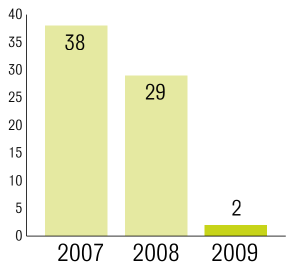
Nutreco delivers under its brands Nanta and Hendrix a broad range of high-quality products and feed solutions primarily for poultry, pigs and ruminants, but also for horses, rabbits, goats, sheep and other farmed species. Nutreco also offers the farmer total farm management advice. This enables farmers to improve their business process, resulting in improved profitability with a strong focus on quality, efficiency and reduction of the environmental impact.



Revenue development Compound Feed Europe
(EUR x million)



EBITA development Compound Feed Europe
(EUR x million)



Key figures (EUR x million)	2009	2008	Change
Revenue (third parties)	949.9	1,219.7	-22.1%
EBITDA*	12.9	39.9	-67.7%
EBITA*	1.6	29.4	-94.6%
Operating margin (EBITA*/revenue)	0.2%	2.4%	
Average capital employed	110.2	113.7	-3.1%
ROACE (EBITA/ACE)	1.5%	25.9%	

** Before exceptional items*

HENDRIX

NANTA

Market position and industry characteristics

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

In Europe, the major feed producers are active on a national scale, often as cooperatives. We see some trends of consolidation. In 2009, Nutreco acquired Cargill Animal Nutrition in Spain and Portugal, to strengthen Nutreco's leading market position and to play an active role in the consolidation of the Iberian feed industry.

The Dutch compound feed market is fairly concentrated; the six largest producers out of approximately 120 players account for 65% of the total market. The Dutch and German compound feed market has strongly positioned cooperatives (+/-50%) of the market, while the Belgian industry is mainly in hands of private companies (80%). Hendrix has a leading position in the Benelux with a market share of 12%. Main competitors are Cehave (11%) and Agrifirm (7%) (planning to merge), De Heus (11%) and For Farmers (7%). Some of these companies also supply substantial volumes to the German market.

The Iberian compound feed industry is fragmented; ten out of approximately 900 players account for about 35% of the total volume. The Iberian market is a multi-species market with a great importance in pig and poultry. Nanta is market leader in Iberia with an overall market share of 13% and a nationwide presence, strengthened by the acquisition of Cargill Animal Nutrition. Main competitors are Vall Co. (4%), Guissona (4%), Nuter (3%) and Coren (3%).

Strategy

Responding to the ongoing industry consolidation, a smaller number of farms coupled with increasing farm size, Nutreco took an important step in Iberia in 2009 by the acquisition of Cargill Animal Nutrition. Nanta will execute the integration programme to capture the foreseen synergies, which was the main reason for acquiring the Cargill businesses in Iberia. In the Benelux, in the wake of the shift of farm size and total number, Hendrix will further focus on its target customer segments and rationalise the market approach for the non-target segments.

Production

Nutreco compound feeds in Europe are produced by the Hendrix companies in the Netherlands, Belgium and Germany, and by Nanta and newly acquired Cargill plants in Spain and Portugal. A network of production sites, sales offices and dealers provides a strong presence in these markets. Hendrix operates ten compound feed plants with an annual production volume of about 2.5 million tonnes with approximately 700 employees. Nanta and Cargill Animal Nutrition in Iberia together operate 28 compound feed plants with an annual production volume of about 3.5 million tonnes, which includes the supply to Nutreco's meat businesses in Spain. There are about 1,000 employees engaged in the compound feed activities in Spain and Portugal.

Operational developments 2009

The revenue of Compound Feed Europe was EUR 269.8 million lower compared to 2008 (-22.1%). In comparison with 2008, sales prices decreased by 17.3% due to lower grain and soy prices. Volumes decreased by 6.4% due to a lower demand for feed for dairy cows and pigs mainly related to the low milk and pig prices and an overall stagnation of the demand in Spain. When milk and pig prices are lower, farmers focus more on cost savings. During the year we saw a recovery in volumes in comparison with 2008 to -4.1% in the second half year from -8.3% in the first half year. The acquisition impact on revenues was 1.6% (Spain).

EBITA was significantly lower compared to 2008, mainly due to a one-off loss of EUR 20 million in the Netherlands. In the first quarter of 2009, an operational loss related to purchase positions in raw materials was reported. Measures have been implemented to restore profitability and management has been changed. The results have recovered in the second half of 2009.

An important milestone for the year was the acquisition of Cargill Animal Nutrition in Iberia, which was approved by the antitrust authorities in November. The acquisition includes Cargill's 12 Spanish and Portuguese compound feed production facilities, with a production volume of around 700,000 metric tonnes, annual sales of approximately EUR 240 million and 422 employees. After integration and transformation, the acquired business is expected to contribute a similar operating margin in two years' time as Nutreco's existing compound feed business in Iberia. The total consideration for this acquisition is approximately EUR 40 million which includes integration, restructuring and transformation costs and investments in production locations in the next two years.

Hendrix launched a new piglet feed programme, ALPHA, in February, providing premium piglet feed for healthier growth and better feed utilisation. Furthermore, Hendrix has launched a patented fermented liquid feed to improve pigs' intestinal health. Nanta worked during 2009 on the better use of raw materials such as soya, wheat and DDGs (Distillers Dried Grains).

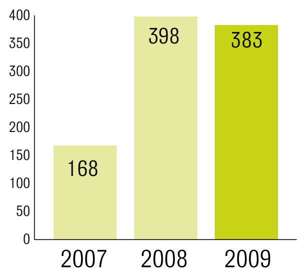
Operational developments

Animal Nutrition Canada

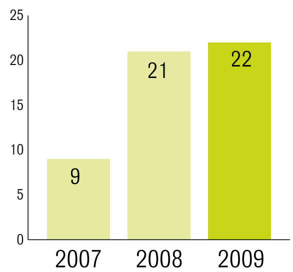
The Nutreco Animal Nutrition business in Canada is well known by its Shur-Gain and Landmark Feeds brands. It is a leading company in animal nutrition technology and offers a wide range of products. Shur-Gain operates in the Central and Eastern regions of Canada and in New York State, USA. Landmark Feeds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

The animal nutrition products of Nutreco in Canada include premixes, concentrates, compound feed, feed specialties and animal health products. Furthermore, Nutreco Canada produces pet food for both private labels for the grocery markets and branded products.

Revenue development Animal Nutrition Canada
(EUR x million)



EBITA development Animal Nutrition Canada
(EUR x million)



Key figures (EUR x million)	2009	2008	Change
Revenue (third parties)	382.6	398.0	-3.9%
EBITDA*	26.8	25.8	3.9%
EBITA*	21.8	20.9	4.3%
Operating margin (EBITA*/revenue)	5.7%	5.3%	
Average capital employed	241.1	250.2	-3.6%
ROACE (EBITA/ACE)	9.0%	8.4%	

** Before exceptional items*

Landmark Feeds

Market position and industry characteristics

The North American animal feed industry (US and Canada) is the largest in the world. The Canadian animal feed industry is estimated at about 22 million tonnes in compound feed equivalents (CFE) in 2009, representing about 3% of the global animal feed industry. Poultry and dairy production is supply-managed by quota in Canada, resulting in a relatively stable feed demand. Swine and beef production are not controlled by quota.

The Canadian animal feed market is mainly supplied by regional feed producers. Nutreco Animal Nutrition Canada, which has a nationwide presence, has a total market share of about 23%. Nutreco's main competitors in Canada are Ridley, Cargill and Viterra.

In New York State, Nutreco Canada produces feed for dairy cows and holds a market share of about 18%.

Strategy

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

Production

Customers in Canada are served from 12 animal feed and premix manufacturing facilities for swine, beef and dairy cows and poultry with an annual production of about 1.1 million tonnes. Shur-Gain is supported by an extensive dealer network in both Ontario and Quebec. Nutreco Canada has a dedicated pet food plant producing private label and branded products in St. Marys, Ontario. In Strykersville, New York State, USA, Nutreco Canada operates a plant producing Shur-Gain feed for dairy cows.

Operational developments 2009

The revenue in 2009 of Animal Nutrition Canada was EUR 382.6 million compared with EUR 398.0 million in 2008 (-3.9%). The decline was due to lower volumes (2.1%) and slightly lower prices (0.9%) compared to 2008. The foreign exchange effect was -0.9%. The revenues in poultry feed and feed for dairy cows were relatively stable, while the volume of swine feed declined due to ongoing low pork prices, which made farmers decide to grow fewer pigs.

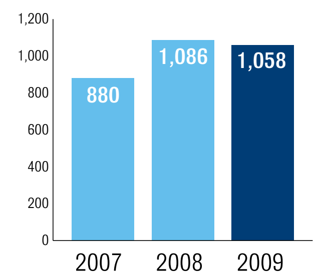
EBITA of Animal Nutrition Canada in 2009 was slightly higher compared to 2008. The lower results in swine feed were compensated by the strong results in the poultry feed, feed for dairy cows and pet food business. The cost savings after restructuring measures have resulted in a slightly increased operating margin.

Operational developments

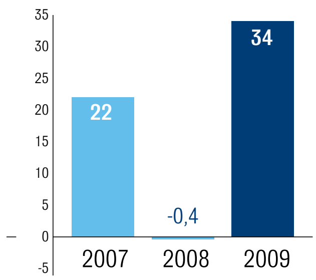
Meat and Other

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

Revenue development Meat and Other
(EUR x million)



EBITA development Meat and Other
(EUR x million)



Key figures (EUR x million)	2009	2008	Change
Revenue (third parties)	1,058.1	1,086.1	-2.6%
EBITDA*	43.8	8.5	415.3%
EBITA*	34.3	-0.4	
Operating margin (EBITA*/revenue)	3.2%	0.0%	
Average capital employed	198.6	200.3	-0.8%
ROACE (EBITA/ACE)	17.3%	-0.2%	

** Before exceptional items*

SADA

Market position and industry characteristics

With a market share of 28%, Sada is the number one poultry producer in Spain. Its main competitors are Vall-Doux (11%), Coren (7%), Uvesa (5%) and Avícola Navarra (4%). In the pig farming industry in Spain, Inga Food has a market share of 1.4%. Nutreco Canada has a leading position in the production of one-day-old chicks, with a market share of 34% in Canada. The Canadian poultry market is supply-managed and regulated by a quota system. It is a stable market and grows in relation to the domestic demand.

Strategy

Sada is focused on stepping up alignments with major retailers, which is approximately 50% of the revenues in Spain. In this regard, fresh packed and value-added poultry products play an important role and offer the best possibility in combination with cost plus agreements to reduce volatility of the results. Value addition is achieved through innovative and flexible product development and close collaboration with the customer. Sada will also strengthen the sales to the food service segment.

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

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

Production

Sada is the Spanish market leader in chicken meat products and is well known for its brands Sada and Cuk. The majority of its products is sold to consumers through supermarkets and hypermarkets. Sada has ten processing facilities throughout Spain with a total annual production of about 150 million broilers. Almost 94% of the production relates to fresh products and about 6% to frozen products. More than 50% of the products are value-added products. Sada has ten processing plants in Spain and has approximately 3,500 employees.

Inga Food is a pig farming company in Spain producing over 820,000 pigs per year. These animals are raised by contracted farmers throughout Spain. Inga Food has 41 employees.

In Canada, Nutreco owns four poultry hatcheries and 50% of a joint venture producing a total of 75 million one-day-old chicks in the Eastern region. The hatchery businesses are closely linked with the sale of poultry feed products to producers in the region. In Quebec, one of the hatcheries is dedicated to the production of embryonated eggs for the pharmaceutical industry (Les embryons Lanaudière).

Operational developments 2009

Meat and other activities reported a 2.6% lower revenue of EUR 1,058.1 million, mainly related to slightly lower pig and poultry prices (-2.8%). The volumes were slightly higher (0.1%) than last year's level as well as the acquisition effect (0.1%). Revenue in Canada was better due to an increased volume of eggs for H1N1 vaccine production.

EBITA increased to EUR 34.3 million from a small operating loss in 2008 mainly due to a strong recovery of the poultry activities in Spain. The return to profitability was due to lower feed prices and a stable demand for poultry meat. Also the Spanish pig business benefited from lower feed prices than in 2008 and returned to a profit in 2009. The poultry hatchery business in Canada has benefited from the high demand related to pharma egg business.

In Spain Sada launched a new packaging system, based on new PET technology, 100% recyclable and more environment-friendly.

Innovation

Taking a lead in efficient and sustainable feed solution

The Research & Development activities in Nutreco were reorganised in a way that brought research into closer coordination with the businesses of Nutreco. Liaison between research leaders ensures R&D teams continue cooperation and knowledge sharing across Nutreco. A theme that runs through the R&D activities is that of finding ways to increase the efficiency of transferring the nutritional value of feed raw materials into animal and fish protein on the farms. Other common themes include supporting animal health and expanding the range of raw materials available to the feed producers. Progress was achieved under each of these headings.

Important changes were made in the organisation of Research & Development activities in Nutreco in 2009 as part of the closer connection of the Executive Board with the business sectors. R&D activities were grouped under three headings – Agriculture, Specialties and Aquaculture – and incorporated with the businesses also grouped under those headings. These changes bring R&D activities into closer relationship with the businesses and enhance their ability to support Nutreco strategy and fulfilment of its ambition of Feeding the Future. Processes are in place to facilitate the flow of information on the needs of the market into the R&D activities. Equally, these processes facilitate the implementation of R&D findings into the products and services provided by the businesses to customers. R&D activities across Nutreco are coordinated by an R&D platform that brings together the research leaders from the various disciplines and there is oversight by a newly formed Innovation and Sustainability Committee.

Topics in common

Animal nutrition, which includes nutrition for fish, is provided as feeds and specialty products manufactured from raw materials and, in volume terms, the vast majority of these raw materials come originally from agriculture and fisheries. That places Nutreco at a critical junction between raw materials and farmers who are the producers of food in the form of meat, dairy, eggs and fish. Developments at the junction as improvement of feed conversion rates can increase the efficiency with which the food is produced and can help reduce the environmental impact of its production. Having these factors in common means there are some common themes running through all Nutreco R&D.

Research delivers a better understanding of the nutritional requirements of animals and fish through all stages of the lifecycle. Developments in feed formulation and manufacturing technology then help the feed companies meet those requirements precisely, optimising the production on the customers' farms and minimising waste of nutritional content. Additionally, precision in nutrition reduces the loss of nutrients such as minerals into the environment. Other formulation developments, for example with feed additives, can reduce greenhouse gas production by ruminants.
Feed additives can increase the availability of nutrients by making them more readily digestible or by protecting them until they reach the optimum location in the digestive tract. Additives can also support the health status of the animals and fish, thereby increasing productivity and reducing the need for veterinary intervention and medication.
Extending the range of feed raw materials provides Nutreco purchasers and formulators with greater flexibility and reduces dependency on any individual raw material. The wider choice enhances formulators' ability to prepare the specified nutrition at the lowest cost and makes best use of by-products of other industries that otherwise might be consigned as waste. By-products from the biofuel production industry are particularly interesting.
Combining knowledge from these themes enables the R&D teams to develop innovative feeds that improve productivity and differentiate Nutreco businesses. The R&D teams give a particular focus to the development of feeds targeted specifically at crucial transition periods. Good nutrition at stages such as the period prior to insemination, at parturition and weaning, or transfer from freshwater to seawater for salmon can make a substantial contribution to animal health and productivity throughout the lifecycle.

All Nutreco research teams combine work in their own centres with cooperative and commissioned research at

Research centres

Nutreco's research relating to animals, feed ingredients and food is based in eight research centres. These centres are located in Canada, the Netherlands, Norway and Spain and focus on the nutrition, health and husbandry of pigs, poultry, rabbits, ruminants, calves and fish. Further research activities are directed to the discovery of feed ingredients and the improvement of feed production technology. Nutreco research feed plants in the Netherlands, Norway and Spain facilitate this research. In addition, Nutreco conducts R&D to advance its knowledge of food production. Nutreco laboratories in Canada, the Netherlands, Norway and Spain support all the research activities. All Nutreco research centres are ISO 9001 certified.

Calf Research Centre

The Calf Research Centre is located in the Netherlands. Trials are conducted with approximately 500 veal calves and calves for pink meat production. Milk replacers are the key focus of the research. Further research is conducted on topics such as feed ingredients, feed efficiency, meat quality, animal health and animal welfare. The research centre has collaborative projects with research facilities in Mexico.

external research institutes including leading universities around the world. They maintain contacts with leading specialists and participate in scientific conferences to be aware of the latest findings and theories in animal nutrition. In 2009, Nutreco again organised an InnoVision day (see page 43) to precede the Agri Vision conference in June.

R&D activities in Nutreco contribute to the leading positions of Nutreco businesses in their market places and to increased and sustainable production of high-quality protein food for the world of tomorrow.

Agriculture R&D

The agriculture R&D centres conduct fundamental research into the nutritional needs of farm animals, assess the potential of alternative raw materials and develop more effective ways of managing feed use on farms. A diagnostic study across the Nutreco compound feed businesses in 2009 indicated that 75% of their technical needs were common. These findings inform prioritisation of agriculture R&D activities and stimulate the sharing of best practices between research centres and among the businesses.

Data gathered by the technical teams of the Nutreco feed businesses in the field give greater insights into feed performance. For example, in 2009 the technical teams in Nutreco Canada monitored the performance of two million pigs, coast-to-coast. The information is combined with that of other Nutreco businesses to develop mathematical models such as Watson, BOSS and the new Optifeed sow feeding programme launched in Spain. These models take many nutritional, animal and commercial factors into account to indicate optimum feed formulations and feeding strategies matched to the breed, the lifecycle stage and the production environment and targets on each farm. In some instances, for example with Optifeed for breeding sows, the models can provide specific feeding regimens per animal. Continuing research and data gathering enables the R&D teams to refine these models. In turn, that increases the efficiency of animal nutrition and reduces waste and environmental pollution in the form of manure, minerals and, potentially, greenhouse gases. The R&D teams prepare and participate in training in the application of these models at farm level to ensure the maximum benefit is delivered to Nutreco customers. To facilitate sharing of knowledge and best practices, in 2010 Nutreco agricultural R&D teams will adopt one common model per species.

The agricultural R&D activities of Nutreco are located in the Agresearch Centre of Nutreco Canada, the Calf Research

Centre, Ruminant Research Centre and Swine Research Centre in the Netherlands and the Poultry and Rabbit Research Centre in Spain. Feed production technology and the production of feeds with novel ingredients are investigated at specialist pilot-scale plants in the Netherlands, Spain and Canada. These plants also supply experimental feeds for small-scale feeding trials.

R&D for premixes and specialties

R&D for premixes and feed specialties is focused at the Ingredient Research Centre established in 2008 in the Netherlands. It has two sections, to study main (macro) ingredients and those present at micro levels. As R&D with a focus on premixes and feed specialties was only brought together as a distinct group in 2009, the research portfolio continues to be developed. In general these R&D teams conduct research in feed additives, functional ingredients and young animal feeds, and in premixes and concentrates. An Ingredients Discovery Team assesses potential new ingredients and nominates the most promising for screening to ensure they meet the necessary safety and functional requirements to go further as feed ingredients.

Feed additives and functional ingredients, an emerging area of research, are used across several species. In contrast, the young animal feeds, premixes and concentrates are species-specific and research into these products is conducted in cooperation with the Nutreco agricultural research centres. Communication protocols ensure the Nutreco compound feed businesses are continually updated on research in premix and specialty products so that they can quickly implement relevant results in their products.

Research in feed additives and functional ingredients is revealing benefits in areas such as the functioning of the gut. The right combination of ingredients can stimulate uptake of nutrients from the feed both directly and by influencing gut microbiota (the microbiological population of the gut). These functions can also deliver benefits in animal health. Further research is expanding knowledge of the ways in which ingredients can support immune systems and influence the expression of genes to improve animal health and performance.

In a separate discipline, researchers are investigating the control of deleterious microbes and the toxins they produce. The resultant products can help preserve feed raw materials and finished feeds, for example from mould growth, while others can protect animals from infections,

Food Research Centre

The Food Research Centre (FRC) in Spain is active in developing poultry meat processing technology, new product development, including ready-to-eat meals, and innovative packaging. Next to this, food safety is an important focus area of the FRC. The facilities include a pilot plant, a kitchen, a panel room for tasting trials and a microbiology laboratory. In addition, much research is done in cooperation with external scientific institutions.

Ingredient Research Centre

The Nutreco Ingredient Research Centre (IRC) in the Netherlands became fully operational early in 2009. The IRC team assesses newly identified potential ingredients for feeds for pigs, poultry, ruminants and other species. They evaluate the nutritional and functional content of these ingredients and any bioactivity that can contribute to animal health and product quality. There is a dedicated portfolio of projects to support growth of the feed additives business as these products offer a potential to increase efficiency and sustainability in the use of feed raw materials. Further studies aim to strengthen the dossiers of existing ingredients and to develop feed technology. At MasterLab, the IRC has a dedicated laboratory for the screening of ingredients. Additionally, at the Research Feed Plant, the centre focuses on feed production technology.

Nutreco Canada Agresearch

Nutreco Canada Agresearch has a dedicated multi-species R&D centre of 325 ha. The centre has separate units for broilers, layers, turkeys, swine and dairy. Based near Burford Ontario, it is Canada's largest corporate animal R&D facility and one of the largest in North America. Agresearch has been successfully inspected by the Canadian Food Inspection Agency, Health Canada and the US Food and Drugs Administration (FDA). Nutreco Canada's scientific team is located in the University of Guelph Research Park, which allows for collaborative research efforts that involve the best academic, government and industrial researchers to solve the nutritional, health and management issues faced by commercial livestock producers.

Canadian research focuses primarily on quantitative nutrition. This discipline includes the study of feedstuff nutritive value, diet formulation and feeding programme design, but the major emphasis is on dynamic simulation models used to understand and predict input-output relations in the production of meat and milk.

Poultry and Rabbit Research Centre

The Poultry and Rabbit Research Centre is located between Madrid and Toledo in Spain. It has the best facilities in Europe for research in broiler breeders, broilers, layers, turkeys and rabbits. There is a special unit for physiological and digestion studies and the research team is also active in optimising nutrition for animals in different housing systems. A feed pilot plant provides the various feeds needed for these research activities.

for example by inhibiting the proliferation of microbes in drinking water supplies. The demand for such products may well increase as a consequence of climate change leading to warmer and more humid conditions in previously temperate regions.

Aquaculture R&D

Aquaculture research is conducted at the Skretting Aquaculture Research Centre (ARC) in Norway. It takes a similar approach to much of the work seen in the agriculture and specialties R&D. In areas such as functional ingredients and the investigation of microbiota, there is extensive cooperation and sharing of knowledge.

A central part of the aquaculture R&D aims to improve the efficiency with which fish can convert their feed into nutrients for growth and energy and thus reduce feed conversion ratios, that is the ratio of feed consumed to growth of the fish. An immediate target is defined as producing more fish protein from a species such as Atlantic salmon than is used as fishmeal in the feed they consume. This can be achieved through efficient feed conversion and the supplementation of fishmeal protein in the feed with alternative raw materials. Identifying alternatives to the marine raw materials of fishmeal and fish oil is vital for the expansion of modern aquaculture because the amount of these materials available globally is limited by the need to conserve the populations of the wild fish used to produce them. Significant breakthroughs were achieved in this area in 2009.

Attention to functional ingredients revealed a number present in fishmeal that perform essential functions apart from purely nutritional ones, for example in gut health, digestive processes and metabolic functions. Finding alternative sources for these ingredients makes it possible to reduce the fishmeal level in feed to new minimum limits. Additionally, researchers are exploring other characteristics of functional ingredients in areas such as nutrigenomics – feed ingredients that affect gene expression – and metabolomics – feed ingredients that affect metabolic pathways. Both, again, can contribute to making aquaculture more efficient.

When exploring alternative raw materials, one of the criteria is to maintain the health benefits for humans derived from eating fish. In addition to the long-chain omega-3 fatty acids notably obtained from oily fish such as the Atlantic salmon, fish provide a source of high-quality protein and vitamins and minerals in a form that humans can easily absorb.

As aquaculture expands to meet the growing demand for fish, it is adopting a wider range of species. Skretting ARC developed and collected knowledge of the nutrition of species such as Atlantic salmon, trout, sea bream and sea bass for over 20 years. Researchers are using that experience to accelerate the development of efficient feeds for new species, such as cod and tuna, where Skretting ARC is part of an EU project in tuna farming and is working with tuna farming development teams in the Asia-Pacific region.

InnoVision

The Nutreco R&D team organised a specialist meeting ahead of Agri Vision 2009, Nutreco's biennial multi-stakeholder conference in June 2009. This brought together leading agriculture and food scientists from four continents – Europe, Africa, North America and Asia. Discussions shared current progress in a wide range of science disciplines that relate to animal nutrition. They demonstrated that animal nutrition can gain important knowledge from new disciplines being rapidly developed by the pharmaceutical and food industries to identify the relationships of nutrition, the microbial population of the intestine and genetics. The benefits to agriculture from this work will be in the mid to long term. For instance nutritional ingredients can influence the expression of individual genes. It is being referred to as nutrigenomics and increased understanding will contribute to efficiency, animal health and welfare and to reducing environmental impact.

A second conclusion indicated there are substantial gains to be won in the near future from adapting and applying technologies already available. Examples include faster and more accurate analysis of conventional and new feed raw materials, breeding technology and more precise farm management. Many new raw materials are coming from advancing food and fuel technologies. Developments in fermentation technology are creating new opportunities with functional feed ingredients that support animal health and final product quality.

A third conclusion at InnoVision was that interdisciplinary cooperation among the sciences is increasingly important in identifying the many potential animal nutrition benefits available in the rapidly expanding knowledge base. Bioinformatics, the technology to extract meaningful information from a vast shared database, will play a central role in making this a practical possibility.

Ruminant Research Centre

The Ruminant Research Centre in the Netherlands has a resident research herd of 140 dairy cows. It has an integrated research team with expertise in dairy, beef and small ruminant nutrition. At the research facility individual feed intakes are monitored, including the separate intake patterns of concentrates and roughage, both during the dry period and lactation. The research is crucial in the development of products, concepts and nutritional models that provide state-of-the-art nutritional solutions for our customers.

Swine Research Centre

The Swine Research Centre in the Netherlands has modern housing facilities for a resident herd of sows, as well as for piglets and growing pigs. A special unit is equipped for physiological and digestion studies. Electronic pig identification and data collection systems are used to monitor individual feed intake behaviour, health and performance and to assess feeding regimes, from the piglet stage to finishing pigs.

Skretting Aquaculture Research Centre

The Skretting Aquaculture Research Centre (ARC) in Norway has 21 research specialists representing nine nationalities. They work in fish nutrition, fish health, food safety & quality and feed production to support the ARC's vision of "Tomorrow's feed today". Research at ARC is complemented by cooperation with universities and research centres around the world.

A pilot-scale Feed Technology Plant facilitates the optimisation of production equipment and processes. The plant's novel extruder allows for R&D into production methods and new ingredients, and for better understanding of the extrusion processes. The plant also produces sample batches of experimental diets for trials. Feed trials take place at the nearby ARC Fish Trials Station, where all facilities are land-based, including seawater facilities. Land-based tanks offer greater ability to monitor and control conditions such as temperature and eliminate external threats such as attack by seals or infection by sea lice. It is an advanced technology for trials with larger fish in seawater. The station is used for growth and digestibility trials with fish in fresh and salt water, from fry to adult fish. Feed developments for freshwater trout are assessed at Skretting Italy's Mozzecane trial station in northern Italy. Many aspects of research are supported in ARC's internationally accredited aquaculture laboratory, specialising in analysis of raw materials for fish feed and finished feed as well as analyses of fish.

Top innovations in 2009

Innovations coming from Nutreco R&D in 2009 led to many new products, product enhancements and improved customer service. The following are examples brought into commercial application in 2009 or scheduled for 2010.

Fylax® Forte mould inhibitor for raw materials and compound feeds

Fylax® Forte is produced using a unique technology based on Nutreco research findings. It is significantly more effective at controlling moulds in compound feeds and on raw materials than the industry standard products. As a result the same shelf life is achieved at a 15% cost saving. Fylax Forte was launched in 2009.

Raw materials for poultry feeds

Research in Nutreco delivered a better understanding of the variations in nutritional value for broilers of wheat from different geographical origins. New equations were developed for an innovative method of using NIR analysis to predict the nutritional value of the feed and its value to the broiler. The technology will help to reduce variation in broiler performance and will be introduced to the compound feed businesses during 2010.

Recyclable packaging

Innovative packaging for poultry meat was developed by Nutreco research for use in Spain. The modified atmosphere packs are less than half the weight of the previous generation while holding the same weight of product and giving the same shelf life. Thus they are stored and transported more efficiently, reducing environmental impact. Additionally, they are 100% recyclable. The new packs were introduced in a leading retailer during 2009.

Novalac, Newton and Rumenac ration calculation models

These models are used in ration optimisation for ruminants. The aim is to match the feed offered to ruminants with their specific nutrient requirements to optimise production efficiency and animal health. Using the models it is possible to calculate the total nutrition required as feed by ruminants, taking account of external raw materials and farm-specific forages such as grass silage. Additionally, the models indicate an optimum use of rumen modifiers for dairy cattle. Developments in 2009 added a new parameter relating to glucose supply and predictions of the direct feeding value of grass silage using near infrared spectroscopy (NIR). The use of NIR in these models to predict the degradation of grass silage in the rumen is unique. The innovations will be applied in 2010.

MicroBalance™ salmonid feeds

Nutreco research into the detailed nutritional profile of fishmeal revealed micro-nutrients with vital functions. The requirement by fish such as Atlantic salmon and sea trout for these micro-nutrients was demonstrated to be the limiting factor for reducing the amount of fishmeal in their feed. The research team identified alternative sources for the micro-nutrients and using these sources the level of fishmeal in grower feed for these fish can be reduced to half of previous typical levels. The MicroBalance™ concept is being commercially introduced in 2010, increasing options in feed formulation and contributing to sustainable use of fishmeal.

Optifeed sow feed concept

The innovative Optifeed sow feeding concept introduced in Spain at the beginning of 2010 is based on data and best practices from Nutreco research teams and compound feed businesses in Canada, the Netherlands and Spain. It includes a new range of feeds for different life stages and a newly developed model to indicate optimum feeding practices with the new feeds for each farm, and where possible, for each sow.

Alpha piglet feeds

Alpha piglet feeds, launched in 2009 in northwest Europe, use knowledge generated by Nutreco research and developments in the Nutreco feed specialty business (e.g. for Milkiwean). They feature high palatability and improved physical properties and are more readily eaten by the piglets. Special feed ingredients promote gut health. Alpha feeds deliver better growth rates with healthy piglets and reduced feed costs.

Tuna diets

Several aquaculture companies and research teams around the world are close to successful breeding and rearing of tuna in captivity. This will remove pressure on endangered wild stocks. Nutreco researchers have developed AquaSoft and Aurora feeds for tuna and patented methods for producing them in consistent quality feed blocks large enough to appeal to these fish. Commercial trials began in 2009 and continue in 2010.

Transfer diets for Atlantic salmon

The period just before and after the transfer of Atlantic salmon from freshwater to seawater is critical and optimum nutrition can contribute to enhanced survival and growth rates. Nutreco researchers identified active feed ingredients that enable the fish to cope better with this transition. Nutra Supreme and Spirit Supreme, for the final weeks in freshwater and first weeks in seawater respectively, are being launched in 2010.

Sustainability in Nutreco

Nutreco has been reporting on issues around sustainability for the past ten years. In 2009 Nutreco implemented the decision to embed sustainability into the management structure and motivation of Nutreco. This is being done through a programme entitled Feeding the Future.

Throughout the ten years of sustainability reporting, Nutreco maintained wide participation in stakeholder dialogues such as the Round Table on Responsible Soy and the Salmon Aquaculture Dialogue. The two most important stakeholder dialogues for Nutreco since 1996 have been the 12 alternating AquaVision and Agri Vision multi-stakeholder conferences, which provide neutral platforms for debating issues facing the animal nutrition industry and bring valuable insights from around the world. The information and opinions gained from all stakeholder dialogues, and from monitoring for issues related to Nutreco activities, have influenced strategies and ambitions in Nutreco. These activities are more fully described in the Nutreco Sustainability Report 2009.

Doubling food production while halving the footprint

In June 2009 Nutreco organised the fifth Agri Vision conference. This brought together 375 leaders of agribusinesses from 44 countries to hear from 20 top business managers and agricultural scientists during three half-day sessions. The theme of Agri Vision 2009 was the challenge of feeding the world in 2050 with nine billion people and many having higher expectations for animal proteins in their diets. At the same time the food must be produced by a smaller proportion of the population, because of urbanisation, with a narrowing resource base in terms of land and water together with volatile prices and availability of feed raw materials.

The outcome at the Agri Vision conference was strongly positive. Speakers and delegates agreed that with the knowledge and technology in hand and investment in the right areas, geographically for example in Africa and technically for example in sustainable precision farming, it will be possible to sustainably produce the food that will be needed. The potential for feeding the world of 2050 and the opportunity for Nutreco to be a sustainable contributor are described in the Feeding the Future booklet published by Nutreco in February 2010. Inspired by the strongly positive opinions expressed at Agri Vision, Nutreco in this booklet brought together the views of key speakers and many other top business leaders and scientists from all stages of our value chains. They explain the challenges and how the knowledge, skills and technology we have today and will have tomorrow will enable us to feed the world of 2050. They also show it can be done without overexploiting our planet and while maintaining the richness of our biodiversity – doubling food production while halving the footprint.

Preparing and publishing this booklet illustrates how Nutreco at its critical junction in the midpoint of the feed-to-food value chains can engage and influence other stakeholders.

The outcome of Agri Vision additionally provided an important driver for the development of the sustainability process now taking place in Nutreco and endorsed the commitment to embed sustainability in the daily activities and thinking of Nutreco. The first important step was to develop a valid and relevant sustainability policy.

Sustainability policy

The development of the policy began with the creation of an Innovation and Sustainability Committee as a Committee of the Supervisory Board who meets with the Nutreco CEO and the Nutreco Director Research & Development and Quality Affairs. Forming the Innovation and Sustainability Committee demonstrates two important points about Nutreco. First, sustainability is viewed as an essential characteristic for Nutreco and progress towards it is endorsed from the very top. Second, innovation is seen as essential in achieving progress towards sustainability through the products and technical advice Nutreco offers its farming customers.

