Royal Wessanen

Healthier food, healthier people, healthier planet.

Annual Report 2013

Introduction
Welcome to Wessanen

Healthier food, healthier people, healthier planet

There has never been a greater need to change the world of food. At Wessanen, we offer people healthier and more sustainable food choices.

We believe that healthiness and sustainability of food are intrinsically linked. Put simply, what is good for us is also good for the planet and vice versa.

We focus on organic, vegetarian and natural ingredients as these are healthier and more sustainable. Where applicable, we also focus on fair trade sourced food and specific dietary solutions.

We conduct our business in a way that is transparent, fair and sustainable for all and we want to make a positive contribution to the communities we work in. Our commitment is to our stakeholders and future generations.

Our aspiration is to build an European champion in healthy and sustainable food.

Revenue[1]

€508.5m

Revenue growth at our core activity Branded was driven by growing our core brands and core categories.

EBITE[1]

€13.3m

is the operating result before exceptional items we have realised in 2013.

Employees[1]

1,225

employees on average worked for us in 2013. We highly value their commitment and skills and their ongoing commitment.

Nutritional policies

90%

The percentage of products (by sales volume), respecting our nutritional policies, such as on salt, sugar, pesticides, palm oil and nonGM.

Organic products

69%

of our portfolio of healthier and sustainable products are organic certified.

Vegetarian products

94%

of our products are suitable for vegetarians. Vegetarian is part of one of the three pillars of our sustainability strategy.

[1] Continuing operations only.

All data used in this Report regarding sustainability relate to Branded and Head Offices.

Performance with purpose

Christophe Barnouin
CEO

At Wessanen, we are transforming ourselves to become a European champion in healthy and sustainable food.

For all of us at Wessanen, it is all about food that is better for our consumers, combining great products with health and caring for the planet!

This is why we embrace and live 'healthier food, healthier people, healthier planet'.

Our playing field is healthy and sustainable food in Europe

Our segments represent structural growth opportunities. The healthy and sustainable food market seemed almost immune to the recession, trending positively with mid-single digit growth.

Our markets also clearly outpaced growth of conventional food in Europe. We believe our markets will further grow in 2014 as well as in the medium and long term as more and more consumers are appreciating the perceived health benefits and sustainable production methods.

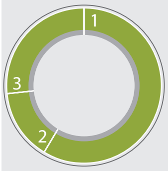
We create value and will continue to nurture our competencies in four selected areas: organic, fair trade, nutritional and vegetarian. These areas provide the healthy and sustainable alternative to mainstream industrial food.

Our brands do make a difference for our consumers

We have a strong portfolio of niche brands in healthy and sustainable food in Europe, focused on selected product categories. In the segments we play in, we are often the number one or two brand, such as Bjorg, Allos, Alter Eco, Bonneterre, Clipper and Zonnatura.

We engage our consumers constantly via worthwhile innovations, preferred brands and inspiring activations. We, for example, have successfully rolled-out Clipper in Europe and celebrated Bjorg's 25th anniversary.

Building brands also requires a constant and consistent effort in marketing investments. Last year, we have therefore increased our marketing spending further, something we have planned for 2014 and the upcoming years as well.

Breakdown total revenue	Dividend per share	% renewable electricity
 1 Branded €407 2 ABC €101 3 Discontinued €184	€0.05 We will pay this amount as dividend to our shareholders. This represents a pay-our ratio of 41.5% and a dividend yield of 1.8%.	75% of our electricity consumption is from renewable resources. This is one of the KPIs of our new sustainability strategy. We aim to further increase it.

Our customers are key to us

A critical success factor for us is understanding the needs of our trade partners well. We value our relationships and joint efforts to champion healthy and sustainable food. To match consumers' expectations, the organic and health food trade is maturing and moving rapidly, offering an excellent alternative for traditional, conventional food.

Our sustainability strategy

Our focus on healthy and sustainable food makes sustainability a logical, intrinsic part of what we do and what we stand for. We therefore have aligned our sustainability strategy with our renewed vision and mission during 2013. Our three pillars (healthier food, healthier people, healthier planet) determine our key areas of focus and, consequently, the key indicators we measure and follow up on. All sustainability projects and initiatives should support our strategic ambitions to safeguard that our brands, products and activities are becoming more sustainable every day.

Tangible examples of our commitment to sustainable food are our acquisition of Alter Eco last year and the acquisition of Clipper in 2012. Alter Eco maintains around 40 long-lasting relationships with cooperatives in Africa, Latin America and Asia for the sourcing of its raw materials. As a company, we will greatly benefit from this wealth of experience.

Both companies are pioneers in fair trade in France and the UK respectively. Since their origin they have purely focused on fair trade and organic food and are well-known and respected for their products and sustainable efforts.

Our teams

It is only our teams who can and will make our strategy alive. Day after day, it is all of them who make a clear difference in the contacts with each other as well as with our suppliers, customers and consumers and all other stakeholders.

For many of us, 2013 has been a demanding year. We had to execute our sizeable reorganisation programme 'Wessanen 2015'. A painful, but needed part was the related forced departure of colleagues. I would like to thank them for their commitment to Wessanen over the years.

On behalf of all, I would like to show my appreciation to my predecessor Piet Hein Merckens for his contribution over the last years to our company.

I also would take this opportunity to offer my thanks to Frans Koffrie who served as a member of the Supervisory Board for the last 12 years, including the last two-and-a-half years as Chairman and as interim CEO for one year in 2009-10. In that period, he and his fellow Board members laid the foundation for a focused food company.

Our 2013 performance

Our core activity Branded reported a strong performance last year. We have grown our core brands and core categories and executed our restructuring 'Wessanen 2015' seamlessly. This has resulted in an almost 50% growth of our Branded operating result.

Distribution and IZICO, which we are reporting as discontinued operations due to their intended divestment, also both showed a good performance, delivering their plans and showing increased operating results.

ABC in contrast delivered a very poor year, fully due to a strong decline in its frozen pouches segment. Unfortunately, the improved result of the other three segments could not compensate for the profit decline at ABC. We therefore have to report a small net loss for 2013.

What's next?

We are jointly building with all the teams progressively a European champion in healthy and sustainable food. We are active in very attractive parts of the food market and our strategy is the right one to create long-term value.

To realise our ambitions in 2014 and beyond, our first priority is to execute the plans and actions in our Branded business well and at a higher pace.

We also have commenced the divestment processes of IZICO and both Distribution businesses to accelerate this process of focus. After restoring profitability at ABC, a divestment is to follow as well.

Christophe Barnouin
CEO Wessanen

Overview
Business model

Our focus is to build the most desired brands in healthy and sustainable food in Europe. We create and market products that are organic, vegetarian, fair trade and/or nutritionally positive.

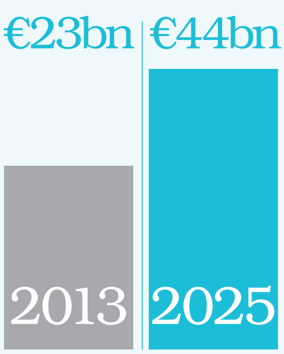
Our core capabilities are brand building and activation, development of differentiating innovations, competitive sourcing and quality management.

Our marketplace

Our markets grow strongly driven by consumers increasingly focusing on health and sustainability in Europe.

See page 24 for more information

Organic



5-6%

Growth expected for the European organic market in the medium to long term

€4.2bn

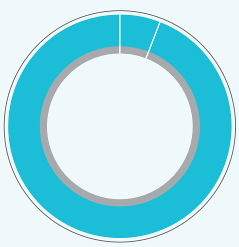
Retail value of fair trade in Europe in 2012

20m

The estimated amount of vegetarians and vegans in our European markets.

5-7%

On average 5-7% of all consumer food spending in Europe is currently on sustainable food.



Our supply chain

Consumer preferences

Sourcing

Raw materials

We source raw materials for our factories as well as finished products based on our recipes, specifications and requirements.

- Central sourcing team
- Sustainability is key
- Supplier Quality Booklet
- Building strategic relations
- 94% of our ingredients are vegetarian
- None of our ingredients represent more than 5% of our raw material sourcing

Own factories

The quality of our suppliers, ingredients and products all throughout the production process is important.

- Organic food certification
- Fair trade certification
- Free of GMO and pesticides
- Market quality departments have been centralised to free up resources for additional R&D
- Centrally managing our supply chain and factories

See page 28 for more information

Third-party suppliers

Customers and consumers

Our marketing and sales teams are locally based to be close to our customers and consumers.

- Deep knowledge of markets and channels
- Exchange of expertise and best practices
- Product quality charter containing policies and guidelines in the area of nutrition, food safety and sustainability for our brands

Value creation
Brand and category building

Categories

We focus on key categories with healthier and sustainable food.

- Dairy alternatives
- Sweets in between
- Bread replacers
- Breakfast cereals
- Hot drinks
- Sweet spreads
- Savoury spreads
- Juices & cold drinks

Brands

Our brands are positioned to engage consumers in their local markets.

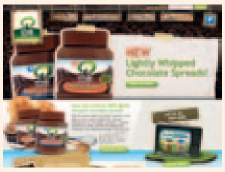
- Bjorg
- Bonneterre
- Clipper
- Allos
- Gayelord Hauser
- Zonnatura
- Alter Eco
- Whole Earth
- Kallø
- Tartex

Marketing & activation

Communication, innovation and activation are key to the success of our brands.

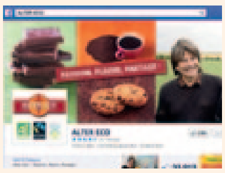
bjorg.fr
bjorg.officiel

zonnatura.nl
zonnatura



wholeearthfoods.com
wholeearthfoods

clipper-teas.com
clipperteanederland



altereco.com
alterecofan

Category brand teams

Impact on society

Local jobs
1,225
Employees

Organic
No usage of synthetic pesticides and GMO

Health
Better health and wellbeing

Fair trade
To support farmers at the beginning of the supply chain

Future
Building a sustainable society that looks after the environment for future generations

Sustainable sourcing

At Wessanen, we operate a practice of sustainable sourcing right through our supply chain of organic and healthier food.

We use mostly organic raw materials whose production maintains and improves the biodiversity of soil and water, reduces the carbon footprint, improves animal welfare and lowers the risk of antibiotic-resistant organisms.

We also choose fair trade materials for most of our tea, coffee and chocolate as this allows farmers who produce these to live decently.

These core values and behaviours underpin our ethos and help us to fulfil our vision 'to become the European leader in healthier and sustainable food'.

Key ingredients
The majority of our ingredients comes from Europe, although we also source ingredients globally such as tea, agave and amaranth.

Our central sourcing team is increasingly creating strategic collaboration with suppliers to fuel innovations and safeguard supplies.

We source about one-third of our raw materials ourselves, whereas two-thirds has been processed by our third-party producers.

None of our ingredients represented more than 5% of our raw material sourcing. Our largest own-sourced raw materials are tea, peanuts, agave and soy.

Overview

Pure, honest, tasty and healthy food. This is what we strive to offer our consumers, to inspire them to live healthier and happier lives.

Our products are rigorously checked to ensure that they are of the highest quality and conform with legal requirements, our own quality standards and our own nutritional policies.

Therefore it is not only the results we achieve that concern us, but also how these results are achieved.

Organic certification
Organic food is controlled by a unique certification system that ensures it meets strict requirements. Since 2012, all organic food produced in the EU must carry the EU organic logo. The methods whereby organic ingredients and products are farmed, grown and processed must adhere to stringent criteria. These include no use of GMO, no growth hormones as well as a restriction on the use of antibiotics, fertilisers, herbicides and pesticides. Only a few additives, processing aids and food colouring are allowed and there are strict rules concerning the welfare of animals.

Consumer knowledge and quality

Innovative brands

The rebranding and packaging redesign of UK brand Kallo into Kallø has been received favourably by consumers and the trade.

Everything in our range goes with a different illustration and corresponding poem.

We have not only created a collection of products that people fall in love with, but also a clear and simple way of distinguishing between packs.

The relaunch was supported by social media campaigns, story-telling books (brand, poetry and recipe book) and sampling events such as at the London Fashion Weekend.

Our pioneering brands such as Bjorg, Allos, Zonnatura and Clipper help strengthening our presence as a leading provider of healthier and sustainable food.

Our primary focus is the activation, development and innovation of our own brands.

For many consumers, our brands have become synonymous with organic, fair trade or natural food products, enabling us to promote our mission of healthier food, healthier people, healthier planet.

Brand activation
Most of our brands are local brands, having built a strong market presence over numerous years in their respective markets.

Our marketing and sales teams are therefore locally based to be close to our consumers and customers. They are responsible for the annual brand plans.

Size and market position determine how we grow our brand, such as via TV campaigns, instore activation, sampling and/or social media.

At a European level, they work closely together on innovations and categories by exchanging best practices.

We are well placed to offer consumers healthier and more sustainable food choices.

At Wessanen, we have strong pioneering food brands and good market positions. We have clear three-year strategic objectives in place to realise topline growth and improve profitability. We attach great importance to being a good employer. Many of our people have deliberately chosen to work for Wessanen, attracted by the mixture of branded consumer goods and our sustainable positioning.

Our corporate purpose

There has never been a greater need to change the world of food and we believe that healthiness and sustainability of food are intrinsically linked. Put simply, what is good for us is also good for the planet and vice versa. Armed with this knowledge, we focus on offering people organic, vegetarian and natural ingredients, as these are vital in creating healthier and more sustainable food choices. Where appropriate, we also focus on fair trade sourced food and specific dietary solutions.

We conduct our business in a way that is transparent, fair and sustainable for all and we want to make a positive contribution to the communities in which we work. Our commitment is to our stakeholders and future generations.

Our vision and mission

Our approach to food is designed to encourage consumers to experience the many benefits of healthier, sustainable food. Our brands offer a variety of relevant food products across Europe, all of which are made with ingredients from sustainable sources, making them nutritionally pure and rich in flavour. We require our supply chain to fully comply with social and ethical standards. Consequently, it is easy to see why our vision is: 'to build an European leader in healthy and sustainable food', and our mission captures our ethos perfectly: 'Healthier food, healthier people, healthier planet'.

1765-2015
Next year, Wessanen will celebrate its 250th anniversary.

In 1765, the Company was incorporated by Adriaan Wessanen and Dick Laan in the Zaan.

It all started with the trading of mustard, canary and other seeds.

The foundation for our current portfolio dates back to the beginning of the 21st century.

100 years Royal
On 13 November, we celebrated the fact that we were granted a royal warrant precisely 100 years ago in 1913.

Ever since we are known as Koninklijke Wessanen / Royal Wessanen.

Core values and key behaviours

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

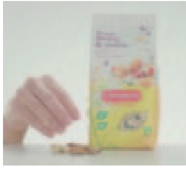
Our core values comprise ownership, winning, authenticity and entrepreneurship. These represent the heart of our culture and underpin both the corporate conduct of all our companies and the fundamental attitudes that we expect from our employees. Food safety and quality are our highest priority. We believe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

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

Our business principles

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

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



Zonnatura's 'What happened to our food?'

Zonnatura aired two TV commercials in 2013, starring breakfast cereals and green tea, highlighting the artificial ingredients in so many products. These were accompanied by social media activation and sampling actions via Facebook and on Dutch train stations.

Our strategic focus has evolved to healthier and sustainable food

At Wessanen, we focus on healthier food, healthier people and a healthier planet. During 2013, our strategy has further evolved from 'purely' organic to healthier and sustainable food. Although organic food is and will remain very important to Wessanen, we feel healthier, sustainable food better describes what we stand for, since fair trade, free-from and vegetarian options are included now as well. For us, it is all about food that is better for our consumers, combining delicious taste with health and caring for the planet.

Our focus is solely on building the strength of our own brands, which we develop and manage in various channels throughout our home markets and via export. We have a deep understanding of the niche food markets we are active in, which we combine with our skills with respect to sourcing, quality management, development of differentiating innovations and brand building and activation.

The Benelux, France, Germany, Italy and the UK are our current home markets, while in the medium term we expect to enter new European markets.

We have commenced the divestment of both Natudis, a Benelux wholesaler of ambient and fresh food, and Bio-Distrifrais, a French wholesaler of fresh products. These divestments will accelerate this process of focus on our brands. Both operations have been classified as discontinued operations as of 31 December 2013.

We have local operations in all the markets we are active in. Most of our local companies such as Distriborg, Allos and Tartex have a long and rich history in the European organic food market and both Alter Eco and Clipper have an equally strong record with regards to fair trade. Gayelord Hauser is recognised for its innovative dietetic products, while our distribution brand Dr Schär is well known for its range of gluten free products.

Strong local brands

Most of our brands have strong roots in their local market. Historically, most organic brands have been available in either health food stores or grocery stores, although increasingly part of our brands are becoming available in both channels. Some of our brands were managed to travel to other countries in Europe and beyond. We have rolled-out Clipper in Europe in 2013, while Tartex is positioned strongly in Europe across the health food channel.

Vision
To build a European champion in healthy and sustainable food

Mission
Healthier food, healthier people, healthier planet

Core values
Ownership, winning, authenticity & entrepreneurship

Key behaviours
Passion, teamwork, integrity, speed & engagement

Business principles

Guidelines

Our products mainly consist of dry groceries and pre-packed products that have a sustainable shelf life such as tea, cereals, cookies and spreads. We focus on eight core categories: dairy alternatives, sweets in between, hot drinks, bread replacers, sweet spreads, breakfast cereals, savoury spreads and juices & cold drinks. These represent the majority of our sales. In addition, part of our brands such as Bjorg and Allos offer other products such as agave syrup, grains and stock cubes.

Product manufacturing partly outsourced

We have four locations which produce part of our total products. We source the remainder from different (specialised) suppliers, mostly based on our recipes and specifications, while always in accordance with our quality requirements.

Acquisitions

In addition to autonomous growth, add-on acquisitions are an important driver for growth. These have to be instrumental in building scale and expanding our core categories in markets where we presently operate. The attributes that we look for in future acquisitions include a strategic fit, a sound business plan and experienced management. In general, such acquisitions tend to be small to medium in size and must be demonstrably value enhancing, i.e. generating a return on capital employed above Wessanen's pre-tax weighted average cost of capital in the second or third full year after the acquisition.

Grow core categories, grow core brands 1

Category Brand Teams (CBTs)

We have six CBTs in place, covering six of our core categories. These teams meet regularly and consist of brand managers as well as sourcing and R&D team members. Sharing consumer insights and best practices is leading to more cross-border alignment regarding packaging, recipes and innovations.

Tangible results include a fully aligned product and packaging launch for breakfast crunchies in three countries, which are produced in our own factory in Drebber.

The sweets in between CBT has initiated a significant renovation of its core products across our countries to substitute palm oil. Bjorg has currently 20 products without palm oil of which 15 are sweets in between.

Local expertise combined with economies of scale

We apply a mixed structure for managing our businesses with decision-making power partly in the hands of local management teams, meaning local operations can be run more efficiently, while centralising those functions which benefit from economies of scale. The European Leadership Team (ELT) is driving the transformation into an integrated European business and its focus is on topics of cross country, mutual relevance, providing a platform for information sharing, alignment and recommended decisions on key strategic topics. Its members are the Executive Board members, operating company general managers and the central sourcing and marketing & quality directors.

Strategy and KPIs
Our strategy
continued

Strategic objectives 2012-2014

Topline growth 1	Profitability improvement 2	Enablers 3
– Grow core brands – Grow core categories – Build strongholds in new markets – Country-specific growth strategies – Launch fewer, bigger, better innovations – Execute acquisitions shortlist	– Central sourcing savings – Pricing strategies towards customers – Improve operational excellence with SAP – Filling own factories	– Improve talent performance management – Simplify how we are conducting business – Activate Organic Expertise Centre (OEC), integrate Quality

The product category sweets in between is our second largest.
It is an important category for Bonneterre as well as for Allos, Bjorg and Zonnatura.

Our strategy in action

To make our strategy work and implement it in our day-to-day activities, we have earmarked three pillars for applying our strategy: topline growth, profitability improvement and enablers.

Topline growth covers various areas to enhance our revenue, such as growing our core brands and categories. Growing our core brands is an important part for our future success and is closely aligned to our efforts of growing our eight core categories.

The remit for innovation will be 'fewer, bigger, better', substantially reducing the overall number of projects. To fuel the innovation pipeline, we run pan-European CBTs (category brand teams) to improve the effectiveness of our innovation process and to grow our core categories.

For our export activities, we operate a small, dedicated organisation around markets with 'feet on the ground', with special attention on the larger Western-European countries. The aim is to better activate the various channels, which will leverage our current network, as well as our brand portfolio.

Add-on acquisitions are another important driver for growth, and are instrumental in building scale and expanding our core categories in markets where we presently operate.

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

Central sourcing concentrates on stabilising the costs of goods sold, while creating strategic partnerships with numerous suppliers. By executing a single, centralised way of working and a sourcing strategy for each category we are increasing our expertise regarding raw materials, bundling purchasing volumes and reducing complexity within the supply chain.

ICT is centrally managed and we have a dedicated SAP team in place which works in close cooperation with local management. Their focus has shifted from implementations and go-lives towards maintenance and operational excellence. The benefits of SAP include improved data comparability and transparency, system stability, improving decision-making processes and boosting operational excellence.

Our four own factories have been centrally managed by the supply chain function as of 2013. Working together with central sourcing and marketing should result in a more flawless supply chain and better capacity utilisation at the various production plants.

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

Our Organic Expertise Centre (OEC) centrally aligns organic expertise and quality, resulting in a more integrated European approach and an exchange of best practices in relation to the quality of our ingredients, products and processes.

Our 'Wessanen 2015' programme has been instrumental in simplifying the way we operate and work together, addressing all three strategic objectives.

Consumer awareness

Nowadays, consumers are more aware of the social and environmental impact of the food they purchase, next to other more traditional considerations such as convenience, nutrition, health and taste.

For this reason, more and more attention is paid to organic farming, animal welfare, fair trade, ingredients and the sustainability of food products. We are well equipped to meet and surpass these consumer expectations.

Sustainability is an integral part of our business

Due to the very nature of our products and brands, sustainability is essentially already part of our operations. This was however only partially reflected in our sustainability strategy and reporting. During 2013, we have aligned our sustainability strategy with our renewed vision and mission. This alignment enables us to pursue our goals more effectively, while simultaneously mitigating our risks. Our three sustainability pillars (healthier food, healthier people, healthier planet) determine our key areas of focus and, consequently, our performance indicators. All sustainability projects and initiatives should support our strategic ambitions, while these also will cover the most material parts of our supply chain.

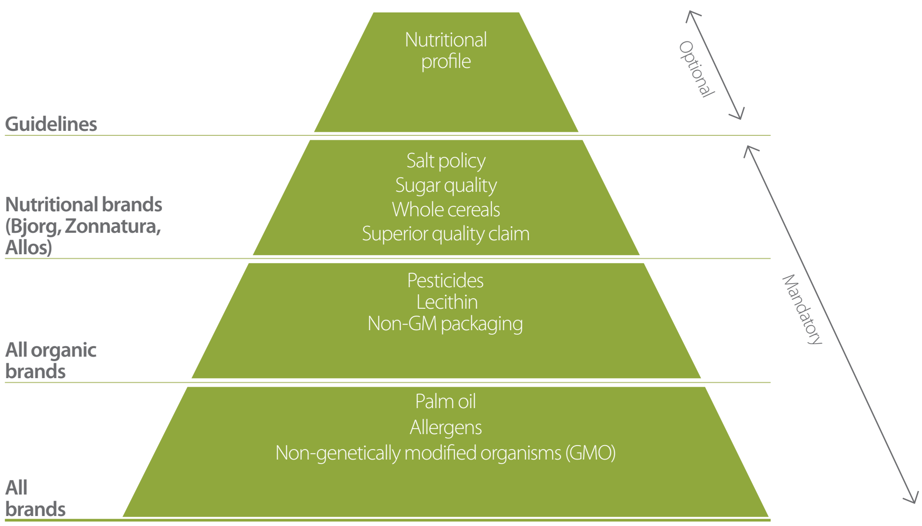
The Executive Board is responsible for the sustainability strategy. Our OEC is in the lead regarding its implementation across our core business.
The Supervisory Board's Nutrition, Food safety and Sustainability Committee (NFSC) supports and advises the Executive Board to ensure its nutritional policies are relevant and scientifically supported and to ensure Wessanen operates in a sustainable way.

Wessanen Sustainability Strategy map

Vision	What we want to be	To build a European champion in healthy and sustainable food		
Mission	What we believe in	Healthier food, healthier people, healthier planet		
Strategy	What we want to do	We make healthy products	We enable healthy living	We care for our planet
Sustainability topics	Our key focus area	Organic	Fair trade	Responsible sourcing
		Vegetarian	Education	Packaging
		Nutritional policies	Responsible employer	Energy & CO_2 emissions
				Water
				Waste

Strategy and KPIs
Our strategy
continued

Our product quality charter pyramid regarding nutrition, food safety and sustainability



Sourcing, quality, brands and sustainability are key to who we are, what we stand for and to our success. We therefore have labelled for example responsible sourcing as one of the corner stones of our planet-related pillar. To reflect that nutrition is an important building block, we have a product quality charter in place, containing policies and guidelines in the area of food safety, nutrition and sustainability for our brands. Our pyramid shows the hierarchy and which policies we apply to our various brands and products.

→ For more information on responsible sourcing and other sustainability pillars see page 32-33

Responsible employer

Since many of our people have deliberately chosen to work for Wessanen, our purpose and values are important in attracting and maintaining motivated, talented employees, since all of us at Wessanen care passionately about pure, honest and healthy food.

We are dedicated to offer consumers food choices that inspire them to live healthier lives and it is this passion and dedication that drives our company ethos that endeavours to provide food choices that are as sustainable as they are delicious.

In terms of our people, our focus is on operating a capable organisation, driven by committed employees and a connected leadership group. Quality and continuity are centrally driven principles. This is reflected in our management development policy, which offers our employees plenty of scope for personal development.

The retention of experienced and talented staff is both a priority and a strategic issue, so we strive to lower the employee turnover rate by reducing the number of people who leave on their own initiative.

Activate OEC, integrate Quality 3

Our organic day

In September, we hosted our second annual Organic Day. This day is meant to further engage our people and to increase their organic knowledge. This year, 900 people shared a common programme at eight sites. This included tutorials on our salt, sugar, whole cereals and palm oil policies.

We also hosted external speakers addressing this year's topic of 'healthy and sustainable nutrition'. In Bremen, for example, we hosted vegan chef Surdham Goöb to broaden our knowledge on veganism, while in Lyon we welcomed some partnering NGOs.

The proceeds of a quiz organised at that day have been contributed to planting 2.2 hectares of flowers in Charentes (France), allowing a safe area for bees.

It is a fact that we provide equal opportunities for current and future employees, regardless of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities and religion.

'Healthier people'

Within our sustainability pillar 'enabling healthy living', two of the focal areas, education and responsible employer, focus on our own people. We, for example, will initiate internal workshops on healthier and sustainable food, while we start to measure (and promote) the number of physical activity events organised.

Remuneration

We deploy a uniform remuneration policy for the management of all operating companies and Head Offices, which is competitive and performance-based. Bonus systems for senior executives are drawn up centrally and are based on the operating company's financial targets, personal performance and Wessanen's overall results.

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

Employee review and development

In addition to our goal-and-target-setting model (OGSM) and Employee Performance Commitment (EPC) targets, we use a competency model that defines the behavioural expectations for all employees and translates our ambitions and values into conduct conventions and skill sets. These competencies and functional skills serve as the basis for selecting and developing candidates for promotion, while also taking into account experience and track record.

Our Management Development Review provides us with valuable insight regarding our senior management and talent pool. This helps us to ensure that we have sufficient talent for our future needs as well as to establish succession plans.

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

Employee engagement

We run regular surveys which determine the level of engagement and commitment of employees and the factors driving their engagement. This allows us to identify opportunities for improving our organisation, culture and people management, which are vital for us since the engagement and skills of our employees are key for our daily success.

'Wessanen 2015' programme

As announced in November 2012, we executed a transformational programme 'Wessanen 2015' during the year, which included a reduction of close to 250 employees at our European businesses. We addressed the structure and the cost base of the Company to increase focus and reduce complexity.

We spent ample time on discussions with various works councils on the conditions, assuring that all contract terminations were conducted in a fair way.

Sharing a passion for Organic 3

Our annual top-60 meeting

In June 2013, we hosted our two-day annual top-60 in Bath (UK). This annual meeting is a good opportunity to meet colleagues, share best practices, celebrate success stories and align plans.

Ample time was spent on our strategic actions and to showcase best practices, next to a social part (dragon boat races).

Best practices shared include brand and category initiatives, the split of the Benelux operations, brand activations, SKU reductions and initiatives of the quality and central souring departments.

In addition, much time was spent on the new organisation structure, the new role for many of our people and ensuring a smooth execution of this important and thorough programme.

Health and safety

As a responsible employer, we are constantly striving to ensure that any workplace is a safe, healthy and pleasant environment. Almost all employees are represented by a formal health and safety committee and Wessanen also offers health and safety training.

Works councils

In all countries where this is legally required, works councils are active in our companies and, alongside trade unions, are consulted on important issues such as reorganisations, working conditions and health and safety.

Whistleblower Policy

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

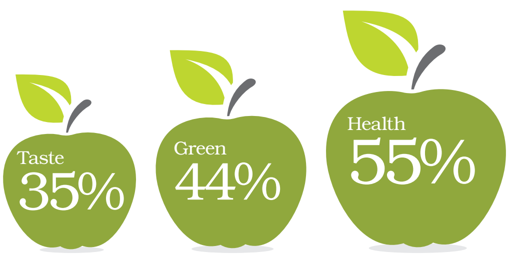
Grow core brands
Activate OEC, integrate Quality 1 3

100% organic spreads of Tartex

The Tartex brand has existed for over 65 years and is a pioneer in vegetarian spreads. Another recent proof of that role is the development of 100% organic spreads. As of 2014, yeast is considered an agricultural ingredient under organic regulation. At Tartex, we are now using organic yeast – instead of conventional yeast – for our savoury spreads, to be able to still be labelled organic.

Roland Koch, product development and quality manager at Tartex: "We have been working for many years on developing spreads, based on organic yeast. Our challenge was to develop a 'new' product with the same appealing taste and smell. After well over 400 trials since 2012 (and close to 800 in total), we have succeeded and therefore started to produce and sell 100% organic spreads."

Why consumers buy organic



Strategy and KPIs
Our strategy
continued

Clipper

100%

of the products of Clipper are fair trade or organic.

Alter Eco

100%

of the products of Alter Eco are fair trade and organic.

We source our raw materials from small cooperatives in Africa, Latin America and Asia.

In dialogue with our stakeholders

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

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

Transparency key business principle

Transparency is one of our key business principles. By maintaining open communication, we keep our stakeholders informed about our activities and results. Each of the eight stakeholder groups we have identified has different interests in our activities and is crucial for our business model.

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

We communicate with our stakeholders to find out what they are seeking from the relationship and encourage feedback to ensure that we are meeting their expectations. The feedback we obtain from our stakeholders is used to redefine our strategy, policies and general conduct. Senior management and/or the Executive Board are always involved in stakeholder dialogues.

We use different approaches for feedback and dialogue: employees are, for example, asked to participate in engagement surveys and we organise town hall and lunch meetings and conference calls to regularly update them. Consumers can find detailed contact information on the package and we engage with our shareholders via meetings and webcasts.

NGOs

We value our contacts with various NGOs. Organic food has traditionally been well organised at both local and European level. Our operating companies are in close contact with the relevant local organisations, such as Bionext in the Netherlands.

Bionext is the Dutch chain organisation for sustainable, organic agriculture and food, promoting the collective interests of the Dutch organic sector. Bavo van den Idsert (managing director Bionext): "As a sector, we aim to live up to the expectations of consumers. We therefore champion organic food via publicity campaigns while at the same time we firmly advocate on organic legislation issues and protect the integrity and reputation of organic." (www.bionext.nl)

Wessanen is a member and sponsor of IFOAM EU Group, the European part of IFOAM. It is the International Federation of Organic Agriculture Movements, being present in 16 countries and federating more than 700 member organisations. They are active in the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture (www.ifoam-eu.org).

Our attendance at Biofach

In February 2014, at the Biofach in Nuremberg, the largest European fair for the organic sector, we participated for the first time as one Wessanen, showcasing the various brands and products we market within Europe.

This organic food fair is a unique opportunity to meet many of our suppliers and customers from all over Europe.

Our consumers

Through our products and brands, we are contacted by and learn from our consumers on a daily basis. They use our products for any of their meals or in-betweens, at home, away or at work. Direct feedback is however in general limited to contact via our consumer service desks. We are therefore increasing our efforts to engage directly with consumers via social media.

Last year's new campaign 'What happened to our food?' by Zonnatura is a great example. Using a mixture of social media, sampling and TV commercials triggered ample discussion.

Rianne Reijnhout-Manten, marketing manager Zonnatura: "The message of Zonnatura has touched many consumers, raising the awareness of what is in their food. Zonnatura wants to help consumers to make conscious choices regarding their daily nutrition by offering organic and natural food."

Reporting

In addition to our Annual Report, we issue a sustainability fact sheet annually, further detailing our sustainability strategy. It also includes additional reporting on various performance indicators.

External benchmarks and ratings

Wessanen reports according to the Global Reporting Initiative guidelines (GRI-G3 version 3.1) application level B, the same level as 2012.

The Transparency benchmark is an instrument of the Dutch Government to measure the transparency in sustainability reporting by the top-500 Dutch based companies. Wessanen attained a 42th position in 2013 (27th in 2012, 104th in 2011) with an equal score to last year of 175 points (out of a total of 200).

We annually participate in the Carbon Disclosure Project (www.cdproject.net), which is intended to inform investors, legislators and other stakeholders on global CO_2-emissions and climate change. In 2013 we have scored 70 out of 100 points (70 in 2012).

