Annual Accounts 2010

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ROYAL COSUN

Consolidated balance sheet

(after profit appropriation; in EUR million)

	Notes	**31-12-2010**	31-12-2009
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	151.9	172.5
Tangible fixed assets	(2)	512.0	574.1
Financial fixed assets	(3)	44.9	52.5*
		708.8	799.1*
Current assets			
Inventories	(4)	448.1	430.5*
Trade and other receivables	(5)	320.4	238.4*
Cash and cash equivalents	(6)	75.6	76.3
		844.1	745.2*
Total assets		1,552.9	1,544.3*
EQUITY AND LIABILITIES			
Group equity			
Capital and reserves	(7)	788.6	718.8*
Minority interests	(8)	18.4	20.6
		807.0	739.4*
Provisions	(9)	91.5	92.4*
Non-current liabilities	(10)	200.2	206.2
Current liabilities	(11)		
Current liabilities to credit institutions and liabilities of a financing nature		16.3	104.5
Other liabilities, accruals and deferrals		437.9	401.8
		454.2	506.3
Total equity and liabilities		1,552.9	1,544.3*

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

Consolidated profit and loss account

(in EUR million)

For the financial year	*Notes*	**2010**	2009
Net turnover	(14)	1,765.7	1,757.9
Changes in inventories of finished products		11.7	-/- 20.5
Other operating income	(15)	84.7	26.0
Total operating income		1,862.1	1,763.4
EU levies	(16)	10.0	86.1
Cost of raw materials and consumables	(17)	1,079.6	1,004.5
Cost of outsourced work and other external costs	(18)	283.3	268.0
Staff costs	(19)	217.7	223.8*
Amortisation and depreciation on intangible and tangible fixed assets		86.8	86.3
Other changes in the value of intangible and tangible fixed assets	(20)	9.8	2.9
Other operating expenses		17.5	15.3
Total operating expenses		1,704.7	1,686.9*
Operating profit		157.4	76.5*
Interest receivable and similar income		5.6	4.7
Interest payable and similar charges		-/- 15.2	-/- 19.1
Financial income and expense	(21)	-/- 9.6	-/- 14.4
Result from ordinary activities before taxation		147.8	62.1*
Taxation	(22)	-/- 37.6	-/- 13.6*
Share in results from participating interests		-/- 0.1	0.2
Result from ordinary activities after taxation		110.1	48.7*
Minority interests		-/- 0.7	-/- 1.9
Net result		109.4	46.8*

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

Consolidated cash flow statement

(in EUR million)

	2010	2009
Operating profit	157.4	76.5*
Depreciation and amortisation	86.8	86.3
Other value adjustments	9.8	2.9
Changes in provisions	-/- 9.5	-/- 57.1
Result on the sale of participating interests and tangible fixed assets	-/- 70.7	-/- 5.8
Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	-/- 66.5	118.5*
Cash flow from business operations	107.3	221.3
Interest paid	-/- 9.3	-/- 13.5
Income tax paid/received	-/- 29.0	17.5
Other movements	1.6	-/- 0.3
	-/- 36.7	3.7
Cash flow from operating activities	70.6	225.0
Investments in (in)tangible fixed assets	-/- 58.6	-/- 46.5
Proceeds from the sale of tangible fixed assets	114.6	7.3
Acquisitions of participating interests	-	-/- 66.4
Dividend paid to minority interests	-/- 3.2	-
Cash flow from investing activities	52.8	-/- 105.6
Shares issued/redeemed and premium	-/- 0.2	-/- 0.2
Distribution on shares	-/- 24.4	-/- 0.7
Gross distribution arising from the Sugar Beet Delivery Payment Regulations	-/- 3.1	-/- 5.8
Decrease/increase in long-term receivables	-/- 5.8	55.6
Decrease in non-current liabilities	-/- 2.5	-/- 5.1
Decrease in current liabilities to credit institutions and liabilities of a financing nature	-/- 88.1	-/- 176.5
Cash flow from financing activities	-/- 124.1	-/- 132.7
Changes in cash and cash equivalents	-/- 0.7	-/- 13.3
Cash and cash equivalents at the beginning of the year	76.3	88.8
Cash and cash equivalents at participating interests acquired	-	1.1
Cash and cash equivalents at divested participating interests	-	-/- 0.3
Cash and cash equivalents at the end of the year	75.6	76.3

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

Notes to the consolidated annual accounts

(in EUR million)

GENERAL

Koninklijke Coöperatie Cosun U.A. (hereinafter: 'Cosun'), with its registered office in Breda, the Netherlands, processes and prepares raw materials, mostly from agricultural sources, producing semi-manufactures for the international food and beverage industry and the food service industry (restaurants, caterers and wholesalers), and finished products that are sold to costumers through retail outlets. The group also processes organic residuals into products such as bio-ethanol and animal feed.