Following a review of the sustainability approach of Nutreco by the Innovation and Sustainability Committee, a process for developing a sustainability policy was presented to the Nutreco Executive Board. The process included forming an internal Sustainability Group to guide the development of the sustainability policy. The three Executive Vice-Presidents nominated 16 people from six countries to represent all business sectors of Nutreco and key corporate functions. The group provided the basis for the sustainability policy that was approved by the Executive Board in November 2009.

The Nutreco sustainability policy sets out commitments for Nutreco. Progress towards fulfilling these commitments will enable Nutreco to increase its level of sustainability.

Nutreco will attain a high standard of sustainability by fulfilling the following commitments:

1. **Nutreco invests in understanding the impact on the environment, including climate effects, associated with its activities and products. It gives priority to mitigating any that are negative, either by reduction or an equivalent positive action. The key drivers are:**

- Improvement of feed efficiency, i.e. the conversion of feed into animal products, in order to optimise the use of resources and to reduce the loss of nutrients
- Further development of the use of co-products from the food, beverages and biofuel industries, biomass and non-organic raw materials to alleviate the pressure on natural resources
- Changes in diet patterns and composition of feed formulations for farm animals and fish to significantly reduce the GHG emissions attributed to livestock production systems
- Reduction of the carbon footprint in its own operations
- Work with value chain partners to establish sustainability criteria and to implement control and management systems for the sourcing of feed raw materials within Nutreco and encourage their application throughout the value chain. These criteria cover both agricultural resources, including land use change such as deforestation, and marine resources.

2. **Nutreco delivers high-quality and sustainable feed solutions that support the best performance of farmed animals and fish and puts assurance of feed-to-food safety ahead of risk-carrying opportunities to win quick profits.**

3. **Nutreco provides safe working environments, fair and equal employment in all its operations, regardless of gender, race, colour, creed or sexual orientation. All employees have access to training and opportunities for advancement in line with their talents and ambition. Nutreco is a positive presence in communities where it is located and in wider society by acting as an enabler in social and economic development.**

Attention to these commitments is essential for Nutreco to be a sustainable business economically, environmentally and socially and to fulfil its ambition of being a major contributor in Feeding the Future. The sustainability programme of Nutreco will contribute to the pride that employees can take in the work they do and the company they work for. It will contribute to the pride of communities in having Nutreco among them and of investors in the company in which they choose to invest.

Sustainability targets

To emphasise commitment, in the performance contracts of Nutreco managers for 2010 sustainability action plans contribute to the variable component of their remuneration.

Practical actions and targets:

A. **Reduce and mitigate greenhouse gas effects of Nutreco operations**

- Reduce CO_2 emissions of the Nutreco plants by 50% by 2015

B. **Create internal and external awareness and build a global structure for sustainability:**

- Make a yearly sustainability action plan per operating company. Global sustainability policy with local implementation, actions and targets
- Initiate industry (chain) wide sustainability actions
- Link Nutreco Purchasing to sustainability targets and vendor policy
- Develop sustainable products

Feeding the Future Sustainability Programme

The Feeding the Future Sustainability Programme is built to translate the sustainability targets set by the Board and the three focus areas into more specific objectives and concrete and measurable activities. The programme aims to enable in an effective way sustainable value creation and inspired business all through the organisation. It addresses the conditions needed to improve our own organisation as well as those needed to integrate our sustainability role within the industry chain.

The programme starts with building the global sustainability structure and systems needed as foundation for an increased and more measurable sustainability performance based on continuous improvement, active learning and inspiring knowledge exchange. We will involve, engage and train people at all levels of the organisation and will install cross-organisational communities of practice to build on the best practices already existing. Each operating company will develop its own sustainability action plan in line with the targets and challenges addressed in the Feeding the Future Sustainability Programme. At all levels we will continue to take innovative actions to improve and sustain our business along the way.

The Feeding the Future Sustainability Programme will become effective in 2010. Some activities planned for the next two years are:

- **Developing CO_2 footprints and CO_2 reduction plans for all Nutreco plants; each contributing to the overall reduction target of 50% in 2015**
- **Structuring our external engagement activities within the industry chain to become more effective, both on a global and a local level**
- **Extending current nutrition models for use in sustainability assessment in new product development, based on an integrated sustainability and efficiency approach**
- **Creating more internal and external awareness and knowledge transfer about sustainability ambitions and best practices already existing**
- **Development of a Sustainable Sourcing Strategy aimed at integrating relevant sustainability elements and criteria in Nutreco's sourcing policies and processes**
- **Addressing all the above in the sustainability action plan per operating company**

Human resources

The year was characterised by progress and adaptation. Progress was seen in the further rollout and implementation of performance management and management development processes across Nutreco. Adaptation followed the introduction of a new top structure and organisation of Nutreco, which required a revision of management and reporting lines together with updating and validating connections in HR tools.

Nutreco in Spain introduced a national version of the Expanding Horizons programme.

Performance management & management development

After a first rollout for the top 280 in mid 2008, the People and Career Tool (P@CT) was implemented globally during the first months of 2009, in 29 countries. P@CT was implemented to improve performance management by facilitating the processes for performance planning, mid-year reviews and end-of-year reviews and to make them transparent and consistent across Nutreco businesses. Beyond this, P@CT is facilitating in the management development reviews.

In October 2009 Nutreco embarked on the management development process via P@CT. The process combines information on performance management with that on management development, including skills, training, mobility and succession planning. The review began in the operating companies and will be consolidated first in the business units and subsequently at Executive Board level. It will highlight those employees with the greatest potential to contribute to the further development of Nutreco and identify training priorities in Nutreco.

The 2009 end-of-year reviews and performance planning for 2010 using P@CT started on 1 December with the aim of completing both cycles before the end of March 2010. This is the first time a substantial number of Nutreco employees have undergone these reviews and planning processes in such a consistent and transparent manner. In the reviews, managers discuss the results with their employees and each employee is rated against the agreed objectives and the required competency levels.

P@CT is now available in seven languages including Chinese and Russian. By 31 December 2009 there were 2950 employees with access to the People & Career Tool (P@CT). In 2010 the number of employees with access to P@CT will increase in accordance with recommendations from Nutreco managers.

Nutreco HR in Spain has prepared a programme of activities for the integration of the recently acquired Cargill animal nutrition businesses in Spain and Portugal. This includes competence mapping of teams in both Nanta and Cargill to form a new business from the best of each. The services of a specialist consultancy have been retained for this programme.

Recruitment, learning & development

An e-recruitment facility was prepared for implementation on the Nutreco website early in 2009. Preparation involved collaboration across Nutreco to accommodate geographical and cultural variations. Implementation was postponed in line with the recruitment freeze. E-recruitment was implemented in January 2010, beginning with vacancies in the Netherlands.

The two-year Expanding Horizons development programme that began in 2008 is for young employees with a strong potential to accelerate their international career in Nutreco. The objective is to broaden international experience, increase understanding of Nutreco and strengthen career mobility while providing visibility and interaction with senior managers. For this first programme eight participants were recruited in the Netherlands. Working in pairs, they tackled four international assignments. Results were delivered at the end of 2009 and exceeded expectations. This confirmed the value of the programme for the participants and for Nutreco, through implementing their findings and recommendations. A second programme will begin in 2010 and recruitment will be throughout Europe.

In cooperation with Nutreco Sourcing and Procurement two training programmes were developed: Project Management and Advanced Negotiating. Following the successful completion of the first Project Management programme it will now be more widely available in Nutreco. The first Advanced Negotiating programme was scheduled for February 2010. If equally successful it will also be made more widely available.

During 2009 a new and consistent tool for job evaluation was devised. This is now being used to evaluate jobs across Nutreco. Greater uniformity of job grading will facilitate better international mobility in Nutreco, in support of the management development processes described above. This is augmented by continuing development of services to support expatriate employees.

Nutreco employees

The number of Nutreco employees increased from 9,278 in 2008 to 9,690, as at 31 December 2009, mainly as a result of the acquisitions in Brazil and Spain. Nutreco operates 117 factories in 25 countries on five continents: North and South America, Australia, Europe and Asia.

The following detail analysis does not yet include the employees of the recently acquired companies. The proportion of women employed in Nutreco was 27.7% (2008: 28.6%). The proportion of staff in managerial positions was 8% (2008: 8.1%) and 23.6% of these were female (2008: 23.4%). The average age was 41.1 years (2008: 40.0 years).

The average duration of employment was 11.7 years (2008: 10.9 years). Bachelor degrees or higher qualifications were held by 20.2% of Nutreco employees (2008: 17.9%).

Employees per segment

Approximate proportions per activity segment

Segment	Employees 2009	Employees 2008
Premix and Feed Specialties	31%	30%
Fish Feed	13%	14%
Compound Feed Europe, Animal Nutrition Canada, Meat and Other	53%	52%
Research & Development, head office and shared services	3%	4%

Geographical allocation of employees

Country	Employees 2009	Employees 2008
Spain	35.2%	36.2%
Canada	12.9%	12.3%
Netherlands	10.7%	10.8%
Other countries	41.2%	40.7%*

**The proportion of employees in all other countries was less than 10% per country and only China (6.3%) was above 5%.*

Accidents

Company-wide absenteeism and lost time incidents will be reported at the website. There were no fatal accidents in Nutreco in 2009. Nutreco maintains an ultimate objective of zero accidents in the workplace.

Risk management

Risk profile

Nutreco's management acknowledges that managing risks is an essential element of entrepreneurship. In fact, accepting a certain level of risk is a prerequisite for achieving the Company's strategic objectives and financial targets.

In general Nutreco adopts a prudent attitude with respect to the acceptance of significant business risks. A risk's significance is determined by the likelihood of it occurring and its potential impact on strategic objectives and financial targets.

As a result of the global financial crisis, in the management's opinion, credit risk arising from supplies to customers is a major risk.

Secondly, the high volatility of raw material markets in the last two years has intensified the management's focus on the operational and financial risks resulting from this situation. In the first half of 2009 this risk, related to (the volatility of) commodities, did materialise. Nutreco's compound feed business in the Netherlands reported an operating loss of approximately EUR 20 million related to purchase positions in raw materials. Measures have been implemented to prevent that this could happen again in the future: management has been changed, risk limits have been tightened and monitoring has improved and intensified.

Thirdly, in countries in which Nutreco has invested, or has planned to invest, management has to evaluate risks in relation to both the composition of its portfolio and the selection of acquisition targets carefully.

Nutreco's general risk management and its control systems for monitoring the various risks with which the Company is confronted are described below.

Organisation of risk management

Risk Management Advisory Board

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

During 2009 the Risk Management Advisory Board paid considerable attention to the main risk areas and management processes related to the purchase of raw materials, including the use of derivative financial instruments, such as options and futures, and the accounting of such instruments. Particular attention was paid to improving the risk reporting system and effectively monitoring follow-up actions by corporate and business units.

Risk Management Model

Within Nutreco risk management is based on a risk management model which is utilised by all business operations throughout the Group. The model provides management of operating company tools to identify, classify, report and monitor risks at a business level. The risk monitoring results are reported during the quarterly business review meetings and are presented to the Executive Board for evaluation. The model has been integrated into the existing planning and control cycle. During 2009 the existing risk management model was improved by a further harmonisation of periodical risk reporting by the different business units.

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

The table below summarises the risks that are currently considered to be the most significant.

	Internal risk	External risk
Strategic	• Integration of acquisitions	• Execution of strategy in emerging markets
Operational	• Manufacturing process	• Margin protection and volatility of raw material commodities • Quality and safety of raw materials • Customer concentration • Margin impact due to volatile poultry and pig prices • Volume impact due to animal diseases
Financial	–	• Credit • Foreign currency transactions • Liquidity • Interest rate
Compliance	• Integrity	• Regulatory and environmental

Strategic risks

Internal

Integration of acquisitions

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

Managing the integration of acquired businesses

Acquisitions are one of the drivers of Nutreco's growth and a component for achieving its financial targets. Nutreco's acquisitions strategy is laid down in the Acquisition policy, which covers not only the pre-acquisition period and the acquisition process but also the post-acquisition process. To successfully integrate acquired businesses, an integration plan that includes functions such as marketing, sales, human resources, finance, research & development and procurement, is drawn up. After the acquisition, the execution of this plan by dedicated people is closely monitored and discussed during the monthly business review meetings. A progress report of integrations of recent acquisitions is presented to the Executive Board on a quarterly basis during the first year after acquisition.

External

Execution of strategy in emerging markets

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

Management of execution of strategy in emerging markets

It is Nutreco's strategy to realise growth through acquisitions in the main growth markets in Latin America, Eastern Europe and Asia. The selection of an acquisition target from these areas has to be more stringent, also because of business culture differences. Business partners can for instance not always meet Nutreco's demands with regard to quality, feed safety and corporate social responsibility. Nutreco carries out a thorough M&A process during which various departments, including Health, Safety, Environment and Quality, are involved in an advisory capacity.

This could result in a longer time frame to acquire the target companies than was foreseen and planned. Nutreco tries to avoid this by building a pipeline of targets of companies that are at or close to the Company's requirements.

Operational risks

Internal

Manufacturing process
The risk of using the wrong feed formulation for a product and other manufacturing issues that could lead to a different specification of the product than was agreed upon which could have an adverse impact on animal health.

Management of feed manufacturing
Nutreco's processes are strictly controlled to meet customer needs and legal requirements. Thorough and detailed monitoring programmes at all relevant stages from raw materials to finished product are achieved via a monitoring system and quality control programme. Analysis of raw materials and products are executed in Nutreco's own laboratories. Nutreco's manufacturing sites are working according to internationally accepted and known quality standards, including a unique premium HACCP system. All production plants are subject to Nutreco's HSEQ (Health, Safety, Environment & Quality) standards and are audited on a regular basis.

During the year under review there was one occasion on which the Company recalled products in relation to a wrong formulation for a specific product which could potentially have led to health problems for the animals. The investigation showed that the primary cause was human error at both Nutreco and the customer. Compliance with a number of working procedures, originally put in place to prevent the error from occurring, had lapsed over time for several reasons. Extra review and evaluation of procedures in the quality assurance system was introduced to ensure a more effective system.

External

Margin protection and volatility of raw material commodities
Price developments in the international markets for raw materials influence revenue and margins.

Management of raw materials risk exposure
Purchasing management operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures. Compliance is monitored by management and the Executive Board supported by the Internal Audit department.

Nutreco's contract positions are based on a thorough understanding of the commodity markets. In 2009 the further centralisation of the procurement of the most important raw materials and the development of a global network enables knowledge of markets, suppliers and conditions of raw materials to be shared at a Nutreco level.

Main contracts and important purchase decisions are executed and monitored by the central procurement organisation. Contracts exceeding predefined limits must be authorised by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

To enable it to stay abreast of the current situation in the raw materials markets and maintain its gross margins, Nutreco has introduced more pass-on clauses into sales contracts with customers.

One of the operational risks related to (the volatility of) commodities did materialise in the first half of 2009. Nutreco's compound feed business in the Netherlands reported an incidental operational loss of approximately EUR 20 million related to purchase positions in raw materials due to the extreme price volatility of raw material commodities in 2008. Measures have been implemented to prevent this could happen again, the management has been changed and measures to monitor the risk exposure have been tightened. These measures include a revision of the existing risk management policy for commodities.

Quality of raw materials

Raw materials do not always meet the required quality and safety standards. If non-conforming materials enter the food chain, they could constitute a hazard.

Management of the quality of raw materials

The year under review once again demonstrated that the procurement of reliable raw materials remains important for the total feed and food industry.

The Nutrace system, aimed at monitoring the many risks relating to the purchase of safe raw materials and their processing into safe end products for humans and animals, has been in operation for several years. One of the results of Nutrace and the initiatives within the framework of TrusQ – the partnership with companies active in the Dutch and Belgian compound feed market aimed at promoting food safety – is a network of suppliers that supply raw materials and products that meet Nutreco's standards.

If there are grounds for doing so, raw materials will be refused and their suppliers will be called to account in connection with their product quality. During the year under review there was one occasion on which the Company recalled products in relation to a contamination in raw materials. Corn with too high a level of aflatoxine was used in compound feed products in the Netherlands. A recall was necessary. A small volume of feed was recalled from customers. A well trained crisis management team and effective crisis management procedures ensured a fast and effective reaction and kept the consequences under control. Thanks to the system and the reaction on the event the impact was limited.

Customer concentration

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

Management of customer concentration

In general Nutreco's customer base is rather fragmented, especially in animal nutrition, where Nutreco supplies a large number of relatively smaller customers. By contrast, salmon feed is supplied to a small number of large companies. The most important customer in this segment, Marine Harvest, accounts for less than 8% of Nutreco's total annual sales. In the segment Meat and Other, the Spanish supermarket chain Mercadona is a leading customer but also accounts for less than 8% of Nutreco's total revenue. Due to the composition of Nutreco's portfolio, no major changes in this situation are foreseen.

Volatility of poultry and pig prices

Prices for poultry and pigs could influence the Nutreco business, which is directly exposed to market prices.

Reduction of volatility in poultry and pig prices

Nutreco is partly exposed to risks arising from fluctuations in the market price of poultry and pigs. In Spain and Canada, Nutreco applies a cost plus method for determining the sales price of approximately 50% of its poultry and pork products, which reduces the impact of volatile poultry and pig prices. For the remaining part of the sales volume, Nutreco is exposed to market price fluctuations.

Animal diseases

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

The livestock of Nutreco could be exposed to animal diseases.

Mitigation of the risk related to animal diseases

Animal diseases in agriculture and aquaculture can have a financial impact on individual Nutreco businesses as temporary lower volumes will be sold to customers whose animals are impacted. The regional spread of activities and the variety of animal species for which feed is supplied limits this risk. In 2008 and 2009, this risk materialised in Chile as the salmon of Nutreco's customers was impacted by a disease. The lower fish feed sales in Chile were mostly offset by higher volumes in Norway.

Nutreco owns pigs and poultry, mainly in Spain. The total value of livestock as at the end of 2009 was EUR 104.9 million (2008: EUR 102.6 million). In case of a disease the Company's own livestock could be impacted. Nutreco's livestock is spread over various locations, which limits the risk. In the past the owners of livestock were in most cases (partly) compensated by local or national governments in case of disease.

In 2009 there were no special events involving Nutreco's livestock that had a material impact on the Company's consolidated result.

Financial risks

External

Credit risk

The development of the financial crisis and low prices for farmer products increases the chance that third parties will not be able to fulfil their financial commitments.

Management of credit risks

Credit risk is the loss that would have to be recognised if third parties failed to perform as contracted. To reduce credit risk, Nutreco carries out ongoing credit analyses of its customers' financial situation. Nutreco uses market intelligence and, if required and possible, credit rating agencies to determine its customers' creditworthiness. For doubtful debts adequate provisions are in place of EUR 58.0 million (2008: EUR 58.8 million). In some cases Nutreco had to shift from receivables to loans as payment terms were extended over one year. Credit to debtors is closely monitored in business review meetings and specific indicators, such as Day Sales Outstanding and overdue debts, are reported and discussed in detail. Some customers are temporarily no longer supplied.

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

The international growth of premixes, special feed and fish feed for other fish species has resulted in a wider and more international spread of customers. Although this has reduced the overall credit risk, it has, at the same time, increased the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment. As at 31 December 2009 the total outstanding amount owed by Nutreco's most important customers, Marine Harvest (Fish Feed) and Mercadona (Meat and Other) each represented less than 10% of the total outstanding amount.

As a consequence of the financial crisis, and to the extent possible, continuous attention is paid to the credibility of third parties such as banks, insurance companies, customers and strategic suppliers.

Nutreco has an exposure to reputable banks created by the usage of cash investments and derivative financial instruments. Due to the credit crisis, banks are carefully monitored and credit limits are (temporarily) reduced in the event of uncertainty. Cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A+ (Standard & Poor's). The maturity of the exposure is, except for interest rate derivatives, short term and spread over various banks to reduce the counterparty risk.

Foreign currency transaction risk

Exchange rate fluctuations relating to either the purchase of raw materials or sales of finished products to customers could influence margin.

Management of foreign currency transaction risk

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

In comparison with 2008, the volatility of most of the foreign currencies in which Nutreco carried out transactions stabilised or decreased, which meant the foreign currency risk did not further increase.

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

Liquidity risk

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

Liquidity risk management

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

On 8 April 2009 Nutreco issued USD 150 million in senior notes in a private placement in the United States of America. The notes have been used to repay the maturing USD 46 million portion of the notes issued in 2004 and to refinance existing bank debt using long-term debt. The senior notes consist of three tranches with maturities of five, seven and ten years and are placed with six institutional investors.

On 20 May 2009 Nutreco successfully refinanced its existing revolving credit facility of EUR 550 million, which would have matured in March 2010. The new facility amounts to EUR 550 million and has a maturity of three years. The facility is supported by an international group of banks.

The private loan and the new revolving credit facility mean Nutreco has extended its debt maturity profile and ensured sufficient liquidity for the coming years. At the end of 2009 EUR 455.5 million of the total facilities of EUR 1,095.1 million had been used (2008: EUR 595.4 million and EUR 1,038.0 million repectively). Nutreco's core credit facilities and its use of these facilities are contracted by Group Treasury. Interest-bearing borrowings by operating companies are only allowed with the prior approval of Group Treasury. In addition to the unused credit facilities Nutreco had EUR 232.6 million in cash and cash equivalents available at the end of 2009 (2008: EUR 228.3 million).

Interest rate risk

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

Management of interest and currency risks

Managing the interest risk is the responsibility of Group Treasury. Interest rate hedging via fixed interest rate agreements or derivative financial instruments is carried out within the framework of Nutreco's policy and reported quarterly.

Mainly as a consequence of the issuance of the private placement and a lower average net debt due to a very strong operating cash flow, the relative share of fixed rate interest-bearing borrowings is 81%, exceeding the objective of 70%.

Compliance

Internal

Integrity risk
The growth of international activities increases the integrity risk.

Management of integrity risk
Corporate governance and compliance requirements have become increasingly stringent and comprehensive. Today, rather than merely being a matter of 'form', compliance has become more and more a matter of 'substance' and, therefore, demands more attention from the organisation in both procedural and cultural terms. Recent acquisitions in new countries have increased the company's risk profile in both procedural and cultural terms.

In view of the current economic climate Nutreco recognises that the risk of fraud, by both external parties and its own staff, has increased and requires the management to take appropriate measures. Nutreco has a Code of Ethical Conduct, which sets out a number of moral values to which Nutreco subscribes. The members of the Supervisory Board, the Executive Board and all employees with managerial responsibilities are required each year to confirm in writing that they have complied with this Code. The Company Secretary is in charge of supervising compliance with the Code of Ethical Conduct.

During 2009 the existence and importance of the Nutreco Integrity Line was communicated and stressed throughout the Group and fraud awareness presentations were attended by various groups of staff. There was no fraud case to be reported.

External

Regulatory and environmental risk
Nutreco can be held liable for the consequences of its non-compliance with legislation and regulations particularly in the field of the environment.

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

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

Management review and reporting

As the Executive Board, we are responsible for the Company's strategy including its risk profile (see page 52) and for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see page 52). These systems, which are based on the COSO internal control framework, have been designed to detect opportunities and risk on a timely basis, to manage significant risks, to facilitate the realisation of the Company's strategic, operational and financial objectives, to safeguard the reliability of the Company's financial reporting and to comply with applicable laws and regulations.

To fulfil our responsibilities, we systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial (reporting) risks during the year 2009. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

Based on our review we are of the opinion that, with respect to the financial reporting risks, the risk management and internal control systems have adequately performed during the year 2009 and provide a reasonable degree of certainty that the 2009 financial reporting of Nutreco contains no inaccuracies of material importance.

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

- the consolidated financial statements of 2009 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Nutreco and its consolidated operations; and
- the management report includes a fair review of the position as per 31 December 2009 and of the development and performance during 2009 of Nutreco and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the Nutreco group is being confronted.

Amersfoort, 1 March 2010

W. Dekker, CEO
C.J.M. van Rijn, CFO
K. Nesse, EVP Aquaculture
F.J. Tielens, EVP Specialties
J.A. Vergeer, EVP Agriculture

Corporate governance

The Dutch Corporate Governance Code came into force on 1 January 2004. The Corporate Governance Code Monitoring Committee (Commissie Frijns) released an amendment to the Code (the 'Amended Code') in December 2008. The Amended Code came into force on 1 January 2009 and has been incorporated in Dutch law and will hereinafter be referred to as the Code. A report on compliance with the Code will be presented at the AGM of 2010. During the course of 2009, the Executive Board carried out an in-depth study of the changes and amendments set out in the Code and reported hereon to the Supervisory Board and the Remuneration Committee. In this report the Company's compliance with the best practices of the Code are reviewed and commented upon. In compliance with the Code, this 'Corporate governance' chapter will be put for discussion on the agenda of the Annual General Meeting of Shareholders (AGM) to be held on 1 April 2010 under a separate agenda item.

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

- Appointment of Executive Board members for a (renewable) maximum period of four years. The CEO and the CFO were appointed prior to the introduction of the Code and the Company is bound by employment contracts for an unlimited period. During the year under review, the Executive Vice-Presidents of the Company's three divisions were appointed to the Executive Board at an EGM held on 30 June 2009. The terms of the employment of the three Executive Vice-Presidents as new members of the Executive Board are in full compliance with the best practices of the Code.
- Severance pay limited to one year's fixed remuneration component. The CEO and the CFO were appointed prior to the introduction of the Code and the Company is bound by the terms of their employment contracts and the severance payment conditions provided therein. For the newly appointed members of the Executive Board, the severance pay has been limited to one year's fixed remuneration in compliance with the requirements of the Code.

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

Compliance with the Code

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

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

Executive Board

Composition

Until 30 June 2009, the Executive Board consisted of three members: Mr W. Dekker, CEO, Mr J.B. Steinemann, COO, and Mr C.J.M. van Rijn, CFO. Mr. J.B. Steinemann's employment was terminated per 30 June 2009. At an EGM held on 30 June 2009, the Executive Vice-Presidents of the Company's Agriculture Division, Mr J.A. Vergeer, Aquaculture Division, Mr K. Nesse, and Specialties Division, Mr F.J. Tielens, were appointed to the Executive Board.

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

Approval of operational and financial objectives and strategy

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

Strategy
Nutreco's strategy is to strengthen its leading global and regional positions in the global animal nutrition and fish feed markets. Nutreco aims for a balanced portfolio of geographies, species and products for a profitable growth, both organic and through acquisitions. The Company pursued its strategy of growth in its animal nutrition and fish feed businesses through acquisitions in its important market of compound feed in Spain and Portugal and in Brazil. Significant savings were realised through central purchasing of key ingredients by the Nutreco Sourcing and Procurement organisation, which started operating in 2007, and by a major working capital reduction initiative, which was launched early 2009 and included workshops with local management and controllers throughout the organisation.

Operational and financial objectives – Budget
The operational and financial objectives of Nutreco are laid down in the budget. The Executive Board sets the framework and key objectives of the budget. Budgets of Nutreco's operating companies are constructed bottom-up, challenged by the Executive Board and adjusted top-down where necessary to meet Nutreco's objectives. The 2010 budget was submitted for approval to the Supervisory Board, who approved it at its December 2009 meeting.

Corporate Social Responsibility

Since the year 2000, the Company publishes a separate Corporate Social Responsibility Report on the social responsibility issues that are relevant to the enterprise of the Company. Reference is therefore made to the Sustainability Report 2009. In line with the best practices of the Code, certain sustainability objectives were included in the 2009 performance contracts with the Executive Board. For 2010 certain specific sustainability objectives have been set as performance targets. A visible step was taken showing the importance attached by the Executive Board and the Supervisory Board by installing a new Committee of the Supervisory Board, the Innovation & Sustainability Committee, headed by Mr A. Puri and with Mr Y. Barbieux and Mr J.A.J. Vink as members. The report on this Committee's work in 2009 is included in the report of the Supervisory Board.

Internal risk management and control systems

Nutreco maintains operational and financial risk management systems and procedures and has monitoring and reporting systems and procedures. It has a Code of Ethical Conduct, which is published in the Company's Sustainability Report and on the Nutreco website (www.nutreco.com). The Code includes a 'whistleblower policy' paragraph. In order to facilitate the reporting of irregularities, if any, with the Code of Ethical Conduct, it was translated in all 19 local languages in use within the Group. A Nutreco Integrity Line was set up, which is operated by an external service provider. Any employee who wishes to report non-compliance with the Code of Ethical Conduct can do so, whether directly to management or anonymously by using the Nutreco Integrity Line, without jeopardising his or her employment with the Company. A limited number (9) of complaints were received through the Nutreco Integrity Line. These complaints mainly related to labour relations and none were of a material nature. These complaints were all investigated by management and a management reaction was posted on the Nutreco Integrity Line in order to inform the complainants of the Company's position and, where relevant, of any corrective actions taken to avoid repetition. Compliance with the Code is monitored by the Compliance Officer of the Company.

Management review and reporting

The 'Management review and report' statement of the Executive Board as well as more details on the risk management and internal monitoring and reporting systems and procedures are given under the 'Risk management' paragraph of this report (page 52).

Sensitivity of the results to external factors and variables

Reference is made to the 'Risk profile' chapter of this report (page 52). In the 'Risk profile' chapter, an explanation is given on the Company's 'risk appetite'. In summary, the Company's 'risk appetite' is conservative and measures are in place to mitigate any business risks which are inherent to the Company's operations.

Mandates with third parties

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

No conflicts of interest reported

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

Loans or guarantees

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

Supervisory Board

Composition

Until the AGM of 21 April 2009, the Supervisory Board consisted of five members, who are appointed by the General Meeting of Shareholders for a term of four years and can be reappointed for a maximum of two further terms of four years. Mr R. Zwartendijk is chairman. Mr L.J.A.M. Ligthart, vice-chairman of the Supervisory Board, reached the end of his third and final four-year term as a Supervisory Board member and stepped down as a Supervisory Board member at the AGM. At the same AGM, Mr R.J. Frohn and Mr A. Puri were appointed to the Supervisory Board for a renewable four-year term. Following his appointment, Mr R.J. Frohn was elected chairman of the Audit Committee and Mr A. Puri was elected chairman of the Innovation & Sustainability Committee. Mr J.M. de Jong was elected vice-chairman of the Supervisory Board. Mr Y. Barbieux and Mr J.A.J. Vink are members of the Supervisory Board.

Duties

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

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

Rules

Since 1997, the Supervisory Board has used rules as a basis for its own functioning and for its relationship with the Executive Board. In view of the coming into force of the Code, these rules will be updated by the Supervisory Board. The rules are posted on Nutreco's website (www.nutreco.com).

All Supervisory Board members independent and no conflicts of interest

All Supervisory Board members are independent from the Company within the meaning of best practice provision III.2.2 of the Code. None of the members is a member of the Executive Board of a Dutch listed company in which a member of the Executive Board of the Company is a Supervisory Board member. There are no interlocking directorships. None are or were in the past employed by Nutreco and/or represent directly or indirectly a shareholder of Nutreco or a supplier or customer of the Company. None of the members of the Supervisory Board provides any services to or has any direct or indirect ties with Nutreco outside his Supervisory Board membership. Until June 2009, Mr L.J.A.M. Ligthart chaired the Supervisory Board of Nutreco Nederland B.V., a fully owned subsidiary of the Company. Mr M.S.J.H. Stevens was appointed to succeed Mr L.J.A.M. Ligthart as a Supervisory Board member of Nutreco Nederland B.V. and Mr W. Klaassen was appointed chairman of the Supervisory Board of Nutreco Nederland B.V. The Supervisory Board rules contain provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest took place.

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

ING is a member of the bank syndicate which granted a syndicated bank loan in 2009. As part of this syndicated bank loan, financial transactions took place throughout the year with several banks, including ING. Such transactions were carried out subject to conditions customary for such transactions in this branch of industry. ASR Nederland N.V. is one of the Company's insurers.

Fixed remuneration – Shares in Nutreco

As provided in the Articles of Association, none of the Supervisory Board members receives a remuneration that is dependent on the financial performance of Nutreco. The Supervisory Board rules require members' individual shareholdings in the Company to serve for the sole purpose of long-term investment only. With the exception of Mr Y. Barbieux, who held 504 shares (2008: 466 shares) in the Company as at 31 December 2009, none of the Supervisory Board members is holding any share or option rights to acquire shares in Nutreco.

Shares or other securities in Dutch listed companies other than Nutreco

The Supervisory Board rules contain regulations concerning ownership of and transactions in securities held by members of the Supervisory Board in Dutch listed companies other than Nutreco. Under the amended Code it is no longer required to notify any such transactions to the Company's Compliance Officer.

No loans or guarantees to Supervisory Board members

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

Profile

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

Mr J.M. de Jong was a member of the Executive Board of ABN Amro Bank N.V. (Netherlands) and Mr R.J. Frohn was a member of the Executive Board and CFO of AkzoNobel until his appointment in 2008 as a member of the Executive Board responsible for AkzoNobel's Specialty Chemicals business.

The Supervisory Board strives to achieve diversity in terms of expertise, nationality and gender. With the appointment of Mr R.J. Frohn, the vacancy left by the departure of Mr L.J.A.M. Ligthart as a financial expert and chairman of the Audit Committee was filled. The appointment of Mr A. Puri, a U.S. citizen, added expertise to the Supervisory Board in matters of innovation and sustainability. When selecting a new candidate for the Supervisory Board, due regard will be paid to achieving gender diversity.

Company Secretary

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

Audit Committee

The Supervisory Board resolved during the course of 2002 to appoint two of its members to act as the Supervisory Board's Audit Committee. Mr L.J.A.M. Ligthart chaired the Audit Committee until the AGM of 21 April 2009, when he stepped down at the end of his final four-year term as a member and vice-chairman of the Supervisory Board. Following his appointment as a member of the Supervisory Board, Mr R.J. Frohn was appointed chairman of the Audit Committee. Mr J.A.J. Vink is a member.

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

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

Details about the Audit Committee's activities during the year under review are included in the report of the Supervisory Board.

Risk management

Please refer to the 'Risk management' paragraph on page 52 of this report.

Remuneration Committee

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

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

During the year under review, the Remuneration Committee held five meetings. Details about the Remuneration Committee's activities during the year under review are included in the report of the Supervisory Board.