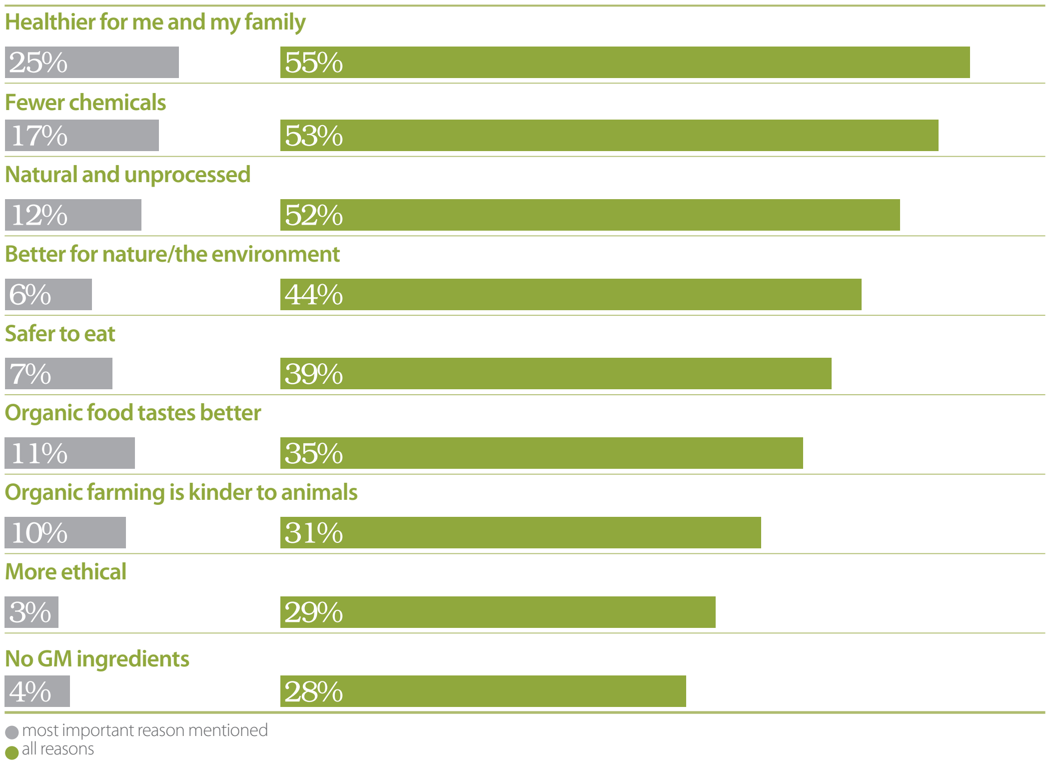
For our GRI table visit www.wessanen.com/en/sustainability

EU organic logo

All consumers in Europe can be assured that any product carrying this EU organic logo is truly organic.

Since 2012 the logo is mandatory for all organic food produced in the European Union, indicating that the product meets the EU organic requirements.

Top reasons for buying organic food



October 2012 source: Leapfrog Research/Organic UK

Overview stakeholders, their expectations and our engagement

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

Revenue

€508.5m

Income statement

In € millions	2013	2012	%
Revenue[1]	**508.5**	520.1	(2.2)%
Operating result before exceptional items (EBITE)[1,2]	**13.3**	17.5	(24.0)%
Operating result (EBIT)[1,2]	**11.9**	(30.8)	n.m.
Profit/(loss) for the period	**(0.1)**	(52.9)	n.m.

Cash flow

In € millions	2013	2012	%
generated from operations	**27.9**	13.5	107%
from operating activities	**18.8**	14.6	28.8%
from investing activities	**(9.7)**	(23.6)	n.m.
from financing activities	**(3.3)**	12.0	n.m.
Net cash flow	**5.8**	3.0	93%

Statement of financial position

In € millions	2013	2012	%
Average capital employed[1,2]	**170.8**	196.1	(13.0)%
Shareholders' equity[2]	**105.4**	110.8	(4.9)%
Net debt	**50.7**	54.9	(7.7)%

Employees

in FTE	2013	2012	%
Average number[1]	**1,225**	1,375	(10.9)%
Number at year end[1]	**1,161**	1,076	7.9%

[1] Continuing operations only.
[2] Restated for effects of IAS19R.

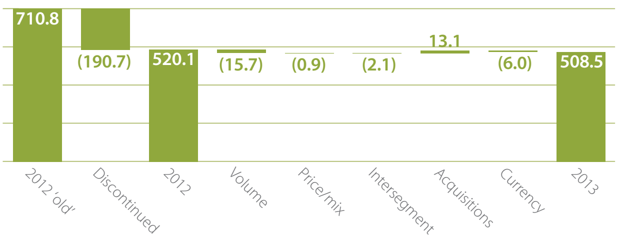
Ratios

	2013	2012
EBITE as a % of revenue[1,2]	**2.6%**	3.4%
EBIT as a % of revenue[1,2]	**2.3%**	(5.9)%
Return on average capital employed (ROCE)[1,2]	**7.0%**	(15.5)%
Return on average shareholders' equity[2]	**11.1%**	(34.1)%
Leverage ratio (net debt/EBITDAE)[2]	**1.6**	1.7
Debt to equity[2]	**48.1%**	49.5%
Capital expenditure to revenue[1]	**1.0%**	1.1%

Sustainability

	2013	2012
Organic products	**69%**	67%
Vegetarian products	**94%**	n.d.
Products respecting nutritional policies	**90%**	n.d.
Renewable energy	**75%**	53%
CO_2 footprint (tons)	**6,114**	7,792
Water use (m^3 x 1,000)	**171**	155

Revenue



Share (price) data

€2.84

Share price

In €	2013	2012	%
Highest share price	**3.19**	2.97	n.m.
Lowest share price	**2.07**	1.94	n.m.
At year end	**2.84**	2.20	29.3%

Market capitalisation

In € millions, at year end	2013	2012	%
Market capitalisation	**216**	167	29%
Enterprise value	**267**	222	20%

Per share

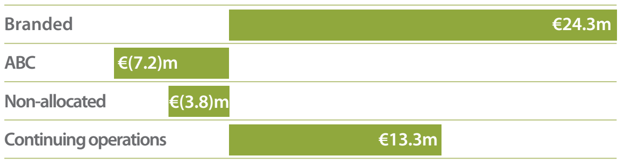
In €	2013	2012	%
Profit/(loss) for the period	**0.00**	(0.70)	n.m.
Dividend	**0.05**	0.05	0%
Equity at year end[2]	**1.39**	1.46	(4.9)%

Shares in issue

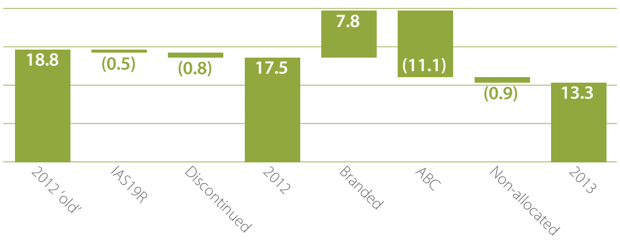
In thousands	2013	2012	%
Average number	**75,723**	75,688	0.0%
Number at year end	**75,736**	75,682	0.4%

EBITE per segment in € millions

€13.3m



EBITE development



Wessanen

Key priorities 2014

- Increase operating result (EBITE)
- Implement sustainability strategy (including KPIs)
- Divestment of Distribution (Bio-Distrifrais, Natudis)
- Divestment of IZICO

Branded

(previously Grocery and part of HFS)

Key objectives and achievements 2013

Reduce complexity and simplify processes	✓
Growing core brands and core categories	✓
Core brands growing	
Core categories growing	
Pan-European roll-out Clipper	✓
Successful introduction in France, the Netherlands, Germany	
Splitting French and Dutch operations into a branded and a distribution business	✓
Successfully executed in France and the Benelux	
Re-energise brands such as Allos and Bonneterre	
Allos	✓
Bonneterre	✓

Key priorities 2014

- Execute strategic objectives 2012-2014
  - Topline growth
  - Profitability improvement
  - Enablers

ABC

Key objectives and achievements 2013

Revenue and earnings growth	✗
Little Hug	✓
Daily's	✗
Successful introduction of new flavours, expand distribution	
Little Hug	✓
Daily's (tropicals ok, light versions weak)	✗
Expand distribution (Little Hug, Daily's)	✓
Growing brand equity of both Daily's and Little Hug	
Little Hug	✓
Daily's	✗

Key priorities 2014

- Return ABC to profitability
- Grow revenue and brand equity of Little Hug
- De-risk and stabilise Daily's (pouches and mixers)

Discontinued operations IZICO

Key objectives and achievements 2013

Creating one fully integrated company	✓
One new name, location, management team etc.	
Seamless execution of reorganisation and IT upgrade	✓
Seamless execution reorganisation	
IT upgrade (new ERP system)	
Increase profitability	✓
Doubling of EBITE	

✓ Completed, on track ✗ Needs improvement

Discontinued operations Distribution

(previously part of HFS)

Key objectives and achievements 2013

Reduce complexity and simplify processes	✓
Splitting French and Dutch operations into a branded and a distribution business	✓
Successfully executed in France and the Benelux	

How can organic farming feed the world?

Sourcing – Fair trade farmers
Alter Eco sources its raw materials from numerous small cooperatives in Africa, Latin America and Asia. Long-lasting relationships have been built with many of them, some dating back to the start of Alter Eco in 1988.

At present, our global footprint exceeds the world's capacity to regenerate by about 30%, meaning we are currently living as if we have 1.3 planets, rather than just one. If we continue on this course, we will need the equivalent of two planet Earths by the mid-2030s.

Food has never been more abundant. There is currently enough food for every single person on the planet to have all the nourishment they need, and yet there are nearly one billion people who are hungry and another billion who are malnourished, i.e. they lack the essential micronutrients they need to lead healthy lives. Conversely, more than one billion people are overweight, of which 300 million are obese and at major risk of diet-related illnesses such as type-2 diabetes and cardiovascular disease.

In 2050, it is predicted that we will have to feed nine billion people versus seven billion nowadays. Around 90% of this growth will take place in Asia and Africa, while an additional factor is the average person's ever-increasing life expectancy. The common consensus is that a growing world population, urbanisation, a burgeoning middle class and changing diets will lead to a surge in the consumption of proteins such as meat and dairy. However, this will bring with it sizeable sustainability issues, including scarcity of resources, food safety, animal welfare, antibiotic resistance, pollution, climate change and loss of biodiversity.

Those that argue that this will require a 70% increase in food production are assuming the spread of a Western diet, which involves a much higher consumption of meat and dairy products, leading to diet-related ill health for people in the Global South, while also assuming that there will be no reduction in the amount eaten in the Global North.

•This article is based on 'Feeding the future, how organic farming can help feed the world' by the Soil Association (September 2013).

Different systems of agriculture cannot put right the main causes of hunger such as poverty, natural disasters and conflicts, but poor agricultural practice and infrastructure, as well as over-exploitation of the environment can be addressed. A growing number of international experts agree that agroecological systems such as organic are best suited to meet the needs of the poorest people, while also helping to reverse environmental degradation.

Agroecology encourages the recycling of nutrients on a farm, the promotion of mixed farming of livestock and crops, and the use of diverse crops and livestock. Agroecological farming looks at the productivity of the whole farming cycle, and relies more on the knowledge of intensive techniques, rather than intensive inputs and large-scale mechanisation.

Any growth in meat and dairy production – let alone a massive 70% – would cause huge increases in global warming emissions from farming. It should therefore be a priority to work to change consumption patterns and to reduce demand for the most resource-intensive types of food.

Feeding the world is about big changes to how we produce and consume food

Feeding the world using organic and other agroecological farming methods is not just about farming differently and moving from a 'business-as-usual' food system to an 'organic business-as-usual' method. It is about big changes to how we produce and consume food. It is about investing in the development of smallholder agriculture and local markets in the Global South, but it also means action to end food waste.

Critically, it is also about changing diets in the Global North to make them healthier for people and more sustainable for the planet. In a future of resource-constraints and scarcities, climate change and diet-related public health challenges, this will be the only viable option for a healthy planet.

RSPO certified

100%

of our operating companies is RSPO certified. At year end, 100% of our products contain Certified Sustainable Palm Oil (CSPO).

Our Wessanen palm oil policy dictates that our organic products must contain CSPO palm oil, supply chain segregated. Currently, we have a 61% compliance.

Reducing food waste is another important part of the solution

Reducing food waste is another important part of the solution, since about one-third of food produced for global human consumption is lost or wasted. Food wastage in the Global South is mainly caused by financial and technical limitations in harvesting, storage, infrastructure and packaging; therefore reducing this wastage would have a significant impact.

Helping to feed those currently starving or malnourished means increasing the production, supply and availability of food in those countries where the problems exist. The majority of the people who are hungry live in the Global South in poor rural areas, and are often directly involved in producing food. Many do not have land of their own and work for others, often in seasonal jobs, to earn money to survive. Poor people living in urban areas are another group that are at risk of hunger, and this is a growing issue as cities continue to expand. Support for smallholder agriculture is urgently needed to increase productivity and provide economic opportunities for small-scale farmers.

The predicted nine billion people in the world by 2050 and the anticipated increase in food production of 70–100% reflect the assumptions made by the authors of the modelling study on global diet. Policy-makers are assuming that many more people in countries across the Global South will be eating a 'Western' diet, with more intensively-produced meat, dairy products, sugar and vegetable oils, following the shift in eating habits that has already occurred in countries in the Global North as their incomes rise. This continuing shift towards higher consumption of livestock products from intensively-reared animals has implications for mitigating climate change. A large rise in the production of cereals would be needed for animal feed and the greenhouse gas emissions from such intensively-reared livestock are significant.

How to feed nine billion people in 2050

A 70% increase in the production of food would still not solve the problem of global hunger, with 290 million people predicted to remain malnourished in 2050 if such a strategy were to be implemented. Moreover, such a massive increase in food production would have huge negative impacts on both the environment and human health, and would not even be necessary if action were taken to change diets and reduce food loss and waste.

Scientists have created a model to feed nine billion people in 2050 through a healthy diet from food farmed in an environmentally sustainable way. For this model, French researchers have assumed 3,000kcal per person per day, with 500kcal coming from animals, a decrease for higher income consumers, but an increase in Asia and sub-Saharan Africa. Waste reduction would reduce food demand by 25% in richer countries while worldwide, people would eat more diverse and healthy diets, resulting in a 25% decline in demand compared to the current scenario.

A similar scientific study in Germany and Austria found that organic agriculture would probably be able to feed a world population of 9.2 billion in 2050 if relatively modest diets are adopted, with a low level of inequality in food distribution required to avoid malnutrition.

About one-third of food produced for human consumption is lost or wasted

Our current food system produces a lot of waste. In the UK, households waste an estimated 6.7 million tons of food every year and approximately 32% of all food bought is not eaten. On a global scale, it is projected that about one-third of food produced for human consumption is lost or wasted, which equates to about 1.3 billion tons per year. Much more food, about 280-300kg per person per year is wasted in Europe and North America, compared to the 125-165kg in low income countries in sub-Saharan Africa and South/ Southeast Asia. In the Global North, most of the waste occurs at the consumption stage due to a lack of co-ordination between different factors in the food chain, sales agreements between farmers and buyers leading to farm crops being wasted, quality standards which reject food items not uniform in shape or appearance, as well as lack of purchase planning by consumers, expiring 'best-before-date' labels and the attitudes of those who can afford to waste food.

In the Global South, the cause of food losses and waste are mainly due to limitations (financial, managerial and technical) in harvesting techniques, storage and cooling facilities, infrastructure, packaging and marketing systems. These high levels of food waste represent resources that are used and greenhouse gas emissions that are produced in vain. For smallholder farmers in the Global South, many of whom suffer food shortages, a reduction in food losses could have an immediate and significant impact. Eliminating these food losses would open up a new supply of food to feed the population of 2050.

Be talking about how organic farming can help the world feed itself

Although organic farming can feed the world, we should perhaps be talking about how organic farming can help the world feed itself. This means investment in organic and other agroecological methods for farmers in the Global South in order to increase local food production and markets, whilst for the Global North it is imperative that we see a significant shift in diets. As well as changing our farming systems, it's as much about eating differently, feeding our livestock differently and wasting much less food.

Healthier food, healthier people, healthier planet

As a company, Wessanen is well positioned to contribute to these objectives. Our organic, vegetarian and fair trade food, our nutritional policies and our sustainability strategy are all integral parts of what we stand for and how we conduct our business. We are convinced that our products are healthier and more sustainable and we therefore contribute to our mission of healthier food, healthier people and healthier planet.

The European market for sustainable food continues to grow. Its year after year growth is driven by increased consumer appreciation, greater availability and consumers' focus on healthy and sustainable food.

Today, more and more consumers are considering the benefits to their health, as well as sustainable production methods, when choosing which food products to buy. Thanks to wider distribution methods, which make it more readily available, these markets continue to develop favourably and its potential remains significant. Sustainable food is covered by various certificates such as regarding animal welfare, organic, fair trade, environment and conservation, fish farming and wild catch.

Another, in part overlapping, area of sustainable food is that of a vegetarian lifestyle. The number of vegetarians and flexitarians continues to rise. Their consumption is not just based on enjoyment or health, but also on their values. Organic consumers and vegans often have similar motives for their choices, such as animal welfare and world food issues.

At Wessanen, we focus on healthier food, which to a large extent overlaps with the market for sustainable food. We are a prominent player in the European organic food market and we have sound positions in fair trade. In addition, we are active in health-related markets such as free-from (such as gluten-free) and dietetic products. For the European health markets, 2013 was another year of sound growth, with organic, fair trade and free-from all growing. We estimate combined growth to amount to mid-to-high single digit, although combined firm data is hard to gather for these health markets.

What is organic?!

Organic food is grown with the utmost regard for the environment, animal welfare, food safety and quality. The organic growing process also enhances biodiversity, contributes to soil fertility, reduces the carbon footprint and helps to lower the risk of antibiotic-resistant organisms.

To carry the label 'organic', the methods whereby organic ingredients and products are farmed, grown and processed must adhere to stringent criteria such as a demonstrable lack of genetically modified organism (GMO) and strict rules concerning pesticides, antibiotics, growth hormones and the welfare of animals.

A unique certification system

Organic food is controlled by a unique certification system that ensures it meets certain requirements. Since 2012, all organic food produced in the EU must carry the EU organic logo.

In order to become certified, prospective organic producers must first apply to an inspection body in their local market. This inspection body must also be accredited by a national accreditation body, such as the Dutch Skal, the French Agence BIO or the British Soil Association. Certifiers are accredited at least once a year, being responsible for ensuring that products conform to organic regulations throughout the supply chain.

95% organic ingredients

To be classified as organic, a product must contain at least 95% organic ingredients that meet all relevant food labelling laws. In addition to this, all organic products must clearly show on the label which of their ingredients are organic and which are not.

Improving biodiversity is a key principle

Maintaining and improving the biodiversity of soil and water is one of the key principles of EU regulations governing organic farming. Compared to conventional farming, organic agriculture enhances biodiversity in many different ways.

Contributing to soil fertility

Soil is the natural resource that ultimately sustains all life on land. Organic farming methods, such as crop rotations, inter-cropping and symbiotic associations are vital to maintaining and improving the soil.

Antibiotic-resistant microorganisms

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

Climate change

Climate change is a complex issue. One of the main causes is the emission of greenhouse gases into the atmosphere at a faster rate than their natural elimination, and agriculture is one of the chief culprits. In general, organic agriculture uses less fossil fuel per hectare and per kilogram of product than conventional agriculture. Furthermore, organic farming leads to the absorption of more carbon dioxide from the atmosphere, ensuring that it is stored in the soil, and the reduced soil erosion on organic farms also means less carbon is lost.

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

The organic market

From ideology to mainstream practice

The origin of organic farming is difficult to precisely determine, although it is safe to say that it has been in existence for a very long time. Organic food has been a niche market for decades, with low volumes and a small loyal consumer base. The majority of organic food stores was small in size while offering a full range of products supplied by dedicated organic wholesalers. Specific brands for this channel evolved, promoted mainly through in store marketing.

In the last decade, organic food has become a far more common sight in supermarkets and out-of-home outlets. Its increased availability and a wider choice of products are fuelling market growth.

Organic market

23bn

In 2013, the European market for organic food has grown 5-6% to €23bn in size.

Vegetarian and flexitarian market

In our markets, there are around 20 million vegetarians. The number of flexitarians is a multiple of this.

At that same time, the health food channel started to evolve, driven by a rise in the number of chains, increased average floor space, a wider assortment and the increased importance of branding. Due to historic reasons, health food stores and supermarkets stock and sell different brands. However, we expect this status quo to change over time, driven by a blurring of these channels and the ever-increasing number of consumers who shop in all channels.

Organic food has a long track record of growth

In 2013, the estimated market growth was 5-6%, with the entire organic food market estimated at €23 billion. This is in line with the 4-6% growth shown in recent years, although there are marked variations year on year per category and across the various European markets.

Wessanen strongly believes that this potential will remain significant in the long term. We are cautiously estimating mid-single digit growth in the medium and longer term with the grocery industry expected to be the main driver of future market growth. According to these projections, we expect the organic food market to double in size to €44 billion by 2025.

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

What is Fair trade?!

From ideology to mainstream practice as well

Fair trade aims to help producers in developing countries to make better trading conditions and promote sustainability. It advocates the payment of a higher price to farmers as well as higher social and environmental standards.

The first attempts to commercialise fair trade goods were initiated in the 1940s and 1950s by religious groups and various non-governmental organisations. The products, which were almost exclusively handicrafts, were mostly sold in churches or at fairs.

The current fair trade movement was shaped in the 1960s. Alternative trading organisations were established using the products as a vehicle to deliver their message of giving disadvantaged producers in developing countries a fair chance on the world's market, and supporting their self-determined sustainable development.

In the 1980s, major challenges emerged as the novelty of some fair trade products began to wear off, demand reached a plateau, and some handicrafts began to look 'tired and old fashioned' in the marketplace.

In subsequent years, agricultural commodities played an important role in renewed growth since they offered a much-needed, renewable source of income for producers and provided fair trade organisations a complement to the handicrafts market.

The first fair trade agricultural products were tea and coffee, quickly followed by other products such as dried fruits and cocoa. While in 1992, 80% were still handcrafts, in 2002 food products represented 69%. The inconvenience of going to relatively small world shops to buy only a product or two was too high even for the most dedicated customers.

In 1988, the creation of the first fair trade certification initiative – Max Havelaar in the Netherlands – turned out to be the solution to start offering fair trade products in large distribution channels, the place consumers normally shop. This without compromising consumer trust in fair trade products and in their origins. The labelling also allowed the tracking of the origin of the goods to confirm that the products were really benefiting the producers at the beginning of the supply chain.

Nowadays, there are several recognised fair trade certifiers, including fair trade International. This is an umbrella organisation whose mission is to set the fair trade standards, support, inspect and certify disadvantaged producers, and harmonise the fair trade message across the movement.

Fair trade food has a long track record of growth

Fair trade products are now sold in over 125 countries. There are over 1,100 producer organisations worldwide of which 80% are smallholders. This represents over 1.3 million farmers in 70 countries. 53% of the fair trade premium was invested by small producers to improve their business or organisational changes. The estimated fair trade premium was over €80 million in 2012.

In Europe, fair trade represented €4.2 billion in retail value in 2012, growing more than 20% versus 2011. Further growth is expected for 2013 and the years beyond. The UK is by far the largest market representing €1.5 billion, followed by Germany (€533 million) and France (€346 million).

Per capita consumption is the highest in Switzerland (€40 per person), followed by the UK and Sweden. The average in Europe was €10 per capita in 2012.

In volume, bananas and coffee are the largest categories, followed by sugar, cocoa and fruit juice.

Grow core brands, grow core categories 1

Sustainable food

In the Netherlands, a 25% growth of the consumption of sustainable food, covered by any label, was recorded in 2012, which represented €2.2 billion in sales. The majority consists of four labels, covering close to 90% of consumption. These are organic (39%), 'Beter leven' (19%) (animal welfare), UTZ (18%) (sustainable farming) and fair trade (11%).

In the UK, ethical consumption is spread in roughly the same way with organic (28%), fair trade (19%), Rainforest Alliance (22%) and free range (12%) representing over 80%.

Also the breakdown in other European markets is broadly the same with cultural differences explaining the skewing to certain labels.

→ Monitor Duurzaam Voedsel 2012

Marketplace
Healthy and sustainable food
continued

Vegetarian food and vegetarians

According to estimates, about a billion people worldwide are vegetarians or vegans. About 300 million of them live in the 'home of vegetarianism' India. In Europe, the number varies widely from just 2% in France and Belgium to almost 10% in Germany.

The vegetarian lifestyle is a long-term development as eating vegetarian has become a trend. An increasing number of people consciously avoid eating meat three or more days a week. In Germany, for example, around 40 million habitants (or half the population) is flexitarian, while in the Netherlands the number stands at about seven million people.

The reasons people decide not to eat meat are varied and individual, although it is most frequently for ethical reasons. There are also health reasons, an increasing number of food scandals and climate and environmental issues that motivate people to change their diet on a permanent basis.

Organic consumers and vegetarians often share motives for their choice of food: protection of the environment and animals and world food issues.

Our competitive landscape

For healthy and sustainable food, the importance of the various food channels varies from one country to the next. While fair trade products are available in all channels, the differences for organic food are still sizeable. In France, the organic section within supermarkets is well-developed and sizeable, whereas in most other markets this section is growing, but still immature in size and offering. Also the offering of free-from and dietary products is much broader in the specialty channel than in supermarkets.

Our competition mainly consists of a wide range of branded product manufacturers and retailers offering private labels. A rough breakdown of these would be:

- Dedicated 'niche' manufacturers
  - Smaller manufacturers who are active in one or a few markets
  - Single brand/product companies
  - Large European players focusing on multiple brands and products
- Conventional food manufacturers extending their range with organic, natural and fair trade products
- Private labels offered by retailers

Wessanen is one of a handful of dedicated players with a strong European presence. Other players include French-based Nutrition et Santé (who mostly focus on dietetic food) and the US-based Hain Celestial. Most organic producers are small to medium-sized, family-owned, active in just one country and produce and sell several product categories. Fair trade, in contrast, has been embraced by many producers, almost becoming a requirement in several product categories such as chocolate and coffee.

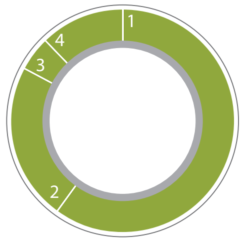
The larger European grocery chains, including the hard discounters, have their own range of private label organic products, as do larger health food store chains such as Alnatura and Biocoop. A-brands and private labels have a symbiotic relationship, as they compete for the same consumers in the organic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

At Wessanen, we do not aspire to be a sizeable private label player: our main focus is still to build our own healthy and sustainable brands.

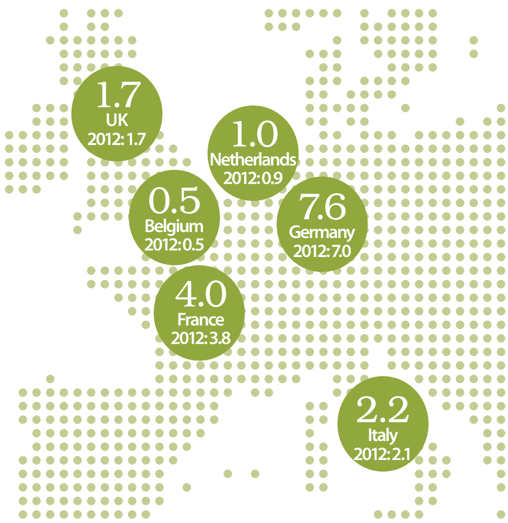
European organic food market – Breakdown by channel 2013 in € billions, estimate

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

Source: Wessanen; Organic Monitor



Organic food market size 2013 in € billions, estimate



Number of vegetarians in Europe in millions, estimate

Operating review
Business overview and management structure

Management structure

Supervisory Board

Executive Board

Corporate Staff

Branded

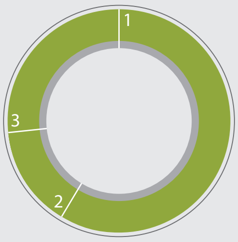
- France
  - Italy
- Benelux
- UK
  - Export
- Germany

ABC

Royal Wessanen

Total revenue per segment in € millions

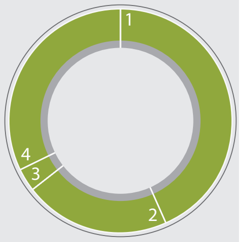
€692m



1 Branded	407
2 ABC	101
3 Discontinued	184

Total employees per segment (in average FTE)

1,802



1 Branded	783
2 ABC	383
3 Head offices	59
4 Discontinued	577

France

Lyon
Paris
Rungis

Benelux

Amsterdam (head offices)
Amsterdam (Wessanen Benelux)

UK

Beaminster
Camberley

Germany

Bremen
Freibourg
Mariendrebber

Export

Austria
Italy
The Nordics
Spain
Switzerland
Numerous other markets

Italy

Viadana

Branded

Branded consists of all our activities involved in building our brands on the European market for healthier and sustainable products. 2013 has been a strong year, growing our core brands and categories and a marked improvement in profitability.

Growing core brands 1

Bjorg – French market leader in organic

Since 1988, Bjorg has been on the forefront of organic in many ways, for example with the launch of organic soy drinks in 1992, agave syrup in 2008 and the start of its 'Ateliers bio-nutrition' in 2010.

Bjorg uses different means to reach out to its consumers, including social media, 'ateliers bio-nutrition', promotions, advertising and consumer publications.

Its first TV campaign dates back to 1990, followed by others over time. In 2013 two new ones have been aired, focusing on the nutritional aspects of Bjorg.

For more information visit www.bjorg.fr

A strong year

2013 has been a strong year for Branded, growing revenue 4.1% to €407.3 million. We have grown our core brands by 3.1% and our core categories by 4.8% on a like-for-like basis. Our largest brand Bjorg continued to grow, building on its leadership and category captain position. Most of our core brands showed equally strong performances, supported by brand activation and the repositioning of several of our brands.

Autonomous growth amounted to 2.1% of which volume contributed 1.3% and price/mix 0.8%. This good growth has been achieved despite numerous planned initiatives relating to 'Wessanen 2015' which impacted revenue negatively by €9 million in 2013.

The acquisitions of Alter Eco (June 2013) and Clipper (March 2012) added €9.3 million and €3.8 million respectively. A weakening of the British pound depressed revenue by (0.8)%.

Operating result (EBITE) increased 47% to €24.3 million (2012: €16.5 million), driven by higher gross contribution and lower warehouse, transportation and general and administrative expenses. Marketing spending increased substantially, mainly due to increased investments behind Bjorg and Zonnatura.

Exceptional items of €(6.3) million have been reported, mainly related to the implementation of 'Wessanen 2015', the integration of Alter Eco (€(2.5) million) and the impairment of the Italian water digester (€(2.2) million). EBIT amounted to €18.0 million.

Low-yielding activities successfully addressed

As part of 'Wessanen 2015', we addressed several low-yielding and non-performing activities, including our German and Italian grocery operations and the Dutch and French health food channel activities. We exited the Italian grocery market late 2012, stopping the distribution of Bjorg and Efficance in Italy. In Germany, we executed a significant slimming down of our grocery operations by changing our go-to-market approach. We ended direct store deliveries and teamed up with a distribution partner. Our focus is on a central warehouse delivery model for a limited number of products.

We also implemented several cutting the tail programmes to increase focus by delisting low-rotating products. At Bonneterre, we delisted one-third of its products and ceased the distribution of fruits & vegetables as well as chilled products. Furthermore, we exited from a UK private label contract, delisted Biorganic in the Netherlands and integrated the organisation of De Rit into the German operations.

We are a brand builder

Our focus is to build the most desired brands in healthy and sustainable food in Europe. We create and market products that are organic, vegetarian, fair trade and/or nutritionally positive. Our core capabilities are brand building and activation, development of

Core brands

3.1%

was the growth of our core brands in 2013. Almost all have been growing.

Core categories

4.8%

was the growth of our eight core categories on a like-for-like basis.

differentiating innovations, competitive sourcing and quality management.

We have operations in the Benelux, France, Germany, Italy and the UK, as well as an export business. Our activities involve the sourcing, production, marketing and sales of our own brands to customers and consumers. We produce part of our products in our own factories, where the remainder is sourced from third parties, in general based on our recipes, specifications and packaging requirements. Third-party logistical suppliers deliver to the distribution centres of grocery and larger health food chains, whereas HFS stores are delivered via dedicated wholesalers (such as Natudis).

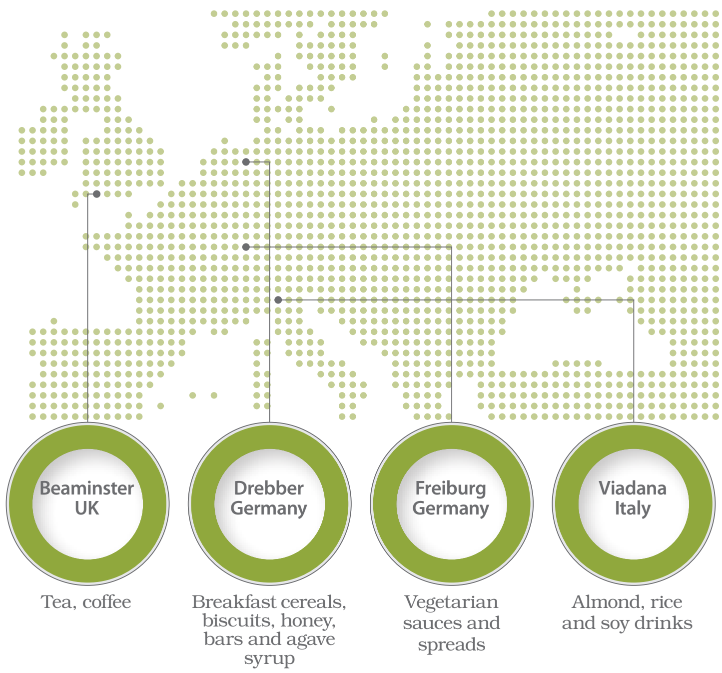
Our brands

Most of our brands, such as Bjorg, Tartex and Zonnatura, have a long and rich history in organic food. We have nursed and grown these for years. Clipper and Alter Eco are equally well-known for their heritage as well as their fair trade and organic roots. We have acquired these in 2012 and 2013 respectively.