The activities are organised in four groups:
- Basic ingredients, such as sugar and inulin (Suiker Unie and Sensus).
- Alcohol and bio-ethanol (Nedalco and Anklam bio-ethanol).
- Potato products, such as chilled, frozen and dried potato products and a range of other prepared potato specialities (Aviko), including process-related products.
- Compound ingredients, including fine bakery specialties, blends, and fruit and vegetable applications (Unifine Food & Bake Ingredients and SVZ).

APPLICABLE STANDARDS

The annual accounts have been prepared in accordance with the legal requirements as set out in Title 9, Book 2 of the Netherlands Civil Code. For the cooperative profit and loss account, Cosun has availed itself of the exemption available under Section 402, Book 2 of the Netherlands Civil Code.

COMPARATIVE FIGURES

As of 2010 Cosun records pensions based on the liabilities approach in accordance with the Dutch Guideline "Richtlijn voor Jaarverslaggeving 271.3" ('RJ 271.3') and not anymore on a risk approach. In this new approach pension premiums paid to the pension fund are recognised as charges in the profit and loss account. The difference between the calculated liability for pensions and other employee benefits based on the revised RJ 271.3 guideline and the liability based on previously applied accounting principles, has been recorded as a change in accounting policy.

Effect on profit and loss account:

	Financial Statements 2009	Effect change in accounting policy RJ 271.3 Pensions	Comparative figures 2009
Personnel expenses	206.9	16.9	223.8
Operating profit	93.4	-/- 16.9	76.5
Taxation on result from ordinary activities	-/- 17.9	4.3	-/- 13.6
Net result	59.4	-/- 12.6	46.8

Effect on the balance sheet:

	Financial Statements 2009	Effect change in accounting policy RJ 271.3 Pensions	Comparative figures 2009
Financial fixed assets	54.8	-/- 2.3	52.5
Trade and other receivables	258.9	-/- 20.5	238.4
Inventories	428.6	1.9	430.5
Provisions	99.7	-/- 7.3	92.4
Amount processed through capital and reserves	732.4	-/- 13.6	718.8

CHANGE IN ACCOUNTING POLICY WITH RESPECT TO PENSIONS

Until 1 January 2010, the recognition and measurement of pension plans was based on their characteristics and risks. For plans that only obliged the company to pay agreed amounts to the pension fund, so-called defined contribution plans, the pension charge to be accounted for during the reporting period was equal to the pension contribution payable over the period. For other plans, so-called defined benefit plans, the net commitment with respect to the plan was determined by estimating the pension benefits accrued by employees in exchange for their services during the reporting period and prior periods. These pension benefits were discounted to determine their present value, and the current value of the plan's assets was deducted from this amount. The calculation was performed using the projected unit credit method.
In 2009, the Raad voor de Jaarverslaggeving published revised Guideline 271.3 Employee Benefits – Pensions. As of 1 January 2010, application of the revised standard is mandatory, resulting in a change in accounting policy. Under the new standard, the pension costs to be recognised for all pension plans are in principle equal to the payable pension contributions, unless there are additional commitments as at balance sheet date.
The change in accounting policy had a negative impact of EUR 13.6 million on the net assets as at 1 January 2010. This is connected with the release from the pension asset that had to be included in accordance with the old accounting policy (recorded under receivables and accrued income), release from the provision for pension commitments and release of deferred tax (recorded under financial fixed assets and provisions). Capitalised employee costs in the inventories increased due to increased pension costs in 2009. The comparative figures in the profit and loss account 2009 have been adjusted as a consequence of the new accounting policy. Consequently, the net result presented for 2009 is EUR 12.6 million higher than originally shown in the 2009 financial statements.