Selection and Appointment Committee

Since the introduction of the Corporate Governance Code, a separate Selection and Appointment Committee was installed consisting of the members of the Supervisory Board. The chairman of the Supervisory Board acts as chairman of the Selection and Appointment Committee. The Committee meets on an ad hoc basis and deliberated, during the year under review, on the termination of the employment agreement with Mr J.B. Steinemann. The Committee discussed the proposal to appoint Mr K. Nesse, Executive Vice-President Aquaculture Division, Mr F.J. Tielens, Executive Vice-President Specialties Division, and Mr J.A. Vergeer, Executive Vice-President Agriculture Division, as members of the Executive Board and a delegation of the Committee interviewed the proposed candidates. Subsequently, these proposed appointments were approved by the General Meeting of Shareholders. The Committee noted the end-of-final-term resignation of Mr L.J.A.M. Ligthart at the AGM of 2009 and proposed to the General Meeting of Shareholders to appoint Mr R.J. Frohn and Mr A. Puri as new members of the Supervisory Board. In addition, the end-of-term resignation of Mr J.A.J. Vink was noted and the Committee proposed to reappoint Mr J.A.J. Vink for a new four-year term. Subsequently, these proposed appointments were approved by the General Meeting of Shareholders and Mr R.J. Frohn was appointed chairman of the Audit Committee, whereas Mr A. Puri was appointed chairman of the newly created Innovation & Sustainability Committee.

Innovation and Sustainability Committee

In September 2009 the Innovation and Sustainability Committee was installed. The Committee consists of Mr. A. Puri (chairman), Mr J.A.J. Vink and Mr Y. Barbieux (members). The focus areas of the Committee are the governance of research & development, feed-to-food safety and sustainability. During the year under review the Committee held two meetings. Details about the Innovation and Sustainability Committee's activities in 2009 are included in the report of the Supervisory Board.

Remuneration of the Supervisory Board and its committees

No increase in the remuneration of the Supervisory Board of Nutreco Holding N.V. and its committees took place in 2009. The remuneration of the membership of the newly installed Innovation & Sustainability Committee is the same as that for the Remuneration Committee. The total remuneration of the members of the Supervisory Board amounted to EUR 322,250 (2008: EUR 274,000). For the individual remuneration, please refer to page 140 of the financial statements. These amounts are gross amounts per year. The remuneration of the Supervisory Board is reviewed once a year.

Executive Board remuneration policy

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

Remuneration of the Executive Board consists of the following components:

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

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

The annual review of the labour market reference group, which was conducted by an external consultant in December 2009, showed deviations with regard to the newly appointed members of the Executive Board against the Company's policy to remunerate at the median level of the market reference group. A proposal was therefore made to increase the base salary of the Company's three Executive Vice-Presidents, also members of the Executive Board, from EUR 330,000 p.a. to EUR 395,000 p.a. The base salary of the CEO and of the CFO was also reviewed.

Below is a table showing the structure of:

- the variable amount which can be earned when performance against the preset targets reaches (i) the minimum score of 80% below which no variable amount is paid, (ii) the amount when the score reaches the targets and (iii) the maximum variable amount when actual performance exceeds the preset targets with 150%. In case actual performance exceeds 150% of the preset targets, the maximum variable amount remains capped at 150%;
- the economic value of the Long-Term Incentive (LTI) grant of performance shares when (i) the Company's actual TSR performance is at median level of the peer group below which level no performance shares will vest and when (ii) the Company's actual TSR performance measured against the peer group achieves the number one position in the peer group.

For further information concerning the actual number of shares held (either freely available or for which a lockup restriction applies) by members of the Executive Board, or the number of shares conditionally granted to members of the Executive Board, reference is made to page 138 of the financial statements in this annual report.

	Fixed base salary	Variable in cash min./target/max. in % base salary	Variable based on performance	Minimum cash payout as % of base salary	Target cash payout as % of base salary	Maximum cash payout as % of base salary	Long-term variable in shares
CEO	100% cash	0% 60% 90%	Financial 75% Strategic 12.5% Operational 12.5%	100%	160%	190%	3 years relative total shareholders return
CFO	100% cash	0% 50% 75%	Financial 75% Strategic 12.5% Operational 12.5%	100%	150%	175%	3 years relative total shareholders return
Executive Vice-Presidents	100% cash	0% 35% 50%	Financial 75% Strategic 12.5% Operational 12.5%	100%	135%	150%	3 years relative total shareholders return

Base salary

For the individual remuneration, please refer to page 140 of the financial statements.

Pensions based on career average wages

The pension plan for the Dutch Executive Board members is a defined contribution plan based on career average wages. The non-Dutch members of the Executive Board will continue to build up pension rights in their respective home countries.

Variable payment

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

At a meeting held earlier in 2010, the Remuneration Committee proposed to the Supervisory Board to attribute a 109% score to the Executive Board's performance against the targets set for 2009, resulting in a variable payment of 71.2% of the base salary to the CEO, 59.5% of the base salary to the CFO and 41.5% of the base salary to the Executive Vice-Presidents, members of the Executive Board. The external auditor confirmed the score of the financial targets for 2009. The Supervisory Board approved the proposal made by the Remuneration Committee.

Advantages in kind

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

Change of control provisions

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

Long-term incentive plan: performance shares

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

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

The actual number of performance shares received by the Executive Board ('vesting') depends on the Total Shareholders' Return (TSR) performance over a prior specified period compared to the TSR performance of a selected peer group. TSR measures the returns received by a shareholder and captures both the change in the Nutreco share price and the value of dividend income and possible share capital reimbursements, based on the assumption that dividends are reinvested in Nutreco shares at the date the shares go ex-dividend or the share capital reimbursement is effectively paid out. Performance shares should be held for a specified (2 years) minimum period from the vesting date or till the end of employment of the member of the Executive Board concerned, whichever is the shortest. The current performance shares plan rules are posted on the Company's website.

Long-term incentive plan 2007 and following

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

(I) On an annual basis, performance shares will be granted conditionally. The conditional grant will vest after a three-year performance period.
(II) The annualised economic value at the moment of granting represents 85% (2008: 85%) of the base salary of the chairman of the Executive Board, 80% (2008: 80%) of the base salary of the CFO (in 2009 also the COO received this amount) and 50% (2008: n.a.) of the base salary of the Executive Vice-Presidents, members of the Executive Board.
(III) The conditional grant will vest after a three-year performance period, subject to whether the Company achieves a preset level of the Total Shareholders' Return (TSR) relative to a peer group which was proposed to and approved by the General Meeting of Shareholders as consisting of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments.
(IV) No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the grant takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the grant if the Company achieves the number one position within the peer group.
(V) A lockup will be effective for a period of two years after vesting, with an allowance to sell shares as from vesting to satisfy taxes due.
(VI) Participants of the plan are entitled to dividends each year on the number of shares granted but these are only paid out in case of vesting.

In 2009 the number of performance shares conditionally awarded to the Executive Board amounted to 103,900 (2008: 50,000), of which shares granted to the CEO amounted to 32,000 (2008: 21,000), to the CFO and COO to 22,000 (2008: 14,500) and to the Executive Vice-Presidents to 9,300 (2008: n.a.). In addition, a total of 112,400 (2008: 85,700) performance shares were awarded to a number of executives and senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of the two-year lockup period after vesting which was decided not to apply to non-Executive Board participants. For the 2007 and 2008 performance shares a different method of calculating the Total Shareholder Return for the peer group for participants other than the Executive Board members will be used. As from 2009 for other participants the same method will apply as for Executive Board members. For the 2007 Performance Share Plan, which runs from 1 January 2007 until 31 December 2009, the Total Shareholders Return has resulted in a 22nd position within the ranking of the peer companies. Therefore this ranking will result in a vesting of 82.26% of the initial grant for the members of the Executive Board and of 91.67% for the other participants. Vesting date will be 2 April 2010.

Scenario analysis

The Remuneration Committee, with the assistance of its specialist remuneration consultant, carried out an analysis of the value of the performance shares granted to the members of the Executive Board under different scenarios.

Change of control

It was decided that in case of a change of control situation the Supervisory Board can decide to accelerate the vesting of all granted shares on pro-rata basis and whereby for the calculation of the vesting conditions the last share price that is included will be the closing price of the Nutreco shares at the day before the announcement of a takeover bid.

Clawback

It was decided that, having regard to the precedence of the law over this regulation, the Supervisory Board will have the authority to claim back any variable pay elements that have been paid out on the basis of incorrect financial statements over a time period including a full financial year prior to the financial year in which the cause for this claim presented itself.

Performance conversion plan

A performance conversion plan was introduced in 2007 for a range of senior executives and staff. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them (if any) in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to maximum 300% depending on the Company's TSR performance over the three-year period. In the year under review, 51 (2008: 53) managers opted to invest in a total of 11,994 (2008: 9,365) shares. The performance conversion plan, which started in 2007, will be matched for 139.58% on 2 April 2010.

Shares owned by the Supervisory Board and by the Executive Board

Members of the Executive Board are shareholders of the Company.

Freely available shares
Of the members of the Executive Board, as at 31 December 2009, Mr C.J.M. van Rijn only held 427 ordinary shares (2008: 141 shares). No restrictions apply to these shares. Following the departure of Mr J.B. Steinemann on 30 June 2009, shares held by Mr J.B. Steinemann, whether restricted or freely available, are no longer reported as per 31 December 2009.

Shares resulting from the 2004 and 2005 LTI programmes for which a lockup restriction applies
The CEO and the CFO held 64,165 shares resulting from the long-term incentive programmes 2004 and 2005, for which a lockup restriction applies until 2011. From these shares 38,500 shares (2008: 38,500 shares) were held by Mr W. Dekker and 25,665 shares (2008: 25,665 shares) by Mr C.J.M. van Rijn. The dividend to these shares is freely available.

Shares resulting from the 2006 LTI programme for which a lockup restriction applies
In addition, the CEO and the CFO held 29,501 shares resulting from the long-term incentive programme 2006, for which a five-year lockup restriction applies until 2013. From these shares 20,166 shares were held by Mr W. Dekker and 9,335 shares by Mr C.J.M. van Rijn. The dividend to these shares is freely available. Furthermore, Mr C.J.M. van Rijn held 191 shares resulting from the employee share participation scheme.

Unvested shares granted under the 2007, 2008 and 2009 LTI programmes
The Executive Board members have also been conditionally granted 165,838 performance shares under the 2007, 2008 and 2009 long-term incentive programmes, of which 72,643 performance shares were held by Mr W. Dekker, 50,495 performance shares by Mr. J.B. Steinemann, 50,495 performance shares by Mr C.J.M. van Rijn, 16,700 performance shares by Mr K. Nesse, 9,300 performance shares by Mr F.J. Tielens and 16,700 performance shares by Mr J.A. Vergeer.

Shares held by members of the Supervisory Board
One Supervisory Board member, Mr Y. Barbieux, invested privately in Nutreco shares and held 504 ordinary shares (2008: 466 shares).

For the movement in stock options and performance shares held by the Executive Board and other managerial staff, please refer to pages 138-139 of the consolidated financial statements.

Since Mr J.B. Steinemann is no longer a member of the Executive Board, the lockup restriction on the shares which he owned as at 31 December 2008 no longer applies and have become freely available. The shares which were conditionally granted to Mr J.B. Steinemann under the 2007, 2008 and 2009 plans will vest on a pro-rata basis as well as the TSR position of the Company compared to the peer group.

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of EUR 1,800 during a defined period. Everyone who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit with Rabobank during a period of three years. During this period, these shares cannot be sold or transferred. In February 2009, the Supervisory Board decided that the 2008 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 35,919 (including bonus) shares (2008: 17,218).

Shareholders and the General Meeting of Shareholders

Share capital – Movements

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

The issued share capital consists of the ordinary shares, which are listed on the NYSE Euronext Amsterdam, and the cumulative preference shares ‘A’, which are not listed. As at the end of the year, a total of 40,111,882 (2008: 39,861,882) shares had been issued, consisting of 4,993,200 (2008: 4,993,200) cumulative preference shares ‘A’ and 35,118,682 (2008: 34,868,682) ordinary shares, of which 123,913 (2008: 589,624) were held in treasury on 31 December 2009. Based upon the authorisation to issue shares granted by the General Meeting of Shareholders on 21 April 2009, 250,000 ordinary shares were issued on 12 June 2009 for the payment of stock dividend and to cover existing employee share plan and performance share obligations.

Cumulative preference shares ‘A’ – MaesInvest B.V.

No change in the number of issued cumulative preference shares ‘A’ occurred in the year under review. Cumulative preference shares ‘A’ already existed prior to the IPO of 1997. In accordance with Article 27.1(b) of the Articles of Association, the dividend which in 1996 was fixed at 6.9% for the statutory period of seven years was reset on 31 December 2003. The new dividend applying from 1 January 2004 onwards amounts to 6.66% for the next seven years expiring on 31 December 2010.

ASR Nederland N.V. holds 2,496,600 cumulative preference shares ‘A’. This represents 6.22% of the total issued capital of Nutreco Holding N.V. or 50% of the cumulative preference shares ‘A’. MaesInvest B.V. holds 2,496,600 cumulative preference shares ‘A’. This represents 6.22% of the total issued capital of Nutreco Holding N.V. or 50% of the cumulative preference shares ‘A’. Shares in MaesInvest B.V. are held by Rabobank Nederland Participatiemaatschappij B.V. and NIBC Custody N.V.

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

Annual General Meeting held in 2009; 29.27% of the issued ordinary shares represented

The Annual General Meeting of Shareholders was held on 21 April 2009. The agenda with explanatory notes and the 2008 annual report were sent free of charge, in advance, to shareholders requesting same. They were also lodged for perusal at the offices of Nutreco Holding N.V. and The Royal Bank of Scotland N.V. (Amsterdam) and placed on the Nutreco website. At the Annual General Meeting of Shareholders, the 2008 Corporate Social Responsibility Report was made available. The Dutch version of the minutes of the meetings was placed as a draft on the website within the requisite time of three months. No comments on the draft were received and the minutes were adopted. The translation of the minutes into English was published shortly afterwards. The Annual General Meeting of Shareholders of 21 April 2009 was webcast live.

Extraordinary General Meeting held on 30 June 2009; 27.75% of the issued ordinary shares represented

An Extraordinary General Meeting of Shareholders was held on 30 June 2009 at which the appointment of the Division Vice-Presidents to the Executive Board was approved. 27.75% Of the holders of ordinary shares attended or were represented at the meeting.

All shares, both ordinary and cumulative preference shares ‘A’, carry equal rights where it concerns voting at the General Meeting of Shareholders. Votes may be cast directly or through a proxy. The Articles of Association do not provide in the possibility to issue depository shares (‘certificaten’). During the General Meeting of Shareholders of 21 April 2009, a total of 2,496,600 cumulative preference shares ‘A’, or 50% of the issued cumulative preference shares ‘A’, and 10,207,148 ordinary shares, or 29.27% of the issued ordinary shares, were represented. Of the latter, 113,561 shares were represented by 113 shareholders attending the meeting in person and the remaining shares were represented by proxies. During the Extraordinary General Meeting of Shareholders of 30 June 2009, a total of 2,496,600 cumulative preference shares ‘A’, or 50% of the issued cumulative preference shares ‘A’, and 9,675,951 ordinary shares, or 27.75% of the issued ordinary shares, were represented. Of the latter, 93,996 shares were represented by three shareholders attending the meeting in person and the remaining shares were represented by proxies. The aforementioned figures show that General Meetings have a relatively high degree of attendance or representation and that proxies are effectively used by shareholders.

Shareholders holding 1% or more of the issued share capital or representing at least EUR 50 million in value of the shares are entitled to propose items on the agenda of the General Meeting of Shareholders in accordance with the Articles of Association. This right was not exercised in 2009.

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

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

Profit appropriation

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

Statutory regulations concerning appropriation of profits

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

Out of the profits made in the preceding financial year, first of all, if possible, 6.66% shall be distributed, on an annual basis, on the obligatory paid-up portion of the cumulative preference shares 'A'. Following the first reset of the dividend on 31 December 2003, this percentage will apply as long as the cumulative preference shares 'A' are outstanding up to 30 December 2010.

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

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

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

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

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

Special rights provided for by the Articles of Association

Special rights to holders of cumulative preference shares 'A'

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

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

Stichting Continuïteit Nutreco (anti-takeover construction)

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

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

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

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

Cumulative financing preference shares 'E'

At the General Meeting of Shareholders of 15 April 2008, in accordance with the Articles of Association, the Executive Board was designated as the corporate body authorised for a period of eighteen months, and subject to the prior approval of the Supervisory Board, to issue and/or grant rights to subscribe for cumulative financing preference shares 'E' up to a nominal amount which, at the time of such issue or the granting of such rights, equals 30% of all the outstanding shares in the share capital of the Company, excluding the issued cumulative preference shares 'D'. Cumulative financing preference shares 'E' must be fully paid up upon issue. They only exist in registered form. No share certificates are issued for cumulative financing preference shares 'E'. Cumulative financing preference shares 'E' are intended to be issued by the Company for financing purposes. No cumulative financing preference shares 'E' were issued during the year under review. At the AGM of 21 April 2009 the authorisation to issue shares no longer covered the issue of cumulative financing preference shares 'E' and consequently the issue of these shares will be dependent on a specific authorisation which will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class.

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

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

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

Appointment of the external auditor

At the General Meeting of Shareholders held on 21 April 2009, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2010. The General Meeting of Shareholders to be held on 1 April 2010 will be recommended to appoint KPMG Accountants N.V. as the Company's external auditor for a period expiring at the closure of the accounting year 2011.

Report of the Supervisory Board

Activities of the Supervisory Board

During the year under review, the Supervisory Board met six times with the Executive Board according to a schedule fixed in 2008. In addition, one telephone conference was held and there were informal consultations with the Executive Board.

In accordance with the Supervisory Board rules, which are posted on the Company's website (www.nutreco.com), the agenda for the joint meetings contains a number of fixed items. These are a report by the Chief Executive Officer, an explanation by the Chief Financial Officer of the Company's financial performance since the last meeting and the forecast as well as a report by the Chief Operating Officer, and as from June reports by the Executive Vice-Presidents on the status of the Company's operations, the markets in which the Company operates and the business projects. In addition to these standard topics, a number of specific topics were reviewed. Throughout these meetings, there was increased attention for the Company's financing, which resulted in a new USD 150 million US Private Placement agreement and a new EUR 550 million Revolving Credit Facility, the reduction of working capital through a Company-wide program with special focus on receivables.

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

The main additional topics of the year 2009 were:

February meeting
The report by the chairman of the Audit Committee and of the Remuneration Committee, the approval of the draft reports of the Supervisory Board, the Audit Committee and the Remuneration Committee for the 2008 annual report, the decision on the Executive Board's performance rating over the year 2008, the approval to issue the press release on the 2008 annual results and the annual accounts, the Company's strategy, the amendment of the option agreement with the Stichting Continuïteit Nutreco and the private meeting of the Supervisory Board with KPMG Accountants N.V. Finally, the Supervisory Board held a self-assessment session.

March telephone conference
The approval of the 2008 annual accounts, resolutions to propose to the AGM the reappointment of Mr J.A.J. Vink for a second term of four years and to propose to the AGM the appointment of Mr R.J. Frohn and Mr A. Puri as members of the Supervisory Board and the approval of the agenda for the AGM. In addition, a resolution was taken to sign the amended option agreement with the Stichting Continuïteit Nutreco and resolutions were taken to execute the USD 150 million US Private Placement.

April meeting
The preparation of the Company's Annual General Meeting of Shareholders, the reorganisation of the Company's operations into three divisions, each headed by a new to be appointed Executive Vice-President whose appointment as members of the Executive Board would be submitted to an Extraordinary General Meeting of Shareholders, the establishment of a new Supervisory Board Committee named Innovation & Sustainability Committee in line with the Revised Corporate Governance Code's best practice recommendations concerning CSR and a status update on the Company's main acquisition projects.

June meeting
The report by the chairman of the Audit Committee with special focus on risk management in the area of commodities procurement, the Company's strategy and its organisation with the reduction of the number of business units from 17 to 13, the preparation of the Extraordinary General Meeting of Shareholders and a status update on the Company's two main acquisition projects.

September meeting
A two-day visit to the Company's Canadian Agriculture business with site visits, a visit to Nutreco Canada's Agriculture R&D facilities, meetings with senior Nutreco Canada staff and a visit to the R&D facilities of one of Nutreco Canada's main customers. The report by the chairman of the Audit Committee on the telephone conference held prior to the release of the Company's interim results, the feedback from the Executive Board on the press and analyst meetings on the publication of the Company's half-year results and the subsequent road shows.

November meeting
A report of the chairman of the Remuneration Committee and of the chairman of the Innovation & Sustainability

Committee, the presentation of a first draft budget 2010, a review of the implications for the Company of the best practices of the Revised Corporate Governance Code including the discussion of new draft rules of the Supervisory Board and its committees, new draft rules of the Executive Board and revised insider trading rules and a presentation on the Company's strategy in the area of feed additives.

December meeting
Reports of the chairman of the Remuneration Committee and of the Audit Committee, corporate governance and the approval of rules of the Supervisory Board and its committees and of revised insider trading rules, the presentation of the Company's 2010 budget and its subsequent approval, a review of the draft performance contract 2010 for the Executive Board and a presentation on ongoing projects within the Company's divisions.

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

Supervisory Board committees

Since 2002, an Audit Committee is in place and a Remuneration Committee was installed early 2004. A new committee, the Innovation & Sustainability Committee, was established in response to the Revised Corporate Governance Code's best practice recommendations in the area of CSR. The Supervisory Board also functions as the Selection and Appointment Committee. Reference is made to the reports of these committees set out below.

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

Remuneration Committee

Since most of the amendments brought by the Revised Corporate Governance Code relate to Executive Board remuneration issues, the Remuneration Committee met five times, which is more often than usual. Some of these meetings were attended by the Supervisory Board's remuneration advisers, Towers Perrin.

February meetings
The Remuneration Committee met twice during the course of February. At these meetings, the Executive Board's performance against the 2008 performance targets was rated, the 2009 performance targets were determined and interim calculations of the TSR related to the LTI plans 2007 and 2008 were made. A preliminary report of the implications of the Revised Corporate Governance Code's best practice recommendations on the remuneration of the Executive Board and the remuneration structure within the Company was received and would be discussed in depth later in the year. The proposal to continue the employee share participation scheme received support.

October meeting
The implications of the Revised Corporate Governance Code, more particularly the scenario analysis, executive pay in relation to the remuneration structure within the Company's businesses, the up- or downwards adjustment of the variable components of the remuneration of members of the Executive Board as a consequence of the occurrence of extraordinary circumstances giving rise to an unfair outcome were reviewed. The remuneration of the members of the Executive Board was benchmarked with the assistance of the Supervisory Board's remuneration consultants against the base salary peer group in accordance with the remuneration policy as approved by the AGM.

November meeting
The conclusion by the Supervisory Board's remuneration consultants that the base salary of the Executive Vice-Presidents needed to be increased to bring it in line with the peer group's median remuneration as prescribed by the approved remuneration policy was discussed and an increase of the base salary of the Executive Vice-Presidents received support from the Remuneration Committee and was subsequently approved by the Supervisory Board. Details can be found on page 65 of the 2009 annual report.

December meeting
The best practice recommendations of adjustment of variable pay components and the clawback recovery of variable pay amounts granted on the basis of incorrect results were discussed further and it was decided that the Supervisory Board will have the authority to claim back any variable pay elements that have been paid out on the basis of incorrect financial statements over a time period including a full financial year prior to the financial year in which the cause for this claim presented itself. Different scenario analyses simulating the effects of a decrease or rise in the Company's share price were carried out. The base salary of the CEO and of the CFO was

reviewed and the conclusion of the Supervisory Board's remuneration consultant was that their base salary was below median level. The proposal of performance targets for the year 2010 for the members of the Executive Board was reviewed. As set out in the 2009 annual report, the performance targets include specific CSR targets. The proposal to continue the employee share participation scheme was approved.

Audit Committee

The Audit Committee met three times and held one formal telephone conference. All meetings, including the telephone conference, were attended by the external auditor, KPMG Accountants N.V.

February meeting
Review of the draft annual accounts 2008 including the dividend proposal, the report of the external accountant and the management letter of KPMG Accountants N.V. The Audit Committee had a private meeting with the external auditor. The Audit Committee received a report from an external forensic accountant on a fraud case valued at approximately EUR 500,000 which was uncovered at one of its Spanish plants and reviewed the compliance certificates received from management and senior staff. There were a few minor cases of non-compliance, none of which were of material importance. The compliance officer informed the Audit Committee about the launch of the Nutreco Integrity Line, a system operated by a specialised external operator allowing staff worldwide to anonymously report irregularities with the Company's Code of Ethical Conduct. Finally, the Audit Committee held a self-assessment session.

June meeting
The Audit Committee focused on risk management and received a detailed report on the losses incurred by the Hendrix business on commodities positions which amounted about EUR 20 million. Corrective actions taken by the Executive Board included a significant strengthening of the timely monitoring of raw material positions with biweekly reporting to the Executive Board and a reorganisation of business management. The group internal auditor gave a presentation on the working of the internal audit department and the internal audit and information security activities and 2009 plan. The audit plan of the external accountant was reviewed.

July telephone conference
The Audit Committee reviewed the draft interim results and the interim dividend proposal and discussed the report of the external accountant. The draft press release was reviewed and approved for release. In addition, the Company's preparedness for the Mexican flu pandemic and actions taken by management to mitigate its effects on the Company's staff and the continuity of its operations was reviewed.

December meeting
The Audit Committee reviewed the report of the external accountant on the hard close of the third quarter, the financial highlights of the recent acquisitions, the internal audit approach and the outcome of the internal audits and IT audits and an update on the Nutreco Integrity Line.

Selection and Appointment Committee – Composition of the Supervisory Board and of the Executive Board

The Supervisory Board acts as the Selection and Appointment Committee and is chaired by the chairman of the Supervisory Board. The Committee meets on an ad hoc basis and deliberated, during the year under review, on the termination of the employment agreement with Mr J.B. Steinemann. The Committee discussed the proposal to appoint Mr K. Nesse, Executive Vice-President Aquaculture Division, Mr F.J. Tielens, Executive Vice-President Specialties Division, and Mr J.A. Vergeer, Executive Vice-President Agriculture Division, as members of the Executive Board and a delegation of the Committee interviewed the proposed candidates. Subsequently, these proposed appointments were approved by the General Meeting of Shareholders. The Committee noted the end-of-final-term resignation of Mr L.J.A.M. Ligthart at the AGM of 2009 and proposed to the General Meeting of Shareholders to appoint Mr R.J. Frohn and Mr A. Puri as new members of the Supervisory Board. In addition, the end-of-term resignation of Mr J.A.J. Vink was noted and the Committee proposed to reappoint Mr J.A.J. Vink for a new four-year term. Subsequently, these proposed appointments were approved by the General Meeting of Shareholders and Mr R.J. Frohn was appointed chairman of the Audit Committee, whereas Mr A. Puri was appointed chairman of the newly created Innovation & Sustainability Committee. Mr. J.M. de Jong was appointed vice-chairman of the Supervisory Board.

Innovation and Sustainability Committee

The Committee centres its activities around governance of areas of science and technology of importance to the Company's innovation strategy, product-related risk management model and, in line with the best practices of the Revised Corporate Governance Code, on certain sustainability objectives. The Committee met twice.

September meeting
The Committee was installed and its charter was approved and has been published on the Company's website. The focus areas of the Committee were defined as research & development, feed-to-food safety and sustainability. The status and future plans concerning the focus areas were reviewed.

November meeting
The Committee focused on the Company's sustainability objectives and on feed-to-food safety and the Company's NuTrace tracking and tracing system.

Details of the members of the Supervisory Board

The personal details of each member of the Supervisory Board are given on pages 171-172 of the 2009 annual report.

Performance evaluation

In a private meeting, the Supervisory Board reflected on its own performance and that of its individual members. Also at that meeting, the performance of the Executive Board as a whole, and of the members of the Executive Board individually, was reviewed. The performance of the Executive Board was measured against the objectives laid down in the written Executive Board performance contract 2009 and the Company's external accountant KPMG Accountants N.V. carried out an agreed-upon procedure review.

Strategy

As stated above the Company's strategy was discussed in detail at several of the meetings.

Risk management

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

Independence

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

Corporate governance

A special 'Corporate governance' chapter appears on page 60 of this report. This report contains details about the Company's relations with its shareholders and the General Meeting of Shareholders.

Financial statements and dividend

The financial statements for the year 2009 have been audited by KPMG Accountants N.V., whose report is included on page 166 of this report. The Executive Board and the Supervisory Board have approved the financial statements and the Supervisory Board recommends that the financial statements and the dividend over the year 2009 be adopted in accordance with Article 28.1 of the Company's Articles of Association by the General Meeting of Shareholders and that the other resolutions proposed to the General Meeting of Shareholders be approved.

The Board further wishes to thank the Executive Board and all employees for the sound performance of the Company's businesses in a difficult year 2009.

Amersfoort, 1 March 2010

The Supervisory Board
R. Zwartendijk (chairman)
J.M. de Jong (vice-chairman)
Y. Barbieux
R.J. Frohn
A. Puri
J.A.J. Vink

Financial statements

Consolidated income statement

(EUR x million)	Note	2009	2008[1]
Revenue	3	**4,511.7**	**4,943.1**
Raw materials and consumables used		-3,573.5	-4,008.5
Change in fair value of biological assets	19	2.2	-0.5
Changes in inventories of finished goods and work in progress		4.3	7.6
Gross margin		**944.7**	**941.7**
Other operating income	7	36.4	29.9
Personnel costs	8	-441.7	-427.5
Depreciation and amortisation expenses	3,13,14	-64.8	-61.4
Impairment of long-lived assets	13,14	-9.1	-0.1
Other operating expenses	9	-307.6	-310.5
Operating result from continuing operations		**157.9**	**172.1**
Financial income	10	5.9	6.3
Financial expenses	10	-38.3	-38.1
Foreign exchange result	10	0.8	0.6
Net financing costs/income		**-31.6**	**-31.2**
Share in results of associates	15	1.4	2.1
Result before tax from continuing operations		**127.7**	**143.0**
Income tax expense	11	-34.7	-37.2
Result after tax from continuing operations		**93.0**	**105.8**
Result after tax from discontinued operations	4	-	11.1
Gain on sale of discontinued operations, net of income tax	4	-	-
Result after tax from discontinued operations		**-**	**11.1**
Total result for the period		**93.0**	**116.9**
Attributable to:			
Equity holders of Nutreco		90.3	114.8
Minority interest		2.7	2.1
Total result for the period		**93.0**	**116.9**
Key figures per share for continuing operations	12		
Basic earnings per share for continuing operations (EUR)		2.61	3.02
Diluted earnings per share for continuing operations (EUR)		2.61	3.02
Earnings per share for dividend calculation (EUR)		2.93	3.18
Weighted average number of ordinary shares outstanding during the year (x 1,000)		34,603	34,358
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)		34,607	34,365
Number of ordinary shares outstanding as at 31 December (x 1,000)		34,995	34,279
Key figures per share (EUR)	12		
Basic earnings per share		2.61	3.34
Diluted earnings per share		2.61	3.34
Key figures operating result for continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)	3	170.0	182.9
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		222.7	233.5

1 Raw materials and consumables used are increased with EUR 25.0 million for the freight costs, which were reported under other operating expenses.