We distinguish three categories for our brands: core brands, tactical brands and sole agencies. Our core brands represent the majority of our revenue. These include our largest and most successful brands and these are the ones we put most of our marketing investments and activation efforts behind.

Our tactical brands, such as Vivis, Tanoshi and Molenaartje, are smaller brands which in general are soundly positioned in a certain niche. Vivis for example has a range of healthy sugars in France. We continue to evaluate these brands on a regular basis and if insufficient value is created, delisting is a real option. For that reason, we delisted Biorganic in the Netherlands. In addition to our own brands, we manage a limited number of third-party brands such as Dr. Schär, Krisprolls and Blue Diamond in certain markets.

Our production locations



To optimise the utilisation of our factories, we produce to a certain extent private label products, mainly at our Italian non-dairy factory and at our German vegetarian spreads factory. Private label sales represented less than 5% of revenue in 2013.

Our core brands are growing

The vast majority of our core brands has been growing in 2013. Bjorg showed healthy mid single digit growth, driven by sweets in between, dairy alternatives and breakfast cereals on the back of innovations such as different sweets in between products without palm oil.

The successful repositioning of Bonneterre resulted in increased sales to especially the larger health food chains, despite a strong reduction in the amount of products on offer (a cutting the tail project).

Clipper benefitted from its European roll-out, while in the UK the growth of its range of tea could more than compensate for weakness at coffee. Allos was up mid single digit as a result of its repositioning in spring 2013 and benefiting from innovations such as at spreads.

Zonnatura has grown on the back of various innovations (e.g. within tea) and its two TV commercials 'what happened to our food?'. Gayelord Hauser showed a decline as a result of delistings at a retailer and fierce competition within the dietetic category.

The initial results of the rebranding into Kallø in autumn are promising. The brand grew slightly in 2013.

Whole Earth showed a decline due to the delisting in Germany (as part of 'Wessanen 2015'). In the UK, the brand continued to show healthy growth, driven by its various spreads.

Tartex has grown in Germany, despite lower year-on-year sales in the traditional health food channel. In the rest of Europe, Tartex has grown as well, driven by our dedicated export team.

Our core categories

We focus on eight core categories, based on our strengths and the different brand positionings. Part of our brands focus on one particular category such as Clipper on hot drinks and Tartex on savoury (vegetarian) spreads. Other brands use more of an umbrella approach such as Allos, Bjorg and Zonnatura. These brands offer a wider range of products, including for example breakfast cereals, sweets in between and bread replacers.

Our CBTs are instrumental in sharing knowledge and exchanging best practices within a category. These are also proving successful in generating more differentiated innovations and foster closer relationships with internal and external suppliers.

Two of our largest categories, dairy alternatives and sweets in between, have been growing by high single digits. Other smaller categories such as breakfast cereals and juices & cold drinks did equally well, while both sweet spreads and savoury spreads showed a small decline, in part due to delistings and a changed go-to-market approach for grocery in Germany.

Operating review
Branded
continued

Bonneterre

#2

Bonneterre is our second largest brand. Its focus is on French health food stores.

Market performance

In general, market growth was healthy in all markets we are active in. Organic has been growing by mid-single digits, whereas fair trade and other sustainable labels are expected to have posted good growth as well. The increasing appreciation for a vegetarian way of life bodes equally well for our brands and products. All channels benefited from this growth, including grocery and health food stores.

In France, we have realised healthy autonomous growth of almost 5%. Bjorg, Bonneterre and Evernat all grew, as well as Krisprolls and specialty brand Tanoshi. The first time inclusion of Alter Eco contributed €9 million.

The UK reported stable revenue as a mixture of an adverse currency effect, two additional months of Clipper (acquired in March 2012) and a modest autonomous decline. Good growth at Whole Earth and Clipper and stable sales at Kallø were outweighed by exiting a sizeable private label contract early in the year.

In Germany, Allos and Tartex have been growing, supported by the Allos repositioning and distribution expansion of Tartex at general health food stores respectively. Sales of De Rit were impacted by the integration of its previous stand-alone organisation into the German organisation. The changed go-to-market approach for grocery functions well.

In the Netherlands, revenue declined modestly. The growth of Zonnatura and newly introduced Clipper could not compensate for the depressing effect of the delisting of Biorganic. As a consequence of splitting the grocery and HFS operations, our various Dutch brands are now all managed by the Benelux Branded organisation.

Italian sales were stable. Our dairy alternatives factory increased volumes and started producing almond and rice drinks as well. We realised growth of our brand Buon per Te, Italian private label soy drinks and volumes sold in France and the UK. This growth could fully offset the 'Wessanen 2015' impact of the Italian delisting of Bjorg and Efficance.

Our central functions

During the last few years the role of our Head Offices has evolved from a financial holding into that of a strategic orchestrator. We have adapted our organisational and governance models to strengthen our central steering capabilities, while increasingly moving towards shared systems. While we manage our brands, consumer activation and customer relations mainly locally, we have in addition pan-European functions to fully monetise our size, scale and expertise. Centrally managed functions include central sourcing, organic expertise, market quality, innovation, brand alignment, export and ICT. Others such as human resources, finance, and supply chain have established focused lead and coordination roles.

Central sourcing

Since 2010 central sourcing concentrates on managing the costs of goods sold and creating strategic partnerships with numerous suppliers. We have a single, centralised, professional way of working. We are increasing our expertise regarding raw materials, bundling purchasing volumes and reducing complexity within the supply chain. This will help us to prioritise the development and execution of a sourcing strategy for each category and drive alignment between marketing, quality and supply chain across functional teams.

During the last two years, we have further professionalised our team and we have reduced the number of suppliers by around onethird.

OEC and market quality

During 2013, we have integrated the various local market quality teams into a centrally managed leaner European team. It has allowed us to invest more resources into our R&D capabilities to drive product innovation. Two examples are our ability to produce nowadays organic spreads using organic yeast and the replacement of palm oil by other oils in various of our sweets in between products.

Much effort has also been put in having all operating companies being RSPO certified as of the end of 2013. Lastly, we have implemented our hierarchy of nutritional policies.

Execute acquisition shortlist 1

Alter Eco – a leader in fair trade and organic

In June, we have acquired Alter Eco in France which is engaged in organic and fair trade products such as chocolate, coffee, tea and juices.

From its foundation in 1998, it has been a pioneer brand of fair trade and organic food products. It has developed strong partnerships with 40 farmers' cooperatives, based on fair trade and respect for human rights and environment.

Alter Eco has become part of Distriborg, our French-based operations.

For more information visit www.altereco.fr

Clipper – the magical teapot tour

The highlight of the Clipper 2013 campaign was the Magical Teapot Tour, heading to a selection of cultural festivals and cities across the UK. It featured a gigantic teapot which springs to life every hour, showcasing a little of the Clipper magic, accompanied by large scale product sampling and the chance to win prizes.

European roll-out of Clipper

In 2013, we have introduced Clipper in France, the Netherlands and Germany.

Consumer reactions have been overwhelmingly positive and the trade continues to list our ranges increasingly.

→ www.clipper-teas.com

Our OEC is the driving force behind the renewed and deepened sustainability strategy, including defining the relevant KPIs. We also hosted our second Organic Day for employees and we have become more involved with the European organic umbrella organisation IFOAM.

Export

Our export plans and activities are managed by brand and geography. The most important markets are the Nordics, Austria, Italy, Japan, Spain and Switzerland. Clipper, Allos, Bjorg and Tartex represent three-fourths of revenue, which has grown by double-digits in 2013.

Supply chain

Since 2013, we have managed our supply chain and own factories centrally. We are moving away from a localised way of working towards a more standardised approach. We have aligned and streamlined the processes and structure and are working on improving our tools.

Key areas are a standard planning and forecasting process and standardised sales and operational planning (S&OP). This requires working closely together with central sourcing and marketing, resulting in a flawless supply chain and better capacity utilisation at the various production plants. Increased service levels and reduced working capital over time are other benefits.

ICT

In 2013, we have made considerable steps to become more efficient and effective, while allowing for considerable cost savings. We have standardised and renewed our ICT Infrastructure. This included our communication systems (based on video-conferencing) and document-sharing capabilities which are now state of the art, allowing for effective collaboration between all workplaces and devices in the company. We have also created a European ICT organisation.

In Germany, our operating companies and factories have been connected seamlessly to our European SAP system. Other strategic changes, such as splitting the organisation into a separate branded and distribution business in the Netherlands and France, were effectively supported by our SAP systems.

ISO 14001

75%

The number of our employees working in an ISO 14001 certified organisation.

Female employees

53%

of our employees are female (as % of total FTE) compared to 48% in 2012.

CO_2 emissions

6,114

Our CO_2 emissions (in tons) decreased versus 2012. Scope 1 represents 35% of the total.

Sustainability

At Wessanen, sustainability is an important part of who we are and how we conduct our day-to-day business. We believe we have a mission to increase society's awareness of healthier and sustainable food products.

Contributing to a healthier planet

We recognise that we are part of a larger ecosystem and that we must take responsibility in managing our impact on the world around us. Consequently, we strive to minimise the negative impact of our products and processes on the environment by measuring and monitoring their effects.

In 2013, we have spent considerable time on aligning our sustainability strategy with the renewed vision and mission. Historically, most of our efforts focused on the production and transport of the product and to some extent the consumption phase. An important omission were the risks and opportunities in the supply chain, which we will start addressing as well.

For example, Alter Eco provides concrete information to consumers on the broader positive impact of fair trade of its chocolate sourcing at the inside of its packaging chocolate. Its products are also all CO_2 neutral.

Indicators defined for our three pillars

Our sustainability strategy is built around three pillars: making healthy products, enabling healthy living and caring for our planet. These three pillars cover who we are, what we stand for and how we operate throughout our supply chain.

For all of the key focal areas within these pillars, we will define performance indicators, which are partly existing and partly new ones. A process has been started defining how to measure these indicators consistently, to identify data owners and define targets. Year end 2013 has been used to set the baseline, while targets will be set in the first half of 2014.

Regarding healthier food, we will measure, for example, the percentage of organic brands, the percentage of vegetarian sales (new indicator) and the percentage of products respecting our nutritional policies (new indicator), all applying to our core brands.

Most of the indicators are an integral part of our strategy, while others are meant for transparency purposes.

Organic Expertise Centre (OEC)

While the Executive Board is responsible for our sustainability strategy, the OEC is in the lead regarding its implementation and execution, next to its responsibilities for Quality and R&D within all of our operating companies.

The OEC furthermore stimulates the exchange of knowledge and experience that is widely available within the Company. It is also committed on educating and inspiring our internal and external stakeholders about organic values and health issues. Under its leadership, internal experts work together on pan-European issues such as the sourcing of sustainable palm oil.

The CEO is closely aligned with the NFSC, our Supervisory Board Committee on nutrition, food safety and sustainability. The OEC also offers ample opportunity to legitimise our position in the organic world by championing the organic case.

Responsible sourcing

In early 2014, we issued our Wessanen Supplier Quality Booklet which describes the general and specific (per product category) food safety and quality requirements applicable to our branded finished product.
These requirements must be complied with by all finished product suppliers, while satisfactory compliance with the different components will be controlled by our market quality department.

Activate OEC, integrate Quality 3

'Sans huile de palme'

While we have a palm oil policy in place and we are a member of RSPO to safeguard the sustainable sourcing of palm oil, we are working hard to replace palm oil in our products to the extent possible. Our brand Bjorg is on the forefront of these developments. Our policy dictates that

i) we will use certified sustainable palm oil (CSPO) for our organic products;

ii) use either CSPO or Green Palm certificates (book-and-claim system) for all of our conventional products;

iii) we substitute palm oil when possible; and

iv) we develop new products preferably without palm oil.

For more information www.wessanen.com/en/sustainability

Vegetarian products

94%

of our products are vegetarian, not containing meat, poultry and/or fish.

GRI reporting

B

We conform to level B of the Global Reporting Guidelines (GRI).

IFAOM EU Group

We continue to be a proud sponsor of IFAOM EU Group, which advocates the development and integrity of European organic food and farming.

Many of these expectations are based not only on regulatory requirements, but also on industry best practices and expectations from our consumers, and intended to safeguard the superior quality of own branded products.

All suppliers must adhere to our policies as described in our supplier quality booklet.

→ Available at www.wessanen.com

Part of our products we produce ourselves, while an important part is sourced from third parties, mainly based on our specifications, recipes and packaging requirements. We therefore deal with suppliers of raw materials (such as soy, yeast, tea and honey) as well as manufacturers of our end products (such as sweet spreads or rice cakes).

Our quality department monitors and evaluates our suppliers on a regular basis, using a risk assessment tool considering all possible quality and food safety aspects.

We make healthy products

We have implemented our Product Quality Charter in 2013. It contains policies and guidelines in the area of food safety, nutrition and sustainability for our brands. It firstly includes policies for palm oil, allergens and non-genetically modified organisms (GMO), which apply to all our brands. We also have policies in place specific for our organic brands (pesticides, lecithin, non-GMO packaging).

→ See page 16 for our product quality charter pyramid

For our nutritional brands such as Bjorg, Allos and Zonnatura we have additional policies on whole cereals, salt, sugar quality and superior quality claims. These policies are to become mandatory and apply to all products in scope.

In addition, guidelines are optional and apply wherever possible on any products within the scope. These are reviewed annually to determine if these should become policies. Currently, a guideline is available for the nutritional profile.

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

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

→ See also www.wessanen.com/en/sustainability for our fact sheet on sustainability

Activate OEC, integrate Quality 3

Our salt policy

In general, consumers consume 8-12 grams of salt per day, whereas the recommended intake is less than five grams per day. About three-fourths of our consumption is due to industrial food and catering, since salt is being used as a taste enhancer.

Our salt policy aims to offer our consumers responsible products. We have defined maximum levels of salt/sodium per product category and apply these to all innovations and renovations. We also use preferably unrefined salt when technically possible.

At year end 2013, about 96% of the approximative 500 applicable products of Bjorg, Allos, Kallø and Zonnatura, were in compliance.

→ For more information www.wessanen.com/en/sustainability

Activate OEC, integrate Quality 3

Our non-GM policy

EU regulation requires the presence of GM derived ingredients in a product to be labelled on pack, unless the proportion is below 0.9%. Organic regulation prohibits the use of GM derived ingredients.

Our non-GM policy applies to all our own branded products, organic and conventional. These do not contain any GMOs, GMO ingredients or ingredients derived from GMOs. All suppliers are expected to maintain a risk-based approach to GMO contamination risk and share the results upon request.

For 'at risk' ingredients (soybean, corn, rapeseed) we expect suppliers to have a PCR analysis by an accredited laboratory on each batch or provide upon request a certificate of non-use of GM ingredients.

→ For more information www.wessanen.com/en/sustainability

Activate OEC, integrate Quality 3

Our sugar policy

Our sugar policy aims to increase nutritional density by limiting 'empty calories' in our products. We prefer natural sugar, low refined and raw sugar (e.g. honey, agave syrup and concentrated fruit juices), and we tolerate organic sugar not fully refined.

Our policy forbids fully refined sugars.

At year end 2013, about 89% of the 275 applicable products of Bjorg, Allos, Kallø and Zonnatura, were in compliance.

→ For more information www.wessanen.com/en/sustainability

Little Hug

15%

Little Hug continued growing its revenue by 15%. The introduction of two new flavours contributed well.

Daily's

$41m

is the revenue of Daily's ready-to-drink frozen pouches in 2013.

ABC

ABC is one of the leading producers of single serve fruit drinks (Little Hug) and ready-to-drink (RTD) cocktails (Daily's) in the USA. Its main production plant for fruit drinks, RTD pouches and non- alcoholic cocktail mixers is located in Verona (PA).

Little Hug's performance could not offset weakness of Daily's

2013 was a year of two different stories. Whereas Little Hug continued to perform well, growing its revenue and gaining market share, Daily's suffered from a very weak market for RTD pouches, resulting in a 2013 loss for ABC in total.

Revenue decreased 21.3% to €101.2 million (US$135 million). Autonomous revenue growth was (19.0)%, of which volume contributed (16.1)% and price and mix (2.9)%. A weakening of the US dollar had a 2.3% negative effect.

In 2013, Little Hug continued to perform very well, growing 15%. It now represents 47% of ABC's sales, while other single serve fruit drinks (e.g. Big Burst) contributed 10%.

Daily's RTD frozen pouches represent 31% and non-alcoholic mixers 12%. We expect the importance of Little Hug in our revenue mix to further grow in 2014.

ABC reported a full year operational loss (EBITE) of €(7.2) million (US$(9.1) million). EBIT amounted to €(2.4) million, helped by exceptional items of €4.8 million positive. These include a gain on the settlement of a legal claim of €7.0 million and impairment and restructuring costs of €(2.2) million. The operational loss is a consequence of lower volumes on Daily's pouches and the write off of obsolete pouch inventory.

Market development fruit juices

Little Hug has continued to grow its revenue and market share in the US$2 billion single-serve fruit drinks market. The market declined 3% last year and witnessed ongoing intense competitive activity. Kraft (Capri Sun, Kool-Aid) is the market leader with Hi-C, Welch's and Sunny Delight being other sizeable players. Little Hug has close to a 5% market share.

For 2014, we expect the market to decline slightly, in line with the prior year. We expect Little Hug to further grow revenue and market share, driven by increased distribution, merchandising and innovation.

Market development ready-to-drink cocktails

Daily's wine-based cocktails have to be distributed via a three-tier system, due to legal regulation on alcohol. Regulation differs state by state for various kinds of alcohol (e.g. wine- or malt-based). ABC is using an extensive network of licensed brokers and distributors, who then sell to retailers.

Daily's offering consists of frozen pouches (with alcohol) and non-alcoholic mixers (consumers can prepare cocktails by adding alcohol). Daily's frozen pouches are part of the progressive adult beverages segment (PAB), which includes flavoured malt, flavoured wine, cider and premixes (Daily's). After strong market growth of pouches in 2011 and 2012, the segment declined around 25% last year.

Daily's remained the clear market leader within the pouches segment, with a 46% market share. Its two main competitors are Parrot Bay and Mike's Hard Lemonade with the top-three jointly representing over three-fourths of the segment.

A key reason for the pouches decline is the shift of consumers to other parts of the PAB segment because of new introductions (e.g. Budweiser Lime-a-rita).

Marketing and innovation

In 2013, Little Hug introduced two new flavours, Berry Blends and Apple Orchard. Both are showing very promising results in volume and repeat purchases. The Tropical variety pack (launched in 2012) continues to perform very well. We continue to invest in brand activation via, amongst others, magazine advertising, coupons, online sweepstakes and on-pack promotions (e.g. 'Barrel full of cash').

Daily's was supported by sizeable marketing investments in the period April-July, which included supporting two key seasonal holidays, a national TV advertising campaign and other traditional and digital media.

Last year's expansion to 13 pouch flavours yielded mixed results. The new Tropical pouch line, with flavours such as Bahama Mama and Hurricane, was successful. On the other hand, sales of the Light pouch line did not meet expectations. Additional tropical flavours are scheduled to be introduced in spring 2014.

Outlook 2014

We expect ABC to become profitable again in 2014, based on the de-risking of its business model, substantially lower investments in marketing, prudent assumptions regarding market growth and market share gains. It furthermore will benefit from a lower cost base as a result of cost reduction programmes.

Discontinued

IZICO and Distribution are classified as discontinued operations as from 31 December 2013.

We expect the divestment of all these businesses to be completed in the course of 2014.

Distribution: Natudis and Biodistrifrais

In 2013, Distribution realised revenue of €80.6 million (2012: €78.2 million). Growth at Natudis was driven by the Dutch and Belgian ambient wholesale activities, while Bio-Distrifrais posted lower revenue. It generated an operating result (EBIT) of €(1.0) million (2012: €(4.8) million).

Natudis is a wholesaler of ambient food for health food stores in the Netherlands and Belgium. It also operates Kroon, a Dutch wholesaler of fresh food and it is the owner of the Natuurwinkel franchise concept in the Netherlands. It offers a full range of products, sourced from third parties, which nowadays includes Wessanen Benelux. In addition, it offers a limited amount of own brands, such as Ekoland and LunaeTerra.

Natudis operates a distribution centre in Harderwijk for ambient and Kroon one in Amsterdam for fresh. Kroon continues to benefit from the combined distribution of its operations with dedicated logistical provider Vroegop-Windig at their premises.

Natuurwinkel expanding its footprint

For well over 20 years, Natudis has been managing the Dutch Natuurwinkel franchise retail chain. At year end, there were over 20 stores as a result of new store openings, in addition to most of the GooodyFooods franchises switching to the Natuurwinkel formula.

Natuurwinkels offer an extensive assortment of ambient and fresh organic products. The franchise concept allows for all of our store owners to adapt to local circumstances and own preferences, such as a large offering of fresh vegetables and local cheeses. Last year, the 'v/d Natuur' concept was launched. It highlights the importance of a healthy Earth and the passion for natural food and a sustainable way of living.

Bio-Distrifrais

Bio-Distrifrais is a French wholesaler of fresh products. It operates four warehouses all over France. In 2013 part of the fresh products was transferred from Bonneterre to Bio-Distrifrais, whereas Bonneterre ceased the remainder of it.

IZICO, a fully integrated company

At IZICO, revenue decreased to €103.3 million (2012: €112.5 million) due to the sizeable impact of the closure of the Deurne plant (March 2013) and subsequent reduction of its assortment. The operating result increased to €6.2 million (2012 €(10.7) million).

IZICO is a leading player in the Benelux frozen snacks markets. It owns the brands Beckers and Bicky, next to private label products. There are three production locations: for spring rolls in Katwijk (NL), for bread snacks in Deurne (NL) and for meat snacks in Bocholt (B).

By creating one fully integrated company, 2013 became a true transformational year, resulting in sizeable cost reductions, a sharpening of the strategy and an improved route-to-market. We have combined most of our non-production activities at the Breda location and implemented a new structure and roles at various departments such as marketing, sales and finance.

The Deurne Favory snacks factory was closed. We have successfully transferred most customers and related volumes to our Bocholt plant, ended the Halal range and reduced the focus on private label meat-filled snacks.

A new ERP system was implemented and part of our ICT has been outsourced. At the same time, maintaining the optimisation of our supply chain and production processes remain key to coping with increased raw material prices and inflationary pressure.

The frozen snacks market witnessed low single-digit growth. Both retail and out-of-home channels showed growth in volume and value.

Beckers witnessed modestly lower volumes as a result of an increased focus on its core assortment. Bicky continued to grow supported by various brand activation actions during the year. Private label showed a good performance, benefiting on the one hand from new (European) contracts, while on the other hand we deliberately ended several contracts.

Wessanen's continuing operations have realised net revenue of €508.5 million and an increased operating result of €11.9 million in 2013. Net profit amounted to €(0.1) million. A dividend of €0.05 will be proposed.

All figures in the financial review relate to continuing operations, unless otherwise stated.

Discontinued operations

IZICO, Natudis and Bio-Distrifrais are classified as discontinued operations as from 31 December 2013. 2012 figures have been restated to reflect this change.

New segmentation

To reflect more accurately the different business models we operate within Europe, the segment Branded has been created, replacing Grocery and HFS. Of the former HFS segment, the German and the French operations (except for Bio-Distrifrais) have become part of Branded as well as all operations previously reported as Grocery. Natudis and Bio-Distrifrais have become part of a new segment, Distribution, to reflect their focus on wholesale. The segmentation of ABC and IZICO did not change.

Revenue

In 2013, revenue amounted to €508.5 million, 2.2% lower than last year's (restated) revenue of €520.1 million. Autonomous growth was €(16.6) million, or (3.3)%, of which (0.2)% was attributable to price/mix and (3.1)% to lower volumes. Intercompany sales were €(2.1) million lower. Acquisitions made in 2013 (Alter Eco) and 2012 (Clipper) added €13.1 million, or 2.6%. A weakening of the British pound and US dollar exchange rates impacted revenue negatively with €(6.0) million or (1.2)%.

Branded has shown a strong performance, reporting a 4.0% higher revenue of €407.3 million, compared to €391.5 million last year. Autonomous growth was 2.1% with volumes up 1.3% and price/mix 0.8%. Strategic actions implemented as part of 'Wessanen 2015' negatively impacted revenue. These include the partly exiting of German and Italian grocery, exiting a UK private label contract, the delisting of Biorganic in the Netherlands and a cutting the tail project, including the ceasing of the majority of the fruits & vegetables distribution at Bonneterre. This negative effect on revenue amounted to €9 million. Aforementioned acquisitions added 3.3%, lower intercompany sales had an impact of (0.5)% and negative currency exchange effects impacted growth by (0.7)%.

Due to a difficult year for its frozen pouches business, ABC reported an autonomous decline of (19.0)%, reporting revenue amounted to €101.2 million (2012: €128.6 million). The weakening of the US dollar had an additional depressing effect of (2.3)% on revenue.

Operating result

The operating result (EBIT) increased to a profit of €11.9 million (2012: €(30.8) million). This represents an operating margin of 2.3%. Excluding non-recurring items, EBITE decreased to €13.3 million from €17.5 million last year, representing a 2.6% margin.

Non-recurring items totalled €(1.4) million (2012: €(48.3) million), mainly including a gain on the settlement of a legal claim in the US of €7.0 million, impairment losses of €(3.9) million, mainly related to the Italian water digester and ABC, and exceptional costs of €(4.5) million mainly associated with 'Wessanen 2015'.

A strongly increased profitability at Branded was more than offset by ABC. Branded grew its EBITE by 47% to €24.3 million (2012: €16.5 million). The operating result amounted to €18.0 million, when including exceptional items of €(6.3) million. ABC reported EBITE of €(7.2) million. Including exceptional items of €4.8 million, the operational loss was €(2.4) million.

The gross margin increased 70 basis points to 35.7%, while gross contribution was stable at €175.3 million (2012: €175.1 million). Personnel expenses declined 7.5% to €77.4 million, mainly driven by the positive impact of 'Wessanen 2015'. Other operating expenses increased 4.1% to €93.9 million mainly as a result of higher marketing costs. These investments have increased substantially, especially at Branded to further support our brands.

Non-allocated costs

In conjunction with the new segmentation for our European operations and classifying Distribution and IZICO as discontinued operations, all corporate costs other than shareholder and stewardship costs are charged to the operating segments.

Financial overview per segment

In € millions, unless stated otherwise	Branded	ABC	Non-allocated	Eliminations	Continuing operations	Discontinued operations	Total
2013							
Revenue third parties	**392.5**	**101.2**	**–**	**14.8**	**508.5**	**183.9**	**692.4**
Inter-segment revenue	**14.8**	**–**	**–**	**(14.8)**	**–**	**–**	**–**
Revenue	**407.3**	**101.2**	**–**		**508.5**	**183.9**	**692.4**
Operating result before exceptional items (EBITE)	**24.3**	**(7.2)**	**(3.8)**		**13.3**	**6.3**	**19.6**
EBITE margin as a % of revenue	**6.0%**	**(7.1)%**	**–**		**2.6%**	**3.4%**	**2.8%**
Operating result (EBIT)	**18.0**	**(2.4)**	**(3.7)**		**11.9**	**5.2**	**17.1**
Average capital employed	**122.7**	**43.1**	**5.0**		**170.8**		
Return on average capital employed (ROCE)	**14.7%**	**(5.6)%**	**–**		**7.0%**		
2012							
Revenue third parties	374.6	128.6	–	16.9	520.1	190.7	710.8
Inter-segment revenue	16.9	–	–	(16.9)	–	–	–
Revenue	391.5	128.6	–		520.1	190.7	710.8
Operating result before exceptional items (EBITE)	16.5	3.9	(2.9)		17.5	0.8	18.3
EBITE margin as a % of revenue	4.2%	3.0%	–		3.4%	0.4%	2.6%
Operating result (EBIT)	(31.3)	3.9	(3.4)		(30.8)	(15.5)	(46.3)
Average capital employed	141.1	48.2	6.8		196.1		
Return on average capital employed (ROCE)	(22.1)%	7.9%	–		(15.5)%		

This way of presentation better reflects that our corporate centre mainly performs functions on behalf of and for the benefit of these operating segments and creates more transparency of the 'real' financial performance of the operating segments.

In 2013, these non-allocated costs amounted to €(3.7) million, compared to €(3.4) million in 2012. Excluding exceptional items of €0.1 million in 2013 and €(0.5) million in 2012. Underlying costs were €(3.8) million and €(2.9) million respectively.

Net financing costs and income tax expenses

Net financing costs were €(1.9) million (2012: €(2.2) million). Interest expenses were about stable at €(1.3) million (2012: €(1.1) million), while other financial income and expenses decreased to €(0.6) million (2012: €(1.1) million).

Income tax expense strongly increased to €(14.5) million (2012: €(3.8) million) mainly as a result of a €(4.5) million write down of deferred tax assets at ABC, unrecognised income tax losses for the year of €(2.0) million and additions to the provision for uncertain tax positions of €(3.3) million. The effective tax rate of 145.0% (2012: (11.5)%) deviates from the domestic income tax rate of 25%, mainly as a result of aforementioned reasons.

Net result and earnings per share

Net result from continued operations was €(4.5) million, an improvement compared to the loss of €(36.8) million in 2012. Net income of discontinued operations (net of income tax) amounted to €4.4 million, an increase versus the €(15.8) million of 2012. Both Distribution and IZICO realised an increased operating result, to a large part driven by 'Wessanen 2015' savings.

Net result amounted to €(0.1) million (2012: €(52.9) million). Earnings per share increased from €(0.70) in 2012 to €0.00 in 2013. The average number of shares outstanding was stable at 75.7 million (2012: 75.7 million).

Working capital and capex

The acquisition of property, plant and equipment amounted to €(3.5) million (2012: €(4.2) million), which represents 0.7% of revenue. The acquisition of intangible assets amounted to €1.6 million (2012: €1.4 million).

Depreciation was stable at €(7.0) million (2012: €(7.2) million). Amortisation was up to €(2.9) million (2012: €(2.4) million). Impairments of €(3.9) million have been recorded, compared to €(39.4) million in 2012.

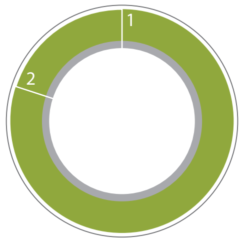
Working capital at year end 2013 decreased to €36.7 million, being 7.2% of revenue (2012: €38.1 million, representing 7.3% of revenue). The cash inflow following changes in working capital amounted to €6.6 million (2012: cash outflow of €(8.1) million). Inventory was about stable, whereas the increase in trade receivables was more than compensated by an increase in account payables.

At Branded, working capital was stable at €32.6 million (2012: €32.0 million), despite last year's revenue growth. The modest increase in inventory as well as trade receivables was compensated for by an increase in account payables and a decrease in other liabilities. At ABC, working capital decreased to €7.7 million (2012: €11.5 million) on the back of lower revenue. Lower inventories and trade receivables both contributed.

Early 2014, we have launched a working capital project to seek further opportunities to reduce working capital by scrutinising and amending our various processes regarding debtors, creditors and inventory.

Revenue per segment in € millions

€508.5m



1 Branded	407
2 ABC	101

EBITE per segment in € millions

€13.3m

Branded	€24.3m
ABC	€(7.2)m
Non-allocated	€(3.8)m
Continuing operations	€13.3m

Reconciliation EBITE to operating result (EBIT) in € millions

€11.9m

2013

EBITE	€13.3m
Restructuring and other income	€2.5m
Impairments	(€3.9)m
Operating result	€11.9m

Average capital employed per segment in € millions

€170.8m

2013

Branded	€122.7m
ABC	€43.1m
Non-allocated	€5.0m
Continuing operations	€170.8m

Cash flow

Operating result increased to a profit of €11.9 million (2012: €(30.8) million). Cash generated from operations increased to €27.9 million (2012: €13.5 million), mainly as a result of a €4.4 million higher EBITDA and aforementioned inflow of working capital. This was partly offset by an increase in provision expenses paid, mainly in relation to 'Wessanen 2015', being €(7.9) million (2012: €(2.5) million).

Interest paid amounted to €(1.7) million (2012: €(1.8) million), while income tax paid increased to €(4.5) million (2012: €(1.8) million). Operating cash flow from continuing operations therefore amounted to €21.7 million (2012: €9.9 million). Operating cash flow from discontinued operations was €(2.9) million compared to €4.7 million in 2012. Net cash from operating activities increased 28.8% to €18.8 million (2012: €14.6 million).

Dividend policy and 2013 dividend proposal

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

The proposed dividend for a financial year must be approved by the AGM. Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy. Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

A dividend of €0.05 per share will be proposed as the 2013 net result, adjusted for non-recurring items, represents a profit.

For more information visit www.wessanen.com

Net cash from investing activities for total Wessanen was €(9.7) million (2012: €(23.6) million), mainly as a result of acquiring Alter Eco (€(3.9) million) and net investments in tangible and intangible fixed assets of €(5.1) million (2012: €(5.6) million).

Net cash from financing activities amounted to €(3.3) million, mainly as a result of €(3.8) million of dividend paid, net proceeds from interest bearing loans of €2.5 million and the deferred consideration paid of €2.5 million for the non-controlling interest in Favory Convenience Food Group. For 2013, net cash flow amounted to €5.8 million (2012: €3.0 million).