CONSOLIDATION PRINCIPLES

The consolidated annual accounts include the financial data of Cosun and its group companies and other companies controlled by the company. Group companies acquired during the year under review are included as from the date at which direct or indirect influence can be exercised on the business and financial policy. The results of group companies sold are incorporated up to the time the overriding control ended. Intercompany payables, receivables and transactions, as well as profits already recognised on these within Cosun but not yet realised, are eliminated in the consolidated annual accounts. The group companies are consolidated in full with the third-party minority interest being presented separately. Joint ventures are consolidated proportionally. In accordance with Articles 379 and 414, Book 2 of the Netherlands Civil Code, a list of data on group companies and other participating interests has been filed with the Chamber of Commerce for the Southwest Netherlands.

ACQUISITIONS AND INVESTMENTS

During 2010 the following acquisition took place: as at 1 December 2010 Aviko Potato B.V. acquired the trading activities in potato's from Agrico Coöperatieve Handelsvereniging voor Akkerbouwgewassen U.A. No other acquisitions and divestments took place.

During 2009 Cosun performed the following acquisitions en divestments:
- On 1 March 2009, Aviko acquired the remaining shares of Investmentaktiebolaget Algen AB.
- On 2 March 2009, Suiker Unie acquired Danisco Sugar GmbH, the sugar- and bioethanol factory in Anklam (North Germany).
- On 4 March 2009, Cosun sold its majority interest in Sisterna to the Japanese company Dai-Ichi Kogyo Seiyaku CO Ltd.
- On 23 April 2009, Aviko acquired part of the shares of the Spanish potato- and specialities company Eurofrits, S.A.
- On 30 June 2009, Nedalco acquired the remaining shares of the joint-venture Brüggemann Alcohol GmbH & Co. KG.
- On 24 September 2009, Aviko sold the potato trader N.V. Seru & Annoot.
- On 3 November 2009, Aviko sold Desertenne Rungis SARL.

ACCOUNTING POLICIES

GENERAL

The accounting policies adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention. Insofar as not stated otherwise, assets and liabilities are shown at nominal value. An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is included in the balance sheet if it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

POLICIES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency and the functional currency of the annual accounts of Cosun is the euro (EUR). The costs and income arising from transactions in foreign currencies and non-monetary balance sheet items or monetary receivables and payables are translated at the exchange rate applicable on the transaction date or balance sheet date respectively. Translation gains and losses are taken to the profit and loss account. Foreign currency balance sheet items of foreign participating interests are all translated at the exchange rate applicable on balance sheet date. Foreign currency profit and loss account items of foreign participating interests are translated at the exchange rate applicable on transaction date. Translation gains and losses are taken directly to the statutory reserve for exchange rate differences as part of Cosun's group equity, less tax effects if applicable. Translation gains and losses on long-term financing and financial instruments used to hedge exchange rate risks arising from foreign participating interests are treated accordingly.

FINANCIAL INSTRUMENTS

Financial instruments include loans granted, trade and other receivables, cash items, loans and other financing commitments, trade and other payables and derivative financial instruments. Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. Financial instruments embedded in contracts are recognised in accordance with the host contract.

LOANS GRANTED AND TRADE AND OTHER RECEIVABLES

Loans granted and trade and other receivables are carried at amortised cost using the effective interest method, less impairment losses. The effective interest method is used to recognise transaction costs in the profit and loss account as part of the effective interest.

LOANS AND OTHER FINANCIAL OBLIGATIONS

Loans and other financial obligations are carried at amortised cost using the effective interest method. The effective interest method is used to recognise transaction costs in the profit and loss account as part of the effective interest.

DERIVATIVE FINANCIAL INSTRUMENTS

Cosun uses derivative financial instruments to hedge the exchange and interest rate risks arising from primary financial instruments.

Cosun also uses derivative financial instruments to hedge the exchange rate risks arising from future sales and purchases in non-local functional currencies. Forward exchange contracts, interest rate swaps and other derivative financial instruments are used to hedge exchange rate and interest rate risks.