Consolidated statement of comprehensive income

(EUR x million)	Note	2009	2008
Total result for the period		**93.0**	**116.9**
Other comprehensive income			
Net investment hedges			
- Revaluation investments		63.9	-99.8
- Revaluation net investment hedge		-55.3	65.9
		8.6	**-33.9**
Changes in cash flow hedges other than currency		0.3	-8.7
Changes in hedges of foreign exchange transactions		0.3	-1.4
Minority interest		-	1.1
Income tax relating to components of comprehensive income	11	-0.1	1.3
Other comprehensive income for the period, net of income tax		**9.1**	**-41.6**
Total comprehensive income for the period		**102.1**	**75.3**
Total comprehensive income attributable to:			
Equity holders of Nutreco		99.4	72.1
Minority interest		2.7	3.2
Total comprehensive income for the period		**102.1**	**75.3**

Consolidated balance sheet

(EUR x million)	Note	31 December 2009	31 December 2008
Assets			
Property, plant and equipment	13	517.1	478.1
Intangible assets	14	310.4	286.2
Investments in associates	15	19.8	14.4
Other investments	16	43.4	35.8
Deferred tax assets	17	26.3	26.5
Total non-current assets		**917.0**	**841.0**
Inventories	18	251.0	281.7
Biological assets	19	104.9	102.6
Income tax receivables	17	13.8	12.4
Trade and other receivables	20,27	606.0	721.8
Cash and cash equivalents	21	232.6	228.3
Total current assets		**1,208.3**	**1,346.8**
Total assets		**2,125.3**	**2,187.8**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-1.2	-28.0
Hedging reserve	22	-13.5	-14.1
Retained earnings	22	507.9	444.2
Undistributed result	22	90.3	114.8
Translation reserve	22	-21.2	-29.8
Equity attributable to equity holders of Nutreco		**730.2**	**655.0**
Minority interest	22	10.5	10.5
Total equity		**740.7**	**665.5**
Liabilities			
Interest-bearing borrowings	23	414.0	467.0
Employee benefits	24	11.1	9.0
Provisions	25	3.6	4.7
Deferred tax liabilities	17	15.4	11.9
Total non-current liabilities		**444.1**	**492.6**
Interest-bearing borrowings	23	41.5	128.4
Employee benefits	24	42.6	29.6
Provisions	25	14.6	7.5
Income tax liabilities	17	15.6	11.9
Trade and other payables	26	826.2	852.3
Total current liabilities		**940.5**	**1,029.7**
Total liabilities		**1,384.6**	**1,522.3**
Total equity and liabilities		**2,125.3**	**2,187.8**

Statement of changes in equity

(EUR x million)	Issued and paid-up share capital	Share premium account	Treasury shares	Hedging reserve	Retained earnings	Undis-tributed result	Trans-lation reserve	Total attribut-able to equity holders	Minority interest	Total equity
As at 1 January 2008	**8.4**	**159.5**	**-31.7**	**-4.0**	**388.5**	**118.6**	**4.1**	**643.4**	**7.8**	**651.2**
Transactions with shareholders										
Undistributed result					118.6	-118.6		-		-
Dividend on ordinary shares					-32.0			-32.0	-0.5	-32.5
Stock dividend			28.2		-28.2			-		-
Usage of treasury shares			8.4		-7.0			1.4		1.4
Share-based payments			-		3.1			3.1		3.1
Options exercised			0.2		-0.1			0.1		0.1
Repurchase own shares			-33.1					-33.1		-33.1
Total transactions with shareholders			**3.7**		**54.4**	**-118.6**		**-60.5**	**-0.5**	**-61.0**
Comprehensive income for the period										
Total result for the period						114.8		114.8	2.1	116.9
Comprehensive income for the period (net of income tax)				-10.1	1.3		-33.9	-42.7	1.1	-41.6
Comprehensive income for the period				**-10.1**	**1.3**	**114.8**	**-33.9**	**72.1**	**3.2**	**75.3**
As at 31 December 2008	**8.4**	**159.5**	**-28.0**	**-14.1**	**444.2**	**114.8**	**-29.8**	**655.0**	**10.5**	**665.5**
Transactions with shareholders										
Undistributed result					114.8	-114.8		-		-
Dividend on ordinary shares					-28.6			-28.6	-1.2	-29.8
Stock dividend			18.7		-18.7			-		-
Usage of treasury shares			8.0		-6.7			1.3		1.3
Divestment								-	-1.5	-1.5
Share-based payments					3.0			3.0		3.0
Options exercised			0.1					0.1		0.1
Total transactions with shareholders	**-**	**-**	**26.8**	**-**	**63.8**	**-114.8**	**-**	**-24.2**	**-2.7**	**-26.9**
Comprehensive income for the period										
Total result for the period						90.3		90.3	2.7	93.0
Other comprehensive income for the period (net of income tax)				0.6	-0.1		8.6	9.1		9.1
Comprehensive income for the period	**-**	**-**	**-**	**0.6**	**-0.1**	**90.3**	**8.6**	**99.4**	**2.7**	**102.1**
As at 31 December 2009	**8.4**	**159.5**	**-1.2**	**-13.5**	**507.9**	**90.3**	**-21.2**	**730.2**	**10.5**	**740.7**

Consolidated cash flow statement

(EUR x million)	Note	2009	2008
Total result for the period		**93.0**	**116.9**
Net financing costs – continuing operations	10	31.6	31.2
Share in results of associates	15	-1.4	-2.1
Income tax expense – continuing operations	11	34.7	37.2
Income tax expense – discontinued operations	2	-	-0.2
Impairment losses on long-lived assets	13	8.8	0.1
Impairment losses other investments	16	1.0	2.2
Impairment losses intangible assets continuing operations	14	0.3	-
Depreciation continuing operations	13	52.7	50.6
Amortisation continuing operations	14	12.1	10.8
Negative goodwill	6,7	-11.2	-10.2
Equity settled share-based payment expense	24	3.0	3.1
Changes in fair value of other investments	16	-	0.3
Changes in fair value of biological assets	19	-2.2	0.5
Changes in fair value foreign exchange contracts	27	-6.1	-1.8
Changes in fair value of commodity contracts	27	-	-1.9
Loss on sale of property, plant and equipment	13	0.1	0.9
Gain on sale of intangible assets	14	-4.4	-
Cash flows from operating activities before changes in working capital and provisions		**212.0**	**237.6**
Decrease/increase in working capital	32	98.4	-51.7
Increase in employee benefits	32	9.6	4.1
Increase/decrease in provisions	25	6.1	-22.7
Cash generated from operations		**326.1**	**167.3**
Interest received		5.8	6.5
Interest paid		-37.3	-39.3
Income taxes paid	11	-28.1	-38.0
Dividends received	15	0.5	1.5
Net cash from operating activities		**267.0**	**98.0**
Acquisition of property, plant and equipment	13	-50.1	-86.2
Acquisition of intangible assets	14	-4.0	-4.0
Acquisition of group companies net of cash acquired	6	-30.9	-66.0
Acquisition of associates	15	-2.8	-0.1
Acquisition of other investments	16	-11.6	-0.4
Proceeds from the sale of property, plant and equipment	13	4.9	3.8
Proceeds from the sale of intangible assets	14	5.9	-
Disposal of subsidiaries net of cash disposed of	4	1.5	-
Proceeds from the sale of share in associates	15	-	2.0
Repayments on other investments	16	5.0	3.6
Payments of transaction costs	6	-4.3	-0.9
Net cash used in investing activities		**-86.4**	**-148.2**
Usage of treasury shares	22	1.3	1.4
Repurchase shares	22	-	-33.1
Dividends paid to equity holders of Nutreco	22	-28.6	-32.0
Dividends paid to minority shareholders	22	-1.2	-0.5
Repayment of borrowings	32	-279.2	-158.9
Proceeds from borrowings	32	173.8	291.6
Net cash used in/from financing activities		**-133.9**	**68.5**
Increase in cash and cash equivalents		46.7	18.3
Cash and cash equivalents at 1 January	21	151.8	135.4
Effect of exchange rate fluctuations on cash held		2.5	-1.9
Cash and cash equivalents at 31 December	21	**201.0**	**151.8**
Cash and cash equivalents at 31 December	21	232.6	228.3
Bank overdrafts at 31 December	23	-31.6	-76.5
Cash and cash equivalents for the cash flow statement at 31 December	21	**201.0**	**151.8**

Notes to the consolidated financial statements

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

General

Nutreco Holding N.V. ('the Company') is a company domiciled in the Netherlands. The consolidated financial statements of Nutreco for the year ended 31 December 2009 comprise Nutreco and its subsidiaries ('Nutreco' or 'the Group') and Nutreco's interest in associates and jointly controlled entities.

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

Nutreco employs approximately 10,000 employees in more than 30 countries with sales in 80 countries.

The Group had 9,690 employees (excluding third-party staff) at 31 December 2009. The Group operates approximately 120 production plants in 25 countries. The Group has eight leading research facilities to support its customers and its own animal nutrition and fish feed activities. The Group also has a selective presence in various stages of the meat production chain.

All disclosures are based on continuing operations.

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

The consolidated (and company) financial statements were approved for issuance by the Executive and Supervisory Boards on 1 March 2010. The Group's financial statements will be subject to adoption by the Annual General Shareholders' Meeting on 1 April 2010.

For 2008 raw materials and consumables used are increased by EUR 25 million for the freight costs, which were reported under other operating expenses.

1. Statement of compliance

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

2. Basis of preparation

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

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements by all Nutreco entities, except for the overviews 'Ten years of Nutreco income statement' and 'Ten years of Nutreco balance sheet' (pages 168-169), in which Dutch GAAP is applied for the period 2000 up to 2004.

The following accounting standards, amendments and interpretations are effective for the Group as from book year 2009:

- IFRS 7 (amendment) 'Financial instruments – Disclosures' (effective 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to

be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and the Company have adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have an impact on the Group or Company's financial statements.
- IAS 1 (revised), 'Presentation of Financial Statements' (effective 1 January 2009). It prohibits the presentation of items of income and expenses in the statement of changes in equity and requires 'non-owner changes in equity' to be presented separately from owner changes in equity in the statement of comprehensive income. It is allowed to leave out the income statement, but a statement of comprehensive income is obliged. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- IAS 23 (Revised) 'Borrowing costs' (effective 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. For the year 2009 this has no material impact.

3. Use of estimates and judgements

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

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

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

4. Basis of consolidation

4.1 Subsidiaries
Subsidiaries are those entities controlled by Nutreco. Control exists when Nutreco has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

4.2 Investments in associates
Associates are those entities in which Nutreco has significant influence in, but no control over, the financial and operating policies. This is generally accompanying an equity shareholding between 20% and 50% of the voting rights. The consolidated financial statements include Nutreco's share of the total comprehensive income of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When Nutreco's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and

recognition of further losses is discontinued except to the extent that Nutreco has incurred legal or constructive obligations or made payments on behalf of an associate. Investments in associates are disclosed in note 15.

4.3 Joint ventures

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

4.4 Equity securities

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

4.5 Transactions eliminated on consolidation

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

A list of affiliated companies, drawn up in conformity with Book 2 of the Netherlands Civil Code, sections 379 and 414, is enclosed in this annual report on pages 174-176.

5. Foreign currency

5.1 Functional and presentation currency

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

5.2 Foreign currency transactions

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

5.3 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at foreign exchange rates effective at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at the foreign exchange rates effective at the dates of the transactions. Foreign currency differences are recognised in comprehensive income. When a foreign operation is disposed of, in part or in full, the proportional amount in the translation reserve is recognised in the income statement as an adjustment to the profit or loss on disposal.

5.4 Net investment in foreign operations

Foreign exchange differences arising on the translation of net investments are recognised in comprehensive income, in the translation reserve. Foreign exchange differences on financial liabilities designated as a hedge of a net investment in a foreign operation are recognised in comprehensive income, in the translation reserve relating to the hedged net investment, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement. In addition, Nutreco uses foreign currency swaps to hedge a part of its net investments in foreign currencies.

When a net investment is disposed of, in part or in full, the proportional amount in the translation reserve is recognised in the income statement as an adjustment to the profit or loss on the sale of discontinued operations.

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

	Balance sheet		**Income statement**	
	31 December 2009	**31 December 2008**	**2009**	**2008**
Canadian dollar per unit	0.66	0.58	0.63	0.64
Norwegian krone per 100	12.04	10.16	11.46	12.15
British pound sterling per unit	1.12	1.03	1.12	1.26
US dollar per unit	0.69	0.71	0.72	0.68
Chilean peso per 10,000	13.68	11.16	12.85	13.12
Russian ruble per 100	2.29	2.42	2.27	2.74
Australian dollar per unit	0.62	0.49	0.56	0.57
Chinese yuan renminbi per 100	10.17	10.41	10.50	9.79
Japanese yen per 1,000	7.52	7.87	7.67	6.57
Mexican peso per 100	5.31	5.16	5.33	6.13

6. Financial instruments

6.1 Non-derivative financial instruments

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

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

Regular way sales and purchases of non-derivative financial instruments are accounted for at trade date. Dividend and interest income are recognised when earned. Gains and losses, if any, are recorded in financial income and expense.

6.1.1 Available-for-sale financial assets

Equity securities held by Nutreco are classified as being available for sale and are stated at fair value. If Nutreco has not been in the position to obtain adequate information to reliably estimate corresponding fair values, equity securities are valued at cost.

6.1.2 Held-to-maturity financial assets

Debt securities held by Nutreco are classified as being held to maturity and are initially stated at fair value and subsequently at amortised cost. Debt securities that do not have a fixed maturity and that have either a fixed or a market-based variable rate of interest are measured at amortised cost.

6.2 Derivative financial instruments

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

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

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

7. Hedging

7.1 Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument of the variability in cash flows of a recognised asset, liability or forecast transactions, the effective part of any gain or loss on the derivative financial instrument is recognised in comprehensive income.

The Group has documented at the inception of the hedge relationship the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedge transactions.

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

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

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

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

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

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

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

Nutreco has several net investment hedges for its foreign operations.

7.4 Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement as part of financial income and expenses, together with any changes in the fair value of the hedges asset or liability that are attributable to the hedged risk.

8. Property, plant and equipment

8.1 Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy 8.4) and accumulated impairment losses (see accounting policy 14). Cost includes expenditure that is directly attributable to the acquisition of the asset. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset. Borrowing costs are capitalised as part of the cost of assets that take a substantial period of time to get ready for its intended use.

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

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

8.4 Depreciation
Depreciation is calculated according to the straight-line method, based on the estimated useful life and the

residual value of the related asset. The estimated useful lives are as follows:

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

The depreciation method, useful lives and the residual value are assessed annually. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

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

9. Intangible assets

9.1 Goodwill

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

Goodwill represents the excess of the cost of the acquisition over the interest in the fair value of the net identifiable assets acquired at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets and is tested for impairment at least annually.

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

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

9.2 Concessions, licenses and quota

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

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

9.3 Research and development

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

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

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised on a straight-line basis over the estimated useful life, which in the majority of cases is five years. Borrowing costs are capitalised as part of the cost of assets that take a substantial period of time to get ready for its intended use.

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

9.4 Brand names and customer relationships

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

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

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

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

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

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

10. Inventories

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

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

11. Biological assets

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

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

12. Trade and other receivables

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

13. Cash and cash equivalents

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

14. Impairment

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

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

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

14.2 Calculation of recoverable amount

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

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

14.3 Reversals of impairment

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

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

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

Reversals of impairment are recognised in the income statement.

15. Equity

15.1 Ordinary shares

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

15.2 Repurchase of shares

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

15.3 Dividends

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

16. Interest-bearing borrowings

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

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

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

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

17. Employee benefits

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

17.1 Defined contribution plans

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

17.2 Defined benefit plans

Defined benefit plans represent an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Nutreco's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of Nutreco's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method.

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

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

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

17.3 Other long-term employee benefits

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

17.4 Profit sharing and performance plans

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

17.5 Share-based payment transactions

Certain Nutreco employees are granted Nutreco shares through the Performance Shares Plan, which is described in the 'Corporate governance' paragraph on pages 66-67. The fair value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the three-year vesting period. Vesting is dependent on the performance of the Company calculated as total shareholders return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting the employees become unconditionally entitled to the shares. After vesting there is a two-year lockup period. The economic value of the shares granted is measured using the Monte Carlo simulation methodology, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except where forfeiture is only due to the fact that the local shareholders return will lead to a higher or lower vesting amount than was granted.

Nutreco also has a performance conversion plan that entitles certain employees to convert part of their variable payment in shares. This plan is also described in the 'Corporate governance' paragraph on page 67.

18. Provisions

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

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

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

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

19. Trade and other payables

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

20. Revenue recognition

20.1 Goods sold
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. The risks and rewards of ownership of animal nutrition, meat and fish feed are considered to be transferred to the buyer by delivery upon client acceptance. Recharged freight costs to the buyers are included in revenue.

No revenue is recognised if there are significant uncertainties regarding the collectability of the consideration due, if there is continuing management involvement with the goods, or in case the associated costs and possible return of goods cannot be estimated reliably.

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

20.3 Raw materials and consumables used
Cost of raw materials and consumables used are recognised in the income statement when the risk and rewards of ownership have been transferred to a party outside the Group. These costs include the purchase price of raw materials and all directly attributable costs and an allocation of production overhead.

Accumulated direct and indirect production costs for biological assets harvested are classified as raw materials and consumables used in the income statement when these are harvested. When the biological assets are harvested and sold, the cost of production is charged to the income statement as raw materials and consumables used.

21. Net financing costs

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

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

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

22. Income tax

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

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

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

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

23. Earnings per share

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

24. Segment reporting

An operating segment is a component of Nutreco 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 Nutreco's other components. All operating segments' operating results are reviewed regularly by Nutreco's Executive Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

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

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

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

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

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

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

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

26. Cash flow statement

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

27. New standards and interpretations as adopted by the EU not effective as from 1 January 2009

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

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as liability subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group and The Company will apply IFRS 5 (amendment) from 1 January 2010 which is not expected to have a material impact on the Group or the Company's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the

entity could be required by the counterparty to settle in shares at any time. The Group and the Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group or the Company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or the Company's financial statements.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective on or after 1 July 2009). The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. The Group and the Company will apply IFRIC 16 from 1 January 2010. The amendment will not result in a material impact on the Group's financial statements.
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and the Company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group or the Company's financial statements.
- IFRIC 18, 'Transfer of assets from customers' (effective on or after 1 July 2009). This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets. This interpretation is only applicable to such assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. The Group and the Company will apply IFRIC 18 from 1 January 2010. It is not expected to have a material impact on the Group or the Company's financial statements.

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

28. Determination of fair values

28.1 General

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

28.2 Property, plant and equipment

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

28.3 Intangible assets

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

28.4 Biological assets

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

28.5 Inventory

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

28.6 Other investments

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

28.7 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.

28.8 Derivative financial instruments

The fair value of forward foreign exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is in general estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using current interbank interest rates and current foreign currency rates.

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

28.9 Non-derivative financial instruments

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

28.10 Share-based payments

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

(2) Reconciliation consolidated income statement

The reconciliation between continuing and discontinued operations is as follows:

(EUR x million)			2009			2008
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	**4,511.7**	**-**	**4,511.7**	**4,943.1**	**-**	**4,943.1**
Raw materials and consumables used	-3,573.5	-	-3,573.5	-4,008.5	-	-4,008.5
Changes in fair value of biological assets	2.2	-	2.2	-0.5	-	-0.5
Changes in inventories of finished goods and work in progress	4.3	-	4.3	7.6	-	7.6
Gross margin	**944.7**	**-**	**944.7**	**941.7**	**-**	**941.7**
Other operating income	36.4	-	36.4	29.9	13.4	43.3
Personnel costs	-441.7	-	-441.7	-427.5	-0.3	-427.8
Depreciation and amortisation expenses	-64.8	-	-64.8	-61.4	-	-61.4
Impairment of long-lived assets	-9.1	-	-9.1	-0.1	-	-0.1
Other operating expenses	-307.6	-	-307.6	-310.5	-2.2	-312.7
Operating result	**157.9**	**-**	**157.9**	**172.1**	**10.9**	**183.0**
Financial income	5.9	-	5.9	6.3	-	6.3
Financial expenses	-38.3	-	-38.3	-38.1	-	-38.1
Foreign exchange result	0.8	-	0.8	0.6	-	0.6
Net financing costs	**-31.6**	**-**	**-31.6**	**-31.2**	**-**	**-31.2**
Share in results of associates	1.4	-	1.4	2.1	-	2.1
Result before tax	**127.7**	**-**	**127.7**	**143.0**	**10.9**	**153.9**
Income tax expense	-34.7	-	-34.7	-37.2	0.2	-37.0
Total result for the period	**93.0**	**-**	**93.0**	**105.8**	**11.1**	**116.9**
Attributable to:						
Equity holders of Nutreco	90.3	-	90.3	103.7	11.1	114.8
Minority interest	2.7	-	2.7	2.1	-	2.1

In 2009 Nutreco divested its layer pullet and hatchery business in the Czech Republic. The divestment is not considered as discontinued operations.

(3) Operating segments

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

Reportable segments

(EUR x million)	Revenue third parties		Intersegment revenue		Total revenue		Operating result before amortisation (EBITA)	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Premix and Feed Specialties	1,000.7	1,069.4	89.5	92.4	1,090.2	1,161.8	70.4	84.1
Fish Feed	1,120.4	1,169.9	7.3	7.4	1,127.7	1,177.3	66.4	67.7
Compound Feed Europe	949.9	1,219.7	283.9	454.5	1,233.8	1,674.2	1.6	29.4
Animal Nutrition Canada	382.6	398.0	19.4	20.4	402.0	418.4	21.8	20.9
Meat and Other	1,058.1	1,086.1	0.5	0.6	1,058.6	1,086.7	34.3	-0.4
Eliminations	-	-	-455.7	-583.6	-455.7	-583.6	-	-
Corporate and other	-	-	55.1	8.3	55.1	8.3	-19.3	-19.6
Exceptional items	-	-	-	-	-	-	-5.2	0.8
Continuing operations	**4,511.7**	**4,943.1**	**-**	**-**	**4,511.7**	**4,943.1**	**170.0**	**182.9**
Discontinued operations	-	-	-	-	-	-	-	10.9
Consolidated	**4,511.7**	**4,943.1**	**-**	**-**	**4,511.7**	**4,943.1**	**170.0**	**193.8**

For 2009 the acquisition effect on revenue is EUR 43.8 million. The acquisition effect on the operating result before amortisation is EUR 2.8 million. The acquisition effect on revenue and operating result before amortisation is related to acquisitions completed in 2009 and 2008.

Exceptional items

(EUR x million)	Exceptional items	
	2009	**2008**
Restructuring costs	-11.8	-9.4
Negative goodwill	11.2	10.2
Impairment charges	-7.5	-
Other	2.9	-
Total exceptional items	**-5.2**	**0.8**

Exceptional items are items which are non-operational income and/or gains and expenses and/or losses, which in general are not related to the normal course of the business. These are in general restructuring cost, impairment and badwill.

Part of the restructuring costs for 2009 is related to the acquisition of the animal nutrition business of Cargill in Spain and Portugal.

The negative goodwill is the result of the consideration paid and the market value of the net identifiable assets and liabilities related to the 2009 acquisition in Spain and Portugal.

The impairment charges are mainly related to the acquired assets of Maple Leaf Animal Nutrition (2007) and the animal nutrition business of Cargill in Spain and Portugal. The impairment in Spain and Portugal is a consequence of Nutreco's strategic plans which have led to the decision to restructure the business.

The restructuring costs for 2008 are mainly related to the acquisition of Copaga and Marine Feed and the negative goodwill occurred from the acquisitions of Marine Feed, Copaga and Biofactory.

Result for the period

(EUR x million)	Financial income		Financial expenses		Foreign exchange result		Share in results of associates		Income tax expense		Total result for the period	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Premix and Feed Specialties	2.2	3.4	-5.2	-7.1			1.8	1.3	-14.2	-23.3	51.9	55.5
Fish Feed	0.3	0.1	-11.5	-8.2					-14.0	-11.5	40.6	47.3
Compound Feed Europe	2.9	2.6	-6.3	-11.8					-2.0	-6.3	-5.2	12.3
Animal Nutrition Canada	0.1	-	-13.9	-10.9			-1.0	0.1	-0.3	-0.8	2.3	4.5
Meat and Other	0.4	0.2	-1.4	-0.1			0.6	0.7	-9.5	0.8	23.3	-0.2
Unallocated					0.8	0.6			5.3	3.9	-19.9	-13.6
Continuing operations	**5.9**	**6.3**	**-38.3**	**-38.1**	**0.8**	**0.6**	**1.4**	**2.1**	**-34.7**	**-37.2**	**93.0**	**105.8**
Discontinued operations*	-	-	-	-	-	-	-	-	-	0.2	-	11.1
Consolidated	**5.9**	**6.3**	**-38.3**	**-38.1**	**0.8**	**0.6**	**1.4**	**2.1**	**-34.7**	**-37.0**	**93.0**	**116.9**

* See note 4.

The reported net financing costs/income and income tax expenses are determined based on the centralised finance and tax structure, adjusted with the unallocated financing costs/income and income tax expenses. The adjustments are based on the capital employed levels of the reportable segments at year-end.

Other expenses by segment

(EUR x million)	Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than depreciation and amortisation	
	2009	2008	2009	2008	2009	2008
Premix and Feed Specialties	-12.1	-11.7	-1.5	-3.4	2.7	-3.2
Fish Feed	-17.2	-16.8	-	-1.1	1.7	1.0
Compound Feed Europe	-12.7	-11.7	-5.8	-4.9	0.6	1.4
Animal Nutrition Canada	-9.4	-9.7	-1.0	-0.4	1.0	-0.4
Meat and Other	-10.6	-9.9	-0.7	-	-0.4	2.0
Unallocated	-2.8	-1.6	-2.8	-	4.7	-20.0
Continuing operations	**-64.8**	**-61.4**	**-11.8**	**-9.8**	**10.3**	**-19.2**
Discontinued operations	-	-	-	-	-	-
Consolidated	**-64.8**	**-61.4**	**-11.8**	**-9.8**	**10.3**	**-19.2**

Assets and liabilities by segment

(EUR x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditures of PP&E and intangible assets	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Premix and Feed Specialties	466.4	500.6	4.0	2.1	470.4	502.7	228.4	252.0	12.3	16.8
Fish Feed	571.7	590.8	0.8	0.8	572.5	591.6	283.1	288.0	21.5	40.1
Compound Feed Europe	285.4	291.7	-	-	285.4	291.7	198.1	264.2	10.4	14.6
Animal Nutrition Canada	269.7	257.5	12.3	9.3	282.0	266.8	55.5	49.7	2.7	5.3
Meat and Other	330.3	350.4	2.7	2.2	333.0	352.6	125.1	104.2	2.3	9.5
Unallocated	182.0	182.4		-	182.0	182.4	494.4	564.2	4.9	3.9
Continuing operations	**2,105.5**	**2,173.4**	**19.8**	**14.4**	**2,125.3**	**2,187.8**	**1,384.6**	**1,522.3**	**54.1**	**90.2**
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Consolidated	**2,105.5**	**2,173.4**	**19.8**	**14.4**	**2,125.3**	**2,187.8**	**1,384.6**	**1,522.3**	**54.1**	**90.2**

Unallocated comprises mainly investments and related revenue, borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Geographical segments

In presenting information on the basis of geographical segments, revenue is based on the geographical location of Nutreco customers. Assets, capital expenditures of property, plant and equipment (PP&E) and intangible assets are based on the geographical location of the assets.

(EUR x million)	Revenue third parties (destination)		Total assets		Total capital expenditures of PP&E and intangible assets	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Spain	1,144.7	1,261.4	452.2	427.0	8.8	18.7
Netherlands	571.9	715.1	305.2	400.0	6.8	10.9
Norway	485.9	463.5	154.7	175.9	10.7	16.8
Canada	471.3	482.1	407.9	356.6	4.2	7.3
Germany	248.5	269.2	30.1	45.1	1.7	2.1
Belgium	228.3	243.8	45.1	58.4	0.8	1.7
USA	213.3	224.2	104.9	113.5	1.4	1.5
United Kingdom	186.9	198.3	84.9	83.2	2.6	7.3
Chile	118.0	201.2	85.4	108.1	1.6	3.9
Italy	96.5	108.2	71.1	77.3	6.6	1.7
Russia	80.4	107.7	29.1	32.2	-	0.4
Poland	55.3	66.1	21.4	22.6	0.5	4.1
China	54.0	58.6	26.5	25.0	0.1	0.2
Japan	50.7	51.4	44.3	55.6	0.2	0.9
Australia	48.6	44.3	48.1	39.0	1.2	1.9
Other countries	457.4	448.0	214.4	168.3	6.9	10.8
Total	**4,511.7**	**4,943.1**	**2,125.3**	**2,187.8**	**54.1**	**90.2**

The two largest customers of Nutreco, Marine Harvest in the segment Fish Feed and Mercadona in the segment Meat and Other, count each for less than 8% of the total annual sales.

(4) Discontinued operations and divestments

Financial results discontinued operations

On 19 October 2009 Nutreco has completed the divestment of its majority shareholding in Integra, Czech Republic, to Hendrix Genetics. Hendrix Genetics already owned 34% in Integra. Integra is a layer pullet and hatchery business and was part of Nutreco's subsidiary Trouw Nutrition Biofaktory, the premix and specialty feed company in the Czech Republic acquired in 2008. The company has 80 employees and owns two hatcheries in the Czech Republic. The company was sold at book value.

The divested business in 2009 is not considered as discontinued operations, because Integra does not represent a separate major line of business or geographical area and was not acquired with the intention to resale.

The 2008 financial results attributable to the discontinued operations are:

(EUR x million)	**2008**
Results of discontinued operations	
Revenue	-
Expenses	-2.5
Other operating income	13.4
Operating result from discontinued operations	**10.9**
Share in results of associates	-
Income tax expense	0.2
Operating result from discontinued operations, net of income tax	**11.1**
Gain on sale of discontinued operations	-
Financial expenses discontinued operations	-
Income tax on gain on sale of discontinued operations	-
Gain on sale of discontinued operations, net of income tax	**-**
Total result for the period from discontinued operations	**11.1**
Basic earnings per share from discontinued operations (EUR)	0.32
Diluted earnings per share from discontinued operations (EUR)	0.32
Cash flows from discontinued operations	
Net cash from operating activities	5.7
Net cash from/(used in) investing activities	-
Net cash from/(used in) discontinued operations	5.7

The result from discontinued operations 2008 relates to operations which have been discontinued before 2008.

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

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

(5) Assets and liabilities held for sale

At 31 December 2009 and 2008 no assets and liabilities are classified as held for sale.

(6) Acquisitions

Acquisitions 2009

In 2009, Nutreco acquired the following companies/ businesses:

Animal nutrition business of Cargill in Spain and Portugal

On 28 July 2009 Nutreco announced that it has acquired the animal nutrition business of Cargill in Spain and Portugal. The acquisition includes Cargill's 12 compound feed production facilities, with a production volume of around 700,000 metric tonnes, annual sales of approximately EUR 240 million and 422 employees. With this acquisition Nutreco strengthens its leading market position in animal nutrition in the region. Following clearance given by the European commission, closing of the transaction took place on 30 November 2009.

The acquired business offers animal nutrition solutions for all farmed animal species. After integration and transformation, the acquired business is expected to contribute a similar operating margin as Nutreco's compound feed business in Spain and Portugal in two years' time. The total investment for this acquisition is approximately EUR 40 million, which includes integration and transformation costs and investments in production locations in the next two years.

Fri-Ribe

On Monday 2 November 2009 before opening of stock markets, Nutreco announced that it has acquired a 51% shareholding in a Brazilian animal nutrition and fish feed business, named 'Fri-Ribe'. This provides Nutreco and its partners, the existing owners, with a platform for jointly building a strong position in one of the most important agricultural growth markets in the world. The closing of the transaction took place on 30 October 2009. The opening balance of Fri-Ribe is provisionally determined, due to the timing of the acquisition, and will be finalised in the course of 2010.

The company is active in the production and sales of premixes, farm minerals, compound feed, horse feed, pet food and fish feed. It consists of two privately owned companies Rações Fri Ribe S.A. (Fri-Ribe) and Dispa-Indústria de Rações S.A. that operate under the brand of Fri-Ribe. They are an important player in Brazil for shrimp and tilapia fish feed and also have important regional market positions in nutrition for beef cattle, dairy cattle and for horse feed. The companies have five production plants and six sales offices spread across the centre and north-east of Brazil. The companies have 400 employees and annual revenues amounted to EUR 47 million in 2008.

Negative goodwill

The acquisition of the animal nutrition business of Cargill in Spain and Portugal resulted in a negative goodwill of EUR 11.2 million, which is reported in other operating income. In accordance with IFRS 3, the information and valuation was reassessed before recognising this negative goodwill as a profit in the income statement. The negative goodwill is the result of the consideration paid and the market value of the net identifiable assets and liabilities.

Next, as a consequence of the strategic plans for Spain and Portugal, Nutreco performed impairment reviews on the recognised values. Nutreco concluded that an impairment charge of EUR 3.9 million was required.

Total results of Nutreco

Total revenues of the acquisitions in 2009 which are included in the consolidated financial statements amount to EUR 23.4 million. Total revenues for the full year 2009 of these acquisitions amount to EUR 287.0 million.

The acquisitions completed in 2009 and 2008 had the following effect on the income statement of the respective years:

(EUR x million)	**2009**	**2008**
Revenue	23.4	83.8
Operating result before amortisation	4.0	8.4
Operating result	3.9	8.2
Total result for the period	**2.3**	**2.3**

Assets and liabilities acquisitions 2009

The acquisitions in 2009 had the following effect on Nutreco's assets and liabilities on acquisition date:

(EUR x million)	**Cargill**			**Fri-Ribe**			**Total**		
	Recognised value	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**	**Recognised value**	**Fair value adjustments**	**Carrying amounts**
Property, plant and equipment	30.0	13.9	16.1	7.3	3.5	3.8	37.3	17.4	19.9
Intangible assets	-	-	-	4.0	4.0	-	4.0	4.0	-
Inventories	6.6	-	6.6	2.8	-	2.8	9.4	-	9.4
Trade and other receivables	-	-	-	5.7	-	5.7	5.7	-	5.7
Cash and cash equivalents	-	-	-	6.0	-	6.0	6.0	-	6.0
Employee benefits	-2.0	-	-2.0	-	-	-	-2.0	-	-2.0
Deferred tax liability	-	-	-	-2.5	-2.5	-	-2.5	-2.5	-
Trade and other payables	-	-	-	-3.4	-	-3.4	-3.4	-	-3.4
Net identifiable assets and liabilities	**34.6**	**13.9**	**20.7**	**19.9**	**5.0**	**14.9**	**54.5**	**18.9**	**35.6**
Goodwill	-			3.4			3.4		
Negative goodwill	-11.2			-			-11.2		
Less: valuation put option agreement	-			-5.5			-5.5		
Consideration paid (in cash)	**23.4**			**17.8**			**41.2**		
Cash acquired	-			-6.0			-6.0		
Net cash outflow	**23.4**			**11.8**			**35.2**		
Purchase consideration	20.6			10.3			30.9		
Transaction costs	2.8			1.5			4.3		

Acquisitions 2008

In 2008, Nutreco acquired the following companies/ businesses:

Marine Feed

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

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

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

Silver Cup

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

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

Copaga

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

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

Biofaktory

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

Biofaktory is the market leader in premix and specialty feed in the Czech Republic and in Slovakia. The company also exports to other countries in Central and Eastern Europe. Having a strong research and development background and technical advisory focus, the company is capable to facilitate competitive animal production by its clients. In addition, Biofaktory holds 54% of the shares in Integra, a small layer pullet and hatchery company. This company was divested in 2009.

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

Negative goodwill

The acquisitions of Marine Feed, Copaga and Biofaktory resulted in a negative goodwill of EUR 10.2 million in total, which is reported in other operating income. The negative goodwill was partly offset by restructuring costs of EUR 4.0 million incurred for these acquisitions after the acquisition date.

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

Total results of Nutreco

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

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

Assets and liabilities acquisitions 2008

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

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

In 2008 and 2009, the following adjustments have been made to the valuation of assets which are part of the acquisition of Nutreco Canada in 2007 following a restructuring plan:

2009:
- Two plants were impaired for EUR 3.1 million;
- Intangible assets were impaired for EUR 0.3 million;
- The investment Isoporc Inc. was fully impaired for EUR 1.0 million.

2008:
- A plant in Western Canada was written down for EUR 1.4 million and offset to goodwill in 2008;
- The information technology was reduced by EUR 1.1 million and offset to tax in 2008;
- The investment in associates were adjusted by EUR 1.4 million and offset to software in 2008.

No cash was involved with these transactions.

Acquisition of minority interest

In 2009 and 2008 Nutreco acquired no minority interest.

(7) Other operating income

(EUR x million)	2009	2008
Negative goodwill released directly in the income statement (note 6)	11.2	10.2
Release of trade receivable impairments, not utilised (note 27)	9.3	3.1
Release of provisions, not utilised (note 25)	1.5	9.8
Interest received on trade receivables	4.6	2.2
Result on the sale of business activities	4.2	-
Other	5.6	4.6
Total	**36.4**	**29.9**

The result on the sale of business activities relates to the sale of the pet food activity in Belgium.

