nutreco

'10

annual report

feeding the future

CONTENTS

Overview & strategy

OVERVIEW AND STRATEGY

Operations and business performance

OPERATIONAL DEVELOPMENTS

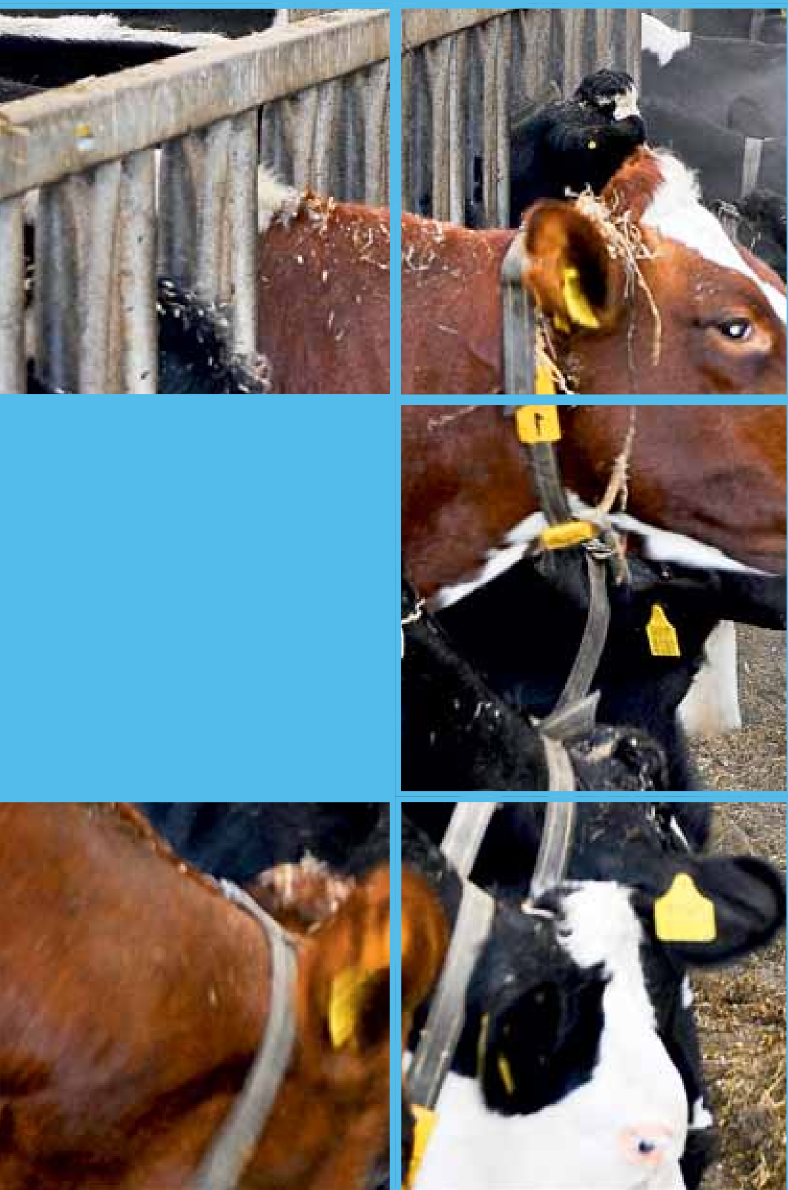
Governance and compliance

Financial statements

FINANCIAL STATEMENTS

ADDENDUM

"I am encouraged by the ambition of Nutreco to integrate sustainability in procurement and enthusiastic about making this happen. It is essential for feeding the world of 2050, using critical resources in a responsible manner. We need to respond to growing public concern about issues such as over-fishing and deforestation for plantations. In 2010 we brought together a small team of procurement specialists and prepared a Sustainable Procurement Strategy for Nutreco. Implementation will begin with an internal launch in March 2011. The first full year in operation will be 2012 and sustainable purchasing will be an auditable activity from 2013 onwards. This progress would not be possible without the contributions of the team, over and above their normal tasks.



We analysed the issues relating to the products we purchase and identified those that we can influence. We then prepared a Nutreco Vendor Policy that suppliers will be asked to sign. It covers generic issues relating to any raw material, such as compliance with applicable environmental regulations. In addition, specific vendor policies apply to three major resources for Nutreco; marine raw materials, soya meal and palm oil. There are important sustainability issues relating to those resources. It is imperative we address them."

Jaap Oskam

Nutreco Chief Procurement Officer

SUSTAINABILITY

"In Mexico we are increasingly aware of sustainability and responsibility for health, safety and environment. However we had no structured approach before. The Sustainability Action Plan template stimulated us to develop a structured approach and to set ourselves 11 objectives as a starting point, in our operations, for sustainable products and to include sustainability in our marketing approach. I strongly support this initiative, having taken an interest in the wider world all my professional life. For example, I cooperated with other companies to landscape the Cuernavaca industrial park, making it a pleasant place to work.

To succeed, all our employees must be aware of our sustainability objectives. We must convince them that sustainability is important at work and in their lives. I want them to take that attitude home, so their families become aware of sustainability. We believe that children are our future. That is why we are preparing courses to explain topics such as greenhouse gases and carbon footprints. To raise awareness we made a metal tree for each of our three plants, for employees to see and motivate them every day. It is a trunk and bare branches. As we achieve each objective a leaf will be added, with the specific objective and the date it was accomplished. Eventually the trees will be covered in leaves."

Miguel Olmedo

Operations Manager, Trouw Nutrition Mexico

Profile & financial highlights

Nutreco is a global leader in animal nutrition and fish feed

Nutreco is a global leader in animal nutrition and fish feed. Our advanced feed solutions are at the origin of food for millions of consumers worldwide. Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture. Experience across 100 years brings Nutreco a rich heritage of knowledge and experience for building its future.

Nutreco employs approximately 10,000 people in more than 30 countries. Nutreco is listed on the NYSE Euronext Amsterdam with annual revenues of EUR 4.9 billion in 2010.

Revenue

EUR 4,939.7 million

Operating result before exceptional items and amortisation (EBITA)

EUR 222.5 million

Result after tax

EUR 113 million

Basic earnings per share

EUR 3.17

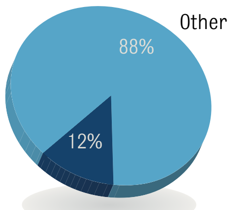
Dividend per ordinary share

EUR 1.50

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

Nutreco ranks in the top 3 of the global animal nutrition industry in revenues.

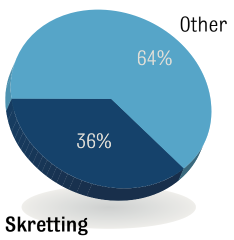
Nutreco's Trouw Nutrition has a global number 2 position in premix.



Trouw Nutrition

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

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



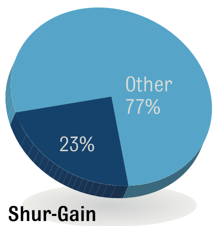
Skretting

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

We have leading local positions in animal nutrition.
Market shares of Nutreco:

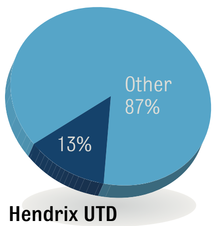
Animal nutrition

Canada



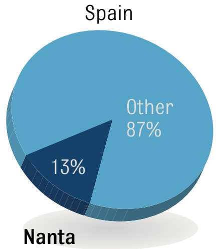
Shur-Gain & Landmark Feeds

Netherlands



Hendrix UTD

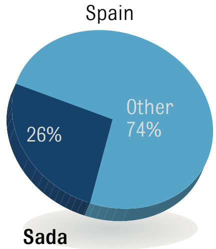
Spain



Nanta

Meat

Spain



Sada

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. It encapsulates the challenge we see of increasing food production in line with the growing population of the world and its increasing spending power. As people have greater disposable income they will consume more proteins as meat, fish, milk and eggs. That is the market we serve. To serve it successfully in the next decades we must constantly seek ways of raising productivity and sustainability in our activities and reduce the environmental impact of our products.

Sustainability is in the nature of Nutreco. When we founded Nutreco in 1994 we chose a name that reflects our activities and concerns: **nutr**ition, **eco**logy and **eco**nomy. These concerns are central today as we face a global challenge. Companies that then came together and created Nutreco have a great heritage in pioneering advances in animal nutrition and fish feed. We are determined to continue leading the way at this critical junction between raw materials and the production of meat, milk, eggs and seafood in farming operations.

STAKEHOLDER INVOLVEMENT

Since 1996, Nutreco has organised multi-stakeholder AquaVision business conferences to discuss the challenges for aquaculture. In 2000 we added an alternating Agri Vision conference. The conferences contribute to our strategy and have confirmed our belief that sustainability is fundamental to the future of Nutreco, to growth in aquaculture and agriculture, and to the wellbeing of the population of 2050 and beyond. At the beginning of 2010 we published a booklet, Feeding the Future, which was the direct outcome from the Agri Vision conference of 2009. The ideas and opinions from the conference were gathered in the booklet, together with contributions from the Food and Agriculture Organization of the United Nations (FAO), the World Wildlife Fund (WWF), industry leaders and academics. The AquaVision conference of 2010 led to an equivalent booklet outlining the potential for aquaculture to make a significant contribution to feeding that future, again with contributions from FAO, WWF, industry and academia.

AgriVision

AquaVision

A RECORD OF SUSTAINABILITY

We have published reports on the sustainability of our operations since 2000, indicating our performance and the initiatives, both global and local. In 2010 our progress was given greater impetus with the introduction of the Feeding the Future Sustainability Project Plan. While keeping our eyes on the 2050 horizon the project plan is stimulating every Nutreco operating company and its employees to find ways of advancing our sustainability performance. Every step they take contributes to doubling food production while halving the footprint.

Vision

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

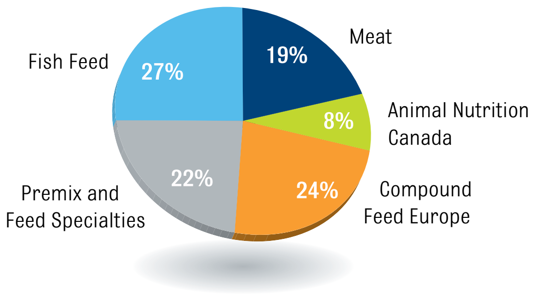
Mission

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

Key figures

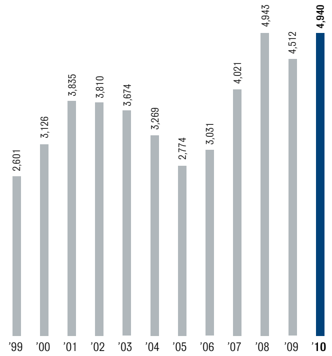
	2010	2009
Consolidated statement of comprehensive income (EUR x million)		
Revenue	4,940	4,512
Operating result (EBIT)	186	158
Operating result before exceptional items and amortisation (EBITA)	223	175
Operating result before depreciation and amortisation (EBITDA)	255	223
Result after tax	113	93
Total result for the period attributable to owners of Nutreco	111	90
Consolidated statement of financial positions (EUR x million)		
Equity attributable to owners of Nutreco	809	730
Balance sheet total	2,364	2,125
Capital employed	1,027	964
Net debt position	-207	-223
Cash flow (EUR x million)		
Net cash from operating activities	206	267
Acquisitions/disposals of subsidiaries	-8	-31
Additions of property, plant and equipment and intangible assets	-98	-54
Ratios		
Operating result before exceptional items and amortisation as % of revenue	4.5%	3.9%
Return on average capital employed	20%	17%
Solvency ratio (shareholders' equity divided by balance sheet total)	34%	34%
Key data per share (EUR)		
Basic earnings per share	3.17	2.61
Dividend	1.50	1.32
Share price at year-end	56.79	39.29
Other key data		
Average number of outstanding shares (x thousand)	35,139	34,603
Number of outstanding shares at year-end (x thousand)	34,963	34,995
Average number of employees	9,585	9,120
Number of employees at year-end	9,913	9,690

Revenue by segment 2010

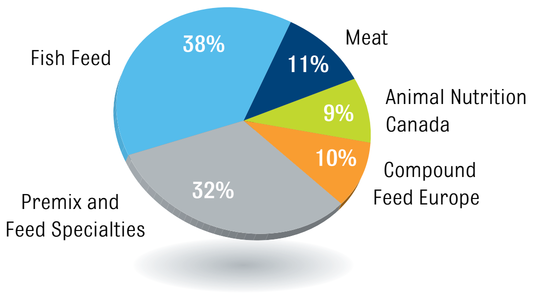


Revenue[5]

(EUR x million)

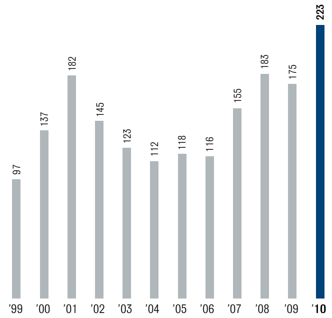


EBITA by segment 2010[1]



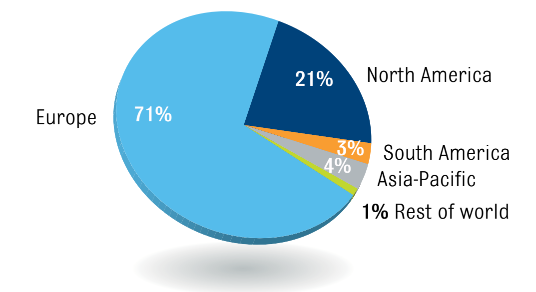
Operating result before amortisation (EBITA)

(EUR x million)

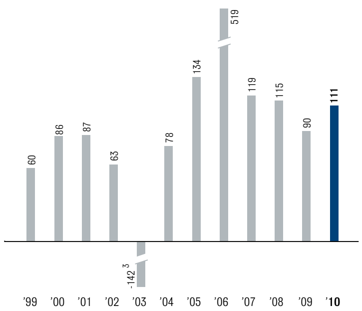


Revenue per region 2010 – Animal Nutrition[4]

(EUR 2,647.4 million)

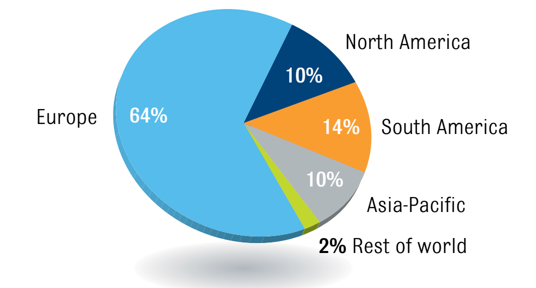


Total result for the period attributable to owners of Nutreco[2] *(EUR x million)*

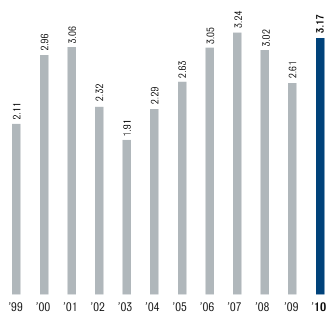


Revenue per region 2010 – Fish Feed

(EUR 1,331.0 million)



Earnings per share continuing operations *(EUR)*



1 EBITA of EUR 245.1 million before corporate costs (EUR -22.6 million) and exceptional items (EUR -23.3 million)
2 In 2005, 2006, 2007 and 2008 the net results of continuing operations attributable to owners of Nutreco are EUR 90, 104, 112 and 104 million, respectively. Including results and gain on sale of discontinued operations, the net results are EUR 134, 519, 119 and 115 million, respectively (2004-2010 figures based on IFRS, 1999-2003 figures based on D-GAAP)
3 2003 net result after impairment of goodwill of EUR 193 million
4 Animal Nutrition consists of the segments Premix and Feed Specialties, Compound Feed Europe and Animal Nutrition Canada
5 2005-2010 Revenue from continuing operations (2004 - 2010 figures based on IFRS, 1999 - 2003 figures based on D-GAAP)

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 2010, the market capitalisation of Nutreco amounted to approximately EUR 1,994 million. As at year-end 2010, a total number of 35,118,682 ordinary shares had been issued. Of these shares 155,822 (2009: 123,913) are held in treasury by Nutreco. As of 2010 Nutreco holds treasury shares for its liabilities for performance plans. In previous years, shares were conditionally held by the beneficial employees. In March 2010 Nutreco did a share buy-back programme and repurchased 600,000 shares to cover future stock dividends and share plans. Furthermore, Nutreco added 67,237 shares to the treasury shares through purchases from its employees restricted shares in order to satisfy taxes due and through non-vested shares. In 2010 the Company issued 635,328 shares from the treasury shares for stock dividend, performance shares and option plans and 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 one disclosure of ING Groep N.V. of a 9.55% shareholding.

Cumulative preference shares ‘A’ already existed prior to the IPO of 1997. ASR Nederland N.V. and MaesInvest B.V. each held 2,496,600 cumulative preference shares ‘A’, in total representing 12.44% of the total issued capital of Nutreco N.V. and 100% of the cumulative preference shares ‘A’.

On 31 December 2010 an agreement was concluded between Nutreco and both the holders of the cumulative preference shares ‘A’ that these shares were repurchased by the Company. It is the intention that after the legally obliged waiting period of two months, the cumulative preference shares ‘A’ will be cancelled. The total repurchase price paid amounted to EUR 54.5 million, being the nominal value and including the amount of the share premium. The repurchase has been prompted by the fact that under IFRS the cumulative preference shares ‘A’ with their current terms and conditions do not qualify as equity and are reported as financial liability. In the discussions with the holders of these shares, also best practice provision IV.1.2 of the Code was taken into account: repurchase followed by cancellation will eliminate the disproportionate voting right on the cumulative preference shares ‘A’.

Investor relations (IR) policy

Nutreco's IR policy is aimed at informing (potential) shareholders in time and fully about the developments that are relevant to the Company in order to provide a true and clear picture for investment decisions involving Nutreco. As a listed company, Nutreco fulfils the obligation that all announcements are stated truthfully and are in line with all rules and obligations laid down by 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 sustainability policy. Key documents for the provision of information are the Annual Report and the Sustainability Report. At the publication of the half-year and annual 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 half-year figures. For the trading updates after the first quarter and after the third quarter, it covers the term from 1 April and 1 October up to the day of the publication of the trading update. Relevant information for potential and current shareholders 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 2010

The General Meeting of Shareholders to be held on 28 March 2011 will be recommended to declare a dividend of EUR 1.50 (2009: EUR 1.32) per share for the 2010 financial year. This represents a payout of 45% (2009: 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 2010 to 31 December 2010.

In August 2010 the Company already distributed an interim dividend of EUR 0.50 (2009: EUR 0.20) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.00 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. 13, 14 and 15 April 2011. Both the cash and the stock dividend will be made payable to shareholders on 21 April 2011.

General Meeting of Shareholders

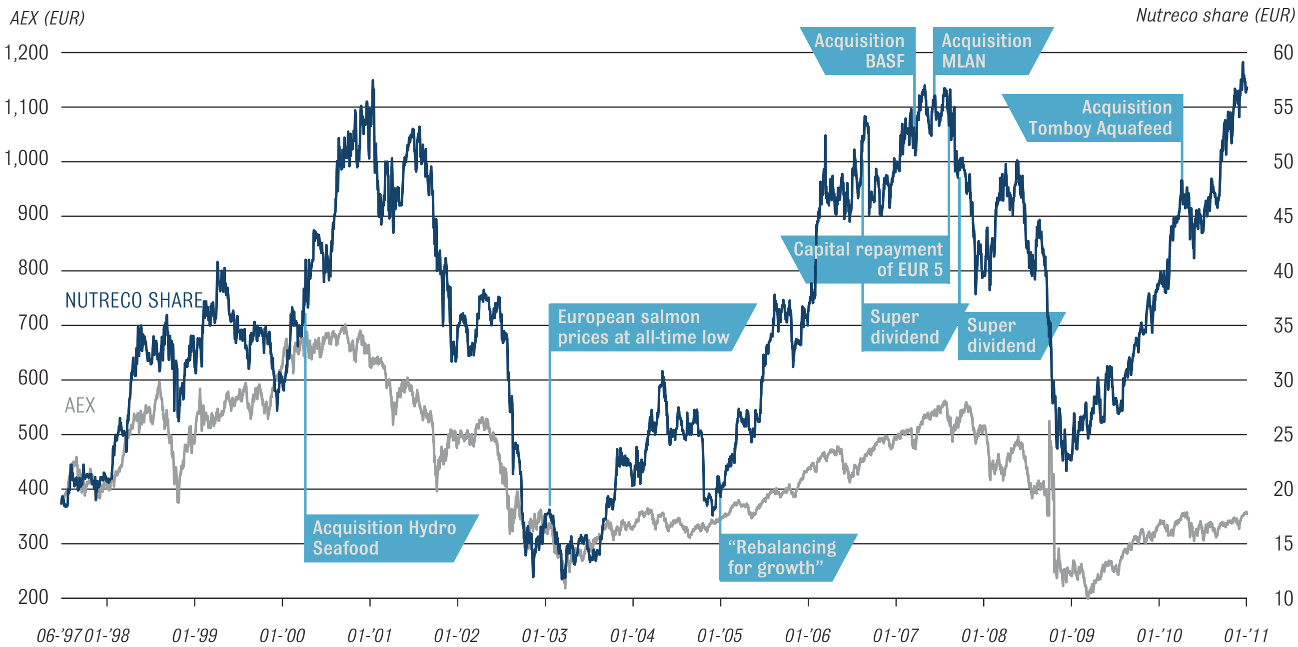
The General Meeting of Shareholders will be held at De Flint, Coninckstraat 60, Amersfoort, on Monday 28 March 2011, at 2.30 pm.

Key figures per share

(EUR)	2010	2009	2008	2007	2006	2005	2004	2004	2003
							IFRS		
Total result for the period	3.17	2.61	3.34	3.46	15.19	3.90	2.29	2.13	-4.25
Total result for the period from continuing operations[1]	3.17	2.61	3.02	3.24	3.05	2.63	2.29	2.23	1.91
Dividend[4]	1.50	1.32	1.43	1.64	1.60	1.52	0.53	0.53	0.53
Payout[2]	45%	45%	45%	45%	45%	35%	35%	35%	35%
Highest share price	60.63	39.29	51.10	56.98	54.75	38.35	30.80	30.80	24.40
Lowest share price	36.66	23.65	21.40	37.87	36.35	20.30	17.60	17.60	11.65
Closing price	56.79	39.29	23.52	39.56	49.39	37.31	20.23	20.23	21.78
Average number of shares outstanding (x thousand)	35,139	34,603	34,358	34,317	34,209	34,498	34,056	34,056	33,342
Number of shares outstanding (x thousand)	34,963	34,995	34,279	34,256	33,906	35,528	34,081	34,081	33,518
Market value at closing price[3] (EUR x thousand)	1,985,549	1,374,953	806,242	1,355,114	1,674,617	1,288,240	689,459	689,459	730,022

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 owners of Nutreco excluding book profits and impairment.
3 The market value is calculated on outstanding shares excluding shares held in treasury.
4 Excluding superdividend of EUR 9 in 2006 and capital repayment of EUR 5 in 2007

Share price Nutreco vs AEX



Share price and volume development

In 2010 the share price opened at EUR 39.28 while at the end of the year it closed at EUR 56.79, which was an increase of 44.6%. During the same period the AEX and AMX indexes increased by respectively 5.8% and 25.5%.

The average daily trading volume on NYSE Euronext Amsterdam in 2010 was 159,175 shares, compared with 205,862 shares per day in 2009. In 2010 75.8% of the traded volume in the Nutreco share took place within the NYSE Euronext platform. The remaining 24.2% was traded on alternative trading platforms as Chi-X, BATS and Turquoise.

Important dates

2011

10 February 2011	Publication of the annual results 2010
28 March 2011	Annual General Meeting of Shareholders
30 March 2011	Ex-dividend date
30 March – 15 April 2011	Option period
1 April 2011	Record date
15 April 2011	Determination of the stock dividend exchange ratio (after close of trading), based on the average weighted share price of 13,14 and 15 April 2011
21 April 2011	Pay out final dividend
21 April 2011	Q1 trading update
28 July 2011	Publication of half-year results 2011
1 August 2011	Ex-dividend date (interim dividend)
1 August – 12 August 2011	Option period
3 August 2011	Record date
12 August 2011	Determination of the interim dividend exchange ratio (after close of trading), based on the average weighted share price of 10, 11 and 12 August 2011
18 August 2011	Declared interim dividend payable
20 October 2011	Q3 trading update

2012

9 February 2012	Publication of the annual results 2011
27 March 2012	Annual General Meeting of Shareholders

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Excellent results 2010, focus on innovation

Dear stakeholder,

We are proud to report a record operating result for Nutreco in 2010. The markets for our customers were better than in 2009, which led to higher volumes in Fish Feed and Premix and Feed Specialties in particular. This is against a background in which we can see important global trends and the approaching challenge of doubling food production while halving the footprint in order to feed nine billion people sustainably in 2050.

The increasingly tight balance between supply and demand in agricultural raw materials means that a phase of unstable and shifting weather patterns or outbreaks of fires and crop diseases all have serious and worldwide impacts on the prices. Prices for many commodities, including feed raw materials and staple food products, are as high or higher at the end of 2010 than at their peak in 2008. As the global population grows the effects will be more marked unless the productivity in the world increases, which is why in Nutreco we are giving the challenge significant attention. If all stakeholders in the food and agribusinesses take real action we believe it will be possible to increase productivity sufficiently. We have to start by applying the knowledge we have more widely and investing in creating new knowledge.

The rising prices for feed raw materials are impacting the production costs of the livestock farmers, many of whom are also experiencing strong downward pressure on the price of their products. This explains the efforts of Nutreco to explore alternative and less expensive raw material options and to increase the efficiencies of feed formulation. While searching for economies in the feed-to-food value chain we must also be highly vigilant with respect to feed and food safety. At the very end of 2010 we were reminded how quickly and widely a food safety incident can spread. In its unique Nutrace feed-to-food quality system, Nutreco continuously assesses and monitors risks and holds rapid response protocols in readiness.

Through the focus on efficiency and sustainability, investment in innovation and vigilance toward quality and safety, Nutreco is well positioned to respond to the growing demand of its customers for livestock-based protein foods.

Excellent results 2010

The results in Premix and Feed Specialties were an improvement on 2009 through increased volumes. In the Fish Feed segment we had a record operating result, due in part to the strong recovery occurring in Chile and a strong performance in Norway. The Compound Feed operations in Europe, particularly in the Western European CE-countries, are showing a good performance, better than in 2009, when we reported a loss in the Netherlands. The integration of the Cargill acquisition in Spain and Portugal is according to plan. The Canadian business performed well and in line with last year's operating result. The Meat operations had good results, though lower compared with the excellent results in 2009.

Strategy

Nutreco is strongly rooted in its traditional markets in Europe and the Americas and has a foothold in key growth regions such as China, Brazil and Russia. These businesses provide a firm base for growth supported by strategic acquisitions. In the Netherlands, Spain and Canada we will contribute to the consolidation process. In feed additives we want to take a next step that will drive the development of feed solutions for farmed animals.

Nutreco has a leading position in fish feed based on know-how in the production of high-quality fish feed in a sustainable manner. We want to capitalise on this position by entering other markets both in geography and species. In July, we announced the acquisition of Tomboy Aquafeed in Vietnam, a reputable and profitable Vietnamese fish and shrimp feed company. This acquisition fits perfectly in our growth strategy, which is to further develop positions in markets with feed for non-salmonid species. Tomboy Aquafeed offers Nutreco a platform for future growth in Asia.

Leveraging strengths and capabilities

One of the key strengths of Nutreco is its position and performance in research and development. The eight R&D centres of Nutreco are linked with the operations to ensure their activities have direct relevance to the needs of our customers. The R&D centres have strong connections with universities and research institutes to ensure they remain at the forefront of their domain. The result is a continuing stream of innovations in products and farm management models that differentiate Nutreco from its competitors and enable customers to enhance their business performance financially and in sustainability. Innovations introduced in 2010 such as the MicroBalance™ concept for fish feeds, Fysal Fit-4 poultry, DIVA sow feeds and CalFix for dairy cattle, clearly illustrate this.

Feed additives offer another means of differentiating Nutreco, through their unique properties and performance on farm. In 2010 we consolidated our feed additive activities in one distinct business unit, Selko Feed Additives. Also in 2010 we have reported growing global sales of these products. We completed a significant investment to upgrade and double the capacity of the Selko plant in the Netherlands.

Conferences provide vision

AquaVision 2010 was the thirteenth in the series of AquaVision and Agri Vision conferences organised by Nutreco. The event in Stavanger, Norway, provided two days of informative presentations and networking events. The 340 delegates from 26 countries included many top aquaculture decision makers who were able to hear and share new ideas and gain insights for the further development of this exciting industry. In June 2011 we will hold the sixth Agri Vision conference in the Netherlands. The theme of the conference is: Beyond Boundaries; enabling factors for feeding nine billion people sustainably in 2050.


Wout Dekker, Chief Executive Officer

To share our 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, we published two Feeding the Future booklets. The first one in the beginning of 2010, outlining the possibilities for agriculture to feed 9 billion people in 2050, the second one in January 2011, outlining the potential for aquaculture to make a significant contribution to the same purpose.

Sustainability has become embedded in all activities of Nutreco in 2010, in line with the commitment we made in 2009. The progress and achievements are described in detail in our 2010 Sustainability Report. They include creating a sustainability structure in Nutreco together with advances in sustainable procurement, innovation, human resources management, carbon footprint reductions, internal and external engagement and in developing sustainability action plans in our operating companies.

The success of Nutreco depends to a large extent on our employees. The expertise and engagement of our people have a substantial impact. On behalf of the Nutreco Board I would like to thank all our employees for their support and hard work. We have shown over the years that we are capable of delivering great results. Looking to the year ahead, I am confident that we will be able to further strengthen and grow Nutreco.

Wout Dekker, Chief Executive Officer
14 February 2011

Nutreco strategy

Strategic ambition

Nutreco has the ambition to be the **global leader** in animal nutrition and fish feed. Nutreco will achieve this by developing, producing and selling **innovative and sustainable feed solutions** for farmed animals which will help farmers to achieve the best results.

The market environment

World population is expected to grow from the current 6.9 billion to more than 9 billion in 2050. The world faces the challenge to sustainably feed these 9 billion people. About 90% of the growth will occur in Asia and Africa. Next to the growth of the world population food consumption will increase due to urbanisation, rising incomes and improved nutritional status. Urbanisation is expected to increase to 70% of the world population by 2050; more people will depend on fewer farmers to produce their food. Rising incomes in the developing world lead to a higher demand for animal proteins, as economic development is normally accompanied by an improvement of the overall nutritional status of the country's population.

The volume growth rate worldwide of aquaculture has been sustained, averaging about 8% over the last 30 years, while the take from wild fisheries has been flat for the last decade. Measures to reduce the overexploitation of wild catch marine species, combined with a growing demand for fish, creates a market opportunity that is driving future growth in aquaculture. Today more than 80% of the farmed fish is farmed in Asia. Aquaculture activities will increase in Asia and Latin America.

Animal protein consumption is expected to double in the first half of this century. There are differences in growth rate per region. In developed economies such as Western Europe or North America the number of farmed animals will remain stable or even decrease. The number of farms will decrease but the average size of the farms will increase. This will lead to more or less stable animal nutrition markets in these regions. The volume growth in animal nutrition consumption will take place in developing countries. The increased level of professionalisation drives the need for modern farming. Farmers around the globe strive to improve their productivity and to shorten production cycles while taking care of animal health and sustainability. There is still room for improvement, on average farm productivity is 30 to 40% below the potential productivity because of suboptimal farming conditions and health status. For example, a difference in productivity was found between the 20% best and 20% lowest performing pig farms in the Netherlands. Similar, or even greater, differences can be found between farms in different countries.

Globally farming will be more and more professionalised. Furthermore, growing demand, adverse weather conditions, historically low stocks, biofuel production and government policies have brought an unprecedented volatility in soft commodity prices. The animal nutrition industry and the farmers have to find solutions to cope with the negative impact of these developments.

The challenge for animal nutrition companies is to provide sustainable feeds that enable farmers to meet the rising demand for highly nutritious protein products in their region and also generate sufficient income from their farming activities.

Strategic context

Nutreco is an international company focused on animal nutrition and fish feed in an increasingly demanding market. Nutreco ranks in the top 3 of the global animal nutrition industry in revenues. We have leading positions in the compound feed industry in Canada, Spain and the Netherlands. Nutreco's Trouw Nutrition ranks number 2 in the global premix market where four global players account for a 50% market share. Nutreco's Skretting is the number 1 salmon feed producer with 36% market share and has leading positions in feed for other aquaculture species.

Based on the global developments in agriculture and fish farming in combination with Nutreco's position and capabilities Nutreco has developed for the following strategy:

Application leadership and innovation
The increasing demand for both food safety and efficiency has increased the need for innovation in the feed-to-food value chain. For farmers, day-to-day decision making has become increasingly complex due to legislation, volatility and scarcity of raw materials.

efficiency and by growing our distribution channels in the countries where we are and where we want to be.

Application leadership through models includes improving both the environmental and financial sustainability of production systems for animal products. Newton and Watson are dynamic growth simulation models based on the complex interactions of swine and ruminants with their environment and diets. These programmes accurately predict biological performance and determine the optimum nutritional solution based on economic and technical objectives of pork and dairy producers. The software was developed by Nutreco Canada and will also be used in the Dutch and Spanish markets.

We leverage our core capabilities by establishing global teams of R&D leaders, technical specialists and marketing specialists with a species and product focus.

Nutreco at the critical junction in the food chain

High-quality feed solutions • assured feed-to-food safety • **feed efficiency** • sustainable industry value chain • **innovation** • changing diet patterns • reduce pressure on natural resources • reduce livestock CO_2 emissions • **animal health**

Nutreco has the right people, on-farm know-how, tools, models, products and services to deliver solutions that work locally. We have in-depth knowledge in both quantitative and functional nutrition. This requires an intimate understanding of practical animal production, excellence in science, and a unique ability to integrate and transfer technology. These competencies are the foundation of our value proposition. We want to be leader in the development and supply of these applications. We want to provide solutions that are tailored to meet unique on-farm needs, delivering the technical and financial results that farmers need.

Nutreco bridges the gap between feed ingredients and animal requirements using Nutrace, our feed-to-food quality programme, and nutritional knowledge. We will deliver safe and efficient solutions. We will further increase our competitive advantage through operating

Focused growth strategy
Our growth strategy is focused on business development through organic growth and acquisition in high growth markets. We will give a high priority to Brazil, China and Russia. We want to increase our presence in these markets and we will leverage our strengths globally. Our growth in these countries will also be fuelled by acquisitions or investments.

We will continue to create value for all our stakeholders by balancing risk and return. Our focus on top line and bottom line organic growth will also be based on innovation. Together with growth by acquisition, we aim to improve the return on total invested capital and equity. Nutreco wants to deliver innovative feed solutions and will grow its business geographically.

We want to achieve growth through:

1. **Capitalising on leading fish feed positions and diversifying by expanding in new regions and into feed for other species and shrimp. This includes geographical areas such as Asia and Latin America;**
2. **Proactively pursuing significant positions in agri focus markets China, Brazil and Russia;**
3. **Developing sustainable businesses in agri home markets Western Europe and North America;**
4. **Further developing feed additives by innovation and acquisitions.**

1

FISH FEED

Capitalise on leading positions and diversify into feed for other fish species and geographies

The worldwide volume growth of aquaculture is expected to be at least 5% annually. The growth is driven by the demand for high-quality healthy protein. The demand for fish can no longer be met by wild catches where supplies are often affected by climatic conditions, quotas, etc.

Skretting, Nutreco's fish feed business is the best positioned player to become a true global leader of high end fish feed business. Skretting is the number one fish feed company in terms of both turnover and volume. Skretting supplies fish feed for more than 40 species, is the global leader in salmon feed and has the largest international spread. Skretting intends to grow with salmon feed in line with the total market and turn into a global player for other fish species that holds a stronghold in both mature and emerging markets.

Nutreco will also focus on organic growth in current markets. Today approximately 75% of our aquaculture 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. Capacity expansions are planned in Australia and Norway. Nutreco's fish feed activities for other species such as freshwater trout, sea bass and sea bream are mainly in Spain, Italy, France and Turkey where a new plant has been in operation since 2009. Feed for yellowtail is produced in Japan.

Nutreco intends to expand its fish feed business in Latin America and 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 July 2010, we announced the acquisition of Tomboy Aquafeed in Vietnam. Vietnam is the third largest aquaculture country in the world and one of the world's largest producers of shrimp and pangasius. The aquaculture sector in Vietnam is professionalising rapidly and has a substantial growth potential. Vietnam is poised to develop into a leading Asian producer and processor of farmed shrimp and marine fish with a strong export focus. We also see a strong development of the fish feed market in Latin America. Our first Brazilian acquisition Fri-Ribe is also involved in fish and shrimp feed.

Skretting is targeting a share of total revenues of other species than salmonids to be 35% (today 28%) in 2015.

2

AGRI FOCUS MARKETS

Proactively pursue significant positions in China, Brazil and Russia

In the emerging economies such as Brazil, China and Russia and in other regions such as Eastern Europe the demand for agricultural products such as meat, milk and eggs is growing. Due to the local cost structure some of these countries will also become major exporting countries of meat. There is a need for professional farming, which leads to an increase in the demand for feed specialties that require high levels of knowledge and technology. These markets offer great opportunities for Nutreco to establish and build a presence.

China is the second largest compound feed market in the world. Meat production is expected to grow 2 to 3% annually, with a strong growth in intensive swine and poultry farming. In recent years Nutreco has proactively pursued a significant position in China. In 2002 we started in China with a new-build plant in Hunan. In 2006 we acquired Dejia Farm Minerals, followed by the acquisition in 2007 of the Chinese premix activities of BASF. In 2010 Nutreco opened a new premix factory in Beijing. Today Nutreco's subsidiary Trouw Nutrition employs more than 700 people in China and has a solid base to supply the Chinese feed industry with the latest advanced animal nutrition products. We will improve our market position in China by strong organic growth and selected capacity expansions, next to growth by targeted acquisitions.

Brazil is the third largest animal nutrition market in the world. The market growth accounts for about 4 to 5%. In 2009 Nutreco acquired a 51% shareholding in Fri-Ribe in Brazil which is an excellent platform to facilitate future expansion in this important agriculture growth market. Integration of Fri-Ribe is on track. Organic growth and growth through acquisitions will lead to a more significant position in the Brazilian market for Nutreco.

Russia also ranks in the top ten global feed markets with a 4% growth in meat production. The market is professionalising and growing towards self sufficiency. Our strategy for sustainable organic growth in Russia until now is based on export from Western Europe. In the future we will also grow through using our own production facility, which will be built in 2011, according to our targeted sales growth.

Today the share of our Premix and Feed Specialties sales outside Western Europe and North America is about 25%. It is our ambition to increase that to 40% in the next three years.

3

AGRI HOME MARKETS

Develop sustainable business in Western-Europe and North-America

In our agri home markets Western Europe and North America we have premix and feed specialties positions. For Spain, the Netherlands and Canada we also have compound feed positions.

Nutreco's premix and feed specialties market positions in Western Europe are relatively strong with market shares in the Netherlands, Belgium, Spain, Germany and Belgium in the range of 20 to 30%. Globally we are the number 2 with a 12% market share. In the coming years we will further increase our presence in North America with a special focus on the dairy feed market. In the Western European countries, where we already have strong positions, acquisitions could bring additional profits including those from the synergies involved.

Nutreco's compound feed operations are historically concentrated in the traditional home markets Spain and the Netherlands. Through an acquisition in 2007 Nutreco also gained a leading market position in Canada with revenues of EUR 400 million and a market share of 23%.

In Spain, after the acquisition of Cargill activities, Nutreco's compound feed producer Nanta is market leader with a market share of 13% with revenues of EUR 800 million. Nanta will continue with its focus on multi species such as pork, poultry and beef. The integration of the acquired business from Cargill has significantly improved our cost positions and optimised our production and logistics structure. Furthermore the new organisational structure will facilitate stronger commercial effectiveness. In the Netherlands and Belgium our subsidiary Hendrix operates in a highly consolidated environment with a 12% market share and revenues of EUR 650 million. Our ambition is to improve its profitability by an improved cost structure and better commercial effectiveness.

Organic growth in these agri home markets is limited due to the stable number of animals in these countries. Profit growth in these markets will come mainly by participation in the industry consolidation process in these countries, which will bring additional profit from synergies and efficiencies.