HEDGE ACCOUNTING

Currency derivatives

Cosun applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the forward foreign exchange contract and the future transaction in the profit and loss account. The application of cost price hedge accounting leads to the following exception to the above-mentioned accounting policies and accounting treatment for financial instruments. As long as the forward exchange contract concerns the expected future transaction, the forward exchange contract will not be revalued. As soon as the hedged position of the expected transaction leads to the recognition of a financial asset or financial liability, the gains or losses associated with the forward foreign exchange contract are recognised in the profit or loss account in same period in which the asset or liability affects the profit or loss. The results from the non-effective part of the hedge relationship are included in the profit and loss account. If a forward exchange contract no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative profit or loss that has not been included in the profit and loss account is recognised as deferred income/ liability on the balance sheet until the expected transaction has taken place. Should the transaction no longer be expected to take place, the accumulated profit or the accumulated loss is reclassified to the profit and loss account.

Energy swaps

Cosun applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the energy swap and the hedged future transaction in the profit and loss account. The application of cost price hedge accounting leads to the following exception to the above mentioned accounting policies and accounting treatment for financial instruments. As long as the energy swap is related to an expected transaction, the swap contract is not being recognised. As soon as the hedged position of the expected transaction leads to the recognition of a financial asset or financial liability, the gains or losses associated with the energy swap are recognised in the profit or loss account in same period in which the asset or liability affects the profit or loss.

The results from the non-effective part of the hedge relationship are included in the profit and loss account. If an energy swap no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative profit or loss that has not been included in the profit and loss account is recognised as deferred income/ liability on the balance sheet until the expected transaction has taken place. Should the transaction no longer be expected to take place, the accumulated profit or the accumulated loss is reclassified to the profit and loss account.

Interest rate swap

Interest income and expense from interest rate swaps is determined on a straight-line basis. Unsettled interest income and expense is presented under receivables and accrued income and current liabilities and accruals respectively. If an interest rate swap no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative profit or loss that has not been included in the profit and loss account is recognised as accruals and deferrals on the balance sheet until the expected transaction has taken place. Should the transaction no longer be expected to take place, the accumulated profit or the accumulated loss is reclassified to the profit and loss account.

Forward commodity transactions

Forward commodity contracts with a listed underlying asset are carried at fair value provided no actual deliveries are associated with these contracts and/or no net cash payment takes place.

INTANGIBLE FIXED ASSETS

Goodwill is the excess of the purchase price and the fair value of the identifiable assets and liabilities of the acquired participating interest at the date of acquisition. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable at the moment of acquisition. The capitalised goodwill is amortised according to the straight-line method over the estimated useful life, determined at a maximum period of 20 years.

Other intangible fixed assets are carried at cost net of accumulated depreciation and other downward value adjustments.

TANGIBLE FIXED ASSETS

Land and buildings, machinery and equipment, other tangible fixed assets, tangible fixed assets in production and prepayments are stated at cost of purchase or manufacture, less accumulated depreciation and other downward value adjustments. Grants and subsidies are deducted from the cost of purchase or manufacture of the asset in question.

Depreciation is calculated as a percentage of the cost of acquisition or manufacture according to the straight-line method on the basis of useful life. Land, tangible fixed assets in production and prepayments on tangible fixed assets are not depreciated. Maintenance expenditure is only capitalised if it extends the useful life of the asset.

FINANCIAL FIXED ASSETS

Participating interests where significant influence can be exercised over the business and financial policy are stated on the basis of net asset value. Cosun's accounting policies are applied to determine their net asset value. Participating interests in which no significant influence is exercised are valued at the lower of cost and sustainable realisable value.

Deferred tax assets, including from offsettable tax losses, are stated insofar as it is deemed probable that these will be realised in future and are calculated on the basis of the tax rate applicable at the time at which these are expected to be realised.

Other receivables are carried at amortised cost, less a provision deemed necessary for uncollectability.

IMPAIRMENT OR VALUE ADJUSTMENT OF FIXED ASSETS

Cosun recognises intangible, tangible and financial fixed assets in accordance with accounting policies generally accepted for financial reporting in the Netherlands. Pursuant to these policies, assets with a long life should be subject to an impairment test in the case of changes or circumstances arising that lead to the suspicion that the book value of the asset will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the future net cash flow that the asset is expected to generate. In the case of a higher book value, the difference is charged to the result. Assets for sale are stated at book value or lower market value, less selling costs.