Average capital employed

To create economic value, we aim to achieve a return on capital employed in excess of our weighted average cost of capital over the medium term. Average capital employed of €170.8 million was clearly lower than last year's €196.1 million, yielding a return of 7.0%. At Branded, average capital decreased 13.0% to €122.7 million. Due to the strongly increased profitability, the return on average capital employed rose to 14.7%.

At ABC, average capital employed decreased 10.6% to €43.1 million, yielding a return of (5.6)% as a consequence of last year's losses.

'Wessanen 2015' restructuring programme

Late 2012, a sizeable reorganisation, labelled 'Wessanen 2015', of our Branded and Distribution activities, IZICO and Head Offices has been announced. The reorganisation has been executed during 2013, resulting in forced redundancies of around 250 FTE.

With respect to total Wessanen, the associated one-off costs have been €19.2 million, of which €2.6 million has been expensed in 2013. The annual cost savings amount to €15 million from 2014 onwards, of which half has been realised in 2013.

The implemented strategic initiatives to increase profitability include, amongst others, the downsizing of the German and Italian operations in the grocery channel, exiting private label contracts, delisting of some brands and numerous products.

Net debt, debt funding and liquidity

Our financing strategy is centred on securing long-term financing in order to support autonomous growth and acquisitions. The Company's capital structure balances the following objectives in order to meet its strategic and operational needs:

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

Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. During 2013, net debt decreased by €4.2 million and amounted to €50.7 million at year end.

The Group has a committed €100 million secured revolving credit facility in place. In July 2013, we have successfully renewed this credit facility since the former facility was scheduled to mature in February 2014. By the end of 2013, Wessanen had drawn €65 million from this facility (2012: €61 million).

The credit facility contains uncommitted options to extend the facility for in total two years and to increase the facility amount up to a maximum aggregate amount of €25 million ('accordion facility').

Under its financial covenants, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAE. The interest margin on the facility is narrowed to 110–205 basis points over Euribor, based on the leverage ratio (Net debt to EBITDAE).

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

The Group has €24.5 million of uncommitted credit facilities with various banks. At year end 2013, we had not drawn from these.

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

Compliance statement

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

- the 2013 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the management report (pages 27-43) included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of 31 December 2013 and of the development and performance of the business for the financial year then ended; and
- the management report (pages 27-43) includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 20 February 2014

Executive Board

Financial review and risk
Principal risks and opportunities – How we manage our risks

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

Doing business and risk management

At Wessanen we believe risk management is not an isolated activity but should be integrated in regular business processes. Entrepreneurship, which is one of our core values, implies dealing with risks attached to our decisions. Decisions are taken at all levels in the organisation and the nature of these may differ. By creating transparency about roles and responsibilities within the organisation, we make clear to all our employees what the rules of the game are in taking risks and using business opportunities.

Risk management starts with the right behaviour of all people in our organisation, who are guided by our vision, mission, core values and a set of policies and procedures. All this together forms Wessanen's Framework of Internal Control (FIC) which supports the Executive Board in managing and monitoring the Company's overall risk profile. Risk (management) related topics are discussed in Executive Board and Audit Committee/Supervisory Board meetings and during monthly and quarterly business reviews between the Executive Board and management teams of operating companies and central functions.

Testing the effectiveness of FIC

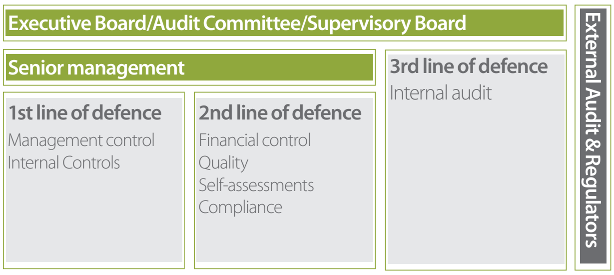
FIC focuses on both our primary and supporting processes and identifies clear reporting and accountability structures. Various key policies apply to all entities in our organisation, such as authority limits, financial reporting manual, Company code, whistle blower policy and fraud policy. Procedures for all core processes (e.g. purchasing, sales and financial closing process) have been defined within our FIC and may have local characteristics.

Within this structure we pay specific attention to key entity level controls and control activities that are related to financial reporting risks. Process owners at corporate and operating company level make self-assessments of the operating effectiveness of their controls, reviewed by our internal audit department (IAD). The main objective is to ensure reliable financial reporting and proper corporate governance. Moreover, IAD provides additional assurance to the Executive Board by auditing Wessanen's main processes in our operating companies and at corporate level.

For identified control weaknesses, action plans are put in place by management and follow-up is closely monitored. Results of the self-assessments and internal audits, including progress of the related control improvement plans are communicated to the Executive Board and the Audit Committee.

Reassessment of *rewarded* risks

In the past three years, our risk management as a structured and company-wide process has focused strongly on improving controls linked to financial reporting risks. This part of our risk management and our internal control framework form a crucial basis for Wessanen being in control. The risks related to these processes, though, can be seen as *unrewarded* risks. Although our risk appetite in this respect is low and relating controls are strict, it does not directly create additional value compared to our competitors. The same



applies to compliance with laws and regulations. In essence, the key objective is to have no negative surprises.

In 2013, we more explicitly paid attention to *rewarded* risks, which are mostly of strategic and operational nature. The primary incentive for taking rewarded risks is value creation. Although these might have a significant downside, the potential upside is greater. With all the changes in our organisation and the environment we operate in, the Executive Board reviewed the maturity of our risk management model at the end of 2012 and decided to do a structured reassessment of our strategic and operational risks linked to our strategic objectives.

Risks were discussed in various workshops involving management from all operating companies and central departments. The final workshop was conducted with our Executive Board and the Supervisory Board. Although the reviews did not reveal any new risks, we have gained more in-depth understanding of the risks and risk ownership. All risks were scored on a heat map by assessing them on potential impact and vulnerability. This heat map prioritises the risk response and the way we monitor the action plans. Depending on the risk characteristics we selected risk responses based on four types: Terminate, Treat, Transfer and Tolerate.

As hardly any risk can be fully taken away (Terminate), mitigating or reducing risks (Treat) is the most frequent response to our main risks. Sometimes we choose to transfer (parts of) risks to other parties. For instance, the financial risks related to a fire in our factory are insured. Finally, there is an option to accept risks (Tolerate) as we deem the potential negative impact low or we cannot influence the risk. With this exercise completed, the risks and their responses will be monitored in the regular planning and control cycles again, as discussed before.

Top 5 risks

The following risks have been classified as our top 5 risks in 2013 and have been linked to our strategic pillars. Although it is not a fixed list due to the dynamic world we operate in, it implies that these risks scored relatively higher on potential impact on and vulnerability towards achieving our objectives than other risks reviewed.
In practice this means that board attention in terms of defining action plans and monitoring developments towards these risks is more intense.

2 3

1. Project and change management of 'Wessanen 2015'

The risk of poor project and change management regarding the 'Wessanen 2015' reorganisation, resulting in reallocating/redesigning the wrong activities, decreased motivation of staff, excessive project costs and not realising the projected efficiency gains in future operations.

1

2. Growth and value creation through M&A

The risk that due to market circumstances or failing M&A processes (at various stages) projected growth and value creation will not be realised (e.g. Clipper) and potential reputational damage may occur (e.g. not being able to divest ABC).

3

3. Food safety issues in our business

The risk that problems in food safety might damage our brands and reputation, via social media and other channels.

1

4. Innovation to create revenue growth

The risk of not being able to realise long-term growth through lack of innovation power.

3

5. Strategic position of suppliers

The risk that having a (relatively) poor position of our key brands and categories at strategic suppliers may lead to suppliers choosing competitors for strategic relationships, e.g. related to innovations. Our ability to establish and maintain a good position with these suppliers could positively affect our growth.

Although aforementioned risks may have a negative connotation, adequately dealing with the risk should support us in reaching our strategic objectives. Hence, these can be seen as opportunities as well. In the section *Mitigating actions and developments* we present a more comprehensive list of risks and opportunities, including this top 5, that are specific to our business and important in achieving our goals. These strategic and operational risks are also linked to the three pillars of our strategic objectives and the main risk responses are mentioned.

→ For Financial risks see note 26. Financial instruments and risk management

Main developments in 2013 affecting Wessanen's risk profile

- Execution and completion of both the reorganisation in Wessanen Europe and the integration project at IZICO.
- Completion of the SAP roll-out at our operating companies in Germany. At IZICO, the implementation of a new ERP system was started and to a large extent completed in 2013. The replacement of its legacy systems improves our control framework.
- The integration of Alter Eco into Distriborg has started after the acquisition. The project should be completed in 2014.
- Due to the intended sale of Bio-Distrifrais, Natudis and IZICO these operating companies are now classified as discontinued operations.
- With respect to our control self-assessments of FIC, teams in operating companies and at Head Offices have tested the operating effectiveness of the key controls throughout the year. Both the test work and the action plans made to improve controls were reviewed by IAD and our External Auditor's teams. In some cases, IAD performed the test work instead of reviewing a self-assessment. With these tests, we covered close to 80% of our operations (based on net revenue 2013). Various operating companies and central functions have been included in our framework for the first time (such as ABC and central sourcing), whereas FIC control testing of other companies has been deferred to 2014 (Germany and IZICO). This was mainly due to the implementation of the ERP systems. In these instances, our External Auditor performed their audit independently from the self-assessments.

Management letter 2012 and 2013: main conclusions and status

The following items are the main management letter issues being reported by our External Auditor in 2012 and 2013 and also identified in control assessments (FIC). Action plans are being executed and monitored by the Executive Board and Audit Committee.

- Quality and timely completion of FIC self-assessment (2012).
  Status: Overall improvement of the self-assessments on the standard framework was visible across the board. By doing the tests and IAD's reviews more dynamically throughout the year, the 2013 results were in time submitted to our External Auditor and formed a sufficient basis for their evaluation. We will continue with this approach. Additionally, we improved the user-friendliness of the FIC self-assessment tool (GRMT).
- High number of segregation of duties' conflicts in SAP, although risks are sufficiently mitigated by compensating controls (2012; 2013).
  Status: project completed to redesign and reassign user roles at the end of 2013. Additional steps are planned to further improve and simplify control over user roles.
- Improvements to be made in administrative and monitoring controls related to IT change management processes and general IT environment (2012; 2013).
  Status: due to the restructuring of the Corporate ICT department and priorities related to SAP implementation in the UK and Germany, we have made less progress than planned. Although improvements are being made, we are, at the same time, determining what the desired IT control environment should be taking into account the size and characteristics of our business. Risk issues are mitigated by compensating controls.
- Master data management needs to be strengthened (2012; 2013).
  Status: we have hired an experienced master data management project manager. He is implementing a more effective control framework, creating consistency as well as establishing efficiency gains in the back office processes.
- Efficiency and control improvements to be made related to our customer rebate processes (2012; 2013).
  Status: this item is linked with our master data project as well as with our initiatives to improve operational excellence.
- Internal control challenges at smaller entities, although not material at Wessanen level (2012).
  Status: Key controls were defined for our Italian entity and will be included in the regular control testing processes going forward. Our External Auditor identified that internal control procedures at smaller units improved compared to prior years.

Statement of internal control

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

The Executive Board is responsible for establishing and maintaining adequate internal risk management and control systems. With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2013 financial statements do not contain any material misstatements. Our assessment included the review of the Company's principal risks and opportunities (as outlined on the following pages), test of the design and operating effectiveness of entity-level controls, and detailed assessment of our operational controls in our operating companies. Any control weaknesses not fully remediated at year end were evaluated. Based on this assessment, the Executive Board determined that the Company's financial reporting systems are adequately designed and operated effectively in 2013.

Amsterdam, 20 February 2014

Executive Board

Risks & Opportunities	Actions	Strategic Objective[1]	Risk Response	Key developments 2013
Strategic and Market Risks & Opportunities				
Strategy development and market risks Ability to respond in time to (relatively sudden) changes in consumer preferences for our key product segments.	– We measure the performance of our strategic plans and take corrective actions when necessary, by means of: – Annual strategic reviews both at central and operating company level. – Detailed and measurable objectives throughout the entire Company based on our strategic objectives. On at least quarterly basis, operating companies and central departments report progress to the Executive Board. – Continuous monitoring of latest market developments.	1	Treat	– We completed the 'Wessanen 2015' programme to turn into a simpler and more focused company. The reorganisation also addressed low-yielding and non-performing activities and SKUs. – We responded too late to a drop in demand in the RTD cocktail business in the US. We are now executing a reorganisation and a strict cost control programme in order to become profitable again in 2014.
Sustainability of our (organic) strategy Strong shifts in the success and credibility of our products in the niche segments we operate in and Wessanen's ability to respond to these adequately.	– Periodic assessment of our strategy by the Executive Board with the business leaders of our company. – Clear communication to our customers and consumers of the added value of our vision and our products. – Increased marketing spend on our key brands, categories and products. – Market research and investigating market developments in order to identify opportunities for (new) brands, categories and/or products.	1	Terminate and Treat	– Although organic food remains very important to us, we believe that healthier, sustainable food better reflects what we stand for, since fair trade, free-from and vegetarian options have become more important but logical elements of our product portfolio. – In total six CBTs across Europe need to drive growth and improve positioning of core categories. As planned, several additional CBTs were installed in 2013. – The acquisition of Alter Eco should further strengthen our position in the organic and fair trade market in France. – We have set measurable targets in our NFSC policies bringing our product portfolio in line with our mission Healthier Food, Healthier People, Healthier Planet. – Clipper has been rolled-out in France, the Netherlands and Germany.
Innovation to create revenue growth The ability to realise long-term growth through innovation power. This depends on our internal competencies and capacity but to a large extent also on our key suppliers and our position with them.	– Product innovation, renovation and activation to keep and grow our unique position in the market. – Building strong relationships with our key suppliers in order to jointly come to fewer, bigger, better innovations.	1	Treat	– The success of innovations and product improvement projects are evaluated through our Innovation Boards. Lessons learned are shared via central management.
Project and change management of 'Wessanen 2015' reorganisation The reorganisation programme 'Wessanen 2015' should result in a more effective and efficient company and should speed up our strategy execution. On the other hand, a reorganisation may lead to (too much) internal focus or demotivation, and could increase the risk of errors and irregularities. Our internal control framework may be weakened due to the reduction of staff and potential (temporary) confusion about responsibilities and roles.	– Quick but careful execution of the transition, using a clear project-based approach. – Strict progress monitoring of the reorganisation plans. – Amending our control framework parallel to the transition, i.e. redesigning or implementing additional controls where necessary. – Effective communication to our employees about the changes in the organisation.	2 3	Terminate	– All reorganisation plans have been executed in 2013. Progress was monitored by a dedicated Steering Committee. Our internal control framework has been amended to the new organisation. We have not experienced any major control failures during the project. – In all our locations, management have spent time with employees to explain the purpose and the details of the reorganisation.

1 See section *Strategy and KPIs* for more details.

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Financial review and risk
Principal risks and opportunities – How we manage our risks
continued

Risks & Opportunities	Actions	Strategic Objective[1]	Risk Response	Key developments 2013
Economic environment (in Euro zone) Also in 2013, the economic environment remained tough in our core countries, affecting also the food markets. There are some slight signs of recovery though. Despite the economic difficulties, the niche markets we operate in still grow, which we see as evidence that we are in the right position. The authenticity of our vision and products should be both unique and sustainable selling points.	See our 'Strategy' and 'Operating Review' sections for more details about our strategic and commercial activities. More specifically, in these negative circumstances our debtors may face more difficulties. We have clear procedures in monitoring the debtors' positions.	1 2	Treat and Tolerate	– We managed to grow in our core segments and markets, despite the sluggish economic situation. – The economic situation has had no major impact on debtors' balances as a result of our well-functioning accounts receivables processes. – With our export strategy for our core activities we try to carefully grow in other markets than our home countries we operate in.
Growth and value creation through Mergers & Acquisitions Besides autonomous growth, we aim to expand and strengthen our position in our markets through acquisitions; these will be funded in part through divestment of non-core activities. However, we might be unable to acquire businesses, which hampers the execution of our strategy. There is also a risk that completed acquisitions will fail to meet expectations. Finally, we might not be able to generate additional funds from divestures, due to unfavourable timing or price.	– M&A and divestment agenda is aligned with our strategy. – In our M&A and divestment processes, we use both internal and external expertise.	1	Treat	– After the acquisition of Clipper in 2012, we rolled-out the brand successfully in Europe in 2013. – We acquired Alter Eco in 2013, which is now being integrated in our company. – Late 2012, we postponed the divestment of ABC as we concluded that the bids received did not adequately reflect ABC's fundamental value. Indirectly, this also had a negative impact on the execution speed of our M&A agenda in Wessanen Europe.
Key customers/distributors Like in any commercial business, contracting or losing large customers could have a material impact on our profitability. Too much dependency on key markets, products, segments and customers could make our business vulnerable. In this respect our negotiation power towards key customers is relevant for our profitability.	– Creating and maintaining a large customer base. Fact-based monitoring of dependencies in different markets and countries. – Establishing customer intimacy, understanding the needs of our customers. – Tailoring our organisation to specific market circumstances. – Monitoring and managing customer service levels through KPIs. – Motivated and competent sales force that functions well within our commercial and procedural boundaries.	1 2	Treat	– Continuous improvement projects related to our products and customer service levels. – The important reorganisation project at Bonneterre and the split of our Branded and Distribution (Natudis) business in the Benelux have been completed. With these improved business models we are able to better serve our customers. We can carefully conclude that we have taken the right corrective actions.

1 See section *Strategy and KPIs* for more details.

Risks & Opportunities	Actions	Strategic Objective[1]	Risk Response	Key developments 2013
Operational risks & opportunities				
Strategic position of suppliers Wessanen has outsourced many of its activities related to production and logistics as we believe that these suppliers can do it better and cheaper than us. Subsequently, we can focus on what we are good at. With too much dependency we may not able to switch to another party if needed. So, it is crucial to the Company and our consumers that we have strict control over these external products and services. Dependency on (quality of) suppliers and other external service providers.	– Close relationship with our suppliers/service providers who are subject to quality audits. – Quality managers in all operating companies perform inspections on products and processes. – Balancing concentration for scale economies and overdependence on a limited number of suppliers or service providers. – Insurance contracts to manage the financial consequences of risks.	2 3	Treat and Transfer	– We continuously analyse our key suppliers' performance and execute the consequent improvement initiatives. – In some cases, where we identified that dependency on suppliers was too high or quality not in line with our standards we spread the risk by contracting new suppliers or even switched entirely to a new supplier.
Business interruptions – crisis management food safety issues in our business Operating in the food industry, implies running risks related to production failure, product quality issues and product recalls. It is of utmost importance to maintain a flawless reputation by having effective preventive controls and excellent and rapid response in case of issues.	– Following strict food and product safety procedures. – Business continuity procedures to act in case of emergency. This includes effective and swift communication plans (e.g. via social media and other channels) to inform our stakeholders and protect our reputation and brands. – NFSC overseeing food safety risks. – Insurance contracts to manage potential financial consequences.	3	Terminate, Treat and Transfer	– We have updated the Wessanen crisis manual to align with the new organisation. – We have developed a risk assessment tool and a quality management process for finished products suppliers. – We had to manage four recalls in 2013. Action plans have been implemented to solve these defaults. – We integrated the local quality teams into a centrally managed team.
People and talent management Without our people there is no business. Highly motivated and competent staff make the difference. Not having people with the right skills and competence in our organisation could adversely affect our ability to execute our strategy. In addition, a poor working environment could result in difficulties in attracting and retaining qualified staff.	– Leading by example. Living our values and principles. – Frequent performance and appraisal processes, including execution of personal development plans. – Providing equal opportunities: decisions on recruitment, employment, promotion and termination are based on objective and non-discriminatory criteria.	3	Treat	– Our performance and reward management system is in place and functions as intended. – Several employee engagement surveys were held. – We offered market conform social plans for redundant staff.
Commercial viability of own factories Having factories should create interesting economies of scale and increase our innovation power (together with in-house R&D). However, there is a risk of retaining excessive fixed costs if factory production is not competitive and similar products are sourced in the market, leading to underutilisation.	– Make-or-buy decisions based on our strategic vision and objectives – Strong supply chain teams in our factories focusing our efficiency of our logistical processes, while not compromising any quality standards.	2 3	Treat	– Wessanen has hired a dedicated Director of SCM who focuses strongly on our own factories and who is executing an improvement plan per factory. This should result in efficiency gains and increased operational excellence.
Business continuity management – IT Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes. Our service levels with our customers may be at risk. In this respect there are no specific opportunities; in other words this is an unrewarded risk but becomes more and more important.	– Implementing one standard ERP system (SAP) in Wessanen Europe in order to enhance the stability and security of our ICT infrastructure. – Follow security policies and business continuity planning for the ICT infrastructure (e.g. proper back-ups), which are regularly reviewed and tested for effectiveness.	2 3	Terminate, Treat and Transfer	– Completion of SAP roll-out for Germany in line with plans. – Simplified IT landscape and full centralisation of ICT department for our core business. – We have taken further steps taken with SAP in order to get efficiency benefits and execute our business more effectively. – We completed the ERP system-upgrade at IZICO. – Our IT audits did not reveal any significant issues in terms of continuity risk.

1 See section *Strategy and KPIs* for more details.

Governance
Biographies

From left to right
Ivonne Rietjens, Ronald Merckx, Christophe Barnouin, Frank van Oers, Marjet van Zuijlen and Rudy Kluiber

F. (Frank) van Oers

1959 Dutch nationality

Supervisory Board Chairman

Member of the Audit Committee; Member of the SARC

Current term of appointment: 2013 – 2017; first appointed in 2009.

Ownership of Wessanen shares: none.

Experience: Executive Vice-President and member of the Executive Board of Vorwerk&Co. KG.

Former CEO of Sara Lee International Beverage & Bakery Division.
Former Executive Vice-President of Sara Lee Corporation.

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

1958 Dutch nationality

Supervisory Board member

Chairman of the NFSC

Current term of appointment: 2012 – 2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Full professor of Toxicology at the Agrotechnology & Food Sciences Department at Wageningen University. Member of the Dutch Royal Academy of Sciences (KNAW). Amongst others Member of the Academic Board of Wageningen University, Member of the Dutch National Health Council, Member of the German Senate Commission on Food Safety (DFG), Member of the CONTAM Panel of the European Food Safety Authority (EFSA) and Member of the Scientific Advisory Board of the Dutch Food Safety Authority (NVWA).

C. P.J. (Christophe) Barnouin

1968 French nationality

Executive Board member and CEO

Current term of appointment: 2014 – 2018; first appointment in 2014.

Ownership of Wessanen shares: 138,304

Experience: Joined Wessanen in April 2006. Became CEO on 25 January 2014.

Former positions include managing director of Wessanen's French and Italian operations, marketing director at Mars and marketing and sales positions at Reckitt Benckiser and Orangina.

R.K. (Rudy) Kluiber

1959 American nationality

Supervisory Board member

Chairman of the Audit Committee

Current term of appointment: 2012 – 2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Co-founder and managing director of GRT Capital Partners LLC.

Former Senior Vice-President and portfolio manager at State Street Research & Management Company.

M.M. (Marjet) van Zuijlen

1967 Dutch nationality

Supervisory Board member

Chairman of the SARC; Member of the NFSC

Current term of appointment: 2012 – 2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Independent management consultant. Former partner at Deloitte.

Former member of the Dutch parliament. Member of the Supervisory Board of Holland Casino. Member of the Supervisory Board of Verbrugge Terminals. Chair of the Board 'Het Nationale Toneel'. Member of the Board of 'Holland Festival'. Member of the Board of 'Film by the Sea'.

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

1967 Dutch nationality

Executive Board member and CFO

Current term of appointment: 2011 – 2015; first appointment in 2011.

Ownership of Wessanen shares: 10,000

Experience: Joined Wessanen in June 2011 as CFO.

Former positions include CFO Europe for Britax Childcare International and financial positions in internal audit, controlling, investor relations and financial management at Unilever in the Netherlands, the UK and Germany.

Board activities

During the reporting year the Supervisory Board met 14 times with the Executive Board. Operating company managers and corporate staff regularly updated the Supervisory Board about pending affairs during these meetings. In closed sessions after the scheduled meetings the Supervisory Board discussed Wessanen's performance in the absence of the members of the Executive Board. The Supervisory Board paid visits to the operations of IZICO and Tartex and representatives of the Supervisory Board met the Central Works Council.

Topics discussed at the Supervisory Board meetings included amongst other things the annual and interim results, the progress of the restructuring programme 'Wessanen 2015' and implementation of the strategy, risk management, acquisitions, the refinancing, the leadership of the Company and Wessanen's board structure.

After the decision at the end of 2012 to postpone the disposal of ABC, the Supervisory Board was kept informed regularly about ABC's performance. The Supervisory Board was nevertheless surprised to learn that, due to the unexpected market decline for RTD frozen pouches, ABC would be loss making in 2013. Management was instructed to take immediate corrective actions and to develop a de-risked business plan for the years to come. The revised business plan was discussed in detail and approved. The resulting actions were closely monitored during the remainder of the year.

Disappointingly, ABC's substantial operating loss has set back Wessanen in the implementation of its strategy despite the progress made in its core business. The Supervisory Board is convinced that ABC will return to profitability in 2014 and will continue to closely monitor the execution of ABC's performance.

At the end of 2013 the Supervisory Board discussed a further sharpening of Wessanen's strategy. The Supervisory Board approved to no longer consider the businesses of Natudis and Bio-Distrifrais as strategic activities and to concentrate instead solely on Wessanen's branded business, which offers more attractive returns and plays to Wessanen's organisational strength. To focus in full on the branded business the Supervisory Board also approved the commencement of the divestments of these activities and of IZICO.

The Supervisory Board was regularly updated about the progress of the restructuring programme 'Wessanen 2015'. The Supervisory Board established that the forecasted savings were achieved and were fully reflected in the budget for 2014.

In 2013 the Executive Board started a project to strengthen Wessanen's risk management process enabling management to identify, prioritise, respond to and monitor risks associated with Wessanen's strategy and objectives more robustly. The Supervisory Board and the Executive Board held a risk management workshop in which the results of this process were discussed. The risks were ranked and the potential impact of these risk was assessed. As a next step, key performance indicators to measure Wessanen's risk profile will be defined and discussed in the Supervisory Board.

As acquisitions are one of the components of Wessanen's strategy, M&A was a recurring subject on the agenda. It remains difficult to find suitable acquisition targets which have a clear fit with Wessanen's strategy, are of an appropriate size and can be financed within Wessanen's financial means. The Supervisory Board therefore gladly approved the acquisition of Alter Eco, which fits well with Wessanen's organic and fair trade activities, has a product assortment that is complementary to Bjorg's products and is a defensive weapon against competition in France. The acquisition of another attractive acquisition target was discussed in detail. Due to a substantial gap in price expectations between Wessanen and the seller of this target, the Supervisory Board concurred with the Executive Board not to proceed with the acquisition. Finally, the Supervisory Board kept track of the integration of Clipper, which was acquired in 2012, and Alter Eco, following its acquisition in 2013.

In connection with Wessanen's refinancing the Supervisory Board approved the grant of security over part of the assets of Wessanen's material core operations as this resulted in a substantial better pricing.

In light of the expiration of Mr Merckens' term in April 2014 a review of Wessanen's leadership was undertaken by the Supervisory Board. Based on this review the Supervisory Board concluded that a change in leadership would be appropriate and therefore decided not to nominate Mr Merckens for a second term. The Supervisory Board is grateful for Mr Merckens' contribution during his tenure. Following this decision, the full Supervisory Board discussed the succession of Mr Merckens. The Supervisory Board felt that Mr Merckens' successor should possess strong entrepreneurial, commercial and leadership skills combined with a very hands-on, result driven approach and came to the conclusion that Mr Barnouin, who at the time was the managing director of Distriborg and had successfully managed and grown Wessanen's French operations, was the logical candidate to succeed Mr Merckens. An external search was therefore considered not to be necessary.

In connection with the change in leadership, the Supervisory Board assessed Wessanen's governance model and concluded that a change to a one-tier board model would better enable Wessanen to achieve its ambitions. The Supervisory Board also resolved to nominate Mr Koffrie for a fourth term in deviation of the Dutch Corporate Governance Code in order to ensure board continuity and to maintain long-built experience at the holding level in a period of change and with a new CEO starting.

In January 2014 the Supervisory Board learned that Mr Koffrie's nomination would not be supported by Wessanen's largest shareholder Delta Partners and as a consequence withdrew Mr Koffrie's nomination from the agenda of the Extraordinary General Meeting of Shareholders. Mr Koffrie stepped down directly after this Extraordinary General Meeting of Shareholders. The Supervisory Board was of the opinion that given these developments the adoption of the proposed one-tier Board structure would lead to continuity issues at the board and decided after the Extraordinary General Meeting of Shareholders, also taking into account the accelerated disposal programme for IZICO and Natudis and the consequent further simplification of Wessanen's business, not to change its governance model.

Audit Committee

In the reporting year, the Audit Committee met four times. Messrs Merckens and Merckx as well as the VP Corporate Accounting & Control, the Head of Internal Audit and the External Auditor attended all meetings. At the end of each meeting, the Audit Committee spoke with the External Auditor and the Head of Internal Audit in the absence of Messrs Merckens and Merckx.

The Audit Committee discussed amongst other things the 2012 financial statements, the quarterly and semi-annual results, internal controls, litigation, tax planning and the management letter.

Wessanen's control framework was a recurring subject of discussion, on which both the Head of Internal Audit and the External Auditor reported. The Audit Committee established that overall Wessanen's control framework has matured; the External Auditor, to an extent, relies on the control framework in performing its interim audit. There is however still room for improvement in certain areas, mainly in General IT Controls and the 'segregation of duties' in SAP. The Audit Committee supported the Executive Board's decision to postpone the implementation of proposed new IT systems and

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to focus instead on the required improvement of the General IT Controls. At the same time, the Audit Committee acknowledged that the ambition level for General IT Controls needs to take into account the size of Wessanen and a 'fit for purpose' approach. As part of the regular Framework of Internal Control testing activities some segregation of duties breaches were identified at a number of locations. Although effective compensating controls are in place for almost all breaches, the Audit Committee nevertheless requested an accelerated resolution of the breaches. It is expected that the top ten segregation of duties breaches will be largely resolved in the first quarter of 2014, whilst the other breaches are considered to be of low risk.

Another recurring agenda item was the amendment of Wessanen's segmentation and the allocation method in respect of corporate costs. Recognising that the segmentation might have to be changed following the disposal of Wessanen's non-core activities, the Audit Committee approved the revised segmentation in Branded, Distribution, IZICO and ABC, as this segmentation is in line with Wessanen's current business models. The Audit Committee also approved the Executive Board's proposal to charge all corporate costs other than shareholder and stewardship costs to the operating segments, because this better reflects that Wessanen's corporate centre mainly performs functions on behalf of and for the benefit of these operating segments and creates more transparency of the 'real' financial performance of the operating segments.

In each meeting the Head of Internal Audit reported on the whistle blower reports received in the months prior to the meeting. Ample time was spent on recurring anonymous reports received related to the competence and integrity of ABC's management. A thorough investigation into these reports did not reveal any supporting evidence for the allegations.

The Audit Committee was informed regularly about Wessanen's tax position, in particular about two substantial tax claims relating to the termination of Distriborg's relationship with one of its main logistic service providers and a threatening indemnification claim by the purchaser of Tree of Life, Inc. following a potential tax reassessment at this disposed business. The Audit Committee ascertained the accounting treatment of these tax claims.

The Audit Committee regularly discussed potential triggers for assets impairments. Based on the calculations and assumptions made by the Executive Board and verified by the External Auditor, the Audit Committee established that an impairment of intangible fixed assets was not required, whilst due to ABC's weak performance and the underutilisation of Bio Slym's water digester, impairments of one of ABC's production lines and said water digester could not be avoided.

Evaluation Deloitte as External Auditor

The Audit Committee evaluated the performance of Wessanen's External Auditor Deloitte. It concluded that Deloitte continued to display a critical and challenging attitude, coupled with a practical approach and at times acts as the sparring partner for the CFO and Wessanen's wider finance team. Also, the communication and cooperation between Deloitte and Wessanen continued to improve. Inquiries were well structured and in line with the audit plan and issues tended to get resolved quickly. Furthermore, the Audit Committee assessed that Deloitte is independent.

In view of Deloitte's continued satisfactory performance the Supervisory Board will propose to appoint Deloitte as Wessanen's External Auditor for 2014.

SARC

The Selection, Appointment and Remuneration Committee (SARC) had three formal meetings during the reporting year. Mr Merckens attended two of these meetings, whilst the EVP Human Resources was present at all three meetings. In the last months of the year the SARC conferred regularly about the terms and conditions of Mr Merckens' termination agreement and Mr Barnouin's board agreement and was actively involved in the negotiations about these terms and conditions.

The SARC spent much time on the execution of Wessanen's short-term and long-term incentive plans. The SARC resolved that in the future short-term incentives related to financial targets will not be paid out if the minimum EBITE target is not achieved. In such case the pay-out related to the personal agenda incentive is also restricted and can not exceed 30% of the total target incentive.

The SARC set the financial and personal targets for the short-term incentive programme for 2013. As the minimum EBITE target for 2013 was not achieved, Mr Merckx was not awarded a pay-out related to his financial targets and although Mr Merckx' personal agenda targets were fully met the pay-out related to personal agenda targets was limited to 30% of the total target incentive. Using its discretionary power, the SARC awarded Mr Merckx an additional discretionary short-term incentive of €18,000.

The SARC also prepared the target setting for the short-term incentive programme for 2014. In doing so, the SARC ensured that these personal targets underpinned Wessanen's strategic goals and ambitions. For example, one of Mr Barnouin's personal targets for 2014 will be related to sustainability. In addition, the SARC decided that 2014 will be used to further embed sustainability in the target setting for a wider group of senior management.