4

PRODUCTS

Further development of feed additives

Feed additives are high margin products with global reach. During recent years this market segment has experienced an annual average growth between 5% (nutritional and technological additives) and 10% (digestibility enhancers). Additives are crucial for innovative feed solutions. With its experience, application knowledge, research and innovation capabilities, Nutreco is well positioned to build and distribute a portfolio of these high margin products, leveraging its global market presence.

Feed additives, such as enzymes and organic acids, increase feed efficiency. Additives can support the use of low value ingredients and by-products in animal feeds even further, by improving nutrient digestibility or availability. In this way, they allow better use of raw materials, improve feed efficiencies, boost animal health and performance and reduce emissions on land, air and water. Moreover, some specialty products serve to preserve raw materials and finished feeds, reducing waste.

Nutreco's feed additive business unit Selko Feed Additives supplies organic acid blends that protect and preserve the nutritional value of animal feeds, enabling livestock to derive maximum nutritional benefit. Selko products inhibit microbial threats in feed raw materials and water. They protect the nutritional integrity of finished feeds in transport, storage and use on farm. Further Selko products modulate the gastro-intestinal tract to support animal health while optimising conditions for efficient digestion. In 2010 we expanded the capacity of our plant in the Netherlands to fulfil growing sales.

To continue delivering innovative feed solutions we will build upon our existing capabilities. Besides that acquisitions and strategic partnerships are additional steps into differentiating feed additives.

Nutreco's near future targets

To execute our strategy a strong financial position is important to fund investments, acquisitions and innovation. Due to our strong balance sheet and cash flow we are well placed to grow our business as defined. Nutreco has set the following targets for the near future, whereas organic growth means volume growth as raw materials price effects are in principle passed through to our customers. Acquisitions are in addition to organic growth.

	Actual 2010	Target
Organic growth (volume) per segment		
- Premix and Feed Specialties	6.4%	4%
- Fish Feed	3.0%	5%
- Compound Feed Europe	-2.1%	1-2%
- Animal Nutrition Canada	-4.8%	1-2%
- Meat and Other	1.3%	1-2%
EBITA margin per segment		
- Premix and Feed Specialties	7.4%	7%
- Fish Feed	6.9%	6%
- Compound Feed Europe	2.1%	2-3%
- Animal Nutrition Canada	5.7%	6%
- Meat and Other	2.8%	2-3%
Return (EBITA) on capital employed before tax and interest	20%	> 15%
EBITA before exceptional items	EUR 222.5 million	EUR 230 million in 2010- 2012
Net debt / EBITDA ratio	0.81	< 3
Net debt / equity ratio	0.25	< 1
Interest coverage (EBITDA / Financial income/costs)	7.1	> 5
Total shareholder return three year period	no. 5 within the ranking of the peer group	Above median of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments

	Actual 2010	Target 2011
Sustainability		
Develop CO_2 footprints and CO_2 reduction plans for all Nutreco plants	CO_2 emissions of Nutreco plants reduced by 19% (baseline 2009)	Reduce CO_2 emissions of Nutreco plants by 30% (baseline 2009)
Develop sustainable procurement strategy aimed at integrating relevant sustainability elements in Nutreco's procurement policies and processes	Sustainable procurement strategy, vendor policy and specific procurement policies for marine products, soya and palm oil all in place	Engage with top 100 global suppliers of the spend on the sustainable vendor policy and with all suppliers that supply soya, palm oil or marine products

Ambitions and strategic objectives

Customers, suppliers:

being a responsible partner, offering healthy and efficient feed solutions

Ambitions

To offer our customers sustainable and healthy feed solutions for farm animals and farmed fish, through a range of products and concepts geared towards achieving optimum business results. Our suppliers play an important role in achieving this ambition.

Strategic objectives

- 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.
- To enter into long term supply agreements with suppliers in order to guarantee Nutreco's customers sufficient and high quality feed.

Actions during 2010

- A continuing stream of innovations in products and farm management models that enable customers to enhance their business performance financially and sustainably. Amongst these innovations were Fysal Fit-4-Poultry , Nuklospray Yoghurt, Milkiwean BabyMilk Plasma, DIVA sow feeds, new transfer diets for salmon, Protec diets and patented feed for bluefin tuna. For more details, see pages 44 to 51 of this report.
- Improved customer service by the introduction of Watson 2.0 in the Benelux market. Watson is an integrated swine growth model used as a decision making tool to optimise farm economics.
- The introduction of Newton in the Benelux market. Newton is a ruminant rationing model that leads to greater nutritional accuracy, healthier cows and more efficient use of rations.
- Global introduction of MicroBalance™ technology in the farmed fish industry. MicroBalance™ enables us to make fish feeds with fishmeal levels much lower than usual, thus increasing the sustainability of aquaculture while at the same time enabling our customers to reduce costs.
- Renewing and expanding the production capacity of Selko feed additives to meet the globally growing demand for these products.
- Investment of EUR 20 million to upgrade and expand the production capacity of our fish feed plant in Australia.
- Further integration of sustainability in the procurement process: Nutreco Procurement developed a new sustainable sourcing strategy, generic vendor policy and specific procurement policies for marine products, soya and palm oil.

Employees:

making the most of talent, potential and experience

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 2010

- Recruitment processes were expanded and Learning & Development activities increased above 2009 levels.
- The People & Career tool P@CT became fully functional with a complete sequence beginning with the 2009 end of year reviews and performance planning for 2010.
- A new Expanding Horizons course began in June 2010 with ten recruits from Belgium, China, Germany, the Netherlands, Russia, Spain and the Ukraine. The two-year course includes working in pairs on strategic assignments set by the Executive Board.
- In the Netherlands, at the end of 2010 Nutreco reached agreement with the Central Works Council and the pensioners' association to place the pension scheme for the Dutch subsidiaries with an insurance company. The insurer will guarantee 100% of the nominal pension benefits.

Shareholders:

create 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%.
- To pay out a dividend in the range of 35-45% of the result available to holders of ordinary shares.
- To ensure that communication of price sensitive information is timely, balanced and accurate, and is disseminated in accordance with all applicable legal, regulatory and stock exchange requirements.

Actions during 2010

- The acquisition of Tomboy Aquafeed offers Nutreco an entrance in Vietnam and an interesting platform for future growth in Asia.
- Nutreco organised a Capital Market Day in October in Italy to update analysts and banks on the developments in the business.
- Nutreco increased its medium term EBITA margin guidance for Premix and Feed Specialties to 7%. In Fish Feed Nutreco confirmed its medium term outlook of at least 5% organic growth per year. Furthermore it aims to increase the share of fish feed for non-salmonids from 28% to 35% of total fish feed sales by 2015.
- All cumulative preference shares ‘A’ were repurchased by the Company. Best practice provision IV.1.2 of the Code was taken into account: repurchase will be followed by cancellation. The buy back will contribute positively to the earnings per share.

Society:

sustainability part of daily business life

Ambitions

Nutreco will contribute to resolving 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 2010

- “Feeding the Future Sustainability Project Plan” was prepared with input from representatives of all categories of activity and all divisions of Nutreco, corporate directors and leaders of the R&D activities. The plan was approved by the Executive Board in April 2010.
- Sustainability targets were included in the variable part of the remuneration package of all Nutreco managers.
- 25 Sustainability action plans in place covering all operating companies
- Extension of current nutrition models for use in sustainability assessment in new product development; Sustainability assessment method is being developed and tested on four recent innovations.
- Carbon footprint baseline (2009) established for each plant and for total Nutreco. Reduction plans in place or scheduled for all Nutreco plants. Realised Carbon Footprint reduction in 2010: 19%.
- In February 2010 a major earthquake followed by a tsunami devastated parts of Chile. Employees of Nutreco’s subsidiary Skretting raised $75,000 to provide housing for the victims.
- Nutreco is contributing funds and expertise in aquaculture, poultry production and finance to the EPIA project in an impoverished and remote area of Bangladesh. The objective over five years is to recruit 3,000 families with a potential benefit for 100,000 people in the region. EPIA stands for Empowerment of the Poor through Integrated Agriculture.
- AquaVision 2010 was the thirteenth in the series of AquaVision and Agri Vision conferences organised by Nutreco. In the event in Stavanger, Norway, 340 delegates from 26 countries were able to hear and share new ideas and gain insights for the further development of this industry.
- Nutreco participates in the industry chain in more than 200 stakeholder engagement activities worldwide.

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

Report of the Executive Board

- Revenue 2010 EUR 4,939.7 million; increase of 9.5%
- Nutreco reports record EBITA before exceptional items EUR 222.5 million; an increase of 27.0% compared with 2009
- EBITA in Premix and Feed Specialties 12.1% higher than in 2009
- EBITA in Fish Feed up 38.9% in a solid aquaculture market environment
- Strong recovery EBITA Compound Feed Europe
- Strong cash flow from operating activities
- Acquisition of Tomboy Aquafeed (Skretting Vietnam), a platform for further growth in Asia
- Dividend proposal of EUR 1.50 per share

The results in Premix and Feed Specialties were an improvement on 2009 through increased volumes. In the Fish Feed segment we had a record operating result, due in part to the recovery now occurring in Chile and a strong performance in Norway. The integration of the Cargill acquisition in Spain and Portugal is according to plan.

Nutreco maintained a strong focus on the development of working capital with a strong cashflow as a result. The net debt decreased further to EUR 207.5 million at 31 December 2010 from EUR 222.9 million in 2009. In May 2010, Nutreco extended the maturity of its existing revolving credit facility from May 2012 to May 2014. With this amendment Nutreco has further extended its debt maturity profile.

In 2011 Nutreco will continue to strengthen its market positions in feed specialties and fish feed, by organic growth and acquisitions. The focus will be on geographical regions and markets that have the prospect of structural profitable growth; for example Brazil, China, Russia and Vietnam. At the same time Nutreco will support organic growth by building new plants or expanding capacity.

The excellent 2010 results and our strong balance sheet give us the confidence to successfully execute our strategy in 2011 and the years beyond.

Key figures (EUR x million)	2010	2009	Change
Revenue	4,939.7	4,511.7	9.5%
Operating result before exceptional items and amortisation (EBITA)	222.5	175.2	27.0%
Operating result (EBIT)	185.7	157.9	17.6%
Profit after tax	113.0	93.0	21.5%
Basic earnings per share (EUR)	3.17	2.61	21.5%
Dividend per ordinary share (EUR)	1.50	1.32	13.6%

(EUR x million)	2010	2009	Change
Revenues by segment			
Revenues to third parties			
Premix and Feed Specialties	1,062.1	1,000.7	6.1%
Fish Feed	1,331.0	1,120.4	18.8%
Compound Feed Europe	1,185.8	1,044.4	13.5%
Animal Nutrition Canada	399.5	382.6	4.4%
Meat and Other	961.3	963.6	-0.2%
Total revenues to third parties	**4,939.7**	**4,511.7**	**9.5%**

Revenue

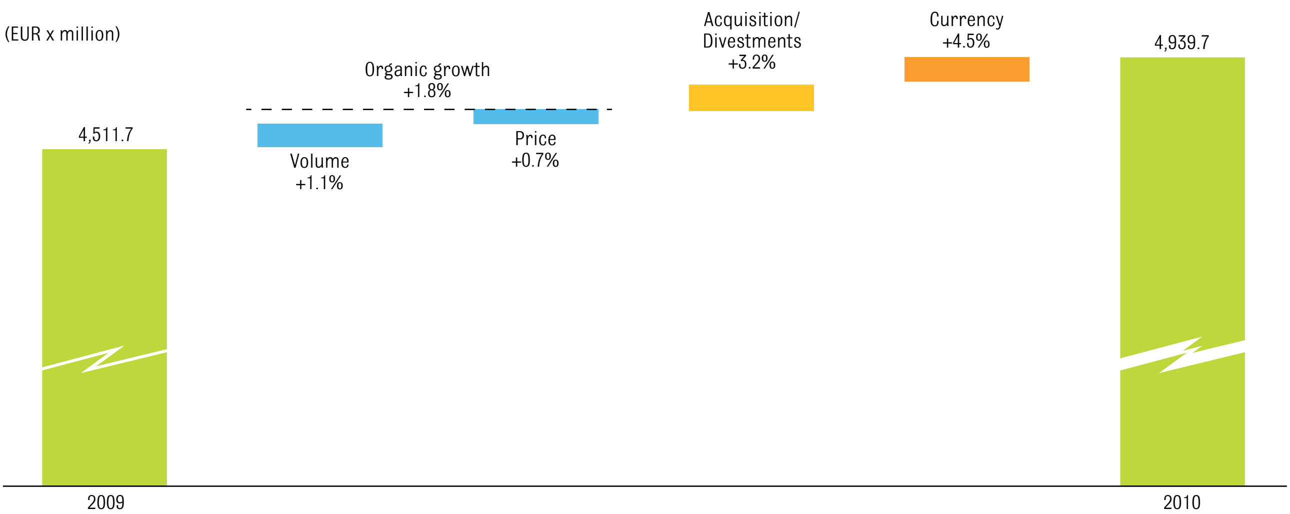
Revenue from Nutreco's operations amounted to EUR 4,939.7 million, an increase of 9.5% compared with 2009. Of this increase, 0.7% was due to the price effect. This was related to price increases as higher raw material prices were passed on. The volume increase was 1.1%, due to volume growth in Premix and Feed Specialties, Fish Feed and Meat and Other and a volume decline in the other segments. The contribution from acquisitions was 3.2% and concerned the acquisition of fish feed operations from Tomboy Aquafeed in Vietnam, compound feed operations of Cargill in Spain and Portugal and the premix and fish feed operations from Fri-Ribe in Brazil. The exchange rate effect was 4.5% and was mainly caused by a positive translation effect as a result of a stronger Canadian dollar, US dollar and Norwegian krone.

Acquisition

In July 2010, Nutreco announced the acquisition of Tomboy Aquafeed (Skretting Vietnam), a reputable Vietnamese fish and shrimp feed business. The transaction was completed in October 2010. The company is the fourth-largest player in the Vietnamese shrimp market. It recently invested in a new plant to produce feed for marine and freshwater species. The company has two plants – one near Ho Chi Minh City and one in Long An province – employing about 300 people. Revenue in 2009 was EUR 18 million. The financials are consolidated as of 12 October onwards.

Revenue development FY 2010

(EUR x million)



(EUR x million)	2010	2009	Change
Operating result before exceptional items and amortisation (EBITA) per segment			
Premix and Feed Specialties	78.9	70.4	12.1%
Fish Feed	92.2	66.4	38.9%
Compound Feed Europe	24.7	1.6	-
Animal Nutrition Canada	22.8	21.8	4.6%
Meat and Other	26.5	34.3	-22.7%
Corporate	-22.6	-19.3	-17.1%
EBITA before exceptional items	**222.5**	**175.2**	**27.0%**
Restructuring	-20.0	-11.8	
Negative goodwill	-	11.2	
Impairment charges	-4.0	-7.5	
Income arising from settlements	4.7	-	
Acquisition related costs	-3.0	-	
Other	-1.0	2.9	
Total exceptional items	**-23.3**	**-5.2**	**-**
Total EBITA	**199.2**	**170.0**	**17.2%**

Operating result

In the full year, EBITA before exceptional items increased by 27.0% to EUR 222.5 million (2009: EUR 175.2 million).

The **Premix and Feed Specialties** segment achieved excellent results due to increased revenues and a strong focus on products with more added value. EBITA before exceptional items rose by 12.1% to EUR 78.9 million (2009: EUR 70.4 million).

The **Fish Feed** segment achieved EBITA before exceptional items that were 38.9% higher at EUR 92.2 million compared with EUR 66.4 million in 2009. The strong improvement was mostly due to increased volume in Norway and a recovery in volume from Chile as well as the positive impact of exchange rates.

EBITA before exceptional items for **Compound Feed Europe** was EUR 24.7 million (2009: EUR 1.6 million). Profitability recovered well compared with 2009; raw materials prices could be passed on. Our customers experienced better prices for meat, eggs and dairy products in 2010. The Cargill acquisition in Spain and Portugal did not contribute to EBITA yet. As the integration is going according to plan a positive contribution is expected in 2011.

EBITA before exceptional items for **Animal Nutrition Canada** increased by 4.6% to EUR 22.8 million (2009: EUR 21.8 million), partly as a result of a favourable translation effect of the Canadian dollar.

The **Meat and Other** segment reported a good result although 22.7% lower than last year, due to lower poultry prices in 2010.

Exceptional items

The total amount of exceptional items is EUR -23.3 million, with the major part (EUR 20.0 million) relating to the integration and restructuring costs of the animal nutrition business of Cargill in Spain and Portugal and the closure of the fish feed plant in Ireland. Other items included are related to acquisition costs, impairments, pension expenses and other income.

Total result for the period

(EUR x million)	2010	2009	Change
EBITDA	**255.4**	**222.7**	**14.7%**
Depreciation	-56.2	-52.7	
EBITA	**199.2**	**170.0**	**17.2%**
Amortisation	13.5	12.1	
Operating result (EBIT)	**185.7**	**157.9**	**17.6%**
Financial income	6.6	5.9	
Financial expenses	-43.3	-38.3	
Foreign exchange result	0.9	0.8	
Net financing costs/income	**-35.8**	**-31.6**	**13.3%**
Share in results of associates and other investments	2.2	1.4	
Result before tax	**152.1**	**127.7**	**19.1%**
Income tax expense	-39.1	-34.7	
Result after tax	**113.0**	**93.0**	**21.5%**
Total result attributable to:			
Owners of Nutreco	111.4	90.3	
Non-controlling interest	1.6	2.7	
Total result for the period	**113.0**	**93.0**	**21.5%**

Net financing costs

Net financing costs from continuing operations amounted to EUR 35.8 million (2009: EUR 31.6 million).

Financial expenses amounted to EUR 43.3 million (2009: EUR 38.3 million). The financial expenses mainly consist of interest paid on the US private placements, the revolving credit facility, one-time expenses in relation to the cancellation of an interest rate swap and the dividend on cumulative preference shares ‘A’.

Financial income amounted to EUR 6.6 million (2009: EUR 5.9 million). The foreign currency exchange result for 2010 was a profit of EUR 0.9 million (2009: EUR 0.8 million).

Income tax expense

Income tax expense increased from EUR 34.7 million to EUR 39.1 million. The effective tax rate in 2010 was 25.7% (2009: 27.2%). The effective tax rate in 2011 is expected to be 26% to 28%.

Result for the period

The result after tax increased by 21.5% to EUR 113.0 million from EUR 93.0 million. Basic earnings per share were 21.5% higher at EUR 3.17 (2009: EUR 2.61). The result for the period attributable to owners of Nutreco was EUR 111.4 million (2009: EUR 90.3 million).

Cash flow and investments

The net cash from operating activities was EUR 205.5 million (2009: EUR 267.0 million). The capital expenditure increased from EUR 54.1 million in 2009 to EUR 98.0 million in 2010. Nutreco invested EUR 6 million in renewing and expanding the production capacity of Selko Feed Additives, Nutreco’s producer of additives for animal nutrition. Nutreco is also investing EUR 20 million in modernising and expanding the fish feed factory in Australia. The investment in the factory, which results in capacity being doubled to 120,000 tonnes a year, includes the installation of a second product line, modernisation of the silos and integration of an existing line in the renovated factory. Furthermore, Nutreco invested in projects to improve efficiency and in upgrading and replacements projects in several countries.

Cash position and capital structure

The net debt position as at 31 December 2010 was EUR 207.3 million (31 December 2009: EUR 222.9 million). Total equity as at 31 December 2010 was EUR 819.6 million (2009: EUR 740.7 million). The net working capital of EUR 107.5 million was EUR 28.2 million lower than on 31 December 2009 (EUR 135.7 million), mainly due to an increase of trade creditors.

The net debt/EBITDA ratio declined to 0.81 compared with a ratio of 1.00 in 2009. Also the net debt/equity ratio improved from 0.30 per year-end 2009 to 0.25 at 31 December 2010.

In December 2010 Nutreco obtained authorisation from the shareholders to buy back 4,993,200 cumulative preference shares 'A', which were classified as interest-bearing debt for a total amount of approximately EUR 54.5 million. The shares were acquired by Nutreco at 31 December 2010. The cumulative preference shares 'A' represented approximately 12% of the issued share capital of Nutreco N.V. This buy-back does not have any relation with the number of ordinary shares.

Dividend in line with policy of 45% payout

The Annual General Meeting of Shareholders to be held on 28 March 2011 will be recommended to declare a dividend of EUR 1.50 (2009:1.32) per share for the 2010 financial year. This represents a payout of 45% (2009: 45%) of the total result attributable to holders of ordinary shares of Nutreco over the period from 1 January 2010 to 31 December 2010, excluding impairment and the book result on disposed activities

In August 2010, the Company already distributed an interim dividend of EUR 0.50 (2009: 0.20) per ordinary share. Following adoption of the dividend proposal, the final dividend of EUR 1.00 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. 13, 14 and 15 April 2011. Both the cash and the stock dividend will be made payable to shareholders on 21 April 2011. Nutreco will purchase the necessary shares for the stock dividend in the market.

Strategic agenda 2011

We want to achieve growth through:

1. Capitalising on leading fish feed positions and diversifying by expanding in new regions and into feed for other species and shrimp. This includes geographical areas such as Asia and Latin America;
2. Proactively pursuing significant positions in agri focus markets China, Brazil and Russia;
3. Developing sustainable businesses in agri home markets Western Europe and North America;
4. Further developing feed additives activities by innovation and acquisitions.

Nutreco will provide its first quarter trading update on 21 April 2011. The majority of Nutreco's result is generated in the second half of the year.

"There is a growing acceptance of the need to eliminate Salmonella bacteria from food products such as poultry meat and increasingly strict legislation. For example in the European Union from 1 January 2011 fresh poultry meat must be free of Salmonella and prevalence in broiler flocks must be significantly reduced. Both Selko Feed Additives and Sada initiated projects with Nutreco R&D centres to develop appropriate products. When the projects were combined it brought the two companies together with the Food Research Centre and Poultry and Rabbit Research Centre in Spain and the Ingredient Research Centre in the Netherlands. Between all of them they had expertise spanning from the chemistry of ingredients and additive formulation, through

effective trials design and on to practical poultry farming. The multi-discipline teams developed Fysal Fit-4 poultry with its unique combination of four independent barriers to minimise Salmonella in broiler flocks. It proved highly effective in trials and now as area manager for the Southern European market I see in commercial use it is really doing what we say it will. Salmonella levels in broiler flocks are going down and Fysal Fit-4 poultry sales are going up."

Thijs Berkers
Area Manager, Selko Feed Additives

INNOVATION

"One more piglet weaned per sow per year, ten percent higher litter weight and reduced labour were the significant benefits demonstrated in trials we ran for six months with DIVA sow feeds and 17,000 sows on 42 farms. We introduced DIVA feeds commercially in March 2010 in the Netherlands, Germany and Belgium, completely replacing previous sow feeds. Farmers very soon saw benefits and rapidly accepted DIVA feeds. Two feed plants are now dedicated to producing DIVA feeds for every stage of the production cycle. The feeds were developed by combining knowledge from Nutreco Canada, Nanta, Hendrix and the Swine Research Centre, which ran the initial trials. These gave us the confidence to run the extensive on-farm trials programme. The results showed that high productivity sows given DIVA feeds eat well and are better prepared physically for farrowing, with ample back fat. The litters are more uniform in weight and the sows can nurture more of their piglets themselves, up to 13 or 14, without losing any more body condition than before. Fewer piglets need to be moved to a nursery with an alternative or an artificial sow. That means less labour and reduces the spread of infections, so farms could use less antibiotics. The main financial benefit though is the extra piglet weaned per sow per year."

Toin Buijtels
Programme Manager, Hendrix

OPERATIONAL DEVELOPMENTS

Trouw Nutrition International

SKRETTING

HENDRIX

Shur-Gain

Landmark Feeds

NANTA

SADA

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, for example, 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 2010:

	Premix and Feed Specialties	Fish Feed	Compound Feed Europe	Animal Nutrition Canada	Meat and Other
Sales 2010 EUR million	1,062	1,331	1,186	400	961
Geographical spread	Worldwide	Worldwide	Benelux, Germany, Spain	Canada, USA	Spain, Canada
Market position	Global no. 2 in premix with 12% market share	Global no. 1 in salmon feed with 36% 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 26% 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

Premix and Feed Specialties

Innovative and sustainable feed solutions for all major markets

The Premix and Feed Specialties division produces species specific premixes, farm minerals, direct feed specialties and feed additives. These products enhance and preserve the nutritional value of feed raw materials, support farm animals through transition periods with specific nutritional requirements and help to reduce the impact of stress and disease outbreaks. The products are sold to feed compounders, integrators, distributors and farmers, as well as the companion animal industry. Supported by a comprehensive distribution network, the Premix and Feed Specialties division supplies a global market either by local operating companies or by export. Product innovation is executed in cooperation with seven Nutreco research centres.

Market position and industry characteristics

About half of the global premix market is estimated to be supplied by DSM, Nutreco's Trouw Nutrition International, Provimi and Evialis. The rest of the market is supplied by a number of regional producers. Trouw Nutrition's global market share in premixes is approximately 12%. The market for premix is growing at 2 to 3% per annum. Main suppliers to the premix producers are BASF (vitamins), DSM (vitamins), Lonza (vitamins), Evonik (amino acids), CJ (amino acids) and Adisseo (amino acids).

The markets for direct feed specialties and additives are even more fragmented. The market growth for the more specialised feed additives is estimated between 5 and 10% per year.

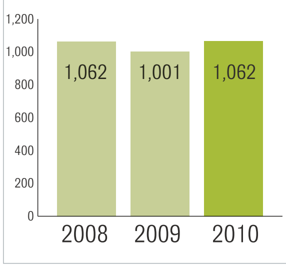
Strategy

Nutreco has the ambition to become the application leader in animal nutrition that delivers innovative and sustainable feed solutions in all major markets and is recognised as the expert for animal nutrition. In pursuit of this ambition, Nutreco aims to expand its global market position in premix and feed specialties. Premix and Feed Specialties will further build capabilities, expand the feed additives portfolio and innovate in products. It will also focus on opportunities in growth markets while maintaining attention for countries where the Specialties division is well established. The growth strategy for existing product ranges focuses on capturing leading market positions by means of organic growth and acquisitions. Premix and Feed Specialties focus for major expansion is in Brazil, China and Russia.

Key figures (EUR x million)	**2010**	2009	Change
Revenue (third parties)	1,062.1	1,000.7	6.1%
EBITDA*	88.1	79.2	11.2%
EBITA*	78.9	70.4	12.1%
Operating margin (EBITA*/revenue)	7.4%	7.0%	
Average capital employed	262.4	231.1	13.5%
ROACE (EBITA/ACE)	30.1%	30.5%	

** Before exceptional items*

Revenue development
Premix and Feed Specialties
(EUR x million)



EBITA development
Premix and Feed Specialties
(EUR x million)

Products and production

The products of the Premix and Feed Specialties are mainly sold under the Trouw Nutrition brand, which is the well known brand for premixes. Maxcare is the brand for farm minerals. Direct feed specialties include young animal feeds such as milk replacers and piglet feeds. For piglet feeds Milkiwean is one of the main product brands. As part of the feed additives strategy, which was rolled out in 2010, all feed additive products were grouped under the unified brand name Selko Feed Additives. These products are grouped in three categories according to the benefits provided: Preservation, Health and Nutrition. Selko Feed Additives enable animal nutrition companies and livestock operations to meet increasingly stringent legislation, further improve food safety and improve the nutritional value of their products.

New product innovations are developed in close liaison with seven Nutreco research centres. In 2010, species councils were set up to carefully define the needs of the customers and subsequently guide new products into the market. In 2010, a number of premix and feed specialities products were introduced that strengthened the portfolio. See for more information on innovations pages 45-51.

Premix and Feed Specialties has 15 production facilities in Europe, 13 plants in the Americas and three plants in Asia. In addition it has a joint venture in Venezuela and an investment in Egypt. The total annual production is about 1.2 million metric tonnes. The total workforce is approximately 3,200 employees.

Operational developments 2010

Revenue in Premix and Feed Specialties was EUR 1,062.1 million (2009: EUR 1,000.7 million). Volumes in Premix and Feed Specialties were up 6.4% primarily as a result of globally improved market conditions in agriculture. Prices were 1.8% lower on average due to lower raw materials prices. The effect of the acquisition of Fri-Ribe was 2.6%. The exchange rate effect was 4.3%. This comparison excludes EUR 21.1 million compound feed revenue outside Western Europe in 2010 (2009: EUR 68.0 million), reported under Premix and Feed Specialties.

EBITA before exceptional items for Premix and Feed Specialties increased by 12.1% to EUR 78.9 million compared with EUR 70.4 million in 2009. The improved result was due to higher volumes, an improved product mix and the contribution of the acquisition of Fri-Ribe in Brazil.

Nutreco renewed and expanded the production capacity of Selko, Nutreco's producer of additives for animal nutrition, an investment of EUR 6 million. Increasing demand for Selko products in Asia, Europe and the Americas makes such renewal and expansion essential. This investment enables Selko to produce more alternatives to antibiotics and products that can control the development of salmonella in animal nutrition, raw materials for animal nutrition and drinking water. The increased demand is also due to increasingly extensive legislation and new food safety requirements. Selko products enable animal nutrition companies and livestock operations to meet increasingly stringent legislation, improve food safety further and maintain the nutritional value of their products.

In the fourth quarter of 2010, a new premix production facility in China was brought into production.

In January 2011 Nutreco announced an investment of approximately EUR 20 million in a new factory in the Voronezh agricultural region in Russia. The plant will produce young animal feed, concentrates and premixes for ruminants, pigs and poultry. The plant is scheduled to become operational in the first half of 2012 and will employ 50 people. The investment will strengthen Nutreco's market position in Russia.

Trouw Nutrition INTERNATIONAL

Fish Feed

Unique product concepts driven by innovation, food safety and sustainability

Nutreco's fish feed business Skretting has business units on five continents producing fish feed in 14 countries with sales in over 40 countries. Skretting produces and delivers high-quality sustainable 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 of excellent quality fish produced. Global experience combined with a world-class aquaculture research centre positions Skretting as the world leader in fish feed.

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 36%. The top three salmon feed producers Skretting, EWOS (32%) and Biomar (20%) together account for approximately 90% of the total global salmon feed market.

The production of fish feed needs its own proprietary knowledge and R&D. First because of the complexity of the extrusion process needed for fish feed production. Secondly due to the knowledge of fish nutrition and raw materials that is essential for replacing 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 with other animal-derived proteins. The principal markets for salmon and seawater trout feed are Norway and Chile, where 80% of the global farmed salmon is harvested. Other principal countries for farmed salmon are Canada, Scotland, Australia and Ireland. The average annual growth in salmonid feed from 1998 to 2010 was more than 5%. In 2008 and 2009 there was a global decline in salmon feed volumes as an enduring consequence of the ISA virus in Chile in salmon farming. However, this decline in Chile was largely balanced by growth in Norway and the other regions in the same period. The market for fish feed in Chile grew significantly in 2010, while in Norway there was a slight increase compared with 2009.

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 the Brazilian company Fri-Ribe in 2009, and Tomboy Aquafeed in Vietnam in 2010, the company now has a position in shrimp and tilapia feed in these countries.

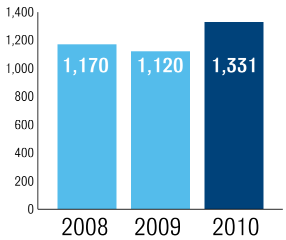
Strategy

Skretting aims to keep its market-leading position in fish feed within all regions and segments. In order to achieve this, Skretting works on qualitatively unique product concepts that are driven by innovation, food safety and sustainability. Skretting will focus on acquisitions in fish feed for non-salmonids and in other regions such as China and Vietnam.

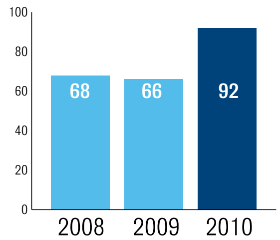
Key figures (EUR x million)	2010	2009	Change
Revenue (third parties)	1,331.0	1,120.4	18.8%
EBITDA*	110.3	83.0	32.9%
EBITA*	92.2	66.4	38.9%
Operating margin (EBITA*/revenue)	6.9%	5.9%	
Average capital employed	300.2	292.7	2.6%
ROACE (EBITA/ACE)	30.7%	22.7%	

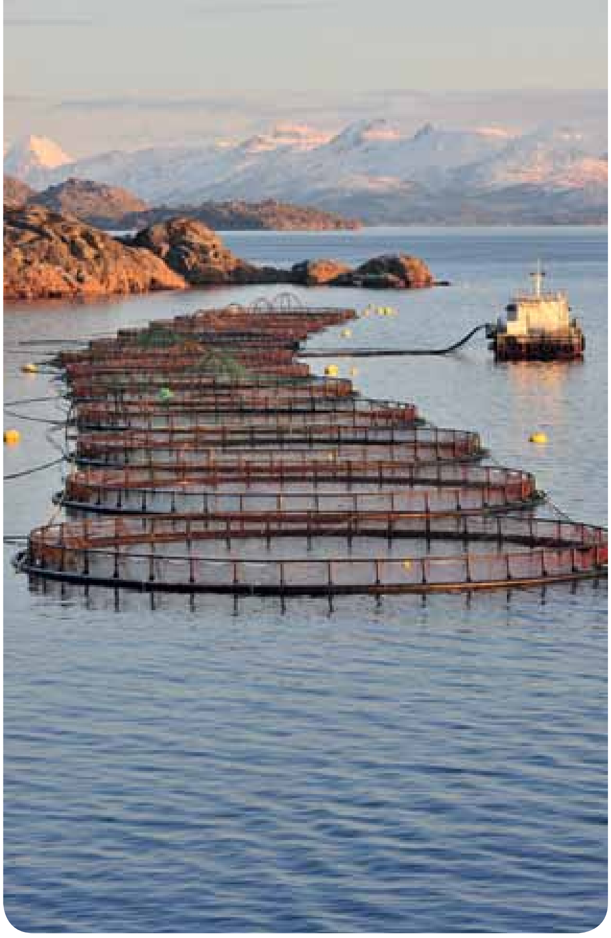
** Before exceptional items*

Revenue development Fish Feed
(EUR x million)



EBITA development Fish Feed
(EUR x million)





In the Fish Feed segment, Nutreco targets at least 5% organic growth per year. Furthermore it aims to increase the share of fish feed for non-salmonids from 28% to 35% of total fish feed revenues by 2015.

Production

Skretting has 20 fish feed factories in Australia, Canada, Chile, France, Italy, Japan, Norway, Spain, Turkey, the UK, the USA, and Vietnam and a dedicated R&D centre in Norway. In addition to these plants, the joint venture Fri-Ribe also provides feed for shrimp and tilapia through its five plants in Brazil.

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 stages and events in the lifecycle of the fish: Optimised Nutrition, Proactive Nutrition and Specific Nutrition. Each formulation features nutrition specific to the challenge the fish are exposed to.

Skretting produced approximately 1.3 million tonnes of fish feed in 2010, of which about 72% was feeds for salmon and seawater trout. The remaining 28% represents among other feeds for freshwater trout, eel, sea bream, sea bass, yellowtail, barramundi, turbot, halibut, cod, tilapia and shrimp.

Operational developments 2010

Fish Feed revenue of EUR 1,331.0 million is 18.8% higher than in 2009. Volume increased by 3.0%, the price effect was 5.2% and the exchange rate effect was 8.2%. The salmon feed volumes increased by 4% in Norway and 31% in Chile. Nutreco closed its plant in Ireland and the production has been transferred to the UK plants.

EBITA before exceptional items significantly improved to EUR 92.2 million, primarily due to strong focus on sales of value-added products, innovation and a recovery of sales in Chile. The introduction of the new nutrition concept known as MicroBalance™ in 2010 was a great success.

In July, Nutreco announced that it has acquired 100% of the shares in Tomboy Aquafeed, a reputable and profitable Vietnamese fish and shrimp feed company. The company has two production plants and is, as from October 2010, part of Skretting.

During 2010 an investment of EUR 20 million was announced to upgrade and expand the capacity of the fish feed plant in Tasmania, Australia. The investment will enable Skretting to meet future market demand in Australia and New Zealand, where aquaculture is one of the fastest growing animal production sectors. The work to upgrade the plant has started and is planned to be finalised in the middle of 2011.

Intensive research has enabled Skretting to introduce MicroBalance™ technology in its feeds, which enables Nutreco to replace the limited raw material fishmeal with vegetable alternatives. This means that fish feed contains 15% fishmeal compared with 45% a few years ago. The technology makes it possible to reduce the dependency on single raw materials while maintaining feed performance, fish welfare and quality at optimal levels. MicroBalance™ was first implemented in Skretting Norway early in 2010 and during 2010 was introduced globally by other Skretting companies.

Skretting also developed new transfer diets for salmon in 2010 and further strengthened its range of functional health diets for salmonids and marine species. In addition, Skretting developed a patented feed solution for bluefin tuna, and is currently running trials together with tuna farmers.

Compound Feed Europe

Focusing on farmers in a fragmented industry

Under the brands Nanta and Hendrix, Nutreco delivers 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 processes, resulting in improved profitability with a strong focus on quality, efficiency and reduction of environmental impact.

Market position and industry characteristics

The global animal feed industry is a fragmented industry as most compound feed producers operate on a national or regional scale. The concentration of compound feed producers 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 with home-mixed 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. There are some trends of consolidation.

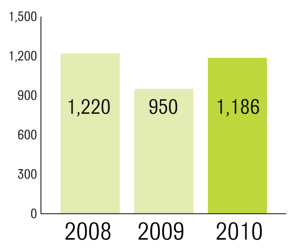
The Dutch compound feed market is fairly concentrated; the six largest producers out of approximately 120 players account for 65% of the total market. The Dutch and German compound feed market have strongly positioned cooperatives, with a market share of approximately 50%, while the Belgian industry is mainly in hands of private companies which together have a market share of 80%. Hendrix has a leading position in Belgium and the Netherlands with a market share of 13%. Main competitors are Agrifirm (22%) (the merger of Cehave and Agrifirm), De Heus (10%), For Farmers (7%) and AVEVE (6%). Some of these companies also have substantial sales to the German market. The main suppliers to these compound feed producers are soft commodity trading companies such as Cefretra, Cargill, ADM, Bunge, Sonac and Evonik.

The Iberian compound feed industry is fragmented; 10 out of approximately 900 players account for about 35% of the total volume. It is a multi-species market where swine and poultry have great importance. Nanta is market leader in Iberia with an overall market share of 13% and a nationwide presence in Spain and Portugal, strengthened by the acquisition of Cargill Animal Nutrition. Main competitors are Vall Co. (5.3%), Guissona (4.5%), Nuter (4.1%) and Coren (3.3%).

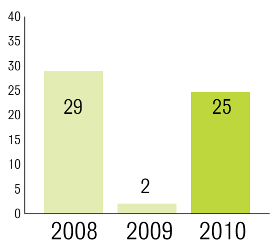
Key figures (EUR x million)	2010	2009	Change
Revenue (third parties)	1,185.8	1,044.4	13.5%
EBITDA*	37.0	12.9	186.8%
EBITA*	24.7	1.6	1,443.8%
Operating margin (EBITA*/revenue)	2.1%	0.2%	
Average capital employed	109.2	110.2	-0.9%
ROACE (EBITA/ACE)	22.6%	1.5%	

** Before exceptional items*

Revenue development Compound Feed Europe
(EUR x million)



EBITA development Compound Feed Europe
(EUR x million)



Strategy and targets

In compound feed, Nutreco has a clear farmer focus. Nutreco offers customers sustainable and healthy feed solutions for their animals geared towards achieving optimum business results. Nutreco aims to leverage its knowledge per species by forming global species teams. In Spain and Portugal, Nanta is executing the integration programme to capture the foreseen synergies from acquiring the Cargill businesses in 2009. In the Benelux, in the wake of the increasing average farm size and reduction in total number, Hendrix focuses on its target customer segments and on improving the effectiveness of its organisation.

Production

Nutreco's compound feeds in Europe are produced by the Hendrix plants in the Netherlands, Belgium and Germany, and by Nanta 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 650 employees. Nanta operates 23 compound feed plants in Spain and Portugal with an annual production volume of about 3.1 million tonnes, which includes the supply to Nutreco's meat businesses in Spain. There are about 900 employees engaged in the Iberian compound feed activities.

Operational developments 2010

Revenue in the Compound Feed Europe segment increased by 13.5% to EUR 1,185.8 million (2009: EUR 1,044.4 million). The acquisition of the compound feed operations of Cargill in Spain and Portugal had the largest contribution to this increase (12.4%). The price effect on revenue was 3.3% and volumes were 2.2% lower than in 2009.