INVENTORIES

Raw materials and consumables are carried at the lower of cost in accordance with the FIFO ('first in, first out') method and market value. Finished products are valued on the basis of cost of manufacture, including the purchase costs of used raw materials and consumables and the other costs directly attributable to manufacture. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture. Goods for resale are valued at cost. Cost includes the purchase price plus additional related costs. When valuing inventories, account is taken of any value adjustment occurring on the balance sheet date.

RECEIVABLES

Receivables are carried at amortised cost, less a provision deemed necessary for uncollectability. Provisions are determined on the basis of individual assessment of the collectability of receivables.

MINORITY INTERESTS

The third-party minority interests are valued at the third parties' share of the net asset value, which is determined in accordance with the accounting policies of the entity in question.

PROVISION FOR DEFERRED TAX LIABILITIES

Insofar as valuations for tax purposes differ from the policies described in this section, and these result in deferred tax liabilities, a provision is formed for these liabilities, calculated according to the tax rate applicable at the time when they are expected to be realised.

PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS

In 2010 Cosun implemented a change in the accounting policies for pensions. As of 2010 defined contribution plans and defined benefit plans are accounted for in the same manner. In both cases pension premiums paid to the pension fund are recorded in the profit and loss account.

In case of additional liabilities with regard to post-employment benefits to the pension fund or employees a provision is recorded.

Provisions are recorded for other employee benefits (e.g. jubilee payments).

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the employees and other (explicit or implicit) commitments to employees. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.
For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the company has the power to withdraw this surplus, if it is likely that the surplus will flow to the company and if the receivable can be reliably determined.

Foreign pension plans
Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members) are recognised and measured in accordance with Dutch pension plans.
For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date. This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

NEGATIVE GOODWILL
Given its long-term nature, negative goodwill is presented as a non-current liability. The negative goodwill is recognised in the profit and loss account in proportion to the weighted average of the remaining useful life of the acquired depreciable assets.

DETERMINATION OF THE RESULT
Net turnover concerns the income from goods and services delivered to third parties, less discounts awarded and turnover tax. Turnover is only accounted for if there is reasonable assurance that future benefit will be accrued by the business and that such benefit can be estimated reliably. Income is recognised when the significant risks and rewards of ownership have been transferred to the buyer, receipt of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably.

The share in the result of participating interests represents Cosun's share in the result of these participating interests.

Taxation on the result comprises both taxes payable in the short term and deferred taxes, taking account of tax facilities and nondeductible costs. No taxes are deducted from profits if and insofar as these can be offset against losses from previous years and a deferred tax asset had not been recognised. Taxes are deducted from losses if these can be offset against profits in previous years. In addition, taxes will be deducted if and insofar as it may be reasonably expected that losses can be offset against future profits.

FAIR VALUE
Fair value represents the amount for which an asset is traded or an obligation settled between properly informed independent parties prepared to enter into a transaction.

THE USE OF ESTIMATES
During the preparation of the annual accounts, the management must, in accordance with the general prevailing policies, make certain estimates and assumptions that co-determine the stated amounts. The actual results may deviate from these estimates.

CASH FLOW STATEMENT
The cash flow statement has been prepared using the indirect method. The amounts in the cash flow statement comprise cash and cash equivalents. Cash flows denominated in foreign currencies have been translated into euros at average exchange rates. The cost of group companies acquired and the selling price of group companies disposed of are included in cash flow from investing activities.

(1) INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets were as follows:

	Goodwill	Other intangible fixed assets	Total
Book value as at 1 January 2010	169.2	3.3	172.5
Movements:			
- Investments	-	1.2	1.2
- Divestments	-/- 4.3	-/- 0.2	-/- 4.5
- Amortisation	-/- 11.7	-/- 2.4	-/- 14.1
- Other value adjustments	-/- 3.2	-	-/- 3.2
- Transfer	-/- 0.3	0.3	-
BOOK VALUE AS AT 31 DECEMBER 2010	**149.7**	**2.2**	**151.9**
Accumulated amortisation and other value adjustments as at 1 January 2010	78.8	17.5	96.3
Accumulated amortisation and other value adjustments as at 31 December 2010	94.8	19.6	114.4

GOODWILL

Goodwill paid upon acquisitions with a strategic nature is amortised over a maximum period of 20 years.

OTHER INTANGIBLE FIXED ASSETS

The other items under intangible assets, including software and licensing expenses, are amortised over a period of three to five years. Cosun has received 'free' CO_2 emission rights. The rights surplus at year-end is not valued.