The SARC established that targets for the 2010 Long-Term Incentive Plan were not met. Also the targets for the 2011 Long-Term Incentive Plan were not met due to a too low TSR ranking. Consequently, the performance incentive rights granted under these plans will not vest. The SARC discussed and approved the grant of performance incentive rights under the 2013 plan.

In connection with the contemplated change of Wessanen's governance structure to a one-tier board, the SARC discussed and approved an amendment of Wessanen's remuneration policy and the related non-executive directors' remuneration based on a benchmark performed by an external consultant. In view of the decision not to change Wessanen's governance structure the SARC resolved in January 2014 to leave the current remuneration of the Supervisory Board members unchanged.

The annual remuneration scenario analysis was performed. The SARC concluded that the Executive Board's remuneration was fair and did not have unreasonable effects under any of the tested scenarios. The SARC nevertheless will explore in 2014 if Wessanen's remuneration policy and the resulting remuneration is still sufficiently aligned with Wessanen's strategy and goals, taking into account best practices of similar companies and recent regulatory developments. Particular attention will be given to sustainability, the balance between short-term and long-term incentives and simplification and transparency. At the same time the SARC intends to evaluate scenarios to stimulate share ownership by senior management.

The SARC reviewed the performance of Wessanen's senior management. It was concluded that their performance was generally satisfactory and that appropriate action had been taken to improve management capabilities for a limited number of positions. In order to be able to determine if management continuity and the quality of the organisation in general are sufficiently secured, the SARC will continue to be informed annually about Wessanen's talent pool and succession planning in detail.

NFSC

The Nutrition, Food Safety and Sustainability Committee (NFSC) supports and advises the Executive Board in matters related to nutrition, food safety and sustainability. In its three meetings during the reporting year the NFSC established that much progress had been achieved in these areas. The NFSC reviewed a food safety risk assessment of Wessanen's top products and concluded that identified risks are mitigated by an appropriate action plan.

A nutritional evaluation of Wessanen's top products presented to the NFSC showed that most Wessanen products score better than the market average for energy and sugar content and comply with Wessanen's nutritional policies. On recommendation of the NFSC both assessments will also be performed for other Wessanen products and if and when required appropriate action will be taken to mitigate identified risks and negative benchmark scores. The NFSC tabled the trend of organic regulations becoming stricter and the need to anticipate the resulting changes of these regulations and the impact on Wessanen's products. In view of this trend the NFSC felt that the commercial benefits from internal policies being stricter than the applicable regulations should be evaluated carefully. Finally, the NFSC was actively involved in defining Wessanen's renewed sustainability strategy. Brainstorm sessions were attended to define KPIs. The NFSC will monitor the roll-out of the renewed sustainability strategy in 2014 closely.

Remuneration Report

The Remuneration report can be found on pages 49-50.

Composition of the Executive Board and Supervisory Board

After the Annual General Meeting of Shareholders held on 16 April 2013 Mr Hautvast retired from the Supervisory Board. At this annual shareholders meeting Mr van Oers stepped down by rotation and was reappointed for another period of four years. In the Extraordinary General Meeting of Shareholders held on 24 January 2014 Mr Barnouin was appointed as a member of the Executive Board and CEO per 25 January 2014 and Mr Merckens stepped down. Also Mr Koffrie stepped down directly after this Extraordinary General Meeting of Shareholders. Mr Koffrie has been a member of the Supervisory Board from 2001, except for a period of 15 months in 2009-10 when he served as Wessanen's interim CEO. The Supervisory Board regrets but respects Mr Koffrie's decision to step down and would like to thank him for his valuable contributions during his tenure.

As a consequence, as from 25 January 2014 the Supervisory Board consists of Messrs F. van Oers and R.K. Kluiber, Mrs I.M.C.M. Rietjens and Mrs M.M. van Zuijlen; the Executive Board consists of Messrs C.P.J. Barnouin and R.J.J.B. Merckx.

The biographies of the directors can be found on page 44.

Composition of committees	Audit Committee	SARC	NFSC
F. van Oers	Member	Member	–
R.K. Kluiber	Member and chairman	–	–
I.M.C.M. Rietjens	–	–	Member and chairman
M.M. van Zuijlen	–	Member and chairman	Member

Member · Member and chairman

Attendee	Supervisory Board	Audit Committee	SARC	NFSC
F.H.J. Koffrie[1]	14/14		2/2	
J.G.A.J. Hautvast[2]	2/2		1/1	1/1
R.K. Kluiber	13/14	4/4		
F. van Oers	10/14	3/4		
I.M.C.M. Rietjens	14/14			3/3
M.M. van Zuijlen	13/14		3/3	1/2

1 Until 24 January 2014 .
2 Until 17 April 2013.

Board evaluation

Due to the developments in January 2014 resulting in Mr Koffrie's resignation a formal evaluation of the performance and effectiveness of the Supervisory Board and its committees in 2013 has not been done. The Supervisory Board did however establish that the suggestions for improvement identified in the previous year's evaluation were followed up and considers its performance to be satisfactory. The Supervisory Board will do a more thorough evaluation in 2014 again.

Competence matrix	van Oers	Kluiber	Van Zuijlen	Rietjens
International management experience	✓			
Finance, accountancy, risk management	✓	✓		
Food industry	✓			✓
Marketing, sales	✓		✓	
Social and employment matters			✓	
Nutrition, food safety				✓
Corporate social responsibility			✓	✓
Corporate governance			✓	
Active management	✓			✓
Disclosure, communication, investor relations	✓	✓	✓	

Independence

All Supervisory Board members are qualified as independent (as defined in the Dutch Corporate Governance Code).

No conflict of interest

In compliance with the Code, Wessanen has formalised strict rules to avoid conflicts of interests between Wessanen on the one hand and the individual members of the Executive Board and Supervisory Board on the other hand. Decisions to engage in transactions in which interests of members of the Executive Board and Supervisory Board play a role, which have a material significance for Wessanen or for the board member concerned, require approval by the Supervisory Board and conflicted members of the Executive Board and Supervisory Board may not participate in deliberating or decision-making, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. The Supervisory Board is responsible for taking decisions on handling conflicts of interest between Wessanen and the members of the Executive Board and Supervisory Board.

No conflicts of interest were reported in 2013.

20 February 2014

Supervisory Board

Compliance with Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the 'Code') forms the basis for Wessanen's governance structure. Koninklijke Wessanen N.V. ('Wessanen' or the 'Company') complies with the Code by either applying its principles and best practice provisions or by explaining why it deviates from the Code. The Code's principles and best practice provisions are fully applied, with currently only the following three exceptions:

- In deviation of best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of the employment, if this period is shorter, members of the Executive Board may sell shares to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.
- Best practice provision II.2.8, which provides that the maximum remuneration in case of dismissal of a member of the Executive Board shall not exceed one year's salary, is not applied by Wessanen. In cases where the dismissal is a result of a change of control over Wessanen, the severance pay consists of one year's salary plus payout of the short-term cash incentive 'at target', plus the cash equivalent of the exercise value of all outstanding performance shares.
- Because the tasks in the area of Executive and Supervisory Board members appointment, selection and remuneration are closely related, these tasks, in deviation of best practice provision III.5, have been combined into one Committee.

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

Corporate Governance statement

In accordance with the Decree of 23 December 2004 regarding the implementation of further accounting standards for the content of annual reports ('Besluit van 23 December 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van de jaarrekening'), as amended on 10 December 2009, Wessanen annually publishes a statement relating to corporate governance. As permitted under the regulations, Wessanen has opted to publish its corporate governance statement by posting it on its website, www.wessanen.com, in the Corporate Governance section.

This Corporate Governance Statement, which describes Wessanen's corporate governance structure in detail, is incorporated by reference in Wessanen's 2013 Annual Report and Financial Statements and as such cannot be amended.

Information required pursuant to article 10 of the Takeover Directive Decree

Capital structure (article 1, paragraph 1a)

As of 31 December 2013, Wessanen's authorised share capital amounted to €300 million divided into 300,000,000 shares, with a nominal value of €1.00 per share each. Each share entitles the holder to cast one vote and to dividend payments. All shares are registered shares and can be included in the deposit system of the Act on deposit securities transactions ('Wet giraal effectenverkeer'). As of 31 December 2013, the issued share capital was divided into 75,992,275 shares all of which have been fully paid up.

Restrictions on transfer of shares or depository receipts (article 1, paragraph 1b)

The Company does not impose under contract or in its Articles of Association any limitation on the transfer of shares or their depositary receipts issued with the cooperation of the Company.

Substantial participating interests (article 1, paragraph 1c)

Pursuant to Section 5.3 of the Financial Markets Supervision Act ('Wet op het Financieel Toezicht') shareholders having (potential) ownership of and (potential) voting rights on the issued capital in excess of 3% are required to disclose their interest to the Authority Financial Markets (AFM). As per 31 December 2013 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

Share ownership	Holding
Delta Partners, LLC	25-30%
Invesco Limited	3-5%

No special controlling rights (article 1, paragraph 1d)

There are no special controlling rights attached to the shares into which the company capital is divided.

No share schemes (article 1, paragraph 1e)

The Company does not have any employee participation plan or employee share option plan and hence no mechanism for monitoring such scheme.

No limitations on voting rights (article 1, paragraph 1f)

There are no limitations on the exercising of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares.

No agreements limiting transfer of shares or depository receipts (article 1, paragraph 1g)

The Company is not aware of any agreements with shareholders which might give rise to a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights.

Appointment and removal of members of Executive Board and Supervisory Board. Amendment of Articles of Association (article 1, paragraph 1h)

The members of the Executive Board are appointed and removed by the General Meeting of Shareholders. The full procedure of appointment and removal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 and 24 of Wessanen's Articles of Association. A resolution to amend the Articles of Association can only be adopted by the General Meeting of Shareholders on a motion of the Executive Board acting with the approval of the Supervisory Board. The full procedure of the amendment of the Articles of Association is set out in article 43 of Wessanen's Articles of Association.

Issue of shares and repurchase of shares (article 1, paragraph 1i)

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

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

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

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 17 October 2014 by resolution dated 16 April 2013.

Change of control (article 1, paragraph 1k and 1j)

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

Gender balance

On 1 January 2013 the Act on Management and Supervision ('Wet Bestuur en Toezicht') entered into force. Pursuant to this Act the composition of Wessanen's Supervisory Board and Executive Board must be balanced to the effect that at least 30% of the seats on each Board are taken by women and at least 30% by men. The composition of the Supervisory Board meets this requirement. The two seats on the Executive Board are taken by two men.

Remuneration report

Summary Remuneration Policy

The objective of Wessanen's Remuneration Policy is to attract, motivate and retain experienced Board members with an international outlook, and reward them appropriately for their ability to achieve stretched targets for short-term and long-term performance. The structure of the remuneration package for the Executive Board strives to achieve a balance between Wessanen's short-term and long-term strategy while taking into account the interest of its stakeholders.

In setting remuneration levels for the Executive Board, the relevant statutory requirements, corporate governance guidelines and best practice in the Netherlands are taken into account. The total compensation for the Executive Board is set at median level relative to the labour market peer group. To ensure the attraction and retention of highly skilled and qualified management, Wessanen aims for a total remuneration level that is comparable to levels provided by other Dutch and European companies that are similar to Wessanen in terms of size and complexity. Variable compensation, which forms a considerable part of the total remuneration package, is linked to measurable pre-determined targets. Incentive targets and performance conditions reflect the key drivers for value creation and medium to long-term growth in shareholder value.

Remuneration components

The remuneration for Executive Board members comprises the following components:

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

Adjustment of remuneration

The Supervisory Board has the 'ultimate remedy' power to adjust the value of the variable remuneration components awarded, either downwards or upwards, if this remuneration produces an unfair result. In addition, a variable remuneration component will be recovered from an Executive Board member if it appears that such remuneration component was granted on the basis of incorrect (financial) data (i.e. clawback).

Short-Term Incentive Plan (STIP)

The STIP targets, including the personal objectives, are set each year at a challenging level, taking into account general trends in the relevant markets, and are for a major part linked to the consolidated financial results of Wessanen. Operating result before exceptional items (EBITE), annual sales growth and working capital reflect the key elements of the Wessanen's financial performance.

The short-term incentive related to financial targets will only be paid if the minimum EBITE target has been achieved.

Long-Term Incentive Plan (LTIP)

Under the LTIP, performance shares (restricted share rights) are rewarded based on a three-year horizon with a review date at the end of the third year. At the review date, one specific performance

Governance
Corporate Governance and remuneration report
continued

target is measured. The number of shares that vest after three years is determined on the basis of Wessanen's Total Shareholder Return (TSR) performance compared to the TSR performance of a selected peer group and ranges between 0% to 150% of the initial number of performance shares granted dependent on the relative TSR performance. Performance shares will not vest if the TSR performance is below the median of the peer group.

As the Relative Total Shareholder Return performance hurdle for the LTIP 2011 was not met, all 2011 conditional restricted shares granted to the members of the Executive Board (and all others) lapsed.

Change of control

In the event of a change of control the Executive Board members are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short-term incentive will be paid out on the fixed assumption of at least an 'at target' performance and outstanding long-term incentive rights will vest.

Remuneration of the Executive Board 2013

In 2013, the SARC performed a scenario analysis and concluded that the remuneration of the Executive Board was fair and did not have unreasonable effects under any of the tested scenarios.

Restricted shares granted in 2013

	Granted shares	Vesting date	Granted
P.H. Merckens	111,280	June 2016	50% of base salary at grant date
R.J.J.B. Merckx	60,738	June 2016	40% of base salary at grant date

Settlement agreement Mr Merckens

In connection with the decision of the Supervisory Board not to extend Mr Merckens' appointment as CEO and the formal termination of his employment agreement as per 28 February 2014 Mr Merckens, in line with the Dutch Corporate Governance Code and in accordance with his employment agreement, will receive €115,00 of expenses up to the end of February and termination benefits, as outlined in the table.

Mr Merckens' has been allowed to keep the performance incentive rights granted to him in 2011, 2012 and 2013, which will vest only if the applicable performance hurdles will be met. As the TSR performance hurdle for the LTIP 2011 was not met, all 2011 conditional restricted shares granted lapsed.

Expenses notice period[1]	Base salary	Share-based compensation	Total compensation
414,000	513,000	273,000	1,200,000

[1] Includes salary (€255k), pension costs (€53k) and other compensation (€106k) mainly including fixed expense allowances and company car expenses.

Remuneration Mr Barnouin

At the Extraordinary General Meeting of Shareholders held on 24 January 2014 Mr Barnouin was appointed as a member of the Executive Board. The main elements of Mr Barnouin's remuneration are a fixed annual board fee of €400,000, participation in the Short-Term Incentive Plan and Long-Term Incentive Plan, a pension contribution in line with the applicable premium ladder, which currently equals approximately 20% of the fixed annual board fee, benefits in kind such as a contribution to health and medical insurance premiums, a car cost reimbursement, a contribution to telephone costs, and a fixed expense allowance for business purposes.

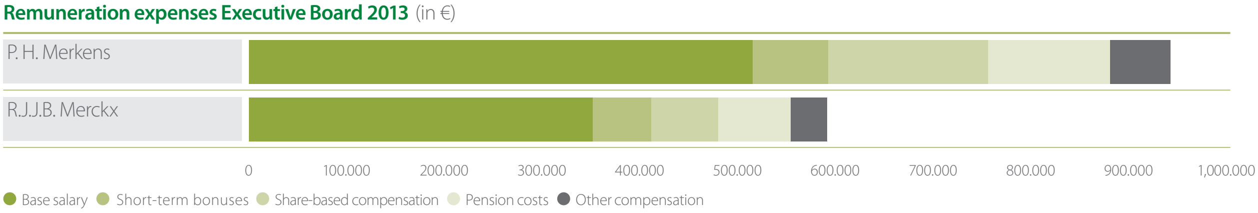
Upon his appointment Mr Barnouin has been granted 138,304 shares, without any service or performance conditions. Mr Barnouin's French employment agreement has been terminated and his existing incentive rights ceased to exist.

Remuneration of the Supervisory Board 2013

In 2013, each member of the Supervisory Board received a fixed fee of €45,000 and a fixed cost allowance of €3,176. The Chairman of the Supervisory Board was awarded an additional fee of €20,000 and an additional cost allowance of €454. The Chairman of the Audit Committee was awarded an additional fee of €10,000 and the Chairmen of the SARC and NFSC were each awarded an additional fee of €5,000.

Further details of the remuneration of the members of the Executive Board and Supervisory Board in 2013 can be found in Note 8 of the Financial Statements.

Remuneration expenses Executive Board 2013 (in €)



Other compensation in 2013 mainly includes fixed expense allowances and company car expenses.

Performance targets 2013

Position	Short Term Incentive Performance	Performance targets and relative weighting	Realised % and pay-out per component
P.H. Merckens	At target: 50% of base salary	Royal Wessanen (consolidated)	
	Maximum: 100% of base salary	EBITE: 30%	0%
		Sales growth: 30%	0%
		Net working capital: 10%	0%
		Personal agenda: 30%	30%
R.J.J.B. Merckx	At target: 40% of base salary	Royal Wessanen (consolidated)	
	Maximum: 80% of base salary	EBITE: 30%	0%
		Sales growth: 30%	0%
		Net working capital: 10%	0%
		Personal agenda: 30%	30% [1]

1 Mr Merckx was awarded an additional discretionary short-term incentive of €18,000.

Financial statements
Consolidated income statement

In € millions, unless stated otherwise	notes	2013	2012 Restated[1]
Continuing operations			
Revenue		**508.5**	520.1
Other income	7	**7.0**	–
Raw materials and supplies		**(318.5)**	(328.1)
Personnel expenses	8,9	**(77.4)**	(83.7)
Depreciation, amortisation and impairments	14,15	**(13.8)**	(48.9)
Other operating expenses		**(93.9)**	(90.2)
Operating expenses		**(503.6)**	(550.9)
Operating result		**11.9**	(30.8)
Interest income		**–**	–
Interest expenses		**(1.3)**	(1.1)
Other financial income and expenses		**(0.6)**	(1.1)
Net financing costs	10	**(1.9)**	(2.2)
Profit/(loss) before income tax		**10.0**	(33.0)
Income tax expense	11	**(14.5)**	(3.8)
Profit/(loss) after income tax from continuing operations		**(4.5)**	(36.8)
Discontinued operations			
Profit/(loss) from discontinued operations, net of income tax	12	**4.4**	(16.1)
Profit/(loss) for the period		**(0.1)**	(52.9)
Attributable to:			
Total attributable from continuing operations		**(4.5)**	(36.8)
Total attributable from discontinued operations		**4.4**	(15.8)
Equity holders of Wessanen		**(0.1)**	(52.6)
Non-controlling interests		**–**	(0.3)
Profit/(loss) for the period		**(0.1)**	(52.9)
Earnings per share attributable to equity holders of Wessanen (in €)	13		
Basic		**–**	(0.70)
Diluted		**–**	(0.70)
Earnings per share from continuing operations (in €)	13		
Basic		**(0.06)**	**(0.49)**
Diluted		**(0.06)**	**(0.49)**
Earnings per share from discontinued operations (in €)	13		
Basic		**0.06**	(0.21)
Diluted		**0.06**	(0.21)
Average number of shares (in thousands)	13		
Basic		**75,723**	75,688
Diluted		**76,015**	75,862
Average USD exchange rate (USD per Euro)		**1.3308**	1.2932
Average GBP exchange rate (GBP per Euro)		**0.8501**	0.8119

[1] Figures restated for effects of IAS19R and Distribution and IZICO qualifying as discontinued operations as from 31 December 2013 (see note 2).

Consolidated statement of comprehensive income

In € millions	notes	2013	2012 Restated[1]
Profit/(loss) for the period		**(0.1)**	(52.9)
Other comprehensive income			
Remeasurements of post employment benefit obligations, net of income tax		**0.3**	(5.0)
Other comprehensive income that will not be reclassified to profit or loss		**0.3**	(5.0)
Foreign currency translation differences, net of income tax		**(2.3)**	(0.5)
Effective portion of changes in fair value of cash flow hedges, net of income tax		**(0.1)**	0.3
Other comprehensive income that may be reclassified to profit or loss		**(2.4)**	(0.2)
Total other comprehensive income/(loss)		**(2.1)**	(5.2)
Total comprehensive income/(loss)		**(2.2)**	(58.1)
Attributable to:			
Equity holders of Wessanen		**(2.2)**	(57.8)
Non-controlling interests		**–**	(0.3)
Total comprehensive income/(loss)		**(2.2)**	(58.1)

[1] Figures restated for effects of IAS19R and Distribution and IZICO qualifying as discontinued operations as from 31 December 2013 (see note 2).

Consolidated statement of financial position

In € millions, unless stated otherwise	notes	31 December 2013	31 December 2012 Restated[1]	1 January 2012 Restated[1]
Assets				
Property, plant and equipment	14	**47.4**	77.4	86.4
Intangible assets	15	**65.6**	66.8	90.6
Other investments	16	**0.5**	1.1	1.0
Deferred tax assets	17	**4.5**	9.2	8.8
Total non-current assets		**118.0**	154.5	186.8
Inventories	18	**51.9**	72.3	67.5
Income tax receivables		**0.3**	–	2.2
Trade receivables	19	**65.4**	85.7	78.9
Other receivables and prepayments	19	**14.2**	15.7	24.4
Cash and cash equivalents	20	**23.3**	9.7	8.2
Assets classified as held for sale	12	**64.6**	–	–
Total current assets		**219.7**	183.4	181.2
Total assets		**337.7**	337.9	368.0
Equity				
Share capital		**76.0**	76.0	76.0
Share premium		**102.9**	102.9	102.9
Reserves		**(22.7)**	(20.6)	(20.7)
Retained earnings		**(50.8)**	(47.5)	18.6
Total equity attributable to equity holders of Wessanen	21	**105.4**	110.8	176.8
Non-controlling interests		**–**	–	2.9
Total equity		**105.4**	110.8	179.7
Liabilities				
Interest-bearing loans and borrowings	22	**64.1**	60.7	37.4
Employee benefits	23	**4.5**	15.1	10.3
Provisions	24	**1.2**	1.7	2.5
Deferred tax liabilities	17	**2.7**	3.5	1.5
Total non-current liabilities		**72.5**	81.0	51.7
Bank overdrafts	20	**9.4**	1.4	2.9
Interest-bearing loans and borrowings	22	**0.5**	2.5	0.1
Provisions	24	**6.1**	16.8	3.3
Income tax payables		**4.9**	0.7	0.5
Trade payables	25	**51.9**	68.3	70.5
Non-trade payables and accrued expenses	25	**46.0**	56.4	59.3
Liabilities classified as held for sale	12	**41.0**	–	–
Total current liabilities		**159.8**	146.1	136.6
Total liabilities		**232.3**	227.1	188.3
Total equity and liabilities		**337.7**	337.9	368.0
End of period USD exchange rate (USD per Euro)		**1.3791**	1.3194	1.2939
End of period GBP exchange rate (GBP per Euro)		**0.8337**	0.8161	0.8353

[1] Figures restated for effects of IAS19R (see note 2).

Financial statements
Consolidated statement of changes in equity

			Reserves							
In € millions	Issued and paid-up share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other legal reserves	Retained earnings	Total equity attributable to equity holders of Wessanen	Non-controlling interests	Total equity
2012										
Balance at beginning of year as previously reported	76.0	102.9	(2.6)	(19.4)	(0.2)	1.5	5.0	163.2	2.9	166.1
Effect of changes in accounting principles	–	–	–	–	–	–	13.6	13.6	–	13.6
Balance at beginning of year	76.0	102.9	(2.6)	(19.4)	(0.2)	1.5	18.6	176.8	2.9	179.7
Total comprehensive income and expense for the period										
Profit/(loss) for the period	–	–	–	–	–	–	(52.6)	(52.6)	(0.3)	(52.9)
Foreign currency translation differences	–	–	–	(0.5)	–	–	–	(0.5)	–	(0.5)
Remeasurements of post employment benefit obligations	–	–	–	–	–	–	(5.0)	(5.0)	–	(5.0)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	0.3	–	–	0.3	–	0.3
Total comprehensive income and expense for the period	–	–	–	(0.5)	0.3	–	(57.6)	(57.8)	(0.3)	(58.1)
Contributions by and distributions to owners										
Shares delivered	–	–	0.4	–	–	–	(0.4)	–	–	–
Dividends	–	–	–	–	–	–	(6.1)	(6.1)	–	(6.1)
Share-based payments	–	–	–	–	–	–	0.3	0.3	–	0.3
Transfer to other legal reserves	–	–	–	–	–	(0.1)	0.1	–	–	–
Total contributions by and distributions to owners	–	–	0.4	–	–	(0.1)	(6.1)	(5.8)	–	(5.8)
Changes in ownership interest in subsidiaries that do not result in a loss of control										
Change in non-controlling interests	–	–	–	–	–	–	(2.4)	(2.4)	(2.6)	(5.0)
Balance at year end	76.0	102.9	(2.2)	(19.9)	0.1	1.4	(47.5)	110.8	–	110.8
2013										
Balance at beginning of year	**76.0**	**102.9**	**(2.2)**	**(19.9)**	**0.1**	**1.4**	**(47.5)**	**110.8**	**–**	**110.8**
Total comprehensive income and expense for the period										
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Foreign currency translation differences	**–**	**–**	**–**	**(2.3)**	**–**	**–**	**–**	**(2.3)**	**–**	**(2.3)**
Remeasurements of post employment benefit obligations	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Total comprehensive income and expense for the period	**–**		**–**	**(2.3)**	**(0.1)**	**–**	**0.2**	**(2.2)**	**–**	**(2.2)**
Contributions by and distributions to owners										
Shares delivered	**–**	**–**	**0.4**	**–**	**–**	**–**	**(0.4)**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(3.8)**	**(3.8)**	**–**	**(3.8)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**0.6**	**0.6**	**–**	**0.6**
Transfer to other legal reserves	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**0.1**	**–**	**–**	**–**
Total contributions by and distributions to owners	**–**	**–**	**0.4**	**–**	**–**	**(0.1)**	**(3.5)**	**(3.2)**	**–**	**(3.2)**
Balance at year end	**76.0**	**102.9**	**(1.8)**	**(22.2)**	**–**	**1.3**	**(50.8)**	**105.4**	**–**	**105.4**

Consolidated statement of cash flows

In € millions	notes	2013	2012 Restated[1]
Cash flows from operating activities			
Operating result		**11.9**	(30.8)
Adjustments for:			
Depreciation, amortisation and impairments		**13.8**	48.9
Provisions created		**4.1**	7.3
Other non-cash and non-operating items		**0.6**	0.6
Cash generated from operations before changes in working capital and provisions		**30.4**	26.0
Changes in working capital	30	**6.6**	(8.1)
Payments from provisions		**(7.9)**	(2.5)
Changes in employee benefits		**(1.2)**	(1.9)
Cash generated from operations		**27.9**	13.5
Interest paid		**(1.7)**	(1.8)
Income tax paid		**(4.5)**	(1.8)
Operating cash flow from continuing operations		**21.7**	9.9
Operating cash flow from discontinued operations		**(2.9)**	4.7
Net cash from operating activities		**18.8**	14.6
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(3.5)**	(4.2)
Proceeds from sale of property, plant and equipment		**0.1**	–
Acquisition of intangible assets		**(1.6)**	(1.4)
Proceeds from other investments		**0.2**	0.1
Proceeds from sale of business		**–**	3.9
Acquisition of subsidiaries, net of cash acquired	5	**(3.9)**	(20.4)
Investing cash flow from continuing operations		**(8.7)**	(22.0)
Investing cash flow from discontinued operations		**(1.0)**	(1.6)
Net cash from investing activities		**(9.7)**	(23.6)
Cash flows from financing activities			
Net proceeds from interest bearing loans and borrowings		**2.5**	26.0
Cash receipts/(payments) derivatives		**0.4**	(2.5)
Dividends paid		**(3.8)**	(6.1)
Financing cash flow from continuing operations		**(0.9)**	17.4
Financing cash flow from discontinued operations		**(2.4)**	(5.4)
Net cash from financing activities		**(3.3)**	12.0
Net cash flow	30	**5.8**	3.0

[1] Figures restated for effects of IAS19R and Distribution and IZICO qualifying as discontinued operations as from 31 December 2013 (see note 2).

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

1. The Company and its operations

Koninklijke Wessanen nv ('Royal Wessanen', 'Wessanen' or 'the Company') is a public limited company domiciled in the Netherlands. It is a leading company in the European market for healthy and sustainable food. Our focus is on organic, vegetarian and natural ingredients as these are healthier and more sustainable. Where appropriate, we also focus on fair trade sourced food and specific dietary solutions. Our aspiration is to become the leader in healthy and sustainable food in Europe. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Bjorg, Whole Earth, Zonnatura, Kallø, Alter Eco, De Rit, Allos and Bonneterre and European brands such as Clipper and Tartex. Next to our healthier and sustainable food businesses, we have one non-core business that is part of Wessanen's continuing operations. US-based ABC is one of the leading producers of single-serve bottled fruit drinks (Little Hug) and ready-to-drink cocktail pouches and non-alcoholic cocktail mixers. The consolidated financial statements of Royal Wessanen for the year ended 31 December 2013, comprise Wessanen and its subsidiaries (together referred to as 'the Group'). Wessanen's subsidiaries as at 31 December 2013 are listed in note 31. The address of the Company's registered office is Hoogoorddreef 5, Amsterdam Zuidoost, the Netherlands.

2. Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and the Executive Board on 20 February 2014, and will be submitted for adoption to the Annual General Meeting of Shareholders on 16 April 2014.

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

Segmentation

Following the strategic review of the European business as part of Wessanen 2015, the Executive Board decided to manage the European business as a 'Branded' and a 'Distribution' business instead of continued management along the sales channels 'Grocery' and 'Health Food Stores'. The business models required to be successful in both Branded and Distribution are different and assumed synergies between these businesses are limited. The new segmentation was implemented in the fourth quarter of 2013, after the split of our operations in the Benelux and France into Branded and Distribution.

Non-allocated (Corporate expenses)

As an additional step in Wessanen's transition from a financial holding to a strategic orchestrator of an integrated, European business, it has been the Executive Board's decision to charge all corporate expenses of the Dutch corporate entities other than shareholder and stewardship costs to the operating segments, because this better reflects that Wessanen's corporate centre mainly performs functions on behalf of, and for the benefit of, the operating companies.

Discontinued operations

In December 2013, the Supervisory and Executive Board decided to plan for the divestment of the operating segments 'IZICO' and 'Distribution' (including Natudis and Bio-Distrifrais). As both segments represent separate major lines of businesses, both segments were classified as 'discontinued operations' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as per 31 December 2013. Accordingly, (a) results from operations of both segments are presented as a single amount in the income statement as 'profit/(loss) from discontinued operations, net of income tax', (b) assets and liabilities of both segments are presented separately in the statement of financial position as 'assets' respectively 'liabilities' held for sale, (c) combined cash flows from both operations are presented separately, and (d) the Group's segment reporting has been restated for both 2013 and 2012.

In addition, for reporting purposes, (a) inter-segment revenue from our Branded segment to Discontinued operations has been represented as third party revenue and (b) corporate expenses recharged to discontinued operations have been reallocated to continuing operations for both 2013 and 2012 as (a) the inter-segment revenue will not cease to be earned and (b) corporate expenses will not cease to be incurred upon divestments of either of these segments.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

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

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

Impairment of non-current assets

Determining whether non-current assets are to be impaired requires an estimation of the recoverable amount of the asset (or cash-generating unit), which is the greater of fair value less costs to sell and value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset (or cash-generating unit) and an appropriate discount rate, in order to calculate the present value of the expected future economic benefits of an asset (or cash-generating unit). See note 15 for specific information on the carrying amounts of goodwill and brands, the cash-generating units affected and the estimates and assumptions applied.

2. Basis of preparation continued

Assets classified as held for sale

Determining whether assets included within a disposal group that is classified as held for sale are to be impaired requires periodic remeasurement of the fair value less costs to sell.

Pensions

The calculation of the defined benefit obligations and, in relation to that, the net periodic benefit costs for the periods presented, requires management to estimate, amongst others, future benefit levels, discount rates/investment, investment returns on plan assets and life expectancy. Due to the long-term nature of these plans such estimates are subject to considerable uncertainties and may require adjustments in future periods, impacting future liabilities and expenses. See note 23 for specific information on the estimates and assumptions applied in respect of the calculation of the defined benefit obligations.

Income taxes

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

Provisions

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

New and revised IFRSs applied

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after 1 January 2012 and have been adopted in preparing these consolidated financial statements. None of these new standards, amendments and interpretations had a significant effect on the consolidated financial statements, except for IAS 1 'Presentation of Financial Statements' and IAS 19 'Employee Benefits' (IAS 19R).

The amendment to IAS 1, 'Presentation of Financial Statements', as part of the 'Annual Improvements to IFRSs 2009-2011 Cycle', became effective in 2013. These amendments require Wessanen to group the items in other comprehensive income on the basis whether they are potentially able to be subsequently reclassified (or recycled) to profit or loss. The presentation of Wessanen's consolidated statement of comprehensive income has been adjusted to comply with these amendments. However, the amendments have no effect on Wessanen's financial position or performance.

IAS 19, 'Employee Benefits' (as revised June 2011), became effective for the Company as of 1 January 2013. Wessanen has applied the revised standard retrospectively. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19, and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 have been replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined liability or asset. IAS 19 (as revised) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The effect of the revised standard on Wessanen's 2012 opening balance amounts to an increase in equity of €13.6 (net of tax: €(0.1)), a decrease of the net pension liability of €(13.7) and an increase of deferred tax liabilities of €0.1. The effect of the revised standard on Wessanen's full year 2012 comparatives amounts to an increase in equity of €9.0, before tax, comprising unrecognised actuarial gains and losses recognised through equity in 'Other Comprehensive Income' of €8.4, before tax, and an impact on the 2012 income statement of €0.6, before tax. The impact on the income statement comprises an increase of service costs of €(0.5) and a decrease of net interest costs of €1.1. The impact on the net pension liability and deferred tax liability amounts to €(9.0) and €(0.2) respectively.