EBITA for Compound Feed Europe amounted to EUR 24.7 million (2009: EUR 1.6 million). Profitability has recovered compared to 2009. Customers experienced on average better prices for meat, eggs and dairy products in 2010 than in 2009. The market conditions in Spain have not yet recovered primarily as a result of the economic situation.

The integration of Cargill's compound feed operations in Spain and Portugal, acquired in 2009, is progressing according to plan. Nutreco's aim is to bring the profitability of the acquired operations in line with existing operations. In 2011 we expect that the Cargill acquisition will start to contribute to EBITA.

In Hendrix there is a new management team in place, which has the aims of capitalising on innovation in the market, improving the cost structure and increasing the effectiveness of the organisation.

HENDRIX

NANTA

Animal Nutrition Canada

Leading position and strong brands are foundation for building

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.

Market position and industry characteristics

The Canadian animal feed industry is estimated at about 21 million tonnes in compound feed equivalents (CFE) in 2010, 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. Animal Nutrition Canada, which has a nationwide presence, has a total market share of about 23.4%. Nutreco's main national competitors in Canada are Ridley, Cargill and Viterra.

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

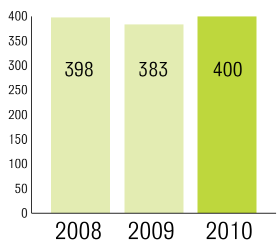
Strategy

Nutreco's leading position in Canada, supported by strong brands, provides the company with an excellent foundation on which to build its presence further in North America. Shur-Gain and Landmark Feeds have high standards in products and business performance. 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.

Key figures (EUR x million)	2010	2009	Change
Revenue (third parties)	399.5	382.6	4.4%
EBITDA*	28.2	26.8	5.2%
EBITA*	22.8	21.8	4.6%
Operating margin (EBITA*/revenue)	5.7%	5.7%	
Average capital employed	265.6	241.1	10.2%
ROACE (EBITA/ACE)	8.6%	9.0%	

** Before exceptional items*

Revenue development Animal Nutrition Canada
(EUR x million)



EBITA development Animal Nutrition Canada
(EUR x million)

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 mainly for dairy cows.

Operational developments 2010

Revenue in 2010 for Animal Nutrition Canada was EUR 399.5 million compared with EUR 382.6 million in 2009 (+4.4%). The increase was the result of the exchange rate effect of 15.0%. Prices (-5.9%) and volumes (-4.8%) were lower than in 2009. Feed volumes for chickens and cattle are stable while volumes for swine are lower as a result of the weak export markets, which made farmers decide to grow fewer pigs. The price effect is the result of charging lower raw materials prices in the price of the feed to our customers.

The operational results were in line with last year due to the effect of conversion from the Canadian dollar to the euro, cost savings and good margins on poultry feed and feed for dairy cows.

Shur-Gain

Landmark Feeds

Meat and Other

Close collaboration within the chain creates value

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.

Market position and industry characteristics

With a market share of 26%, Sada is the number one poultry producer in Spain. Its main competitors are Vall-Doux (9%), Coren (7%), Uvesa (5%) and Avícola Navarra (3%). In the pig farming industry in Spain, Inga Food has a market share of 1 to 2%. Nutreco Canada has a leading position in the production of one-day-old chicks, with a market share of 34%. 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 and targets

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

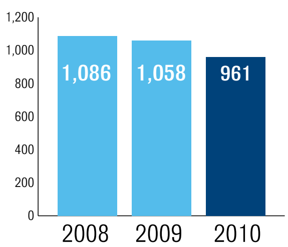
Inga Food focuses on cost reduction, improvement of quality through official certifying entities, reduction of volatility by means of cost plus agreements and close collaboration with feed businesses.

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

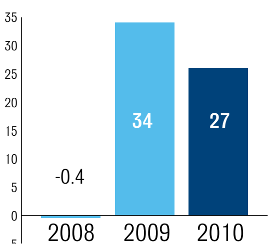
Key figures (EUR x million)	2010	2009	Change
Revenue (third parties)	961.3	963.6	-0.2%
EBITDA*	35.7	43.8	-18.5%
EBITA*	26.5	34.3	-22.7%
Operating margin (EBITA*/revenue)	2.8%	3.6%	
Average capital employed	187.7	198.6	-5.5%
ROACE (EBITA/ACE)	14.1%	17.3%	

** Before exceptional items*

Revenue development Meat and Other
(EUR x million)



EBITA development Meat and Other
(EUR x million)



Production

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

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

In Canada, Nutreco owns four poultry hatcheries and 50% of a joint venture producing a total of 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 2010

Revenue for Meat and Other operations declined by 0.2%, mainly as a result of a price decrease of 3.0%. Volumes were 1.3 % higher than in the previous year. The acquisition effect was 0.5% and relates to the acquisition of Cargill's operations in Spain and Portugal.

EBITA before exceptional items for Meat and Other was EUR 26.5 million compared with EUR 34.4 million in 2009. The lower profitability was primarily due to lower poultry prices in Spain. Poultry operations in Canada achieved slightly higher results due to a positive translation impact of the Canadian dollar and the euro.

SADA

INNOVATIONS RAISE FARM PRODUCTIVITY, SUPPORT HEALTH AND IMPROVE SUSTAINABILITY

Increasing knowledge in Nutreco improves product offerings

The Research & Development activities in Nutreco operate in close coordination with the businesses of Nutreco. Research centres are effectively integrated into the relevant Nutreco business segment and liaison between top research managers ensures R&D teams cooperate and share knowledge across Nutreco. A consistent theme in the R&D is to find ways to increase the efficiency of transferring the nutritional value of feed raw materials into animal, fish and shrimp protein on the farms. Other common themes include raising productivity, supporting health, expanding the range of raw materials for inclusion in feed and finding alternatives for raw materials that are scarce or where the sustainable supply is strictly limited. Progress was achieved in all of these themes.

Nutreco R&D conducts research for each of the divisions Agriculture, Specialties and Aquaculture. Being integrated within the division ensures R&D activities have a close 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 about 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 of research leaders from the various disciplines and there is oversight by an Innovation and Sustainability Committee.

Topics in common

Nutrition for farmed animals, fish and shrimps is provided as complete feeds and specialty products that can be added to other feed materials to extend the nutritional value. The vast majority of the volume of these raw materials come originally from agriculture and fisheries. Nutreco operates at the critical junction between these raw materials and the farmers who produce food in the form of meat, dairy products, eggs and fish. Developments at the junction, such as feed that achieves a better conversion rate, can increase the efficiency with which food is produced and reduce the environmental impact of its production.

Having these factors in common means there are several themes present at all Nutreco R&D centres. One such theme is to increase knowledge of the nutritional requirements of animals, fish and shrimps through all stages of the lifecycle, noting in particular that optimum nutrition at transition stages can provide long lasting benefits. Developments in feed formulation and manufacturing technology then help the feed companies meet those nutritional requirements precisely, optimising the production on the customers' farms and minimising waste of nutritional content. Precision in nutrition makes best use of the raw materials and reduces the loss of nutrients such as minerals into the environment. Other formulation developments, for example with 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. Also they can support animal and fish health and reduce the impact of pathogens, thereby increasing productivity and reducing the need for veterinary intervention and medication, for example with antibiotics.

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.

Progress in these areas enables Nutreco businesses to develop innovative feeds and feed products that improve productivity and to differentiate themselves from competitors. All Nutreco research teams combine work in their own centres with cooperative and commissioned research at 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.

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.

Agriculture R&D

For Agriculture, the R&D centres conduct 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. Internal surveys among the Nutreco compound feed businesses indicate that 75% of their technical needs are the same. These are given priority in setting agriculture R&D programmes.

Continuing research and data gathering enables the R&D teams to refine ration calculation models such as Watson (swine) and Newton (ruminants). 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 on the application of these models at farm level to ensure the maximum benefit is delivered to Nutreco customers. The R&D teams have adopted one common model per species. The final stages in achieving significant advances often involve extensive trials on commercial farms of customers. Where the benefits are clear this has the added benefit of creating a group of ambassadors that endorse the product. Before Hendrix introduced Newton and a new range of dairy feeds in 2010 the combination was studied on 100 dairy farms. This Hendrix version of Newton uses a vast collection of data derived from hundreds of silage samples taken in the Netherlands, Belgium and Germany and investigated at the Ruminant Research Centre. Positive results meant Hendrix could use interviews with the farmers when launching the combination on the market. Similarly the benefits of DIVA sow feeds introduced by Hendrix in 2010 were first demonstrated in commercial trials on 42 farms with 17,000 sows before the product launch. The feeds deliver greater productivity and predictability through healthy sows and piglets and are convenient to use, reducing work around the farrowing pens; benefits the farmers readily confirmed.

The agricultural R&D activities of Nutreco are located in multiple research centres, which often work together on projects. 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 at the research centres.

R&D for premixes and specialties

R&D for the Premix and Feed Specialties division is also conducted in these research centres. In general terms the research centres 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.

Because of the cross-species nature of feed additives and functional ingredients the centres often work together on projects. The young animal feeds, premixes and concentrates are mostly species-specific and research into these products is conducted by the relevant species research centre in cooperation with the Ingredient Research Centre (IRC). Nutreco compound feed businesses are continually updated on research in premix and specialty products so that they can quickly implement results in their products.

One of the research topics is to investigate the influence of feed additives and functional ingredients on deleterious microbes and the toxins they produce. The resultant products can, for instance, help preserve feed raw materials and finished feeds, for example by inhibiting mould growth. Another function is to protect the animal from the effects of fungal toxins that may develop in moulded raw materials or feeds. 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. Other feed additives can diminish the effects of intestinal bacterial colonisation, for example by inhibiting the proliferation of Salmonella as seen in the Fysal® products launched in 2010. Further research is expanding knowledge of the ways in which feed ingredients can support the immune system and influence the expression of genes to improve animal health and performance.

Optimising the nutrition of animals during transition periods can deliver important benefits for customers. For example, the calcium binder project at the Ruminant Research Centre led to the introduction in 2010 of Calfix, a product that greatly reduces the risk of milk fever in dairy cows. There are estimates that indicate a prevalence of milk fever in five to ten percent of the European dairy herd and sub-clinical presence in another 30–40%. Reducing milk fever can prolong the productive life of the cows, thus reducing the need for replacements and the environmental impact of dairy farming.

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 multispecies R&D centre of 325 hectare. 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 in Spain. It has facilities 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.

Aquaculture R&D

The Skretting Aquaculture Research Centre (ARC) in Norway takes a similar approach to R&D for Agriculture and Premix and Feed Specialties. There is extensive cooperation and sharing of knowledge in areas such as functional ingredients and the investigation of microbiota.

The largest part of Aquaculture R&D is improving the feed conversion ratios, the ratio of feed consumed to growth of the fish, for an expanding number of species being brought into aquaculture. This can be achieved through optimised nutritional balance and efficient feed conversion. Identifying alternatives to the marine raw materials of fishmeal and fish oil, essential ingredients in many feeds, is vital for the expansion of modern aquaculture. The amount of these materials available globally is limited by the need to conserve the populations of the wild fish used to produce them. Skretting ARC achieved a significant breakthrough that was introduced commercially in 2010. Research showed micro-nutrients in fishmeal were the limiting factor setting a minimum level for inclusion in feeds. By providing micro-nutrients from other, more abundant sources the level of fishmeal could be reduced significantly. This MicroBalance™ concept was introduced first in salmon feeds in Norway where it was well accepted. MicroBalance™ delivers two benefits. When fishmeal prices are high, as in 2010, it enables the feed producer to minimise the cost impacts. In the longer term, it will enable an expanding aquaculture industry to use the limited sustainable supply of fishmeal strategically across a substantially greater production. Continuing R&D is extending the concept to feeds for other species.

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. Benefits proving popular with fish farmers include the expanding number of health diets offered by Skretting to prepare and support fish through times of stress, such as winter temperatures, and to ameliorate the impacts of infections.

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. Skretting ARC was involved in the EU-funded AquaMax project that concluded in 2010. The full project title was Sustainable Aquafeeds to Maximise the Health Benefits of Farmed Fish for Consumers. Skretting ARC provided 2,000 kg of portions of salmon raised on special diets for a trial in the UK on the potential benefits for pregnant women of eating oily fish.

Skretting Aquaculture Research Centre

The Skretting Aquaculture Research Centre (ARC) in Norway has 24 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. Skretting ARC activities are being extended with the addition of specialists to support the development of feeds for shrimp, following the acquisition in Vietnam. The centre has an internationally accredited aquaculture laboratory supporting many aspects of research through analysis of raw materials for fish feed and finished feed as well as analyses of fish. A pilot-scale Feed Technology Plant facilitates the optimisation of production equipment and 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. 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.

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 customers.

Swine Research Centre

The Swine Research Centre in the Netherlands has 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.

Top innovations in 2010

Calcium binder: the nutritional way to reduce the risk of milk fever

Cows providing high milk yields experience a sudden increase in demand for calcium in early lactation after calving. With insufficient calcium they suffer from milk fever. Cows can be trained to absorb calcium more efficiently by limiting its availability in the weeks before calving. The challenge was to bind calcium, making it unavailable, without making the feed unpalatable. The Ruminant Research Centre employed a concept from human nutrition, using rice bran to bind calcium to prevent kidney stones in humans. For cattle the rice bran had to be protected until it passed the rumen. The resulting product **CalFix** won two innovation awards in 2010.

Fysal reduces Salmonella in poultry flocks

The **Fysal® Salmonella control programme** came from cooperation between the Ingredients Research Centre, Food Research Centre, Poultry and Rabbit Research Centre, Sada and Selko. Fysal Feed and Fysal Fit-4-poultry were launched by Selko in mid 2010. The programme provides four barriers. Salmonella is combatted in the feed; multiplication is reduced in the crop, stomach and intestine; attachment to the intestinal wall is inhibited by blocking receptor sites; and virulence is diminished to reduce invasion into internal organs and cut the number of carrier birds. Trials showed Salmonella presence in the lower intestinal tract of birds was reduced by over 96 percent.

Watson 2.0 rapidly solves complex queries of pig farmers

Watson is an integrated swine growth model used as a decision making tool to optimise farm economics. The technology addresses all possible interactions of a nutrition programme with genetics, gender, health status and with numerous farm management inputs and technologies.
In 2010, Nutreco Canada launched **Watson 2.0**, which runs thousands of simulations examining numerous combinations of inputs and outcome objectives to arrive at an optimal solution. Watson 2.0 allows Nutreco advisors to answer complex questions rapidly, efficiently and accurately and helps producers identify solutions without an expensive trial and error process. In challenging markets it is a key competitive advantage for customers.

New ruminant rationing model and dairy feeds improve profitability

Newton, a new ruminant rationing model, significantly enhances feed advice from Hendrix, incorporating knowledge of ration optimisation with unique data on current forages. Many dairy farmers supply most nutrition for their cattle as forage from the farm, typically maize or grass silage. Compound feed balances the diet. Newton contains years of research from the Ruminant Research Centre on the nutritional value of forages in the Netherlands, Belgium and Germany. Hendrix developed a new range of dairy feeds to complement this knowledge of digestion of forages. The greater nutritional accuracy leads to healthier cows and more efficient use of rations.

DIVA sow feeds improve productivity and predictability

The Swine Research Centre and Hendrix developed **DIVA sow feeds**, launched in 2010. Trials on 42 farms showed sows given DIVA feeds were healthier, farrowed more easily and litters were more uniform, heavier and healthier. On average they had one extra piglet per sow per year weaned. There are DIVA feeds for pregnant and lactating sows and to suit different farm management styles. There also are DIVA feeds for post weaning and for transition from pregnancy to lactation. All benefit from innovations in the evaluation of nutrition in raw materials, extra amino acids and improved vitamin and mineral premixes.

Transfer diet boosts salmon growth in seawater

An innovative 'transfer concept' was introduced for salmon in 2010. Transfer to seawater is a stressful event that leads to loss of appetite. The time taken to recover full appetite after transfer from freshwater to seawater significantly affects results. Feeding salmon smolts on **Nutra Supreme** for six weeks before transfer to sea followed by feeding with **Spirit Supreme** in the first six weeks after transfer reduces the time taken to reach full appetite and increases growth. Trials showed a 12% increase in growth after two months in the sea.

Nuklospray Yoghurt increases piglet survival

Richly nutritious **Nuklospray Yoghurt** is made from milk to give to piglets from 12 to 24 hours after birth until one week before weaning. It supplements the sow's milk and by its special formulation it reduces the risk of diarrhoea. Developed by the Swine Research Centre and Sloten, Nuklospray Yoghurt performed well in trials. Litters were more uniform in size, with 2–4 percent less mortality. Farm experience shows sows are more contented, eat more, produce more milk and lose less condition before weaning.

Trials confirm Protec diets help fish cope with stress

Trials reported by Skretting ARC in 2010 confirmed that **Protec diets** reduce stress impact, for example from disease outbreaks or temperature changes. The data significantly increased adoption of these feeds by fish farmers. Protec diets fit in the Proactive Nutrition category of feeds from Skretting. A trial in Norway assessed Protec in combination with a vaccine against pancreatic disease (PD) of Atlantic salmon. The combination helped to reduce mortality by 85% compared with an unvaccinated group on a control feed. Protec also delivered good results in mitigating the effects of cold winters, with fewer and less serious winter wounds in Atlantic salmon and a faster recovery from winter disease in sea bream.

Propulsion programme for dry cows

Over 25% of losses of dairy cattle occur in the first 60 days of lactation and other cows suffer metabolic disease in this period. Nutrition in late pregnancy should maintain the cow's body weight and support foetal growth and the initiation of milk production but excessive energy density in the diet reduces feed intake prior to calving. The Propulsion programme controls energy intake, optimally provides amino acids to support foetal growth and supplies functional nutrients for a strong immune system. Launched by Nutreco Canada in 2010, **Propulsion** is delivering financial and animal welfare benefits by reducing animal losses and lowering the incidence of metabolic disease.

Research optimises fish feeds for recirculation systems

Recirculation aquaculture systems require feeds with specific physical and nutritional characteristics. Investigations at Skretting ARC provide a stream of incremental improvements. Feed flotation characteristics are tailored to species and systems. Improved pellet stability in water helps maintain water quality. High protein digestibility reduces feed conversion ratios and the amount of faeces produced. The properties of the faeces are important. The right binders hold the particles together for efficient filtration systems and minimise fine particles that pass through filters. Leaching of nitrogenous compounds such as ammonia and of phosphorus into the water is also reduced.

SUSTAINABILITY TEAMS THROUGHOUT NUTRECO INITIATE ACTIONS FOR MULTIPLE SUSTAINABILITY FACTORS

Sustainability: Progress made in 2010

Nutreco entered the year 2010 with a commitment from the Executive Board to embed sustainability into the management structure and motivation of Nutreco through the implementation of a programme entitled Feeding the Future. The programme was given impetus by the Executive Board, setting targets for the business, throughout Nutreco, whereby the progress towards these targets has become part of the variable remuneration of Nutreco managers. The Nutreco concept of sustainability is expressed in its Sustainability Policy, to be found on page 1 of the Sustainability report 2010, the 11th Sustainability Report of Nutreco. Targets following from this policy include reducing CO_2 footprints, integrating sustainability into procurement processes and new product development, raising awareness of sustainability issues in Nutreco and among other players in the value chain, and developing a sustainability action plan for each individual operating company.

To support the managers and facilitate the implementation of sustainability, a "Feeding the Future Sustainability Project Plan" was prepared by the corporate sustainability team with input from representatives of all business activities of Nutreco, corporate directors and leaders of the R&D activities. The plan was approved by the Executive Board in April 2010.

During 2010 a Sustainability Steering Committee, chaired by the CEO, was formed. The committee members are the leaders of relevant corporate activities such as procurement, feed-to-food quality and human resources management, the Executive Vice-Presidents representing the businesses, the leaders of R&D activities and the corporate sustainability team. The committee's role is to guide Nutreco to the next level of sustainability, maintaining the speed of progress, challenging on proposals and performance, and proposing targets for 2011 and beyond. The committee met twice in 2010 with a third meeting scheduled for January 2011.

On two occasions in 2010 the corporate sustainability team presented progress updates on embedding sustainability to the Supervisory Board, which provided support and confirmed the need to invest time, financial and other resources for the process to succeed.

Sustainability Project Plan

The Feeding the Future Sustainability Project Plan starts by giving further insight into the sustainability challenges Nutreco faces and the foundation of sustainability in the organisation and its business environment. That is followed by the Nutreco sustainability vision, policy and targets, linked to overall business strategy and objectives.

The core of the plan is structured around the sustainability targets set by the Executive Board and addresses the background, provides more detail and describes the way forward and the activities and deliverables for the coming period.
A distinction is made between the sustainability targets that are better addressed by a global corporate approach — procurement, product innovation, engagement, feed-to-food quality and human resources — and those targets benefiting from a local approach — sustainability action plans and carbon reduction plans for each site.

Global approach

A small team was set up for each of the corporate targets, led by the relevant corporate director. They prepared principles, policies and methodologies to facilitate progress towards: innovating sustainable products, sustainable procurement, engagement on sustainability with industry value chains, reducing the CO_2 footprint and sustainable human resources management, which includes increasing internal engagement with sustainability. The CO_2 footprint team worked with the operating companies to advise and guide them in developing their carbon reduction plans. The processes and initial outcomes of the corporate teams in 2010 are described in the Nutreco Sustainability Report 2010.

Local approach

The target set by the Executive Board for 2010 was for all operating companies to develop a Sustainability Action Plan (SAP) specific to their activities. These local initiatives were addressed by management in the operating companies and/or sustainability teams in each business unit, under the supervision of the Executive Vice-Presidents of the three Nutreco divisions. Corporate support was given throughout, for example by providing a planning framework and tools, facilitating pilot projects and development sessions, and with feedback on draft plans.

The SAP specifies how the operating company will make progress towards the Nutreco sustainability targets such as reducing their CO_2 footprint and identifies the key performance indicators by which to monitor progress. A template and detailed guidance prepared by the corporate sustainability team to facilitate the development of the SAPs were tested and refined through pilot projects in May and June 2010 in Belgium, the Netherlands and Norway. These tools were then distributed to all Nutreco companies.

Each of the three divisions, Agriculture, Aquaculture and Specialties, adopted an approach best suited to its structure and activities. By the end of November the three divisions had prepared 25 SAPs covering all Operating Companies individually or as groups. The SAPs were checked by the business unit management teams and submitted to the Executive Board for approval.

The SAPs will be fully implemented by the operating companies in 2011. Many operating companies already introduced sustainability actions in 2010. The development of the Sustainability Action Plans in the three divisions and examples of sustainability actions in 2010 are described in the Nutreco Sustainability Report 2010. The SAPs will be reviewed and renewed annually with guidance and support provided by the corporate sustainability team. The variable part of the remuneration of Nutreco managers is influenced by the progress made in implementing the SAP.

Sustainability Focus Areas

Nutreco has defined areas in which to focus attention as it embeds sustainability in its business model. These reflect the issues most relevant to its activities. The Sustainability Action Plans of the operating companies must include projects and objectives relating to these three focus areas.

Responsibility towards natural resources: relates to Nutreco's activities in animal nutrition and feeds for aquaculture, and as a company involved in the purchase, processing and distribution of products based on natural resources on a global scale. It extends beyond Nutreco's direct activities to include influence in its value chains and support for the farming industry, on land and in water, to improve its sustainability. There are two significant ways in which Nutreco can contribute to farm sustainability. One is through the development of feed solutions that make optimum use of nutrients. The other is with feed solutions that prepare and support animals in transitions periods such as gestation and lactation.

Feed-to-food safety: Nutreco is an integral part of many value chains that end with food products eaten by consumers. This focus highlights Nutreco's responsibility to be vigilant towards feed and food safety, aware of current and emerging feed and food safety issues, and to take appropriate precautions and actions.

People & investment in the community: as the employer of some 10,000 people around the world, Nutreco has a responsibility for their health and safety in the workplace, in providing good and equal opportunities, and in acting responsibly and constructively towards their communities.

Objectives	Level of realisation	Concrete results
Managing sustainability		
A Sustainability Action Plan per operating company addressing all sustainability areas mentioned below.	●	25 Sustainability Action Plans in place covering all operating companies.
Stakeholder engagement		
Structure our external stakeholder engagement activities within the industry chain and initiate industry wide sustainability actions.	◕	Inventory of all Nutreco engagement activities world wide. Organisation of AquaVision. Participation in industry summits, round tables, trade initiatives, etc.
Responsibility towards natural resources		
Develop sustainable procurement strategy aimed at integrating relevant sustainability elements in Nutreco's sourcing policies and processes.	●	Procurement strategy, vendor policy and specific procurement policies for marine products, soya and palm oil have been developed.
Extend current nutrition models for use in sustainability assessment in new product development.	◕	Developing sustainability assessment and testing it on four recent innovations. Further introduction of nutrient optimisation program Nutrix. Vision on sustainable precision livestock farming has been redefined.
Develop CO_2 footprints and CO_2 reduction plans for all Nutreco plants; each contributing to the overall reduction target of 50% in 2015.	●	Carbon footprint baseline (2009) established for each plant. Reduction plans in place or scheduled for early 2011. Realised Carbon Footprint reduction in 2010: 19%
Assurance of feed-to-food quality		
		Feed-to-food quality system Nutrace further professionalised. Risk assessments of common ingredients in place and risk management basic measures established.
Cherish our workforce and local communities		
Create internal sustainability awareness and knowledge transfer about sustainability ambitions and best practices.	◕	Following several internal awareness sessions Nutreco wide teams have been working on building their local sustainability action plans in 2010. Sustainability addressed in all relevant management conferences and corporate communication material.
		P@CT people and career tool fully operational and with increasing number of users. Set of global HR KPIs determined.
		Sustainability action plans listing recent and future community investment initiatives.

MANAGING TALENT, POTENTIAL AND EXPERIENCE

Human resources

During 2010 the People & Career tool, P@CT, became fully functional with a complete sequence beginning with the 2009 end of year reviews and performance planning for 2010. Management Development reviews were introduced. Analysis of results from P@CT is providing information to guide the development of managers and the blend of management skills in Nutreco. Recruitment processes were expanded and Learning & Development activities increased above 2009 levels. In Spain, Human Resources played a key role in the integration of the acquired activities from Cargill into the Nanta animal feed operation.

Performance Management & Management Development

The implementation and application of P@CT as a human resources management tool progressed as planned in 2010. It is the required method for all Nutreco managers and employees for performance management and management development review processes. As a result, there are just over 3,000 users (30.5%). During 2010 2,460 of the active P@CT users had their performance planning completed and 2,173 users had a completed end of year review (2009). A management development preparation was done for 1,024 users during the year.

Analysis within P@CT of accumulated results gathered from assessments and performance reviews conducted in 2010 reveals areas where the Nutreco management team is strong and areas where strengthening is needed. For succession planning, it shows the talent and performance potential available within Nutreco for further development as individual contributors and as managers and promotion into senior management positions. Conversely it identifies the gaps that need to be filled through recruitment. Analysis of the strengths in core competences in the management personnel of Nutreco shows a high level in Drive for Results, especially in top management whereas People Leadership would benefit from further development.

Learning & Development and Recruitment

Learning & Development and Recruitment are informed and influenced by the data generated within P@CT. The Learning & Development programme divides into two sections; Functional courses, such as Project Management and Advanced Negotiations, and Management Development courses. A Management Development review introduced in 2010 uses data from P@CT to define development training most appropriate to managers in different functions and levels within Nutreco. Nutreco Human Resources is now providing personal career information for more than 1,000 managers and employees with the potential to achieve more within Nutreco. This led to new courses being developed — Leading and Managing People and Introduction for New Controllers — to be implemented in 2011. Other Management Development courses are Personal Development Programme and Expanding Horizons, which is aimed at young managers with strong international potential. A new Expanding Horizons course began in June 2010 with ten recruits from the United

Kingdom, China, Germany, the Netherlands, Russia, Spain and the Ukraine. The two-year course includes working in pairs on strategic assignments set by the Executive Board. In 2010 Nutreco introduced the Active Recruiter function on the website, www.nutreco.com. The Careers page provides a world map with an indication of current vacancies, with access to details and facilities to submit an application. Additionally there is an option to submit an open application. This recruitment tool will raise the profile of Nutreco among potential recruits and gradually generate a candidate pool with structured information that can be searched. Because the application process is structured it ensures all required aspects at this stage of recruitment are followed. Recruitment via this channel is also significantly less expensive than traditional routes of consultants and/or advertising and saves substantial time internally as well.

Pension scheme

At the end of 2010 Nutreco reached agreement with the central works council and the pensioner's association to place the pension scheme for the Dutch subsidiaries with an insurance company. Conditional to the approval from its supervisor De Nederlandsche Bank, Stichting Nutreco Pensioenfonds, will be transferring its obligations and assets and subsequently wound up. The insurer will be guaranteeing 100% of the nominal pension benefits.

Acquisition integration

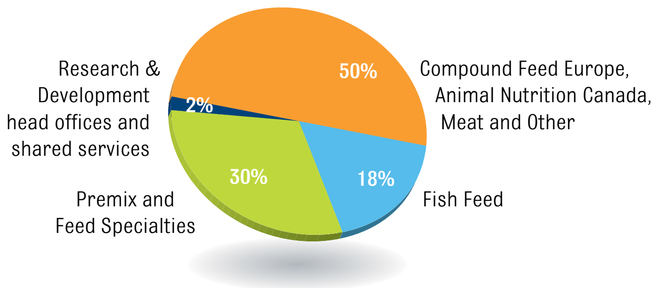
The acquisition of the Iberian animal nutrition activities of Cargill, completed at the end of 2009, involved 455 people in the headquarters and based at 12 productions sites, ten in Spain and two in Portugal. In advance Human Resources management in Spain worked with external consultants to prepare competence mapping processes. These were applied equally to personnel in Nanta and Cargill and the new management, commercial and product management teams were formed from the best of both.

Further developments in Human Resources relating to social responsibility are described in the Nutreco Sustainability Report.

Key figures

The number of Nutreco employees increased from 10,016 (FTE 9,690) in 2009 to 10,280 (FTE 9,913), as at 31 December 2010, mainly as a result of the acquisition of Tomboy Aquafeed JSC in Vietnam (312 employees). With this acquisition the percentage of Nutreco employees working in the Fish Feed industry has increased from 13% in 2009 to 18% in 2010.

During 2010 a set of key performance indicators were defined to steer the Human Resource performance in the future. Although the global data collection process shows room for improvement some indicators can already be reported:



Key indicator	Value 2010	Value 2009
Total number of employees	10,280	10,016
% part-time employees	6.7%	-
% women	24.0%	27.7%
% temporary contract	14.6%	-
% managerial positions	7.3%	8.0%
Average turnover rate	19%	-
Average absentee rate	2.4%	4.1%

“The MicroBalance™ concept enables us to make fish feeds with fishmeal levels much lower than usual. We provide the essential micronutrients which were traditionally derived from fishmeal through alternative and more abundant proteins. MicroBalance™ creates value for Nutreco in two ways. Its potential as a tool to increase the sustainability of aquaculture with species such as salmon enhances our reputation as a responsible supplier of fish feed. The other way is directly related to costs and savings. Fishmeal prices were historically high in 2010. Skretting companies that introduced the MicroBalance™ concept were able to reduce the levels of expensive fishmeal in the diets and share this value with customers. There were no major price increases for MicroBalance™ diets in contrast to feeds containing conventional levels of fishmeal. Several trials with MicroBalance™ diets demonstrate this can be done without jeopardising the growth performance, health or welfare of the fish, or the quality of the final product. Our investment in research is delivering value in the form of innovative solutions such as MicroBalance feeds with fishmeal contents far lower than the 25% previously thought to be the minimum. This body of evidence is something that has put us ahead of our competition.”

Dr Wolfgang Koppe
Manager Nutrition Department,
Skretting Aquaculture Research Centre

VALUE CREATION

"Combining the activities of Cargill and Nanta in Spain and Portugal was accomplished rapidly and brought us multiple benefits. Greater purchasing power reduces unit costs as did rationalising production. Some feed mills were closed so that others can run closer to capacity. Alternatively mills were dedicated to species such as ruminants, again increasing efficiency. Combining sales forces, we could select the best two thirds. Combining our direct sales, selected distributors and points of sale gives us a more comprehensive geographical coverage than either Cargill or Nanta before. Distributors see Nanta as a partner committed to agriculture and farmers recognise a strong brand, good products and excellent technical support. We rationalised and improved product ranges. In dairy we have a range for traditional farms and another for the growing professional sector. This has unique, innovative products, using nutritional information from the Ruminant Research Centre, and a professional consultancy model, the Nanta Dairy System. The new products have higher nutritional value and balance, and are safer and healthier. Nanta is clearly the leading brand in Spain and Portugal and directly, or via distributors, we can treat our customers in a personalised way, offering solutions and services that are unmatched in the market."

Manuel Rondon
Dairy Product Manager, Nanta and previously Cargill

Risk management

Introduction

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 the reputation of the Company, the strategic objectives and financial targets.

Risk Management Advisory Board

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

During 2010, the RMAB paid special attention to the revision of the Nutreco Management Charter, to the Risk Management policy for raw materials and to the controls within the treasury operations. Other areas of attention have been the insurance organisation and policies within Nutreco, the tax control framework and several compliance related issues.

Risk profile

In the management's opinion, credit risk arising from supplies to customers is a major risk, especially since the start of the global economic crisis.

Secondly, 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 integration of acquired businesses carefully.

Thirdly, the high volatility of raw material markets in the past years has intensified management's focus on the operational and financial risks resulting from this situation.

Major risks and its control systems

Within Nutreco risk management is based on a risk management model which is used 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 2010 the design and effectiveness of the model have been evaluated and actions for further improvement hereof have been initiated.

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 describes the risks that are currently considered to be the most significant.

	Major 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 and products • Suppliers concentration	• Customer concentration • Margin impact due to volatile poultry and pig prices • Volume impact due to animal diseases • Incentive systems
Financial (Reporting)	• Pensions • Credit • Foreign currency transactions	• Liquidity • Interest rate
Compliance	• Integrity • Sustainability and reputation	• Regulatory and environmental

Strategic risks

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.
General lessons learned from executed acquisitions and integrations are distributed amongst Nutreco corporate and business staff.
Within six months after acquisition an entrance review is executed by the Internal Audit department to assess the quality of internal controls in order to provide further guidance for improvement hereof.

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 expand through acquisitions in main growth markets as Brazil, China, Russia and Vietnam. 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, corporate governance, reporting and corporate social responsibility. Nutreco carries out a thorough M&A process during which various departments, including Control, Treasury, Tax, Legal, Internal Audit, IT, 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; in 2010 Nutreco has successfully acquired a fish feed company in Vietnam and has started negotiations with some other targets that could lead to next steps in 2011.

Operational risks

Manufacturing process

Mistakes or accidents in our manufacturing processes could, amongst others, lead to health problems of our employees, environmental issues or defective products having an adverse impact on animal health.

Management of production processes

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

All production plants are subject to Nutreco's HSEQ (Health, Safety, Environment & Quality) standards and are audited on a regular basis. These standards are according to international and industry accepted and known quality standards.

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

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

Margin protection and volatility of raw material commodities

Price developments in the international markets for raw materials influence revenue and margins.

Management of raw material exposures

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

In 2010 much attention has been paid to the review, consequences and implementation of risk management policies which would also include the use of derivative financial instruments, such as options and futures, and the accounting of these instruments.

Nutreco's contract positions are based on a thorough understanding of the raw material markets. During 2010 Nutreco continued to centralise the procurement of feed additives such as vitamins, minerals, amino acids and pigments. Authority levels of local management have been shifted towards the Nutreco central procurement organisation which is executing and monitoring the main contracts and important purchase decisions. Commodities are purchased locally within the limits of the Commodity Procurement Policy. Contracts exceeding predefined limits must be authorised by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

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.

In parallel, the quality of management information has been enhanced by the development of a global network enabling knowledge of markets, suppliers and conditions of raw materials to be shared at a Nutreco level.

Quality of raw materials and products
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 and products
Assurance that only approved and safe raw materials are used in our products remains to be of utmost importance.

We continue to invest in constantly improving our quality and safety standards. Besides our successful Nutrace system, which has been in operation for a number of years already, we started to use NIR (near infra red) spectrometry as an analytical method. A direct link to the NIRLine service of our own Masterlab assures a rapid quality check on incoming raw materials and ingredients.

In 2010 our purchase and distribution centre in Shanghai was further strengthened in order to execute in-depth supplier analyses and quality control procedures in the early stages of the procurement process.

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

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

Management of suppliers concentration
Especially in aquaculture, Nutreco is confronted with a rather low number of suppliers for fishmeal and fish oil. As the result of constant and intensive research & development activities Nutreco has been able to reduce the percentage of these raw materials in its formulas by replacing them with alternative sources (MicroBalance™ technology). As a consequence the dependence on suppliers has also decreased. For other suppliers we have inventoried the supplier and contract base and Nutreco considers the risk of dependence as very 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 the Fish Feed segment, Marine Harvest, accounts for less than 7% 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 7% of Nutreco's total revenue. Due to the composition of Nutreco's portfolio, no major changes in this situation are foreseen.

Margin impact due to volatility of poultry and pig prices
Prices for poultry and pigs could influence the part of Nutreco business that 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 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.

Volume impact due to animal diseases

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

Mitigation of the risk related to animal diseases

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

The fish disease in Chile, which had serious consequences during 2008 and 2009, is well under control and Nutreco's fish feed sales volumes in Chili are increasing. The impact on the result of the lower volume in Chile was limited due to a rapidly implemented cost reduction plan.

Nutreco owns pigs and poultry, mainly in Spain. The total value of livestock as at the end of 2010 was EUR 127.8 million (2009: EUR 104.9 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 2010 there were no special events involving Nutreco's livestock that had a material impact on the Company's consolidated result.

Incentive systems

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

Management of incentive systems risk

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

Financial risks

Pensions

Several external circumstances, such as low interest rates, minor results on the stock markets and longevity of beneficiaries, had a serious impact on the financial development of pension plans.

Management of pension risks

Nutreco has defined benefit plans in several countries of which the United Kingdom is the most important. The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pensions in order to forecast the financial consequences hereof and to take actions in time.

Nutreco also is engaged in defined contribution agreements with local pension funds of which the Dutch pension fund is the most important one. Nutreco has reached an agreement with its Central Works Council and the pensioners association and has, subject to the approval of the supervisor De Nederlandsche Bank, placed the pension scheme for its Dutch subsidiaries with an insurance company as of 1 January 2011.

Financial risks

Credit risk

The development of the financial crisis has increased the chance that third parties will not be able to fulfill 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 64.2 million (2009: EUR 58.0 million). 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 or limited 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 increased spread has a risk reducing effect, it has, at the same time, increased the credit risk for emerging markets. The risk profile of Nutreco's customers differs per business segment. As at 31 December 2010 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 a group of reputable banks created by the usage of cash investments and derivative financial instruments. The exposures to banks are carefully monitored and credit limits are based on credit rating and maturity of the exposure. Cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A- (Standard & Poor's). The maturity of the exposure is, except for interest rate derivatives, short term and spread over various banks to reduce the counterparty risk.

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

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 and are regularly assessed and only take place when a structural increase has occurred.

In comparison with 2009, the volatility of most of the foreign currencies in which Nutreco carried out transactions stabilised, 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. Nutreco's operations in emerging markets use pass-through models.

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.

In May 2010 Nutreco successfully amended its existing revolving credit facility, by extending the maturity with two years to May 2014 and by reducing the margin. The facility amounts to EUR 500 million and is supported by an international group of banks.

In December 2010, Nutreco repurchased the outstanding cumulative preferences shares 'A' of EUR 54.5 million, which were classified as interest-bearing indebtedness.

With the amendment of the revolving credit facility, Nutreco has extended its debt maturity profile and ensured sufficient liquidity for the coming years. At the end of 2010 EUR 438.1 million of the total facilities of EUR 1,029.1 million had been used (2009: EUR 455.5 million and EUR 1,095.1 million respectively). Nutreco's core credit facilities and its use of these facilities are contracted by Group Treasury. Interest-bearing borrowings by operating companies are only allowed with the prior approval of Group Treasury. In addition to the unused credit facilities Nutreco had EUR 230.8 million in cash and cash equivalents available at the end of 2010 (2009: EUR 232.6 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.

The relative share of fixed rate interest-bearing borrowings is decreased to 74% at year-end (2009: 81%) mainly due to repayment of the cumulative preference shares per December 2010 and the cancellation of an interest rate swap.