(2) TANGIBLE FIXED ASSETS

Movements in tangible fixed assets were as follows:

	Land and buildings	Machinery and equipment	Other tangible fixed assets	Prepay-ments and in production	Not used for operations	Total
Book value as at 1 January 2010	158.5	386.1	14.1	3.6	11.8	574.1
Movements:						
- Investments	6.4	45.8	2.5	2.6	0.1	57.4
- Divestments	-/- 9.9	-/- 27.1	-/- 1.4	-/- 0.8	-/- 0.1	-/- 39.3
- Depreciation	-/- 10.4	-/- 61.1	-/- 4.7	-	-	-/- 76.2
- Other value adjustments	-	-/- 6.6	-	-	-	-/- 6.6
- Transfer	1.2	0.9	-/- 0.1	-/- 2.0	-	-
- Exchange differences	1.1	1.4	0.1	-	-	2.6
- Other movements	-	-/- 0.2	0.3	-/- 0.1	-	-
BOOK VALUE AS AT 31 DECEMBER 2010	**146.9**	**339.2**	**10.8**	**3.3**	**11.8**	**512.0**
Accumulated depreciation and other value adjustments as at 1 January 2010	174.4	554.2	59.5	-	1.9	790.0
Accumulated depreciation and other value adjustments as at 31 December 2010	182.7	559.5	52.4	-	1.9	796.5

The expected useful life and associated depreciation period is 10 to 40 years for the buildings, 10 to 20 years for the machinery and equipment and four years on average for the other tangible fixed assets. The insured value of the buildings, machinery, equipment and inventories is approximately EUR 2.5 billion (2009: EUR 2.5 billion).

(3) FINANCIAL FIXED ASSETS

Movements in financial fixed assets were as follows:

	Participating interests	Receivables from participating interests	Receivables from members	Deferred tax assets	Other receivables	Total
Balance as at 31 December 2009	4.2	1.6	14.8	22.6	11.6	54.8
Change in accounting policy RJ 271	-	-	-	-/- 2.3	-	-/- 2.3
Balance as at 1 January 2010	4.2	1.6	14.8	20.3	11.6	52.5
Movements:						
- Investments and issuances	-	0.1	0.1	3.4	9.0	12.6
- Repayments and releases	-	-/- 0.3	-	-/- 2.5	-/- 3.2	-/- 6.0
- Revaluation charged to the result	-	-	-/- 1.4	-/- 2.1	-	-/- 3.5
- Reclassification to short term assets	-	-	-/- 2.7	-	-/- 7.9	-/- 10.6
- Share in results of participating interests and dividend received	-/- 0.1	-	-	-	-	-/- 0.1
BALANCE AS AT 31 DECEMBER 2010	**4.1**	**1.4**	**10.8**	**19.1**	**9.5**	**44.9**

PARTICIPATING INTERESTS

The participating interests relate, among other, to the non-consolidated interest in Eemshaven Sugar Terminal C.V., in Aviko Kloosterboer Verpakkingen B.V. and in the Spanish potato specialities company Eurofrits, S.A. As no significant control can be exercised on these interests, they are stated at the lower of cost of acquisition and value.

RECEIVABLES FROM MEMBERS

The non-interest-bearing receivables from members (EUR 10.8 million) relate to the long-term portion of amounts still to be deposited for issued shares (2009: EUR 14.8 million).

DEFERRED TAX ASSETS

The deferred tax assets item relates to the recognised available tax loss carry-forwards and temporary differences in the fiscal and commercial valuations. It is expected that EUR 4.8 million (2009: EUR 3.7 million) of this receivable will be recovered within one year.

The tax loss carry-forwards, insofar as they are not included in the balance sheet under deferred tax assets, amounts to EUR 33.5 million gross (2009: EUR 26.8 million).

OTHER RECEIVABLES

In 2010 Cosun Spaarfonds has been liquidated. The outstanding deposits have been acquired by Cosun at market value and are recorded in other receivables.

(4) INVENTORIES

	31-12-2010	31-12-2009
Raw materials and consumables	60.0	56.6
Finished products and goods for resale	388.1	373.9*
	448.1	**430.5***

Of the inventories, EUR 4.4 million (2009: EUR 7.4 million) is stated at lower market value. The provision for obsolete inventories amounts to EUR 9.1 million (2009: EUR 8.3 million).