Government grants

(EUR x million)	2009	2008
Research and development grants (recorded in research and development costs, part of other operating expenses): conditional	1.5	2.0
Grants on capital expenditures (part of capitalised investments)	0.4	-
Training grants (recorded in other operating income): conditional	0.8	0.1
Total	**2.7**	**2.1**

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

(8) Personnel costs

(EUR x million)	2009	2008
Wages and salaries	278.2	261.5
Compulsory social security contributions	57.9	61.4
Third-party staff	37.2	44.4
Pension costs	17.0	13.7
Pension benefits	-	-0.1
Increase in liability for long-term service obligations	1.1	-
Expense arising from performance shares	3.0	3.1
Expense arising from employee share participation plan	0.2	0.2
Other personnel costs (e.g. accrued wages)	47.1	43.3
Total	**441.7**	**427.5**

The effect of acquisitions on personnel costs is EUR 9.0 million (2008: EUR 42.7 million). At year-end the number of employees of these acquisitions is 822 (2008: 391).

Personnel costs include EUR 9.8 million (2008: EUR 3.1 million) for restructuring expenses. The remaining part of restructuring expenses of EUR 2.0 million (2008: EUR 6.3 million) is accounted for as other operating expenses. See notes 3, 9 and 25.

Research and development expenses for continuing operations amount to EUR 17.1 million (2008: EUR 17.1 million) and are included for EUR 9.9 million (2008: EUR 9.7 million). See also note 9.

(Average) number of employees

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

	2009	2008
Spain	3,194	3,168
Canada	1,094	1,162
Netherlands	1,061	1,017
China	636	683
United Kingdom	318	324
Norway	309	296
USA	282	272
Mexico	260	255
Chile	250	432
Germany	196	195
Poland	192	224
Czech Republic	180	33
Belgium	174	179
Other countries	974	945
Average number of employees	**9,120**	**9,185**
Number of employees at 31 December	**9,690**	**9,278**

The main increase in employee numbers in 2009 is due to acquisitions which added 822 employees (2008: 391 employees).

The decrease in Chile is due to the temporary close down of production facilities.

(9) Other operating expenses

(EUR x million)	2009	2008*
Maintenance & repair	73.3	48.1
Energy & utility	73.1	67.8
Consultancy	21.8	45.1
Travel	20.6	23.5
Impairment on trade receivables	18.6	23.2
Rent & lease	19.0	26.0
Insurance	13.9	12.0
Advertising & promotion	11.7	19.4
Communication	9.8	7.5
Provisions	11.8	7.1
IT	8.0	13.8
Fees KPMG	2.8	2.9
Other	23.2	14.1
Total	**307.6**	**310.5**

* For 2008 raw materials and consumables used increased by EUR 25.0 million for the freight costs, which were reported under other operating expenses.

Operating lease payments are recognised as part of other operating expenses in the income statement on a straight-line basis over the term of the lease.

Research and development expenses for continuing operations amounted to EUR 17.1 million (2008: EUR 17.1 million) and are included in several of the other operating expenses for EUR 5.7 million (2008: EUR 6.6 million).

Remaining research and development costs are included in personnel costs for EUR 9.9 million (2008: EUR 9.7 million) and depreciation and amortisation expenses for EUR 1.5 million (2008: EUR 0.9 million).

The effect of acquisitions on other operating expenses is EUR 3.3 million (2008: EUR 30.7 million).

Fees KPMG

(EUR x million)	2009	2008
Audit fees	2.2	2.4
Audit-related fees	0.4	0.4
Tax fees	0.1	0.1
Other	0.1	-
Total	**2.8**	**2.9**

Audit-related fees primarily consist of fees in connection with sustainability, IT security audits, quarterly reviews and procedures related to acquisitions.

(10) Net financing costs

Recognised in income statement

(EUR x million)	2009	2008
Interest on deposits	0.3	0.6
Other interest income	5.6	5.7
Financial income	**5.9**	**6.3**
Interest expense on syndicated loan	-13.8	-16.8
Interest expense on private placement	-11.9	-6.7
Dividend expense on cumulative preference shares	-3.6	-4.5
Interest expense on short-term loans and bank overdrafts	-4.3	-6.4
Other expenses	-4.7	-3.7
Financial expenses	**-38.3**	**-38.1**
Foreign exchange gains/(losses)	0.8	0.6
Foreign exchange result	**0.8**	**0.6**
Net financing costs	**-31.6**	**-31.2**

Financial income decreased to EUR 5.9 million (2008: EUR 6.3 million), mainly due to lower short-term interest rates.

Financial expenses increased slightly to EUR 38.3 million (2008: EUR 38.1 million), mainly due to the issuance of a private placement and the refinancing of the syndicated loan. The increasing effect of the refinancing on interest expense on the syndicated loan and private placement is partly mitigated by a lower usage of the syndicated loan facility. Interest margin, commitment fees and arrangement fees have increased significantly due to the credit crisis. Arrangement fees are amortised over the life of the facility and included in other expenses. The dividend on preference shares decreased to EUR 3.6 million (2008: EUR 4.0 million) due to the full year effect of the repurchase of part of the shares for EUR 13.6 million in 2008. The 2008 amount includes the termination costs of EUR 0.5 million on 20% of the cumulative preference shares which were repaid and withdrawn in 2008.

(11) Income tax expense

In 2009, the income tax expense from continuing operations amounted to EUR 34.7 million (2008: EUR 37.2 million). The components of taxation on income are:

(EUR x million)	2009	2008
Current tax expense		
Current tax this year	-35.0	-38.8
Adjustments for prior years	0.9	-0.9
	-34.1	**-39.7**
Deferred tax expense		
Origination and reversal of temporary differences	2.8	19.5
Benefit of losses recognised	-2.7	-16.8
Change in tax rate	-0.7	-0.2
	-0.6	**2.5**
Total income tax expense in income statement	**-34.7**	**-37.2**

The lower level of current tax expense is in line with the decrease in results and a different geographical spread compared to last year. The increase in the deferred tax expense is due to movements in valuation differences and net operating losses mainly in Belgium, Norway, Spain and the Netherlands.

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

(EUR x million)		2009		2008
Total result before taxes	127.7		143.0	
Total income tax expenses	-34.7		-37.2	
Total result for the period after taxes	**93.0**		**105.8**	
Weighted average income tax	**-38.5**	**30.1%**	**-43.0**	**30.1%**
Tax effect of:				
- Change in valuation:				
• Utilisation of previously unrecognised tax losses	0.8	-0.6%	0.2	-0.1%
• Recognition of previously unrecognised tax losses	0.5	-0.4%	1.6	-1.1%
• New loss carry-forwards not expected to be realised	-1.9	1.5%	-0.9	0.6%
- Non-taxable income (including share in result non-consolidated)	0.4	-0.3%	3.4	-2.4%
- Non-tax-deductible expenses	-3.4	2.7%	-3.8	2.7%
- Tax incentives				
• Notional interest deduction Belgium	4.1	-3.2%	3.6	-2.5%
• Participation exemption	1.9	-1.5%	2.3	-1.7%
• R&D incentives	-	-	-	-
- Other	1.4	-1.1%	-0.6	0.4%
Effective income tax	**-34.7**	**27.2%**	**-37.2**	**26.0%**

The weighted average tax rate is based on the statutory corporate income tax rates applicable in 2009 in the various countries. The nominal rates vary from 12.5% (Ireland) to 40% (Japan), which compares with 2008. In the reconciliation of the weighted average effective tax rate, the share in results of associates is included.

The effective tax rate of 2009 is higher than 2008 mainly because of lower non-taxable income and new loss carry-forwards not expected to be realised.

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

(EUR x million)	2009	2008
Total tax charge	-34.7	-37.2
Payments current tax	28.1	38.0

The decrease in cashout is in line with the decrease in results and the change in geographical spread.

The tax effect of components of comprehensive income

(EUR x million)	Before tax amount 2009	Tax (expense)/ benefit 2009	Before tax amount 2008	Tax (expense)/ benefit 2008
Foreign exchange translation	0.3	-	-1.4	-
Cash flow hedges	0.3	-0.1	-8.7	1.3
Hedges of foreign exchange transactions	-	-	-	-
Share of other comprehensive income of associates	-	-	1.1	-
Net investment hedges	8.6	-	-33.9	-
Other comprehensive income	**9.2**	**-0.1**	**-42.9**	**1.3**

(12) Earnings per share

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2009 was based on the total result for the period attributable to equity holders of Nutreco of EUR 90.3 million (2008: EUR 114.8 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2009 of 34,603 (x 1,000) (2008: 34,358 (x 1,000)), calculated as follows:

(x 1,000 shares)	2009	2008
Number of ordinary shares at 1 January	**34,279**	**34,256**
Average effect of conversion of share options	1	3
Average effect of (re)purchase of shares	-250	-449
Average effect of shares issued in March	-	17
Average effect of shares issued in April	36	-
Average effect of shares issued in May, stock dividend	396	413
Average effect of shares issued in July	103	61
Average effect of shares issued in July, stock dividend	-	5
Average effect of shares issued in August, stock dividend	38	52
Weighted average number of ordinary shares at 31 December	**34,603**	**34,358**

The calculation of the diluted earnings per ordinary share is based on 34,607 (x 1,000) (2008: 34,365 (x 1,000)) shares, taking into account the exercise of outstanding share options.

(x 1,000 shares)	2009	2008
Weighted average number of ordinary shares at 31 December	**34,603**	**34,358**
Effect of share options outstanding	4	7
Weighted average number of ordinary shares (diluted) at 31 December	**34,607**	**34,365**

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

Key figures per share

	2009	2008
Continuing operations		
Basic earnings per ordinary share for continuing operations (EUR)	2.61	3.02
Cash earnings per share (EUR)	2.96	3.33
Diluted earnings per ordinary share for continuing operations (EUR)	2.61	3.02
Basic earnings per share for dividend calculation (EUR)	2.93	3.18
Average number of shares outstanding during the year (x 1,000)	34,603	34,358
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)	34,607	34,365
Number of ordinary shares outstanding as at 31 December (x 1,000)	34,995	34,279
Discontinued operations (EUR)		
Basic earnings per share for discontinued operations	-	0.32
Diluted earnings per share for discontinued operations	-	0.32
Key figures per share (EUR)		
Basic earnings per share	2.61	3.34
Cash earnings per share	2.96	3.66
Diluted earnings per share	2.61	3.34

The earnings per share for dividend calculation are based on the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book results on disposed activities.

(13) Property, plant and equipment

(EUR x million)	Land and buildings	Machinery and equipment	Other	Under construction	Total
Cost					
Balance at 1 January 2008	**329.9**	**625.4**	**76.6**	**56.7**	**1,088.6**
Capital expenditure	19.4	39.6	5.6	21.6	86.2
Disposals	-1.4	-11.0	-3.0	-0.1	-15.5
Acquisitions through business combinations	32.7	20.0	0.7	0.3	53.7
Final calculation acquisitions previous year	-1.5	-0.8	-0.8	-	-3.1
Transfer from assets under construction	6.1	19.5	3.9	-29.5	-
Effect of movement in foreign exchange rates	-19.1	-43.9	-2.5	-4.0	-69.5
Balance at 31 December 2008	**366.1**	**648.8**	**80.5**	**45.0**	**1,140.4**
Balance at 1 January 2009	**366.1**	**648.8**	**80.5**	**45.0**	**1,140.4**
Capital expenditure	6.6	18.3	3.9	21.3	50.1
Disposals	-1.7	-15.1	-3.6	-	-20.4
Acquisitions through business combinations	21.5	15.3	0.5	-	37.3
Divestments	-2.0	-2.6	-	-	-4.6
Transfer from assets under construction	11.2	25.8	3.7	-40.7	-
Transfer to intangible assets (software)	0.2	-	-0.1	-1.5	-1.4
Effect of movement in foreign exchange rates	11.7	31.0	1.4	2.1	46.2
Balance at 31 December 2009	**413.6**	**721.5**	**86.3**	**26.2**	**1,247.6**
Accumulated depreciation and impairment losses					
Balance at 1 January 2008	**-149.7**	**-442.4**	**-67.6**	**-**	**-659.7**
Disposals	0.1	8.6	2.0	-	10.7
Depreciation continuing operations	-9.9	-35.0	-5.7	-	-50.6
Effect of movement in foreign exchange rates	6.7	28.7	1.9	-	37.3
Balance at 31 December 2008	**-152.8**	**-440.1**	**-69.4**	**-**	**-662.3**
Balance at 1 January 2009	**-152.8**	**-440.1**	**-69.4**	**-**	**-662.3**
Disposals	0.3	12.5	2.8	-	15.6
Impairment losses continuing operations	-2.9	-5.3	-0.2	-0.4	-8.8
Impairment losses discontinued operations	-	-	-	-	-
Depreciation continuing operations	-10.3	-37.2	-5.2	-	-52.7
Depreciation discontinued operations	-	-	-	-	-
Transfer between categories	-0.5	-3.5	4.0	-	-
Divestments	0.4	2.2	-	-	2.6
Effect of movement in foreign exchange rates	-4.1	-19.7	-1.1	-	-24.9
Balance at 31 December 2009	**-169.9**	**-491.1**	**-69.1**	**-0.4**	**-730.5**
Carrying amount at 1 January 2008	**180.2**	**183.0**	**9.0**	**56.7**	**428.9**
Carrying amount at 31 December 2008	**213.3**	**208.7**	**11.1**	**45.0**	**478.1**
Carrying amount at 1 January 2009	**213.3**	**208.7**	**11.1**	**45.0**	**478.1**
Carrying amount at 31 December 2009	**243.7**	**230.4**	**17.2**	**25.8**	**517.1**

In the income statement, the depreciation is reported as ‘depreciation and amortisation expenses’ and the impairment loss as ‘impairment of long-lived assets’.

Assets not in use

As a consequence of lower fish feed production caused by fish diseases in Chile, the Pargua plant in Chile is temporarily closed. It is expected that in 2011 or 2012 the Pargua plant will be operational again. The book value of the related assets at 31 December 2009 is EUR 9.0 million. An impairment calculation has been made and did not lead to impairment.

Assets under construction

The most material and important assets under construction in 2009 relate to projects that already started in 2008, with the intention of constructing new factories and modernising production lines. These investments are capitalised as assets under construction for an amount of EUR 25.8 million (2008: EUR 45.0 million) and consist mainly of projects in Norway (EUR 11.2 million), the Netherlands (EUR 6.0 million) and the United Kingdom (EUR 3.2 million).

Capital expenditure projects

During 2009, Nutreco invested for a total amount of EUR 50.1 million (2008: EUR 86.2 million) in property, plant and equipment. Investments in factories took place across different businesses and are intended to enable growth in new markets.

Nutreco has invested in efficiency processes and capacity extension projects in more mature markets. This included projects for (i) maintaining the quality level of Nutreco’s asset base by upgrade and replacement projects, (ii) further automation of the packaging processes and (iii) additional production lines for extra capacity and the flexibility to use different raw materials.

The total expansion capital expenditure amounts to EUR 16.5 million in 2009, of which EUR 12.3 million relates to four new factories in Indonesia, Italy, Turkey and Germany, significant expansion of the existing factory in Poland and investment in other major capital expenditure projects for strengthening efficiency of main processes and increasing of capacity.

As a consequence of the credit crisis Nutreco has reduced its capital expenditure in 2009.

Impairment losses

The impairment losses in 2009 include the impairment of two plants in Canada for EUR 3.1 million and four compound feed factories in Spain for EUR 3.9 million due to the acquisition of the animal nutrition business of Cargill and impairment charges in four countries in the segment Premix and Feed Specialties.

Disposals

During 2009 Nutreco sold property, plant and equipment with a carrying amount of EUR 4.8 million (2008: EUR 4.8 million). The loss on the sale of property, plant and equipment amounted to EUR 0.1 million (2008: EUR 0.9 million) and is recorded on the other operating expenses line in the income statement.

Borrowing costs for capital expenditure

In 2009, Nutreco did not capitalise significant amounts of borrowing costs related to capital expenditure projects.

(14) Intangible assets

(EUR x million)	Goodwill	Conces-sions, licences and quota	Develop-ment costs	Software	Brand names	Customer relation-ships	Total
Cost							
Balance at 1 January 2008	**214.8**	**50.6**	**8.0**	**17.7**	**23.2**	**42.5**	**356.8**
Capital expenditure	-	-	-	4.0	-	-	4.0
Final calculation acquisitions previous year	2.0	-	-	1.7	-	-	3.7
Disposals	-	-	-	-1.5	-	-	-1.5
Acquisitions through business combinations	3.8	-	-	0.1	-	1.7	5.6
Effect of movement in foreign exchange rates	-18.3	-8.1	-1.2	-0.9	-3.7	-6.1	-38.3
Balance at 31 December 2008	**202.3**	**42.5**	**6.8**	**21.1**	**19.5**	**38.1**	**330.3**
Balance at 1 January 2009	**202.3**	**42.5**	**6.8**	**21.1**	**19.5**	**38.1**	**330.3**
Capital expenditure	-	-	-	4.0	-	-	4.0
Disposals	-0.8	-0.5	-	-0.2	-	-	-1.5
Acquisitions through business combinations	3.4	-	-	-	2.4	1.6	7.4
Transfer from PP&E				1.4			1.4
Effect of movement in foreign exchange rates	13.5	5.7	0.8	0.8	2.5	4.1	27.4
Balance at 31 December 2009	**218.4**	**47.7**	**7.6**	**27.1**	**24.4**	**43.8**	**369.0**
Accumulated amortisation and impairment losses							
Balance at 1 January 2008	**-28.1**	**-0.7**	**-0.5**	**-6.3**	**-**	**-2.7**	**-38.3**
Disposals	-	-	-	1.2	-	-	1.2
Amortisation continuing operations	-	-	-0.7	-4.4	-	-5.7	-10.8
Effect of movement in foreign exchange rates	1.8	-	0.2	0.7	-	1.1	3.8
Balance at 31 December 2008	**-26.3**	**-0.7**	**-1.0**	**-8.8**	**-**	**-7.3**	**-44.1**
Balance at 1 January 2009	**-26.3**	**-0.7**	**-1.0**	**-8.8**	**-**	**-7.3**	**-44.1**
Disposals	-	-	-	-	-	-	-
Impairment losses continuing operations	-	-0.3	-	-	-	-	-0.3
Amortisation continuing operations	-	-	-1.1	-5.3	-	-5.7	-12.1
Effect of movement in foreign exchange rates	-0.6	-	-0.2	-0.3	-	-1.0	-2.1
Balance at 31 December 2009	**-26.9**	**-1.0**	**-2.3**	**-14.4**	**-**	**-14.0**	**-58.6**
Carrying amount at 1 January 2008	**186.7**	**49.9**	**7.5**	**11.4**	**23.2**	**39.8**	**318.5**
Carrying amount at 31 December 2008	**176.0**	**41.8**	**5.8**	**12.3**	**19.5**	**30.8**	**286.2**
Carrying amount at 1 January 2009	**176.0**	**41.8**	**5.8**	**12.3**	**19.5**	**30.8**	**286.2**
Carrying amount at 31 December 2009	**191.5**	**46.7**	**5.3**	**12.7**	**24.4**	**29.8**	**310.4**

At 31 December 2009, Nutreco has internally generated intangibles of EUR 1.0 million (2008: EUR 0.8 million).

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

Impairment tests for assets with indefinite useful lives

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

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

(EUR x million)				2009				2008
	Goodwill	**Conces-sions, licences and quota**	**Brand names**	**Total**	**Goodwill**	**Conces-sions, licences and quota**	**Brand names**	**Total**
Segment								
Premix and Feed Specialties	57.7	-	0.3	58.0	56.9	0.2	0.3	57.4
Fish Feed	20.9	0.1	-	21.0	18.0	0.2	-	18.2
Compound Feed Europe	5.4	-	-	5.4	5.4	-	-	5.4
Animal Nutrition Canada	89.0	-	21.8	110.8	80.8	-	19.2	100.0
Meat and Other	18.5	46.6	-	65.1	14.9	41.4	-	56.3
Carrying amount of intangible assets with indefinite useful lives	**191.5**	**46.7**	**22.1**	**260.3**	**176.0**	**41.8**	**19.5**	**237.3**
Carrying amount of intangible assets with definite useful lives	-	-	2.3	2.3	-	-	-	-
Total	**191.5**	**46.7**	**24.4**	**262.6**	**176.0**	**41.8**	**19.5**	**237.3**

The recoverable amount of a cash-generating unit with goodwill, quota or brand names is determined based on a value-in-use assessment. These assessments use cash flow projections based on three-year development plans which are approved by management. The three-year cash flow projections basis applies to all cash-generating units, except for Nutreco Canada, which has a time horizon longer than five years.

In determining the recoverable amount of Nutreco Canada, the same time horizon has been used as in the assumptions at acquisition date. Management believes that this longer forecast period is justified due to the long-term nature of the business.

The main assumptions applied in these value-in-use assessments for the most significant cash-generating units per segment are:

Segment	**Revenue growth %**	**EBITA/revenue margin**	**Pre-tax discount rates**
Premix and Feed Specialties	0.7 – 15.8%	3.8 – 11.1%	10.3 – 18.6%
Fish Feed	0.7 – 7.2%	7.3 – 8.3%	10.3 – 11.8%
Compound Feed Europe	1.9%	1.2%	10.2%
Animal Nutrition Canada	1.3%	6.0%	8.4%
Meat and Other	1.3%	6.0%	8.4%

Cash flows beyond that period are extrapolated using limited or no growth. Management determined the financial projections based on past performance and its expectations of market and business developments. The cash flow projections are discounted to their present value using a discount rate that reflects the market assessments of the time value of money and the risks of the asset.

All assumptions are in line with normal business practice.

Nutreco concluded that there were no reasons to recognise impairment losses. Management also performed sensitivity analysis around the current assumptions for the most material cash-generating units, and concluded that no reasonably possible changes in key assumptions would cause the carrying amount of goodwill, quota and/or brand names to exceed its recoverable amount.

Goodwill

Goodwill of EUR 191.5 million at year-end is mainly related to the acquisition of Nutreco Canada for an amount of EUR 107.5 million (2008: EUR 97.0 million). The goodwill related to the acquisition of Nutreco Canada has been recognised for an amount of EUR 89.0 million (2008: EUR 80.8 million) within the segment Animal Nutrition Canada and for EUR 18.5 million (2008: EUR 14.9 million) within the segment Meat and Other. Trouw Nutrition USA for an amount of EUR 24.1 million (2008: EUR 24.6 million) and Skretting Australia for an amount of EUR 15.0 million (2008: EUR 11.8 million). The increase of EUR 3.4 million relates to the acquisition of Fri-Ribe in 2009 (increase 2008 of EUR 3.8 million relates to Silver Cup). The gross carrying value of goodwill is in total EUR 191.5 million (2008: EUR 176.0 million). There are no (accumulated) impairment losses in the goodwill balance as per 31 December 2009 and 31 December 2008.

The carrying amounts for goodwill have been allocated to the geographical segments as follows:

(EUR x million)	**2009**	**2008**
Canada	91.2	80.3
USA	44.4	45.4
Australia	15.0	11.8
Netherlands	12.0	12.0
Mexico	7.3	7.1
China	6.9	7.1
Belgium	5.4	6.2
Brazil	3.4	-
Hungary	2.1	2.2
Japan	2.0	2.1
Other	1.8	1.8
Total	**191.5**	**176.0**

Concessions, licenses and quota

In 2009, concessions, licenses and quota amount to EUR 46.7 million at year-end and consist mainly of quota which have been acquired in 2007 as part of the acquisition of Nutreco Canada. Quota are acquired rights to sell poultry products in markets in which sales of these products are regulated and limited by the government.

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

In 2009, an impairment of EUR 0.3 million has been recognised on the quotum for Canada.

Brand names

The useful lives of brand names have been determined on the basic factors, such as the economic environment, the expected use of an asset and related assets or groups of assets and legal or other provisions that might limit the useful life. The main part of the brand names has an indefinite useful live.

The brand names of EUR 24.4 million are mainly related to the acquisition of Nutreco Canada's brand names Shur-Gain and Landmark Feeds in 2007 and the brand name Fri-Ribe related to the acquisition in 2009.

Customer relationships

The remaining average amortisation period for customer relationships is five years. The increase in 2009 of EUR 1.6 million relates to Fri-Ribe. The increase in 2008 of EUR 1.7 million relates to the acquisition of Silver Cup and Biofaktory.

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

(15) Investments in associates

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

(EUR x million)		2009		2008
	Ownership	**Amount**	**Ownership**	**Amount**
Nanta de Venezuela C.A., Venezuela	50%	4.0	50%	2.1
Couvoir Scott Ltée, Canada	50%	9.2	50%	7.9
Nieuwland Feed and Supply Ltd., Canada	40%	2.2	40%	2.0
Isoporc Inc., Canada	33%	-	33%	1.1
Gène-Alliance Inc., Canada	40%	0.4	40%	0.3
Yantzi's Feed & Seed Ltd., Canada	40%	0.3	40%	0.1
Ens partnership, Canada	33%	1.0	33%	0.9
Lactech Inc., Canada	33%	2.7	-	-
		19.8		**14.4**

No goodwill has been recognised in relation with these investments in associates. Nutreco is not responsible for the (contingent) liabilities of the associates.

Changes in investments in associates

(EUR x million)	**2009**	**2008**
As at 1 January	**14.4**	**16.9**
Share in results continued operations	1.4	2.1
Dividends received	-0.5	-1.5
Share increase	-	0.1
Disposals	-	-2.0
Capital expenditure	2.8	1.1
Effect of movement in foreign exchange	1.7	-2.3
As at 31 December	**19.8**	**14.4**

Breakdown of the share in results of associates

(EUR x million)	2009	2008
Nanta de Venezuela C.A., Venezuela	1.8	1.3
Couvoir Scott Ltée, Canada	0.6	0.7
Nieuwland Feed and Supply Ltd., Canada	0.1	0.1
Isoporc Inc., Canada	-1.3	-
Gène-Alliance Inc., Canada	-	-
Yantzi's Feed & Seed Ltd., Canada	0.1	-
Ens partnership, Canada	-	-
Lactech Inc., Canada	0.1	-
	1.4	**2.1**

In 2009, the investment Isoporc Inc. in Canada was fully impaired for an amount of EUR 1.0 million.

(16) Other investments

(EUR x million)	Equity securities		Debt securities		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
As at 1 January	**3.9**	**4.2**	**31.9**	**38.9**	**35.8**	**43.1**
Acquisitions through business combinations	-	-	-	0.7	-	0.7
Capital increase	-	0.1	-	0.3	-	0.4
Additions	-	-	11.6	-	11.6	-
Transfer from/(to) other balance items	-0.3	-	0.8	-1.6	0.5	-1.6
Disposals/loans repaid	-0.1	-	-4.9	-3.6	-5.0	-3.6
Value adjustments	-	-	1.0	-0.3	1.0	-0.3
Impairment	-	-	-1.0	-2.2	-1.0	-2.2
Effect of movement in foreign exchange	0.3	-0.4	0.2	-0.3	0.5	-0.7
As at 31 December	**3.8**	**3.9**	**39.6**	**31.9**	**43.4**	**35.8**

Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. The financial statements of these companies for the financial year 2009 have not been approved and received before publication of the Nutreco results. Therefore, the fair value can not be measured reliably and the participations are valued at cost. However, based on the figures for the financial year 2008, the recorded costs of these investments will approximate the fair value.

Breakdown of debt securities

(EUR x million)	2009	2008
Loans to Dutch Nutreco Pension Fund	12.1	12.1
Loan related to divestment Euribrid	12.3	15.3
Loans to customers	24.3	8.3
	48.7	**35.7**
Provision	-9.1	-3.8
	39.6	**31.9**

Loans to Dutch Nutreco Pension Fund

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

The Dutch Nutreco Pension fund is based on contribution plans; therefore, Nutreco has no long-term obligations to compensate losses.

Loan related to divestment Euribrid

At balance sheet date a loan of EUR 13.0 million relates to Euribrid, a former investment of Nutreco divested in 2007. An interest of 5% is being charged by Nutreco. The nominal value of this loan amounts to EUR 13.6 million (2008: EUR 21.6 million) and has been discounted with a rate of 8.0%, resulting in the above amount of EUR 13.0 million (2008: EUR 19.9 million). This loan is subordinated and has been accounted for under other investments for an amount of EUR 12.3 million (2008: EUR 15.3 million) and under trade and other receivables for EUR 0.7 million (2008: EUR 4.6 million).

Loans to customers

The loans to customers are mainly related to the sale of feed. Interest is charged based on normal business conditions. The number of loans to customers increased mainly due to the transfers from short-term receivables, which was caused by the effects of the financial crisis on some of our customers. To the extent possible, loans are secured by pledges on assets such as livestock. The provision on debt securities mainly relates to loans granted to customers in the compound feed and fish feed activities.

Risks

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

(17) Deferred tax assets and liabilities

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

(EUR x million)	2009	2008
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	19.2	17.9
- Deferred tax asset to be recovered within 12 months	7.1	8.6
	26.3	**26.5**
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	-13.9	-6.8
- Deferred tax liabilities to be recovered within 12 months	-1.5	-5.1
	-15.4	**-11.9**
Net deferred tax assets	**10.9**	**14.6**

Deferred tax assets and liabilities as a consequence of valuation differences relate to the following balance sheet captions:

(EUR x million)		2009		2008
	Assets	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment	4.1	-11.5	2.9	-11.1
Intangible assets	12.1	-9.1	14.4	-7.2
Other non-current assets	2.5	-1.0	-	-2.5
Inventories	0.8	-0.8	0.9	-0.5
Biological assets	-	-3.0	-	-2.1
Trade and other receivables	7.3	-3.4	5.9	-0.6
Employee benefits	3.5	-0.5	0.6	-
Provisions	0.9	-10.5	1.0	-10.3
Trade and other payables	5.2	-4.3	3.5	-2.7
Total	**36.4**	**-44.1**	**29.2**	**-37.0**
Net deferred tax liabilities		**-7.7**		**-7.8**

The movements in net deferred tax liabilities mainly occur in intangible assets, other non-current assets and employee benefits.

A specification of the net operating losses is provided in the table below:

(EUR x million)	2009	2008
Net operating losses not recognised	46.4	47.2
Net operating losses capitalised	22.2	34.7
Net operating losses	**68.6**	**81.9**

The movement in net operating losses capitalised mainly stems from loss utilisation in Spain.

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

(EUR x million)	2009	2008
Net deferred tax liabilities	**-7.7**	**-7.8**
Tax loss carried forward	14.3	16.2
Netting net operating losses	4.3	6.2
Net deferred tax assets	**10.9**	**14.6**

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

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

(EUR x million)	2009	2008
As at 1 January	**14.6**	**16.9**
Recognised in income statement	-0.6	2.9
Recognised in comprehensive income	-0.2	-
Acquisitions	-2.5	-3.7
Effect of movement in foreign exchange	2.6	-3.1
Transfer to/from current tax	-3.0	1.6
As at 31 December	**10.9**	**14.6**

Movements in recognised deferred taxation during the year

	Balance 1 January 2008	Recognised in income statement	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2008	Recognised in income statement	Recognised in equity	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2009
Property, plant and equipment	-14.1	9.0	-3.1	-	-	-8.2	-	-	-1.1	1.9	-	-7.4
Intangible assets	11.1	-0.6	-0.5	-2.8	-	7.2	-2.7	-	-1.2	-0.3	-	3.0
Other non-current assets	-3.8	1.7	-0.4	-	-	-2.5	4.0	-	-	-	-	1.5
Inventories	-4.8	4.8	-	0.4	-	0.4	-0.3	-	-	-0.1	-	-
Biological assets	-1.3	-0.8	-	-	-	-2.1	-0.9	-	-	-	-	-3.0
Trade and other receivables	6.6	-1.3	-0.2	0.2	-	5.3	-1.4	-	-	-0.1	0.1	3.9
Employee benefits	0.9	-0.3	-	-	-	0.6	2.2	-	-	0.2	-	3.0
Provisions	-13.0	0.5	-	-	3.2	-9.3	1.3	-	-	-	-1.6	-9.6
Trade and other payables	-6.7	7.0	0.5	-	-	0.8	-0.1	-0.2	-	0.4	-	0.9
Tax loss carry-forwards	31.1	-13.0	-	-0.5	-1.6	16.0	-0.3	-	-	0.1	-1.5	14.3
Netting net operating losses	10.9	-4.3	-	-0.4	-	6.2	-2.2	-	-	0.3	-	4.3
Benefits of R&D incentives	-	0.2	-	-	-	0.2	-0.2	-	-	-	-	-
Total	**16.9**	**2.9**	**-3.7**	**-3.1**	**1.6**	**14.6**	**-0.6**	**-0.2**	**-2.3**	**2.4**	**-3.0**	**10.9**

Non-capitalised unused net operating loss

The total non-capitalised net operating loss is EUR 46.4 million at the end of the financial year 2009 (2008: EUR 47.2 million) and consists of the following items:

			2009			2008
Expiration	**< 5 years**	**5-10 years**	**> 10 years**	**< 5 years**	**5-10 years**	**> 10 years**
Net operating loss	1.8	24.1	20.5	3.5	28.1	15.6

Deferred tax assets have not been recognised in respect of these items because, based upon the level of historical taxable income and projections for future taxable income, management believes that it is more likely that no sufficient tax profits will be available against which the benefits can be utilised. These non-capitalised unused net operating losses mainly relate to acquisitions, restructuring and normal operating losses.

Income tax receivables and income tax liabilities

The income tax receivables of EUR 13.8 million (2008: EUR 12.4 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceeds payment. The income tax liabilities amount to EUR 15.6 million in 2009 (2008: EUR 11.9 million). Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to set off current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

(18) Inventories

(EUR x million)	2009	2008
Raw materials	167.5	202.3
Finished products	83.5	79.4
Total	**251.0**	**281.7**

There are no inventories pledged as security for liabilities.

In 2009, inventories decreased by EUR 30.7 million of which EUR 9.7 million is due to the acquisitions completed in 2009 and EUR 0.2 million relates to the divestment of Integra. This results in a decrease before acquisition and a divestment effect of EUR 40.2 million.

The rate of inventory turnover in 2009 is 35 days (2008: 33 days).

The write-down of inventories to net realisable value amounted to EUR 4.2 million (2008: EUR 3.7 million) which is recognised in other operating expenses.

(19) Biological assets

(EUR x million)	2009	2008
As at 1 January	**102.6**	**75.0**
Expenses capitalised	640.8	607.8
Decrease due to harvest and sales	-640.5	-589.3
Change in fair value	2.2	-0.5
Acquisitions/divestments through business combinations	-0.8	10.4
Effect of movement in foreign exchange differences	0.6	-0.8
As at 31 December	**104.9**	**102.6**

In 2009, biological assets increased by EUR 2.3 million of which EUR 0.8 million relates to the divestment of Integra. The increase before the divestment effect is EUR 3.1 million.