Compliance

Integrity risk

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

Management of integrity risk

Corporate governance and compliance requirements have become increasingly stringent and comprehensive. Today, rather than merely being a matter of 'form', compliance has become more and more a matter of 'substance' and, therefore, demands more attention from the organisation in both procedural and cultural terms. Recent acquisitions 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. The Nutreco Integrity Line, implemented in 2009, allows employees to report issues anonymously. Based upon the analysis of the integrity issues being reported in 2010, in combination with the enhanced corporate accountability and transparency related to this topic, we will implement in 2011 a programme to again increase awareness of the Code of Ethical Conduct.
During the year under review there was no fraud case to be reported.

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.

Sustainability and Reputation risk

We operate at the critical junction between the many raw materials used in animal nutrition and fish feeds and the producers of meat, dairy products and fish. Throughout 2009 the world has become very aware of the upcoming food security challenge of doubling the supply while halving the footprint. Agriculture and aquaculture must increase production substantially, rapidly and sustainably over the coming decades if the predicted population of nine billion in 2050 is to be fed adequately. Furthermore we are entering a period of climate change. Increased stakeholder awareness and our own ambition to contribute to meeting the rising food needs of a growing world population in a sustainable manner mean that Nutreco's reputation will suffer if we do not address the relevant issues in our industry and/or fail to reach our goals. Eventually we will loose our license to operate.

On the other hand our cost competitiveness may be adversely affected if our ambition leads to the purchase of more expensive ingredients or to higher innovation costs.

Managing of sustainability

Nutreco entered the year 2010 with a commitment from the Executive Board to embed sustainability into the management structure and motivation of Nutreco through the implementation of a programme entitled Feeding the Future. The programme was given essential impetus by the Executive Board, which set targets for Nutreco, its businesses and operating companies, and linked progress towards those targets with the remuneration of Nutreco managers. For more information about sustainability, we refer to the sustainability report 2010 on our website.

Management review and reporting

The Executive Board manages the Company and is responsible for achieving the Company's goals, objectives, strategy and results as well as for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see page 60 to 68). 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 fulfill 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 2010. 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 2010 and provide a reasonable degree of certainty that the 2010 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 2010 give a true and fair view of the assets, liabilities, the financial position and comprehensive income of Nutreco and its consolidated operations; and
- the management report includes a fair review of the position as per 31 December 2010 and of the development and performance during 2010 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, 14 February 2011
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

Nutreco is committed to the principles of corporate governance, which are based on applicable laws, the Dutch Corporate Governance Code (the Code) and the Nutreco Code of Ethics.

The Code came into force on 1 January 2004. The Nutreco report on compliance with the Code, including explanation of deviations, was discussed and accepted at the Annual General Meeting of Shareholders (AGM) in 2004 in accordance with the "comply or explain" principle. In December 2008, the Monitoring Committee (Commissie Frijns) released an amendment to the Code which amendments became effective as of 1 January 2009. In 2009, an in-depth study was carried out on of the changes and amendments set out in the Code and reported hereon to the Supervisory Board and the Remuneration Committee. In compliance with the Code, an overview report on compliance with the Code was presented in the annual report 2009 and the 'Corporate governance' chapter was put for discussion on the agenda of the AGM held in April 2010 under a separate agenda item.

Compliance with the Code

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

II.1.1: The (renewable) maximum four-year term of office will not be observed for the members of the Executive Board who were appointed in 1996 and 2001 for an indefinite period. This complies with the preamble to the Code that existing contracts prior to the introduction of the Code may be respected. For Executive Board members to be (re-)appointed after the Code became effective, the maximum four-year terms does apply. The terms of the employment of the three Executive Vice-Presidents appointed in 2009 as new members of the Executive Board are in compliance with the best practices of the Code.

II.2.8: For Executive Board members to be (re-)appointed after the Code became effective, the severance pay has been limited to one year's fixed remuneration in compliance with the requirements of the Code. This applies to the members appointed to the Executive Board in 2009. 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 severance payment conditions provided therein.

The Company will continue to submit for discussion by the AGM any material changes in the Company's corporate governance structure and its compliance with the Code for their consideration.

Organisational structure

Nutreco N.V. is a public limited liability company (Naamloze Vennootschap) under Dutch law. The Company is managed by the Executive Board under supervision of the Supervisory Board.

Since the change in the Articles of Association in 2006, Nutreco has been an international holding company according the Dutch regulations: Members of the Executive and Supervisory Boards are appointed and dismissed by the General Meeting of Shareholders.

On the proposal of the Executive Board, and with prior approval of the Supervisory Board, the General Meeting of Shareholders can amend the Articles of Association. Such a decision requires a majority of the votes cast.

Executive Board

The Executive Board manages the Company and is responsible for achieving the Company's goals, objectives, strategy and results. 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 2002, the Supervisory Board agreed not to use the option of making a binding proposal for appointments unless in exceptional circumstances, such as a hostile takeover attempt.

In 2010, the Executive Board has adopted a regulation as the basis for its own functioning. The regulation is posted on Nutreco's website (www.nutreco.com).

The composition of the Executive Board and information about its members are provided on pages 186-187 of this report.

Internal risk management and control systems

Nutreco maintains procedures and management systems to monitor and control operational and financial risks. For an overview we refer to pages 60-68 of this report. It has a Code of Ethical Conduct, which is published on the Nutreco website (www.nutreco.com). The Code includes a 'whistleblower policy' paragraph. In order to facilitate the reporting of irregularities, if any, the 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. During 2010, a limited number (3) of complaints were received through the Nutreco Integrity Line, which complaints mainly related to labour relations and none were of a material nature. The complaints were all investigated and a 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 (pages 60-68).

Sensitivity of the results to external factors and variables

Reference is made to the 'Risk profile' chapter of this report (page 60). 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 business risks which are inherent to the Company's operations.

Mandates with third parties

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

No conflicts of interest reported

All members of the Executive Board are currently employed by subsidiaries of Nutreco N.V. and are seconded to Nutreco 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 prohibits employees and directors accepting gifts of commercial value for themselves or their relatives, providing advantages to third parties to the detriment of the Company or taking advantage of business opportunities to which Nutreco is entitled. 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.

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. The Supervisory Board assists the Executive Board with advice in accordance with the best practices of the Dutch Corporate Governance. In addition, certain (material) decisions of the Executive Board, as specified in the law, in the Articles of Association and in the Supervisory Board rules, are also subject to the prior agreement of the Supervisory Board.

Since 1997, the Supervisory Board has used a regulation as a basis for its own functioning and for its relationship with the Executive Board. In 2010, the regulation has been updated, based upon the code. No material changes were made, it is posted on Nutreco's website (www.nutreco.com).

Composition

During 2010 the Supervisory Board consisted of six members who are appointed for a maximum period of four years. In general, Supervisory Board members are eligible for reappointment for two additional four-year terms, up to a maximum of twelve years. Supervisory Board members are appointed by the General Meeting. For every appointment the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination by resolution adopted by a majority of the votes cast, in a meeting in which more than one/third of the issued share capital is represented. If there is no nomination or when the General Meeting resolves in line with the nomination, the General Meeting decides by simple majority. If there is a non-binding nomination, the General Meeting can resolve to appoint another person by majority of at least two/thirds of the votes cast in a meeting in which at least one/third of the issued share capital is represented.

Profile

A profile setting out the desired expertise and background of the Supervisory Board members is part of the Supervisory Board rules and is used in the process of selecting Supervisory Board members. The profile is periodically evaluated and revised, if necessary, to reflect such things as developments in the size of the Company, the nature of its activities, the degree of internationalisation, and the specific risks in the medium and long term. The Supervisory Board strives to achieve diversity in terms of expertise, nationality and gender.

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

All Supervisory Board members independent and no conflicts of interest

All Supervisory Board members are independent within the meaning of best practice provision III.2.2 of the Code. None of the members is a member of the executive board of a Dutch listed company in which a member of the Executive Board of the Company is a supervisory board member. There are no interlocking directorships. None are or were in the past employed by Nutreco and/or represent directly or indirectly a shareholder of Nutreco or a supplier or customer of the Company. None of the members of the Supervisory Board provides any services to or has any direct or indirect ties with Nutreco outside his Supervisory Board membership. The regulation of the Supervisory Board contains 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. During 2010, the Company had dealings with ING, which declared a 9.55% interest and with ASR Nederland N.V., which declared a 6.56% interest, but the latter's interest was reduced to 0.94% on 31 December 2010. ING is a member of the bank syndicate which granted a syndicated bank loan in 2009 which was renewed in 2010. As part of this syndicated bank loan, financial transactions took place throughout the year with several banks, including ING. Such transactions were carried out subject to conditions customary for such transactions in this branch of industry. ASR Nederland N.V. is one of the Company's insurers.

In accordance with Best Practice provision III.6.5. of the Code, the Company has drawn up a supplement to the Nutreco N.V. Regulation concerning ownership of and transactions in securities by members of the Executive and Supervisory Board concerning shares or other securities of industry related companies.

Committees of the Supervisory Board

The Committees 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. Following each Committee meeting, the chairman of the Committee reports on the topics handled during such Committee meeting and on the follow-up of actions. Details about the Committee's activities during the year under review are included in the report of the Supervisory Board.

Audit Committee

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.

Remuneration Committee

The Remuneration Committee makes recommendations related to the Executive Board remuneration issues to the Supervisory Board. The Remuneration Committee seeks advice from specialised advisers when deemed useful. The Supervisory Board has discretionary powers within the limits set by the remuneration policy 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.

Selection and Appointment Committee

Since the introduction of the Code (2004), the full Supervisory Board acts as the Selection and Appointment Committee. The chairman of the Supervisory Board chairs the Selection and Appointment Committee. The responsibilities of the Committee include the preparations of the selection criteria and appointment procedures for members of the Executive and Supervisory Board, periodically evaluating the scope and composition of those boards, proposing the profile of the Supervisory Board, periodically evaluating the functioning of individual members of the Executive and Supervisory board and proposing the (re-)appointments of those members. The Committee meets on an ad hoc basis.

Innovation and Sustainability Committee

The Committee was installed in 2009 and 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 topics. The focus areas of the Committee were defined as governance of research & development, feed-to-food safety and sustainability.

The present composition of the Supervisory Board, its Committees and further information on its members is provided on pages 187-188 of this report.

Company Secretary

The Supervisory Board received support from Mrs A. van Bergen-van Kruijsbergen, Company Secretary, also Compliance Officer and Director of Legal Affairs and Insurance.

Shareholders and the General Meeting of Shareholders

Share capital

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. Cumulative preference shares 'D' and 'E' have not been issued, while the cumulative preference shares 'A' have been repurchased at 31 December 2010. The Articles of Association do not provide in the possibility to issue depository shares ('certificaten'). All shares carry equal rights where it concerns voting at the General Meeting of Shareholders. Votes may be cast directly or through a proxy.

During 2010, the issued share capital consisted of the ordinary shares, which are listed on the NYSE Euronext Amsterdam, and the cumulative preference shares 'A', which are not listed. At the end of 2010, a total of 40,111,882 (2009: 40,111,882) shares had been issued, consisting of 4,993,200 (2009: 4,993,200) cumulative preference shares 'A', which were repurchased at 31 December and awaiting cancellation in March 2011, were held in treasury, and 35,118,682 (2009: 35,118,682) ordinary shares, of which 155,822 (2009: 123,913) were held in treasury on 31 December 2010.

Based upon the authorisation to issue or repurchase shares as granted by the AGM on 1 April 2010, no shares were issued but 600,000 ordinary shares were repurchased in the period from 17 March 2010 until and including 29 April 2010 with an average price of EUR 46.19 per share, to cover for the payment of stock dividend and existing employee share participation plan and performance share obligations.

Repurchase of cumulative preference shares 'A' per 31 December 2010

Cumulative preference shares 'A' already existed prior to the IPO of 1997. ASR Nederland N.V. and MaesInvest B.V. each held 2,496,600 cumulative preference shares 'A', together representing 12.44% of the total issued capital of Nutreco N.V. or 100% of the cumulative preference shares 'A'. Shares in MaesInvest B.V. are held by Rabobank Nederland Participatiemaatschappij B.V. and NIBC Custody N.V. In accordance with Article 27.1(b) of the Articles of Association, the dividend from 1 January 2004 onwards amounted 6.66% for the seven years period expiring on 31 December 2010.

On 31 December 2010 an agreement was concluded between the Company and both the holders of the cumulative preference shares 'A' to repurchase these shares. It is the intention that after the statutory waiting period of two months, the cumulative preference shares 'A' will be cancelled (expected in the first quarter of 2011). The total repurchase price paid amounted EUR 54,453,625.93, being the nominal value increased with the share premium. The repurchase has been prompted by the dividend on the cumulative preference shares 'A' with respect to the favorable cash position of the Company, and the fact that under IFRS the cumulative preference shares 'A' with their current terms and conditions do not qualify as equity and are reported as financial liability. In the discussions with the holders of these shares, also best practice provision IV.1.2 of the Code was taken into account: Repurchase followed by cancellation will eliminate the disproportional voting right on the cumulative preference shares 'A'. The buy back will also contribute positively to the earnings per share.

General Meeting of Shareholders

A General Meeting of Shareholders is held at least once a year and may be convened by the Executive Board or the Supervisory Board and can also be held on request of shareholders jointly representing 5% or more of the issued share capital. In accordance with Article 21.5 of the Article of association, shareholders holding at least 1% of the issued share capital or representing at least EUR 50 million in value of the shares are entitled to propose items on the agenda of the General Meeting of Shareholders. This right was not exercised in 2010.

In accordance with the Dutch Civil Code and the Articles of Association, a registration date for the exercise of voting rights was determined for the AGM and the Extra-ordinary General Meeting of Shareholders (EGM) held in the year under review.

Resolutions adopted by the General Meeting of Shareholders are published on the Company's website on the day following the meeting. The Dutch version of the minutes of the meetings is placed as a draft on the website within the requisite time of three months. The translation of the minutes into English is published shortly afterwards.

Annual General Meeting of Shareholders held on 1 April 2010

The AGM was held on 1 April 2010. The agenda with explanatory notes and the 2009 annual report were sent free of charge, in advance, to shareholders requesting same. They were also lodged for perusal at the offices of Nutreco N.V. and The Royal Bank of Scotland N.V. (Amsterdam) and placed on the Nutreco website. At the AGM, the 2009 Sustainability Report was made available.

During this meeting, a total of 4,993,200 cumulative preference shares 'A' (representing 100% of the issued cumulative preference shares 'A'), and 15,926,246 ordinary shares, or 45.35% of the issued ordinary shares, were represented. Of the latter, 103,257 shares were represented by 88 shareholders attending the meeting in person and the remaining shares were represented by proxies. In total 52.15% of the issued shares were represented at the AGM, which was webcast live.

Extraordinary General Meeting of Shareholders held on 21 December 2010

An EGM was held on 21 December 2010 at which the repurchase and subsequent cancellation of the 4,993,200 cumulative preference shares 'A' was approved.

During this meeting, a total of 4,993,200 cumulative preference shares 'A', (representing 100% of the issued cumulative preference shares 'A'), and 16,141,476 ordinary shares, together in total 52.69% of the issued shares, were represented. Of the ordinary shares, 41,054 shares were represented by three shareholders attending the meeting in person, the remaining shares were represented by proxies.

Profit appropriation

The dividend policy of the Company was dealt with and explained as a separate item on the agenda at the AGM 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'. This percentage applies as long as the cumulative preference shares 'A' are outstanding, so ultimately till 31 December 2010.

In December 2010, the distribution of the remaining dividend within the financial year in combination with the repurchase of all outstanding cumulative preference shares 'A' was approved in the EGM.

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 by 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 authorized 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'

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 authorized board to issue cumulative preference shares 'A' and to authorise the Executive Board to acquire shares in the Company's own capital, and resolutions to reduce the issued share capital. The cumulative preference shares 'A'' were repurchased on 31 December 2010 and will be withdrawn in 2011.

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. 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. Therefore, the foundation has been granted the right to acquire Nutreco preference shares ''D' up to a maximum equal to the number of outstanding shares issued at the date in question. In an amendment of its Articles of Association passed on 19 March 2009, it was specified that the Foundation shall only be entitled to exercise the call option in the event that a third party would build up shares or make an offer for the Nutreco ordinary shares and such build-up or offer had not received the support of the Executive Board and the Supervisory Board. The terms of the option agreement were amended accordingly.

During 2010, the Board of the Foundation consisted 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 N.V. and the Board of Stichting Continuïteit

Nutreco are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in article 5:71c of the "Wet op het financieel Toezicht" and section 2:118a par. 3 of the Dutch Civil Code.

Cumulative financing preference shares 'E'

Cumulative financing preference shares 'E' can be issued by the Company for financing purposes. Cumulative financing preference shares 'E' only exist in registered form and must be fully paid up upon issue. Since 2009, the authorisation to issue cumulative financing preference shares 'E' is dependent on a specific authorisation which will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class. During the year under review, no cumulative financing preference shares 'E' were outstanding.

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 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 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 N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made.
- The US Private Placement Note Purchase Agreement entered into in April 2009 by Nutreco N.V. contains a change of control provision.
- Nutreco International B.V., a subsidiary of Nutreco N.V., has a raw materials purchase agreement with BASF, which can be terminated in case of a change in control of the Company.

Financial reporting and role of the external auditor

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

At the AGM held on 1 April 2010, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2011. The AGM to be held on 28 March 2011 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 2012.

Remuneration Report

This report has been prepared by the Remuneration Committee of the Supervisory Board. In 2009 the remuneration of the Executive Board was reviewed. In its meeting of 15 April 2008 the AGM adopted the revised remuneration policy for the Executive Board. Within the framework of the remuneration policy as adopted by the AGM, compensation of the Executive Board members is determined by the Supervisory Board, based on advice of the Remuneration Committee. The Committee has scheduled a review to verify the market conformity of the remuneration policy in 2011.

Executive Board Remuneration

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 AGM is to remunerate the Executive Board at the median of the labor market reference group. The different components of the Executive Board's remuneration are reviewed by the Remuneration Committee on at least an annual 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;
- a long-term incentive consisting of performance shares;
- pension contributions;
- advantages in kind such as health insurance, a company car and an amount for compensation of expenses.

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 2010. In line with the best practices of the Code, certain sustainability objectives were included in the 2010 performance contracts with the Executive Board. Also for 2011 certain specific sustainability objectives have been set as performance targets.

Labour market reference group

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 Company's policy is to remunerate at the annual median level of the market reference group.

Fixed base salary

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 labour 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 per year to EUR 395,000 p.a. Since the benchmark showed that the base salary of the CEO and of the CFO were also below median, these were revised with effect from 1 January 2010 from EUR 571,200 to EUR 605,000 and from EUR 418,200 to EUR 440,000.

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 60%. Strategic and operational targets have a weighting of 12.5% each of the variable payment, while sustainability targets have a weighing of 15%. 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 an 'Agreed Upon Procedures' of the actual performance measured against the financial performance targets agreed between the Executive Board and the Supervisory Board. Below is a table showing the structure during 2010 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 30%. In case actual performance exceeds 30% 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.

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

	Fixed base salary	Variable in cash min./target/max. in % base salary	Variable based on performance criteria	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 60% Strategic 12.5% Operational 12.5% Sustainability 15%	100%	160%	190%	3 years relative total shareholders return
CFO	100% cash	0% 50% 75%	Financial 60% Strategic 12.5% Operational 12.5% Sustainability 15%	100%	150%	175%	3 years relative total shareholders return
Executive Vice-Presidents	100% cash	0% 35% 50%	Financial 60% Strategic 12.5% Operational 12.5% Sustainability 15%	100%	135%	150%	3 years relative total shareholders return

Performance measurement

At a meeting held in February 2011, the Remuneration Committee proposed to the Supervisory Board to attribute a 109% score to the Executive Board's performance against the targets set for 2010, resulting in a variable payment of 74.9% of the base salary to the CEO, 62.5% of the base salary to the CFO and 43.7% 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 2010. The Supervisory Board approved the proposal made by the Remuneration Committee.

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 (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 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% of the base salary of the chairman of the Executive Board, 80% of the base salary of the CFO and 50% 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 pre-set level of the Total Shareholders' Return (TSR) relative to a peer group which was proposed to and approved by the General Meeting of Shareholders, consisting of all companies 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) For members of the Executive Board a lockup will be effective for a period of two years after vesting or until the end of employment, whichever is the shortest, with the 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 2010 the number of performance shares conditionally awarded to the Executive Board amounted to 56,302 (2009: 103,900), of which shares granted to the CEO amounted to 19,848 (2009: 32,000), to the CFO to 13,585 (2009: 22,000) and to each of the Executive Vice-Presidents to 7,623 (2009: 9,300). In addition, a total of 77,129 (2009: 112,400) 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 does not 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, also for other participants the same method will apply as for Executive Board members.

For the grantings under the 2008 Performance Share Plan, for which the performance period runs from 1 January 2008 until 31 December 2010, the Total Shareholders Return has resulted in a 5th position (2009: 22nd position) within the ranking of the peer companies. Therefore this ranking will result in a vesting of 137% (2009: 82%) of the initial grant for the members of the Executive Board and of 138% (2009: 92%) for the other participants. The vesting date will be 1 April 2011.

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. Based upon this analysis the conclusion was made that this variable remuneration component would not lead to unfair or unintended results in any of the scenarios that had been examined.

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, 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) data over a time period including a full financial year prior to the financial year in which the cause for this claim presented itself.

Bonus conversion plan

A bonus 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 variable 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, 45 (2009: 51) managers opted to invest in a total of 8,437 (2009: 11,994) shares. The bonus conversion plan, which started in 2008, will be matched for 268% (2009: 140%) on 1 April 2011.

Shares owned by the Executive Board

Shares resulting from the 2004 and 2005 LTI programmes for which a lockup restriction applies
The CEO and the CFO hold shares resulting from the long-term incentive programmes 2004 and 2005, for which a lockup restriction applies until 2011. The dividend to these shares is freely available.

Shares resulting from the 2006 and 2007 LTI programme for which a lockup restriction applies
In addition, the CEO and the CFO hold shares resulting from the long-term incentive programme 2006 and 2007, for which a lockup restriction applies until 2013 respectively 2012. The dividend to these shares is freely available.

Unvested shares granted under the 2008, 2009 and 2010 LTI programmes
The Executive Board members have also been conditionally granted performance shares under the 2008, 2009 and 2010 long-term incentive programmes, which conditional performance shares are held by Mr W. Dekker, Mr C.J.M. van Rijn, Mr K. Nesse, Mr F.J. Tielens and by Mr J.A. Vergeer.

Besides shares resulting from LTI programmes, Mr C.J.M. van Rijn held 687 ordinary shares (2009: 618), Mr F.J. Tielens held 150 ordinary shares (2009: 94) and Mr J.A. Vergeer held 1,823 ordinary shares (2009: 0).

For the movement in stock options and performance shares held by the Executive Board and other managerial staff, please refer to pages 152-155 of the consolidated financial statements.

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of EUR 1,800 during a defined period. Every employee who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit with Rabobank during a period of three years. During this period, these shares cannot be sold or transferred. In February 2010, the Supervisory Board decided that the 2009 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 17,920 (including bonus) shares (2009: 35,919).

Pensions, other benefits, change of control provisions

Pensions
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.

Other benefits
Executive Board members receive a fixed allowance for expenses of EUR 3,570 per year, as well as other customary fringe benefits, including health insurance and a company car.

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

Remuneration overview

For more information on remuneration and the actual number of shares held (either freely available or for which a lockup restriction applies) by members of the Executive Board, and the number of shares conditionally granted to members of the Executive Board, reference is made to pages 152-155 of the financial statements in this annual report.

Remuneration of the Supervisory Board and its committees
The AGM determines the remuneration of the Supervisory Board. The remuneration of the Supervisory Board and its committees is reviewed once a year, no increase in the remuneration of the Board took place since 2007.

The remuneration of the membership of the Innovation & Sustainability Committee is the same as that for the Remuneration Committee (EUR 5,000 for members and 7,500 for the chairman), the remuneration of the Audit Committee amounts EUR 7,500 for the member and EUR 10,000 for the chairman. Work performed as a member of the Selection and Appointment Committee is not remunerated separately. The total remuneration of the members of the Supervisory Board amounted to EUR 332,000 (2009: EUR 322,250). These amounts are gross amounts per year.

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 regulation of the Supervisory Board requires members' individual shareholdings in the Company to serve for the sole purpose of long-term investment only. With the exception of Supervisory Board member Mr Y. Barbieux, who stepped down in April 2010 and who held 504 shares in the Company, none of the Supervisory Board members is holding any share or option rights to acquire shares in Nutreco.

For more information on remuneration of Supervisory Board members, please refer to page 155 of this Report.

Other information

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

As provided for in article 20 of the Articles of Association, the Company does provide Executive Board and Supervisory Board members an indemnification for all costs and expenses from and against any claim, action or law-suit related to actions and/or omissions in their function.

On behalf of the Remuneration Committee
J.M. de Jong, Chairman

Report of the Supervisory Board

Activities of the Supervisory Board

In 2010, the Supervisory Board met six times with the Executive Board present according to a fixed schedule. In addition, two telephone conferences were held. Two closed meetings, without Executive Board members, were held preceding regular meetings. The chairman had regular contact with the CEO and occasionally with other Executive Board members in between meetings. Supervisory Board members were rarely absent from either full board meetings or any of the Committee meetings.

In every meeting with the Executive Board, a number of recurring items were discussed, such as the report by the CEO, an explanation by the CFO on the Company's financial performance since the last meeting and the forecast, as well as reports by the Executive Vice-Presidents on the operations, the markets in which the Company operates and business projects. Press releases related to financial results were discussed prior to publication. In addition to these standard topics, a number of specific topics were reviewed. Throughout 2010, there was increased attention for sustainability, investment opportunities in emerging countries, the strategy review process and the developments concerning the Dutch Nutreco Pension Fund.

Mid February, in the presence of the external auditor, we discussed the draft 2009 annual accounts as well as the external auditor's report and management letter. We agreed with the financial statements and approved the dividend proposal and the press release on the 2009 annual results. We further discussed the draft reports of the Supervisory Board, the Audit Committee and the Remuneration Committee for the 2009 annual report, we decided on the Executive Board's performance rating over the year 2009 and we set the 2010 performance criteria, we evaluated the revised Corporate Governance Code and agreed on the related changes in the Company's Articles of Association. Based on a presentation by the Corporate Director Human Resources, we were informed on the programme on talent management. We had a private meeting with our external auditors, KPMG Accountants N.V., and we held a private self-assessment session.

In a telephone conference held early March, we agreed with the Company's 2009 annual accounts, we approved the draft agenda for the Annual Meeting of Shareholders. We further proposed some minor adjustments to the draft annual report 2009.

In April, we discussed the Company's Annual General Meeting of Shareholders and we approved the amendments and the time extension of the EUR 500 million Revolving Credit Facility, which was closed in 2009. We were updated on the potential acquisition of Tomboy Aquafeed (Vietnam) and discussed the financial impact analysis and the impact on strategy, organisation and management of this acquisition, which we approved. Considerable time was spent on the strategy process, especially on the goals but also the various growth scenarios, market opportunities, the product portfolio, the geographical scope, strategic partners and related risks were discussed.

The meeting held in June was mostly focussed on strategy. We discussed and support the mission and ambitions as proposed by the Executive Board, and the buildings blocks selected for growth. We further discussed the financial impact of the revised strategy, and the actions and timeframe needed for realisation.

In a telephone conference held in July, we discussed the external auditors report and agreed with the preliminary results over the first half-year 2010; we approved the draft press release including the outlook for 2010. We further approved the proposal of the Executive Board to grant an interim dividend of EUR 0.50 per ordinary share.

In September, we met in Madrid, where we were updated by local management on their activities and developments in their business and organisation. We extensively deliberated on the pros and cons of potential strategic investments, we discussed and approved the new draft Regulations for the Supervisory Board and its committees and for the Executive Board. Considerable discussion time was spent on a potential acquisition in China, and the proposed investment for a new plant in Voronezh (Russia). Especially the strategic rationale, but also cultural and political issues, the proposed financial deal terms and the projected financial performance of these opportunities were extensively discussed. We further provided some guidance to the Executive Board on the program of the Capital Market Day to be organized by the Company in October.

In November, we were updated on the status of the potential strategic investments as discussed in September, which we agreed with. A first draft of the budget 2011 was reviewed, and based upon a detailed financial analysis we approved the investment for the new factory in Voronezh. The Corporate Director Human Resources briefed us on the progress on Talent Management.

Preceding the regular December meeting, the performance of the Executive Board as a whole and of the members individually, was reviewed in a closed meeting. In the regular meeting, we extensively discussed and challenged the 2011 budget, which we approved. We were informed on the Nutreco Risk Management Framework, the design and its effectiveness and the internal risk management and control systems, the main risks as defined and we discussed the actions initiated by the Executive Board for further improvement and integration of these systems. We further agreed with the supplement to the Company's Insider Trading rules on securities other than the ones issued by the Company. The Company Secretary informed us on the status of some legal and compliance projects within the Company.

Supervisory Board committees

Remuneration Committee

The Committee met two times, in the presence of the CEO and the Corporate Director Human Resources.

In February the Committee determined, for discussion with the Supervisory Board, on the performance evaluation of the Executive Board against the 2009 performance targets and set the final 2010 performance targets. In view of the Dutch Corporate Governance Code's recommendations on the variable remuneration of the Executive Board, the item of up- or downwards adjustment of the granted but not vested performance shares in case of extraordinary circumstances (a change of control scenario) required a final consent. It was determined that in case of a public offer, the vesting of all conditionally granted but not vested shares will take place *pro rata temporis* over the period from the grant date till the offer date. The TSR performance will then be determined based on the closing price of the shares on the day preceding the offer date. Based upon the various scenario analyses as carried out by the external remuneration advisor of the Supervisory Board, it was concluded that this scenario will not lead to an unacceptable outcome. The proposal for the grant of the conditional performance shares under the LTI 2010, and the continuation of the employee share participation scheme for 2010, were approved.

The Committee reviewed in December compliance by the Company on the remuneration part of the Dutch Code on Corporate Governance, also in view of related upcoming Dutch legislation. The Committee further determined to engage the Supervisory Board's external remuneration consultants to prepare a benchmark against the peer group on the remuneration 2011 for the members of the Executive Board, to assess this outcome against the pay differentials within the enterprise and to prepare a brief benchmark on the remuneration of the Supervisory Board. The continuation of the employee share participation scheme for 2011 was approved.

Audit Committee

This Committee met four times in the presence of the CEO, CFO, Internal Audit, and KPMG Accountants N.V., one meeting was held partly without any members of the Executive Board present. In between meetings, the chairman had regular contact with the CFO.

The Committee reviewed in February the draft annual accounts 2009, including working capital developments. Updates were received on the financing, provisioning, potential impairments, legal claims and pending litigation, the dividend proposal, the report of the external auditor and the management letter of the external auditor.
The draft press release was discussed and after some amendments forwarded to the Supervisory Board for final review. The Audit Committee also reviewed the compliance certificates on the code of Ethics received from management and senior staff. There were a few minor cases of non-compliance, none of which were of material importance. Concerning Hendrix and sequel to the events that took place in 2009, the external auditor provided a report on the contractual commodity positions, based upon which the meeting concluded that the Nutreco accounts 2007 and 2008 were correctly reported. Finally, the Audit Committee had a private meeting with the external auditor, followed by a self-assessment session.

In June, the Committee focused on risk management and received a detailed report on a special investigation in one of the foreign operations. Although no evidence of fraud or accounting mistakes was revealed, the Committee supported the decision of the Executive Board to increase the level of internal operational control for this location. Concerning risk management, the Committee reviewed the design and effectiveness of the internal risk management and control systems and made some recommendations on the process and the risk items in scope. The group internal auditor gave a progress overview on the audit plan 2010, and the projects on segregation of duties and data analysis. With regard to the external audit, the Committee reviewed the proposed audit scope, approach and fees 2010, and the independence of and non-audit services provided by the external auditor.

The Committee reviewed in July the draft Half-Year interim results and the interim dividend proposal and discussed the report of the external auditor. The draft press release was reviewed and with some remarks forwarded to the Supervisory Board for approval and release.

In December, the Committee reviewed the report of the external auditor on the hard close of the third quarter 2010, the outcome of and the progress on the internal audits and IT audits as performed in 2010, the report over 2010 from the compliance officer on the internal reporting of integrity items and the proposed awareness program on the Code of Ethics. The Committee further extensively discussed the Nutreco risk management framework, and the actions initiated to further improve the anchoring of the system in the organisation. We support these initiatives and we advised on some actions to be taken in this respect.

Selection and Appointment Committee

The Committee meets on an ad hoc basis and deliberated, during the year under review, the composition of the Supervisory Board in view of the upcoming vacancy. The Committee discussed the desired profile and concluded to nominate Mrs. H. Verhagen as new member. In December the Committee discussed, in view of the strategy for 2011 and onwards, the future steering model.

Innovation and Sustainability Committee

The Committee met twice in the presence of the CEO and the Corporate Director R&D.

Main topic discussed in the February meeting was the Company’s Responsibility policy, the objectives and targets and the proposed timeframe. Further on the Committee was updated on the status and future plans of the R&D activities and its link to Sustainability.

In December, the Committee focused on the changes in legislation concerning Animal Feed production, and it discussed progress on Nutreco’s sustainability objectives and the outline of the Company’s sustainability report 2010 and the programme of the Agri Vision conference that will be organised in June 2011.

Composition and evaluation of the Supervisory Board

The members of the Supervisory Board together represent a broad range of experience and expertise. The Supervisory Board meets the requirement of the Dutch Code on Corporate Governance that all its members are independent, and it also complies with the rules that its members do not hold more than five Supervisory Board positions at publicly listed Dutch companies.
The Supervisory Board currently comprises six members, whose profiles and other information are given on pages 187-188 of this annual report.

At the AGM held on 1 April 2010, the third and final term of Mr Y. Barbieux expired and he resigned from our Board. We are grateful for the advice, wisdom and dedication that Mr Barbieux provided for a long period to enhance Nutreco’s development. To fill the vacancy, Mrs H. Verhagen, managing director group HR with TNT N.V., was nominated and she was appointed by the AGM held on 1 April 2010. At the AGM of 28 March 2011, the third and final term of Mr R. Zwartendijk, chairman of our Board, will expire. As from this date and depending upon his re-appointment, Mr J.M. de Jong will succeed him as chairman while Mr J. Vink will act as vice-chairman.

In a private meeting held in December, the Supervisory Board reflected on its own performance, composition, and that of its three Committees. In preparation for this self-assessment, each member of the Supervisory Board anonymously completed a questionnaire. Items assessed and discussed included composition and profile, the Board's size, mix of skills and experience, decision-making, follow-up of and discussion during meetings, induction and performance, areas of supervision, the relationship with the Executive Board and the performance of the chairman. A summary of the main findings from the completed questionnaires was used as the basis for the self-assessment discussion. The Supervisory Board concluded that all of the above mentioned items were unanimously assessed positively, although some of the procedural items offer room for further improvement.

Results and strategy

Nutreco's 2010 performance was excellent. The volume growth, in combination with operational excellence demonstrates the success of the Company's strategy, which is focussed on geographical home market regions and emerging markets with prospects for structural profitable growth. During 2010, a good deal of time was spent on the review of the strategy. We discussed, amongst other things, the composition of the product portfolio, the strategy per geography, the financial aspects, the risks involved, the proposed organisation and the implications on positioning, capabilities, knowledge management, human resources and sustainability. We fully agree with the Executive Board's focus on creating shareholder value on the longer term, while optimising results in the short term. We are of the opinion that the Company's strategy will enable it to continue its leadership position in the global animal nutrition and fish feed markets.

2010 Financial statements and dividend

The financial statements for the year 2010, as prepared by the Executive Board, have been audited by KPMG Accountants N.V., whose auditor's report is included on pages 179-180 of this report, and were extensively discussed in February 2011 by the Audit Committee with the auditor in the presence of the CEO and CFO. In addition, they were topic of discussion by the Supervisory Board with the Executive Board in the presence of the auditor.

The Supervisory Board endorses the Executive Board's proposal to pay a dividend of EUR 1.50 per ordinary share, at the discretion of the shareholders either in cash or in the form of ordinary shares in the capital of the Company. The Supervisory Board also supports the Executive Board's proposal to retain the remaining net income for equity holders of EUR 59 million and add it to reserves.

The Annual General Meeting of Shareholders will be asked to grant discharge to the members of the Executive Board for their management during 2010 and to the members of the Supervisory Board for their supervision over said management.

The members of the Supervisory Board and Executive Board have signed the 2010 financial statements pursuant to their statutory obligation under art. 2:101 (2) of the Dutch Civil Code. The members of the Executive Board have also signed under art. 5:25 (2) (c) of the Markets Supervision Act *(Wet op Financieel Toezicht)*.

The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2010 financial statements and the proposed dividend over the year 2010.

Word of thanks

The Board further wishes to thank management and staff for their commitment and dedication that enabled Nutreco to report these excellent results achieved in 2010. Our business environment is rapidly changing, which creates additional challenges. We are convinced that the commitment and entrepreneurial spirit of Nutreco's people positions the Company well for continued success.