IFRS 13, 'Fair value measurement', became effective for the Company as of 1 January 2013. It is applied prospectively. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within the IFRSs. Upon adoption of the standard, there has been no change in how the Company measures fair value. As a result, the adoption of IFRS 13 does not have a significant effect on Wessanen's financial position or performance. For more information about financial instruments and fair value measurements, see note 26.

3. Significant accounting policies

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

Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

Foreign currency

Foreign currency transactions

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

3. Significant accounting policies continued

in foreign currencies that are stated at historical cost are translated into Euro at foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

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

Net investment in foreign operations

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

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

	Statement of financial position		Income statement	
Currency per €	31 December 2013	31 December 2012	2013	2012
US$	**1.3791**	1.3194	**1.3308**	1.2932
£	**0.8337**	0.8161	**0.8501**	0.8119

Derivative financial instruments

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

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

Hedging

Cash flow hedges

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

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

Fair value hedges

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

Hedge of monetary assets and liabilities

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

Hedge of net investment in a foreign operation

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

Segment reporting

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

Wessanen decided to manage the European business as a 'Branded' and 'Distribution' business; the new segmentation was implemented in the fourth quarter of 2013 (see note 2).

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

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

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

Property, plant and equipment

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

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

3. Significant accounting policies continued

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

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

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

Buildings and offices	15 – 30 years
Machinery and equipment	5 – 20 years
Computers	3 – 5 years
Other	3 – 5 years

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

Intangible assets

Goodwill

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

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

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

Brands and customer relationships

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

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

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

Research and development

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

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

Investments in equity and debt securities

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

Dividends received are recognised upon declaration.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is valued net of vendor allowances if applicable.

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

Trade and other receivables

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

Cash and cash equivalents

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

3. Significant accounting policies continued

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

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

Impairment of assets

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

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

Calculation of recoverable amount

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

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

Reversal of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

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

Non-current assets held for sale and discontinued operations

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

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

A discontinued operation is a component of Wessanen's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Results from operations qualifying as discontinued operations are presented separately as a single amount on the income statement. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations (net of income tax) for all periods presented.

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

Equity

Issued and paid-up capital

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

Dividends

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

Interest-bearing borrowings

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

Employee benefits

Defined contribution plans

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

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net

3. Significant accounting policies continued

interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

Wessanen presents the first two components of defined benefit costs in profit or loss in the line item personnel expenses and other financial income and expense respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in Wessanen's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Long-term service benefits

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

Share-based payment transactions

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

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

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

Provisions

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

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

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

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

Trade and other payables

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

Revenue

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

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

Expenses

Operating lease payments

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

Net financing costs

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

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

Income tax

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

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

Deferred tax is recognised using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets and liabilities are not recognised for

3. Significant accounting policies continued

temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and liabilities are not discounted.

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

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

Statement of cash flows

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

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

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of Wessanen, except for IFRS 9 *Financial Instruments*.

The mandatory date of IFRS 9 is to be decided upon by the IASB when the entire project is closer to completion. IFRS 9 could change the classification and measurement of financial assets. Wessanen does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair value

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

Property, plant and equipment

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

Intangible assets

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

Inventories

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

Investments in equity and debt securities

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

Trade and other receivables

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

Derivatives

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

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of restricted shares and performance incentive rights granted is recognised as personnel expense over the vesting period of the restricted shares and performance incentive rights with a corresponding increase in equity for equity-settled plans respectively provisions for cash-settled plans. For equity-settled plans, the fair value of restricted shares is measured at grant date and spread over the period during which the employees become unconditionally entitled to the restricted shares. For cash-settled plans the fair value of the performance incentive rights is remeasured at each balance

4. Determination of fair value continued

sheet date. The fair value of the restricted shares granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

5. Acquisitions

In 2013 Wessanen made the following acquisition:

Branded

End of May 2013, Wessanen acquired 100% of the shares of France Alter Eco S.A., a French-based organic and fair trade food company. France Alter Eco S.A. is part of the Branded-France segment. Its 2012 revenue amounted to €17. In the seven months to 31 December 2013 France Alter Eco S.A. contributed €9.3 to the consolidated revenue and €(2.5) to the consolidated operating profit for the period, including exceptional items of €(2.6) (consisting of restructuring costs for integrating the business into Wessanen's France business).

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

	Acquired values	Fair value adjustments	Carrying amounts
Property, plant and equipment	0.3	–	0.3
Other investments	0.1	–	0.1
Deferred tax assets	0.1	–	0.1
Inventories	2.9	–	2.9
Trade and other receivables	4.1	–	4.1
Interest bearing loans and borrowings	(1.1)	–	(1.1)
Accounts payable, income tax payable and other liabilities	(3.7)	–	(3.7)
Bank overdrafts	(0.3)	–	(0.3)
Net identifiable assets and liabilities	**2.4**	**–**	**2.4**
Goodwill on acquisition			1.2
Considerations paid			**3.6**
Cash and cash equivalents acquired			0.3
Net cash outflow			**3.9**

The total consideration of €3.9 (including acquired bank overdrafts of €0.3) was fully paid in cash. The total consideration of €3.9 is excluding net debt acquired of €1.1. Acquisition costs amounted to €0.3.

The goodwill recognised on the acquisition of France Alter Eco S.A. is mainly attributable to the expected synergies to be achieved from integrating these businesses into Wessanen's France business. As such the goodwill has not been allocated to other intangible assets. The goodwill is allocated to the cash-generating unit Branded-France and is not tax deductible.

If the acquisition had occurred on 1 January 2013, the acquired business would have contributed €17.4 to the consolidated revenue and €(2.6) to the consolidated operating profit.

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

Branded

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

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

The total consideration of €20.5 (excluding acquisition costs of €1.0) was fully paid in cash.

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

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

IZICO

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

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

The 2012 and 2013 cash outflow related to the acquisition of the non-controlling interest is presented as a cash outflow from financing activities from discontinued operations.

6. Segment information

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

Segment	Significant operating companies
Branded	Distriborg France, R. Bonneterre, France Alter Eco[1], Wessanen Benelux, Kallo Foods, Bio Slym, Wessanen Fachhandels, Tartex, Allos
American Beverage Corporation	American Beverage Corporation
Non-allocated	Corporate entities
Discontinued operations[2]	IZICO Nederland, IZICO Belgium, IZICO Bocholt, Natudis Nederland, Kroon, Hagor, Bio-Distrifrais-Chantenat

1 Acquired as per 31 May 2013.

2 Classified as discontinued operations as from 31 December 2013.

6. Segment information continued

2012	Branded	American Beverage Corporation	Non-Allocated[4]	Eliminations[5]	Continuing operations	Distribution[1]	IZICO[1]	Discontinued operations[1]	Total Wessanen
Income statement information									
Total revenue third parties	374.6	128.6	–	16.9	**520.1**	78.2	112.5	**190.7**	**710.8**
Inter-segment revenue to discontinued operations	16.9	–	–	(16.9)	**–**	–	–	**–**	**–**
Total segment revenue	391.5	128.6	–	–	**520.1**	78.2	112.5	**190.7**	**710.8**
Operating result (EBIT)	(31.3)	3.9	(3.4)	–	**(30.8)**	(4.8)	(10.7)	**(15.5)**	**(46.3)**
Net financing costs					**(2.2)**			**(0.5)**	**(2.7)**
Profit/(loss) before income taxes					**(33.0)**			**(16.0)**	**(49.0)**
Statement of financial position[1]									
Assets									
Assets related to operations	196.3	49.3	9.2	–		20.9	53.0		**328.7**
Deferred and current income tax	4.6	4.5	–	–		–	0.1		**9.2**
Assets related to continuing operations	200.9	53.8	9.2	–		20.9	53.1		**337.9**
Assets classified as held for sale	–	–	–	–		–	–		**–**
Total Assets	200.9	53.8	9.2	–		20.9	53.1		**337.9**
Liabilities									
Liabilities related to operations	100.3	6.4	60.7	–		18.5	37.0		**222.9**
Deferred and current income tax	2.6	–	0.2	–		–	1.4		**4.2**
Liabilities related to continuing operations	102.9	6.4	60.9	–		18.5	38.4		**227.1**
Liabilities classified as held for sale	–	–	–	–		–	–		**–**
Total liabilities	102.9	6.4	60.9	–		18.5	38.4		**227.1**
Other information									
Investments in PP&E and IA[2]	2.8	1.5	1.3	–	**5.6**	0.1	1.4	**1.5**	**7.1**
Depreciation, amortisation	3.4	3.8	2.4	–	**9.6**	0.3	4.1	**4.4**	**14.0**
Impairments	39.2	0.1	–	–	**39.3**	0.5	7.0	**7.5**	**46.8**
Total other non-cash items[3]	7.7	–	0.2	–	**7.9**	2.7	6.4	**9.1**	**17.0**
Average capital employed	141.1	48.2	6.8	–	**196.1**	6.4	37.0	**43.4**	**239.5**
Average number of employees	862	451	62	–	**1,375**	202	487	**689**	**2,064**

1 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013. Accordingly, assets and liabilities of both IZICO and Distribution are not classified as held for sale as at 31 December 2012 in the consolidated statement of financial position.

2 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').

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

4 Non-allocated consists of corporate entities.

5 Inter-segment revenue to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments. The inter-segment revenue is eliminated against revenue of the Distribution segment (Discontinued operations).

6. Segment information continued

2013	Branded	American Beverage Corporation	Non-allocated[3]	Eliminations[4]	Continuing operations	Distribution[5]	IZICO[5]	Discontinued operations[5]	Total Wessanen
Income statement information									
Total revenue third parties	392.5	101.2	–	14.8	**508.5**	80.6	103.3	**183.9**	**692.4**
Inter-segment revenue to discontinued operations	14.8	–	–	(14.8)	**–**	–	–	**–**	**–**
Total segment revenue	407.3	101.2	–	–	**508.5**	80.6	103.3	**183.9**	**692.4**
Operating result (EBIT)	18.0	(2.4)	(3.7)	–	**11.9**	(1.0)	6.2	**5.2**	**17.1**
Net financing costs					**(1.9)**			**(0.3)**	**(2.2)**
Profit/(loss) before income taxes					**10.0**			**4.9**	**14.9**
Statement of financial position									
Assets									
Assets related to operations	207.9	40.4	20.0	–	**268.3**				**268.3**
Deferred and current income tax	4.4	–	0.4	–	**4.8**				**4.8**
Assets related to continuing operations	212.3	40.4	20.4	–	**273.1**				**273.1**
Assets classified as held for sale	–	–	–	–	**–**	19.1	45.5	**64.6**	**64.6**
Total Assets	212.3	40.4	20.4	–	**273.1**	19.1	45.5	**64.6**	**337.7**
Liabilities									
Liabilities related to operations	103.3	5.8	74.6	–	**183.7**				**183.7**
Deferred and current income tax	4.2	1.1	2.3	–	**7.6**				**7.6**
Liabilities related to continuing operations	107.5	6.9	76.9	–	**191.3**				**191.3**
Liabilities classified as held for sale	–	–	–	–	**–**	14.8	26.2	**41.0**	**41.0**
Total Liabilities	107.5	6.9	76.9	–	**191.3**	14.8	26.2	**41.0**	**232.3**
Other information									
Investments in PP&E and IA[1]	2.7	0.9	1.5	–	**5.1**	0.2	2.5	**2.7**	**7.8**
Depreciation, amortisation	3.4	3.6	2.9	–	**9.9**	0.2	2.8	**3.0**	**12.9**
Impairments	2.3	1.6	–	–	**3.9**	–	(0.1)	**(0.1)**	**3.8**
Total other non-cash items[2]	3.7	0.5	0.5	–	**4.7**	0.2	1.2	**1.4**	**6.1**
Average capital employed	122.7	43.1	5.0	–	**170.8**				
Average number of employees	783	383	59	–	**1,225**	188	389	**577**	**1,802**

1 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').

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

3 Non-allocated consists of corporate entities.

4 Inter-segment revenue to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments. The inter-segment revenue is eliminated against revenue of the Distribution segment (Discontinued operations).

5 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013.

Geographical information

	Revenue		Non-current assets[1]	
	2013	2012	31 December 2013	31 December 2012
The Netherlands (country of domicile)	**45.5**	48.2	**11.3**	25.4
France	**231.3**	212.2	**24.6**	24.0
United Kingdom	**57.5**	58.5	**27.9**	28.2
Germany	**48.8**	48.8	**19.7**	19.9
United States	**100.8**	127.5	**25.5**	31.0
Other countries	**24.6**	24.9	**4.0**	15.7
Total continuing operations	**508.5**	520.1	**113.0**	144.2
Total discontinued operations	**183.9**	190.7	**19.5**	–
Total Group	**692.4**	710.8	**132.5**	144.2

1 Property, plant and equipment and intangible assets.

7. Other income

Other income in 2013 in the amount of €7.0 relates to the settlement of a claim against a competitor for patent right infringement (2012: €0.0).

8. Personnel expenses and remuneration key management

Personnel expenses

Personnel expenses can be specified as follows:

	2013	2012
Salaries & wages	**53.5**	57.1
Severance payments and termination benefits	**5.2**	6.1
Social security	**15.1**	16.0
Defined contribution plans	**2.4**	1.3
Defined benefit plans	**(1.6)**	0.8
Share-based payment expenses	**0.8**	–
Other personnel expenses	**2.0**	2.4
Total personnel expenses	**77.4**	83.7

Severance payments and termination benefits mainly comprise additions to restructuring provisions as described in note 24.

The average number of full-time employees, for continuing operations, in 2013 amounted to 1,225 (2012: 1,375). In the Netherlands, Wessanen employed on average 103 (2012: 113) full-time employees.

Remuneration of key management

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company determined that key management consist of the members of the Executive Board and the members of the Supervisory Board. The total remuneration of key management in 2013 amounts to €3,324 thousand (2012: €1,965 thousand), including contract termination expenses of €1,315 (2012: €0 thousand) and a crisis levy of €124 thousand (2012: €168 thousand). The total remuneration of the members of the Executive Board and Supervisory Board is specified in the tables below.

Executive Board remuneration expenses

In € thousands	Salary	Short-term bonuses	Share-based compensation[1]	Pension costs	Other compensation[2]	Total
2012						
Remuneration expenses						
P.H. Merckens	510	125	186	117	67	1,005
R.J.J.B. Merckx	331	65	34	60	36	526
Sub-total	841	190	220	177	103	1,531
Other employer expenses[3]	–	–	–	–	168	168
Total	841	190	220	177	271	1,699
2013						
Remuneration expenses excluding contract termination expenses						
P.H. Merckens[4]	**513**	**77**	**163**	**124**	**62**	**939**
R.J.J.B. Merckx	**350**	**60**	**68**	**74**	**37**	**589**
Sub-total	**863**	**137**	**231**	**198**	**99**	**1,528**
Contract termination expenses Mr P.H. Merckens[4]						
Expenses until end of February 2014	**86**	**–**	**–**	**18**	**11**	**115**
Expenses (six-month) notice period	**255**	**–**	**–**	**53**	**106**	**414**
Termination benefit expense end of notice period	**513**	**–**	**–**	**–**	**–**	**513**
Expense related to unvested awards under LTIPs	**–**	**–**	**273**	**–**	**–**	**273**
Sub-total	**854**	**–**	**273**	**71**	**117**	**1,315**
Other employer expenses[3]	**–**	**–**	**–**	**–**	**186**	**186**
Total	**1,717**	**137**	**504**	**269**	**402**	**3,029**

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

2 Other compensation as part of remuneration and contract termination expenses mainly include fixed expense allowances and company car expenses.

3 Other employer expenses in 2013 mainly includes a 'crisis levy' of €124 thousand (Mr Merckens: €80 thousand; Mr Merckx: €44 thousand) (2012: €168 thousand). The 'crisis levy' is based on the 'Budget Agreement 2013 Tax Measures Implementation Act', which came into effect on 18 July 2012.

4 P.H. Merckens stepped down as CEO of Wessanen. Contract termination costs recognised in 2013 include share-based compensation expenses of €273 thousand as Mr Merckens kept, on a discretionary basis, all restricted share rights granted under LTIP 2011, 2012 and 2013, of which related costs – that normally would materialise over the remaining vesting period – have been fully recognised in 2013 as the service condition is no longer part of the vesting criteria.

8. Personnel expenses and remuneration key management continued

The remuneration for the members of the Executive Board comprises a base salary and related pension benefits and, subject to meeting performance criteria, short-term bonus and restricted shares. The main elements of the Remuneration Policy are included in the Annual Report.

The Dutch members of the Executive Board participate in the Wessanen Pension Plan. The Wessanen Pension Plan for corporate staff in the Netherlands comprises a basic scheme (with a maximum pension salary of €85 thousand) and a surplus scheme (above the amount of €85 thousand). As of January 2013, the basic scheme has been changed from a defined benefit system to a defined contribution system.

The qualification of the surplus scheme is not changed and qualifies as a defined contribution system. The age of retirement has been changed from 65 years to 67 years.

Short-term bonuses to members of the Executive Board are granted according to performance criteria which in 2013 were based on earnings before interest, taxation and exceptional items ('EBITE'), annual revenue and net working capital (defined as the net balance of inventory, trade receivables, other receivables and prepayments, trade payables and non-trade payables and accrued expenses) and personal targets (for 30%, 30%, 10% and 30% respectively). The SARC resolved that as from 2013 short-term incentives related to financial targets will not be paid out if the minimum EBITE target is not achieved.

As the minimum EBITE target for 2013 was not achieved, both Mr Merckens and Mr Merckx were not awarded a pay-out related to the financial targets. As personal targets of both Mr Merckens and Mr Merckx were fully met, the pay-out related to personal agenda items was limited to 30% of the total target incentive. However, using its discretionary power, the SARC awarded Mr Merckx an additional discretionary short-term incentive of €18 thousand to €60 thousand in total.

Restricted shares were granted in 2013 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years, as described in note 9. Based on this plan, Wessanen granted 172,018 share rights to members of the Executive Board in 2013. In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding taxes upon delivery of shares after vesting. Further reference is made to the Remuneration Report (page 49).

Supervisory Board remuneration expenses

	Fixed		Other compensation[1]		Total	
In € thousands	2013	2012	2013	2012	2013	2012
F.H.J. Koffrie[2]	**65**	65	**4**	4	**69**	69
F. van Oers	**55**	55	**3**	3	**58**	58
J.G.A.J. Hautvast[3]	**14**	50	**2**	3	**16**	53
I.M.C.M. Rietjens[4]	**50**	35	**3**	2	**53**	37
M.M. van Zuijlen[5]	**48**	32	**3**	2	**51**	34
R.K. Kluiber[6]	**45**	14	**3**	1	**48**	15
Total	**277**	251	**18**	15	**295**	266

1 Other compensation includes expense allowances.
2 F.H.J. Koffrie (Chairman of the Supervisory Board) resigned from the Supervisory Board on 24 January 2014.
3 J.G.A.J. Hautvast resigned from the Supervisory Board on 17 April 2013.
4 I.M.C.M. Rietjens was appointed as a member of the Supervisory Board and Chairman of the NSFC on 17 April 2012 for a term of four years.
5 M.M. van Zuijlen was appointed as a member of the Supervisory Board on 17 April 2012 for a term of four years and appointed as Chairman of the SARC on 17 April 2013.
6 R.K. Kluiber was appointed as a member of the Supervisory Board on 5 September 2012 for a term of four years.

Members of the Supervisory Board each received a fixed compensation of €45 thousand in both 2013 and 2012, excluding expenses. The Chairman of the Supervisory Board was awarded an additional fee of €20 thousand, the Chairman of the Audit Committee was awarded an additional fee of €10 thousand and the Chairman of the SARC and NFSC were each awarded an additional fee of €5 thousand. The proportionate amounts are included above, if applicable.

No loans, advances or related guarantees were provided to the present or former members of the Executive Board or the Supervisory Board. The former Chairman of the Supervisory Board owns 201,639 shares in the Company.

9. Share-based payments

Restricted share and performance incentive right plans are long-term incentives that aim to reward eligible employees for their contribution, loyalty and commitment to Wessanen. All Wessanen restricted shares granted to the Executive Board are equity-settled share-based payments. The performance incentive rights granted to other employees are, in principle, cash-settled share-based payments.

Delivery of the restricted shares respectively payment of the remuneration in cash generally depends on the achievement of performance hurdles, in addition to a three year service condition. If a participant ceases to be employed by the Group for any other reason than death, disability or retirement, during the test period, all granted restricted shares and performance incentive rights lapse automatically unless otherwise decided by the Supervisory Board or Executive Board. In general, the performance of Wessanen is measured on the basis of its Relative Total Shareholder Return (TSR) in relation to the TSR peer group companies. However, on an exception base, performance incentive rights have been granted to eligible other employees with financial performance hurdles (instead of TSR) as part of the Long-Term Incentive Plan 2011.

9. Share-based payments continued

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

Based on the Long-Term Incentive Plan 2013, applicable as of June 2013, Wessanen granted restricted shares to the Executive Board and performance incentive rights to other employees. As the TSR performance hurdle for the Long-Term Incentive Plan 2011 was not met, all 2011 conditional restricted shares and performance incentive rights granted to other employees under this plan forfeited. The Executive Board decided on a discretionary basis that 25% of the performance incentive rights granted to eligible other employees based on the Long-Term Incentive Plan 2011 will vest as at 1 June 2014, for those employees still employed by the Group at that date.

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

	Executive Board		Other Employees	
	2013	2012	**2013**	2012
Share price at grant date	**2.84**	2.11	**2.84**	2.11
Expected volatility	**31.0%**	39.0%	**31.0%**	39.0%
Term (in years)[1]	**5**	5	**3**	3
Expected dividend	**0.08**	0.05	**0.08**	0.05
Risk free interest rate	**0.6%**	0.9%	**0.6%**	0.9%
Fair value at measurement date	**2.33**	0.97	**2.60**	1.12

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

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

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

Restricted share plans	Number of instruments	Vesting conditions	Contractual life[1]
2011	133,880	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2011	156,234	Three years of service and Relative TSR over three years (restricted shares granted to eligible Other employees)	3 years
2012	138,030	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2013	172,018	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years

Performance incentive right plans	Number of instruments	Vesting conditions	Contractual life
2011	115,350	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2011	471,723	Three years of service and financial performance hurdles (performance incentive rights granted to eligible Other employees)	3 years
2012	88,900	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2013	290,100	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years

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

The total shareholder return ('TSR') performance involves a comparison between the TSR of a peer group of leading multinational food companies over the same period.

The peer group in 2013 consists of the following companies: Bonduelle, Bongrain, Corbion, Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

In 2013, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €0.8 (2012: €0.0). As at 31 December 2013, other provisions include an amount of €0.4 (2012: €0.2) related to cash-settled share-based payments (see note 24).

9. Share-based payments continued

Restricted shares

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

	31 December 2012	Granted	Delivered	Forfeited/other changes	31 December 2013	To be delivered in[1]
Members of the Executive Board						
P.H. Merckens						
2010[2]	53,750	–	(53,750)	–	–	
2011	90,580	–	–	(90,580)	–	
2012	91,600	–	–	–	**91,600**	June 2015
2013	–	111,280	–	–	**111,280**	June 2016
R.J.J.B. Merckx						
2011	43,300	–	–	(43,300)	–	
2012	46,430	–	–	–	**46,430**	June 2015
2013	–	60,738	–	–	**60,738**	June 2016
Total members of the Executive Board	325,660	172,018	(53,750)	(133,880)	**310,048**	
Other employees						
2011[2]	119,974	–	–	–	**119,974**	June 2014
Total	445,634	172,018	(53,750)	(133,880)	**430,022**	

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

2 No performance hurdles.

Performance incentive rights

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

	31 December 2012	Granted	Delivered	Forfeited/other changes	31 December 2013	To be delivered in
Other (former) employees[1]						
2011	99,450	–	–	(99,450)	–	
2011[2]	413,961	–	–	(324,911)	**89,050**	June 2014
2012	88,600	–	–	(8,500)	**80,100**	June 2015
2013	–	290,100	–	–	**290,100**	June 2016
Total	602,011	290,100	–	(432,861)	**459,250**	

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

2 Vesting conditions: three years of service and financial performance hurdles.

10. Net financing costs

	2013	2012
Interest income	**–**	–
Interest expenses	**(1.3)**	(1.1)
Net foreign exchange gain/(loss)	**0.1**	(0.3)
Net change in fair value of derivatives	**(0.1)**	–
Interest expense defined benefit plans	**(0.1)**	(0.1)
Transaction and commitment fees	**(0.3)**	(0.4)
Other	**(0.2)**	(0.3)
Total other financial income and expenses	**(0.6)**	(1.1)
Net financing costs	**(1.9)**	(2.2)

Interest expenses primarily originate from Wessanen's credit facilities to fund, resulting in recognised interest expenses in 2013 of €1.3 (2012: €1.1). See note 22 for more information on the interest-bearing loans and borrowings.

Foreign exchange results on financing transactions and on financial assets and liabilities are presented as part of total net foreign exchange gain/(loss). Wessanen mitigates its foreign currency exchange exposure by entering into various financial instruments. For more information on Wessanen's foreign currency exposure and financial risk management reference is made to note 26.

11. Income tax

Income tax expense

The income tax expense for the year 2013 amounted to €14.5 (2012: €3.8) and can be specified into current and deferred tax components as follows:

	2013	2012
Current income tax expense		
Current income tax expense	**(6.0)**	(4.4)
Adjustment for prior years	**(3.3)**	–
Total current income tax expense	**(9.3)**	(4.4)
Deferred income tax gain/(expense)		
Change in income tax rate	**0.4**	–
Deferred taxation relating to temporary differences	**0.3**	0.7
Recognition of income tax losses	**0.4**	0.3
Utilisation of income tax losses	**(0.5)**	–
Benefit from previously unrecognised income tax losses	**–**	0.1
Reversal/(write-down) of deferred tax assets	**(5.2)**	(0.5)
Over/(under) provided in prior years and other	**(0.6)**	–
Total deferred income tax gain/(expense)	**(5.2)**	0.6
Total income tax expense	**(14.5)**	(3.8)

Effective income tax rate

The Group's operating activities are subject to income taxes in various countries with statutory income tax rates between 23% and 39%.

The following table reconciles the domestic income tax rate (=25%) as a percentage of profit before income tax with the effective income tax rate as shown in the consolidated income statement.

	2013	2012
Profit/(loss) before income tax	**10.0**	(33.0)
Income tax using the domestic income tax rate	**(2.5)**	8.2
Effect of income tax rates in foreign jurisdictions	**(1.3)**	(0.3)
Change in income tax rate	**0.4**	–
Non-deductible expenses and tax exempt income	**(0.4)**	(11.1)
Recognition of unrecognised income tax losses	**0.4**	0.1
Unrecognised income tax losses for the year	**(2.0)**	(0.2)
Reversal/(write-down) of deferred tax assets	**(5.2)**	(0.5)
Over/(under) provided in prior years and other	**(3.9)**	–
Income tax gain/(expense) in income statement	**(14.5)**	(3.8)
Effective income tax rate	**145%**	(11.5)%

Unrecognised income tax losses in 2013 mainly relate to income tax losses incurred in the United States.

The write-down of deferred tax assets in 2013 mainly refers to the write-down of the deferred tax asset recognised in the United States in respect of tax carry-forward losses available of €4.5.

Prior year adjustments in 2013 mainly include additions to the provision for uncertain tax positions of €3.4 and is reported under income tax payables.

Non-deductible expenses and tax exempt income in 2012 mainly result from non-deductible goodwill impairment losses recognised.

Income tax on other comprehensive income

	2013			2012		
	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Remeasurement of post employment benefit obligations	**0.3**	**–**	**0.3**	(5.3)	0.3	(5.0)
Foreign currency translation differences	**(2.3)**	**–**	**(2.3)**	(0.5)	–	(0.5)
Effective portion of changes in fair value of cash flow hedges	**(0.1)**	**–**	**(0.1)**	0.3	–	0.3
Total other comprehensive income/(loss)	**(2.1)**	**–**	**(2.1)**	(5.5)	0.3	(5.2)

12. Disposal groups and discontinued operations

Discontinued operations

At the end of 2013 the Supervisory Board approved a further sharpening of Wessanen's strategy to no longer consider the businesses of Distribution-Benelux (Natudis) and Distribution-France (Bio-Distrifrais-Chantenat) as strategic activities, and to concentrate instead solely on Wessanen's Branded business, which offers more attractive future returns and plays to Wessanen's organisational strength. To focus in full on the Branded business, the Supervisory Board furthermore approved the commencement of the divestments of the non-core operating segments IZICO and Distribution.

As a result, both the Distribution segment and IZICO segment are classified as disposal groups held for sale and presented as discontinued operations as from 31 December 2013 in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

Assets held for sale related to discontinued operations

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

	31 December 2013	31 December 2012
Non-current assets	**20.0**	–
Current assets	**44.6**	–
Assets related to discontinued operations	**64.6**	–
Non-current liabilities	**9.5**	–
Current liabilities	**31.5**	–
Liabilities related to discontinued operations	**41.0**	–
Net assets related to discontinued operations	**23.6**	–

Result from discontinued operations

The total result from discontinued operations can be specified into the operating result from discontinued operations and the result recognised on remeasurement of assets of discontinued operations as follows:

	2013	2012
Revenue[1]	**183.9**	190.7
Operating result	**5.2**	(15.5)
Net financing costs	**(0.3)**	(0.5)
Profit/(loss) before income tax	**4.9**	(16.0)
Income tax expense	**(0.5)**	(0.1)
Profit/(loss) after tax from discontinued operations	**4.4**	(16.1)
Pre-tax gain/(loss) recognised on the remeasurement of assets of discontinued operations	**–**	–
Income tax expense	**–**	–
After tax gain/(loss) recognised on the remeasurement of assets of discontinued operations	**–**	–
Result for the year from discontinued operations	**4.4**	(16.1)

[1] After elimination of inter-segment revenue from Branded to Distribution of €14.8 (2012: €16.9).

13. Earnings per share

Basic earnings per share

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

	2013	2012
Profit attributable to equity holders of Wessanen		
Profit/(loss) after income tax	**(4.5)**	(36.8)
Profit/(loss) from discontinued operations, net of income tax	**4.4**	(16.1)
Non-controlling interests	**–**	0.3
Profit/(loss) for the period attributable to equity holders of Wessanen	**(0.1)**	(52.6)

Number of ordinary shares (in thousands)	2013	2012
Issued ordinary shares	**75,992**	75,992
Own shares, held by the Company	**(256)**	(310)
Number of ordinary shares at year end	**75,736**	75,682
Weighted average number of ordinary shares	**75,723**	75,688
Earnings per share from continuing operations	**(0.06)**	(0.49)
Earnings per share from discontinued operations	**0.06**	(0.21)
Earnings per share	**–**	(0.70)

Diluted earnings per share

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

	2013	2012
Weighted average number of ordinary shares (diluted) (in thousands)		
Weighted average number of ordinary shares	**75,723**	75,688
Effect of restricted shares	**292**	174
Weighted average number of ordinary shares (diluted)	**76,015**	75,862
Diluted earnings per share from continuing operations	**(0.06)**	(0.49)
Diluted earnings per share from discontinued operations	**0.06**	(0.21)
Diluted earnings per share	**–**	(0.70)

14. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2012					
Carrying value at beginning of year	31.2	43.5	6.1	5.6	86.4
Effect of movements in foreign exchange rates	(0.1)	(0.3)	–	0.1	(0.3)
Capital expenditure	0.5	1.9	1.4	1.9	5.7
Acquisitions through business combinations[1]	3.2	0.6	1.2	–	5.0
Completed construction	0.4	2.0	0.1	(2.5)	–
Reclassifications	–	–	–	(0.6)	(0.6)
Disposal	(0.1)	(0.1)	–	–	(0.2)
Depreciation	(2.6)	(7.3)	(1.6)	–	(11.5)
Impairment	(3.7)	(3.4)	–	–	(7.1)
Carrying value at year end	28.8	36.9	7.2	4.5	77.4
Accumulated depreciation and impairment losses	42.3	96.3	17.4	–	156.0
Cost at year end	71.1	133.2	24.6	4.5	233.4
2013					
Carrying value at beginning of year	**28.8**	**36.9**	**7.2**	**4.5**	**77.4**
Effect of movements in foreign exchange rates	**(0.4)**	**(0.9)**	**–**	**–**	**(1.3)**
Capital expenditure	**0.9**	**1.6**	**0.8**	**1.8**	**5.1**
Acquisitions through business combinations[1]	**–**	**0.1**	**0.2**	**–**	**0.3**
Completed construction	**0.3**	**3.9**	**0.1**	**(4.3)**	**–**
Disposal	**(1.0)**	**(0.8)**	**(0.1)**	**–**	**(1.9)**
Transfer to held for sale	**(9.7)**	**(7.1)**	**(0.8)**	**(0.8)**	**(18.4)**
Depreciation	**(2.1)**	**(6.6)**	**(1.3)**	**–**	**(10.0)**
Impairment	**–**	**(3.7)**	**(0.1)**	**–**	**(3.8)**
Carrying value at year end	**16.8**	**23.4**	**6.0**	**1.2**	**47.4**
Accumulated depreciation and impairment losses	**16.8**	**50.9**	**14.9**	**–**	**82.6**
Cost at year end	**33.6**	**74.3**	**20.9**	**1.2**	**130.0**

[1] Reference is made to note 5.