The biological assets at 31 December 2009 mainly relate to animals held in Spain for EUR 97.6 million (2008: EUR 94.7 million) and Canada for EUR 5.8 million (2008: EUR 4.4 million). The biological assets in Spain relate to the poultry stock for an amount of EUR 64.8 million (2008: EUR 58.0 million) and to the pigs stock for an amount of EUR 32.8 million (2008: EUR 36.7 million).

Spain

The poultry stock in Spain comprised approximately 19.0 million animals (2008: 21.6 million). During the year Nutreco processed 145.7 million animals (2008: 146.0 million).

The pigs stock in Spain at 31 December 2009 comprised approximately 544,000 animals (2008: 408,000). During the year Nutreco sold 835,000 animals (2008: 716,000).

In Spain, Nutreco applies a cost plus method to the customer price of its end-products. For the valuation of most of the biological assets, Nutreco uses the cost plus model as an approximation of the fair value price.

In February 2008, 79,555 pigs of Copaga with a fair value of EUR 9.1 million were acquired.

Canada

The poultry stock in Canada comprised approximately 1.8 million animals (2008: 1.7 million). During the year Nutreco sold 12.8 million animals in Canada (2008: 13.2 million).

In Canada, Nutreco applies a cost plus method to the customer price of its end-products. For the valuation of biological assets, Nutreco uses the cost plus model as an approximation of the fair value price.

Breeding eggs and parent stock

For a part of the breeding eggs and parent stock, both in Spain and Canada, the fair value cannot be determined reliably as no liquid market is available. This part is, therefore, valued at cost, which totals EUR 13.9 million (2008: EUR 11.8 million).

Czech Republic

With the acquisition of Biofaktory in August 2008, and its majority shareholding in Integra, Nutreco acquired 236,000 numbers of poultry with a fair value of EUR 1.3 million. In October 2009 the participation in Integra was divested.

Risks

Nutreco is exposed to a number of risks related to biological assets:

Regulatory and environmental risk

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

Supply and demand risk

Nutreco is exposed to risks arising from fluctuations in the price and sales volume of poultry and pigs.

In Spain and Canada, Nutreco applies a cost plus method for determining the sales price for approximately 50% of Nutreco's poultry and pork activities.

Diseases and other risks

Animal diseases can have a financial impact on individual Nutreco businesses. The regional spread of Nutreco's activities and the variety of animal species for which feed is supplied does, however, mean that this risk is partly mitigated. As in previous years an example of this was the low production of feed volumes of salmon in Chile, which were partly offset by higher feed volumes in Norway and Canada. Nutreco owns a limited number of pigs and poultry mainly in Spain.

In 2009 no special events related to the biological assets owned by Nutreco occurred that have had a material impact on the consolidated result of Nutreco.

The nature of the biological assets is explained more extensively in this annual report on page 55.

(20) Trade and other receivables

(EUR x million)	2009	2008
Trade receivables – third parties	538.2	598.0
Trade receivables – related parties	2.6	3.7
Trade receivables	**540.8**	**601.7**
Prepayments	18.7	9.0
Tax receivable (no income tax)	11.3	24.0
Fair value foreign exchange derivatives	4.1	13.5
Fair value cross-currency interest rate derivatives	0.5	9.7
Fair value interest rate derivatives	-	0.3
Fair value commodity derivatives	0.1	16.2
Other receivables	30.5	47.4
Total trade and other receivables	**606.0**	**721.8**

Trade receivables are shown net of impairment losses amounting to EUR 58.0 million (2008: EUR 58.8 million). In 2009, EUR 18.6 million (2008: EUR 23.2 million) of impairment losses and EUR 9.3 million (2008: EUR 3.1 million) of releases of impairment losses were recognised in the income statement. See also notes 7, 9 and 27.

Days sales outstanding (= turnover rate trade debtors) is 48 days (2008: 51 days).

Nutreco's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 27.

Nutreco has credit insurance, in a number of countries, to mitigate the credit risk on customers. In some countries, mainly Spain, part of credit risk on customers is mitigated by non-recourse factoring for an amount of EUR 62.1 million (2008: EUR 53.9 million).

In 2009, trade and other receivables decreased by EUR 115.8 million of which EUR 17.4 million is due to the acquisitions completed in 2009 and EUR 0.7 million relates to the divestment of Integra. This results in a decrease before acquisitions and divestments of EUR 132.5 million.

The fair value commodity derivatives has reduced to EUR 0.1 million (2008: EUR 16.2 million) due to the significant lower usage of commodity derivatives in the segment Compound Feed Europe.

In the amount of receivables an amount of EUR 0.5 million (2008: EUR 10.0 million) will be due after one year.

(21) Cash and cash equivalents

(EUR x million)	2009	2008
Deposits	132.4	50.8
Bank accounts	85.5	168.6
Transit/checks	14.5	8.7
In hand	0.2	0.2
Cash and cash equivalents	**232.6**	**228.3**
Bank overdrafts	-31.6	-76.5
Cash and cash equivalents in the cash flow statement	**201.0**	**151.8**

Cash and cash equivalents are at Nutreco's free disposal (see note 27).

Bank overdrafts are included in the interest-bearing borrowings (see note 23) in the balance sheet.

(22) Equity attributable to the equity holders of the parent

Share capital and share premium

The authorised share capital of the Company at 31 December 2009 amounted to EUR 41.5 million (2008: EUR 41.5 million) and consists of 55 million ordinary shares, 16 million cumulative preference shares 'A', 71 million cumulative preference shares 'D' and 31 million cumulative financing preference shares 'E', all with a nominal value of EUR 0.24.

All issued shares are fully paid up and include 35.118.682 ordinary shares (2008: 34.868.682) and 4.993.200 cumulative preference shares 'A' (2008: 4.993.200) as at 31 December (see also the 'Corporate governance' paragraph on page 68).

An overview of the ordinary shares outstanding as per the beginning and the end of the year is disclosed in note 12.

Special rights regarding Nutreco shares are disclosed in Other information.

Dividends

On 14 May 2009 the Company delivered 395,740 shares as final stock dividend over the year 2008. The cash dividend was paid out on the same date and amounted to EUR 24.8 million.

In August 2009, the Company paid out an interim dividend of EUR 0.20 in cash per ordinary share. 102,716 shares have been delivered as interim stock dividend. On 20 August 2009, the remaining interim dividend of EUR 3.8 million was paid in cash out of the retained earnings.

After the balance sheet date the following dividends were proposed by the Board:

The proposed dividend per ordinary share amounts to EUR 1.32 (2008: EUR 1.43). The final dividend of EUR 1.12 (2008: EUR 1.03) will be payable in cash or shares at the shareholder's option. The value of the stock dividend will be virtually equal to the cash dividend. The ex-dividend date is 7 April 2010. The conversion ratio will be determined after trading hours on 21 April 2010, based on the weighted average share price on the last three days of the period allowed for shareholders to notify the Company of their preference, namely 19, 20 and 21 April 2010. Both the cash and stock dividends will be placed at the shareholders' disposal on 27 April 2010.

These dividends have not been provided for and income tax consequences are not recognised as a liability.

Treasury shares

The treasury shares are accounted for as a reduction of the equity attributable to the equity holders of the parent. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury stock on a FIFO basis. Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

During the year under review, Nutreco acquired none (2008: 699,374) of its own shares through purchases on the Euronext Stock Exchange. The total amount paid in 2008 to acquire these shares was EUR 33.1 million and these shares were held as treasury shares. The Company has the right to reissue these shares at a later date. The shares are held in treasury for delivery upon exercise of share-based payments, liabilities arising from the employee share participation scheme and payment of (interim) stock dividend.

In 2009 Nutreco reissued 713,011 (2008: 722,173) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of EUR 26.8 million (2008: EUR 36.8 million).

The movements in the treasury shares can be summarised as follows:

(EUR x 1,000)		2009		2008
	Number of shares	Amount	Number of shares	Amount
As at 1 January	**589,624**	**28,059**	**612,423**	**31,729**
Options exercised	-2,700	-57	-3,950	-206
Employee share participation scheme	-35,919	-1,643	-17,218	-826
Share issuance/repurchase	250,000	60	699,374	33,128
(Interim) stock dividend	-498,456	-18,671	-564,240	-28,202
Performance shares	-178,636	-6,487	-136,765	-7,564
As at 31 December	**123,913**	**1,261**	**589,624**	**28,059**

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As at 31 December 2009 the hedging reserve amounts to EUR -13.5 million (31 December 2008: EUR -14.1 million).

Cash flow hedges have been defined for foreign exchange deals related to forecast transactions which will mature within 12 months and for interest rate swaps which will mature in 2012 and 2013. The fair value related to the foreign exchange deals amounts to EUR 0.0 million as at 31 December 2009 (31 December 2008: EUR -0.3 million) and the fair value related to the interest rate swaps amounts to EUR -13.5 million as at 31 December 2009 (31 December 2008 EUR -13.8 million).

All cash flow hedges are highly effective as at 31 December 2009; during 2009 no material ineffectiveness is recognised in the income statement.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature, and liabilities that are used as hedging instrument in a net investment. As at 31 December 2009 the translation reserve amounts to EUR -21.2 million (31 December 2008: EUR -29.8 million). The increase of EUR 8.6 million is mainly caused by fluctuations of the Norwegian krone and the Australian dollar.

Minority interest

The minority interest mainly consists of Piensos Nanfor and Piensos Nanpro in Spain, Trouw Nutrition Turkey and Trouw Nutrition Russia.

(23) Interest-bearing borrowings

The total interest-bearing borrowings are as follows:

(EUR x million)	2009	2008
Interest-bearing borrowings (non-current)	414.0	467.0
Interest-bearing borrowings (current)	41.5	128.4
Total	**455.5**	**595.4**

The specification of interest-bearing borrowings (non-current) is as follows:

(EUR x million)	2009	2008
Interest-bearing borrowings (non-current)		
Syndicated loans	147.3	301.3
Private placement	211.3	110.1
Cumulative preference shares	54.5	54.5
Other long-term loans	0.9	1.1
	414.0	**467.0**
Breakdown of interest-bearing borrowings (non-current) by currency		
US dollar	211.3	110.1
Norwegian krone	-	20.3
Canadian dollar	97.4	186.3
Euro	105.2	145.6
Other currencies	0.1	4.7
	414.0	**467.0**

Syndicated loan

In May 2009, Nutreco entered into a three-year committed revolving credit facility of EUR 550 million with an international syndicate of banks. This committed revolving credit facility replaced the former syndicated loan facility of EUR 550 million that would have matured in March 2010. The credit facility may be used for loans in various currencies.

The financial covenants of the syndicated loan facility are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on 12-month rolling basis. During 2009, Nutreco remained well within the financial covenants agreed upon with the syndicated loan facility. Reference is made to capital risk management in note 27.

The interest rates are based on Euribor or Libor of the applicable currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA. In comparison with the former syndicated loan, arrangement fees, interest margin and commitment fees have increased significantly.

At 31 December 2009, an amount of EUR 147.3 million (2008: EUR 301.3 million) was drawn on the EUR 550.0 million syndicated loan facility.

Private placements

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The senior notes consist of three tranches of USD 46.0 million, USD 80.0 million and USD 78.0 million with maturities of five, seven and ten years respectively. The first tranche of USD 46.0 million has matured in May 2009.

In April 2009 Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches of USD 54.3 million, USD 37.2 million and USD 58.5 million with maturity in five, seven and ten years respectively. The proceeds of the private placement have been used to repay the USD 46.0 million tranche of the private placement which was issued in May 2004 and to repay part of the loans under the syndicated loan facility.

At 31 December 2009, the private placements amount to USD 308.0 million (2008: USD 204.0 million).

The financial covenants of the private placements are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. Interest rates are fixed for the life of each of the five tranches. During 2009, Nutreco remained well within the financial covenants agreed upon with the private placements. Reference is made to capital risk management in note 27.

Cumulative preference shares 'A'

Prior to the Initial Public Offering in 1997, Nutreco issued cumulative preference shares 'A', which under IFRS classify as interest-bearing borrowings. Under the agreement between Nutreco and the holders of the cumulative preference shares 'A', the latter receive a fixed annual dividend of 6.66%, which will be reset in December 2010. At 31 December 2009, the 4,993,200 cumulative preference shares 'A' outstanding amount to EUR 54.5 million (2008: EUR 54.5 million).

Uncommitted facilities

In addition to the syndicated loan facility, the private placements and the cumulative preference shares, credit facilities of EUR 276.8 million (2008: EUR 291.0 million) are available to Nutreco.

Of the total facilities of EUR 1,095.1 million, an amount of EUR 455.5 million had been used as at year-end 2009 (2008: EUR 1,038.0 million and EUR 595.4 million, respectively). Reference is made to liquidity risk in note 27.

The average fixed interest rate on the interest-bearing borrowings is 6.60% as at 31 December 2009 (2008: 4.96%) and the average variable interest rate on the interest-bearing borrowings is 6.20% as at 31 December 2009 (2008: 3.85%). The interest rates of the major currencies are ranging from 4.53% to 8.22% (2008: 2.42% to 6.66%) depending on the currency of the interest-bearing borrowings. Reference is made to interest rate risk in note 27.

(EUR x million)	**2009**	**2008**
Interest-bearing borrowings (current)		
Bank overdrafts	31.6	76.5
Short-term loans	12.6	19.8
Current portion private placement	-	32.7
Amortisation refinancing costs	-2.7	-0.6
Total	**41.5**	**128.4**

Securities

All credit facilities are unsecured except for some stand-alone credit facilities of not fully-owned subsidiaries. Most of the credit facility agreements contain negative pledge and pari passu clauses. Several Group companies are jointly and severally liable for the amounts due to credit institutions.

(24) Employee benefits

Employee benefits

The components of the employee benefits for the financial year to 31 December 2009 and for the financial year to 31 December 2008 are shown in the following table:

(EUR x million)	**2009**	**2008**
Present value of funded obligations	115.4	92.8
Present value of unfunded obligations	2.9	3.1
Fair value of plan assets	-101.7	-87.4
Present value of net obligations	**16.6**	**8.5**
Unrecognised actuarial gains and losses	-10.1	-1.7
Recognised liability for defined benefit obligations	**6.5**	**6.8**
Liability for defined contribution obligations	1.5	1.3
Liability for long-term service obligations	3.8	2.7
Liability for wages and variable payments to be paid	31.2	18.7
Liability for untaken holidays	10.7	9.1
Total employee benefits	**53.7**	**38.6**
Non-current employee benefits	11.1	9.0
Current employee benefits	42.6	29.6

Expenses and income recognised in the income statement

(EUR x million)	2009	2008
Expenses recognised in the income statement		
Current service costs	1.7	2.3
Interest costs	5.9	6.6
Expected return on plan assets	-5.0	-6.5
Expenses related to defined benefit obligations	**2.6**	**2.4**
Expense related to defined contributions obligations	14.4	11.3
Expense arising from long-term service obligations	1.1	-
Expense arising from performance shares	3.0	3.1
Expense arising from employee share participation plan	0.2	0.2
Other expenses	**18.7**	**14.6**
Total expenses recognised in the income statement	**21.3**	**17.0**
Income recognised in the income statement		
Closing defined benefit obligations	-	-0.1
Total income recognised in the income statement	**-**	**-0.1**
Total expenses and income recognised in the income statement	**21.3**	**16.9**

The expenses and income are recognised in personnel cost in the income statement (see note 8).

The pension benefit of EUR 0.1 million in 2008 relates to the settlement gain in Belgium.

Nutreco expects EUR 2.3 million in contributions to be paid to post-employment benefit plans for the year ending 31 December 2010 (31 December 2009: EUR 2.2 million).

Defined benefit obligations

As at 31 December 2009, Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, the Netherlands, Norway and the United Kingdom.

				2009				2008
	Active	**Deferred**	**Pensioners**	**Total**	**Active**	**Deferred**	**Pensioners**	**Total**
Belgium	110	57	-	167	110	54	-	164
Canada	273	-	-	273	273	-	-	273
France	77	-	-	77	77	-	-	77
Germany	84	15	38	137	80	19	37	136
Italy	159	-	-	159	171	-	-	171
Netherlands	102	111	87	300	102	111	87	300
Norway	284	-	49	333	283	-	47	330
United Kingdom	-	322	109	431	-	322	109	431
Total	**1,089**	**505**	**283**	**1,877**	**1,096**	**506**	**280**	**1,882**

Plan assets related to defined benefit obligations

The plan assets consist of the following:

(EUR x million)	2009		2008	
		%		%
Government bonds	44.9	44	40.6	46
Equity securities	30.8	30	25.2	29
Insurance	24.7	24	21.2	24
Real estate	1.3	2	0.4	1
	101.7	**100**	**87.4**	**100**

Movement in the present value of the defined benefit obligations

The funded status of the pension plans and the amounts recognised as a Company liability at 31 December 2009 and 31 December 2008 are as follows:

(EUR x million)	2009	2008
Present value of defined benefit obligations at 1 January	**95.9**	**127.8**
Current service costs	1.7	2.3
Interest costs	5.9	6.6
Contributions by plan participants	0.4	0.4
Actuarial gains and losses	11.5	-17.1
Exchange rate changes	7.6	-18.2
Benefits paid	-4.5	-5.3
Plan settlements	-0.2	-0.6
Present value of defined benefit obligations at 31 December	**118.3**	**95.9**

Movement in the fair value of plan assets related to defined benefit obligations

(EUR x million)	2009	2008
Fair value of plan assets at 1 January	**87.4**	**117.7**
Expected return on plan assets	5.0	6.5
Actuarial gains and losses	3.9	-17.3
Exchange rate changes	6.9	-16.9
Contributions by the employer	2.8	2.9
Contributions by plan participants	0.4	0.4
Benefits, expenses, taxes and premiums paid	-4.5	-5.3
Plan settlements	-0.2	-0.6
Fair value of plan assets at 31 December	**101.7**	**87.4**

The actual return on plan assets was EUR 8.9 million (2008: EUR -10.8 million).

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Actuarial assumptions (in %)

	Discount rate		Long-term rate of return on assets		Salary increases		Inflation (RPI)	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Germany	5.5	5.7	4.5	4.5	2.5	2.5	2.0	2.0
Italy	5.5	5.7	-	-	-	-	2.0	2.0
France	5.5	5.7	4.3	4.2	2.3	2.3	2.0	2.0
Belgium	5.5	5.7	6.5	6.6	3.5	3.5	2.0	2.0
UK	5.7	6.0	5.3	5.3	-	-	3.8	3.0
Norway	4.5	4.0	5.0	5.3	3.8	4.0	2.5	2.5
Canada	6.1	6.8	7.0	7.2	3.5	3.5	2.5	2.5
Netherlands	5.5	5.7	4.0	4.0	3.5	3.5	2.0	2.0
	5.7	**6.0**	**5.4**	**5.5**	**3.5**	**3.5**	**2.9**	**2.5**

Historical information of experience gains and losses

(EUR x million)	2009	2008	2007	2006	2005
Present value of defined benefit obligation	118.3	95.9	127.8	105.8	78.2
Fair value of plan assets	-101.7	87.4	-117.7	-80.1	-52.6
Deficit/(surplus)	**16.6**	**8.5**	**10.1**	**25.7**	**25.6**
Experience adjustments on plan liabilities	0.8	-6.3	-2.0	2.4	-
Experience adjustments on plan assets	3.9	-17.3	-2.7	1.2	-

The table below shows the impact of discount rates on the results:

(EUR x million)	Discount rate in %	Benefit obligation determined at		
		Discount rate used	**Discount rate +0.5%**	**Discount rate -0.5%**
Germany	5.5	3.1	2.9	3.2
Italy	5.5	2.3	2.1	2.4
France	5.5	0.6	0.6	0.6
Belgium	5.5	6.0	5.6	6.4
UK	5.7	48.8	44.3	53.9
Norway	4.5	5.7	5.3	6.1
Canada	6.1	31.1	28.3	34.2
Netherlands	5.5	20.7	19.5	22.1
		118.3	**108.6**	**128.9**

The majority of the pension obligations are a defined contribution obligation, so the impact of defined benefit obligations is limited.

Risks related to pension plans

Defined benefit plans

Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, the Netherlands, Norway and the United Kingdom. The plans cover approximately 1,877 (2008: 1,882) persons currently or previously employed within the Nutreco Group. These plans require detailed reporting and disclosure information for the financial statements.

The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pension plans in order to forecast the financial consequences hereof and to take actions in time.

The 2010 estimated pension expense of EUR 3.3 million is higher than the 2009 pension expense of EUR 2.6 million, primarily due to increases in the expected 2010 pension expense for the UK plan. Due to changes in discount rate and indexation assumptions, the UK year-end defined benefit obligation at 31 December 2009 has increased resulting in unrecognised actuarial losses of EUR 12.1 million. Part of these losses will be recognised in the 2010 pension expense and is subject to the 10% amortisation corridor.

Defined contribution plans

In addition to defined benefit plans Nutreco is engaged in defined contribution agreements with local pension funds of which the Dutch Nutreco Pension Fund is the most important one. The fund covers approximately 4,000 persons currently employed by Nutreco.

Share-based payments

Options

The Company had a share option plan effective as of 11 March 1998 on the basis of which options were granted up to and including 2003. Each option entitled the holder to purchase an ordinary share of EUR 0.24 par value at the exercise price corresponding to the closing price quoted seven days after publication of the annual results. In effect from 2001, the Company made a few changes to the regulations pertaining to the options granted since 2001. The exercise period was extended from five to seven years. None of the Executive Board members has any options outstanding. The movements in options held by other employees are shown further in this section.

Performance shares 2006 – Interim long-term incentive plan

The proposal to put in place an interim long-term incentive plan for the Executive Board for the year 2006 was adopted at the Annual General Meeting of Shareholders of 18 May 2006. For the year 2006 performance shares were granted, subject to the following conditions: (i) a number of performance targets were agreed with the Supervisory Board relating to the finalisation of the 'Rebalancing for Growth' strategy and the development of a new strategy, (ii) vesting would be subject to continued employment for at least two years, (iii) a lockup applies for a period of five years from the date of vesting with an allowance to sell shares in order to satisfy taxes with regard to such shares and (iv) the shares would qualify for dividends over the year 2006 and following. At the Annual General Meeting of Shareholders of 2008, the Supervisory Board reported on the achievement of the different performance targets and informed the Annual General Meeting of Shareholders that it had resolved to the vesting of 70,000 performance shares granted to the Executive Board under the interim long-term incentive plan 2006 effective 18 May 2008. A five-year lockup restriction applies to these shares until 18 May 2013 with an allowance to sell shares to satisfy tax obligations resulting from the vesting of the performance shares. In accordance herewith, a total of 26,931 shares were sold. During the course of the year Mr J.B. Steinemann left the Company's Executive Board and is no longer employed by the Company. In accordance with the rules applying to long-term incentive plans, the lockup restriction applying to Mr J.B. Steinemann's shares has lapsed.

Long-term incentive plan 2007 and following

At the Annual General Meeting of Shareholders, a new long-term incentive plan for the year 2007 and beyond received the approval of the General Meeting of Shareholders on 26 April 2007. The long-term incentive plan (LTI Plan) is designed to enhance the binding between the Executive Board's remuneration and the implementation of the

Company's strategy over the longer term. The key terms of the approved LTI Plan applying as from 2007 are the following:

- On an annual basis, performance shares will be granted conditionally. The conditional grant will vest after a three-year performance period.
- The economic value at the moment of granting represents 85% (2008: 85%) of the base salary of the Chairman of the Executive Board, 80% (2008: 80%) of the base salary of the Chief Financial Officer and 50% of the base salary of the Executive Vice-Presidents, members of the Executive Board.
- The conditional grant will vest after a three-year performance period, subject to whether the Company achieves a pre-set level of Total Shareholder Return (TSR) relative to a peer group consisting of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments.
- No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the grant when the Company's TSR is at the median position, linearly up to a maximum of 150% of the grant if the Company achieves the number one position within the peer group.
- A lockup will be effective for a period of two years after vesting, with an allowance to sell shares as from vesting to satisfy taxes due.
- Participants of the plan are entitled to dividends each year, starting 2007.

The number of performance shares conditionally awarded to the Executive Board which can only be vested when performance targets are met amounted to 103,900 (2008: 50,000), of which shares granted to Mr W. Dekker amounted to 32,000 (2008: 21,000), to Mr J.B. Steinemann and Mr C.J.M. van Rijn to 22,000 (2008: 14,500). Each of the Executive Vice-Presidents was granted 9,300 performance shares. In addition, a total of 112,400 (2008: 85,700) performance shares were awarded to a number of senior executives of the Group.

The performance shares for senior executives of the Group were subject to similar terms and conditions as those applying to the Executive Board with as main difference that no lockup period applies.

In 2009 it was decided that the lockup period for the non-Executive Board members will be abandoned, it was also decided that for the calculation of the TSR performance versus the peer group for non-Executive Board members for the year 2007 and 2008 another method would be used than for Executive Board members. This will result in a vesting percentage of the grant of 2007 per 1 April 2010 of 82.26% for Executive Board members and 91.67% for the other participants.

Movements in LTI shares of the members of the Executive Board

The movements in the number of LTI performance shares outstanding of the members of the Executive Board can be summarised as follows:

		Vesting	Expiration – restricted until	As of 1 January 2009	Granted	As of 31 December 2009		
						To be vested	Restricted	Free available
W. Dekker								
2004/2005	1	Early vesting April 2006	2011				38,500	
2006	2	2008	2013				20,166	
2007	3	2010	2012	19,643		19,643		
2008	3	2011	2013	21,000		21,000		
2009	3	2012	2014		32,000	32,000		
C.J.M. van Rijn								
2004/2005	1	Early vesting April 2006	2011				25,665	
2006	2	2008	2013				9,335	
2007	3	2010	2012	13,995		13,995		
2008	3	2011	2013	14,500		14,500		
2009	3	2012	2014		22,000	22,000		
K. Nesse								
2007	3	2010	2012	3,500		3,500		
2008	3	2011	2013	3,900		3,900		
2009	3	2012	2014		9,300	9,300		
F.J. Tielens								
2009	3	2012	2014		9,300	9,300		
J.A. Vergeer								
2007	3	2010	2012	3,500		3,500		
2008	3	2011	2013	3,900		3,900		
2009	3	2012	2014		9,300	9,300		
J.B. Steinemann								
2004/2005	4	Early vesting April 2006						33,315
2006	4	2008 until 2013						13,568
2007	5	2010		13,995		11,658		
2008	5	2011		14,500		7,250		
2009	6	2012			22,000	3,652		

1) Vesting of the performance shares 2004/2005 took place in 2006. Shares are restricted until 6 March 2011. Shares are entitled to dividend and the dividend is freely available.
2) As performance targets were met, vesting of the 2006 performance shares took place in 2008, and the shares are restricted until 2013. Shares are entitled to dividend and the dividend is freely available.
3) If performance targets are met, vesting of the 2007, 2008 and 2009 performance shares will take place on resp. 1 April 2010, 2011 and 2012, after which the shares are restricted resp. until 1 April 2012, 2013 and 2014. The shares are entitled to dividend and the dividend is restricted resp. until 1 April 2010, 2011 and 2012.
4) As Mr J.B. Steinemann left the Company on 30 June 2009, the shares are no longer restricted.
5) If performance targets are met, vesting of the 2007 and 2008 performance shares will take place on resp. 1 April 2010 and 2011.
As Mr J.B. Steinemann left the Company on 30 June 2009, pro rata vesting will take place. After the vesting no restriction is applicable.
6) If performance targets are met, vesting of the 2007 performance shares will take place on 1 April 2012. As Mr J.B. Steinemann left the Company on 30 June 2009, no restriction is applicable after vesting.

As part of the severance agreement with Mr J.B. Steinemann, it was agreed that for the performance shares granted in 2007, 2008 and 2009 article 9.3 of the Performance Share Plan Regulations applies, which means that the number of performance shares that vest shall be decreased proportionally for months Mr J.B. Steinemann is not employed with the Company during the respective performance periods for these grants. The provision of article 12.2 of the Performance Share Plan Regulations applies accordingly, which means that the lockup period lapsed on the date of termination of the employment of Mr J.B. Steinemann.

Movements in the options of other (former) employees

The movements in the options of other (former) employees may be summarised as follows:

	Granted	Expiration	As of 1 January 2009	Exercised	Lapsed	As of 31 December 2009	Exercise price (EUR)
	2002	2009	9,125		9,125	-	35.93
	2003	2010	10,300	2,700		7,600	12.23
Total outstanding			**19,425**			**7,600**	

All of the 7,600 outstanding options were exercisable. Options exercised in 2009 resulted in 2,700 shares being delivered out of the own shares held in treasury.

Performance conversion plan

A performance conversion plan was introduced in 2007 for a limited group of senior executives. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the variable payment which is awarded to them (if any) in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. In 2009 it was decided that there is no lockup period for these shares.

For the three years ending with the year under review, the independent consultant calculated a matching percentage of 139.58%.

In the year under review, 51 participants (2008: 53) invested in a total of 11,994 (2008: 9,365) shares.

Employee share participation scheme

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

In 2009, the Supervisory Board decided that the 2008 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 35,919 shares during 2009 (2008: 17,218).

Remuneration of members of the Executive Board and of the Supervisory Board

Remuneration for the members of the Executive Board

(EUR)	Salary costs	Variable payments	Pension costs	Total 2009	Total 2008
W. Dekker	601,288	406,695	131,353	1,139,336	1,178,399
K. Nesse*	169,303	68,475	13,869	251,647	-
C.J.M. van Rijn	443,984	248,829	136,420	829,233	817,892
F.J. Tielens*	175,362	68,475	19,095	262,932	-
J.A. Vergeer*	173,493	68,475	22,830	264,798	-
J.B. Steinemann**	984,152	-	62,546	1,046,698	793,294
	2,547,582	**860,949**	**386,113**	**3,794,644**	**2,789,585**

* The figures relate to the period 1 July 2009 – 31 December 2009.

** The figure relates to the period 1 January 2009 – 30 June 2009 and is including a severance payment of EUR 772,000.

Other remuneration

The table below summarises the income statement charges for performance shares 2008 and 2009:

(EUR)	2009	2008
W. Dekker	488,426	556,719
K. Nesse	53,200	-
C.J.M. van Rijn	340,477	382,637
F.J. Tielens	23,498	-
J.A. Vergeer	53,200	-
J.B. Steinemann	173,156	382,637
	1,131,957	**1,321,993**

Remuneration for the members of the Supervisory Board

(EUR)	Board remuneration	Committee remuneration	Total 2009	Total 2008
R. Zwartendijk	55,000	5,000	60,000	60,000
J.M. de Jong	43,000	7,500	50,500	50,500
L.J.A.M. Ligthart****	21,500	11,000	32,500	65,000
Y. Barbieux	43,000	7,500	50,500	48,000
J.A.J. Vink	43,000	10,000	53,000	50,500
R.J. Frohn***	32,250	7,500	39,750	-
A. Puri***	32,250	3,750	36,000	-
	270,000	**52,250**	**322,250**	**274,000**

*** The figures relate to the period 21 April 2009 – 31 December 2009.

**** The figure relates to the period 1 January 2009 – 21 April 2009.

Shares owned by the Executive Board and Supervisory Board

Members of the Executive Board are shareholders of the Company.

As at 31 December 2009, the members of the Executive Board jointly held 427 ordinary shares (2008: 141 shares), which were held by Mr C.J.M. van Rijn (CFO). No restrictions apply to these shares. Following the departure of J.B. Steinemann on 30 June 2009, shares held by Mr J.B. Steinemann, whether restricted or freely available, are no longer reported as per 31 December 2009.

In addition, the CEO and the CFO held 64,165 shares resulting from the long-term incentive programmes 2004 and 2005, for which a lockup restriction applies until 2011. From these shares 38,500 shares were held by Mr W. Dekker and 25,665 shares by Mr C.J.M. van Rijn. The dividend to these shares is freely available.

In addition, the CEO and the CFO held 29,501 shares resulting from the long-term incentive programme 2006, for which a five-year lockup restriction applies. From these shares 20,166 shares were held by Mr W. Dekker and 9,335 shares by Mr C.J.M. van Rijn. The dividend to these shares is freely available. Furthermore, Mr C.J.M. van Rijn held 191 shares resulting from the Employee Share Participation Scheme with a three-year lockup period.

The Executive Board members have also been conditionally granted 165,838 performance shares under the 2007, 2008 and 2009 long-term incentive programmes of which 72,643 performance shares were held by Mr W. Dekker, 50,495 performance shares by Mr C.J.M. van Rijn, 16,700 performance shares by Mr K. Nesse, 9,300 performance shares, by Mr F. Tielens and 16,700 performance shares by Mr J. Vergeer.

One Supervisory Board member, Mr Y. Barbieux, held 504 ordinary shares (2008: 466 shares).

For the movement in stock options and performance shares held by the Executive Board and other managerial staff, please see pages 138-139 of the consolidated financial statements.

(25) Provisions

The changes can be specified as follows:

(EUR x million)	Restructuring	Claims	Guarantees	Total
As at 1 January 2009	**8.5**	**3.5**	**0.2**	**12.2**
Additions charged	11.8	9.8	-	21.6
Release[1]	-1.1	-0.4	-	-1.5
Utilised	-12.2	-1.7	-0.1	-14.0
Effect of movement in foreign exchange	-0.1	-	-	-0.1
As at 31 December 2009	**6.9**	**11.2**	**0.1**	**18.2**
Non-current	1.6	1.9	0.1	3.6
Current	5.3	9.3	-	14.6

1 The release of the provisions is recorded in other operating income (note 7).

Restructuring

Provisions for restructuring include costs related to certain compensation to staff and costs which are directly associated with plans to execute specific activities and closing down of facilities. For all restructurings a detailed plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date.

The 2009 additions charged of EUR 11.8 million mainly relate to the animal nutrition activities in Canada and the acquired business activities in Spain. An amount of EUR 9.8 million is recognised as personnel costs and the remaining part of

EUR 2.0 million is recognised as other operating expenses in the income statement.

In 2008 mainly as a consequence of the restructuring of compound feed activities in South and West Europe and premix and specialty feed activities in Italy an amount of EUR 6.3 million was recognised as other operational expenses in the income statement.

Claims

A number of claims are pending against the Group. These claims were issued by suppliers, customers, former employees and consumers. Part of these claims was provided for in previous years.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated position of Nutreco. To the extent management has been able to estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2009.

The major part of the provision for claims as at 31 December 2009 consists of exposures from several customers of Nutreco which relate to discussions about past supplies.