Amersfoort, 14 February 2011

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

Financial statements

Consolidated statement of comprehensive income

(EUR x million)	Note	2010	2009
Revenue	3	**4,939.7**	**4,511.7**
Raw materials and consumables used		-3,914.9	-3,573.5
Change in fair value of biological assets	19	1.0	2.2
Changes in inventories of finished goods and work in progress		7.2	4.3
Gross margin		**1,033.0**	**944.7**
Other operating income	7	32.3	36.4
Personnel costs	8	-486.5	-441.7
Depreciation and amortisation expenses	3,13,14	-69.7	-64.8
Impairment of long-lived assets	13,14	-4.2	-9.1
Other operating expenses	9	-319.2	-307.6
Operating result from continuing operations		**185.7**	**157.9**
Financial income	10	6.6	5.9
Financial expenses	10	-43.3	-38.3
Foreign exchange result	10	0.9	0.8
Net financing costs/income		**-35.8**	**-31.6**
Share in results of associates and other investments	15,16	2.2	1.4
Result before tax from continuing operations		**152.1**	**127.7**
Income tax expense	11	-39.1	-34.7
Result after tax from continuing operations		**113.0**	**93.0**
Result from discontinued operations (net of income tax)	4	-	-
Result after tax from discontinued operations		-	-
Total result for the period		**113.0**	**93.0**
Other comprehensive income:			
Currency translation differences:			
Net foreign exchange differences on foreign operations		88.3	63.9
Net foreign exchange differences on net investment hedges		-67.0	-55.3
Net loss on revaluation related to inflation accounting		-1.0	-
Cash flow hedges:			
Effective portion of changes in fair value of cash flow hedges related to interest rate derivatives	22	13.5	7.5
Net change in fair value of cash flow hedges related to interest rate derivatives reclassified to profit or loss	22	-6.9	-7,2
Net change in cash flow hedges of foreign exchange transactions	22	-1.7	0.3
Net change in cash flow hedges of commodity derivatives	22	-0.1	-
Income tax on other comprehensive income	11	-1.2	-0.1
Other comprehensive income for the period, net of tax		**23.9**	**9.1**
Total comprehensive income for the period		**136.9**	**102.1**
Total result attributable to:			
Owners of Nutreco		111.4	90.3
Non-controlling interest		1.6	2.7
Total result for the period		**113.0**	**93.0**
Total comprehensive income attributable to:			
Owners of Nutreco		135.3	99.4
Non-controlling interest		1.6	2.7
Total comprehensive income for the period		**136.9**	**102.1**
Earnings per share	12		
Basic earnings per share (euro)		3.17	2.61
Diluted earnings per share (euro)		3.16	2.61
Earnings per share – continuing operations	12		
Basic earnings per share (euro)		3.17	2.61
Diluted earnings per share (euro)		3.16	2.61
Basic earnings per share for dividend calculation (euro)		3.33	2.93
Diluted basic earnings per share for dividend calculation (euro)		3.33	2.93
Number of ordinary shares			
Weighted average number of ordinary shares outstanding during the year (x 1,000)		35,139	34,603
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)		35,222	34,607
Number of ordinary shares outstanding as at 31 December (x 1,000)		34,963	34,995
Key figures – continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)	3	199.2	170.0
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		255.4	222.7

The notes on pages 92-172 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(EUR x million)	Note	31 December 2010	31 December 2009
Assets			
Property, plant and equipment	13	564.6	517.1
Intangible assets	14	347.3	310.4
Investments in associates	15	21.9	19.8
Other investments	16	40.2	43.4
Deferred tax assets	17	26.0	26.3
Non-current assets		**1,000.0**	**917.0**
Inventories	18	309.0	251.0
Biological assets	19	127.8	104.9
Income tax receivables	17	10.7	13.8
Trade and other receivables	20,27	674.7	606.0
Cash and cash equivalents	21	230.8	232.6
Assets classified as held for sale	5	10.7	-
Current assets		**1,363.7**	**1,208.3**
Total assets		**2,363.7**	**2,125.3**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-7.3	-1.2
Hedging reserve	22	-8.7	-13.5
Retained earnings	22	547.0	507.9
Undistributed result	22	111.4	90.3
Translation reserve	22	-0.9	-21.2
Equity attributable to owners of Nutreco		**809.4**	**730.2**
Non-controlling interests	22	10.2	10.5
Total equity		**819.6**	**740.7**
Liabilities			
Interest-bearing borrowings	23	282.3	414.0
Employee benefits	24	9.8	11.1
Provisions	25	1.7	3.6
Deferred tax liabilities	17	24.3	15.4
Non-current liabilities		**318.1**	**444.1**
Interest-bearing borrowings	23	155.8	41.5
Employee benefits	24	44.0	42.6
Provisions	25	4.7	14.6
Income tax liabilities	17	17.5	15.6
Trade and other payables	26	1,004.0	826.2
Current liabilities		**1,226.0**	**940.5**
Total liabilities		**1,544.1**	**1,384.6**
Total equity and liabilities		**2,363.7**	**2,125.3**

The notes on pages 92-172 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(EUR x million)	Issued and paid-up share capital	Share premium account	Treasury shares	Hedging reserve	Retained earnings	Undistributed result	Translation reserve	Total attributable to owners of Nutreco	Non-controlling interest	Total equity
As at 1 January 2009	**8.4**	**159.5**	**-28.0**	**-14.1**	**444.2**	**114.8**	**-29.8**	**655.0**	**10.5**	**665.5**
Total comprehensive income for the period										
Result						90.3		90.3	2.7	93.0
Total other comprehensive income				0.6	-0.1		8.6	9.1		9.1
Total comprehensive income for the period	**-**	**-**	**-**	**0.6**	**-0.1**	**90.3**	**8.6**	**99.4**	**2.7**	**102.1**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
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 contributions by and distributions to owners of Nutreco	**-**	**-**	**26.8**	**-**	**63.8**	**-114.8**	**-**	**-24.2**	**-2.7**	**-26.9**
Total transactions with owners of Nutreco	**-**	**-**	**26.8**	**-**	**63.8**	**-114.8**	**-**	**-24.2**	**-2.7**	**-26.9**
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**
Total comprehensive income for the period										
Result						111.4		111.4	1.6	113.0
Total other comprehensive income				4.8	-1.2		20.3	23.9		23.9
Total comprehensive income for the period	**-**	**-**	**-**	**4.8**	**-1.2**	**111.4**	**20.3**	**135.3**	**1.6**	**136.9**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					90.3	-90.3		-		-
Dividend on ordinary shares					-28.2			-28.2	-0.2	-28.4
Stock dividend			25.0		-25.0			-		-
Usage of treasury shares			-0.8		2.0			1.2		1.2
Share-based payments					3.5			3.5		3.5
Repurchase own shares			-30.3					-30.3		-30.3
Total contributions by and distributions to owners	**-**	**-**	**-6.1**	**-**	**42.6**	**-90.3**	**-**	**-53.8**	**-0.2**	**-54.0**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-2.3			-2.3	-1.7	-4.0
Total transactions with owners of Nutreco	**-**	**-**	**-6.1**	**-**	**40.3**	**-90.3**	**-**	**-56.1**	**-1.9**	**-58.0**
As at 31 December 2010	**8.4**	**159.5**	**-7.3**	**-8.7**	**547.0**	**111.4**	**-0.9**	**809.4**	**10.2**	**819.6**

The notes on pages 92-172 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(EUR x million)	Note	2010	2009
Total result for the period		**113.0**	**93.0**
Net financing costs	10	35.8	31.6
Share in results of associates and other investments	15, 16	-2.2	-1.4
Income tax expense	11	39.1	34.7
Impairment losses on property, plant and equipment	13	4.0	8.8
Reversal of impairment losses on property, plant and equipment	13	-0.2	
Impairment losses other investments	16	-	1.0
Impairment losses intangible assets	14	0.2	0.3
Depreciation	13	56.2	52.7
Amortisation	14	13.5	12.1
Negative goodwill	6,7	-	-11.2
Equity settled share-based payment expense	24	3.5	3.0
Changes in fair value of other investments	16	-1.1	-
Changes in fair value of biological assets	19	-1.0	-2.2
Changes in fair value foreign exchange contracts	27	-	-6.1
Gain on sale of property, plant and equipment	13	1.5	0.1
Gain on sale of intangible assets	14	-	-4.4
Cash flows from operating activities before changes in working capital and provisions		**262.3**	**212.0**
Decrease in working capital	31	19.0	98.4
Increase/decrease in employee benefits	31	-2.8	9.6
Increase/decrease in provisions	31	-8.8	6.1
Cash generated from operations		**269.7**	**326.1**
Interest received		6.7	5.8
Interest paid		-45.7	-37.3
Income taxes paid	11	-26.3	-28.1
Dividends received	15	1.1	0.5
Net cash from operating activities		**205.5**	**267.0**
Acquisition of property, plant and equipment	13	-91.3	-50.1
Acquisition of intangible assets	14	-6.7	-4.0
Acquisition of group companies net of cash acquired	6	-8.5	-30.9
Acquisition of non-controlling interest	6	-4.0	-
Acquisition of associates	15	-	-2.8
Acquisition of other investments	16	-4.4	-11.6
Disposal of property, plant and equipment	13	2.9	4.9
Disposal of intangible assets	14	-	5.9
Disposal of associates	15	0.1	-
Disposal of subsidiaries net of cash disposed of	4	-0.4	1.5
Received from other investments	16	3.7	5.0
Payments of transaction costs	6	-	-4.3
Net cash used in investing activities		**-108.6**	**-86.4**
Usage of treasury shares		1.2	1.3
Repurchase own shares		-30.3	-
Dividends paid to owners of Nutreco		-28.2	-28.6
Dividends paid to owners of non-controlling interests		-0.2	-1.2
Repayment of borrowings	31	-123.9	-279.2
Proceeds from borrowings	31	19.1	173.8
Net cash used in financing activities		**-162.3**	**-133.9**
Net decrease/increase in cash and cash equivalents		-65.4	46.7
Cash and cash equivalents at 1 January, net of bank overdrafts	21	201.0	151.8
Effect of exchange rate fluctuations on cash held/bank overdrafts		7.4	2.5
Cash and cash equivalents at 31 December	21	**143.0**	**201.0**
Cash and cash equivalents at 31 December	21	230.8	232.6
Bank overdrafts at 31 December	23	-87.8	-31.6
Cash and cash equivalents for the cash flow statement at 31 December	21	**143.0**	**201.0**

The notes on pages 92-172 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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

General

Nutreco N.V. ('the Company') is a company domiciled in the Netherlands. On 1 July 2010, the name Nutreco Holding N.V. was changed into Nutreco N.V. The consolidated financial statements of Nutreco N.V. for the year ended 31 December 2010 comprise Nutreco N.V. and its subsidiaries ('Nutreco' or 'the Group') and Nutreco's interest in associates and jointly controlled entities.

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

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

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.

The consolidated (and company) financial statements were approved for issuance by the Executive and Supervisory Boards on 14 February 2011. The Group's financial statements will be subject to adoption by the Annual General Shareholders' Meeting on 28 March 2011.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years, except for the overviews 'Ten years of Nutreco income statement' and 'Ten years of Nutreco balance sheet' (pages 182-183), in which Dutch GAAP is applied for the period 2001 up to 2004 and except for new accounting pronouncements.

2. Basis of preparation

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

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

2.1 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.
  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the

acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard was applied to the acquisition of the controlling interest in Tomboy Aquafeed JSC on 1 July 2010. The revised standard requires goodwill to be determined only at the acquisition date. No interest was previously held in Tomboy Aquafeed JSC. No contingent consideration has been offered. Acquisition-related costs of EUR 2.6 million have been recognised in the consolidated statement of comprehensive income, which previously would have been included in the consideration for the business combination. The figures of Tomboy Aquafeed JSC are consolidated from 12 October 2010 onwards. The Group has obtained 100% of the shares, so the changes to the standard regarding recognition of non-controlling interest are therefore not relevant. See Note 6 for further details of the business combination that occurred in 2010.

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies 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 requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty).
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies 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.

  For clarity and transparency purposes, the Group has presented comprehensive income and its components in a single statement of profit or loss and other comprehensive income. The statement of changes in equity presents each item of other comprehensive income for the period and includes total comprehensive income for the period, separately showing the total amounts attributable to owners of Nutreco and to non-controlling interests. Furthermore, the statement of changes in equity includes transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
- IAS 27 (revised) 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 revised standard of IAS 27 has been applied to the transactions with non-controlling interest to obtain 49% of the shares of Trouw Nutrition Tr Gida, Tarim, Hayvancilik, Sanayi ve Ticaret A.S. (Trouw Nutrition Turkey) and Trouw Horos B.V. in addition to the 51% shareholding previously acquired. 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. IAS 27 (revised) has had an insignificant impact on the current period.
- IFRIC 16, 'Hedges of a net investment in a foreign operation', effective 1 July 2009. This 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. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group. The Group does apply hedge accounting to net investments in foreign operations. This amendment had no impact in 2010. The hedge instruments are held by Nutreco Nederland B.V. and the hedge documentation is prepared at that level. See accounting policy 7.
- IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. This amends guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group did not use this option in the acquisition of Tomboy Aquafeed JSC and has measured the intangible assets individually.

New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but currently not relevant to the Group (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods.

- IFRIC 17, 'Distribution of non-cash assets to owners', effective on or after 1 July 2009. The interpretation was published in November 2008. 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.
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first entered into the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument remains classified at fair value through profit or loss in its entity.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network, or provide the customer with ongoing access to a supply of goods or services, or to do both.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. 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.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted.

The Group's and Company's assessment of the impact of these new standards and interpretations is set out below.

- Revised IAS 24, 'Related party disclosures', issued in November 2009, which supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier adoption, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011 after the standard is endorsed by the EU.
- 'Classification of rights issues' (amendment to IAS 32), published in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier adoption is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues must be classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The Group will apply the amended standard from 1 January 2011. It is not expected to have any material impact on the Group's or the Company's financial statements.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective from 1 July 2010. The

interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 January 2011, subject to endorsement by the EU. It is not expected to have any material impact on the Group's or the Company's financial statements.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise some voluntary prepayments for minimum funding contributions as an asset. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 January 2011. It is not expected to have any material impact on the Group's or the Company's financial statements.

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, liabilities, income, and expenses. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of the estimates and judgements form the basis for decisions about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgements.

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

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

4. Basis of consolidation

4.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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 Group uses the acquisition method of accounting to recognise business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Acquisitions are described in Notes 6 and divestments in Note 4.

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

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

4.4 Equity securities
Equity securities represent Nutreco's participation in several companies over which Nutreco does not have control or significant influence. In case the fair value cannot be measured reliably, the interests 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 190-192.

5. Foreign currency translation

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

5.2 Transactions and balances
Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. 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. Foreign exchange differences of non-monetary items are recognised in other comprehensive income as qualifying net investment hedges. Other comprehensive income is recognised directly in equity.

5.3 Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at foreign exchange rates effective at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing

on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

Foreign currency translation differences relating to net investment in foreign operations are recognised in comprehensive income, and presented within equity in the translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control is not reclassified to the statement of comprehensive income. When the Group disposes of only part of its investment in an associate or joint venture, that includes a foreign operation, while retaining significant influence or joint control, the relevant portion of the cumulative amount is reclassified to profit or loss.

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

The income and expenses of foreign operations in hyperinflationary economies are translated to euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current year are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

In case of hyperinflationary economies (e.g. Venezuela), the financial statements of associates are adjusted for the effects of changing prices of local currency and are presented within equity in the translation reserve.

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

	Statement of financial position		Statement of comprehensive income	
	31 December 2010	**31 December 2009**	**2010**	**2009**
Canadian dollar per unit	0.75	0.66	0.73	0.63
Norwegian krone per 100	12.80	12.04	12.49	11.46
British pound sterling per unit	1.16	1.12	1.17	1.12
US dollar per unit	0.75	0.69	0.75	0.72
Russian ruble per 100	2.45	2.29	2.48	2.27
Australian dollar per unit	0.76	0.62	0.69	0.56
Chinese yuan renminbi per 100	11.36	10.17	11.15	10.50
Japanese yen per 1,000	9.20	7.52	8.61	7.67
Mexican peso per 100	6.04	5.31	5.97	5.33

6. Financial instruments

6.1 Non-derivative financial instruments

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

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

Non-derivative financial instruments entered into and continued to be held in accordance with the Group's expected purchase, sales and usage are accounted for at the trade date or the date that they are originated. Dividends are recognised when the Group's right to receive payments is established and interest is recognised based on the effective interest method. Gains and losses, if any, are recorded in net financing costs/income.

6.1.1 Available-for-sale financial assets
Equity securities held by Nutreco are classified as being available for sale and are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity. 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. Subsequently, they are presented at amortised cost using the effective interest method, less any impairment losses.

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

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

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

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 of our counterparties.

7. Hedging

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

7.1 Cash flow hedges
For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows of a recognised asset, liability, or forecast transaction.

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 and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

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

When 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, 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 profit or loss, as part of net financing costs/income.

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

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

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

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

8. Property, plant and equipment

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

8.2 Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 repairs and maintenance are recognised as an expense when they are incurred.

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

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

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

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

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 Acquisition method of accounting).

Goodwill is measured as the difference between the aggregate of (i) the acquisition date fair value of the consideration transferred, (ii) the amount of any non-controlling interests, and (iii), the acquisition date fair value of the existing equity interest in a business combination achieved in stages, and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If the difference is negative, the resulting gain is recognised as negative goodwill in profit or loss.

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

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

9.2 Concessions, licenses and quota

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

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

9.3 Research and development

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

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

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

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

9.4 Brand names and customer relationships

Since 2004, contractual customer relationships acquired by Nutreco through business combinations have been recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in case each contractual customer relationship has similar useful economic lives and can be measured reliably. Customer relationships have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses.

Acquired brand names through business combinations are recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in case each brand name has similar useful economic lives and can be measured reliably. Brand names can have indefinite useful lives and are subsequently carried at cost less impairment losses. Brand names are amortised 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 expenditures

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

9.7 Amortisation

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

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

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are to be recovered principally through sale transactions and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

A discontinued operation is a component of Nutreco's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or 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 statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

11. Inventories

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

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

12. Biological assets

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

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

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

13. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses. 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 individual receivables.

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

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

14. Cash and cash equivalents

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

15. Impairment

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

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

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

15.2 Calculation of recoverable amount

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

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

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

15.3 Reversals of impairment

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

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

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

Reversals of impairment are recognised in profit or loss.

16. Equity

16.1 Ordinary shares

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

16.2 Repurchase of shares

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

16.3 Dividends

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

17. Interest-bearing borrowings

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

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

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

Preference share capital is classified as a liability as the dividend payments are not discretionary. Dividends thereon are recognised in profit or loss as interest expenses.

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

18. Employee benefits

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

18.1 Defined contribution plans

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

18.2 Defined benefit plans

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

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

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

When the calculation results in a benefit for Nutreco, the recognised 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.

18.3 Other long-term employee benefits

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

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

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

18.5 Share-based payment transactions

Certain Nutreco employees are granted Nutreco shares through the Performance Share Plan, which is described in the Remuneration Report on pages 79-80. The economic value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The economic value is measured at grant date and recognised in profit or loss over the three-year vesting period. Vesting and the percentage of vesting are dependent on the performance of the Company calculated as total shareholder return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting the employees become unconditionally entitled to the shares. After vesting there is a two-year lockup period for the Executive Board members amongst the employees. The economic value of the shares granted is measured using the Monte Carlo simulation methodology, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except where forfeiture is only due to the fact that the total shareholder return will lead to a higher or lower vesting amount than was granted.

Nutreco also has a performance conversion plan that entitles certain employees to convert part of their variable cash payment in shares. This plan is described in the 'Remuneration Report on page 91.

19. Provisions

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

If the effect is material, provisions are 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 expenses.

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

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

20. Trade and other payables

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

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

21. Revenue recognition

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

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

22. Raw materials and consumables used

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

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

23. Net financing costs/income

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

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

24. Income tax

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

25. Earnings per share

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

26. 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' 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 (based on estimated market prices).

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.

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

27. Leases

The Group leases certain property, plant and equipment, vehicles and ships, which are qualified as finance lease or operational lease. If the Group has substantially all the risks and rewards of ownership the contracts are classified as finance leases. If a significant portion of risks and rewards of ownership are retained by the lessor the contracts are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

28. Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Interest received, interest paid, income tax paid and dividends received are disclosed separately and are from period-to-period classified as operating activities. Dividends paid are disclosed separately and from period-to-period classified as financing activities. Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified under net cash used in investing activities.

Cash flows in foreign currencies are translated to the functional currency at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the rate on the dates of the transactions).

29. Determination of fair values

29.1 General

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

29.2 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is 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.

29.3 Intangible assets

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

29.4 Biological assets

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

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

29.5 Inventory

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

29.6 Other investments

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

29.7 Trade and other receivables

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

29.8 Derivative financial instruments

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

The fair value of interest rate swaps and cross-currency interest rate swaps is estimated by discounting 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.

29.9 Non-derivative financial instruments

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

29.10 Share-based payments

The fair value of the performance share plan is measured using the Monte Carlo simulation methodology. Measurement inputs include share price on grant 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) 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 those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The inherent management estimates and assumptions used in determining whether an impairment charge should be recognised are as follows:

- Determining cash generating units
- 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)	Goodwill		Concessions, licences and quota		Brand names		Total	
Segment	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Premix and Feed Specialties	61.2	57.7	-	-	0.4	0.3	61.6	58.0
Fish Feed	27.8	20.9	0.1	0.1	-	-	27.9	21.0
Compound Feed Europe	5.4	5.4	-	-		-	5.4	5.4
Animal Nutrition Canada	102.3	89.0	-	-	24.8	21.8	127.1	110.8
Meat and Other*	18.8	18.5	52.9	46.6	-	-	71.7	65.1
Carrying amount of intangible assets with indefinite useful lives	**215.5**	**191.5**	**53.0**	**46.7**	**25.2**	**22.1**	**293.7**	**260.3**
Carrying amount of intangible assets with definite useful lives	-	-	-	-	3.1	2.3	3.1	2.3
Total	**215.5**	**191.5**	**53.0**	**46.7**	**28.3**	**24.4**	**296.8**	**262.6**

* Meat and Other in this table only consists of Meat Canada

Research and development expenditure

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

Biological assets

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

Acquisitions

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

- Brand premium
- Indication of 'appeal' to customers relative to competitors
- Life expectations
- Relevance of customer loyalty
- Differences in economics of different customer groups
- Length of customer relationship

Provisions

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

Pensions

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

- Discount rate
- Long-term rate of return on assets
- Expected return on plan assets
- Life expectancy
- Salary increases
- Inflation

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

Deferred tax assets

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

Regarding net operating losses of EUR 35.5 million (2009: EUR 22.2 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 55.2 million (2009: EUR 46.4 million), management believes, based upon the level of historical taxable income and projections for the future taxable income, it is more likely than not that no future tax profits will be available which can be utilised. As a consequence, management did not recognise a deferred tax asset for these operating losses.

Derivative financial instruments (and put options)

Derivative financial instruments have been classified among the following categories:

- Financial assets and liabilities at fair value through profit or loss (including held-for-trading and all derivative financial instruments)
- Loans and receivables
- Held to maturity investments
- Other financial liabilities
  (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 judgements were required in these evaluations, including judgements regarding the validity of asserted claims and the likely outcome of legal and administrative proceedings. The outcome of these proceedings, however, is subject to a number of factors beyond the Group's control, most notably the uncertainty associated with predicting decisions by courts and administrative agencies. Legal costs related to litigation are accrued for in profit or loss at the time when the related legal services are actually provided to the Group.

(3) Operating segments

Nutreco has structured its organisation in five segments: Premix and Feed Specialties, Fish Feed, Compound Feed Europe, Animal Nutrition Canada and Meat and Other. The segment Meat and Other covers Nutreco's poultry and pork activities in Spain, Hendrix poultry trading in the Netherlands, and Nutreco's poultry and pharma egg activities in Canada. The segments are in accordance with 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)	
	2010	**2009***	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Premix and Feed Specialties	1,062.1	1,000.7	223.6	141.8	1,285.7	1,142.5	78.9	70.4
Fish Feed	1,331.0	1,120.4	28.7	10.0	1,359.7	1,130.4	92.2	66.4
Compound Feed Europe	1,185.8	1,044.4	310.2	283.9	1,496.0	1,328.3	24.7	1.6
Animal Nutrition Canada	399.5	382.6	20.9	19.4	420.4	402.0	22.8	21.8
Meat and Other	961.3	963.6	0.6	0.5	961.9	964.1	26.5	34.3
Eliminations	-	-	-584.0	-455.6	-584.0	-455.6	-	-
Corporate and other	-	-	-	-	-	-	-22.6	-19.3
Exceptional items	-	-	-	-	-	-	-23.3	-5.2
Continuing operations	**4,939.7**	**4,511.7**	**-**	**-**	**4,939.7**	**4,511.7**	**199.2**	**170.0**
Discontinued operations	-	-	-	-	-	-	-	-
Consolidated	**4,939.7**	**4,511.7**	**-**	**-**	**4,939.7**	**4,511.7**	**199.2**	**170.0**

* In 2010 the compound feed revenues included in Meat and Other are presented in Compound Feed Europe. For 2009 the same correction is made.

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

(EUR x million)	2010	2009
Operating result before amortisation	**199.2**	**170.0**
Amortisation	-13.5	-12.1
Operating result	**185.7**	**157.9**

For 2010, the effect of acquisitions on revenue was EUR 191.2 million. The acquisitions' effect on the operating results before amortisation was EUR 7.7 million before exceptional items. The acquisitions' effect on revenue and operating results before amortisation is related to acquisitions completed in 2010 and 2009.

Exceptional items

(EUR x million)	**Exceptional items**	
	2010	**2009**
Restructuring costs	-20.0*	-11.8
Negative goodwill	-	11.2
Impairment charges	-4.0	-7.5
Acquisition-related costs	-3.0	
Income arising from terms of delivery and alliances	4.7	
Other	-1.0	2.9
Total exceptional items	**-23.3**	**-5.2**

* Restructuring costs of EUR -20.0 million are presented on (i) personnel expenses for an amount of EUR -15.3 million, (ii) other operating expenses for EUR -5.2 million, and (iii) other operating income of EUR 0.5 million.

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

The majority of the restructuring costs for 2010 and 2009 are related to the acquisition of the animal nutrition business of Cargill in Spain and Portugal, which closed in 2009.

The negative goodwill in 2009 of EUR 11.2 million is the result of the consideration paid and the fair value of the net identifiable assets and liabilities related to the acquisition of the animal nutrition business in Spain and Portugal.

In 2010, the impairment charges of EUR 4.0 million are mainly related to the closures of compound feed factories in Spain (EUR 2.1 million) and a fish feed factory in Ireland (EUR 1.4 million).

The impairment charges in 2009 of EUR 7.5 million were mainly related to the acquired fixed assets of Maple Leaf Animal Nutrition (in 2007) and the animal nutrition business of Cargill in Spain and Portugal. The impairment in Spain and Portugal was a consequence of Nutreco's strategic plans which led to the decision to restructure the business.

Other expenses by segment

(EUR x million)	Depreciation		Amortisation		Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than depreciation and amortisation	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Premix and Feed Specialties	-9.2	-8.8	-3.9	-3.3	-13.1	-12.1	-0.5	-1.5	-2.2	2.7
Fish Feed	-18.2	-16.5	-0.6	-0.7	-18.8	-17.2	-1.6	-	-0.2	1.7
Compound Feed Europe	-12.3	-11.3	-1.4	-1.4	-13.7	-12.7	-14.9	-5.8	-2.8	0.6
Animal Nutrition Canada	-5.4	-4.6	-5.7	-4.8	-11.1	-9.4	-0.7	-1.0	-1.3	1.0
Meat and Other	-9.2	-9.6	-1.1	-1.0	-10.3	-10.6	-1.3	-0.7	-0.3	-0.4
Unallocated	-1.9	-1.9	-0.8	-0.9	-2.7	-2.8	-1.0	-2.8	-5.8	4.7
Continuing operations	**-56.2**	**-52.7**	**-13.5**	**-12.1**	**-69.7**	**-64.8**	**-20.0**	**-11.8**	**-12.6**	**10.3**
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Consolidated	**-56.2**	**-52.7**	**-13.5**	**-12.1**	**-69.7**	**-64.8**	**-20.0**	**-11.8**	**-12.6**	**10.3**

The non-cash expense in Compound Feed Europe of EUR -2.8 million (2009: EUR 0.6 million) mainly consists of decreases in provisions of EUR 1.8 million and decrease in employee benefits of EUR 0.9 million. The non-cash expenses in Animal Nutrition Canada are related to employee benefits for an amount of EUR -1.3 million (2009: EUR 1.0 million).

The non-cash expenses in Unallocated are mainly related to decreases in provisions of EUR 5.9 million (2009: increase in provisions of EUR 4.7 million).

Assets and liabilities by segment

(EUR x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditures of PP&E and intangible assets	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Premix and Feed Specialties	484.3	466.4	3.9	4.0	488.2	470.4	231.4	228.4	21.6	12.3
Fish Feed	670.3	571.7	1.0	1.0	671.3	572.7	335.3	283.1	35.2	21.5
Compound Feed Europe	334.8	285.4	-	-	334.8	285.4	295.6	198.1	21.8	10.4
Animal Nutrition Canada	298.9	269.7	6.3	5.2	305.2	274.9	61.7	55.5	4.0	2.7
Meat and Other	367.6	330.3	10.7	9.6	378.3	339.9	149.8	125.1	11.7	2.3
Unallocated	185.9	182.0	-	-	185.9	182.0	470.3	494.4	3.7	4.9
Continuing operations	**2,341.8**	**2,105.5**	**21.9**	**19.8**	**2,363.7**	**2,125.3**	**1,544.1**	**1,384.6**	**98.0**	**54.1**
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Consolidated	**2,341.8**	**2,105.5**	**21.9**	**19.8**	**2,363.7**	**2,125.3**	**1,544.1**	**1,384.6**	**98.0**	**54.1**

Unallocated comprises mainly corporate investments and interest-bearing borrowings, corporate and R&D assets and corporate income tax assets and liabilities.

Geographical segments

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

(EUR x million)	Revenue third parties (destination)		Total assets		Total capital expenditures of PP&E and intangible assets	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Spain	1,284.5	1,144.7	532.2	452.2	28.7	8.8
Norway	565.4	485.9	202.0	154.7	8.2	10.7
Netherlands	554.0	571.9	325.8	305.2	19.6	6.8
Canada	496.6	471.3	415.8	407.9	6.3	4.2
Germany	255.9	248.5	39.2	30.1	1.2	1.7
Belgium	248.0	228.3	50.4	45.1	1.0	0.8
USA	212.4	213.3	107.9	104.9	5.2	1.4
United Kingdom	196.3	186.9	84.6	84.9	1.5	2.6
Chile	167.3	118.0	86.2	85.4	1.4	1.6
Italy	94.2	96.5	70.4	71.1	0.9	6.6
Russia	72.2	80.4	25.0	29.1	0.1	-
Poland	69.0	55.3	26.1	21.4	0.3	0.5
Japan	64.2	50.7	63.8	44.3	0.4	0.2
Australia	58.7	48.6	82.3	48.1	15.0	1.2
China	55.0	54.0	27.2	26.5	1.7	0.1
Other countries	546.0	457.4	224.8	214.4	6.5	6.9
Total	**4,939.7**	**4,511.7**	**2,363.7**	**2,125.3**	**98.0**	**54.1**

(4) Discontinued operations and divestments

During 2010 and 2009, there were no results from discontinued operations.

At the end of 2009, Nutreco signed an agreement to sell its majority shareholding in Nutrikraft India Pvt. Ltd. in three tranches throughout 2010 for a total consideration of EUR 1.0 million. The net assets of Nutrikraft amounted to EUR 1.0 million at the transaction date, of which cash and cash equivalents amounted to EUR 1.4 million. The cumulative amount of the exchange differences recognised in other comprehensive income of EUR 25,000 was recognised in profit or loss. The total result of the transaction was nil, and the net cash flow effect of this transaction was EUR -0.4 million.

On 19 October 2009, Nutreco 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 was sold at book value.

The divested business in 2009 was 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.

(5) Assets and liabilities held for sale

At 31 December 2010, the Group has seven production facilities presented as assets held-for-sale following the commitment of the Group's management to a plan to sell the facilities. Efforts to sell the assets have commenced and a sale is expected in the course of 2011. At 31 December 2010 the assets of EUR 10.7 million contain the following: (i) EUR 5.2 million relates to four facilities in the segment Compound Feed Europe, (ii) EUR 5.3 million relates to three facilities within the segment Premix and Feed Specialties and (iii) EUR 0.2 million relates to one facility within the segment Fish Feed. In 2009 no assets or liabilities were classified as held for sale.

(6) Acquisitions

Acquisitions 2010

Nutreco announced on 1 July 2010 that it had acquired full ownership of Tomboy Aquafeed JSC in Vietnam.

With this acquisition Nutreco strengthened and expanded its market position in fish feed in growth markets. Tomboy Aquafeed is a leading player in Vietnam for shrimp, produces high-quality feed, and has good brand recognition based on reliability, quality and customer support. Tomboy Aquafeed has two plants with annual revenues of EUR 20.7 million in 2010 and employs approximately 300 staff. The impact of this acquisition on Nutreco's net cash position in 2010 was EUR 8.2 million outflow, excluding acquisition-related costs of EUR 2.6 million. The financials are consolidated as of 12 October 2010 onwards.

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 3.0 million related to external legal fees, a capital gain tax and due diligence costs. The acquisition-related costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

Total results of Nutreco

Total revenues of the acquisition in 2010 which are included in the consolidated financial statements amount to EUR 4.8 million. Total revenues for the full year 2010 of this acquisition amount to EUR 20.7 million.

The acquisitions completed in 2010 and 2009 had the following effect on statement of comprehensive income of the respective years:

(EUR x million)	2010	2009
Revenue	191.2	23.4
Operating result before amortisation (before exceptional items)	7.7	4.0
Operating result (before exceptional items)	7.3	3.9
Total result for the period	**3.3**	**2.3**

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed only relate to the acquisition of Tomboy Aquafeed and are summarised as follows:

(EUR x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	2.6	0.8	1.8
Intangible assets	4.7	4.7	-
Other investments	0.1	-	0.1
Inventories	2.3	-	2.3
Income tax receivable	0.1	-	0.1
Trade and other receivables	0.6	-	0.6
Cash and cash equivalents	2.6	-	2.6
Interest-bearing borrowings	-1.0	-	-1.0
Deferred tax liability	-0.8	-0.8	-
Income tax liability	-0.1	-	-0.1
Trade and other payables	-3.0	-	-3.0
Total identifiable net assets	**8.1**	**4.7**	**3.4**

Goodwill

Goodwill is recognised as a result of the acquisition as follows:

(EUR x million)	
Total consideration transferred	10.8
Fair value of identifiable net assets	-8.1
Goodwill	**2.7**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

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 had acquired the animal nutrition business of Cargill in Spain and Portugal. The acquisition included 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 strengthened 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 2011. The total investment for this acquisition is approximately EUR 40 million, which includes integration and transformation costs and investments in production locations in 2010 and 2011. Until now, the integration has proceeded according to plan. Four plants have been closed and production was shifted to other plants.

Fri-Ribe

On 2 November 2009, Nutreco announced that it had acquired a 51% shareholding in a Brazilian animal nutrition and fish feed business, named ‘Fri-Ribe’. This provided Nutreco and its partners, the existing owners, 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 was provisionally determined in 2009, due to the timing of the acquisition, and was finalised in the course of 2010.

In May 2010, Nutreco paid EUR 0.3 million to the joint venture partners which has been recognised as goodwill. The final assessment of Fri-Ribe’s tax position has lead to an additional increase of the goodwill of EUR 0.1 million. In total, the goodwill has increased by EUR 0.4 million to EUR 3.8 million.

The company is active in the production and sales of premixes, farm minerals, compound feed, horse feed, pet food and fish feed. The company has five production plants and six sales offices spread across the centre and north-east of Brazil. Fri-Ribe has approximately 400 employees.

Negative goodwill

The acquisition of the animal nutrition business of Cargill in Spain and Portugal in 2009 resulted in 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 bargain purchase gain in profit or loss. The negative goodwill is the result of the consideration paid and the fair 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.

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 adjust-ments**	**Carrying amounts**	**Recognised value**	**Fair value adjust-ments**	**Carrying amounts**	**Recognised Value**	**Fair value adjust-ments**	**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
Identifiable net assets	**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		

Acquisition of additional shares in non-controlling interest

In May and November 2010, Nutreco acquired in the segment Premix and Feed Specialties the remaining 49% equity interest in Trouw Nutrition Turkey and Trouw Horos B.V. This acquisition has been accounted for following the economic entity model, which requires that the acquisition of an additional equity interest in a controlled subsidiary be accounted for at its carrying amount, with the difference arising on purchase price allocation being recorded directly in equity. The purchase price of the acquired equity interest amounts to EUR 4.0 million. The carrying amount of the Turkey premix activities net assets in the Group's financial statements on the date of acquisition was EUR 5.3 million. The Group recognised a decrease in non-controlling interest of EUR 1.7 million and a decrease in retained earnings of EUR 2.3 million.

In 2009, Nutreco acquired no non-controlling interests.

(7) Other operating income

(EUR x million)	2010	2009
Negative goodwill recognised directly in profit or loss (Note 6)	-	11.2
Release of trade receivable impairments, not utilised (Note 27)	10.7	9.3
Release of provisions, not utilised (Note 25)	7.2	1.5
Interest received on trade receivables	4.4	4.6
Result on disposed fixed assets	1.5	4.2
Fair value adjustment on investments	1.1	-
Other	7.4	5.6
Total	**32.3**	**36.4**

In 2010, the result on disposed fixed assets is mainly related to the sale of a feed factory in Canada and the premix factory in Slovakia.

In 2009, the result on disposed fixed assets was related to the sale of the pet food activity in Belgium.

Government grants

(EUR x million)	2010	2009
Research and development grants (recorded in research and development costs, part of other operating expenses): conditional	3.0	1.5
Grants on capital expenditures (part of capitalised investments)	0.3	0.4
Training grants (recorded in other operating income): conditional	1.1	0.8
Total	**4.4**	**2.7**

(8) Personnel costs

(EUR x million)	2010	2009
Wages and salaries	297.3	278.2
Compulsory social security contributions	63.0	57.9
Third-party staff	35.4	37.2
Pension costs	18.7	17.0
Increase in liability for long-term service obligations	0.2	1.1
Expense arising from performance shares	3.5	3.0
Expense arising from employee share participation plan	0.1	0.2
Other personnel costs	68.3	47.1
Total	**486.5**	**441.7**

The effect of acquisitions in 2010 on personnel costs was EUR 26.5 million (2009: EUR 9.0 million). At year-end the number of employees acquired by acquisitions in 2010 is 310 (2009: 824).

Personnel costs include EUR 15.3 million (2009: EUR 9.8 million) for restructuring expenses.

Research and development expenses amount to EUR 19.8 million (2009: EUR 17.1 million) and are included for EUR 12.6 million (2009: EUR 9.9 million) in personnel costs. See also Note 9.

(Average) number of employees

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

	2010	2009
Spain	3,345	3,194
Canada	1,077	1,094
Netherlands	1,063	1,061
China	686	636
Brazil	432	55
United Kingdom	306	318
Norway	302	309
USA	294	282
Chile	293	250
Mexico	264	260
Germany	206	196
Poland	199	192
Belgium	168	174
Russia	135	154
Czech Republic	102	180
Other countries	713	765
Average number of employees in FTEs	**9,585**	**9,120**
Number of employees in FTEs at 31 December	**9,913**	**9,690**

The main increase in average employee numbers in 2010 is due to the effect of acquisitions done in 2010 and 2009 of 745 employees (2009: 101 employees), partly offset by the effect of the divestment of Nutrikraft in 2010 of 66 employees.

The increase in number of employees in 2010 is mainly due to the acquisition of Tomboy with 310 employees. The effect of the dismissal of 226 employees related to the restructuring activities in Spain is offset by increases in other countries due to business growth.

(9) Other operating expenses

(EUR x million)	2010	2009
Maintenance & repair	82.3	73.3
Energy & utility	77.0	73.1
Consultancy	27.4	21.8
Travel	24.4	20.6
Impairment on trade receivables	20.5	18.6
Impairment on debt securities	-	1.0
Rent & lease	18.8	19.0
Insurance	18.5	13.9
Advertising & promotion	14.1	11.7
Communication	11.2	9.8
Provisions	6.1	11.8
IT	8.6	8.0
Fees KPMG	2.9	2.8
Other	7.4	22.2
Total	**319.2**	**307.6**

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

Research and development expenses amounted to EUR 19.8 million (2009: EUR 17.1 million) and are included in several of the other operating expenses for EUR 5.7 million (2009: EUR 5.7 million).

The remaining research and development costs are included in personnel costs for EUR 12.6 million (2009: EUR 9.9 million) and depreciation and amortisation expenses for EUR 1.5 million (2009: EUR 1.5 million).

Provisions include restructuring expenses for an amount of EUR 5.2 million (2009: EUR 2.0 million) and expenses for claims for an amount of EUR 0.9 million (2009: EUR 9.8 million) (see also Note 25).

For property damage and business interruption, and general and products liability losses of a frequent nature, Nutreco operates its own captive re-insurance company, located in the Netherlands and under supervision by “De Nederlandsche Bank”. This company has a maximum insured amount per occurrence and per year and is fully consolidated within the results of Nutreco.

The positive result of the captive re-insurance company amounts to EUR 0.5 million (2009: EUR 0.4 million) and is included in “Insurance”, as part of Other operating expenses.

The effect of acquisitions done in 2010 and 2009 on other operating expenses is EUR 17.4 million (2009: EUR 3.3 million). The acquisition effect on other operating expenses is EUR 0.3 million related to acquisitions done in 2010 and EUR 17.1 million related to acquisitions done in 2009.

Fees external auditor

(EUR x million)	2010	2009
Audit fees	2.2	2.2
Audit-related fees	0.4	0.4
Tax fees	0.2	0.1
Other	0.1	0.1
Total	**2.9**	**2.8**

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

(10) Net financing costs/income

Recognised in statement of comprehensive income

(EUR x million)	2010	2009
Interest income on deposits	0.3	0.3
Other interest income	6.3	5.6
Financial income	**6.6**	**5.9**
Interest expenses on syndicated loan	-10.3	-13.8
Interest expenses on private placement	-14.4	-11.9
Dividend expenses on cumulative preference shares	-3.6	-3.6
Interest expenses on short-term loans and bank overdrafts	-2.6	-4.3
Other expenses	-10.1	-4.7
Other financial related costs	-2.3	-
Financial expenses	**-43.3**	**-38.3**
Foreign exchange gains	0.9	0.8
Foreign exchange result	**0.9**	**0.8**
Net financing costs/income	**-35.8**	**-31.6**

Financial income increased to EUR 6.6 million (2009: EUR 5.9 million), mainly due to an interest income of EUR 2.2 million related to a settlement of a tax claim.

Financial expenses increased to EUR 43.3 million (2009: EUR 38.3 million). The increasing effect of the full year impact of the issuance of a private placement in 2009 is partly mitigated by the decrease of the interest of the syndicated loan. The decreasing effect on interest expenses of the syndicated loan is due to lower usage and a lower interest margin which resulted from the amendment of the syndicated loan in May 2010.

Arrangement and amendment fees are amortised over the life of the facility, which was extended for the syndicated loan, and are included in Other expenses. Based on the outcome of the quantitative and qualitative test the amendment to the syndicated loan did not result in a significant modification of the terms of the original contract. As a consequence, the capitalised transaction costs are amortised over the adjusted remaining life of the facility and therefore have not been recognised in profit and loss.

Other expenses also include costs related to the cancellation of an interest rate swap of nominal EUR 50.0 million, which would have matured in 2013.

The Other financial related costs represent the change in fair value of put options.

The interest received and paid are EUR 6.7 million and EUR 45.7 million respectively and are reported in the consolidated cash flow statement.