Impairments

In 2013 impairments on property, plant and equipment have been recognised by our segments Branded and ABC in the amounts of €2.3 and €1.6 respectively. These impairment charges are partly offset by a reversal of impairments recognised at IZICO Holding (Discontinued operations as from 31 December 2013) in the amount of €0.1. The impairments recognised by Branded comprises an impairment of a water digester in Italy (€2.2) and an impairment of other PP&E at France Alter Eco (€0.1). The impairments recognised by American Beverage Corporation (ABC) relate to machinery and equipment (€1.6). The reversal of impairments at IZICO Holding relates to the disposal of machinery and equipment following the closure of the production plant in Deurne.

The impairments in 2012 of €7.1 consist of impairments recognised by IZICO Holding (Discontinued operations) and American Beverage Corporation (ABC) in the amount of €7.0 and €0.1 respectively. The impairment loss recognised by IZICO Holding related to the production plant in Deurne, which plant was closed in 2013.

Security

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

15. Intangible assets

	Goodwill	Brands	Customer relationships	Software	Development expenses and Other	Total
2012						
Carrying value at beginning of year	68.1	15.5	–	6.7	0.3	90.6
Effect of movements in foreign exchange rates	0.7	0.3	–	–	0.1	1.1
Capital expenditure and additions	–	–	–	2.1	0.1	2.2
Acquisitions through business combinations[1]	6.1	7.1	1.3	–	–	14.5
Reclassifications	–	–	–	0.3	0.3	0.6
Amortisation	–	–	(0.1)	(2.2)	(0.2)	(2.5)
Impairment	(39.5)	–	–	–	(0.2)	(39.7)
Carrying value at year end	35.4	22.9	1.2	6.9	0.4	66.8
Accumulated amortisation and impairment losses	102.0	11.1	13.8	9.1	4.5	140.5
Cost at year end	137.4	34.0	15.0	16.0	4.9	207.3
2013						
Carrying value at beginning of year	**35.4**	**22.9**	**1.2**	**6.9**	**0.4**	**66.8**
Effect of movements in foreign exchange rates	**(0.3)**	**(0.2)**	**–**	**–**	**(0.1)**	**(0.6)**
Capital expenditure and additions	**–**	**–**	**–**	**1.9**	**0.4**	**2.3**
Acquisitions through business combinations[1]	**1.2**	**–**	**–**	**–**	**–**	**1.2**
Disposal	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**(0.2)**
Amortisation	**–**	**–**	**(0.2)**	**(2.6)**	**(0.1)**	**(2.9)**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to held for sale	**–**	**–**	**–**	**(1.0)**	**–**	**(1.0)**
Carrying value at year end	**36.3**	**22.7**	**1.0**	**5.1**	**0.5**	**65.6**
Accumulated amortisation and impairment losses	**91.0**	**9.4**	**8.0**	**10.6**	**2.3**	**121.3**
Cost at year end	**127.3**	**32.1**	**9.0**	**15.7**	**2.8**	**186.9**

[1] Reference is made to note 5.

Impairment testing for cash-generating units containing goodwill and brands

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

The following cash-generating units have significant carrying values of goodwill and brands:

	31 December 2013			31 December 2012		
Cash-generating unit	Goodwill	Brands	Total	Goodwill	Brands	Total
Branded-France	**11.5**	**9.1**	**20.6**	10.4	9.1	19.5
Branded-UK	**10.9**	**10.3**	**21.2**	11.1	10.5	21.6
Branded-Germany	**9.3**	**3.3**	**12.6**	9.3	3.3	12.6
Branded-Benelux	**4.6**	**–**	**4.6**	4.6	–	4.6
Total Branded	**36.3**	**22.7**	**59.0**	35.4	22.9	58.3
Carrying value at year end	**36.3**	**22.7**	**59.0**	35.4	22.9	58.3

In 2013, the German cash-generating units Tartex & Dr Ritter and Allos have been grouped together into the cash-generating unit Branded-Germany as the German operations are being managed on a consolidated basis; the reporting structure has been adjusted accordingly.

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generating units in the table above were sales growth rates, operating profit (margin) and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company's management, after which a terminal value was calculated. For terminal value calculation, growth rates were capped at an average inflation rate of 2.0% (2012: 2.0%).

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 11.2% (2012: 12.7%) in respect of our UK businesses and 11.0% (2012: 11.6%) in respect of our other European businesses. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

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15. Intangible assets continued

Based on the 2013 annual impairment test the recoverable amounts for all cash-generating units were estimated to be higher than the carrying amounts, and therefore no impairment losses were identified (2012: €(39.7)).

Cash-generating unit	Reportable segment	Amount of impairment 2013	Amount of impairment 2012
Branded-UK	Branded	–	15.8
Branded-Germany	Branded	–	23.4
Distribution-France	Discontinued operations	–	0.5
Total		–	39.7

2013 annual impairment test

The results of the annual impairment tests of Branded-France, Branded-UK and Branded-Benelux have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

Based on the annual impairment test, it was noted that for cash-generating unit Branded-Germany the headroom was limited. An increase of 162 basis points in the pre-tax discount rate, a 200 basis points decline in the compound sales growth rate or a 23% decrease in terminal value would cause its value in use to fall to the level of its carrying value. Goodwill and brands allocated to Branded-Germany at 31 December 2013 amount to €9.3 and €3.3 respectively.

2012 annual impairment test

Based on the annual impairment test the recoverable amounts for certain cash-generating units were estimated to be lower than the carrying amounts, and therefore impairment losses were identified in the amount of €(39.7).

Branded-UK

The 2012 annual impairment test resulted in a goodwill impairment of €15.8. This was mainly as a consequence of lower growth projections for Kallo dairy alternatives, the loss of a private label contract and an adverse movement in the pre-tax discount rate.

Branded-Germany

The 2012 annual impairment test resulted in a goodwill impairment of €23.4. A lower growth projection for the Reformhaus channel, which is in decline, is the largest contributor as well as lower growth projections for two core product categories and a delay in translating factory input costs into price increases. In addition, the growth of the private label business is negatively impacted by the insolvency of one of our customers.

Distribution-France (Discontinued operations)

The 2012 annual impairment test resulted in €0.3 impairment of goodwill and €0.2 impairment of other intangibles. Predominantly as a result of a weaker market outlook.

Security

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

16. Other investments

Other investments mainly include debt securities and long-term receivables of €0.5 (2012: €1.1).

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

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

	Balance 1 January 2012	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	Balance 31 December 2012
Provisions	0.4	–	–	1.0	0.3	–	1.7
Trade and other payables and accrued expenses	1.3	–	–	(0.1)	–	–	1.2
Tax of loss carry-forward	8.2	–	–	(0.6)	–	–	7.6
Other	–	–	–	0.5	–	–	0.5
Total deferred tax assets	9.9	–	–	0.8	0.3	–	11.0
Property, plant and equipment	(1.6)	–	(0.4)	(0.2)	–	–	(2.2)
Intangible assets	(1.0)	–	(2.0)	(0.1)	–	–	(3.1)
Total deferred tax liabilities	(2.6)	–	(2.4)	(0.3)	–	–	(5.3)
Net deferred tax assets	7.3	–	(2.4)	0.5	0.3	–	5.7

	Balance 1 January 2013	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	Balance 31 December 2013
Provisions	**1.7**	**–**	**–**	**0.4**	**–**	**(0.1)**	**2.0**
Trade and other payables and accrued expenses	**1.2**	**–**	**–**	**(1.0)**	**–**	**–**	**0.2**
Tax of loss carry-forward	**7.6**	**–**	**–**	**(4.8)**	**–**	**–**	**2.8**
Other	**0.5**	**–**	**0.1**	**0.2**	**–**	**–**	**0.8**
Total deferred tax assets	**11.0**	**–**	**0.1**	**(5.2)**	**–**	**(0.1)**	**5.8**
Property, plant and equipment	**(2.2)**	**–**	**–**	**0.8**	**–**	**1.3**	**(0.1)**
Intangible assets	**(3.1)**	**–**	**–**	**(0.8)**	**–**	**–**	**(3.9)**
Total deferred tax liabilities	**(5.3)**	**–**	**–**	**–**	**–**	**1.3**	**(4.0)**
Net deferred tax assets	**5.7**	**–**	**0.1**	**(5.2)**	**–**	**1.2**	**1.8**

	31 December 2013	31 December 2012
Net deferred tax assets/(liabilities) are presented as follows:		
Deferred tax assets presented under non-current assets	**4.5**	9.2
Deferred tax liabilities presented under non-current liabilities	**(2.7)**	(3.5)
Net deferred tax assets	**1.8**	5.7

17. Deferred tax assets and liabilities continued

Unrecognised/impaired deferred tax assets

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

	31 December 2013
Expiration date 2018 and future years	114.1
Indefinite	4.8
Total unrecognised/impaired deferred tax assets	**118.9**

Up to and including 2013 Wessanen has unrecognised deferred tax assets related to temporary differences and tax losses carried forward from continuing operations, mainly relating to the United States and the Netherlands, for the amount of €118.9 in total (2012: €146.0).

18. Inventories

	31 December 2013	31 December 2012
Finished products	40.2	56.7
Semi-finished products	0.4	0.6
Raw materials and supplies	10.8	14.9
Prepayments on inventories	0.5	0.1
Total inventories	**51.9**	72.3

In 2013 the write-down of inventories to net realisable value amounted to €1.9 (2012: €0.7). The write-down is included in cost of raw materials and supplies.

19. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €3.9 (2012: €3.0) arising from identified doubtful receivables from customers.

The Group's exposure to credit and currency risks and impairments losses related to trade and other receivables and prepayments are disclosed in note 26.

20. Cash and cash equivalents

	31 December 2013	31 December 2012
Cash and cash equivalents	23.3	9.7
Bank overdrafts	(9.4)	(1.4)
Cash and cash equivalents in the statement of cash flows	**13.9**	8.3

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2013.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

21. Equity attributable to equity holders of Wessanen

Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2013 consists of 300 million ordinary shares (2012: 300 million shares) with a nominal value of €1.00, of which 76.0 million shares were issued and paid-up (2012: 76.0 million shares).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings of Wessanen.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares, held by Wessanen. As at 31 December 2013 Wessanen held 256 thousand shares (2012: 310 thousand).

The movements in the reserve for own shares can be summarised as follows:

	2013		2012	
	Number of shares x 1,000	Amount	Number of shares x 1,000	Amount
Balance at beginning of the year	310	(2.2)	327	(2.6)
Allocated shares[1]	–	–	37	–
Shares delivered	(54)	0.4	(54)	0.4
Balance at year end	**256**	**(1.8)**	310	(2.2)

[1] Shares re-allocated by trust company to Wessanen.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (foreign currency forward contracts) related to hedged transactions that have not yet occurred.

Other legal reserves

In accordance with the Dutch Civil Code, a legal reserve is established of €1.3 as at 31 December 2013 (2012: €1.4) related to the capitalisation of (software) development expenses (see note 15).

Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 5 eurocent per share will be paid in 2014 with respect to 2013. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated statement of financial position as per 31 December 2013. The payment of this dividend will not have income tax consequences for the Company.

	2013	2012
Dividends declared and paid in the year	(3.8)	(6.1)

22. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

	31 December 2013			31 December 2012		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Syndicated loans	–	64.1	64.1	–	60.7	60.7
Other long-term loans	0.5	–	0.5	2.5	–	2.5
Total	0.5	64.1	64.6	2.5	60.7	63.2

The current portion of the interest-bearing loans and borrowings, due to be paid in 2014, is included in current liabilities.

Syndicated loans

Syndicated loans consist of €64 floating rate borrowings as at 31 December 2013 (2012: €61) under a €100 (2012: €100) credit facility, net of €0.9 (2012: €0.3) capitalised financing costs.

In July 2013, Wessanen refinanced its €100 credit facility, which was scheduled to mature in February 2014. Hereby the number of banks in the syndicate were reduced from four to three, being ABN AMRO, ING and Rabobank. The new facility matures in July 2016. There is an extension option in place allowing elongation of two years. The interest margin on the facility has been set at 110-205 basis points over the relevant floating rate (EURIBOR or LIBOR) based on the leverage ratio (Net debt to EBITDAE of total Wessanen). The facility has various general and financial covenants in place which are customary for its type, amount and tenor. Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net result, excluding major non-recurring items. There are certain restrictions in place in case of acquisitions. The payment obligations under the new facility are secured by a pledge of trade receivables and moveable assets.

The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 week and 1 year. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

The average interest rate on drawings for 2013 was 1.6% (2012: 1.7%).

Other long-term loans

Other long-term loans consist of non-convertible bonds which were part of the acquisition of France Alter Eco S.A. The remaining balance as per 31 December 2013 amounts to €0.5, which will be repaid in July 2014. The interest on the non-convertible bonds is 4.0%.

Last year, other long-term loans consisted of a deferred consideration of €2.5 related to the acquisition of the non-controlling interest in Favory Convenience Food Group, which was repaid in July 2013 (presented in the consolidated statement of cash flows as financing cash flow from discontinued operations). Interest was based on 3 months EURIBOR plus a margin of 100 basis points.

23. Employee benefits

Defined benefit plans

Wessanen and its subsidiaries make contributions to defined benefit plans in the Netherlands and France, that provide pension benefits for employees upon retirement. Wessanen pays benefits directly to employees upon retirement in Germany. These are final-pay and average-pay plans, based on the employees' years of service and compensation near retirement. The schemes in the Netherlands and France are administered by industry pension funds and life insurance companies. The schemes in Germany are administered by Wessanen.

	31 December 2012[1]	Transfer to held for sale	Plan amendments	Other movements	31 December 2013
Present value of obligations	97.9	(27.2)	(65.9)	(0.1)	4.7
Fair value of plan assets	(83.3)	19.4	(63.3)	–	(0.6)
Net liability for defined benefit obligations	14.6	(7.8)	(2.6)	(0.1)	4.1
Other employee benefits	0.5	–	–	(0.1)	0.4
Total liability employee benefits	15.1	(7.8)	(2.6)	(0.2)	4.5

[1] Figures restated for effects of IAS19R

Priorly the main defined benefit obligations of Wessanen related to a pension scheme for corporate staff in the Netherlands. The pension scheme comprised a basic (defined benefit) scheme (with a maximum pension salary of €85 thousand) and a surplus (defined contribution) scheme (above the amount of €85 thousand). The present value of the related defined benefit obligation amounted to €(65.9) as per 31 December 2012. As of January 2013, the pension scheme is amended after which both basic scheme and surplus scheme qualify as a defined contribution plan. This plan amendment explains the main part of the decrease of Wessanen's present value of defined benefit obligations. Accordingly, a settlement gain of €1.7 has been recognised in 2013 (net of settlement losses in the amount of €(0.9), consisting of a settlement with an insurance company and with Stichting de Sjouwer in the amounts of €(0.4) and €(0.5) respectively). The age of retirement has been changed from 65 years to 67 years.

The remaining decrease of Wessanen's present value of defined benefit obligation is mainly related to a transfer to held for sale in the amount of €(27.2) for our discontinued operations.

Wessanen's net pension liability as at 31 December 2013 amounts to €4.5 and relates mainly to one of the, in total four, defined benefits plans in Germany. The plan is administered by Wessanen and is unfunded. Wessanen pays benefits directly to employees upon retirement. It concerns a final pay plan and is closed for new participants. The expected duration of the plan is 16.5 years.

The net obligation for defined benefit plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value while the fair value of any plan asset is deducted. The discount rate used is the yield on high-quality corporate bonds of a currency and maturity consistent with the currency and maturity of the post employment defined benefit obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

Multi-employer plans

One of the Dutch companies is engaged in a multi-employer plan with 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' ('GIL'). This multi-employer plan is a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to identify Wessanen's share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This is due to the fact that the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities.

23. Employee benefits continued

Surpluses or deficits for the mentioned plans are determined on the basis of the pension law 'Pensioenwet' and the regulatory framework 'Financieel Toetsingskader'. In 2012 the GIL showed a deficit compared to the minimum required coverage. A recovery plan was made comprising of adjustments in contributions and restriction of indexations. As per 31 December 2013 the GIL has met the minimum required coverage again. However, the execution of the recovery plan is still executed until the GIL has met the minimum required coverage for three consecutive quarters. The recovery plan and information concerning the future contributions is publicly available on the website of the industry pension fund.

Wessanen's level of participation in the plan (for continuing operations) compared with other participating entities is relatively low with 13 active members (total plan: approximately 10,000 members), no deferred members (total plan: approximately 31,000 members) and no retired members (total plan: approximately 8,000 members).

The expected contributions for this multi-employer plan in 2014 amounts to €0.2.

Defined contribution plans

Wessanen and its subsidiaries make contributions to defined contribution plans in the Netherlands, UK and United States. The main contributions relate to the above mentioned plans of the corporate staff in the Netherlands. The expected contributions for these plans in 2014 amounts to €1.2. The age of retirement for these plans is changed in 2013 from 65 years to 67 years.

The components of the employee benefits for the years ending 31 December 2013 and 2012 respectively are shown in the following tables.

Defined Benefit plans

	31 December 2013	31 December 2012
Total present value of obligations	**4.7**	97.9
Fair value of plan assets	**(0.6)**	(83.3)
Net liability for defined benefit obligations	**4.1**	14.6
Other employee benefits	**0.4**	0.5
Total liability employee benefits	**4.5**	15.1

Movement in the liability for defined benefit obligations

	2013	2012
Liability for defined benefit obligations at beginning of year	**97.9**	80.7
Benefits paid	**(0.7)**	(3.6)
Employee contributions	**0.2**	0.2
Current service costs	**0.9**	1.7
Interest costs	**1.1**	4.4
Curtailments and settlements	**(66.3)**	(0.5)
Remeasurement (gains)/losses	**(1.2)**	15.0
Transfer to held for sale	**(27.2)**	–
Liability for defined benefit obligations at year end	**4.7**	97.9

Movement in plan assets

	2013	2012
Fair value of plan assets at beginning of year	**83.3**	72.0
Employer contributions	**1.5**	2.4
Employee contributions	**0.2**	0.2
Benefits paid	**(0.6)**	(3.6)
Interest income	**0.7**	4.0
Remeasurement gains/(losses)	**(0.9)**	8.3
Settlements	**(64.2)**	–
Transfer to held for sale	**(19.4)**	–
Fair value of plan assets at year end	**0.6**	83.3

Plan assets

The pension plan asset allocation can differ per plan, and can be specified as follows (on a weighted averaged basis):

	31 December 2013	31 December 2012
Equity securities	**0.0%**	2.7%
Bonds	**77.9%**	73.3%
Other	**22.1%**	24.0%
Total	**100.0%**	100.0%

Expense recognised in the income statement

	2013	2012
Current service costs	**0.2**	1.3
Past service costs, curtailments and settlements	**(1.8)**	(0.5)
Net interest costs	**0.1**	0.1
Total expense	**(1.5)**	0.9

The expense is recognised in the following line items in the income statement:

	2013	2012
Personnel expenses	**(1.6)**	0.8
Net financing costs	**0.1**	0.1
Total expense	**(1.5)**	0.9

Remeasurement effects of total Wessanen recognised in other comprehensive income in respect of defined plans are as follows:

	2013	2012
Actuarial (gain)/loss due to experience adjustments	**(0.7)**	(1.7)
Actuarial (gain)/loss due to changes in demographic assumptions	**–**	–
Actuarial (gain)/loss due to changes in financial assumptions	**(0.5)**	16.7
Return on plan assets (excluding amounts included in net interest expense)	**0.9**	(8.3)
Adjustments for restrictions on the defined benefit asset	**–**	(1.4)
Total remeasurement effects recognised in other comprehensive income, before income tax	**(0.3)**	5.3

	2013	2012
Actual return on plan assets	**–**	5.8

The expected contributions for defined benefit plans in 2014 amount to €0.0.

23. Employee benefits continued

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	2013 Euro-zone	2012 Euro-zone
Discount rate at year end	**3.3-3.8%**	3.3-3.5%
Future general salary increases	**2.0-3.0%**	2.0-3.0%
Price inflation	**2.0%**	2.0%
Future pension increases	**0.0-2.0%**	0.0-2.0%

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, future general salary increases and future pension increases. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- A reduction in the discount rate by 25 basis points would result in an increase in the liability for defined benefit obligations of €0.2 as per 31 December 2013 (2012: €5.1).
- An increase in the future general salary increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.1 as per 31 December 2013.
- An increase in the future pension increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.5 as per 31 December 2013.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods ad assumptions used in preparing the sensitivity analysis from prior years.

Present value of the defined benefit obligation, fair value of plan assets and deficit as at 31 December:

	2013	2012	2011	2010	2009
Defined benefit obligation	**4.7**	97.9	80.7	78.8	74.5
Fair value of plan assets	**(0.6)**	(83.3)	(72.0)	(66.8)	(61.4)
Deficit in the plan	**4.1**	14.6	8.7	12.0	13.1

Experience adjustments arising on plan liabilities and plan assets as at 31 December:

	2013	2012	2011	2010	2009
Plan liabilities	**0.3**	1.8	0.6	0.2	1.8
Plan assets	**–**	9.5	3.6	3.9	0.1

Experience adjustments are defined as all gains/(losses) due to changes other than changes in the discount rate.

24. Provisions

Movements in provisions can be specified as follows:

2012	Restructuring	Onerous contracts	Other Provisions	Total
Non-current	–	–	2.5	2.5
Current	2.0	–	1.3	3.3
Balance at beginning of year	2.0	–	3.8	5.8
Additions charged against result	12.5	1.5	3.8	17.8
Used during the year	(2.4)	–	(0.8)	(3.2)
Released to result	(0.5)	–	(1.4)	(1.9)
Balance at year end	11.6	1.5	5.4	18.5
Non-current	–	0.4	1.3	1.7
Current	11.6	1.1	4.1	16.8
Balance at year end	11.6	1.5	5.4	18.5

2013	**Restructuring**	**Onerous contracts**	**Other Provisions**	**Total**
Non-current	**–**	**0.4**	**1.3**	**1.7**
Current	**11.6**	**1.1**	**4.1**	**16.8**
Balance at beginning of year	**11.6**	**1.5**	**5.4**	**18.5**
Additions charged against result	**5.5**	**0.5**	**1.9**	**7.9**
Used during the year	**(12.8)**	**(0.8)**	**(2.6)**	**(16.2)**
Released to result	**(0.5)**	**(0.2)**	**(0.6)**	**(1.3)**
Transfer to held for sale	**(0.1)**	**(0.6)**	**(0.9)**	**(1.6)**
Balance at year end	**3.7**	**0.4**	**3.2**	**7.3**
Non-current	**–**	**–**	**1.2**	**1.2**
Current	**3.7**	**0.4**	**2.0**	**6.1**
Balance at year end	**3.7**	**0.4**	**3.2**	**7.3**

Restructuring

In 2012, additions to the restructuring provision of €12.5 mainly related to announced restructurings labelled 'Wessanen 2015'. To address the structure and cost base of the Company, a wide range of actions were initiated to increase focus and substantially reduce complexity. In addition, also low-yielding and non-performing activities were addressed. Announced restructurings mainly included restructurings at IZICO (€6.0: closure of production plant in Deurne and (back-office) integration), France Distribution (€3.7: integration of marketing teams and outsourcing of transportation) and the corporate head office (€0.7: reduction in head count at various staff departments). All parts of the transformational programme 'Wessanen 2015' were largely completed in 2013. Accordingly, the restructuring provisions recognised in 2012 have almost fully been utilised in 2013. Only part of the provisions recognised (€0.5) has been released against the income statement in 2013 as a result of favourable settlements versus estimates made.

24. Provisions continued

Additions to the restructuring provision in 2013 of €5.5, mainly relate to additional provisions recognised as part of the 'Wessanen 2015' programme, including restructurings at Benelux Branded (€1.0: downsizing and cut the tail) and IZICO (€0.7), the integration of the acquired Alter Eco business in France (€2.0), and restructurings at ABC (€0.4: headcount reduction).

The additions to the restructuring provision include severance payments and termination benefits, and required management judgement in estimating the expected cash outflows based on detailed plans. For all restructuring provisions a detailed formal plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date. The Company expects the provision will be utilised mostly within the next year.

Onerous contracts

This concerns mainly provisions for contracts which became onerous contracts (rental agreements, lease contracts and agency contracts) due to restructurings. The balance as at 31 December 2013 almost fully refers to a provision for the cancellation of an agency contract. In 2013, part of the provision (€0.2) recognised in 2012 could be released due to lower penalties paid than estimated.

The provision balance transferred to held for sale (€0.6), mainly relates to a non-cancellable rental agreement, which contract will expire in 2017.

Other provisions

Other provisions as at 31 December 2013 of €3.2 mainly comprise provisions for contract termination benefits awarded to Mr P.H. Merckens of €1.0 (excluding share-based payments; see note 9) (2012: €0.0), contract risks of €0.7 (2012: €2.3) and liabilities arising from cash-settled share-based payment transactions of €0.4 (2012: €0.2). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Additions in 2013 of €1.9 include contract termination benefits awarded of €1.0, social litigations of €0.3 and share-based payment expenses of €0.2. The release from other provisions in 2013 of €0.6 is mainly the result of favourable settlements and revised estimates relating to various individual cases.

The provision balance transferred to held for sale (€0.9), mainly relates to contract risks.

Releases of prior year provisions are accounted for in operating result. The Company expects the provisions at year end to be utilised mostly within the next year; timing of cash outflows related to the non-current part of the other provisions is uncertain, however are likely to materialise over several future years.

25. Trade and non-trade payables and accrued expenses

	December 31 2013	December 31 2012
Total trade payables – third party	**51.9**	68.3
Customer incentives	**17.7**	18.4
Personnel expenses	**8.0**	10.5
Pensions	**5.8**	4.3
Social securities and other taxes	**5.1**	7.4
Interest payables	**0.2**	0.1
Derivatives	**0.2**	–
Other liabilities	**9.0**	15.7
Total non-trade payables and accrued expenses	**46.0**	56.4
Total trade and non-trade payables and accrued expenses	**97.9**	124.7

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

26. Financial instruments and risk management

This note presents information about Wessanen's exposure to liquidity risk, market risk (currency risk, interest rate risk and commodity risk) and credit risk, Wessanen's objectives, policies and processes for measuring and managing risk, and Wessanen's management of capital, as well as quantitative disclosures (before income tax) in addition to those included throughout these consolidated financial statements

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control system. The system is designed to enable the Executive Board to achieve its strategic objectives within a managed risk profile. The Executive Board is responsible for setting risk management policies and strategies. Senior management and operating companies conduct a risk assessment to create action plans and comply with internal control procedures. As a Committee of the Supervisory Board, the Audit Committee monitors risk management and control activities and provides the Supervisory Board with a clear overview of the entire risk management and internal control process. Any significant changes and improvements to the Risk Management and Internal Control system are discussed with the Audit Committee and the Supervisory Board.

Liquidity risk

Liquidity risk is the risk that Wessanen will not be able to meet its financial obligations as they fall due. A material and sustained shortfall in Wessanen's cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service the Group's financing obligations. The Group's objective to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. The Group's syndicated credit facility allows to draw in maturities ranging between a week and a year, while its other credit facilities also allow to draw for shorter periods. When a loan expires, this is ordinarily refinanced with a new loan drawn from the facility. In addition to the syndicated loan facility, Wessanen has over €24.5 of uncommitted credit facilities with various banks throughout the Group.

26. Financial instruments and risk management continued

The table below summarises the maturity profile of Wessanen's financial liabilities of continuing operations, including estimated interest payments at 31 December 2013 and at 31 December 2012 based on undiscounted contractual cash flows.

			Undiscounted contractual cash flows						
2012	note		Carrying amount	Total cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	22	floating	(60.7)	(62.0)	(0.3)	(0.5)	(61.2)	–	–
Other long-term loans	22	floating	(2.5)	(2.5)	–	(2.5)	–	–	–
Trade and other payables[1]	25	non-interest bearing	(124.7)	(124.7)	(124.7)	–	–	–	–
Bank overdrafts	20	floating	(1.4)	(1.4)	(1.4)	–	–	–	–
Subtotal			(189.3)	(190.6)	(126.4)	(3.0)	(61.2)	–	–
Derivative financial instruments									
Other forward contracts used for hedging			–	–	–	–	–	–	–
Subtotal			–	–	–	–	–	–	–
Total			(189.3)	(190.6)	(126.4)	(3.0)	(61.2)	–	–

[1] Excluding derivatives.

			Undiscounted contractual cash flows						
2013	note		Carrying amount	Total cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	22	**floating**	**(64.1)**	**(68.0)**	**(0.6)**	**(0.6)**	**(1.2)**	**(65.6)**	–
Other long-term loans	22	**floating**	**(0.5)**	**(0.5)**	–	**(0.5)**	–	–	–
Trade and other payables[1]	25	**non-interest bearing**	**(97.7)**	**(97.7)**	**(97.7)**	–	–	–	–
Bank overdrafts	20	**floating**	**(9.4)**	**(9.4)**	**(9.4)**	–	–	–	–
Subtotal			**(171.7)**	**(175.6)**	**(107.7)**	**(1.1)**	**(1.2)**	**(65.6)**	–
Derivative financial instruments									
Other forward contracts used for hedging			**(0.2)**	**(0.2)**	**(0.2)**	–	–	–	–
Subtotal			**(0.2)**	**(0.2)**	**(0.2)**	–	–	–	–
Total			**(171.9)**	**(175.8)**	**(107.9)**	**(1.1)**	**(1.2)**	**(65.6)**	–

[1] Excluding derivatives.

Currency risk

Wessanen conducts business in foreign currencies but publishes its financial statements, and measures its performance, in Euros. These foreign currencies mainly include the US dollar, the Pound sterling and the Swiss Franc. Because of the Group's international presence, it is subject to risks from changes in foreign currency values that could affect earnings and capital.

The Group has a foreign exchange policy in order to mitigate the impact of foreign currencies to functional currencies and is based on the following principles:

- Transactions arising from operational and financing activities, in currencies other than the functional currency, are hedged in order to mitigate income statement volatility. All operating companies conduct their hedging transactions internally through the centralised corporate treasury department. Wessanen provides operational funding to its operating companies in their functional currency.
- Translation results on capital invested in foreign subsidiaries are recorded as a movement in the translation reserve in equity. Capital invested in, and net income from foreign subsidiaries are not hedged to the Euro.

Further, hedging foreign exchange risk is achieved through the use of forward foreign exchange contracts and forward foreign exchange swaps. Hedge accounting is applied for transactions that exceed certain thresholds. In 2013, currency translation effects were €(2.3) (2012: €(0.5)).

26. Financial instruments and risk management continued

The Group's balance sheet exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2013				31 December 2012			
	€	US$	£	Other[1]	€	US$	£	Other[1]
Trade receivables	**0.5**	**0.2**	**–**	**–**	–	–	–	–
Cash and bank overdrafts	**1.3**	**4.1**	**–**	**0.1**	–	(0.2)	–	0.1
Trade payables	**(2.2)**	**(0.5)**	**(0.1)**	**(0.1)**	(1.4)	(0.2)	–	–
Financial assets, excluding investments in subsidiaries	**–**	**–**	**4.8**	**–**	–	4.3	1.5	–
Derivatives[2]	**7.8**	**1.1**	**–**	**0.2**	8.4	(3.3)	–	0.2
Net exposure	**7.4**	**4.9**	**4.7**	**0.2**	7.0	0.6	1.5	0.3

1 In €.

2 Represents forward foreign exchange contracts related to future purchase commitments, as well as foreign exchange swaps. The opposite currency of such contracts and swaps is mainly €, US$ or £.

At year end 2013 the Group designated US$0.0 (2012: US$115), as the intercompany loan financing was recapitalised into equity in December 2013, and £17 (2012: £17) of intercompany loan financing as part of its net investment in its US and UK operations. Foreign currency results on this intercompany financing are recorded in the translation reserve in equity of €3.4 negative (net of income tax) in 2013 and €2.3 negative (net of income tax) in 2012.

A 10% strengthening of the Euro against the US dollar and Pound Sterling currencies in 2013 would have hypothetical impact on equity and net result by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

10% strengthening of the Euro	US$ 2013	£ 2013	US$ 2012	£ 2012
Equity[1]	**(3.1)**	**(3.8)**	(4.6)	(2.0)
Net result	**0.5**	**(0.2)**	(0.5)	1.6

1 Including impact on net result.

Interest rate risk

Wessanen's debt funding is primarily achieved through its syndicated credit facility. Loan draw-downs bear interest at short-term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. We manage our interest rate risk through closely monitoring short-term and long-term interest rates and where necessary modifying the interest rate exposure of debt and cash positions through the use of interest rate derivatives.

A change of 100 basis points (bp) in variable interest rates in 2013 would have had a hypothetical impact on equity and profit by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity[1]	
2012	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(0.6)	0.6	(0.6)	0.6
Interest rate swap	–	–	–	–
Net impact	(0.6)	0.6	(0.6)	0.6
2013				
Variable rate instruments	**(0.7)**	**0.7**	**(0.7)**	**0.7**
Interest rate swap	**–**	**–**	**–**	**–**
Net impact	**(0.7)**	**0.7**	**(0.7)**	**0.7**

1 Including impact on net result.

26. Financial instruments and risk management continued

Commodity risk

Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices can not be raised. The Group uses a large variety of commodities and is not exposed to a significant concentration in one single category. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.

Credit risk

Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is influenced mainly by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk. Moreover, a customer's creditworthiness is analysed frequently using benchmarks and external rating information. As a preventive control Wessanen manages credit risk by applying credit limits for its customers. The creditworthiness of a financial institution is assessed by their credit rating, which should be at least A minus (Standard & Poor's).