Most claims are expected to be completed within two years from the balance sheet date.

Guarantees

The provision for guarantees as at 31 December 2009 relates to bank guarantees issued by Nutreco for loans made by third parties to Group customers.

(26) Trade and other payables

(EUR x million)	**2009**	**2008[1]**
Trade creditors – third parties	526.5	577.6
Taxes and social security contributions	20.4	15.6
Other liabilities	53.4	59.9
Deferred income and accrued expenses	189.1	167.5
Fair value foreign exchange derivatives	8.3	6.4
Fair value cross-currency derivatives	14.7	-
Fair value interest rate derivatives	13.8	14.1
Fair value commodity derivatives	-	11.2
Total	**826.2**	**852.3**

1 2008 figures are restated for comparison reasons

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in note 27.

In 2009, trade and other payables decreased by EUR 26.1 million of which EUR 29.2 million is due to the acquisitions completed in 2009 and EUR 0.4 million relates to the divestment of Integra. This results in a decrease before acquisitions and divestments of EUR 54.9 million.

Trade creditor days 2009 are 81 days (2008: 73 days).

The amount of trade creditors decreased due to lower raw material prices in comparison to 2008. Payment terms of trade creditors increased due to a company-wide working capital program as well as increased utilisation of supply chain finance solutions. Nutreco notices an increasing number of suppliers that sell, factor or confirm their trade receivables on Nutreco companies, which enables these suppliers to maintain or extend the payment terms. As of 31 December 2009, Nutreco was aware of EUR 135.6 million (2008: EUR 144.3 million) usage of such solutions within Fish Feed and the Spanish business activities.

The fair value commodity derivatives has decreased to EUR 0.0 million (2008: EUR 11.2 million) due to the significant lower usage of commodity derivatives in the segment Compound Feed Europe.

(27) Financial instruments and risk management

Treasury risk management

The Group is exposed to a variety of financial risks, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and capital risk. These risks are inherent to the way the Group operates as a multinational with a large number of local operating companies. The Company's overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimise potential adverse effects on the financial performance. The treasury risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Financial risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies.

Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the treasury risk management policies within the Group. Nutreco has a Risk Management Advisory Board that advises the Executive Board on financial risk management.

The capitalisation and funding of subsidiaries is a joint responsibility of Group Treasury and Group Tax, whereas the combination of equity and short-term inter-company loans is mostly used as financing structure. Decisions regarding the debt to equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Except for dividend withholding tax in some countries and the currency control restrictions in Venezuela, the Group has no restrictions in paying inter-company cash dividends or in repaying inter-company loans.

The operating companies are responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities as well as credit risk for non-financial counterparties.

Within the boundaries set in the treasury risk management policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

Financial instruments by class and by categories

Financial assets 31 December 2009

(EUR x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	-	-	-	3.8	3.8	3.8
Debt securities	16	-	-	-	39.6	-	39.6	39.6
Trade receivables	20	540.8	-	-	-	-	540.8	540.8
Other receivables	20	60.5	-	-	-	-	60.5	60.5
Fair value foreign exchange derivatives	20	-	3.2	0.9	-	-	4.1	4.1
Fair value cross-currency interest rate derivatives	20	-	-	0.5	-	-	0.5	0.5
Fair value commodity derivatives	20	-	-	0.1	-	-	0.1	0.1
Cash and cash equivalents	21	232.6	-	-	-	-	232.6	232.6
Total		**833.9**	**3.2**	**1.5**	**39.6**	**3.8**	**882.0**	**882.0**

Financial liabilities 31 December 2009

(EUR x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-25.5	-	-388.5	-414.0	-432.4
Interest-bearing borrowings (current)	23	-	-	-41.5	-41.5	-41.5
Trade payables	26	-	-	-526.5	-526.5	-526.5
Other payables	26	-	-	-73.8	-73.8	-73.8
Fair value foreign exchange derivatives	26	-2.1	-6.2	-	-8.3	-8.3
Fair value cross-currency derivatives	26	-	-14.7	-	-14.7	-14.7
Fair value interest rate derivatives	26	-	-13.8	-	-13.8	-13.8
Total		**-27.6**	**-34.7**	**-1,030.3**	**-1,092.6**	**-1,111.0**

Financial assets 31 December 2008

(EUR x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	-	-	-	3.9	3.9	3.9
Debt securities	16	-	-	-	31.9	-	31.9	31.9
Trade receivables	20	601.7	-	-	-	-	601.7	601.7
Other receivables	20	80.4	-	-	-	-	80.4	80.4
Fair value foreign exchange derivatives	20	-	7.4	6.1	-	-	13.5	13.5
Fair value cross-currency interest rate derivatives	20	-	-	9.7	-	-	9.7	9.7
Fair value interest rate derivatives	20	-	-	0.3	-		0.3	0.3
Fair value commodity derivatives	20	-	-	16.2	-	-	16.2	16.2
Cash and cash equivalents	21	228.3	-	-	-	-	228.3	228.3
Total		**910.4**	**7.4**	**32.3**	**31.9**	**3.9**	**985.9**	**985.9**

Financial liabilities 31 December 2008

(EUR x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-467.0	-467.0	-467.0
Interest-bearing borrowings (current)	23	-	-	-128.4	-128.4	-128.4
Trade payables	26	-	-	-577.6	-577.6	-577.6
Other payables	26	-	-	-75.5	-75.5	-75.5
Fair value foreign exchange derivatives	26	-4.9	-1.5	-	-6.4	-6.4
Fair value interest rate derivatives	26	-	-14.1	-	-14.1	-14.1
Fair value commodity derivatives	26	-	-11.2	-	-11.2	-11.2
Total		**-4.9**	**-26.8**	**-1,248.5**	**-1,280.2**	**-1,280.2**

The following methods and assumptions were used to estimate the fair value of financial instruments:

Equity securities

Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. The financial statements of the other investments for the financial year 2009 have not been approved and received before publication of the Nutreco results. As the fair value can therefore not be measured reliably, the participations are valued at cost. However, based on the figures for the financial year 2008, no large difference is expected between cost value and fair value.

Debt securities

For investments in debt securities, fair value is based upon the current market rates.

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts approximate fair value because of the short maturity of those instruments.

Interest-bearing borrowings (current and non-current)

The fair value is estimated on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of borrowing arrangements and interest rate contracts with comparable terms and maturities.

Fair value foreign exchange contracts, interest rate swaps and cross-currency interest rate derivatives

The fair value calculation of the foreign exchange contracts, interest rate swaps and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market foreign exchange rates and actual market interest rates on reporting date.

Credit risk

Credit risk represents the accounting loss that would have to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. As a consequence of the credit crisis and to the extent possible, special attention is paid to the liquidity of other parties such as banks, insurance companies, customer as well as strategic suppliers.

The international growth of premixes and specialty feed and fish feed for other fish species has resulted in a wider and international spread of customers but affected the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Premix and Feed Specialties: has, due to the geographical presence, a widely spread portfolio of customers in all continents.
- Compound Feed Europe and Animal Nutrition Canada: the activities in Europe, the USA and Canada regarding this segment have a widely spread portfolio of customers.
- Fish Feed: as a consequence of the further concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance.
- Meat and Other: the Spanish customers of meat activities are reputable food and retail suppliers.

The outstanding amounts of Nutreco's largest customers Mercadona and Marine Harvest together account for less than 10% of the total outstanding amount as per 31 December 2009.

In 2003 and 2004, Nutreco has granted subordinated loans to the Dutch Nutreco Pension Fund for a total amount of EUR 12.1 million (2008: EUR 12.1 million). The solvency of the Dutch Nutreco Pension Fund has been impacted by the worldwide financial crisis, but has improved during 2009. The Dutch Nutreco Pension Fund does not have a short-term liquidity risk.

At balance sheet date a loan of EUR 13.0 million relates to Euribrid, a former investment of Nutreco divested in 2007. An interest of 5% is being charged by Nutreco. The nominal value of this loan amounts to EUR 13.6 million (2008: EUR

21.6 million) and has been discounted with a rate of 8.0%, resulting in the above amount of EUR 13.0 million (2008: EUR 19.9 million). This loan is subordinated and has been accounted for under other investments for an amount of EUR 12.3 million (2008: EUR 15.3 million) and under trade and other receivables for EUR 0.7 million (2008: EUR 4.6 million).

Nutreco has an exposure to banks created by the usage of cash investments and derivative financial instruments. The exposure created by cash investments equals the notional amount; the exposure created by the derivative financial instruments equals the fair value of these instruments.

Nutreco has an exposure to reputable banks that have a sufficient credit rating. Due to the credit crisis, banks are carefully monitored and credit limits are (temporarily) reduced in the event of uncertainty. Cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A+ (Standard & Poor's). The maturity of the exposure is, except for interest rate derivatives, short-term and spread over various banks to reduce the counterparty risk. Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Provisions are recognised when necessary.

The maximum amount of credit risk of all financial assets is EUR 882.0 million (2008: EUR 985.9 million).

Rating cash, bank and derivatives

(EUR x million)	2009	2008
Cash at bank and short-term bank deposits		
AAA	3.8	19.2
AA+	23.8	1.9
AA	25.8	17.3
AA-	36.4	162.2
A+	112.7	-
Not classified	30.1	27.7
	232.6	**228.3**

All derivative financial instruments are concluded with counterparties that have a credit rating of at least A+.

Aging of trade and other receivables

(EUR x million)		2009		2008
	Amount	**Impairment**	**Amount**	**Impairment**
Before due date	519.5	10.9	581.9	11.5
0 < 3 months after due date	78.4	7.8	128.4	6.7
3 < 6 months after due date	17.2	3.9	28.3	7.0
6 months and longer after due date	48.9	35.4	42.0	33.6
Trade and other receivables	**664.0**	**58.0**	**780.6**	**58.8**

Movement in the impairment of trade and other debtors

(EUR x million)	2009	2008
At 1 January	**58.8**	**49.2**
Additions	18.6	23.2
Release	-9.3	-3.1
Utilised during the year	-6.7	-9.5
Unwind of discount	-	0.6
Acquisitions through business combinations	-	1.0
Transfer to other investment – debt securities	-3.1	-
Effect of movement in foreign exchange	-0.3	-2.6
At 31 December	**58.0**	**58.8**

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the cumulative preference shares and the private placements. In addition and in order to achieve a mix of fixed and floating rate exposure in accordance with Nutreco's policy, part of the floating syndicated loan has been fixed with interest rate swaps. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In 2004, Nutreco has agreed fixed interest rates for an amount of USD 158.0 million of the private placement, for periods of seven and ten years. The private placement also included a tranche of USD 46.0 million for a period of five years which has been repaid in 2009.

Two cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of USD 53.7 million to NOK and USD 60.4 million to CAD, which terminate in 2011 and 2014 respectively.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches for USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in five, seven and ten years respectively. Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of USD 54.3 million to CAD, which terminate in 2014. In addition, the fixed rate of USD 37.2 million of the private placement has been swapped to floating by means of fixed-to-floating interest rate swaps that mature in 2016.

Part of the interest rate risk of the syndicated loan has been hedged by two floating-to-fixed interest rate swaps of CAD 150.0 million and EUR 50.0 million, which mature in 2012 and 2013 respectively.

With the cumulative preference shares, the private placements and these derivative financial instruments, 81% of the interest on Nutreco's interest-bearing borrowings (non-current) has been fixed (82% as at 31 December 2008). The increasing effect of the additional fixed rated private placement (USD 150.0 million) and lower average interest-bearing borrowings have been offset by the unwinding of two floating-to-fixed interest rate swaps of CAD 125.0 million and by swapping USD 37.2 million of the private placement to floating interest.

The average fixed interest rate on the interest-bearing borrowings as at 31 December 2009 is 6.60% (2008: 4.96%) and the average variable interest rate on the interest-bearing borrowings as at 31 December 2009 is 6.20% (2008: 3.85%). The interest rates of the major currencies are ranging from 4.53% to 8.22% (2008: 2.42% to 6.66%) depending on the currency of the interest-bearing borrowing.

Mainly as a consequence of the issuance of the private placement and a lower average net debt due to a very strong operating cash flow, the relative share of fixed rate interest-bearing borrowings is 81%, exceeding the objective of 70%.

The cash and cash equivalents have been placed out on short-term deposits or bank accounts with floating interest.

Sensitivity analysis

At balance sheet date EUR 80.3 million (2008: EUR 91.2 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts to EUR 191.1 million net cash (2008: EUR 99.9 million net cash) at year-end.

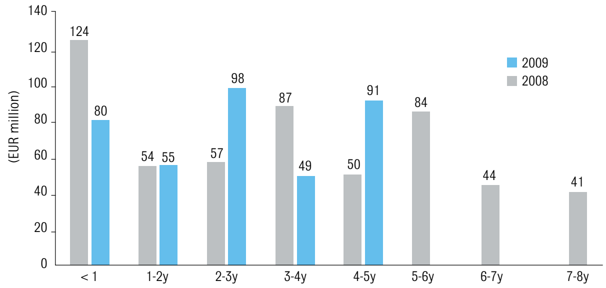
An increase of 100 basis points of all floating interest rates at reporting date would have decreased the net financing costs in the income statement by EUR 1.1 million (2008: EUR 0.1 million decreased). A decrease of 100 basis points in interest rates at 31 December 2009 would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. In 2008, most relevant reference rates have decreased whereas credit margins have increased.

(EUR x million)	Impact of 100 basis points increase of interest rates	
	2009	**2008**
Exposed interest-bearing borrowings (non-current)	-0.8	-0.9
Exposed interest-bearing borrowings (current) and cash and cash equivalents	1.9	1.0

An increase of 100 basis points of all floating interest rates at reporting date would have increased the fair value of the outstanding interest rate swaps by EUR 7.0 million per 31 December 2009. As consequence of applying cash flow hedge accounting for the interest rate swaps this amount would increase the hedging reserve in equity.

Reprising analysis

The following graph shows the reprising calendar for non-current interest-bearing borrowings (including current portion) as recognised at the balance sheet date:



Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials. In Animal Nutrition Canada, Compound Feed Europe and Fish Feed, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market. These possibilities are regularly assessed and currency movements are only passed through when a structural change has occurred.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through to customers. This foreign currency exposure is managed by means of derivative financial instruments like forward foreign exchange contracts and swaps as well as short-term bank balances in foreign currencies. Consistent with the average pass-through period, the average maturity of derivative financial instruments is three months, generally with a maximum of 12 months.

Per 31 December 2009, foreign currency transactions risks for trade receivables mainly comprise the currencies euro and US dollar for respectively EUR 11.9 million (2008: EUR 5.6 million) and EUR 9.0 million (2008: EUR 14.7 million). The foreign currency transaction risks for trade payables are, depending on the functional currency of an operating company, in the currencies euro and US dollar for respectively EUR 100.9 million (2008: EUR 22.8 million) and EUR 48.1 million (2008: EUR 97.6 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. These exposures are internalised as much as possible and only the remaining exposure is hedged using derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles, reported in the gross margin of operating companies.

Unrecognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming three months, are hedged on the basis of pass-through possibilities and probability of occurrence. These exposures are internalised as much as possible and only the remaining exposure is hedged using derivative financial instruments. These are mainly used in cash flow hedge relationships.

The impact of unhedged transactions and balances in foreign currencies resulted in a loss of EUR 2.1 million in 2009 (2008: EUR 7.4 million losses).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity and recognised in the income statement at when the hedged transaction is recognised in profit or loss. At 31 December 2009, derivative financial instruments with a fair value of EUR 0.0 million (2008: EUR 0.3 million negative) are reported in the hedging reserve, as part of equity.

Operating companies monthly report recognised and unrecognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the treasury risk management policy and to determine the need for additional hedging transactions.

Group Treasury is the counterparty for internal derivative financial instruments of the operating companies resulting in a foreign currency exposure for Group Treasury which is, together with the exposure from corporate transactions, hedged with external derivative financial instruments. The revaluation of corporate monetary items, internal and external derivative financial instruments is reported separately as part of net financing costs for as far as not recognised in equity. In 2009, the foreign currency exposure of Nutreco Corporate resulted in a positive foreign currency effect of EUR 0.8 million (2008: EUR 0.6 million).

On 31 December 2009, the notional amount of outstanding foreign exchange derivative financial instruments related to transaction risk totalled EUR 163.9 million (2008: EUR 202.3 million), mainly relating to USD, NOK and CAD. The net fair value of the outstanding foreign exchange derivative financial instruments related to transaction risk hedging amounted to EUR 0.5 million (2008: EUR 3.2 million).

Foreign currency translation risk

Nutreco is exposed to foreign currency translation risks of investments in foreign operations, including long-term loans to foreign subsidiaries, and the net income of these foreign operations. Nutreco aims to minimise any direct impact in its comprehensive income statement as a consequence of foreign currency risk related to net investments. The objective is to restrict the annual and cumulative impact in its equity as a consequence of foreign currency risk related to net investments.

To mitigate the foreign currency exposure of foreign operations, the currency of Nutreco's external funding is matched with the required financing of foreign operations, either directly by external foreign currency interest-bearing borrowings or by derivative financial instruments as foreign exchange swaps and cross-currency interest rate swaps.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit is defined as the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency.

At balance sheet date EUR 327.2 million (2008: EUR 349.9 million) of interest-bearing borrowings in foreign currencies, including the effect of CAD/USD (EUR 86.0 million) and NOK/USD (EUR 45.2 million) cross-currency interest rate swaps, are effectively used as net investment hedge for investments in CAD and NOK. Revaluation of these interest-bearing borrowings and related cross-currency interest rate swaps is recognised in the translation reserve.

In addition, Nutreco has used foreign exchange swaps, to further reduce the exposure to translation risks of shareholders' equity of foreign Group companies or non-consolidated companies. On 31 December 2009, the notional amount of outstanding foreign exchange derivative financial instruments related to translation risk totalled EUR 226.8 million (2008: EUR 105.7 million), mainly relating to AUD, MXN, GBP, NOK and CAD. The increase compared to 2008 mainly relates to hedging net investments in CAD with derivative financial instruments instead of financial liabilities. The net fair value of the outstanding foreign exchange derivative financial instruments related to translation risk amounted to EUR 4.6 million (2008: EUR 4.0 million).

Translation exposure for the main foreign currencies 2009

(EUR x million)	Capital invested as at 31 December 2009	Net investment hedge as at 31 December 2009	Exposure as at 31 December 2009	Capital invested as at 31 December 2008	Net investment hedge as at 31 December 2008	Exposure as at 31 December 2008
AUD	34.7	21.8	12.9	25.1	17.2	7.9
CAD	350.8	296.5	54.3	303.7	273.6	30.1
GBP	39.6	23.3	16.3	32.8	21.4	11.4
NOK	126.4	69.2	57.2	92.0	63.4	28.6
USD	128.0	96.9	31.1	120.1	70.9	49.2

Sensitivity analysis

A 10% strengthening of the main foreign currencies, as listed in the table below, against the euro at reporting date would have increased equity by EUR 17.0 million (2008: EUR 12.7 million). A 10% weakening of these same main foreign currencies against the euro at reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(EUR x million)	Impact of 10% strengthening of foreign currencies	
	2009	2008
AUD	1.3	0.8
CAD	5.4	3.0
GBP	1.6	1.1
NOK	5.7	2.9
USD	3.1	4.9

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and strong liquidity position.

On 8 April 2009, Nutreco issued USD 150.0 million in senior notes in a private placement in the United States of America. The notes have been used to repay the maturing USD 46 million tranche of the notes that were issued in 2004 and to refinance existing bank debt by long-term debt. In May 2009, Nutreco refinanced its syndicated loan facility, which would have matured in March 2010, by a new three-year syndicated loan facility.

Of the total facilities of EUR 1,095.1 million, an amount of EUR 455.5 million had been used as at year-end 2009 (2008: EUR 1,038.0 million and EUR 595.4 million, respectively). In addition, Nutreco had EUR 232.6 million (2008: EUR 228.3 million) of cash and cash equivalents available at year-end 2009.

Nutreco aims to optimise its international cash and borrowings positions by minimising its net interest expenses and maximising its net interest income, respectively, and by minimising its bank costs.

Terms and debt repayment schedule

Terms and conditions of outstanding non-current interest-bearing borrowings are as follows:

(EUR x million)	Currency	Effective interest rate as at 31 December 2009	Effective interest rate as at 31 December 2008	Year of maturity	Interest repricing	Carrying amount 31 December 2009	Carrying amount 31 December 2008
Syndicated loan	CAD	7.48%	5.58%	2012	Fixed rate[1]	97.4	171.7
Syndicated loan	CAD	-	4.18%	-	-	-	14.6
Syndicated loan	CZK	-	4.87%	-	-	-	4.7
Syndicated loan	NOK	-	4.52%	-	-	-	20.3
Syndicated loan	EUR	-	3.17%	-	-	-	40.0
Syndicated loan	EUR	6.99%	5.09%	2012	Fixed rate[1]	49.9	50.0
Private placement	USD	-	3.92%	-	-	-	32.7
Private placement	USD	4.53%	4.53%	2011	Fixed rate	54.6	56.0
Private placement	USD	5.12%	5.12%	2014	Fixed rate	53.3	54.1
Private placement	USD	7.23%	-	2014	Fixed rate	37.4	-
Private placement	USD	5.23%	-	2016	Quarterly	25.7	-
Private placement	USD	8.22%	-	2019	Fixed rate	40.3	-
Cumulative preference shares	EUR	6.66%	6.66%	2010	Fixed rate	54.5	54.5

1 The interest rate is fixed by means of interest rate swaps which mature in 2012 and 2013.

Maturity profile financial liabilities 2009

The following tables show Nutreco's contractually agreed (undiscounted) cash flows, including interest, as at the balance sheet date:

(EUR x million)	Total amount	6 months or less	6 – 12 months	1 – 5 years	More than 5 years
Financial liabilities as 31 December 2009					
Interest-bearing borrowings (non-current)	-512.2	-9.0	-65.1	-353.6	-84.5
Interest-bearing borrowings (current)	-41.5	-41.5	-	-	-
Trade payables	-526.5	-526.5	-	-	-
Other payables	-73.8	-68.7	-	-5.1	-
Foreign exchange derivatives inflow	317.8	317.8	-	-	-
Foreign exchange derivatives outflow	-324.0	-324.0	-	-	-
Interest rate derivatives inflow	211.3	0.6	1.3	209.4	-
Interest rate derivatives outflow	-229.7	-5.0	-5.1	-219.6	-
Cross-currency interest rate derivatives inflow	84.5	2.2	2.2	80.1	-
Cross-currency interest rate derivatives outflow	-101.7	-2.7	-2.7	-96.3	-
Financial guarantee contracts	31.6	31.6	-	-	-

Maturity profile financial liabilities 2008

(EUR x million)	Total amount	6 months or less	6 – 12 months	1 – 5 years	More than 5 years
Financial liabilities as 31 December 2008					
Interest-bearing borrowings (non-current)	-481.4	-137.1	-4.5	-275.1	-64.6
Interest-bearing borrowings (current)	-129.4	-129.4	-	-	-
Trade payables	-577.6	-577.6	-	-	-
Other payables	-75.5	-75.5	-	-	-
Foreign exchange derivatives inflow	218.7	213.3	5.4	-	-
Foreign exchange derivatives outflow	-224.8	-219.0	-5.8	-	-
Interest rate derivatives inflow	19.4	2.4	2.5	14.3	0.2
Interest rate derivatives outflow	-35.4	-4.8	-4.9	-25.5	-0.2
Financial guarantee contracts	-22.3	-22.3	-	-	-

Fair value of financial assets and liabilities

The estimated fair value of derivative financial instruments has been determined by Nutreco using available market information and appropriate valuation methods. The estimates presented in the table below are not necessarily indicative of the amounts that Nutreco could realise in a current market exchange or the value that ultimately will be realised by Nutreco upon maturity or disposition.

The fair value of the derivative financial instruments has been disclosed by the level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(EUR x million)	**2009 Estimated fair value**	**2008 Estimated fair value**
Assets		
- Level 2		
Fair value foreign exchange derivatives	4.1	13.5
Fair value interest rate derivatives	-	0.3
Fair value cross-currency interest rate derivatives	0.5	9.7
Liabilities		
- Level 2		
Fair value foreign exchange derivatives	8.3	6.4
Fair value interest rate derivatives	13.8	14.1
Fair value cross-currency interest rate derivatives	14.7	-
Commodity derivatives	-	11.2

The fair value calculation of the foreign exchange contracts and interest rate swaps on cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market exchange rates and actual market yield curves on reporting date. The fair value of these assets and liabilities equals their carrying amount. During 2009, there were no transfers between level 1, level 2 and level 3.

Capital risk management

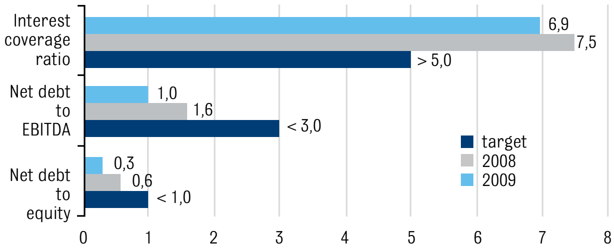
An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0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

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

During 2009, Nutreco remained well within the financial covenants agreed upon with both the syndicated loan and the private placements.

As at 31 December 2009 the net debt to equity ratio amounts to 0.6, the net debt to EBITDA ratio amounts to 1.0 and the interest coverage amounts to 7.7. As at 31 December 2009, Nutreco has a net debt position of EUR 222.9 million (2008: EUR 367.1 million).

Capital risk management target ratios



Commodity risk management

Risks relating to derivative financial instruments

The Group uses raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors.

In addition to fixed price contracts, futures and options are used to economically hedge the price volatility related to these above exposures.

At year-end, the Group had the following commodity derivatives outstanding. All contracts mature within 12 months.

As part of the Group's commodity risk management strategy, contracts have been concluded for the purchase of physical commodities in line with the Group's commodity risk management policy.

(EUR x million)		**Fair value**	
	Note	**31 December 2009**	**31 December 2008**
Fair value soy	26	-	-7.8
Fair value grains	26	-	-3.4
Balance on derivatives bank accounts	20	0.1	16.2
Total commodity derivatives		**0.1**	**5.0**

(28) Contingent assets and liabilities

At 31 December 2009, the total non-current lease and rental commitments amount to EUR 106.2 million (2008: EUR 61.4 million). The annual operating lease and rental commitments are:

(EUR x million)	2009	2008
Non-current lease and rental commitments	**106.2**	**61.4**
Year 1	33.8	27.7
Year 2	29.3	26.0
Year 3	24.7	4.5
Year 4	17.0	2.2
After four years	1.4	1.0
	106.2	**61.4**
Other contingencies		
Capital commitments	2.5	5.0
Guarantees	13.8	9.7

In 2009, Skretting Norway (part of segment Fish Feed) has secured its outbound logistics by extending its current contract with a strategic fish feed transporter until December 2013, with a mutual option for the parties to extend by three years. This contract comprises an outbound freight commitment and is qualified as an operating lease contract. The commitment of this contract depends on both volumes and cost developments going forward. The commitment is estimated for an amount of EUR 61.0 million at the end of 2009 (2008: EUR 28.0 million), excluding the extension option. Including the option, the commitment is estimated at EUR 102.0 million.

In 2007, Skretting Chile (part of segment Fish Feed) secured their outbound logistics by entering into a five-year contract, with an option to extend by three years, with a strategic fish feed transporter. This contract comprises an outbound freight commitment and is qualified as an operating lease contract. The commitment related to this contract depends on both volumes and cost developments going forward. The commitment is estimated for an amount of EUR 1.8 million at the end of 2009 (excluding the option to extend for three years).

In the normal course of business, certain group companies issued guarantees totalling EUR 13.8 million (2008: EUR 9.7 million). Included are guarantees of EUR 6.9 million (2008: EUR 2.6 million) that are issued on behalf of Nutreco Insurance N.V. and Nutreco Assurantie N.V., both 100% owned captive reinsurance companies, in favour of their general and products liability insurer in relation to potentially occurred but not reported nor provided liability claims in the years 2008 and 2009.

At year-end Nutreco had no significant contingent assets.

(29) Related party transactions

Nutreco identifies its associates, joint ventures, Nutreco pension funds and key management as related parties. Nutreco considers the members of the Executive Board as key management (see note 24).

Transactions between parties are subject to conditions that usually govern comparable sales and purchases with third parties.

The details are as follows:

(EUR x million)	**2009**	**2008**
Revenue to related parties	23.3	18.9
Amounts owed from related parties	2.6	3.7
Net financing costs	0.2	0.9
Investments in debt securities	12.1	12.1

The revenues to related parties are mainly related to associates in Canada.

Investments in debt securities reflect the loans provided by Nutreco to the Dutch Nutreco Pension Fund during 2003 and 2004 (see note 16).

In 2009 and 2008, no transactions with key management took place.

(30) Subsequent events

Nutreco has signed an agreement to sell its majority shareholding in Nutrikraft India Pvt. Ltd. in several tranches throughout 2010. It is not expected to have material impact on the Group or the Company's financial statements.

(31) Accounting estimates and judgements

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

Goodwill and long-lived assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not subject to amortisation are tested annually for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The allocation is made to choose cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The inherent management estimates and assumptions used in determining whether an impairment charge should be recognised are as follows:

- Determining cash-generating units or groups of cash-generating units
- Timing of impairment tests
- Determining the discount rate
- Projecting cash flows

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

(EUR x million)				2009				2008
	Goodwill	**Concessions, licences and quota**	**Brand names**	**Total**	**Goodwill**	**Concessions, licences and quota**	**Brand names**	**Total**
Segment								
Premix and Feed Specialties	57.7	-	0.3	58.0	56.9	0.2	0.3	57.4
Fish Feed	20.9	0.1	-	21.0	18.0	0.2	-	18.2
Compound Feed Europe	5.4	-	-	5.4	5.4	-	-	5.4
Animal Nutrition Canada	89.0	-	21.8	110.8	80.8	-	19.2	100.0
Meat and Other	18.5	46.6	-	65.1	14.9	41.4	-	56.3
	191.5	**46.7**	**22.1**	**260.3**	**176.0**	**41.8**	**19.5**	**237.3**
Amortised intangible assets	-	-	2.3	2.3	-	-	-	-
Total	**191.5**	**46.7**	**24.4**	**262.6**	**176.0**	**41.8**	**19.5**	**237.3**

Research and development expenditure

The project stage forms the basis in the decision whether costs made for Nutreco's product development programmes should be capitalised or expensed when incurred. Management judgement is required in determining when Nutreco should start capitalising development costs as intangible assets. The costs of patent projects are capitalised at the moment the Company receives final approval from the regulatory authority for the registration of the patent.

Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value less estimated sale costs except for breeders and research animals. For some assets there are no market-determined prices available and alternative estimates of fair value are determined to be unreliable. These biological assets are measured at its costs less any accumulated depreciation and any accumulated impairment losses. When the fair value of these assets becomes reliably measurable, these assets will be measured at their fair value less estimated sale costs.

The determination of fair values of biological assets is performed by using the most recent market price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date.

Acquisitions

The costs of newly acquired entities are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and any costs directly attributable to the acquisition. Any value assigned to the identifiable assets is determined by reference to an active market, independent appraisal or estimated by management based on cash flow projections.

Provisions

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

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

- Discount rate
- Long-term rate on return on assets
- Expected return on plan assets
- Life expectancy
- Salary increases
- Inflation

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

Deferred tax assets

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

Regarding net operating losses of EUR 22.2 million (2008: EUR 34.7 million), management believes, based upon the level of historical taxable income and projections for future taxable income, that sufficient future tax profits will be available to utilise these operating losses.

Regarding net operating losses of EUR 46.4 million (2008: EUR 47.2 million), management believes, based upon the level of historical taxable income and projections for future taxable income, it is more likely than not that no future tax profits will be available which can be utilised. As a consequence, management did not recognise a deferred tax asset for these operating losses.

Derivative financial instruments (and put options)

Management has used its judgement for the allocation of derivative financial instruments into the categories:

- Held to maturity
- Held for trading
- Available for sale
- Long-term receivable

Further, management has used its judgement to determine the fair value of the derivative financial instruments and the hedge effectiveness of their hedging transactions (see also note 27).

Litigations and claims

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

(32) Notes to the consolidated cash flow statement

General

The consolidated cash flow statement is drawn up on the basis of a comparison of the balance sheets as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities

Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities

Cash used in the purchase of long-lived assets consists of the actual amounts paid during the year.

Dividends paid

In 2009 EUR 28.6 million (2008: EUR 32.0 million) dividend was paid to the shareholders of Nutreco on normal shares.

Sundry

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the balance sheet and the changes according to the cash flow statement:

(EUR x million)	**Working capital**[1]	**Employee benefits**	**Provisions**	**Interest-bearing debt**[2]
As at year-end 2008	253.8	-38.6	-12.2	-518.9
As at year-end 2009	135.7	-53.7	-18.2	-423.9
Balance sheet movement	**118.1**	**15.1**	**6.0**	**-95.0**
Adjustments				
Effect of movement in foreign exchange	4.7	-1.2	-0.1	-9.9
Acquisitions/divestments	5.1	-2.0	-	-
Other	-29.5	-2.3	-	-0.6
Change in cash flow	**98.4**	**9.6**	**6.1**	**-105.5**[3]

1 Inventories, biological assets, trade and other receivables, financial assets and trade and other payables.
2 Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.
3 Change in cash flow interest-bearing debt consists of repayment of borrowings of EUR -279.2 million and proceeds from borrowings of EUR 173.8 million.

The adjustment “Other” for Working capital mainly comprises movements in the fair value of foreign exchange derivatives and the fair value of commodity derivatives which are presented in different categories in the cash flow statement.

Company balance sheet

(EUR x million)	Note	31 December 2009	31 December 2008[1]
Financial fixed assets	3	**593.1**	**488.4**
Current assets			
Receivables from Group companies	4	407.0	369.3
Cash and cash equivalents		0.8	0.7
		407.8	**370.0**
Total assets		**1,000.9**	**858.4**
Issued and paid-up share capital		8.4	8.4
Share premium account		159.5	159.5
Treasury shares		-1.2	-28.0
Retained earnings		502.6	438.4
Undistributed result		90.3	114.8
Legal reserve		-29.4	-38.1
Shareholders' equity	5	**730.2**	**655.0**
Non-current liabilities			
Interest-bearing borrowings	6	265.8	164.6
		265.8	**164.6**
Current liabilities			
Interest-bearing borrowings		0.4	33.0
Trade and other payables		4.5	5.8
		4.9	**38.8**
Total liabilities		**270.7**	**203.4**
Total equity and liabilities		**1,000.9**	**858.4**

1 The 2008 figures are restated for the US private placements.

Company income statement

(EUR x million)	Note	2009	2008[2]
Net result from Group companies		104.7	117.7
Other net result	7	-14.4	-2.9
Net result		**90.3**	**114.8**

2 The 2008 figures are restated for the US private placements.

Notes to the Company's financial statements

Principles of valuation and income determination

(1) General

The Company's financial statements are part of the 2009 consolidated financial statements of Nutreco Holding N.V. With reference to the Company income statement of Nutreco Holding N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

(2) Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company's financial statements, Nutreco Holding N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company's financial statements of Nutreco Holding N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS). Please see pages 83 to 96 for a description of these principles.