(11) Income tax expense

In 2010, the income tax expense from continuing operations amounted to EUR 39.1 million (2009: EUR 34.7 million). The components of taxation on income are:

(EUR x million)	2010	2009
Current tax expense		
Current tax this year	-31.8	-35.0
Adjustments for prior years	1.0	0.9
	-30.8	**-34.1**
Deferred tax expense		
Origination and reversal of temporary differences	-10.4	2.8
Tax losses (de-)recognised	2.3	-2.7
Change in tax rate	-0.2	-0.7
	-8.3	**-0.6**
Total income tax expense in statement of comprehensive income	**-39.1**	**-34.7**

The increased tax expense is in line with the higher result in 2010.

The higher deferred tax expense on origination and reversal of temporary differences is mainly due to higher timing differences on (i) inventories and (ii) intercompany and non-current interest-bearing borrowings arising from the effect of foreign exchange rates.

The reconciliation of the weighted average statutory income tax rate (as a percentage of result before taxes) to the effective tax rate is as follows:

(EUR x million)	2010		2009	
Total result before taxes	152.1		127.7	
Total income tax expenses	-39.1		-34.7	
Total result for the period after taxes	**113.0**		**93.0**	
Weighted average income tax	**-43.7**	**28.7%**	**-38.5**	**30.1%**
Tax effect of:				
- Change in valuation:				
• Utilisation of previously unrecognised tax losses	0.2	-0.1%	0.8	-0.6%
• Recognition of previously unrecognised tax losses	2.3	-1.5%	0.5	-0.4%
• New loss carry-forwards not expected to be realised	-2.3	1.5%	-1.9	1.5%
- Non-taxable income (including share in result non-consolidated)	0.6	-0.4%	0.4	-0.3%
- Non-tax-deductible expenses	-4.9	3.2%	-3.4	2.7%
- Tax incentives:				
• Notional interest deduction Belgium	3.0	-2.0%	4.1	-3.2%
• Participation exemption	2.9	-1.9%	1.9	-1.5%
- Other	2.8	-1.8%	1.4	-1.1%
Effective income tax	**-39.1**	**25.7%**	**-34.7**	**27.2%**

The weighted average tax rate is based on the statutory corporate income tax rates applicable in the various countries.

The nominal rates vary from 10% (Ireland) to 40% (Japan), which is comparable with 2009. In the reconciliation of the weighted average effective tax rate, the share in results of associates is included.

The weighted average statutory income tax rate (28.7%) decreased compared to 2009 (30.1%) mainly due to a change in geographical spread.

The effective tax rate was mainly affected by tax incentives like the notional interest deduction and the participation exemption in the Netherlands. This effect was partly offset by non-tax deductible expenses. In 2010 the tax effect of Other includes the positive outcome of tax provisions taken in the past.

The tax cash out versus tax charge is illustrated in the table below:

(EUR x million)	2010	2009
Total tax charge	-39.1	-34.7
Payments current tax	26.3	28.1

The decrease in cash out is in line with the lower current tax charge.

The tax effect of components of other comprehensive income is as follows:

(EUR x million)	Before tax amount		Tax (expense)/ benefit	
	2010	2009	2010	2009
Currency translation differences	21.5	8.6	-	-
Cash flow hedges	4.8	0.6	-1.2	-0.1
Net loss on revaluation related to inflation accounting	-1.0	-	-	-
Other comprehensive income	**25.3**	**9.2**	**-1.2**	**-0.1**

(12) Earnings per share

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2010 was based on the total results for the period attributable to owners of Nutreco of EUR 111.4 million (2009: EUR 90.3 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2010 of 35,139 (x 1,000) (2009: 34,603 (x 1,000)), which is calculated as follows:

(x 1,000 shares)	2010	2009
Number of ordinary shares at 1 January	**34,995**	**34,279**
Average effect of conversion of share options	6	1
Average effect of (re)purchase of shares	-477	-250
Average effect of shares returned by former employees	-15	-
Average effect of shares issued in March	18	-
Average effect of shares issued in April	11	36
Average effect of shares issued in May, stock dividend	425	396
Average effect of shares issued in July	-	103
Average effect of shares issued in August, stock dividend	176	38
Weighted average number of ordinary shares at 31 December	**35,139**	**34,603**

The calculation of the diluted earnings per ordinary share is based on 35,222 (x 1,000) (2009: 34,607 (x 1,000)) shares, taking into account the outstanding unvested performance shares.

(x 1,000 shares)	2010	2009
Weighted average number of ordinary shares at 31 December	**35,139**	**34,603**
Effect of performance shares outstanding[1]	83	4
Weighted average number of ordinary shares (diluted) at 31 December	**35,222**	**34,607**

1 based on performance shares awarded under the terms of the long-term incentive plan 2007 and following the performance shares awarded under the terms of the performance conversion plan.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the long-term incentive plan is based on the average closing share price over the first five trading days of 2010 multiplied by the expected vested percentage for performance shares. The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the performance conversion plan is based on Monte Carlo simulation methodology.

Key figures per share

	2010	2009
Continuing operations		
Basic earnings per ordinary share for continuing operations (EUR)	3.17	2.61
Cash earnings per share (EUR)	3.55	2.96
Diluted earnings per ordinary share for continuing operations (EUR)	3.16	2.61
Basic earnings per share for dividend calculation (EUR)	3.33	2.93
Diluted basic earnings per share for dividend calculation (EUR)	3.33	2.93
Weighted average number of shares outstanding during the year (x 1,000)	35,139	34,603
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)	35,222	34,607
Number of ordinary shares outstanding as at 31 December (x 1,000)	34,963	34,995
Discontinued operations (EUR)		
Basic earnings per share for discontinued operations	-	-
Diluted earnings per share for discontinued operations	-	-
Key figures per share (EUR)		
Basic earnings per share	3.17	2.61
Cash earnings per share	3.55	2.96
Diluted earnings per share	3.16	2.61
Diluted cash earnings per share	3.54	2.96

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 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**
Balance at 1 January 2010	**413.6**	**721.5**	**86.3**	**26.2**	**1,247.6**
Capital expenditure	3.4	21.9	7.2	58.8	91.3
Capitalised borrowing costs	-	-	-	0.8	0.8
Disposals	-2.1	-16.3	-2.5	-0.1	-21.0
Acquisitions through business combinations	0.5	2.1	-	-	2.6
Transfer from assets under construction	6.4	15.2	5.8	-27.4	-
Transfer to intangible assets (software)	-	-	-	-0.7	-0.7
Reclassification to assets held for sale	-20.1	-25.9	-0.9	-	-46.9
Effect of movement in foreign exchange rates	16.0	29.0	2.5	2.0	49.5
Balance at 31 December 2010	**417.7**	**747.5**	**98.4**	**59.6**	**1,323.2**
Accumulated depreciation and impairment losses					
Balance at 1 January 2009	**-152.8**	**-440.1**	**-69.4**	**-**	**-662.3**
Disposals	0.3	12.5	2.8	-	15.6
Impairment losses	-2.9	-5.3	-0.2	-0.4	-8.8
Depreciation	-10.3	-37.2	-5.2	-	-52.7
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**
Balance at 1 January 2010	**-169.9**	**-491.1**	**-69.1**	**-0.4**	**-730.5**
Disposals	1.1	14.9	2.1	-	18.1
Impairment losses	-1.6	-0.9	-1.5	-	-4.0
Depreciation	-11.9	-38.6	-5.7	-	-56.2
Transfer between categories	0.4	0.4	-0.8	-	-
Reclassification to assets held for sale	12.3	23.0	0.9	-	36.2
Effect of movement in foreign exchange rates	-4.2	-16.5	-1.5	-	-22.2
Balance at 31 December 2010	**-173.8**	**-508.8**	**-75.6**	**-0.4**	**-758.6**
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**
Carrying amount at 1 January 2010	**243.7**	**230.4**	**17.2**	**25.8**	**517.1**
Carrying amount at 31 December 2010	**243.9**	**238.7**	**22.8**	**59.2**	**564.6**

In the statement of comprehensive income, 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 has been temporarily closed since 2008. It is expected that in 2011 or 2012 the Pargua plant will be operational again. The book value of the related assets is EUR 7.2 million at 31 December 2010. An impairment calculation has been made and did not lead to an impairment charge.

Nutreco has a few factories not in use, which are classified as assets held for sale at the reporting date. The assets include Fish Feed factories in Ireland, Premix and Feed Specialties factories in Italy, Poland, and United Kingdom, and Compound Feed factories in the Netherlands and Spain. The total book value of these factories is EUR 8.2 million at 31 December 2010 and they are recognised as assets held for sale.

Furthermore, Nutreco has received assets from customers for an amount of EUR 2.5 million as payment for their outstanding debt. These assets are not in use and are classified as held for sale.

Assets under construction

The most material and important assets under construction in 2010 relate to projects that already started in 2009, with the intention of constructing new factories and modernising production lines. These investments are capitalised as assets under construction for an amount of EUR 59.2 million (2009: EUR 25.8 million) and consist mainly of projects in the segment (i) Fish Feed in Australia (EUR 14.6 million) and Norway (EUR 6.7 million), (ii) Premix and Feed Specialties in the Netherlands (EUR 6.4 million) and (iii) Meat and Other in Spain (EUR 5.4 million).

Capital expenditure projects

During 2010, Nutreco invested a total amount of EUR 91.3 million (2009: EUR 50.1 million) in property, plant and equipment. Investments in factories took place across different businesses and were intended to enable growth in new markets.

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

The total capital expenditure for expansion amounted to EUR 34.9 million in 2010, which is related to significant expansion of existing factories in Australia, the Netherlands, and Spain and investments in other major projects for strengthening the efficiency of main processes and increasing capacity.

Borrowing costs

Nutreco has capitalised borrowing costs of EUR 0.8 million (2009: nil) for their expansion capital expenditure in Australia for EUR 0.7 million and the Netherlands for EUR 0.1 million. The average interest rate for these capitalised borrowing costs is 5.5%.

Impairment losses

In 2010, the impairment losses recognised are mainly related to the closure of compound feed factories in Spain of EUR 2.1 million and the closure of a fish feed factory in Ireland of EUR 1.4 million.

The impairment losses in 2009 mainly consist of 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 charge of EUR 0.5 million in four countries in the segment Premix and Feed Specialties.

Disposals

During 2010, Nutreco sold property, plant and equipment with a carrying amount of EUR 2.9 million (2009: EUR 4.8 million). The gain on the sale of property, plant and equipment amounted to EUR 1.5 million (2009: EUR 0.1 million) and is recorded on the line other operating income in profit or loss.

(14) Intangible assets

(EUR x million)	Goodwill	Concessions, licences and quota	Development costs	Software	Brand names	Customer relationships	Total
Cost							
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**
Balance at 1 January 2010	**218.4**	**47.7**	**7.6**	**27.1**	**24.4**	**43.8**	**369.0**
Capital expenditure	-	-	-	6.6	-	0.1	6.7
Disposals	-	-	-	-0.4	-	-	-0.4
Final calculation acquisitions previous year	0.4	-	-	-	-	-	0.4
Divestment	-1.4	-	-	-	-	-	-1.4
Transfer from property, plant & equipment	-	-	-	0.7	-	-	0.7
Acquisitions through business combinations	2.7	-	-	-	0.8	3.9	7.4
Effect of movement in foreign exchange rates	23.1	6.4	0.9	1.1	3.2	5.6	40.3
Balance at 31 December 2010	**243.2**	**54.1**	**8.5**	**35.1**	**28.4**	**53.4**	**422.7**
Accumulated amortisation and impairment losses							
Balance at 1 January 2009	**-26.3**	**-0.7**	**-1.0**	**-8.8**	**-**	**-7.3**	**-44.1**
Impairment losses	-	-0.3	-	-	-	-	-0.3
Amortisation	-	-	-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**
Balance at 1 January 2010	**-26.9**	**-1.0**	**-2.3**	**-14.4**	**-**	**-14.0**	**-58.6**
Impairment losses	-	-	-	-0.2	-	-	-0.2
Amortisation	-	-	-1.0	-5.7	-0.1	-6.7	-13.5
Disposals	-	-	-	0.4	-	-	0.4
Effect of movement in foreign exchange rates	-0.8	-0.1	-0.2	-0.6	-	-1.8	-3.5
Balance at 31 December 2010	**-27.7**	**-1.1**	**-3.5**	**-20.5**	**-0.1**	**-22.5**	**-75.4**
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**
Carrying amount at 1 January 2010	**191.5**	**46.7**	**5.3**	**12.7**	**24.4**	**29.8**	**310.4**
Carrying amount at 31 December 2010	**215.5**	**53.0**	**5.0**	**14.6**	**28.3**	**30.9**	**347.3**

The increase of intangible assets of EUR 36.9 million in 2010 is mainly due to (i) the effect of movement of foreign exchange rates of EUR 36.8 million, (ii) acquisitions through business combinations in 2010 and 2009 for an amount of EUR 7.8 million, (iii) capital expenditure of EUR 6.7 million partly offset by (iv) amortisation for an amount of EUR 13.5 million.

At 31 December 2010, Nutreco has internally-generated intangibles of EUR 3.0 million (2009: EUR 1.0 million) which relate to software and is reported as capital expenditure.

Amortisation of intangible assets is reported on the line ‘depreciation and amortisation expenses’ of the consolidated statement of comprehensive income.

Goodwill

At 31 December 2010, the carrying amount of goodwill amounts to EUR 215.5 million (2009: EUR 191.5 million) The increase of goodwill of EUR 24.0 million relates to (i) the effect of movement of foreign exchange rates of EUR 22.3 million, (ii) acquisitions through business combinations in 2010 (including goodwill related to the acquisition of Tomboy Aquafeed for EUR 2.7 million), (iii) the finalisation of purchase price accounting related to the acquisition of Fri-Ribe in 2009 for EUR 0.4 million, and (iv) the divestment of Nutrikraft India for EUR -1.4 million.

Acquisitions through business combinations in 2009 include goodwill related to the acquisition of Fri-Ribe for EUR 3.4 million. There are no (accumulated) impairment losses in the goodwill balance as per 31 December 2010 and 31 December 2009.

Goodwill is allocated to the following businesses:

(EUR x million)	**2010**	**2009**
Nutreco Canada (Animal Nutrition Canada)	102.3	89.0
Trouw Nutrition USA	26.0	24.1
Nutreco Canada (Meat Canada)	18.8	18.5
Skretting Australia	18.3	15.0
Trouw Nutrition Mexico	8.3	7.3
Trouw Nutrition Feed additives	7.9	7.9
Trouw Nutrition China	7.7	6.9
Compound Feed Europe	5.4	5.4
Silver Cup	4.3	4.0
Trouw Nutrition Brazil	4.3	3.4
Trouw Nutrition Netherlands	4.0	3.9
Tomboy Aquafeed	2.8	-
Skretting Japan	2.4	2.0
Trouw Nutrition Eastern-Europe	2.0	2.1
Other	1.0	2.0
Total	**215.5**	**191.5**

Impairment tests for assets with indefinite useful lives

Goodwill, quota and part of the brand names are assets with indefinite useful lives. These assets are allocated to Nutreco's cash generating units for the purpose of impairment testing. Goodwill is allocated to those cash generating units that are expected to benefit from the business combination.

Cash generating units are 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)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Segment								
Premix and Feed Specialties	61.2	57.7	-	-	0.4	0.3	61.6	58.0
Fish Feed	27.8	20.9	0.1	0.1	-	-	27.9	21.0
Compound Feed Europe	5.4	5.4	-	-		-	5.4	5.4
Animal Nutrition Canada	102.3	89.0	-	-	24.8	21.8	127.1	110.8
Meat and Other*	18.8	18.5	52.9	46.6	-	-	71.7	65.1
Carrying amount of intangible assets with indefinite useful lives	**215.5**	**191.5**	**53.0**	**46.7**	**25.2**	**22.1**	**293.7**	**260.3**
Carrying amount of intangible assets with definite useful lives		-		-	3.1	2.3	3.1	2.3
Total	**215.5**	**191.5**	**53.0**	**46.7**	**28.3**	**24.4**	**296.8**	**262.6**

* Meat and Other in this table only consists of Meat Canada

The recoverable amount of a cash generating unit with goodwill, quota or brand names is the greater of its fair value less costs to sell and value in use. The fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal. The costs to sell are estimated at 1% of the total fair value of the cash generating unit.

The outcome of the fair value less costs to sell per cash flow generating unit is compared to market multiples to verify the reasonableness of the outcome.

For cash generating units with limited headroom Nutreco performed additional detailed analyses to refine assumptions used and to verify the conclusion reached. In assessing both the fair value less cost to sell and the value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a pre-tax Weighted Average Cost of Capital per country that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

These assessments use cash flow projections based on three-year development plans which are approved by management. The three-year cash flow projection basis applies to all cash generating units, except for the segments Animal Nutrition Canada and Meat Canada, which have a longer time horizon. The cash generating unit Meat Canada is part of the reportable segment Meat and Other.

Cash flows beyond the forecast period are extrapolated assuming 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.

In determining the recoverable amount of Animal Nutrition Canada and Meat 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 fair value less costs to sell 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	2.5 – 13.6%	4.0 – 12.9%	8.9 – 16.2%
Fish Feed	2.0 – 9.8%	6.8 – 9.4%	9.6 – 12.8%
Compound Feed Europe	2.0%	1.8%	8.9%
Animal Nutrition Canada	2.0%	6.5%	7.6%
Meat and Other**	2.0%	7.3%	7.6%

* Based on management forecast over the first three years

** Meat and Other in this table only consists of Meat Canada

Due to the number of details, the information above is presented on aggregate level and not per cash generating unit. 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.

The fair value less cost to sell of Silver Cup (segment Fish Feed) per the test in the third quarter was approximately EUR 3.4 million above its carrying value. An increase of 230 basis points in the pre-tax discount rate or a 17% decrease in terminal value would cause its recoverable value to fall to the level of its carrying value.

The fair value less cost to sell of Meat Canada (segment Meat and Other) per the test in the third quarter was approximately EUR 20.6 million above its carrying value. An increase of 219 basis points in the pre-tax discount rate or an 18% decrease in terminal value would cause its recoverable value to fall to the level of its carrying value.

The results of the annual impairment test of the other cash generating units have indicated that a reasonably possible change in key assumptions would not cause the recoverable value to fall to the level of the carrying value.

Concessions, licenses and quota

In 2010, concessions, licenses and quota amounted to EUR 53.0 million at year-end and consisted mainly of quota which had been acquired in 2007 as part of the acquisition of Maple Leaf Animal Nutrition. Quota is an acquired right to sell poultry products in markets in which sales of these products are regulated and limited by the government and is recognised in Meat and Other (Canada).

Quota has an indefinite useful life as there is no indication of possible rescission of the quota system.

In 2010, no impairments have been recognised for concessions, licenses and quota (2009: EUR 0.3 million).

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 28.3 million are mainly related to the acquisition of Nutreco Canada's brand names Shur-Gain and Landmark Feeds in 2007, recognised in Animal Nutrition Canada and the brand name Fri-Ribe related to the acquisition in 2009. The increase of EUR 0.8 million in 2010 relates to the acquisition of Tomboy Aquafeed.

The increase of brand names in 2010 of EUR 3.9 million relates to the effect of movement in foreign exchange rates for EUR 3.2 million, the acquisitions of Tomboy Aquafeed for EUR 0.8 million, and the amortisation for an amount of EUR 0.1 million.

Customer relationships

The remaining average amortisation period for customer relationships is four and a half years. The increase in 2010 of EUR 1.1 million mainly relates to the effect of movement in foreign exchange rates for EUR 3.8 million, the acquisition of Tomboy Aquafeed for EUR 3.9 million, and the amortisation for an amount of EUR 6.7 million. The increase in 2009 of EUR 1.6 million relates to the acquisition of Fri-Ribe.

The customer relationships are mainly related to the acquisition of Nutreco Canada in 2007, recognised for an amount of EUR 16.7 million (2009: EUR 18.3 million) in Animal Nutrition Canada and for EUR 2.7 million (2009: EUR 3.3 million) in Meat and Other.

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

(15) Investments in associates

Nutreco has the following investments in associates, directly or indirectly through subsidiaries:

(EUR x million)	Ownership		Amount	
	2010	**2009**	**2010**	**2009**
Nanta de Venezuela C.A., Venezuela (Premix and Feed Specialties)	50%	50%	3.9	4.0
Couvoir Scott Ltée, Canada (Meat and Other)	50%	50%	10.3	9.2
Nieuwland Feed and Supply Ltd., Canada (Animal Nutrition Canada)	40%	40%	2.7	2.2
Isoporc Inc., Canada (Meat and Other) [1]	17%	33%	-	-
Gène-Alliance Inc., Canada (Meat and Other)	40%	40%	0.4	0.4
Yantzi's Feed & Seed Ltd., Canada (Animal Nutrition Canada)	40%	40%	0.2	0.3
Advanced Nutrition Ltd., Canada (Animal Nutrition Canada)	50%	50%	-	-
Ens partnership, Canada (Fish Feed)	33%	33%	1.0	1.0
Centre for Aquaculture Competence A/S (Fish Feed)	33%	33%	-	-
Lactech Inc., Canada (Animal Nutrition Canada)	33%	33%	3.4	2.7
			21.9	**19.8**

1 In 2010, Nutreco sold 16% of its interest in Isoporc Inc. With this transaction the interest in Isoporc is 17% and therefore treated as an Other investment (see Note 16).

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

Changes in investments in associates

(EUR x million)	**2010**	**2009**
As at 1 January	**19.8**	**14.4**
Share in results	2.0	1.4
Dividends received	-0.9	-0.5
Disposals	-0.1	-
Capital expenditure	-	2.8
Effect of movement in foreign exchange	1.1	1.7
As at 31 December	**21.9**	**19.8**

Breakdown of the share in results of associates

(EUR x million)	2010	2009
Nanta de Venezuela C.A., Venezuela	0.9	1.8
Couvoir Scott Ltée, Canada	0.7	0.6
Nieuwland Feed and Supply Ltd., Canada	0.3	0.1
Isoporc Inc., Canada	-	-1.3
Gène-Alliance Inc., Canada	-	-
Yantzi's Feed & Seed Ltd., Canada	-	0.1
Advanced Nutrition Ltd., Canada	-	-
Ens partnership, Canada	-	-
Centre for Aquaculture Competence A/S, Norway	-	-
Lactech Inc., Canada	0.1	0.1
	2.0	**1.4**

In the statement of comprehensive income the share in results of associates and other investments of EUR 2.2 million (2009: EUR 1.4 million) includes the share in results of other investments for an amount of EUR 0.2 million (2009: nil).

In 2009, the investment Isoporc Inc. in Canada was fully impaired for an amount of EUR 1.0 million and was presented as part of Share in results.

Main balance sheet items of associates

The breakdown of the main balance sheet items is as follows:

(EUR x million)	Premix and Feed Specialties	Fish Feed	Animal Nutrition Canada	Meat and Other	Total
Total non-current assets	2.1	0.8	11.3	5.9	20.1
Total current assets	12.2	3.2	14.5	7.3	37.2
Total assets	**14.3**	**4.0**	**25.8**	**13.2**	**57.3**
Equity	8.0	0.7	11.9	6.9	27.5
Total non-current liabilities	0.3	-	2.3	1.1	3.7
Total current liabilities	6.0	3.3	11.6	5.2	26.1
Total equity and liabilities	**14.3**	**4.0**	**25.8**	**13.2**	**57.3**

These figures were stated based on the latest audited financial statements which have several dates ranging from 31 July 2009 to 31 July 2010.

The total revenue of these associates amounted to EUR 129.7 million and net profit amounted to EUR 5.3 million.

(16) Other investments

(EUR x million)	Equity securities		Debt securities		Total	
	2010	2009	2010	2009	2010	2009
As at 1 January	**3.8**	**3.9**	**39.6**	**31.9**	**43.4**	**35.8**
Acquisitions through business combinations	-	-	0.2	-	0.2	-
Share in result	0.2	-	-	-	0.2	-
Additions	-	-	4.4	11.6	4.4	11.6
Transfer from/(to) other balance items	0.2	-0.3	-6.4	0.8	-6.2	0.5
Dividends received	-0.2	-	-	-	-0.2	-
Disposals/loans repaid	-	-0.1	-3.7	-4.9	-3.7	-5.0
Unwinding of discounts	-	-	1.1	1.0	1.1	1.0
Impairment	-	-	-	-1.0	-	-1.0
Effect of movement in foreign exchange	0.1	0.3	0.9	0.2	1.0	0.5
As at 31 December	**4.1**	**3.8**	**36.1**	**39.6**	**40.2**	**43.4**

Equity securities

The equity securities consist of interests in several non-listed companies ranging from 1.8% up to 33.3% in which Nutreco does not have control or significant influence. In 2010, the investment in Isoporc Inc. has been transferred from Investments in associates to Other investments due to the sale of 16% of Nutreco's interest in Isoporc. With this transaction the interest in Isoporc Inc. is 17% at the reporting date.

The EUR 4.1 million includes interests in Hendrix Misr (33.3%), Sociedad Comercializadora de Aves, S.L. (34.96%), and Aragonesa de Piensos S.A. (23.98%), and other smaller equity interests. Nutreco does not participate in the management of these entities and is not able to exercise significant influence on strategy and daily operations.

Breakdown of debt securities

(EUR x million)	2010	2009
Loans to Dutch Nutreco Pension Fund	12.1	12.1
Loan related to divestment Euribrid	7.0	12.3
Loans to customers	26.5	24.3
	45.6	**48.7**
Provision	-9.5	-9.1
	36.1	**39.6**

Loans to Dutch Nutreco Pension Fund

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

The Dutch Nutreco Pension Fund plan is a defined contribution plan and Nutreco has no long-term obligations to compensate deficits.

At 1 January 2011, the subordinated loans are transferred, under the same interest conditions, from the Dutch Nutreco Pension Fund to Aegon as part of an agreement to place the Dutch pensions plan with the insurer Aegon.

Loan related to divestment of Euribrid

At the balance sheet date a loan of EUR 9.4 million (2009: EUR 13.0 million) related to Euribrid, a former investment of Nutreco divested in 2007. An interest rate of 5% is being charged by Nutreco. The nominal value of this loan amounts to EUR 9.6 million (2009: EUR 13.6 million) and has been discounted with a rate of 6.9%, resulting in the above amount of EUR 9.4 million (2009: EUR 13.0 million). This loan is subordinated and has been accounted for under other investments for an amount of EUR 7.0 million (2009: EUR 12.3 million) and under trade and other receivables for EUR 2.4 million (2009: EUR 0.7 million).

Loans to customers

The loans to customers are mainly related to the sale of feed. Interest is charged based on normal business conditions. The loans to customers are amongst others transfers from short-term receivables, which were not paid within one year due to the financial situation of some of our customers. To the extent possible, loans are secured by pledges on assets such as livestock.

Provisions

The provision relates to loans to customers, which are for the majority in Italy, Greece, Spain and Turkey. Reference is made to credit risk in Note 27.

(17) Current and deferred tax assets and liabilities

Current tax receivables and liabilities

Classification of the current tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(EUR x million)	2010	2009
Income tax receivables	10.7	13.8
Income tax liabilities	-17.5	-15.6
Net income tax liabilities	**-6.8**	**-1.8**

The income tax receivables represent the amount of income taxes recoverable in respect of current and prior periods that exceeds taxes paid. Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

The movements of the net current assets and liabilities are as follows:

(EUR x million)	2010	2009
As at 1 January	**-1.8**	**0.5**
Recognised in profit or loss	-30.8	-34.1
Payments	26.3	28.1
Recognised in other comprehensive income	-	0.1
Acquisitions and divestments	0.6	-
Transfer to/from deferred tax	-1.0	3.0
Effect of movement in foreign exchange	-0.1	0.6
As at 31 December	**-6.8**	**-1.8**

Deferred tax assets and liabilities

Classification of the deferred tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(EUR x million)	2010	2009
Deferred tax assets		
- Deferred tax asset to be settled after more than 12 months	17.4	19.2
- Deferred tax asset to be settled within 12 months	8.6	7.1
	26.0	**26.3**
Deferred tax liabilities		
- Deferred tax liabilities to be settled after more than 12 months	-20.9	-13.9
- Deferred tax liabilities to be settled within 12 months	-3.3	-1.5
	-24.2	**-15.4**
Net deferred tax assets	**1.8**	**10.9**

The balance of deferred tax assets and liabilities decreased by EUR 9.1 million due to the changes presented in the table below:

(EUR x million)	2010	2009
As at 1 January	**10.9**	**14.6**
Recognised in profit or loss	-8.3	-0.6
Recognised in other comprehensive income	-1.2	-0.2
Acquisitions and divestments	-0.8	-2.5
Effect of movement in foreign exchange	0.2	2.6
Transfer to/from current tax	1.0	-3.0
As at 31 December	**1.8**	**10.9**

The net deferred tax on valuation differences relates to the following balance sheet items:

(EUR x million)		Assets		Liabilities
	2010	**2009**	**2010**	**2009**
Property, plant and equipment	1.7	4.1	-12.4	-11.5
Intangible assets	11.8	12.1	-11.3	-9.1
Other non-current assets	0.6	2.5	-1.0	-1.0
Inventories	0.9	0.8	-0.6	-0.8
Biological assets	0.5	-	-3.2	-3.0
Trade and other receivables	8.2	7.3	-1.1	-3.4
Employee benefits	3.5	3.5	-	-0.5
Provisions	0.7	2.7*	-0.8	-*
Trade and other payables	4.5	5.2	-9.9	-4.3
Total	**32.4**	**38.2**	**-40.3**	**-33.6**
Net deferred tax liabilities/assets on valuation differences			**-7.9**	**4.6**

* adjusted for comparison reasons

A specification of the net operating losses is provided in the table below:

(EUR x million)	**2010**	**2009**
Net operating losses not recognised	55.2	46.4
Net operating losses recognised	35.5	22.2
Net operating losses	**90.7**	**68.6**

The increase in net operating losses is mainly due to an increase in timing differences of among others valuation of inventory. The effect of net operating losses on the net deferred tax on valuation differences of EUR -7.9 million (2009: EUR 4.6 million), results in a net deferred tax asset of EUR 1.8 million (2009: EUR 10.9 million) and is summarised in the table below:

(EUR x million)	**2010**	**2009**
Net deferred tax liabilities on valuation differences	-7.9	4.6*
Deferred tax on tax loss carried forward	4.2	2.0*
Netting net operating loss	5.5	4.3
Net deferred tax assets	**1.8**	**10.9**

* adjusted for comparison reasons

The deferred tax asset on net operating losses is split between tax loss carried forward and netting net operating losses. The latter figure is a result of netting deferred tax liabilities on valuation differences with deferred tax assets on net operating losses if applicable within a fiscal unit as a deferred tax liability will not materialise before the deferred tax asset on net operating losses is utilised.

Movements in recognised deferred taxation during the year

(EUR x million)	Balance 1 January 2009	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2009	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Effect of movement in foreign exchange	Other	Balance 31 December 2010
Property, plant and equipment	-8.2	-	-	-1.1	1.9	-	**-7.4**	-2.5	-	-0.1	-0.7	-	**-10.7**
Intangible assets	7.2	-2.7	-	-1.2	-0.3	-	**3.0**	-1.7	-	-0.7	-0.1	-	**0.5**
Other non-current assets	-2.5	4.0	-	-	-	-	**1.5**	-1.8	-	-	-0.1	-	**-0.4**
Inventories	0.4	-0.3	-	-	-0.1	-	**-**	0.6	-	-	-0.3	-	**0.3**
Biological assets	-2.1	-0.9	-	-	-	-	**-3.0**	0.2	-	-	0.1	-	**-2.7**
Trade and other receivables	5.3	-1.4	-	-	-0.1	0.1	**3.9**	2.9	-	-	0.3	-	**7.1**
Employee benefits	0.6	2.2	-	-	0.2	-	**3.0**	0.1	-	-	0.4	-	**3.5**
Provisions	3.1*	1.2	-	-	-	-1.6	**2.7**	-2.9	-	-	0.1	-	**-0.1**
Trade and other payables	0.8	-0.1	-0.2	-	0.4	-	**0.9**	-5.3	-1.2	-	0.2	-	**-5.4**
Tax loss carry-forwards	3.6*	-0.2	-	-	0.1	-1.5	**2.0**	1.9	-	-	0.3	-	**4.2**
Netting net operating losses	6.2	-2.2	-	-	0.3	-	**4.3**	0.2	-	-	-	1.0	**5.5**
Benefits of R&D incentives	0.2	-0.2	-	-	-	-	**-**	-	-	-	-	-	**-**
Total	**14.6**	**-0.6**	**-0.2**	**-2.3**	**2.4**	**-3.0**	**10.9**	**-8.3**	**-1.2**	**-0.8**	**0.2**	**1.0**	**1.8**

* adjusted for comparison reasons

Unrecognised net operating losses

The total of unrecognised net operating losses is EUR 55.2 million at the end of the financial year 2010 (2009: EUR 46.4 million) and will expire as follows:

(EUR x million)	< 5 years		5-10 years		> 10 years	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Expiration						
Net operating loss	3.0	1.8	21.9	24.1	30.3	20.5

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 unrecognised net operating losses mainly relate to acquisitions, restructuring and normal operating losses.

(18) Inventories

(EUR x million)	2010	2009
Raw materials	212.4	167.5
Finished products	96.6	83.5
Total	**309.0**	**251.0**

There are no inventories pledged as security for liabilities.

In 2010, inventories increased by EUR 58.0 million of which EUR 15.4 million relates to the effect of movement in foreign exchange rates, EUR 1.4 million is due to the acquisitions completed in 2010, a decrease of EUR 1.2 million relates to the divestment of Nutrikraft India, and EUR 42.4 million relates to price and volume effects.

The rate of inventory turnover in 2010 is 37 days (2009: 35 days).

The write-down of inventories to net realisable value amounted to EUR 5.0 million (2009: EUR 4.2 million), which is recognised in the lines 'raw materials and consumables used' and 'changes in inventories of finished goods and work in progress'.

(19) Biological assets

(EUR x million)	2010	2009
As at 1 January	**104.9**	**102.6**
Expenses capitalised	671.2	640.8
Decrease due to sales	-165.5	-113.5
Decrease due to harvest	-484.6	-527.0
Change in fair value	1.0	2.2
Divestments	-	-0.8
Effect of movement in foreign exchange differences	0.8	0.6
As at 31 December	**127.8**	**104.9**

At balance sheet date, Nutreco has biological assets in Spain, Canada and the Netherlands related to pig livestock, poultry livestock, hatching eggs and a small amount of animals used for research purposes. In Spain, the poultry business is integrated whereby the fattened broilers are transferred from the fattening farm to our processing facility. The decrease of biological assets due to harvest as shown in the above movement schedule refers to these transfers. The poultry livestock in all other countries and the fattening pigs in Spain are sold externally which is reflected by the decrease due to sales.

The table below shows the biological assets per relevant country and applied valuation method:

(EUR x million)	Spain	Canada	Netherlands	Total
Fair value less cost to sell	73.9	3.0	1.8	78.7
At cost less accumulated depreciation and impairment losses	23.4	2.8	-	26.2
Carrying amount as at 31 December 2009	**97.3**	**5.8**	**1.8**	**104.9**
Fair value less cost to sell	94.8	3.2	2.9	100.9
At cost less accumulated depreciation and impairment losses	24.3	2.6	-	26.9
Carrying amount as at 31 December 2010	**119.1**	**5.8**	**2.9**	**127.8**

Spain

Pig livestock

At balance sheet date, the pig livestock amounts to 662,913 animals (2009: 594,997) with a value of EUR 80.4 million (2009: EUR 64.8 million). The total pig livestock consists of 608,290 fattening pigs (2009: 543,986) with a value of EUR 64.9 million (2009: EUR 49.6 million) and 54,623 parent stock (2009: 50,901) with a value of EUR 15.5 million (2009: EUR 15.2 million). In financial year 2010 Nutreco sold 958,436 fattening pigs (2009: 834,898).

Parent stock

Parent stock refers to sows (grandmothers and mothers) and a limited number of boars (male pigs). Grandmothers are held for the production of piglets that become sows. Sows are held for the production of piglets that are transferred to the fattening process. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these pigs. Other references to market prices such as market prices for similar assets are also not available.

Valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to mortality rates and the amount of piglets a sow will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Cost includes all costs during the growth cycle (e.g. cost of a piglet, feed costs, medication, and farmer fees). Parent stock is depreciated using a straight-line method starting from the reproduction phase and taking into account a residual value (i.e. slaughter value). The depreciation period is approximately 30 months.

The offspring of a sow is initially recognised when the birth has proven successful and the piglets are healthy. The value of a piglet before birth is therefore reflected in the value of the pregnant sow. The value of the unborn piglets is based on the costs incurred for the sow mother during her pregnancy. At balance sheet date, the value of the unborn piglets amounts to EUR 5.0 million (2009: EUR 4.5 million) and is presented in the gross carrying amount of the parent stock.

The details for parent stock can be summarised as follows:

(EUR x million)	2010	2009
Gross carrying amount	18.0	17.6
Accumulated depreciation & impairment losses	-2.5	-2.4
Carrying amount	**15.5**	**15.2**

Fattening pigs
In Spain, there is an active market for fattening pigs which provides weekly quoted market prices ("Lonja price"). However, these quoted market prices are only used by a limited number of market participants and can only be interpreted as a reference price. In general, pig prices are established on the basis of negotiation between pig producers and pig meat processors. Therefore, we do not consider the Lonja price a reliable estimate of fair value. In accordance with IAS 41.18, other techniques should be used to estimate fair value. Management considers the most recent achieved transaction price (reference price) with major customers as the most reliable estimate of fair value. The fair value of fattening pigs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of piglet, feed, medication and farmer fees). The fattening process takes about 19 weeks. The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Poultry livestock

At balance sheet date, the poultry livestock amounts to 21.6 million animals (2009: 20.2 million) with a value of EUR 36.0 million (2009: EUR 30.5 million). The poultry livestock consists of 20.3 million broilers (2009: 19.0 million) with a value of EUR 27.2 million (2009: EUR 22.3 million) and 1.3 million parent stock (2009: 1.2 million) with a value of EUR 8.8 million (2009: EUR 8.2 million). In financial year 2010 Nutreco processed 142.5 million animals (2009: 143.8 million).

In addition the biological assets include 13.0 million hatching eggs (2009: 9.7 million) with a value of EUR 2.7 million (2009: EUR 2.3 million).

Parent stock
Parent stock refers to hens and is held for the production of hatching eggs. The eggs are transferred to hatcheries and hatched to become day-old-chicks. The day-old-chicks are transferred to the fattening farm and fattened in about 7 weeks to become a broiler. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and the amount of eggs a hen will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Costs include all production costs incurred during the rearing phase (e.g. cost of a day-old-chick, feed costs, medication and farmer fees). Parent stock is depreciated using a straight-line method starting from the laying phase and taking into account a small residual value (i.e. slaughter value). The depreciation period is approximately 40 weeks.

The details for parent stock can be summarised as follows:

(EUR x million)	**2010**	**2009**
Gross carrying amount	12.4	11.7
Accumulated depreciation & impairment losses	-3.6	-3.5
Carrying amount	**8.8**	**8.2**

Broilers
In Spain, there is an active market for broilers which provides weekly quoted market prices ("Lonja price"). This Lonja price is by all market participants seen as a reference or target price. The actual price is established on the basis of demand and supply in the market and usually deviates from the Lonja price. Therefore, we do not consider the Lonja price a reliable estimate of fair value. In accordance with IAS 41.18, other techniques should be used to estimate fair value. Management considers the most recent achieved price (reference price) with a major customer as the most reliable estimate of fair value. This reference price is used as a basis for the input costs for the poultry production process. The fair value of broilers is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of day-old chick, feed, medication and farmer fees). The fattening process takes about 7 weeks. The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs
Hatching eggs are used for the production of day-old-chicks for the fattening process. There is no active market with quoted market prices for hatching eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Also market prices for similar assets are also not available. The fair value of hatching eggs is determined in a similar way as the fair value of broilers. The growth cycle of a broiler starts with a hatching egg and accordingly a proportional part of the broiler margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase e.g. depreciation, feed, medication and farmer fees.

Canada

Poultry livestock

At balance sheet date, the poultry livestock amounts to 1.9 million animals (2009: 1.7 million) with a value of EUR 4.8 million (2009: EUR 4.7 million). The poultry livestock consists of:

- 1.2 million broilers (2009: 1.1 million) with a value of EUR EUR 1.6 million (2009: EUR 1.4 million),
- 107,000 turkeys (2009: 97,000) with a value of EUR 0.6 million (2009: EUR 0.5 million) and
- 627,000 parent stock (2009: 455,000) with a value of EUR 2.6 million (2009: EUR 2.8 million).

In addition the biological assets include 5.1 million hatching eggs (2009: 6.7 million) with a value of EUR 1.0 million (2009: EUR 1.1 million).