Wessanen establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

	31 December 2013	31 December 2012
Supermarkets	**42.0**	44.7
Health food stores	**14.1**	23.2
Other customers	**9.3**	17.8
Total	**65.4**	85.7

The aging of trade receivables at balance sheet date can be specified as follows:

	31 December 2013			31 December 2012		
	Gross	Impairments	Net	Gross	Impairments	Net
Not past due	**55.5**	**–**	**55.5**	74.8	–	74.8
Past due 0-30 days	**6.0**	**(0.5)**	**5.5**	8.4	(0.2)	8.2
Past due 31-180 days	**5.3**	**(1.5)**	**3.8**	3.3	(0.9)	2.4
Past due 181-360 days	**1.4**	**(0.9)**	**0.5**	0.6	(0.4)	0.2
More than 360 days	**1.1**	**(1.0)**	**0.1**	1.6	(1.5)	0.1
Total	**69.3**	**(3.9)**	**65.4**	88.7	(3.0)	85.7

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

	2013	2012
Balance at beginning of year	**3.0**	3.5
Acquisition through business combinations	**0.2**	–
Addition charged against result	**2.1**	–
Write offs	**(0.1)**	(0.5)
Transfer to held for sale	**(1.3)**	–
Balance at year end	**3.9**	3.0

The allowances relating to trade receivables are used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Capital management

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

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

The capital structure of the Company balances these objectives in order to meet the Company's strategic objectives and day-to-day needs. Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE of total Wessanen, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. At 31 December 2013 our net debt level amounted to 1.6 times consolidated EBITDAE (2012: 1.7).

The gearing ratio (net debt/shareholders' equity) at 31 December 2013 amounted to 48.1% (2012: 49.5%).

26. Financial instruments and risk management continued

Fair values versus carrying amounts

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 December 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange swap contacts used for hedging	–	–	0.2	0.2
Total	–	–	0.2	0.2
Assets carried at amortised cost				
Loans and receivables:				
Long-term receivables	**0.5**	**0.5**	1.1	1.1
Trade receivables	**65.4**	**65.4**	85.7	85.7
Other receivables and prepayments[1]	**14.2**	**14.2**	15.7	15.7
Cash and cash equivalents	**23.3**	**23.3**	9.7	9.7
Total	**103.4**	**103.4**	112.2	112.2
Liabilities carried at fair value				
Forward exchange contracts used for hedging	**0.2**	**0.2**	–	–
Total	**0.2**	**0.2**	–	–
Liabilities carried at amortised cost				
Syndicated loans	**64.1**	**64.1**	60.7	60.7
Other long-term loans	**0.5**	**0.5**	2.5	2.5
Trade payables	**51.9**	**51.9**	68.3	68.3
Non-trade payables and accrued expenses[1]	**45.8**	**45.8**	56.4	56.4
Bank overdrafts	**9.4**	**9.4**	1.4	1.4
Total	**171.7**	**171.7**	189.3	189.3

1 Excluding derivatives, which are shown separately.

Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing. The fair value of financial instruments has been determined by Wessanen using available market information and appropriate valuation methods (level 2 only). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value of the derivatives as at 31 December 2013 (as specified in the table under 'currency risk' on page 49) amounts to €(0.2) (2012: €0.2). These derivatives have been entered into with financial institutions. An assessment has been made of a potential debit valuation adjustment, however, has not been recorded as the adjustment is deemed to be not material.

Level 2 inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

27. Commitments and contingencies

Operating lease commitments

Non-cancellable operating leases are payable as follows:

Continuing operations	31 December 2013	31 December 2012
Less than 1 year	**6.7**	5.6
Between 1 and 5 years	**5.1**	10.1
More than 5 years	**3.7**	4.7
Total non-cancellable operating lease commitments	**15.5**	20.4

Discontinued operations	31 December 2013	31 December 2012
Less than 1 year	**2.5**	2.5
Between 1 and 5 years	**5.5**	6.2
More than 5 years	**1.1**	1.2
Total non-cancellable operating lease commitments	**9.1**	9.9

Wessanen leases a number of office, warehouse and factory facilities, cars and computer hardware under operating leases. The leases typically run between 3 and 15 years, with an option to renew after that date. Lease payments are adjusted annually to reflect market rentals. None of the leases include contingent rentals. Wessanen does, in principle, not act as a lessor.

During the year ended 31 December 2013, €8.2 (2012: €8.9) was recognised as an expense in the income statement of continuing operations and €3.9 in the income statement of discontinued operations in respect of operating leases (2012: €2.2).

Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2013 amounted to €0.5 (2012: €1.4) for continuing operations and €0.0 for discontinued operations (2012: €0.0). As at 31 December 2013 there are no commitments to acquire intangible assets (2012: €0.0).

Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms.

Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$26.2 as at 31 December 2013 (2012: US$31.7). Letters of credit amounting to US$6.4 (2012: US$6.6) are provided in favour of workers compensation insurers and are reduced as the workers compensation claims, on amongst others ABC and the divested operation Tree of Life, Inc., are settled and closed. Wessanen has also provided guarantees amounting to US$19.8 (2012: US$25.1) relating to lease obligations of Tree of Life, Inc. which are reduced when the underlying lease contracts expire during a maximum period of up to ten years. Kehe Food Distributors Inc. has indemnified Wessanen for calls of third parties under such guarantees and, to the extent these claims are related to Tree of Life, Inc., letters of credit.

For guarantees provided, a provision has been made of €0.7 as at 31 December 2013 (2012: €0.8). Reference is made to note 24.

Bank guarantees have been issued for continuing operations in the amount of €0.3 (2012: €0.3) and for discontinued operations in the amount of €0.2 (2012: €0.2).

Contingent assets and liabilities

Wessanen is subject to certain other loss contingencies arising from claims by various parties. Management believes that any reasonable possible loss related to such claims and possible litigation is properly provided for when recognition criteria are met. These estimates and associated assumptions are based on management's best knowledge of current events and actions.

In 2012 the Group reported two main contingencies. An entity in the Group was both claimant and defendant in a legal action against a logistic service provider. This legal action has been resolved in 2013. Another entity in the Group had a claim outstanding against a competitor for patent right infringement, which has been settled in 2013. The settlement gain of €7.0 has been recognised in other income (see note 7).

As at 31 December 2013 there are no material contingencies to disclose.

28. Related parties

Wessanen has a related party relationship with its subsidiaries (see note 31) and key management. Furthermore pension funds in the Netherlands are related parties. Transactions with key management are described in notes 8 and 9. Transactions with pension funds in the Netherlands are described in note 23.

In 2013 no transactions were made with related parties, other than described above.

29. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

	2013			2012		
	Deloitte Accountants B.V.	Other Deloitte Network	Total	Deloitte Accountants B.V.	Other Deloitte Network	Total
Audit of annual accounts	**0.3**	**0.3**	**0.6**	0.3	0.3	0.6
Other assurance services[1]	**–**	**0.4**	**0.4**	–	0.6	0.6
Tax advisory services	**–**	**–**	**–**	–	–	–
Other non-audit services	**–**	**–**	**–**	–	–	–
Total principal auditor's remuneration	**0.3**	**0.7**	**1.0**	0.3	0.9	1.2

[1] In both 2013 and 2012, mainly relating to services provided to ABC.

30. Cash flow

The following table presents a specification of changes in working capital of continuing operations:

	2013	2012
Inventories	**2.7**	(1.0)
Trade receivables	**(3.2)**	(3.4)
Other receivables and prepayments	**(1.5)**	7.3
Trade payables	**4.3**	(7.2)
Non-trade payables and accrued expenses	**4.3**	(3.8)
Total changes in working capital	**6.6**	(8.1)

The following table presents a reconciliation of the change in cash and cash equivalents (net of bank overdrafts) as presented in the balance sheet to the net cash flow from operating, investing and financing activities in the period:

	2013	2012
Cash and cash equivalents at beginning of year	**8.3**	5.3
Net cash from operating, investing and financing activities	**5.8**	3.0
Effect of exchange rate differences on cash and cash equivalents	**(0.2)**	–
Cash and cash equivalents at year end	**13.9**	8.3

31. List of subsidiaries

The following are Wessanen's significant subsidiaries and holding companies as at 31 December 2013:

Continuing operations	Country of incorporation	Ownership interest (%) 31 December 2013	Ownership interest (%) 31 December 2012
Subsidiaries			
Distriborg France S.A.S.	France	**100.0**	100.0
Distriborg Groupe S.A.	France	**100.0**	100.0
France Alter Eco S.A.[1]	France	**100.0**	–
R. Bonneterre S.A.S.	France	**100.0**	100.0
Allos GmbH	Germany	**100.0**	100.0
CoSa Naturprodukte GmbH	Germany	**100.0**	100.0
Tartex + Dr. Ritter GmbH	Germany	**100.0**	100.0
Wessanen Fachhandels GmbH	Germany	**100.0**	100.0
Bio Slym S.r.L.	Italy	**100.0**	100.0
Wessanen Benelux B.V.	the Netherlands	**100.0**	100.0
Kallo Foods Ltd	United Kingdom	**100.0**	100.0
American Beverage Corporation	United States	**100.0**	100.0
Holding companies			
Wessanen Deutschland GmbH	Germany	**100.0**	100.0
Wessanen Finance B.V.	the Netherlands	**100.0**	100.0
Wessanen France Holding S.A.S.	France	**100.0**	100.0
Wessanen Great Britain Holdings Ltd	United Kingdom	**100.0**	100.0
Wessanen Holdings, Inc	United States	**100.0**	100.0
Wessanen Italia S.r.L.	Italy	**100.0**	100.0
Wessanen Nederland Holding B.V.	the Netherlands	**100.0**	100.0
Wessanen U.S.A., Inc	United States	**100.0**	100.0
Discontinued operations			
Subsidiaries			
Hagor N.V.	Belgium	**100.0**	100.0
IZICO Belgium N.V.	Belgium	**100.0**	100.0
IZICO Bocholt N.V.	Belgium	**100.0**	100.0
Bio-Distrifrais-Chantenat S.A.S.	France	**100.0**	100.0
IZICO Deurne B.V.	the Netherlands	**100.0**	100.0
IZICO Holding B.V.	the Netherlands	**100.0**	100.0
IZICO Katwijk B.V.	the Netherlands	**100.0**	100.0
IZICO Nederland B.V.	the Netherlands	**100.0**	100.0
Kroon B.V.	the Netherlands	**100.0**	100.0
Natudis Nederland B.V.	the Netherlands	**100.0**	100.0

[1] Acquired as per 31 May 2013.

Income statement of the Company

In € millions	notes	2013	2012 Restated[1]
Income from subsidiaries, net of income tax	2	**10.5**	(44.0)
Other income and expenses, net of income tax		**(10.6)**	(8.6)
Profit/(loss) for the period		**(0.1)**	(52.6)

[1] Figures restated for effects of IAS19R (see note 2 of the consolidated financial statements).

Balance sheet of the Company

(before appropriation of current year's result)

In € millions	notes	31 December 2013	31 December 2012 Restated[1]
Assets			
Financial assets	2	**407.3**	398.9
Current assets	3	**0.1**	–
Total assets		**407.4**	398.9
Shareholders' equity			
Share capital		**76.0**	76.0
Share premium		**102.9**	102.9
Reserve for own shares		**(1.8)**	(2.2)
Legal reserves		**(20.9)**	(18.4)
Retained earnings		**(50.7)**	5.1
Profit/(loss) for the period		**(0.1)**	(52.6)
Total shareholders' equity	4	**105.4**	110.8
Current liabilities	5	**302.0**	288.1
Total shareholders' equity and liabilities		**407.4**	398.9

[1] Figures restated for effects of IAS19R (see note 2 of the consolidated financial statements).

Notes to the financial statements of the Company

1. Principles of valuation and income determination

General

The Company financial statements are part of the 2013 financial statements of Wessanen.

In accordance with Section 379 and 414, Part 9, of Book 2 of the Dutch Civil Code, a list of consolidated group companies will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

Principles for the measurement of assets and liabilities and the determination of the result

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Wessanen makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Wessanen are the same as those applied for the consolidated financial statements (see note 3 of the consolidated financial statements). The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Financial assets

	31 December 2013	31 December 2012
Balance at beginning of year	**398.9**	448.1
Remeasurement of post employment benefit obligations[1]	**0.3**	(5.0)
Effect of movements in foreign exchange[1]	**(2.3)**	(0.5)
Cash flow hedges[1]	**(0.1)**	0.3
Income from subsidiaries[1]	**10.5**	(44.0)
Balance at year end	**407.3**	398.8

[1] Net of income tax.

Financial assets include investments in subsidiaries.

3. Current assets

	31 December 2013	31 December 2012
Cash and cash equivalents	**0.1**	–
Total current assets	**0.1**	–

4. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 54) and note 21 to the consolidated financial statements. Legal reserves (translation reserve, hedging reserve and other legal reserves) are not available for distribution to the Company's equity holders. If the translation reserve, hedging reserve or other legal reserves have a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance.

As at 31 December 2013, the freely distributable reserves amount to €28.1 (2012: €33.4), before distribution of dividends.

5. Current liabilities

	31 December 2013	31 December 2012
Bank overdrafts	**0.1**	–
Payables to subsidiaries	**300.3**	287.1
Provisions	**1.1**	–
Trade and other payables	**0.5**	1.0
Total current liabilities	**302.0**	288.1

The current liabilities are liabilities that mature within one year.

6. Commitments and contingencies

The Company has assumed liability for debts of participating interests, up to a total of €64 (2012: €61). The related guaranteed debts are included in the consolidated statement of financial position for an amount of €64 (2012: €61).

The Company is part of the fiscal unity of Wessanen. Based on this, the Company is liable for the tax liability of the fiscal unity in the Netherlands as a whole.

The Company has also assumed liability for the Dutch Group companies of which the financial statements have been included in the consolidated financial statements, as provided for in Section 403, sub 1, Part 9, of Book 2 of the Dutch Civil Code. This implies that these Group companies are not required to prepare their financial statements in every respect in accordance with Part 9, of Book 2 of the Dutch Civil Code or to publish these.

7. Remuneration Executive Board and Supervisory Board

For the remuneration of the Executive Board and Supervisory Board reference is made to note 8 to the consolidated financial statements.

8. Principal auditor's remuneration

For the principal auditor's remuneration reference is made to note 29 of the consolidated financial statements.

Amsterdam, 20 February 2014

Supervisory Board
F. van Oers, Chairman
R.K. Kluiber
I.M.C.M. Rietjens
M.M. van Zuijlen

Executive Board
C.P.J. Barnouin, CEO
R.J.J.B. Merckx, CFO

Appropriation of result 2013

The loss for the year 2013 attributable to the equity holders of Wessanen amounted to €0.1 against a loss of €52.6 in 2012. The loss has been charged against retained earnings, respectively the distributable part of shareholders' equity.

Dividend proposal

The dividend policy of Wessanen aims to pay out a dividend between 35-45% of its net result, excluding major non-recurring effects. As the 2013 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of 5 eurocent per share will be proposed during the Annual General Meeting of Shareholders to be held on 16 April 2014.

Subsequent events

In the Extraordinary General Meeting of Shareholders held on 24 January 2014 Mr C.P.J. Barnouin was appointed as member of the Executive Board and Chief Executive Officer per 25 January 2014 and Mr P.H. Merckens stepped down. Also Mr F.H.J. Koffrie stepped down as member of the Supervisory Board directly after this Extraordinary General Meeting of Shareholders.

Independent auditor's report

To: Annual General Meeting of Royal Wessanen

Report on the financial statements

We have audited the accompanying financial statements 2013 of Koninklijke Wessanen nv ('Royal Wessanen' or 'the Company'), Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per 31 December 2013, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as per 31 December 2013, the company income statement for the year then ended, and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal Wessanen as per 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Wessanen as per 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 20 February 2014

Deloitte Accountants B.V.

P.J.M. Peerlings

Additional information
Financial summary 2009 – 2013

2013 and 2012 restated figures and ratios are derived from the 2013 consolidated financial statements. The 2009-2012 figures and ratios are derived from the consolidated financial statements as reported in the respective years, as a result of changes in the reporting / legal structure in 2013, we are unable to restate the years prior to 2012.

Condensed consolidated income statement

In € millions	2013	2012 restated	2012	2011	2010	2009
Continuing operations						
Revenue	**508.5**	520.1	710.8	706.0	712.2	702.5
EBITE	**13.3**	17.5	17.5	23.7	19.8	13.3
Operating profit/(loss)	**11.9**	(30.8)	(45.8)	(19.0)	5.3	(44.4)
Net financing costs	**(1.9)**	(2.2)	(3.8)	(3.5)	(8.3)	(19.9)
Profit/(loss) before income tax	**10.0**	(33.0)	(49.6)	(22.5)	(3.0)	(64.3)
Income tax expense	**(14.5)**	(3.8)	(3.9)	1.5	(0.2)	(69.0)
Profit/(loss) from continuing companies	**(4.5)**	(36.8)	(53.5)	(21.0)	(3.2)	(133.3)
Profit/(loss) from discontinued operations, net of income tax	**4.4**	(16.1)	–	–	(1.8)	(88.3)
Non-controlling interests	**–**	–	0.3	3.9	(1.1)	1.9
Profit/(loss) for the period, attributable to equity holders	**(0.1)**	(52.9)	(53.2)	(17.1)	(6.1)	(219.7)

Condensed consolidated statement of financial position

In € millions	2013	2012 restated	2012	2011	2010	2009
Non-current assets	**118.0**	154.5	154.5	186.8	217.2	226.2
Current assets	**219.7**	183.4	183.4	181.2	175.1	411.7
Current liabilities	**(143.8)**	(125.4)	(125.4)	(130.3)	(137.2)	(214.3)
Invested capital	**193.9**	212.5	212.5	237.7	255.1	423.6
Financed by:						
Total equity	**105.4**	110.8	101.6	166.1	183.8	155.6
Provisions	**7.3**	18.5	18.5	5.8	9.7	8.5
Employee benefits	**4.5**	15.1	24.1	24.0	22.7	21.6
Deferred tax liabilities	**2.7**	3.5	3.7	1.4	1.3	2.6
Non-current interest-bearing loans and borrowings	**64.1**	60.7	60.7	37.4	35.9	5.8
Current interest-bearing loans and borrowings	**9.9**	3.9	3.9	3.0	1.7	229.5

Condensed consolidated statement of cash flows

In € millions	2013	2012 restated	2012	2011	2010	2009
Operating result	**11.9**	(30.8)	(45.8)	(19.0)	5.3	(44.4)
Depreciation and amortisation	**9.9**	9.5	14.0	13.7	13.7	17.0
Impairments	**3.9**	39.4	46.8	39.6	9.0	41.6
Provisions recognised	**4.1**	7.3	16.6	1.9	6.7	7.9
Other non-cash and non-operating items	**0.6**	0.6	0.4	3.7	0.5	0.3
Changes in working capital	**6.6**	(8.1)	(7.6)	(18.8)	3.2	24.0
Payments from provisions	**(7.9)**	(2.5)	(3.2)	(4.1)	(4.4)	(1.8)
Changes in employee benefits	**(1.2)**	(1.9)	(2.4)	(2.1)	(2.0)	(2.2)
Cash generated from operations	**27.9**	13.5	18.8	14.9	32.2	42.4
Interest paid	**(1.7)**	(1.8)	(1.9)	(1.8)	(4.6)	(11.3)
Income tax paid	**(4.5)**	(1.8)	(2.3)	(4.3)	6.7	(19.2)
Operating cash flow from continuing operations	**21.7**	9.9	14.6	8.8	34.3	11.9
Operating cash flow from discontinued operations	**(2.9)**	4.7	-	-	(21.7)	52.6
Net cash from operating activities	**18.8**	14.6	14.6	8.8	12.6	64.5
Net cash from investing activities	**(9.7)**	(23.6)	(23.6)	(10.8)	120.3	(10.9)
Net cash from financing activities	**(3.3)**	12.0	12.0	(0.3)	(168.1)	(37.6)
Net cash flow	**5.8**	3.0	3.0	(2.3)	(35.2)	16.0

Ratios

	2013	2012 restated	2012	2011	2010	2009
EBITE as % of revenue	**2.6%**[1]	3.4%	2.5%	3.4%	2.8%	1.9%
Operating profit as % of revenue	**2.3%**[1]	(5.9%)	(6.4)%	(2.7)%	0.7%	(6.3)%
Net profit as % of revenue	**0.0%**	(10.2%)	(7.5)%	(3.0)%	(0.7)%	(31.5)%
Return on average capital employed (ROCE)	**7.0%**[1]	(15.5%)	(19.1)%	(7.6)%	2.0%	(14.3)%
Total equity as % of invested capital	**54.4%**	52.1%	47.8%	69.9%	72.1%	36.7%
Net debt as % of total equity	**48.1%**	49.5%	54.0%	19.4%	15.7%	112.5%
Leverage ratio	**1.6**	1.7	1.7	0.8	0.9	4.3
Capital expenditure as % of revenue	**1.0%**[1]	1.1%	1.0%	1.9%	2.0%	1.7%

[1] Continuing operations only.

Revenue in € millions

€509m

2009	€703m
2010	€712m
2011	€706m
2012	€711m
2013[1]	**€509m**

1 Continuing operations only.

Operating profit in € millions

€12m

2009	€(44)m
2010	€5m
2011	€(19)m
2012	€(46)m
2013[1]	**€12m**

1 Continuing operations only.

Net profit/(loss)[2] in € millions

€(0.1)m

2009	€(220)m
2010	€(6)m
2011	€(17)m
2012	€(53)m
2013	€(0.1)m

2 Attributable to equity holders of Wessanen.

Total assets in € millions

€338m

2009	€638m
2010	€392m
2011	€368m
2012	€338m
2013	**€338m**

Invested capital in € millions

€194m

2009	€424m
2010	€255m
2011	€238m
2012	€213m
2013	**€194m**

Total equity in € millions

€105m

2009	€156m
2010	€184m
2011	€166m
2012	€102m
2013	**€105m**

Net debt in € millions

€51m

2009	€175m
2010	€29m
2011	€32m
2012	€55m
2013	**€51m**

Cash generated from operations in € millions

€28m

2009	€42m
2010	€32m
2011	€15m
2012	€19m
2013	**€28m**

Net cash flow in € millions

€6m

2009	€16m
2010	€(35)m
2011	€(2)m
2012	€3m
2013	**€6m**

Additional information
Shareholder information

At Wessanen, we are engaged in active dialogue with our shareholders and other stakeholders. Our actions are focused on ensuring clear, timely and simultaneous provision of information to all shareholders.

Investment proposition

Wessanen is a leading company in the European market for healthy and sustainable food. Our focus is on organic, vegetarian and natural ingredients as these are healthier and more sustainable. Where appropriate, we also focus on fair trade sourced food and specific dietary solutions.

Our aspiration is to build an European leader in healthy and sustainable food. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Bjorg, Whole Earth, Zonnatura, Kallø, Alter Eco, De Rit, Allos and Bonneterre and European brands such as Clipper and Tartex.

Next to our healthier and sustainable food businesses, we have one non-core business. US-based ABC is one of the leading producers of single-serve bottled fruit drinks (Little Hug) and ready-to-drink cocktail pouches and non-alcoholic cocktail mixers (Daily's).

"

One hundred years ago – in 1913 – Wessanen was distinguished the title Royal.

Disclosure

All results announcements and press releases are published, in principle, before market opening of NYSE Euronext Amsterdam. All results announcements and all major announcements are accompanied by a conference call and/or meeting for the professional investment community. A simultaneous audio webcast will be freely accessible for all of those interested via our corporate website. Furthermore, all presentations made to groups of investors are published at the same time on this website too. Wessanen adheres to a Disclosure Policy, which is available on our website.

Prevention of misuse of insider information

Wessanen considers the prevention of misuse of insider information essential in the relationship with all stakeholders. The Company has in place an Insider Trading Policy applicable to management. The Company Code prohibits insider trading.

Investor relations

At Wessanen, we are engaged in an active dialogue with our (potential) shareholders. During the year both members of the Executive Board and the VP Corporate Communications had regular contact with investors and analysts. The Company attended broker conferences and hosted roadshows during the year to meet institutional investors in Europe and the United States. In 2014 the Company will continue to attend investor conferences and host roadshows as an integral part of its investor relations policy.

For more information:
www.wessanen.com/corporate-governance/policies-procedures

Capital structure and distribution of shares

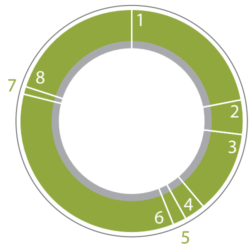
The capital structure consists of one class of stocks, i.e. voting shares with a nominal value of €1.00 per share. All shares outstanding have equal rights and can be traded freely without any restriction. Since these are mainly in bearer form, our analysis of the ownership of Wessanen shares by type of investor and by country of origin is based on data provided by depository banks per January 2014.

Share ownership institutional vs. private estimate %

	2013	2012
Private	**20**	30
Institutional	**60**	45
Unidentified	**20**	25

Share ownership geographical breakdown estimate %

	2013	2012
1 Netherlands	**22**	32
2 Belgium/Luxembourg	**5**	3
3 United Kingdom	**12**	3
4 Nordics	**3**	6
5 Switzerland	**2**	1
6 USA	**35**	29
7 Rest of World	**1**	1
8 Unidentified	**20**	25



Major shareholders

In accordance with the Act on the Disclosure of Influence over Listed Companies (1991) the Company believes it had the following major shareholders as at 20 February 2014:

Delta Partners, LLC	25-30%
Invesco Limited	3-5%
Highclere International Investor	3-5%

Coverage by brokers and banks

During 2013, seven brokers covered Wessanen, all based in the Benelux. Research has been published on an irregular basis, although it has been mainly around the publication of quarterly reporting or a news event. In addition, Wessanen has been included in sector and country reports or when addressing specific themes, such as raw material/input cost movements.

Development of the share price in €

Year	High	Low	Year end	Average daily volume traded
2013	**3.19**	**2.07**	**2.84**	**163,300**
2012	2.97	1.94	2.20	256,800
2011	3.90	2.50	2.83	384,400
2010	4.24	2.43	2.96	414,900
2009	5.20	2.35	4.19	599,100

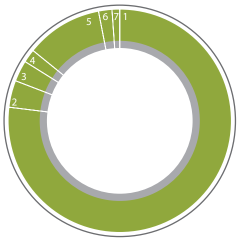
Market capitalisation in € millions

Year	High	Low	Year end	Net debt year end	Enterprise value year end
2013	**242**	**157**	**216**	**51**	**267**
2012	225	147	167	55	222
2011	296	190	215	32	247
2010	319	183	221	29	250
2009	351	158	283	175	458

Volume traded per exchange in 2013

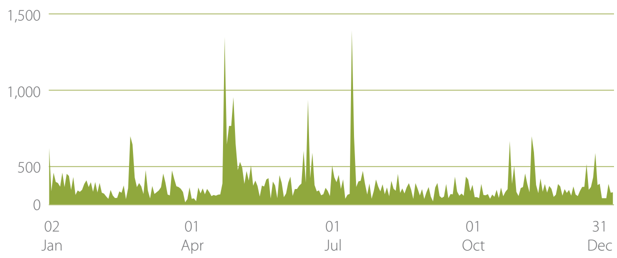
1 Euronext	77%
2 BATS Chi-X	4%
3 Turquoise	3%
4 Other LIT venues	2%
5 Boat xoff (OTC)	11%
6 Other OTC	2%
7 Dark venues	1%

Source: Fidessa Group PLC



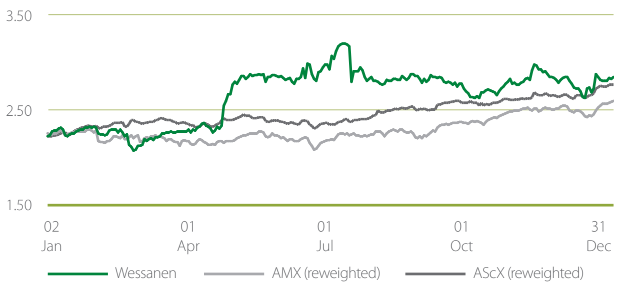
2013 trading volume (at Euronext) in thousands

163,000



Wessanen share price vs. AMX and AScX (reweighted) 2013 in €

€2.84



Wessanen share price 2011 – 2013 in €

Peer group (TSR)

At Wessanen, we use performance shares granted under a Long-Term Incentive Plan which have a three-year horizon with a review date at the end of this period. Wessanen's performance is measured on the basis of its total shareholder return (TSR) in relation to its TSR peers and comprises the aggregate of share price appreciation and dividends over the three-year period.

The measure reflects performance relative to a relevant group of companies (the peer group). The actual reward is determined by the vesting schedule. As a result, performance under the median is not rewarded.

Ranking % vesting of granted shares

1st	150
2nd	125
3rd	125
4th	100
5th	50
6th	0
7th	0
8th	0
9th	0
10th	0

In 2013, the Wessanen peer group consisted of: Bonduelle, Bongrain, Corbion (previously named CSM), Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro. This group best reflects sector-specific competitors and the relevant market and in which the Company competes for shareholder preference. The peer group is reviewed by the Supervisory Board each year.

2013 performance Benelux companies/TSR peers/Dutch indices %

29.3%

Corbion (TSR)	(5.2)
Heineken	(2.8)
Nutreco (TSR)	12.7
Sligro (TSR)	29.7
Unilever	1.5
Wessanen	29.3
AB Inbev	17.5
Bonduelle (TSR)	7.7
Bongrain (TSR)	22.9
Ebro Foods (TSR)	13.6
Fleury Michon (TSR)	32.8
Lotus Bakeries (TSR)	28.6
Premier Foods (TSR)	10.6
AEX	17.2
AMX	17.8
AScX	25.9

Additional information

Key figures[1]

in € millions	2013	2012	2011	2010	2009
Revenue[2]	**508.5**	710.8	706.0	712.2	702.5
EBITE[2]	**13.3**	17.5	23.7	19.8	13.3
Operating result[2]	**11.9**	(45.8)	(19.0)	5.3	(44.4)
Net profit	**(0.1)**	(53.5)	(21.0)	(5.0)	(221.6)
Cash generated from operations	**27.9**	18.8	14.9	32.2	42.4
Invested capital	**193.9**	212.5	237.7	255.1	423.6
Total equity	**105.4**	101.6	166.1	183.8	155.6
Net debt	**50.7**	54.9	32.2	28.8	175.0

[1] As reported in respective years.
[2] Continuing operations only.

Key ratios[1]

	2013	2012	2011	2010	2009
Leverage ratio	**1.6**	1.7	0.8	0.9	4.3
Return on average capital employed	**7.0%[2]**	(19.1)%	(7.6)%	2.0%	(14.3)%
Total equity as % of invested capital	**54.4%**	47.8%	69.9%	72.1%	36.7%
Dividend yield	**1.8%**	2.3%	2.8%	1.7%	0.0%
Dividend pay-out ratio	**42%**	40%	40%	39%	–
EV to sales	**0.53**	0.31	0.35	0.35	0.65

[1] As reported in respective years.
[2] Continuing operations only.

Per share data[1]

in €	2013	2012	2011	2010	2009
Revenue	**6.72[2]**	9.39	9.37	9.73	10.39
EBITE	**0.18[2]**	0.23	0.31	0.27	0.20
Operating profit	**0.16[2]**	(0.61)	(0.25)	0.07	(0.66)
Net profit	**0.00**	(0.71)	(0.28)	(0.07)	(3.28)
Dividend	**0.05**	0.05	0.08	0.05	–
Invested capital	**2.56**	2.81	3.15	3.48	6.27
Total equity	**1.39**	1.34	2.20	2.51	2.30
Net debt	**0.67**	0.73	0.43	0.39	2.59

[1] As reported in respective years.
[2] Continuing operations only.

For more information visit us on
www.wessanen.com

Or join us on Twitter
@royalwessanen

Cash flow per share[1]

in €	2013	2012	2011	2010	2009
Cash generated from operations	**0.37**	0.25	0.20	0.44	0.63
Net cash from operating activities	**0.25**	0.19	0.12	0.17	0.95
Net cash from investing activities	**(0.13)**	(0.31)	(0.14)	1.64	(0.16)
Net cash from financing activities	**(0.04)**	0.16	0.00	(2.30)	(0.56)
Net cash flow	**0.08**	0.04	(0.03)	(0.48)	0.24

[1] As reported in respective years.

Dividend policy

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

The proposed dividend for a financial year must be approved by the AGM, which is usually held in April of the following financial year.

Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy.

Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

2013 dividend proposal

As the 2013 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.05 per share will be proposed to the Annual General Meeting of Shareholders. This represents a pay out of 41.5% of the net result excluding major non-recurring effects.

2014 dividend timetable

19 March	Record date
16 April	Annual General Meeting of Shareholders
22 April	Ex-dividend date
24 April	Dividend record date
30 April	Payment date

Key dates

2014	
25 April	Q1 trading update
25 July	Q2 results/semi-annual report
24 October	Q3 trading update
2015	
20 February	Q4/full year results
27 February	Publication Annual Report (online)
16 April	Annual General Meeting of Shareholders

Corporate communications and investor relations

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Den Bosch
The Netherlands
frankvandelft.com

Printing
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Ouderkerk a/d Amstel
The Netherlands
aeroprint.nl

MIX
Paper from responsible sources
FSC® C109580

100% ecological ink

Cautionary statement regarding forward-looking statements
This Annual Report may contain forward-looking statements. These are defined as statements not being historical facts. Forward-looking statements include (but are not limited to) statements expressing or implying Royal Wessanen's beliefs, expectations, intentions, forecasts, estimates or predictions (and the underlying assumptions). Forward-looking statements necessarily involve uncertainties and risks. The actual results or situations may therefore differ materially from those expressed or implied in any forward-looking statements. Those differences may be caused by various factors, including but not limited to, macro-economic developments, regulator and legal changes, market developments, competitive behaviour, currency developments, the ability to retain key employees, and unexpected changes in the operational environment. Additional factors that could cause actual results or situations to differ materially include, but are not limited to, those disclosed under 'risk factors'. Any forward-looking statements in this Annual Report are based on information available to the management on 20 February 2014. Royal Wessanen assumes no obligations to publicly update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise, other than as required by law or regulation.

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