The share in the result of participating interests consists of the share of Nutreco Holding N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco Holding N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

(3) Financial fixed assets

(EUR x million)	**2009**	**2008**
As at 1 January	**488.4**	**370.7**
Net result from Group companies	104.7	117.7
As at 31 December	**593.1**	**488.4**

(4) Receivables from Group companies

The receivables from Group companies have a period shorter than one year and consist of a receivable position with Nutreco Nederland BV.

(5) Shareholders' equity

Treasury shares

The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders. The treasury shares are deducted from other reserves.

Legal reserve

The legal reserve comprises a legal reserve for participating interests.

(6) Interest-bearing borrowings

Interest-bearing borrowings consist of the cumulative preference shares and the private placements. See note 23 of the consolidated financial statements.

(7) Other net result

Other net result mainly represents the interest expenses related to the interest-bearing borrowings and the interest income from subsidiaries and associates.

(8) Contingent assets and liabilities

Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco Holding N.V. on behalf of several Group companies in the Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch. The liabilities of these companies to third parties and to investments in associates totalled EUR 146.7 million as at 31 December 2009 (2008: EUR 120.2 million).

Nutreco Holding N.V. is jointly liable for several credit facilities of its subsidiaries, including the syndicated loan facility.

(9) Average number of employees

The Company did not employ any person in 2009.

Amersfoort, 1 March 2010

The Supervisory Board
The Executive Board

Other information

Profit appropriation

Statutory regulations concerning appropriation of profits

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

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

If, in the course of any financial year, an issue of cumulative preference shares 'A' has taken place, the dividend with respect to that financial year shall be reduced pro rata to the day of issue.

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

Similar to cumulative preference shares 'A', cumulative preference shares 'D' and cumulative financing preference shares 'E', none of which have been issued, carry special rights in respect of the distribution of the net profit.

Of the profit remaining after payment to holders of preference shares 'A', 'D' and 'E', such amounts will be reserved as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual results at the Annual General Meeting of Shareholders.

The profit remaining after the provisions of the previous paragraphs have been met shall be at the free disposal of the General Meeting of Shareholders. In a tie vote regarding a proposal to distribute or reserve profits, the profits concerned shall be reserved.

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

The General Meeting of Shareholders shall be authorised to resolve, at the proposal of the Executive Board, which proposal shall be subject to the approval of the Supervisory Board, to make distributions to the shareholders from the general reserves.

Interim dividends shall automatically be distributed on the cumulative preference shares 'A'. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on the other classes of shares, provided that interim dividends on the cumulative preference shares 'A' can be distributed.

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

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

Dividend proposal 2009

The General Meeting of Shareholders of 18 May 2006 resolved to fix the annual dividend payout ratio at 35-45% of the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book results on disposed activities. The dividend will be distributed in cash or as a stock dividend at the shareholder's option.

The proposed dividend per share amounts to EUR 1.32 (2008: EUR 1.43). The payout ratio amounts to 45% of the total result for the period attributable to equity holders of Nutreco excluding impairment and book gains and losses on divestments. The Company already distributed an interim dividend of EUR 0.20 per ordinary share in August 2009. Following adoption by the General Meeting of Shareholders, the final dividend of EUR 1.12 (2008: EUR 1.03) may be distributed in shares or in cash at the shareholder's option. The stock dividend will be virtually equal to the cash dividend. The ex-dividend date is 7 April 2010. The exchange ratio will be fixed after the close of trading on 21 April 2010. This ratio will be based on the weighted average share price of the last three days of the option period – 19, 20 and 21 April 2010. Both the cash dividend and the stock dividend will be made available to the shareholders on 27 April 2010.

Special rights provided for by the Articles of Association

Special rights to holders of cumulative preference shares 'A'

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

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

Stichting Continuïteit Nutreco (anti-takeover construction)

The 'Stichting Continuïteit Nutreco' (Foundation) has a call option to acquire a number of cumulative preference shares 'D' in the Company. Such number may equal the total issued share capital before such issue minus any issued cumulative financing preference shares 'E' and purchased own shares. On 19 March 2009 the option agreement with the Foundation was amended to the effect that (i) the put-option which had been granted on 29 May 1997 was waived by the Company and (ii) the call option may only be exercised by the Foundation to the extent that a (gradual) acquisition or an offer for shares in the share capital of Nutreco is not supported by the Executive Board and the Supervisory Board of the Company.

The Foundation was organised to care for the interests of the Company, the enterprise connected therewith and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests. The Foundation is an independent legal entity and is not owned or controlled by any other legal entity.

The Board of the Foundation consists of Mr J.J. Veltman (chairman), Mr J.P.E. Barbas, Mr J.A.I.C.M. de Rooij, Prof J.B. Huizink and Mr C.J.A. van den Boogert.

Cumulative financing preference shares ‘E’

The cumulative financing preference shares ‘E’ only exist in registered form. No share certificates are issued for cumulative financing preference shares ‘E’. Cumulative financing preference shares ‘E’ are intended to be issued by the Company for financing purposes. No cumulative financing preference shares ‘E’ were issued during the year under review. When it should be deemed desirable to issue cumulative financing preference shares ‘E’, a resolution to issue such shares will be submitted to the General Meeting of Shareholders.

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

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

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares.
- The voting right is not subject to any limitation. All shares (both ordinary and cumulative preference shares ‘A’) entitle the holder to one vote per share.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.
- The appointment, suspension and discharge of members of the Executive and Supervisory Boards are set out in the ‘Corporate governance’ chapter.
- The procedure for alteration of the Articles of Association is set out in the Articles of Association themselves. These are available through the corporate website (www.nutreco.com > Corporate governance > Articles of Association).
- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco Holding N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made. The US Private Placement Note Purchase Agreement entered into in April 2009 by Nutreco Holding N.V. contains a change of control provision. Nutreco International B.V., a subsidiary of Nutreco Holding N.V. has a raw materials purchase agreement with BASF which can be terminated in case of a change in control of the Company.

Appointment of the external auditor

At the General Meeting of Shareholders held on 21 April 2009, KPMG Accountants N.V. was appointed as the Company’s external auditor for a period expiring at the closing of the accounting year 2010. The General Meeting of Shareholders to be held on 1 April 2010 will be recommended to appoint KPMG Accountants N.V. as the Company’s external auditor for a period expiring at the end of the accounting year 2011.

Auditor’s report

To: General Meeting of Shareholders of Nutreco Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2009 of Nutreco Holding N.V., Boxmeer. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

Management’s responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the executive board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nutreco Holding N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Nutreco Holding N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the executive board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 1 March 2010

KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

Ten years of Nutreco income statement

(EUR x million)	2009	2008	2007	2006	2005[1]	2004 IFRS[1]	2004 D-GAAP	2003[2]	2002	2001	2000
Revenue	4,512	4,943	4,021	3,031	2,774	3,269	3,858	3,674	3,810	3,835	3,126
Raw materials	3,567	4,001	3,153	2,308	2,056	2,381	2,776	2,593	2,731	2,775	2,245
Gross margin	**945**	**942**	**868**	**723**	**718**	**888**	**1,082**	**1,081**	**1,079**	**1,060**	**881**
Personnel costs[3]	442	428	368	308	322	417	487	473	443	394	289
Depreciation of property, plant and equipment	53	51	42	40	43	83	90	99	97	88	66
Other operating expenses[3]	280	280	303	259	235	276	378	386	394	396	389
Total operating expenses	**775**	**759**	**713**	**607**	**600**	**776**	**955**	**958**	**934**	**878**	**744**
Operating result before amortisation of goodwill (EBITA)	170	183	155	116	118	112	127	123	145	182	137
Amortisation expenses	12	11	6	3	2	6	6	5	6	5	1
Amortisation of goodwill/impairment of long-lived assets	-	-	-	-	5	-	7	12	14	13	1
Operating result (EBIT)	**158**	**172**	**149**	**113**	**111**	**106**	**114**	**106**	**125**	**164**	**135**
Net financing costs	-32	-31	-10	8	-12	-32	-27	-30	-38	-38	-13
Share in results of associates	1	2	1	-	2	4	4	-1	-	3	1
Result before tax	**127**	**143**	**140**	**121**	**101**	**78**	**91**	**75**	**87**	**129**	**123**
Taxation	-35	-37	-26	-16	-8	-22	-10	-15	-17	-31	-32
Result after tax	**92**	**106**	**114**	**105**	**93**	**56**	**81**	**60**	**70**	**98**	**91**
Result after tax from discontinued operations	-	11	7	415	44	26	-	-	-	-	-
Total result for the period	**92**	**117**	**121**	**520**	**137**	**82**	**81**	**60**	**70**	**98**	**91**
Dividend on cumulative preference shares		-	-	-	-	-	5	5	5	5	5
Minority interest	3	2	2	1	3	4	4	4	2	6	-
Result for the period attributable to the equity holders of the parent	**89**	**115**	**119**	**519**	**134**	**78**	**72**	**51**	**63**	**87**	**86**
Number of employees as at year-end	9,690	9,278	9,090	7,405	6,993	12,408	12,408	12,763	13,442	12,934	10,990
Operating result (EBITA) as a % of revenue	3.8%	3.7%	3.9%	3.8%	4.2%	3.2%	3.1%	3.2%	3.6%	4.6%	4.3%
Turnover rate of weighted average capital employed[4]	4.5	5.0	5.5	3.8	2.8	3.9	3.9	3.2	3.0	3.2	4.9
Return (EBITA) on weighted average capital employed	17%	19%	21%	15%	12%	14%	11%	10%	10%	14%	20%
Interest cover	7.0	7.5	19.5	-19.4	13.4	6.1	7.8	7.4	6.5	7.1	15.5
Dividend (EUR x million)	46	49	56	359	52	23	23	22	27	32	31
Dividend per share	1.32	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67	0.80	0.82

The 1999-2004 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

1 Figures based on continuing operations
2 Results 2003 before impairment
3 Comparative figures of personnel costs and other operating expenses not adjusted for the years 1999-2002
4 Revenue divided by average capital employed

Ten years of Nutreco balance sheet

(EUR x million)	2009	2008	2007	2006	2005[1]	2004 IFRS1	2004 D-GAAP	2003	2002	2001	2000
Property, plant and equipment	517	478	429	281	287	470	474	515	552	576	444
Intangible assets	310	286	319	91	84	166	180	199	392	393	346
Financial non-current assets	90	77	95	82	549	96	76	54	46	42	28
Non-current assets	**917**	**841**	**843**	**454**	**920**	**732**	**730**	**768**	**990**	**1,011**	**818**
Inventories/biological assets	356	385	342	235	204	473	421	397	407	384	319
Financial current assets	-	-	-	-	156	-	-	-	-	-	-
Trade and other receivables	620	734	600	531	415	462	472	506	580	562	523
Cash and cash equivalents	233	228	208	579	90	137	136	32	32	41	31
Current assets	**1,209**	**1,347**	**1,150**	**1,345**	**865**	**1,072**	**1,029**	**935**	**1,019**	**987**	**873**
Total assets	**2,126**	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**	**1,691**
Equity attributable to the equity holders of Nutreco	730	655	643	744	698	527	604	536	734	683	583
Minority interest	11	11	8	6	13	15	15	14	23	24	19
Total equity	**741**	**666**	**651**	**750**	**711**	**542**	**619**	**550**	**757**	**707**	**602**
Non-current portion of provisions/employee benefits	15	14	25	37	26	68	35	48	78	97	134
Interest-bearing borrowings	414	467	410	250	276	502	434	396	422	440	357
Other non-current liabilities	15	12	19	2	14	16	-	-	-	-	-
Non-current liabilities	**444**	**493**	**454**	**289**	**316**	**586**	**469**	**444**	**500**	**537**	**491**
Current interest-bearing borrowings	42	128	87	92	165	11	11	28	43	79	40
Current portion of provisions/employee benefits	57	37	45	31	22	27	-	-	-	-	-
Other current liabilities	842	864	756	637	571	638	660	681	709	675	558
Current liabilities	**941**	**1,029**	**888**	**760**	**758**	**676**	**671**	**709**	**752**	**754**	**598**
Total equity & liabilities	**2,126**	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**	**1,691**
Capital employed[1]	964	1,033	984	552	1,102	1,002	969	1,008	1,271	1,285	1,105
Net debt[2]	223	367	290	-237	351	376	309	392	433	478	366
Current assets divided by non-interest-bearing debt	1.41	1.54	1.49	2.01	1.46	1.64	1.62	1.45	1.44	1.46	1.57
Solvency ratio (equity of the parent divided by total assets)	34%	30%	32%	41%	39%	29%	34%	31%	37%	34%	34%
Net debt divided by equity of the parent	31%	56%	45%	-27%	56%	71%	51%	73%	59%	70%	63%

The 1999-2004 Dutch GAAP figures have not been restated to IFRS accounting standards. The differences mainly relate to pensions, other employee benefits, the recognition of goodwill and the netting of income tax receivables with income tax liabilities.

1 Total assets less cash and cash equivalents and non-interest-bearing liabilities, except dividends payable

2 Non-current interest-bearing borrowings and current interest-bearing borrowings less cash and cash equivalents

Addendum

Executive Board

Mr W. Dekker (1956)
Dutch
Chairman of the Executive Board and Chief Executive Officer
Appointed: 1 July 2000

Mr W. Dekker started his career in the Group as Research and Development Manager for Trouw International's fish business in 1983. From 1988 till 1991 he managed the Chilean business and returned to the Netherlands to assume various managerial positions. He joined the Executive Board of Nutreco on 1 January 1996 and became Chief Operating Officer on 1 January 1999. Mr W. Dekker was appointed Chief Executive Officer on 1 July 2000.

Mr W. Dekker obtained a Master's degree in Zootechnology at the Agricultural University of Wageningen.

Mr W. Dekker is a member of the Supervisory Board of Macintosh Retail Group N.V.

Mr C.J.M. van Rijn (1947)
Dutch
Member of the Executive Board and Chief Financial Officer
Appointed: 16 November 2001

Mr C.J.M. van Rijn started in 1974 with Nutricia (currently part of the Danone Group), where he assumed different financial and marketing management positions. In 1985 he joined Verto as Financial Director of its steel cable division. In 1991 he moved to the McCain Group as CFO of McCain Foods Northern Europe. From 1997 till 2001 he was the CFO of Sara Lee Meats Europe, a division of the Sara Lee Corporation. He was appointed Chief Financial Officer of Nutreco Holding N.V. on 16 November 2001.

Mr C.J.M. van Rijn graduated from the Erasmus University of Rotterdam in Economy and Dutch Law.

Mr C.J.M. van Rijn is a member of the Supervisory Boards of Farm Frites Beheer B.V. and Plukon Royale B.V. and a member of the Board of Trustees and the Audit Committee of the Leids Universitair Medisch Centrum (LUMC).

Mr K. Nesse (1967)
Norwegian
Member of the Executive Board and Executive Vice-President
Appointed: 30 June 2009, for a first term of four years, expiring on 30 June 2013

Mr K. Nesse started his career in 1992 with the Scana group in Stavanger as Chief Accountant and joined Skretting Norway in 1995 as Chief Accountant. In 1997 he moved back to the Scana group to take up a two-year assignment as Finance Director of their joint venture in China and returned to Skretting in 1999, first as Controller and subsequently in various management positions. In 2005 he moved to Chile as Managing Director of Skretting Chile and was appointed in April 2006 to the position of Managing Director of the Skretting Salmon Feed business. On 30 June 2009 Mr K. Nesse was appointed Executive Vice-President and member of the Executive Board of Nutreco Holding N.V.

Mr K. Nesse obtained in 1991 a Bachelor's degree in Business Management from the Norwegian School of Management, where he subsequently attended the Management Program in Project Management, and obtained an Executive MBA degree in Business Management and Cost Performance from the Norwegian School of Economics and Business Administration, where he subsequently also attended the Senior Management Program.

Mr K. Nesse is Chairman of the Board of BluePlanet AS (Norway).

Mr F.J. Tielens (1962)
Dutch
Member of the Executive Board and Executive Vice-President
Appointed: 30 June 2009, for a first term of four years, expiring on 30 June 2013

Mr F.J. Tielens began his career in 1988 with AkzoNobel's Chemicals Division, where he held positions of increasing responsibility until 1998. From 1999 to 2004 he was General Manager of Organon, AkzoNobel's Pharma Division, in Venezuela and Germany. In 2005 he assumed the position of President of Diosynth Biotechnology in the USA and was Executive Vice-President of Global Business Development for Organon/Schering Plough in the USA until 2008. On 2 January 2009 Mr F.J. Tielens joined Nutreco in the Netherlands as Managing Director of the Business Group Trouw Nutrition. On 30 June 2009 Mr F.J. Tielens was appointed Executive Vice-President and member of the Executive Board of Nutreco Holding N.V.

Mr F.J. Tielens graduated in 1988 from the Erasmus University Rotterdam with a Master of Science degree in Business Economics.

Mr J.A. Vergeer (1963)
Canadian
Member of the Executive Board and Executive Vice-President
Appointed: 30 June 2009, for a first term of four years, expiring on 30 June 2013

Mr J.A. Vergeer has over 20 years of experience in the agri business industry. He began his career with Maple Leaf Foods (Canada) in 1984, where he held various management positions within the Maple Leaf Animal Nutrition business. In 2005 he was appointed President of Maple Leaf Animal Nutrition. Upon the acquisition of Maple Leaf Animal Nutrition by Nutreco Holding N.V. in 2007, he continued to lead Nutreco Canada as President. On 30 June 2009 Mr J.A. Vergeer was appointed Executive Vice-President and member of the Executive Board of Nutreco Holding N.V.

Mr J.A. Vergeer graduated from the University of Guelph (Canada) Agricultural Business Program in 1984 and from the Canadian Agri-Food Executive Development Program in 1996. He is a past Executive member and past Chairman of the Animal Nutrition Association of Canada.

Supervisory Board

Mr R. Zwartendijk (1939)
Dutch
Chairman
Appointed: 29 January 1999
Reappointed at the AGM of 26 April 2007 for a third and last term of four years, expiring at the AGM of 2011

Chairman of the Supervisory Boards of Blokker Holding B.V. and SNS Reaal N.V. and member of the Supervisory Board of Randstad Holding N.V.

Mr R. Zwartendijk studied Economics at the University of Manchester in the UK. He was a member of the Executive Board of Ahold from 1981 until his retirement in 1999. Also, he was the CEO of Ahold USA from 1989 to 1999. Mr R. Zwartendijk worked with Unilever from 1963 to 1968 (Marketing), Polaroid International from 1968 to 1970 (Marketing) and Mölnlycke from 1970 to 1977 (General Manager in the Netherlands and France) and joined Ahold in 1977 as Division Manager.

Mr J.M. de Jong (1945)
Dutch
Vice-chairman
Appointed: 28 August 2003
Reappointed at the AGM of 26 April 2007 for a second term of four years, expiring at the AGM of 2011

Among other positions Vice-chairman of the Supervisory Board of Heineken N.V., member of the Supervisory Boards of Aon Groep Nederland B.V., KBC N.V. (Belgium), Cement Roadstone Holdings plc (Ireland) and Kredietbank S.A. Luxembourgeoise (Luxembourg).

Mr J.M. de Jong studied Economics in Amsterdam and obtained an MBA degree from INSEAD. He started his career in 1970 at ABN N.V., subsequently ABN Amro Bank N.V., where he joined the Managing Board in 1989 till the end of 2001.

Mr Y. Barbieux (1938)
French
Appointed: 24 June 1998
Reappointed at the AGM of 18 May 2006 for a third and last term of four years, expiring at the AGM of 2010

Chairman of the Board of Elsa Consultants S.A. (Switzerland), member of the Boards of Micro Consulting (Switzerland), ARC International (France), Claranor (France) and Voluntis S.A. (France).

Mr Y. Barbieux graduated as an engineer from the Ecole Centrale des Arts et Manufactures in Paris and holds an MBA from the Harvard Business School. He held various management functions with Nestlé.

Mr R.J. Frohn (1960)
Dutch
Appointed: 21 April 2009 for a first term of four years, expiring at the AGM of 2013

Member of the Board of Management of AkzoNobel N.V.

Mr R.J. Frohn obtained a Master's degree in Business Economics from the Groningen University. He joined the Executive Board of AkzoNobel as Chief Financial Officer in 2004. Since 1 May 2008 Mr R.J. Frohn is the Executive Board member responsible for the Specialty Chemicals business.

Mr A. Puri (1953)
American
Appointed: 21 April 2009 for a first term of four years, expiring at the AGM of 2013

Independent Non-Executive Director of Britannia Industries Ltd. (India)

Mr A. Puri studied at the University of Maryland, where he obtained a PhD in Food Science, and at the Crummer Business School, Rollins College, in the USA, where he obtained an MBA in Marketing. He joined the Coca-Cola Company in 1981, where he assumed various management positions until 2003. From 2003 till 2007 he was a member of the Executive Board of Koninklijke Numico N.V. as President R&D and Product Integrity (Food Safety and Quality). During that period he was a Non-Executive Board member of PT Sari Husada Tbk (Indonesia) from 2004 till 2007.

Mr J.A.J. Vink (1947)
Dutch
Appointed: 19 May 2005
Reappointed at the AGM of 21 April 2009 for a second term of four years, expiring at the AGM of 2013

Chairman of the Supervisory Board of Aegon Nederland N.V., Vice-chairman of the Supervisory Board of Vion N.V., member of the Supervisory Board of Cargill B.V. and Chairman of the Stichting Preferente Aandelen of Macintosh Retail Group N.V.

Mr J.A.J. Vink studied Organic Chemistry at the Leiden University and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974 he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was Chairman of the Executive Board from 1997 to 2005.

Business management

H.J. Abbink – Dutch (1961)
Controller Nutreco Specialities

J. Brennan – Canadian (1959)
Director R&D and Technology TransferCanada

B. Crutcher – American (1961)
Managing Director Trouw Nutrition USA & Central America

T.H. Dalhuisen – Dutch (1962)
Controller Hendrix

D. Engelsvoll – Norwegian (1964)
Controller Nutreco Aquaculture

V. Halseth – Norwegian (1958)
Managing Director Skretting Northern Europe, Australia & Japan

L.A. den Hartog – Dutch (1955)
Director R&D & Quality Affairs

F.V. Irazusta Rodríguez – Spanish (1964)
Managing Director Nanta

J. Leclerc – Canadian (1958)
Managing Director Nutreco Canada East

H. Le Ruz – French (1955)
Managing Director Skretting Americas

A.C. Martinez Aso – Spanish (1961)
Controller Nutreco España Group

A. Obach – Norwegian (1964)
Managing Director Skretting Aquaculture Research Centre

P. Ramos – Spanish (1954)
Managing Director Skretting Southern Europe

E. Perugini – Canadian (1970)
Controller Nutreco Canada

J.V. Rodríguez Ceballos – Spanish (1954)
Managing Director Sada

J.A.H.M. Smulders – Dutch (1963)
Managing Director Trouw Nutrition Central East Europe & Asia

J.B. van der Ven – Dutch (1951)
Managing Director Trouw Nutrition Specialties

A.J.M. Voets – Dutch (1962)
Managing Director Hendrix

K. Weppler – Canadian (1963)
Managing Director Nutreco Canada Central
Managing Director Nutreco Canada West a/i

H.H. de Wildt – Dutch (1962)
Managing Director Trouw Nutrition West Europe

Corporate staff

P.F.M.E. van Asten – Dutch (1957)
Director Corporate Human Resources

J.B.W. van Hooij – Dutch (1953)
Senior Group Tax Manager

K. McDonald – Canadian (1960)
Director Information Management a/i

J.G. Oskam – Dutch (1956)
Chief Procurement Officer

J. Pullens – Dutch (1968)
Director Investor Relations & Corporate Communications

J. Slootweg – Dutch (1966)
Group Treasurer

M.J. Spronk – Dutch (1960)
Corporate Strategy Director

N. Streefkerk – Dutch (1953)
Director Business Development

H.A.T.M. Teunissen – Dutch (1955)
Corporate HSEQ Director

R.J. Tjebbes – Dutch (1969)
Corporate Controller

T.W.C. Versteegen – Dutch (1952)
Director Group Internal Audit

Participations of Nutreco Holding N.V.

Premix and Feed Specialties

Brazil
Dispa - Indústria de Rações S.A. • Maracanaú
Nutreco Brasil Participações S.A. • São Paulo
Nutreco Brasil - Fri Ribe Participações S.A. • Ribeirão Preto • 51%
Rações Fri Ribe S.A. • Ribeirão Preto
Sloten do Brasil Ltda • Santa Barbara D'oeste-SP
Trouw Nutrition Brasil Ltda • São Paulo

Cyprus
Selko Mid-East Ltd. • Limasol

Czech Republic
Trouw Nutrition Biofaktory, s.r.o. • Prague

Egypt
Hendrix Misr S.A.E. • Cairo • 33.30% *** 1)

Germany
Sloten GmbH • Diepholz
Trouw Nutrition Deutschland GmbH • Burgheim

Greece
Trouw Nutrition Hellas S.A. • Athens

Guatemala
Trouw Nutrition Guatemala S.A. • Guatemala City

Hungary
Agri Services Hungary Kft. • Budapest • 96.80% *
Trouw Nutrition Környe Kft. • Környe

India
Nutrikraft India Pvt. Ltd. • Bangalore • 51% *
Trouw Nutrition India Pvt. Ltd. • Bangalore

Indonesia
PT Trouw Nutrition Indonesia • Jakarta

Italy
Sloten Italia Srl • Crema
Trouw Nutrition Italia S.p.A. • Bussolengo

Mexico
Nutreco México S.A. de C.V. • Zapopan, Jalisco
Técnica Analítica S.A. • Monterrey
Trouw Nutrition México S.A. de C.V. • Zapopan, Jalisco

Netherlands
Hifeed Russia B.V. • Boxmeer
Masterlab B.V. • Boxmeer
Selko B.V. • Goirle
Sloten B.V. • Deventer
Sloten Groep B.V. • Deventer
Trouw Horos B.V. • Boxmeer • 51%
Trouw Nutrition Belgorod B.V. • Boxmeer • 90% *
Trouw Nutrition Hifeed B.V. • Boxmeer
Trouw Nutrition India B.V. • Boxmeer
Trouw Nutrition International B.V. • Boxmeer
Trouw Nutrition Nederland B.V. • Putten
Trouw Nutrition Russia B.V. • Boxmeer

Poland
Sloten Polska Sp. Z o.o. • Bydgoszcz
Trouw Nutrition Polska Sp. Z o.o. • Grodzisk Mazowiecki

Portugal
Trouw Nutrition Portugal Lda. • Lisbon

P.R.C.
Beijing Dejia AHS&T Dev. Co. Ltd. • Beijing
Beijing Dejia Honesty Livestock Import & Export Co. Ltd. • Beijing • 20%
Hunan Dejuxe Livestock Technology Co. Ltd. • Xiangtan
Trouw Nutrition Technology (Beijing) Co. Ltd. • Beijing

Romania
Hifeed Romania Srl • Bucharest

Russian Federation
000 Hendrix Feed Belgorod • Belgorod
000 Techkorm • Moscow • 75% *
Trouw Nutrition c.i.s. • Moscow

Slovak Republic
Trouw Nutrition Slovakia, s.r.o. • Bratislava

Spain
Farm-O-San S.A. • Madrid
Trouw Nutrition España S.A. • Madrid

Turkey
Trouw Nutrition Turkey • Ankara • 51% *

Ukraine
LLC Trouw Nutrition • Kiev

United Kingdom
Frank Wright Ltd. • Ashbourne
Nordos (UK) Limited • Wincham, Northwich
Trouw Nutrition Limited • Wincham, Northwich
Trouw Nutrition (Northern Ireland) Limited • Belfast
Trouw Nutrition (UK) Limited • Wincham, Northwich

United States
Trouw Nutrition USA LLC • Highland, Illinois

Venezuela
Nanta de Venezuela C.A. • Aragua • 50% **

Fish Feed

Australia
Gibson's Ltd. • Launceston, Tasmania
Tassal Ltd. • Hobart, Tasmania • 11.27% ***

Canada
Skretting Canada Inc. • Toronto

Chile
Nutreco Chile S.A. • Santiago

Denmark
P/F Skretting Foroyar hf • Hvalvik
Skretting Dk AS • Ejstrupholm

France
Trouw France S.A.S. • Vervins

Ireland
Trouw Aquaculture Limited • Roman Island, Westport

Italy
Hendrix S.p.A. • Mozzecane (VR)

Japan
Skretting Co. Ltd. • Fukuoka

Norway
AquaGen A/S • Sunndalsøra • 15.03% ***
Centre for Aquaculture Competence A/S • Stavanger • 33% **
Gastronomisk Institutt A/S • 2.10%
Laksehuset A/S • Brekke • 31% *** [1)]
Lofitorsk A/S • 1.80%
Skretting Aquaculture Research Centre A/S • Stavanger
Skretting A/S • Oslo
Skretting Eiendom A/S • Stavanger
Skretting Investment A/S • Stavanger

P.R.C.
Skretting China Co. Ltd. • Shanghai

Spain
Trouw España S.A. • Burgos

Sweden
T. Skretting AB Sweden • Stockholm

Turkey
Skretting Yem Uretim Anonim Sirketi • Bodrum

United Kingdom
Trouw Aquaculture Limited • Invergordon
Trouw (UK) Limited • Wincham, Northwich

United States
Moore-Clark USA Inc. • Seattle, Washington
Nelson and Sons, Inc. • Utah

Compound Feed Europe

Belgium
Hendrix N.V. • Merksem
Nutreco Feed Belgium N.V. • Wingene

Denmark
Hendrix Danmark A/S • Vejen

Germany
Hendrix UTD GmbH • Goch
Hendrix-Illesch GmbH • Bardenitz
PAVO Deutschland GmbH • Neuss

Netherlands
Hedimix B.V. • Boxmeer
Hendrix UTD B.V. • Boxmeer
Reudink Biologische Voeders B.V. • Vierlingsbeek
Spibro B.V. • Lemiers, Gemeente Vaals • 25%
Stimulan B.V. • Boxmeer

Portugal
Alimentação Animal Nanta, S.A. • Marco de Canaveses
Nutreco Portugal SGPS Limitada • Marco de Canaveses

Spain
Agrovic Alimentación, S.A. • Barcelona
Alimentación Animal Nanta, S.L. • Madrid
Aragonesa de Piensos, S.A. • Utebo (Zaragoza) • 23.98% *** 1)
Nanta S.A. • Madrid
Piensos Nanfor S.A. • La Coruña • 50% *
Piensos Nanpro S.A. • Segovia • 50%*

Animal Nutrition Canada

Canada
1097805 Ontario Ltd. • St. Marys
138324 Canada Ltée • Upton
Advanced Nutrition Ltd. • Winnipeg • 50% **
Agriplacement J2M Inc. • Upton
Les Produits Agricoles Neralco Inc. • Upton
Nieuwland Feed & Supply Limited • Drayton • 40% **
Shur-Gain Holding Inc. • Toronto
Willie Dorais Inc. • Upton
Yantzi's Feed & Seed Ltd. • Tavistock • 40% ***

Meat and Other

Canada
2542-1462 Quebec Inc. • St-Jean sur Richelieu
2969-1821 Quebec Inc. • St-Felix de Valois
Couvoir Scott Ltée • Scott Junction • 50% **
Ferme Baril de St.-Félix Inc. • St-Felix de Valois
Ferme Berthier Inc. • Berthier
Ferme Gaston Inc. • St-Felix de Valois
Ferme Léo Henault Inc. • St-Felix de Valois
Gène-Alliance Inc. • Yamachiche • 40% **
Isoporc Inc. • St-Hugues • 33% **
Poirier Berard Ltée • St-Felix de Valois

Spain
Grupo Sada p.a. S.A. • Madrid
Inga Food, S.A. • Madrid
Sada p.a. Andalucia, S.A. • Alcalá de Guadaira
Sada p.a. Canarias S.A. • Santa Cruz de Tenerife
Sada p.a. Castilla-Galicia, S.A. • Valladolid

Sada p.a. Catalunya S.A. • Lleida
Sada p.a. Valencia, S.A. • Sueca
Sociedad Comercializadora de Aves, S.L. • Madrid •
34.96% *** 1)

Corporate

Belgium
Nutreco Belgium N.V. • Ghent
Nutreco Capital N.V. • Ghent

Canada
Nutreco Canada Inc. • Guelph

Curaçao
Nutreco Insurance N.V. • Willemstad

France
Nutreco France S.A.S. • Vervins

Germany
Nutreco Deutschland GmbH • Burgheim

Netherlands
De Körver B.V. • Boxmeer
Dinex B.V. • Bodegraven
Hendrix' Assurantiekantoor B.V. • Boxmeer
Hendrix Beleggingen International B.V. • Boxmeer
Hendrix International Investments B.V. • Boxmeer
Nutreco Asia Support B.V. • Amersfoort
Nutreco Assurantie N.V. • Boxmeer
Nutreco Brasil B.V. • Boxmeer
Nutreco B.V. • Boxmeer
Nutreco International B.V. • Boxmeer
Nutreco Nederland B.V. • Boxmeer
Nutreco North America B.V. • Boxmeer
Nutritional Ingredients B.V. • Amersfoort
Trouw International B.V. • Boxmeer

Spain
Nutreco España S.A. • Madrid
Nutreco Servicios S.A. • Madrid

United Kingdom
Nutreco Limited • Northwich
Trouw (UK) Pension Trust Limited • Wincham, Northwich

United States
Anchor USA Inc. • Delaware
Hybrid International Inc. (in liquidation) • Delaware
Nutreco USA Inc. • Delaware

** Fully consolidated (> 50%)*
*** Investment in associates (20-50%) (see note 15)*
**** Other investments (< 20%)*
1) No influences

feeding the future

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