Parent stock
Parent stock refers to chicken breeders and laying hens. Chicken breeders are held for the production of hatching eggs in order to produce day-old-chicks. Laying hens are held for the production of embryonated eggs. The accounting treatment for parent stock is similar as to the parent stock in Spain. The depreciation period for chicken breeders and laying hens is 28 weeks and 44 weeks respectively.

The details for parent stock can be summarised as follows:

(EUR x million)	**2010**	**2009**
Gross carrying amount	7.5	11.4
Accumulated depreciation & impairment losses	-4.9	-8.6
Carrying amount	**2.6**	**2.8**

Broilers & turkeys

In Canada, there is an active market for broilers and turkeys. Market prices for broilers & turkeys are established by provincial marketing boards who act as sales agents for the poultry producers. The fair value of broilers and turkeys is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle and include cost of day-old chick, feed, medication and other direct production costs. Broilers are marketed at about 6 weeks and turkeys at about 13 or 17 weeks dependent of the bird's type. The margin is derived from the market price as set by the provincial marketing boards and cost and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs

Hatching eggs are both used for the production of day-old-chicks and for the production of embryonated eggs which are sold to the pharmaceutical industry. There is no active market with quoted market prices for hatching or embryonated eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Also market prices for similar assets are also not available. The fair value of hatching eggs is determined in a similar way as the fair value of broilers & turkeys. The growth cycle of a broiler or turkey starts with a hatching egg and accordingly a proportional part of the broiler or turkey margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase (e.g. depreciation, feed, medication and farmer fees). Embryonated eggs are sold to the open-market and therefore a recent market transaction price is available. The fair value of embryonated eggs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale.

Other biological assets

In Canada, a limited number of animals (i.e. dairy cows and hogs) are held by the research & development department for research purpose. These animals are measured at cost and re-valued to slaughter value.

The Netherlands

At balance sheet date the poultry livestock amounts to 368,291 animals (2009: 348,211 animals) with a value of EUR 2.9 million (2009: EUR 1.9 million).

The poultry livestock relate to hens and a small number of roosters that are sold to hatcheries. No active market with quoted market prices exists for these birds. Therefore, management considers the most recent market transaction price to be the most reliable estimate for fair value. The fair value of the hens and roosters is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale.

(20) Trade and other receivables

(EUR x million)	2010	2009
Trade receivables – third parties	598.9	538.2
Trade receivables – related parties	2.5	2.6
Trade receivables	**601.4**	**540.8**
Prepayments	24.5	18.7
Tax receivable (no income tax)	21.8	11.3
Fair value foreign exchange derivatives	4.2	4.1
Fair value cross-currency interest rate derivatives	-	0.5
Fair value interest rate derivatives	1.0	-
Fair value commodity derivatives	-	0.1
Other	21.8	30.5
Total other receivables	**73.3**	**65.2**
Total trade and other receivables	**674.7**	**606.0**

Trade receivables are shown net of impairment losses amounting to EUR 64.2 million (2009: EUR 58.0 million). In 2010, EUR 9.8 million (2009: EUR 9.3 million) was charged through profit or loss, of which EUR 20.5 million (2009: EUR 18.6 million) was recognised as impairment losses and EUR 10.7 million (2009: EUR 9.3 million) was recognised as a reversal of impairment losses. See also Notes 7, 9 and 27.

Days sales outstanding (= turnover rate trade debtors) is 47 days (2009: 48 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 58.4 million (2009: EUR 62.1 million).

In 2010, trade and other receivables increased by EUR 68.7 million of which EUR 32.5 million related to the effect of movement in foreign exchange rates, EUR 0.4 million is due to the acquisition of Tomboy Aquafeed, and EUR 35.8 million relates to price and volume effects.

In 2010, no receivables will be due after one year (2009: EUR 0.5 million). Receivables which will be due after one year are presented as debt securities, as part of Other investments.

The following table shows the fair value derivative financial instruments per hedge category:

(EUR x million)	Total	Fair value through profit and loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Derivative financial instruments per 31 December 2010					
Fair value foreign exchange derivatives	4.2	3.0	0.8	0.4	-
Fair value interest rate derivatives	1.0		-	-	1.0
Total fair value	**5.2**	**3.0**	**0.8**	**0.4**	**1.0**
Derivative financial instruments per 31 December 2009					
Fair value foreign exchange derivatives	4.1	2.6	0.6	0.9	-
Fair value cross-currency interest rate derivatives	0.5		-	0.5	-
Fair value interest rate derivatives	-		-	-	-
Fair value commodity derivatives	0.1	0.1	-	-	-
Total fair value	**4.7**	**2.7**	**0.6**	**1.4**	**-**

(21) Cash and cash equivalents

(EUR x million)	2010	2009
Deposits	69.7	132.4
Bank accounts	151.7	85.5
Transit/checks	9.0	14.5
In hand	0.4	0.2
Cash and cash equivalents	**230.8**	**232.6**
Bank overdrafts	-87.8	-31.6
Cash and cash equivalents in the cash flow statement	**143.0**	**201.0**

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 owners of Nutreco

Share capital and share premium

The authorised share capital of the Company at 31 December 2010 amounted to EUR 41.5 million (2009: 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.

The cumulative preference shares 'A" were repurchased on 31 December 2010 for an amount of EUR 54.5 million and will be withdrawn in 2011 (see also Note 23).

All issued shares are fully paid and include 35,118,682 ordinary shares (2009: 35,118,682) and 4,993,200 cumulative preference shares 'A' (2009: 4,993,200) as at 31 December (see also the 'Corporate governance' paragraph on page 74).

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 27 April 2010 the Company delivered 425,347 shares as a final stock dividend for the year 2010. The cash dividend was paid out on the same date and amounted to EUR 19.2 million.

In August 2010, the Company paid out an interim dividend of EUR 0.50 in cash per ordinary share. 176,053 shares have been delivered as an interim stock dividend. On 19 August 2010, the remaining interim dividend of EUR 9.0 million was paid in cash out of the retained earnings.

After the balance sheet date the following dividends were proposed by the Executive Board:

The proposed dividend per ordinary share amounts to EUR 1.50 (2009: EUR 1.32). The final dividend of EUR 1.00 (2009: EUR 1.12) 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 31 March 2011. The conversion ratio will be determined after trading hours on 15 April 2011, 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 13, 14 and 15 April 2011. Both the cash and stock dividends will be placed at the shareholders' disposal on 21 April 2011.

These dividends have not been provided for and income tax consequences are not recognised as a liability.

Treasury shares

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 First In First Out (FIFO) basis. Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

During the year under review, Nutreco acquired 600,000 (2009: nil) of its own ordinary shares through purchases on the Euronext Stock Exchange. The total amount paid in 2010 to acquire these shares was EUR 27.7 million and these shares are held as treasury shares. Furthermore, Nutreco acquired 54,339 (2009: nil) of its own ordinary shares through purchases from its employees' restricted shares in order to satisfy taxes due. In 2009, 250,000 ordinary shares were issued for the payment of stock dividend and to cover existing employee share plan and performance share obligations.

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 2010 Nutreco reissued 614,830 (2009: 713,011) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of EUR 24.3 million (2009: EUR 26.8 million).

As of 2010, Nutreco holds treasury shares for its liabilities for performance plans. In previous years, shares were conditionally held by the beneficial employees.

The movements in the treasury shares can be summarised as follows:

	Number of shares		**Amount (EUR x 1,000)**	
	2010	**2009**	**2010**	**2009**
As at 1 January	**123,913**	**589,624**	**1,261**	**28,059**
Options exercised	-7,600	-2,700	-2	-57
Employee share participation scheme	-17,920	-35,919	-4	-1,643
Share repurchase/issuance	654,339	250,000	30,333	60
(Interim) stock dividend	-601,405	-498,456	-25,005	-18,671
Performance shares	4,495	-178,636	684	-6,487
As at 31 December	**155,822**	**123,913**	**7,267**	**1,261**

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 2010 the hedging reserve amounted to EUR -8.7 million (2009: EUR -13.5 million).

Cash flow hedges have been defined for foreign exchange deals related to forecast transactions and corn futures which will both mature within 12 months and for an interest rate swap which will mature in 2012. The fair value related to the foreign exchange derivatives amounted to EUR -1.7 million as at 31 December 2010 (2009: EUR 0.0 million), the fair value related to the corn futures amounted to EUR -0.1 million (2009: EUR 0.0 million), and the fair value related to the interest rate swaps amounted to EUR -6.9 million as at 31 December 2010 (2009: EUR -13.5 million).

All cash flow hedges are highly effective as at 31 December 2010; during 2010 no material ineffectiveness is recognised in profit or loss.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature, and liabilities that are used as hedging instrument in a net investment. As at 31 December 2010 the translation reserve amounted to EUR -0.9 million (2009: EUR -21.2 million). The increase of EUR 20.3 million was mainly caused by fluctuations of the Canadian dollar, the Norwegian krone and the Australian dollar.

Non-controlling interest

The non-controlling interest mainly consists of Piensos Nanfor (50%) and Piensos Nanpro (50%) in Spain and Trouw Nutrition Russia (25%).

The key items for profit or loss (based on the non-Nutreco share) for the non-controlling interests are shown in the table below:

(EUR x million)	2010	2009
Revenue	98.9	67.0
Gross margin	16.7	9.8
Operating result	4.2	2.9
Total result for the period	**1.6**	**2.7**

(23) Interest-bearing borrowings

The total interest-bearing borrowings are as follows:

(EUR x million)	2010	2009
Interest-bearing borrowings (non-current)	282.3	414.0
Interest-bearing borrowings (current)	155.8	41.5
Total	**438.1**	**455.5**

The specification of interest-bearing borrowings (non-current) is as follows:

(EUR x million)	2010	2009
Syndicated loans	109.9	147.3
Private placement	170.1	211.3
Cumulative preference shares	-	54.5
Other long-term loans	2.3	0.9
Total	**282.3**	**414.0**

Breakdown of interest-bearing borrowings (non-current) by currency:

(EUR x million)	2010	2009
US dollar	170.6	211.3
Canadian dollar	112.5	97.4
Euro	-1.6	105.2
Other currencies	0.8	0.1
Total	**282.3**	**414.0**

The specification of interest-bearing borrowings (current) is as follows:

(EUR x million)	2010	2009
Bank overdrafts	87.8	31.6
Short-term loans	10.0	12.6
Current portion private placement	59.9	-
Amortisation refinancing costs	-1.9	-2.7
Total	**155.8**	**41.5**

Syndicated loan

In May 2010, Nutreco extended the maturity of the revolving credit facility from May 2012 to May 2014 and decreased the total amount of the facility to EUR 500.0 million. The credit facility may be used for loans in various currencies. The facility is supported by an international syndicate of banks.

The financial covenants of the syndicated loan facility are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. During 2010, 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. As a result of the amendment, interest margin and commitment fees have decreased.

At 31 December 2010, an amount of EUR 109.9 million (2009: EUR 147.3 million) was drawn on the EUR 500.0 million syndicated loan facility.

Private placements

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The senior notes consist of three tranches of which the first tranche of USD 46.0 million matured in 2009. The second tranche of USD 80.0 million will mature in 2011 and is therefore reported as current portion of the private placement as part of the current interest-bearing borrowings. The third tranche of USD 78.0 million will mature in 2014.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches of USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in 2014, 2016 and 2019 respectively.

At 31 December 2010, the private placements amounted to USD 308.0 million (2009: USD 308.0 million), including the current portion of USD 80.0 million (2009: USD 0.0 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 2010, 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%.

Nutreco has repurchased the cumulative preference shares ‘A’ for an amount of EUR 54.5 million by the end of the current dividend period (31 December 2010) and the shares will be cancelled in the first quarter of 2011.

Uncommitted facilities

In addition to the syndicated loan facility and the private placements, credit facilities of EUR 298.5 million (2009: EUR 276.8 million) are available to Nutreco.

Of the total facilities of EUR 1,029.1 million (2009: EUR 1,095.1 million), an amount of EUR 438.1 million (2009: EUR 455.5 million) had been used as of 31 December 2010. Reference is made to liquidity risk in Note 27.

The average fixed interest rate on the interest-bearing borrowings was 6.61% as at 31 December 2010 (2009: 6.60%) and the average variable interest rate on the interest-bearing borrowings was 4.78% as at 31 December 2010 (2009: 6.20%). The interest rates of the major currencies ranged from 4.53% to 8.22% (2009: 4.53% to 8.22%) depending on the currency of the interest-bearing borrowings. Reference is made to interest rate risk in Note 27.

Securities

All credit facilities are unsecured except for some standalone credit facilities of not fully-owned subsidiaries. Most of the credit facility agreements contain negative pledge and pari passu clauses. Several Group companies are jointly and severally liable for the amounts due to credit institutions.

(24) Employee benefits

Employee benefits

The components of the employee benefits for the financial years 2010 and 2009 are shown in the following table:

(EUR x million)	2010	2009
Present value of funded obligations	111.2	115.4
Present value of unfunded obligations	4.0	2.9
Fair value of plan assets	-92.0	-101.7
Present value of net obligations	**23.2**	**16.6**
Unrecognised actuarial gains and losses	-19.4	-10.1
Effect of asset limit	1.0	-
Recognised liability for defined benefit obligations	**4.8**	**6.5**
Liability for defined contribution obligations	1.8	1.5
Liability for long-term service obligations	4.0	3.8
Liability for wages and variable payments to be paid	31.6	31.2
Accrued holiday entitlements	11.6	10.7
Total employee benefits	**53.8**	**53.7**
Non-current employee benefits	9.8	11.1
Current employee benefits	44.0	42.6

Expenses and income recognised in profit or loss

(EUR x million)	2010	2009
Expenses recognised in profit or loss		
Current service costs	1.8	1.7
Interest costs	6.9	5.9
Expected return on plan assets	-6.0	-5.0
Curtailment gain recognised	-2.7	-
Effect of asset limit	1.0	-
Settlement loss	1.5	-
Amortisation of net loss	0.3	-
Expenses related to defined benefit obligations	**2.8**	**2.6**
Expense related to defined contributions obligations	15.9	14.4
Expense arising from long-term service obligations	0.2	1.1
Expense arising from performance shares	3.5	3.0
Expense arising from employee share participation plan	0.1	0.2
Other expenses	**19.7**	**18.7**
Total expenses and income recognised in profit or loss	**22.5**	**21.3**

The expenses and income are recognised in personnel cost in profit or loss (see Note 8).

Nutreco expects EUR 3.3 million in contributions to be paid to post-employment benefit plans for the year ending 31 December 2011 (2010: EUR 3.3 million).

Defined benefit obligations

Employee pension plans have been established in a number of countries in accordance with legal requirements, customs and the local situation in the countries involved. The Company also sponsors a number of defined benefit pension plans. The benefits provided by these plans are based on employees' years of service and compensation levels.

The measurement date for all defined benefit plans is 31 December 2010.

As at 31 December 2010, Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, Norway, and the United Kingdom.

The table below provides a summary of the number of employees participating in a defined benefit pension plan:

(Number of participants)	Active		Deferred		Pensioners		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Belgium	106	110	46	57	-	-	152	167
Canada	266	273	17	-	8	-	291	273
France	73	77	-	-	-	-	73	77
Germany	80	84	15	15	39	38	134	137
Italy	155	159	-	-	-	-	155	159
Netherlands	-	102	-	111	-	87	0	300
Norway	-	284	-	-	45	49	45	333
United Kingdom	-	-	308	322	116	109	424	431
Total	**680**	**1,089**	**386**	**505**	**208**	**283**	**1,274**	**1,877**

In 2010, a new agreement has been approved in relation to the early retirement plan in Norway. This means a curtailment gain of EUR 0.7 million has been recognised and future rights will no longer be accounted for in this plan.

At 31 December 2010, the obligation of the Dutch Sloten pension plan was transferred to an external insurer. This transfer was accounted for as a plan settlement, with the obligation and associated assets removed from the balance sheet. The settlement of the defined benefit pension plan resulted in a curtailment gain of EUR 2.0 million and a settlement loss of EUR 1.5 million.

Plan assets related to defined benefit obligations

The plan assets consist of the following:

(EUR x million)		**2010**		**2009**
		%		**%**
Government bonds	25.7	28	44.9	44
Equity securities	37.3	40	30.8	30
Insurance	27.7	30	24.7	24
Real estate	1.3	2	1.3	2
Total	**92.0**	**100**	**101.7**	**100**

Movement in the present value of the defined benefit obligations

The funded status of the pension plans and the amounts recognised as a Company liability are as follows:

(EUR x million)	2010	2009
Present value of defined benefit obligations at 1 January	**118.3**	**95.9**
Current service costs	1.8	1.7
Interest costs	6.9	5.9
Contributions by plan participants	0.4	0.4
Actuarial gains and losses	9.6	11.5
Foreign exchange rate changes	6.6	7.6
Benefits paid	-4.8	-4.5
Plan curtailments	-2.7	-
Plan settlements	-20.9	-0.2
Present value of defined benefit obligations at 31 December	**115.2**	**118.3**

Movement in the fair value of plan assets related to defined benefit obligations

The fair value of the plan assets of the pension plans are as follows:

(EUR x million)	2010	2009
Fair value of plan assets at 1 January	**101.7**	**87.4**
Expected return on plan assets	6.0	5.0
Actuarial gains and losses	2.3	3.9
Foreign exchange rate changes	5.4	6.9
Contributions by the employer	4.5	2.8
Contributions by plan participants	0.4	0.4
Benefits, expenses, taxes and premiums paid	-4.8	-4.5
Plan settlements	-23.5	-0.2
Fair value of plan assets at 31 December	**92.0**	**101.7**

The actual return on plan assets was EUR 8.3 million (2009: EUR 8.9 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)	
	2010	2009	2010	2009	2010	2009	2010	2009
Germany	5.4	5.5	4.5	4.5	2.5	2.5	2.0	2.0
Italy	5.4	5.5	-	-	-	-	2.0	2.0
France	5.4	5.5	4.3	4.3	2.3	2.3	2.0	2.0
Belgium	5.4	5.5	6.0	6.5	3.5	3.5	2.0	2.0
UK	5.5	5.7	5.6	5.3	-	-	3.7	3.8
Norway	4.0	4.5	5.5	5.0	3.8	3.8	2.5	2.5
Canada	5.3	6.1	7.0	7.0	3.5	3.5	2.5	2.5
Netherlands	5.4	5.5	4.0	4.0	3.5	3.5	2.0	2.0
	5.4	**5.7**	**5.6**	**5.4**	**3.5**	**3.5**	**3.0**	**2.9**

Historical information of experience gains and losses

(EUR x million)	2010	2009	2008	2007	2006
Present value of defined benefit obligation	115.2	118.3	95.9	127.8	105.8
Fair value of plan assets	-92.0	-101.7	-87.4	-117.7	-80.1
Deficit	**23.2**	**16.6**	**8.5**	**10.1**	**25.7**
Experience adjustments on plan liabilities	-1.9	0.8	-6.3	-2.0	2.4
Experience adjustments on plan assets	2.3	3.9	-17.3	-2.7	1.2

Sensitivity analysis

Assumed discount rates have a significant effect on the amounts reported. A 0.5% change in the assumed discount rates would have had the following effects as at 31 December:

(EUR x million)	Discount rate in %	Benefit obligation determined at		
		Discount rate used	Discount rate + 0.5%	Discount rate – 0.5%
Germany	5.4	3.2	3.0	3.4
Italy	5.4	2.2	2.1	2.3
France	5.4	0.5	0.5	0.5
Belgium	5.4	6.5	6.1	6.9
UK	5.5	54.9	49.7	60.3
Norway	4.0	4.8	4.6	5.1
Canada	5.3	43.1	40.1	46.7
Total		**115.2**	**106.1**	**125.2**

Risks related to pension plans

Defined benefit plans

Nutreco has defined benefit plans in Belgium, Canada, France, Germany, Italy, Norway, and the United Kingdom. The plans cover 1,274 (2009: 1,877) persons currently or previously employed within the Nutreco Group. These plans require detailed reporting and disclosure information for the financial statements. The decrease in persons is due to the change in the defined benefit plans in Norway (curtailment) and the Netherlands (curtailment and settlement).

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 2011 estimated pension expense of EUR 3.3 million is higher than the 2010 pension expense of EUR 2.8 million, primarily due to increases in the expected 2011 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 2010 has increased resulting in unrecognised actuarial losses of EUR 12.4 million (2009: EUR 12.1 million). Part of these losses will be recognised in the 2011 pension expense and are 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. At the reporting date the fund covers approximately 1,237 persons currently employed by Nutreco.

At 1 January 2011, the defined contributions agreements of the Dutch Nutreco Pension Fund are transferred to Aegon.

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. In 2010 the last exercises took place and the share option plan was terminated.

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 a number of conditions. At the Annual General Meeting of Shareholders of 2008, the Supervisory Board reported on the achievement of the different performance targets and informed the Annual General Meeting of Shareholders that it had resolved to the vesting of 70,000 performance shares granted to the Executive Board under the interim long-term incentive plan of 2006 effective 18 May 2008. A five-year lockup restriction applies to these shares until 18 May 2013 with an allowance to sell shares to satisfy tax obligations resulting from the vesting of the performance shares. At the moment 29.501 shares are under the lock up.

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 (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 plan regulations are posted on the Company's website. The key terms of the approved LTI Plan applying as from 2007 are as follows:

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% of the base salary of the Chairman of the Executive Board, 80% of the base salary of the CFO and 50% 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 pre-set level of the Total Shareholders' Return (TSR) relative to a peer group which was proposed to and approved by the General Meeting of Shareholders, consisting of all companies 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. For members of the Executive Board a lockup will be effective for a period of two years after vesting or untill the end of employment, whichever is the shortest, with the 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 2010 the number of performance shares conditionally awarded to the Executive Board amounted to 56,302 (2009: 103.900), of which shares granted to the CEO amounted to 19,848 (2009: 32,000), to the CFO 13,585 (2009: 22,000) and to each of the Executive Vice-Presidents to 7,623 (2009: 9,300). In addition, a total of 77,129 (2009: 112,400) performance shares were awarded to a number of senior executives and senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of the two-year lock-up period after vesting which does not apply to non-Executive Board participants. For the 2007 and 2008 performance shares a different method of calculating the Total Shareholders' Return for the peer group for participants other than the Executive Board members will be used. As from 2009, also for other participants the same method will apply as for Executive Board members.

For the grants under the 2008 Performance Share Plan, for which the performance period runs from 1 January 2008 until 31 December 2010, the Total Shareholders Return has resulted in a 5th position (2009: 22nd position) within the ranking of the peer companies. Therefore this ranking will result in a vesting of 137% (2009: 82.26%) of the initial grant for the members of the Executive Board and of 138% (2009: 91.67%) for the other participants. The vesting date will be 1 April 2011 for the members of the Executive Board and 1 March 2011 for the other participants.

Movements in LTI shares of the members of the Executive Board

The movements in the number of LTI shares outstanding of the members of the Executive Board can be summarised as follows:

		Vesting	Expiration – restricted until	As of 1 January 2010	Granted	Vested	As of 31 December 2010 To be vested	Restricted
W. Dekker								
2004/2005	1	2006	2011	38,500				38,500
2006	2	2008	2013	20,166				20,166
2007		2010	2012	19,643		16,158		8,176[5]
2008	3	2011	2013	21,000			21,000	
2009	3	2012	2014	32,000			32,000	
2010	3	2013	2015		19,848		19,848	
C.J.M. van Rijn								
2004/2005	1	2006	2011	25,665				25,665
2006	2	2008	2013	9,335				9,335
2007		2010	2012	13,995		11,512		5,825[5]
2008	3	2011	2013	14,500			14,500	
2009	3	2012	2014	22,000			22,000	
2010	3	2013	2015		13,585		13,585	
K. Nesse								
2007	4	2010	n.a.	3,500		3,208		
2008	4	2011	n.a.	3,900			3,900	
2009	3	2012	2014	9,300			9,300	
2010	3	2013	2015		7,623		7,623	
F.J. Tielens								
2009	3	2012	2014	9,300			9,300	
2010	3	2013	2015		7,623		7,623	
J.A. Vergeer								
2007	4	2010	n.a.	3,500		3,208		
2008	4	2011	n.a.	3,900			3,900	
2009	3	2012	2014	9,300			9,300	
2010	3	2013	2015		7,623		7,623	

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 2008, 2009 and 2010 performance shares will take place on 1 April 2011, 2012 and 2013, respectively, after which the shares are restricted until 1 April 2013, 2014 and 2015, respectively. The shares are entitled to dividend and the dividend is restricted until 1 April 2011, 2012 and 2013, respectively.

4 Mr K. Nesse and Mr J. Vergeer are members of the Exectuive Board since 30 June 2009.

5 After tax.

The economic value of the LTI shares in the year when granted was: 2007 EUR 25.78, 2008 EUR 22.56, 2009 EUR 15.16 and 2010 EUR 25.91.

In 2010, the share price on vesting date for LTI shares was EUR 48.27. All shares that vest are subject to income tax.

Movements in the options of other (former) employees

The movements in the options of other (former) employees may be summarised as follows:

	Granted in	Year of expiration	As of 1 January 2010	Exercised	Lapsed	As of 31 December 2010	Exercise price (EUR)
Options	2003	2010	7,600	7,600	-	-	12.23

All of the 7,600 outstanding options were exercisable. Options exercised in 2010 resulted in 7,600 shares being delivered out of the own shares held in treasury.

Performance conversion plan

A performance conversion plan was introduced in 2007 for a range of senior executives and staff. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them (if any) in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. In the year under review, 45 (2009: 51) managers opted to invest in a total of 8,437 (2009: 11,994) shares. The performance conversion plan, which started in 2008, will be matched for 268% on 1 March 2011.

Employee share participation scheme

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

In February 2010, the Supervisory Board decided that the 2009 results of the Company allowed the execution of the employee share participation scheme. Under this plan, employees bought 17,920 (including performance) shares (2009: 35,919).

Remuneration of members of the Executive Board and of the Supervisory Board

The remuneration for the members of the Executive Board is as follows:

(EUR)	Salary costs	Variable payments	Pension costs	Total 2010	Total 2009
W. Dekker	632,303	453,145	139,287	1,224,735	1,139,336
K. Nesse*	403,930	172,615	58,832	635,377	251,647
C.J.M. van Rijn	460,777	275,000	143,721	879,498	829,233
F.J. Tielens*	404,055	172,615	46,080	622,750	262,932
J.A. Vergeer*	407,253	172,615	56,736	636,604	264,798
J.B. Steinemann**	-	-	-	-	1,046,698
	2,308,318	**1,245,990**	**444,656**	**3,998,964**	**3,794,644**

* For 2009 the figures relate to the period 1 July 2009 – 31 December 2009.

** For 2009 the figure relates to the period 1 January 2009 – 30 June 2009 and is including a severance payment of EUR 772,000.

The table below summarises profit or loss charges for performance shares 2009 and 2010 of the members of the Executive Board:

(EUR)	2010	2009
W. Dekker	491,047	488,426
K. Nesse*	142,161	53,200
C.J.M. van Rijn	337,542	340,477
F.J. Tielens*	112,833	23,498
J.A. Vergeer*	142,161	53,200
J.B. Steinemann**	-	173,156
	1,225,745	**1,131,957**

* For 2009 the figures relate to the period 1 July 2009 – 31 December 2009.

** Mr J.B. Steinemann was member of the Executive Board until 1 July 2009.

The remuneration for the members of the Supervisory Board can be summarised as follows:

(EUR)	Board remuneration	Committee remuneration	Total 2010	Total 2009
R. Zwartendijk	55,000	5,000	60,000	60,000
J.M. de Jong	43,000	7,500	50,500	50,500
Y. Barbieux**	21,500	5,000	26,500	50,500
R.J. Frohn	43,000	10,000	53,000	39,750
L.J.A.M. Ligthart***	-	-	-	32,500
A. Puri	43,000	7,500	50,500	36,000
H.W.P.M.A. Verhagen*	32,250	3,750	36,000	-
J.A.J. Vink	43,000	12,500	55,500	53,000
			332,000	**322,250**

* The figures relate to the period 1 April 2010 – 31 December 2010.

** The figures relate to the period 1 January 2010 – 1 April 2010.

*** 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. The table below shows the share holdings of the Executive Board.

(Number of shares)	31 December 2010	31 December 2009
Conditional shares		
Mr W. Dekker	139,690	131,309
Mr C.J.M. van Rijn	90,910	85,495
Mr K. Nesse	20,823	16,700
Mr F.J. Tielens	16,923	9,300
Mr J.A. Vergeer	20,823	16,700
Additional shares		
Mr W. Dekker	-	-
Mr C.J.M. van Rijn	687	618
Mr K. Nesse	-	-
Mr F.J. Tielens	150	94
Mr J.A. Vergeer	1,823	-

Conditional shares are the total of unvested and restricted shares.

For the movement in shares held by the Executive Board and other managerial staff, please see pages 153-154 of the consolidated financial statements.

One former Supervisory Board member, Mr Y. Barbieux, held 504 ordinary shares (2009: 504 shares) at 1 April 2010, the date he retired from the Supervisory Board.

(25) Provisions

The changes can be specified as follows:

(EUR x million)	Restructuring	Claims	Guarantees	Total
As at 1 January 2010	**6.9**	**11.2**	**0.1**	**18.2**
Additions charged	20.5	0.9	-	21.4
Release[1]	-1.7	-5.5	-	-7.2
Utilised	-21.0	-1.9	-0.1	-23.0
Transfer to Trade and other payables	-	-3.0	-	-3.0
As at 31 December 2010	**4.7**	**1.7**	**0.0**	**6.4**
Non-current	0.8	0.9	0.0	1.7
Current	3.9	0.8	0.0	4.7

[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 of facilities. For all restructuring provisions a detailed plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date.

The 2010 additions charged of EUR 20.5 million relate to the compound feed activities in Spain (acquired in 2009), and the Netherlands, the animal nutrition activities in Canada, and the premix activities in Spain. An amount of EUR 5.2 million is recognised as other operating expenses and an amount of EUR 15.3 million is recognised as personnel expenses in the statement of comprehensive income.

In 2009, mainly as a consequence of the restructuring of the animal nutrition activities in Canada and the acquired business activities in Spain, an amount of EUR 9.8 million was recognised as personnel expenses in profit or loss and an amount of EUR 2.0 million was recognised as other operating expenses in profit or loss.

Most restructuring expenses are expected to be paid within two years of the balance sheet date.

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 2010.

During 2010, one of the legal claims was transferred to trade and other payables for an amount of EUR 3.0 million which relates to a claim from a customer.

The major part of the provision for claims as at 31 December 2010 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 has been fully utilised in 2010.

(26) Trade and other payables

(EUR x million)	2010	2009
Trade creditors – third parties	678.8	526.5
Taxes and social security contributions	23.2	20.4
Other liabilities	59.1	53.4
Deferred income and accrued expenses	201.2	189.1
Fair value foreign exchange derivatives	16.8	8.3
Fair value cross-currency interest rate derivatives	18.0	14.7
Fair value interest rate derivatives	6.9	13.8
Total	**1,004.0**	**826.2**

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

In 2010, trade and other payables increased by EUR 177.8 million of which EUR 36.1 million relates to the effect of movement in foreign exchange rates, EUR 2.3 million is due to the acquisitions completed in 2010, and EUR 139.4 million relates to price and volume effects.

Trade creditor days in 2010 are 85 days (2009: 81 days).

The amount of trade creditors increased mainly due to higher raw material prices in comparison with 2009. Payment terms of trade creditors increased due to a further 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 2010, Nutreco was aware of EUR 191.2 million (2009: EUR 135.6 million) usage of such solutions within Fish Feed and the Spanish business activities.

The following tables show the fair value of derivative financial instruments per hedge category.

(EUR x million)	Total	Fair value through profit and loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Derivative financial instruments per 31 December 2010					
Fair value foreign exchange derivatives	-16.8	-5.7	-2.5	-8.6	-
Fair value cross-currency interest rate derivatives	-18.0	-	-	-18.0	-
Fair value interest rate derivatives	-6.9	-	-6.9	-	-
Total fair value	**-41.7**	**-5.7**	**-9.4**	**-26.6**	**-**
Derivative financial instruments per 31 December 2009					
Fair value foreign exchange derivatives	-8.3	-2.1	-0.7	-5.5	-
Fair value cross-currency interest rate derivatives	-14.7	-	-	-14.7	-
Fair value interest rate derivatives	-13.8	-	-13.5	-	-0.3
Total fair value	**-36.8**	**-2.1**	**-14.2**	**-20.2**	**-0.3**

(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 Group's overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimise potential adverse effects on financial performance. The treasury risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Financial risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies.

Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the treasury risk management policies within the Group. Nutreco has a Risk Management Advisory Board that advises the Executive Board on 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 intercompany loans is mostly used as financing structure. Decisions regarding the debt to equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Except for dividend withholding tax in some countries and the currency control restrictions in Venezuela, the Group has no restrictions in paying intercompany cash dividends or in repaying intercompany loans.

The operating companies are responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities, and credit risk for non-financial counterparties.

Within the boundaries set forth by the treasury risk management policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties, unless approved by Group Treasury. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

Financial instruments by class and by category

Financial assets 31 December 2010

(EUR x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	-	-	-	4.1	4.1	4.1
Debt securities	16	-	24.0	-	12.1	-	36.1	36.1
Trade receivables	20	601.4	-	-	-	-	601.4	601.4
Other receivables	20	43.6	-	-	-	-	43.6	43.6
Fair value foreign exchange derivatives	20	-	3.0	1.2	-	-	4.2	4.2
Fair value interest rate derivatives	20	-	1.0	-	-	-	1.0	1.0
Cash and cash equivalents	21	230.8	-	-	-	-	230.8	230.8
Total		**875.8**	**28.0**	**1.2**	**12.1**	**4.1**	**921.2**	**921.2**

Financial liabilities 31 December 2010

(EUR x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-28.7	-	-253.6	-282.3	-305.2
Interest-bearing borrowings (current)	23	-	-	-155.8	-155.8	-156.5
Trade payables	26	-	-	-678.8	-678.8	-678.8
Other payables	26	-	-	-82.3	-82.3	-82.3
Fair value foreign exchange derivatives	26	-5.7	-11.1	-	-16.8	-16.8
Fair value cross-currency interest rate derivatives	26	-	-18.0	-	-18.0	-18.0
Fair value interest rate derivatives	26	-	-6.9	-	-6.9	-6.9
Total		**-34.4**	**-36.0**	**-1,170.5**	**-1,240.9**	**-1,264.5**

Financial assets 31 December 2009

(EUR x million)	Note	Loans and receiva-bles	Assets at fair value through profit or loss	Deriva-tives 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	-	27.5	-	12.1	-	39.6	39.6
Trade receivables	20	540.8	-	-	-	-	540.8	540.8
Other receivables	20	41.8	-	-	-	-	41.8	41.8
Fair value foreign exchange derivatives	20	-	3.2	0.9	-	-	4.1	4.1
Fair value cross-currency interest 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		**815.2**	**30.7**	**1.5**	**12.1**	**3.8**	**863.3**	**863.3**

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 interest rate 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**

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 2010 have not been approved and received before publication of the Nutreco results. As the fair value can therefore not be measured reliably, the participations are valued at cost.

Debt securities

For investments in debt securities, the fair value and the carrying amount of the loan related to the divestment of Euribrid are based upon the current market rates, which are identical.

Cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short maturity of those instruments.

Trade and other receivables

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

Interest-bearing borrowings (current and non-current)

The fair value is estimated on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of borrowing arrangements and interest rate contracts with comparable terms and maturities.

Fair value foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives

The fair value calculation of the foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market foreign exchange rates and actual market yield curves on the reporting date.

Credit risk

Credit risk represents the accounting loss that would have to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. As a consequence of the credit crisis and to the extent possible, special attention is paid to the liquidity of other parties such as banks, insurance companies, customers and strategic suppliers.

Nutreco has strong positions in mature markets such as Canada, Netherlands, Spain and the US. The increased focus on geographic regions and markets like Brazil, China, Russia and Vietnam has resulted in a wider and international spread of customers thus affecting the credit risk from emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Premix and Feed Specialties has, due to the geographical presence, a widely spread portfolio of customers in all continents and, due to its growth strategy towards emerging markets, an increased exposure to emerging markets.
- The activities of Compound Feed Europe and Animal Nutrition Canada are mainly in Canada, Netherlands, Spain and the USA. This business segment has a widely spread portfolio of customers, mostly farmers.
- Fish Feed: as a consequence of the concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance. As a consequence of the growth strategy towards emerging markets, the exposure to a more widely spread portfolio of customers in emerging markets will increase.
- Meat and Other: the Spanish customers of meat activities are food and retail suppliers. Due to the economic circumstances in Spain, credit risk has increased. Concentration risk on large retailers is partly mitigated by non-recourse factoring.

The outstanding amounts of Nutreco's largest customers Mercadona and Marine Harvest together account for approximately 3% of the total outstanding amount as per 31 December 2010.

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

The Dutch Nutreco Pension Fund plan is a defined contribution plan and Nutreco has no long-term obligations to compensate deficits.

At 1 January 2011, the subordinated loans are transferred, under the same interest conditions, from the Dutch Nutreco Pension Fund to Aegon as part of an agreement to place the Dutch pensions plan with the insurer Aegon.

At the balance sheet date a loan of EUR 9.4 million (2009: EUR 13.0 million) related to Euribrid, a former investment of Nutreco divested in 2007. An interest rate of 5% is being charged by Nutreco. The nominal value of this loan amounts to EUR 9.6 million (2009: EUR 13.6 million) and has been discounted with a rate of 6.9%. This loan is subordinated and has been accounted for under other investments for an amount of EUR 7.0 million (2009: EUR 12.3 million) and under trade and other receivables for EUR 2.4 million (2009: EUR 0.7 million).

Nutreco has an exposure to banks created by the usage of cash investments and derivative financial instruments. The exposure created by cash investments equals the notional amount; the exposure created by the derivative financial instruments equals the fair value of these instruments.

Nutreco has an exposure to reputable banks that have a sufficient credit rating. Banks are carefully monitored and credit limits are (temporarily) reduced in the event of uncertainty. Generally, cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A- (Standard & Poor's). The maximum exposure well as the maximum maturity of such exposure is a function of the credit rating of the counterparty.

The maturity of the exposure is, except for (cross-currency) interest rate derivatives, short-term and spread over various banks to reduce the counterparty risk. Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Provisions are recognised when necessary.

The maximum amount of credit risk of all financial assets is EUR 921.2 million (2009: EUR 863.3 million).

Rating cash, bank and derivative financial instruments

Cash at bank and short-term bank deposits

(EUR x million)	2010	2009
AAA	46.5	3.8
AA+	-	23.8
AA	79.4	25.8
AA-	7.3	36.4
A+	65.1	112.7
BBB	2.6	-
Not classified	29.9	30.1
Total	**230.8**	**232.6**

The cash at bank includes an amount of EUR 62.0 million (2009: EUR 63.1 million) which is part of notional cashpools and a corresponding amount is reported as bank overdrafts.

All derivative financial instruments are concluded with counterparties that have a credit rating of at least A-.

Aging of trade and other receivables

(EUR x million)	Amount		Impairment	
	2010	**2009**	**2010**	**2009**
Before due date	589.3	519.5	13.2	10.9
0 < 3 months after due date	80.5	78.4	5.3	7.8
3 < 6 months after due date	16.6	17.2	2.7	3.9
6 months and longer after due date	52.4	48.9	42.9	35.4
Trade and other receivables	**738.8**	**664.0**	**64.1**	**58.0**

Movement in the impairment of trade and other receivables

(EUR x million)	**2010**	**2009**
At 1 January	**58.0**	**58.8**
Additions	20.5	18.6
Release	-10.7	-9.3
Utilised during the year	-5.4	-6.7
Transfer to other investment – debt securities	-0.3	-3.1
Effect of movement in foreign exchange	2.0	-0.3
At 31 December	**64.1**	**58.0**

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in Note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the private placements. In addition and in order to achieve a mix of fixed and floating rate exposure in accordance with Nutreco's policy, part of the floating syndicated loan has been fixed with interest rate swaps. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In 2004, Nutreco agreed upon fixed interest rates for an amount of USD 78.0 million of the private placement, for a period of ten years. The private placement also included a tranche of USD 46.0 million which matured in 2009 and a tranche of USD 80.0 million which will be repaid in May 2011.

A cross-currency interest rate swap, with a fixed interest rate, has been contracted to swap interest and future repayment liabilities of USD 60.4 million to CAD, which terminates in 2014.

A cross-currency interest rate swap has been contracted to swap interest and future repayment liabilities of USD 53.7 million to NOK, which terminates in 2011.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches for USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in 2014, 2016 and 2019 respectively. Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of USD 54.3 million to CAD, which terminate in 2014. In addition, the fixed rate of USD 37.2 million of the private placement has been swapped to floating by means of fixed-to-floating interest rate swaps that mature in 2016.

The interest rate risk of the loan drawn under the syndicated loan agreement has been hedged by a floating-to-fixed interest rate swap of CAD 150.0 million which matures in 2012. At the end of 2010, an interest rate swap of EUR 50.0 million, which would have matured in 2013, has been cancelled.

With the private placements and these derivative financial instruments, 74% of the interest on Nutreco's non-current interest-bearing borrowings, including current portion private placement, has been fixed (2009: 81%).

The decrease of this percentage is due to the repayment of the cumulative preference shares per December 2010, the cancellation of the interest rate swap and the current nature of the tranche of the private placement that will mature within one year.

The average fixed interest rate on the interest-bearing borrowings as at 31 December 2010 is 6.61% (2009: 6.60%) and the average variable interest rate on the interest-bearing borrowings as at 31 December 2010 is 4.78% (2009: 6.20%). The interest rates of the major currencies are ranging from 4.53% to 8.22% (2009: 4.53% to 8.22%) depending on the currency of the interest-bearing borrowing.

The cash and cash equivalents have been transferred to short term deposits or bank accounts with a floating interest rate.

Sensitivity analysis

At the balance sheet date, EUR 28.7 million (2009: EUR 80.3 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 75.0 million net cash (2009: EUR 191.1 million net cash) at year-end.

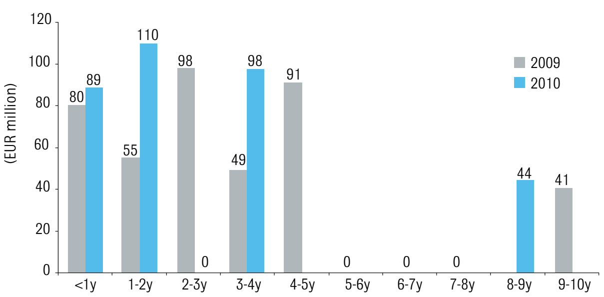
An increase of 100 basis points of all floating interest rates at the reporting date would have decreased the net financing costs in profit or loss by EUR 0.5 million (2009: EUR 1.1 million). A decrease of 100 basis points in interest rates at 31 December 2010 would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

(EUR x million)	Impact on net financing costs of 100 basis points increase of interest rates	
	2010	**2009**
Exposed interest-bearing borrowings (non-current)	-0.3	-0.8
Exposed interest-bearing borrowings (current) and cash and cash equivalents	0.8	1.9

An increase of 100 basis points of all floating interest rates at the reporting date would have increased the fair value of the outstanding interest rate swaps by EUR 0.6 million per 31 December 2010. As consequence of applying cash flow hedge accounting for the two interest rate swaps an amount of EUR 2.0 million would decrease the hedging reserve in equity and an amount of EUR 1.4 million would increase the net financing costs.

Repricing analysis

The following graph shows the repricing calendar for non-current interest-bearing borrowings (including current portion of private placement) 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 2010, foreign currency transactions risks for trade receivables mainly comprise the currencies euro and US dollar for respectively EUR 12.3 million (2009: EUR 11.9 million) and EUR 23.0 million (2009: EUR 9.0 million). The foreign currency transaction risks for trade payables are, depending on the functional currency of an operating company, in the currencies euro and US dollar for respectively EUR 67.5 million (2009: EUR 48.1 million) and EUR 118.6 million (2009: EUR 100.9 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles, reported in the gross margin of operating companies.

Unrecognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming three months, are hedged on the basis of pass-through possibilities and probability of occurrence. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. These are mainly used in cash flow hedge relationships.

The impact of unhedged transactions and balances in foreign currencies resulted in a profit of EUR 0.1 million in 2010 (2009: EUR 2.1 million losses).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity. The amount recognised in the cash flow hedge reserve in equity is recycled through profit or loss at the same moment the underlying hedge item is recognised in profit or loss. At 31 December 2010, derivative financial instruments with a negative fair value of EUR 1.7 million (2009: EUR 0.0 million) are reported in the hedging reserve, as part of equity.

Operating companies report monthly their recognised and unrecognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the treasury risk management policy and to determine the need for additional hedging transactions.

Group Treasury is the counterparty for derivative financial instruments of the operating companies resulting in a foreign currency exposure for Group Treasury which is, together with the exposure from corporate transactions, hedged with derivative financial instruments externally. The revaluation of corporate monetary items and internal and external derivative financial instruments is reported separately as part of net financing costs to the extent not recognised in equity. In 2010, the foreign currency exposure of Nutreco Corporate resulted in a positive foreign currency effect of EUR 0.9 million.

On 31 December 2010, the notional amount of outstanding foreign exchange derivative financial instruments related to transaction risk totalled EUR 475.1 million (2009: EUR 314.1 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 negative EUR 4.4 million (2009: EUR 0.5 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 other comprehensive income 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 such as foreign exchange swaps and cross-currency interest rate swaps.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit is defined as the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency. At the balance sheet date EUR 362.6 million (2009: EUR 327.2 million) of interest-bearing borrowings in foreign currencies, including the effect of CAD/USD (EUR 97.5 million) and NOK/USD (EUR 48.0 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 currency exchange swaps to further reduce the exposure to translation risks of shareholders' equity of foreign Group companies or non-consolidated companies. On 31 December 2010, the notional amount of outstanding foreign exchange derivative financial instruments related to translation risk totalled EUR 249.9 million (2009: EUR 226.8 million), mainly relating to AUD, MXN, GBP, NOK and CAD. The net fair value of the outstanding foreign exchange derivative financial instruments related to translation risk amounted to negative EUR 8.2 million (2009: EUR 4.6 million).

Translation exposure for the main foreign currencies

(EUR x million)	Capital invested as at 31 December		Net investment hedge as at 31 December		Exposure as at 31 December	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
AUD	49.9	34.7	26.7	21.8	23.2	12.9
CAD	401.4	350.8	336.4	296.5	65.0	54.3
GBP	38.3	39.6	24.2	23.3	14.1	16.3
NOK	127.6	126.4	73.6	69.2	54.0	57.2
USD	161.1	128.0	104.5	96.9	56.6	31.1

Sensitivity analysis foreign currency translation risk

A 10% strengthening of the main foreign currencies, as listed in the table below, against the euro at the reporting date would have increased equity by EUR 21.3 million (2009: EUR 17.0 million). A 10% weakening of these same main foreign currencies against the euro at the reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(EUR x million)	Impact on equity of 10% strengthening of foreign currencies	
	2010	**2009**
AUD	2.3	1.3
CAD	6.5	5.4
GBP	1.4	1.6
NOK	5.4	5.7
USD	5.7	3.1

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and a strong liquidity position.

In May 2010, Nutreco extended the maturity of the revolving credit facility from May 2012 to May 2014 and decreased the total amount of the facility to EUR 500.0 million. The interest rates and fees were reduced. The credit facility may be used for loans in various currencies.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 204.0 million. The first tranche of USD 46.0 million has matured in May 2009. The second tranche of

USD 80.0 will mature in 2011. The third tranche of USD 78.0 million matures in 2014.

In April 2009 Nutreco issued senior notes in a private placement in the United States of America for a total amount of USD 150.0 million. The senior notes consist of three tranches of USD 54.3 million, USD 37.2 million and USD 58.5 million which mature in 2014, 2016 and 2019 respectively.

Nutreco has repurchased the cumulative preference shares 'A' of EUR 54.5 million by the end of the current dividend period (31 December 2010).

Of the total facilities of EUR 1,029.1 million, an amount of EUR 438.1 million had been used as at year-end 2010 (2009: EUR 1,095.1 million and EUR 455.5 million, respectively). In addition, Nutreco had EUR 230.8 million (2009: EUR 232.6 million) of cash and cash equivalents available at year-end 2010.

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 2010	Effective interest rate as at 31 December 2009	Year of maturity	Interest reprising	Carrying amount 31 December 2010	Carrying amount 31 December 2009
Syndicated loan	CAD	6.53%	7.48%	2014	Fixed[1]	109.9	97.4
Syndicated loan	EUR	-	6.99%	-	Fixed	-	49.9
Private placement[2]	USD	-	4.53%	2011	Fixed	-	54.6
Private placement	USD	5.12%	5.12%	2014	Fixed	57.4	53.3
Private placement	USD	7.23%	7.23%	2014	Fixed	40.4	37.4
Private placement	USD	5.32%	5.23%	2016	Semi Annual	28.7	25.7
Private placement	USD	8.22%	8.22%	2019	Fixed	43.6	40.3
Cumulative preference shares	EUR	-	6.66%	2010	Fixed	-	54.5

1 The interest rate is fixed by means of interest rate swap which mature in 2012
2 Due to the repayment in 2011 reported as part of current interest-bearing borrowings

Maturity profile financial liabilities 2010

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 2010					
Interest-bearing borrowings (non-current)	-350.6	-7.0	-7.0	-251.2	-85.4
Interest-bearing borrowings (current)	-156.1	-156.1			
Trade payables	-678.8	-678.8			
Other payables	-82.3	-82.3			
Foreign exchange derivatives inflow	529.8	525.6	4.2		
Foreign exchange derivatives outflow	-547.3	-542.9	-4.4		
Interest rate derivatives inflow	3.6	0.8	1.1	1.7	
Interest rate derivatives outflow	-10.3	-2.9	-3.0	-4.4	
Cross-currency interest rate derivatives inflow	145.2	43.7	2.6	98.9	
Cross-currency interest rate derivatives outflow	-166.7	-52.1	-2.9	-111.7	

Maturity profile financial liabilities 2009

(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[1]	20.9	1.2	2.1	14.6	3.0
Interest rate derivatives outflow[1]	-35.7	-4.3	-4.5	-23.2	-3.7
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	-	-	-

1) Adjusted for notional amounts

The following tables show the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category:

(EUR x million)	Total amount	6 months or less	6 – 12 months
Foreign exchange derivatives as 31 December 2010			
Fair value accounting – inflow	201.5	198.2	3.3
Fair value accounting – outflow	-207.4	-203.8	-3.6
Net investment hedge accounting – inflow	220.3	220.3	
Net investment hedge accounting – outflow	-229.4	-229.4	
Cash flow hedge accounting – inflow	108.0	107.1	0.9
Cash flow hedge accounting – outflow	-110.5	-109.7	-0.8

(EUR x million)	Total amount	6 months or less	6 – 12 months
Foreign exchange derivatives as 31 December 2009			
Fair value accounting – inflow	92.4	92.4	-
Fair value accounting – outflow	-94.3	-94.3	-
Net investment hedge accounting – inflow	187.4	187.4	-
Net investment hedge accounting – outflow	-191.2	-191.2	-
Cash flow hedge accounting – inflow	38.0	38.0	-
Cash flow hedge accounting – outflow	-38.5	-38.5	-

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 recognised 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)	Estimated fair value	
	2010	**2009**
Assets		
- Level 2		
Debt securities	9.4	13.0
Fair value foreign exchange derivatives	4.2	4.1
Fair value interest rate derivatives	1.0	0.5
Commodity derivatives	-	0.1
Liabilities		
- Level 2		
Fair value foreign exchange derivatives	-16.8	-8.3
Fair value interest rate derivatives	-6.9	-13.8
Fair value cross-currency interest rate derivatives	-18.0	-14.7

During 2010 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. The capital structure, in relation to the mentioned targets, is reported monthly. The strategic targets are evaluated regularly taking Nutreco's business profile and the objectives of Nutreco's capital providers into account. The capital of Nutreco consists of share premium account, retained earnings and other reserves (translation and hedging).

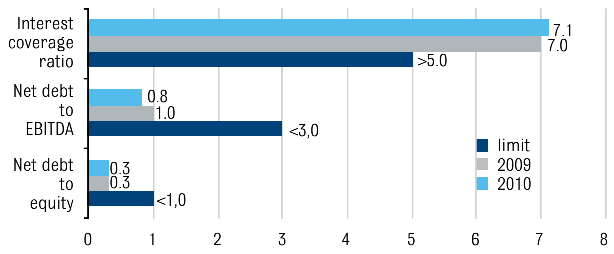
The financial covenants of Nutreco's core financing facilities, being the syndicated loan and the private placement, are net senior debt compared to EBITDA of maximum 3.25 to 3.5 and EBITDA compared to net financing costs, excluding dividends on cumulative preference shares, of at least 3.0 EBITDA and 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 2010, Nutreco remained well within the financial covenants agreed upon with both the syndicated loan and the private placements.

As of 31 December 2010 the net debt to equity ratio amounts to 0.3, the net debt to EBITDA ratio amounts to

0.8 and the interest coverage amounts to 7.1. As of 31 December 2010, Nutreco has a net debt position of EUR 207.3 million (2009: EUR 222.9 million).

Capital risk management limits per 31 December



Commodity risk management

Risks relating to derivative financial instruments

The Group uses raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors.

In addition to fixed price contracts, futures are used to economically hedge the price volatility related to these above exposures.

As part of the Group's commodity risk management strategy, contracts have been concluded for the purchase of physical commodities in line with the Group's commodity risk management policy.

At year-end, the Group had commodity derivatives outstanding for an amount of EUR 0.1 million (2009: EUR 0.1 million).

(28) Contingent assets and liabilities

At 31 December 2010, the total lease and rental commitments amount to EUR 137.4 million (2009: EUR 106.2 million).

The annual operating lease and rental commitments and contingencies are:

(EUR x million)	2010	2009
Lease and rental commitments	**137.4**	**106.2**
Year 1	36.1	33.8
Year 2	30.1	29.3
Year 3	25.2	24.7
Year 4	21.5	17.0
Year 5	24.2	1.0
After five years	0.3	0.4
	137.4	**106.2**
Other contingencies		
Capital commitments	16.5	2.5
Guarantees	17.0	13.8

The increase of EUR 31.2 million of lease and rental commitments mainly relates to the renewal of a contract within the segment Fish Feed (see below).

In 2007, Skretting (part of segment Fish Feed) secured part of its outbound logistics by entering into a five year contract, which was extended for 2 years (expires 31 December 2014) 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 at an amount of EUR 3.2 million at the end of 2010 (2009: EUR 1.8 million), excluding the option to extend for three years.

Furthermore in 2010, Skretting has renewed a contract with a strategic fish feed transporter on outbound logistics until

December 2015, with a mutual option for the parties to extend by three years. This contract comprises an outbound freight commitment and is qualified as an operating lease contract. The commitment of this contract depends on both volumes and cost developments going forward. The commitment is estimated at an amount of EUR 89.9 million at the end of 2010 (2009: EUR 61.0 million), excluding the extension option. Including the option, the commitment is estimated at EUR 137.9 million. The contract has been prolonged in order to ensure long term and cost efficient outbound distribution capacity.

In the normal course of business, certain group companies issued guarantees totalling EUR 17.0 million (2009: EUR 13.8 million). Included are guarantees of EUR 10.0 million (2009: EUR 6.9 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 2009 and 2010.

At year-end Nutreco had no significant contingent assets.

(29) Related party transactions

Nutreco identifies its associates, joint ventures, Nutreco pension funds and key management as related parties. Nutreco considers the members of the Executive Board as key management (see Note 24).

Transactions between related parties are subject to conditions that usually govern comparable sales and purchases with third parties. The details for associates are as follows:

(EUR x million)	2010	2009
Revenue to related parties	22.4	23.3
Amounts owed from related parties	2.5	2.6

The revenues to related parties are mainly related to associates in Canada.

Nutreco provided loans to the Dutch Nutreco Pension Fund during 2003 and 2004 (see Note 16) for an amount of EUR 12.1 million (2009: EUR 12.1 million) with net financing costs of EUR 0.1 million (2009: EUR 0.2 million).

A number of key management personnel, or their related parties, hold positions in external companies giving them significant influence over the financial or operating policies of these companies. A number of these companies had transactions with the Group during the year.

(30) Subsequent events

Nutreco has come to an agreement with the non-controlling interest shareholder of Trouw Nutrition Russia B.V. in the segment Premix and Feed Specialties to acquire an additional 15% interest, increasing its ownership from 75 to 90%. The legal transfer of shares is expected to take place in the first quarter of 2011.

The total consideration will be determined after finalising the statutory accounts of 2010 for Trouw Nutrition Russia B.V.

(31) Notes to the consolidated cash flow statement

General

The consolidated cash flow statement is drawn up on the basis of a comparison of the Financial positions as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities

Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities

Cash used in the purchase of long-lived assets consists of the actual amounts paid during the year.

Dividends paid

In 2010, EUR 28.2 million (2009: EUR 28.6 million) in dividends were paid to the shareholders of Nutreco with ordinary shares.

Sundry

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the Financial position and the changes according to the cash flow statement:

(EUR x million)	Working capital [1]	Employee benefits	Provisions	Interest-bearing debt [2]
As at year-end 2009	135.7	-53.7	-18.2	-423.9
As at year-end 2010	107.5	-53.8	-6.4	-350.3
Balance sheet movement	**28.2**	**0.1**	**-11.8**	**-73.6**
Adjustments				
Effect of movement in foreign exchange	12.5	-1.9	-	-30.2
Acquisitions/divestments	0.7	-0.7	-	-1.0
Other	-22.4	-0.3	3.0	-
Change in cash flow	**19.0**	**-2.8**	**-8.8**	**-104.8**

1 Inventories, biological assets, trade and other receivables, and trade and other payables.
2 Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.

The adjustment 'Other' for Working capital mainly comprises 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 2010	31 December 2009
Financial fixed assets	4	**869.7**	**593.1**
Current assets			
Receivables from Group companies	5	167.2	407.0
Income tax receivable		3.9	-
Cash and cash equivalents		1.3	0.8
		172.4	**407.8**
Total assets		**1,042.1**	**1,000.9**
Issued and paid-up share capital		8.4	8.4
Share premium account		159.5	159.5
Treasury shares		-7.3	-1.2
Retained earnings		542.0	502.6
Undistributed result		111.4	90.3
Legal reserve		-4.6	-29.4
Shareholders' equity	6	**809.4**	**730.2**
Non-current liabilities			
Interest-bearing borrowings	7	170.1	265.8
		170.1	**265.8**
Current liabilities			
Interest-bearing borrowings		59.7	0.4
Trade and other payables		2.9	4.5
		62.6	**4.9**
Total liabilities		**232.7**	**270.7**
Total equity and liabilities		**1,042.1**	**1,000.9**

Company income statement

(EUR x million)	Note	2010	2009
Net result from Group companies		126.6	104.7
Other net result	8	-15.2	-14.4
Net result		**111.4**	**90.3**

Notes to the Company's financial statements

Principles of valuation and income determination

(1) General

The Company's financial statements are part of the 2010 consolidated financial statements of Nutreco N.V. With reference to the Company income statement of Nutreco N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

(2) Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company's financial statements, Nutreco N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company's financial statements of Nutreco N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net asset value method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS). Please see pages 92-107 for a description of these principles.

The share in the results of participating interests consists of the share of Nutreco N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

(3) Changes in accounting policies

From 1 January 2010 the Company has changed the valuation of its participating interests from the equity method to the net asset value method. The change in accounting policy has been applied retrospectively and has no impact on the Company's financial statements.

(4) Financial fixed assets

(EUR x million)	2010	2009
As at 1 January	**593.1**	**488.4**
Net result from Group companies	126.6	104.7
Capital payments	150.0	-
As at 31 December	**869.7**	**593.1**

(5) Receivables from Group companies

The receivables from Group companies have a period shorter than one year and consist of a receivable position with Nutreco Nederland B.V., which acts as a Nutreco's in-house bank.

(6) Shareholders' equity

Treasury shares

The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders.

The treasury shares are deducted from other reserves.

Legal reserve

The legal reserve consists of the following:

(EUR x million)	2010	2009
Hedging reserve	-8.7	-13.5
Translation reserve	-0.9	-21.2
Participations	5.0	5.3
Total	**-4.6**	**-29.4**

(7) Interest-bearing borrowings

Interest-bearing borrowings consist of the private placements and in 2009 also of the cumulative preference shares. Nutreco N.V. has repurchased the cumulative preference shares 'A' by the end of the current dividend period (31 December 2010) and shares will be cancelled in the first quarter of 2011. See Note 23 of the consolidated financial statements.

(8) Other net results

Other net results mainly represent the interest expenses related to the interest-bearing borrowings and the interest income from subsidiaries and associates.

(9) Contingent assets and liabilities

Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco N.V. on behalf of several Group companies in the Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch. The liabilities of these companies to third parties and to investments in associates totalled EUR 351.9 million as at 31 December 2010 (2009: EUR 302.4 million).

Nutreco N.V. is jointly liable for several credit facilities of its subsidiaries, including the syndicated loan facility.

(10) Average number of employees

The Company did not employ any person in 2010.

Amersfoort, 14 February 2011

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’. This percentage applies as long as the cumulative preference shares ‘A’ are outstanding, so ultimately till 31 December 2010.

In December 2010, the distribution of the remaining dividend within the financial year in combination with the repurchase of all outstanding preference shares ‘A’ was approved in the Extraordinary General Meeting of Shareholders.

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 AGM, 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.

On 31 December 2010, the 4,993,200 issued cumulative preference shares 'A' have been repurchased from its shareholders, and were held in treasury on 31 December 2010. The intention is to withdraw this class of shares in the first quarter of 2011.

Dividend proposal 2010

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 1.50 (2009: EUR 1.32). The payout ratio amounts to 45% of the total result for the period attributable to owners of Nutreco excluding impairment and book gains and losses on divestments. The Company already distributed an interim dividend of EUR 0.50 per ordinary share in August 2010. Following adoption by the General Meeting of Shareholders, the final dividend of EUR 1.00 (2009: EUR 1.12) 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 31 March 2011. The exchange ratio will be fixed after the close of trading on 15 April 2011. This ratio will be based on the weighted average share price of the last three days of the option period – 13, 14 and 15 April 2011. Both the cash dividend and the stock dividend will be made available to the shareholders on 21 April 2011.

Special rights provided for by the Articles of Association

Special rights to holders of cumulative preference shares 'A'

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.

The cumulative preference shares 'A' were repurchased on 31 December 2010 and will be withdrawn in 2011.

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. 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. Therefore, the foundation has been granted the right to acquire Nutreco preference shares 'D' up to a maximum equal to the number of outstanding shares issued at the date in question. In an amendment of its Articles of Association passed 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.

During 2010, the Board of the Foundation consisted 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 N.V. and the Board of Stichting Continuïteit Nutreco are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in article 5:71c of the 'Wet op het financieel Toezicht' and section 2:118a par. 3 of the Dutch Civil Code.

Cumulative financing preference shares 'E'

The cumulative financing preference shares 'E' can be issued by the Company for financing purposes. Cumulative financing preference shares 'E' only exist in registered form and must be fully paid up upon issue. Since 2009, the authorisation to issue cumulative financing preference shares 'E' is dependent on a specific authorisation which will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class.

During the year under review, no cumulative financing preference shares 'E' were outstanding.

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 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 shares 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 N.V. has a syndicated loan facility that can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made.
- The US Private Placement Note Purchase Agreement entered into in April 2009 by Nutreco N.V. contains a change of control provision.
- Nutreco International B.V., a subsidiary of Nutreco N.V. has a raw materials purchase agreement with BASF which can be terminated in case of a change in control of the Company.

Appointment of the external auditor

At the General Meeting of Shareholders held on 1 April 2010, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2011. The General Meeting of Shareholders to be held on 28 March 2011 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 2012.

Independent auditor's report

To: General Meeting of Shareholders of Nutreco N.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2010 of Nutreco N.V., Boxmeer. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statements of comprehensive income, the consolidated statement of financial position as at 31 December 2010, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 14 February 2011

KPMG ACCOUNTANTS N.V.
D.J. Randeraad RA

Ten years of Nutreco income statement

(EUR x million)	2010	2009	2008	2007	2006	2005[1]	2004 IFRS[1]	2004 D-GAAP	2003[2]	2002	2001
Revenue	4,940	4,512	4,943	4,021	3,031	2,774	3,269	3,858	3,674	3,810	3,835
Raw materials	3,907	3,567	4,001	3,153	2,308	2,056	2,381	2,776	2,593	2,731	2,775
Gross margin	**1,033**	**945**	**942**	**868**	**723**	**718**	**888**	**1,082**	**1,081**	**1,079**	**1,060**
Personnel costs[3]	487	442	428	368	308	322	417	487	473	443	394
Depreciation of property, plant and equipment	56	53	51	42	40	43	83	90	99	97	88
Other operating expenses[3]	291	280	280	303	259	235	276	378	386	394	396
Total operating expenses	**834**	**775**	**759**	**713**	**607**	**600**	**776**	**955**	**958**	**934**	**878**
Operating result before amortisation of goodwill (EBITA)	199	170	183	155	116	118	112	127	123	145	182
Amortisation expenses	13	12	11	6	3	2	6	6	5	6	5
Amortisation of goodwill/impairment of long-lived assets	-	-	-	-	-	5	-	7	12	14	13
Operating result (EBIT)	**186**	**158**	**172**	**149**	**113**	**111**	**106**	**114**	**106**	**125**	**164**
Net financing costs	-36	-32	-31	-10	8	-12	-32	-27	-30	-38	-38
Share in results of associates	2	1	2	1	-	2	4	4	-1	-	3
Result before tax	**152**	**127**	**143**	**140**	**121**	**101**	**78**	**91**	**75**	**87**	**129**
Taxation	-39	-35	-37	-26	-16	-8	-22	-10	-15	-17	-31
Result after tax	**113**	**92**	**106**	**114**	**105**	**93**	**56**	**81**	**60**	**70**	**98**
Result after tax from discontinued operations	-	-	11	7	415	44	26	-	-	-	-
Total result for the period	**113**	**92**	**117**	**121**	**520**	**137**	**82**	**81**	**60**	**70**	**98**
Dividend on cumulative preference shares			-	-	-	-	-	5	5	5	5
Non-controlling interest	2	3	2	2	1	3	4	4	4	2	6
Result for the period attributable to the equity holders of the parent	**111**	**89**	**115**	**119**	**519**	**134**	**78**	**72**	**51**	**63**	**87**
Number of employees in FTEs as at year-end	9,913	9,690	9,278	9,090	7,405	6,993	12,408	12,408	12,763	13,442	12,934
Operating result (EBITA) as a % of revenue	4.0%	3.8%	3.7%	3.9%	3.8%	4.2%	3.2%	3.1%	3.2%	3.6%	4.6%
Turnover rate of weighted average capital employed[4]	5.0	4.5	5.0	5.5	3.8	2.8	3.9	3.9	3.2	3.0	3.2
Return (EBITA) on weighted average capital employed	20%	17%	19%	21%	15%	12%	14%	11%	10%	10%	14%
Interest cover	7.1	7.0	7.5	19.5	-19.4	13.4	6.1	7.8	7.4	6.5	7.1
Dividend (EUR x million)	52	46	49	56	359	52	23	23	22	27	32
Dividend per share	1.50	1.32	1.43	1.64	1.60	1.52	0.53	0.53	0.53	0.67	0.80

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)	2010	2009	2008	2007	2006	2005[1]	2004 IFRS[1]	2004 D-GAAP	2003	2002	2001
Property, plant and equipment	565	517	478	429	281	287	470	474	515	552	576
Intangible assets	347	310	286	319	91	84	166	180	199	392	393
Financial non-current assets	88	90	77	95	82	549	96	76	54	46	42
Non-current assets	**1,000**	**917**	**841**	**843**	**454**	**920**	**732**	**730**	**768**	**990**	**1,011**
Inventories/biological assets	437	356	385	342	235	204	473	421	397	407	384
Financial current assets	-	-	-	-	-	156	-	-	-	-	-
Trade and other receivables	685	620	734	600	531	415	462	472	506	580	562
Cash and cash equivalents	231	233	228	208	579	90	137	136	32	32	41
Assets held for sale	11	-	-	-	-	-	-	-	-	-	-
Current assets	**1,364**	**1,209**	**1,347**	**1,150**	**1,345**	**865**	**1,072**	**1,029**	**935**	**1,019**	**987**
Total assets	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**
Equity attributable to the owners of Nutreco	810	730	655	643	744	698	527	604	536	734	683
Non-controlling interest	10	11	11	8	6	13	15	15	14	23	24
Total equity	**820**	**741**	**666**	**651**	**750**	**711**	**542**	**619**	**550**	**757**	**707**
Non-current portion of provisions/ employee benefits	11	15	14	25	37	26	68	35	48	78	97
Interest-bearing borrowings	282	414	467	410	250	276	502	434	396	422	440
Other non-current liabilities	25	15	12	19	2	14	16	-	-	-	-
Non-current liabilities	**318**	**444**	**493**	**454**	**289**	**316**	**586**	**469**	**444**	**500**	**537**
Current interest-bearing borrowings	156	42	128	87	92	165	11	11	28	43	79
Current portion of provisions/ employee benefits	49	57	37	45	31	22	27	-	-	-	-
Other current liabilities	1,021	842	864	756	637	571	638	660	681	709	675
Current liabilities	**1,226**	**941**	**1,029**	**888**	**760**	**758**	**676**	**671**	**709**	**752**	**754**
Total equity & liabilities	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,785**	**1,804**	**1,759**	**1,703**	**2,009**	**1,998**
Capital employed[1]	1,027	964	1,033	984	552	1,102	1,002	969	1,008	1,271	1,285
Net debt[2]	207	223	367	290	-237	351	376	309	392	433	478
Current assets divided by non-interest-bearing debt	1.29	1.41	1.54	1.49	2.01	1.46	1.64	1.62	1.45	1.44	1.46
Solvency ratio (equity of the parent divided by total assets)	34%	34%	30%	32%	41%	39%	29%	34%	31%	37%	34%
Net debt divided by equity of the parent	26%	31%	56%	45%	-27%	56%	71%	51%	73%	59%	70%

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

"Combining our strengths with those of Nutreco makes Fri-Ribe one of the best animal nutrition companies in Brazil today and this year was the best result for ten years. While the strengths are complementary, we share the same values and ambition to grow in the growing market of Brazil. Fri-Ribe produces premixes, farm minerals and complete feed for beef and dairy cattle, pigs and poultry as well as feed for horses and pet food. We also produce extruded feed for fish and pelletised feed for shrimp.

"Brazil offers great opportunities. It has a population close to 200 million and a strong, growing economy with significant potential for living standards to rise. As this happens the demand for meat and fish is increasing and the farmers are responding. Being part of Nutreco improves our ability to meet their needs for more nutritional and farming advice. This is part of what makes us different and better. We are diversified in products, species and regions, which is a strong basis for our business. We intend to strengthen our position further with greater customer- and species focus and dedication in our marketing and sales organisation. In that respect, the shrimp and fish feed activities are ahead and already benefiting from this chosen direction."

Eduardo Amorim
General Manager, Fri-Ribe

GROWTH

"The acquisition of the Tomboy aquaculture feed activities in Vietnam brings three important growth opportunities, in shrimp, marine fish species and higher value products, which will be attractive to major international retailers. The acquisition also brought a plant that produces extruded fish feed and that can be operated to Skretting

freshwater species. Vietnam is a globally significant producer of shrimp. Though Vietnamese shrimp aquaculture is still very fragmented, larger farms operate to relatively high standards and all use manufactured feed. They are our target market. As a large company we can also provide commercial support together with Nutreco's strong focus on quality and feed-to-food safety, represented in the Nutrace concept, and attention to sustainability. Potentially, joining like-minded companies, we can form closed, certified value chains from feed raw materials to processed standards. In addition to supplying the domestic market, this plant can supply feeds for marine species such as barramundi, cobia, grouper and snapper. The aquaculture of marine species, though still at early stages, is increasing throughout South East Asia, a region that is 10,000 km north to south and 5,000 km east to west. Nutreco is one of very few manufacturers of high quality, technically advanced marine feeds based in the region."

Laurent Genet
Country Manager, Skretting Vietnam

Addendum

Executive Board

Mr W. Dekker (1956)
Dutch
Chairman of the Executive Board and Chief Executive Officer
Appointed: 1 July 2000

Mr W. Dekker started his career in the Group as Research and Development Manager for Trouw International's fish business in 1983. From 1988 till 1991 he managed the Chilean business and returned to the Netherlands to assume various managerial positions. He joined the Executive Board of Nutreco on 1 January 1996 and became Chief Operating Officer on 1 January 1999. Mr W. Dekker was appointed Chief Executive Officer and Chairman of the Executive Board of Nutreco N.V. on 1 July 2000.

Mr W. Dekker graduated from Wageningen University, the Netherlands, in Animal Science.

Mr W. Dekker is a member of the Supervisory Boards of Rabobank Nederland and Macintosh Retail Group N.V. Mr W. Dekker is also a member of the Taskforce Biodiversity & Natural Resources.

Mr 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 Sara Lee Corporation. Mr C.J.M. van Rijn was appointed Chief Financial Officer and member of the Executive Board of Nutreco N.V. on 16 November 2001.

Mr C.J.M. van Rijn graduated from the Erasmus University of Rotterdam, the Netherlands, in Economy and Dutch Law.

Mr C.J.M. van Rijn is a member of the Supervisory Boards of Farm Frites Beheer B.V., Plukon Royale B.V. and Detailresult Group and 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. Mr K. Nesse was appointed Executive Vice-President and member of the Executive Board of Nutreco N.V. on 30 June 2009.

Mr K. Nesse obtained a MBA degree 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. Mr F.J. Tielens was appointed Executive Vice-President and member of the Executive Board of Nutreco N.V. on 30 June 2009.

Mr F.J. Tielens graduated in 1988 from the Erasmus University Rotterdam, the Netherlands, 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 Foods organization. In 2000 he was appointed President of the Shur-Gain Division and in 2005 President of Maple Leaf Animal Nutrition. Following the acquisition of Maple Leaf Animal Nutrition by Nutreco in 2007, he continued to lead Nutreco Canada as Group President. Mr J.A. Vergeer was appointed Executive Vice-President and member of the Executive Board of Nutreco N.V. on 30 June 2009.

Mr J.A. Vergeer graduated from the University of Guelph (Canada) Agricultural Business Program in 1984 and from the Canadian Agri-Food Executive Development Program in 1996. He is a past Executive member and Chairman of the Animal Nutrition Association of Canada. He is currently a member of European Feed Manufacturers Federation (FEFAC) and the American Chamber of Commerce in the Netherlands.

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 Board of 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 member of the Supervisory Boards of Aon Groep Nederland B.V., Heineken N.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, the Netherlands, and obtained an MBA degree from Insead. He started his career in 1970 at ABN N.V., subsequently ABN Amro Bank N.V., where he joined the Managing Board in 1989 till the end of 2001.

Mr R.J. Frohn (1960)
Dutch
Appointed: 21 April 2009
Appointed at the AGM of 21 April 2009 for a first term of four years,expiring at the AGM of 2013

Member of the Board of Management of Akzo Nobel N.V.

Mr R.J. Frohn obtained a Master's degree in Business Economics from the Groningen University, the Netherlands. He joined the Executive Board of AkzoNobel as Chief Financial Officer in 2004. Since 1 May 2008 Mr R.J. Frohn is the Executive Board member responsible for the Specialty Chemicals business.

Mr A. Puri (1953)
American
Appointed: 21 April 2009
Appointed at the AGM of 21 April 2009 for a first term of four years, expiring at the AGM of 2013

Non-Executive Director of Britannia Industries Ltd. (India), Non-Executive Director of Moobella Inc. (USA).

Mr A. Puri studied at the University of Maryland, United States, where he obtained a PhD in Food Science, and at the Crummer Business School, Rollins College, in the USA, where he obtained an MBA in Marketing. He joined the Coca-Cola Company in 1981, where he assumed various management positions until 2003. From 2003 till 2007 he was a member of the Executive Board of Koninklijke Numico N.V. as President R&D and Product Integrity (Food Safety and Quality). During that period he was a Non-Executive Board member of PT Sari Husada Tbk (Indonesia) from 2004 till 2007.

Mrs H.W.P.M.A. Verhagen (1966)
Dutch
Appointed: 1 April 2010
Appointed at the AGM of 1 April 2010 for a first term of four years, expiring at the AGM of 2014.

Managing Director Group Human Resources TNT, member of the Supervisory Board of SNS Reaal N.V.

After having obtained her law degree, Mrs H. Verhagen obtained an HR Masters degree from the Tilburg University, the Netherlands, an International Management degree from Insead and an Executive MBA from Stanford University. Mrs Verhagen fulfilled various marketing & sales and operational functions. In 2003 Mrs H. Verhagen was appointed member of the Board of TNT Post. Since 2007 Mrs H. Verhagen is Managing Director Group HR TNT.

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 Boards of Aegon Nederland N.V. and Aegon Bank N.V., Vice-chairman of the Supervisory Board of Vion N.V., member of the Supervisory Board of Cargill B.V. and Chairman of the Stichting Preferente Aandelen of Macintosh Retail Group N.V.

Mr J.A.J. Vink studied Organic Chemistry at the Leiden University, the Netherlands, and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974 he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was Chairman of the Executive Board from 1997 to 2005.

Business management

H.J. Abbink – Dutch (1961)
Controller Nutreco Specialties

J. Brennan – Canadian (1959)
Director R&D and Technology Transfer Canada

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

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 R&D

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

M.A.K. Snels – Belgian (1969)
Managing Director Selko Feed Additives

G. Botter – Dutch (1973)
Managing Director Nanta

J.B. van der Ven – Dutch (1951)
Managing Director Trouw Nutrition Brasil

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.M. van Bergen-van Kruijsbergen – Dutch (1961)
Company Secretary/Director of Legal

J.B.W. van Hooij – Dutch (1953)
Senior Group Tax Manager

H. van de Ven – Dutch (1960)
Director Information Management

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

Participations of Nutreco N.V.

Premix and Feed Specialties

Brazil
Dispa - Indústria de Rações S.A. • Maracanaú • 51%*
Nutreco Brasil Participações S.A. • São Paulo
Nutreco Brasil - Fri Ribe Participações S.A. • Ribeirão Preto • 51%*
Rações Fri Ribe S.A. • Ribeirão Preto •51%*
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 • 0.0 %* Divested in 2010
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 • 100% • Since November 2010
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 • 75%*

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 • 75%
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 • 100.%
(since November 2010)

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

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%***

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
Skretting Russia A/S • Stavanger

P.R.C.
Skretting China Co. Ltd. • Shanghai

Spain
Skretting España S.A. • Burgos

Sweden
T. Skretting AB Sweden • Stockholm

Turkey
Skretting Yem Uretim Anonim Sirketi • Bodrum

United Kingdom
Trouw Aquaculture Limited • Invergordon
Trouw (UK) Limited • Wincham, Northwich

United States
Moore-Clark USA Inc. • Seattle, Washington
Nelson and Sons, Inc. • Utah
ENS Partnership • Utah • 33%**

Vietnam
Tomboy JSC • Ho Chi Minh City

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
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%**
Lactech Inc. • Quebec • 33%**

Meat and Other

Canada
2542-1462 Quebec Inc. • St-Jean sur Richelieu
2969-1821 Quebec Inc. • St-Felix de Valois
Couvoir Scott Ltée • Scott Junction • 50%**
Ferme Baril de St.-Félix Inc. • St-Felix de Valois
Ferme Berthier Inc. • Berthier
Ferme Gaston Inc. • St-Felix de Valois
Ferme Léo Henault Inc. • St-Felix de Valois
Gène-Alliance Inc. • Yamachiche • 40%**
Isoporc Inc. • St-Hugues • 17%*** (2009: 33%**)
Poirier Berard Ltée • St-Felix de Valois

Portugal
Sada Portugal, Lda • Rio de Galinhas

Spain
Grupo Sada p.a. S.A. • Madrid
Inga Food, S.A. • Madrid
Sada p.a. Andalucia, S.A. • Alcalá de Guadaira
Sada p.a. Canarias S.A. • Santa Cruz de Tenerife
Sada p.a. Castilla-Galicia, S.A. • Valladolid
Sada p.a. Catalunya S.A. • Lleida
Sada p.a. Valencia, S.A. • Sueca
Sociedad Comercializadora de Aves, S.L. • Madrid • 34.96%*** 1)

Corporate

Belgium
Nutreco Belgium N.V. • Ghent
Nutreco Capital N.V. • Ghent

Canada
Nutreco Canada Inc. • Guelph

Curaçao
Nutreco Insurance N.V. • Willemstad

France
Nutreco France S.A.S. • Vervins

Germany
Nutreco Deutschland GmbH • Burgheim

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
Nutreco USA Inc. • Delaware

** Fully consolidated (> 50%)*
*** Investment in associates (see Note 15)*
**** Other investments (see Note 16)*
1) No influences

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feeding the future

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