(5) TRADE AND OTHER RECEIVABLES

	31-12-2010	31-12-2009
Trade accounts receivable	201.6	181.5
Receivables from participating interests	1.8	-
Receivables from members	2.7	0.7
Income tax receivable	0.9	0.8
Other tax receivables	28.3	26.0
Other receivables, prepayments and accrued income	85.1	29.4*
	320.4	**238.4***

The other receivables and accrued income contain an amount of EUR 57.0 million relating to the sale of land by Nedalco to the community Bergen op Zoom. The community Bergen op Zoom has requested the European Commission to start an investigation to unlawful state aid. Cosun believes that there is no unlawful state aid and that the receivable can be completely collected.
For possible claims after the sale of Advanta B.V. in 2004 Cosun and the selling joint venture partner AstraZeneca Holdings B.V. committed to a mutual liability. In this case an interest bearing non free disposal escrow of EUR 7.9 million is recorded under the other receivables (2009 under long term receivables: EUR 10.0 million). This account is expected to be settled in 2011.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

(6) CASH AND CASH EQUIVALENTS

An amount of EUR 28.6 million (2009: EUR 27.8 million) is not available on demand. This mainly relates to the blocked deposits regarding the received restructuring aid at Tovarna Sladkorja Ormoz d.d. in liquidation.

(7) CAPITAL AND RESERVES

For a breakdown of capital and reserves, please refer to the notes to the cooperative annual accounts.

As a result of Guideline 620 of the Dutch Accounting Standards Board, the part (2%) of the paid-up capital that is payable on demand of the members needs to be presented as liability in the consolidated annual accounts. This Guideline only applies to the consolidated accounts. As a result the consolidated equity differs from the equity in the cooperative annual accounts.

	31-12-2010	31-12-2009
Consolidated capital and reserves	788.6	718.8*
Impact RJ 620	1.2	1.2
Cooperative Capital and reserves	789.8	720.0*

The consolidated statement of total recognised gains and losses is as follows:

	2010	2009
NET RESULT	109.4	46.8*
Translation differences on foreign participating interests	-	-/- 0.1
TOTAL RESULT RECOGNISED BY COSUN	109.4	46.7*

(8) MINORITY INTERESTS

	2010	2009
Balance as at 1 January	20.6	22.4
Movements:		
- Share in results	0.7	1.9
- Capital contributions and change in consolidation	0.1	-/- 1.8
- Dividend paid to minority interests and liquidation distributions	-/- 3.2	-/- 1.8
- Exchange differences and other movements	0.2	-/- 0.1
BALANCE AS AT 31 DECEMBER	18.4	20.6

The minority interests consist largely of third-party shares in the Slovenian sugar factory Tovarna Sladkorja Ormoz d.d. in liquidation, the potato-processing factory Gansu Aviko Potato Processing Co. Ltd. and the trading company Limako B.V.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

(9) PROVISIONS

	31-12-2010	31-12-2009
Deferred tax liabilities	39.9	31.1*
Restructuring and reorganisation	10.3	18.4*
Pensions and other deferred employee benefits	13.0	11.1*
Other provisions	28.3	31.8
	91.5	**92.4***

Of the provisions EUR 75.5 million (2009: EUR 63.3* million) is long term in nature.

Movements in provisions other than the provision for pensions and other deferred employee benefits were as follows:

	Deferred tax liabilities	Restructuring and reorganisation	Pensions and other deferred employee benefits	Other provisions	Total
Balance as at 31 December 2009	38.1	12.1	17.7	31.8	99.7
Change in accounting policy RJ 271	-/- 7.0	6.3	-/- 6.6	-	-/- 7.3
Balance as at 1 January 2010	31.1	18.4	11.1	31.8	92.4
Movements:					
- Additions	19.0	1.5	2.9	7.2	30.6
- Withdrawals	-/- 7.9	-/- 6.0	-/- 0.9	-/- 10.3	-/- 25.1
- Release to profit and loss account	-/- 2.3	-/- 1.2	-/- 0.5	-/- 2.4	-/- 6.4
- Transfer	-	-/- 2.4	0.4	2.0	-
BALANCE AS AT 31 DECEMBER 2010	**39.9**	**10.3**	**13.0**	**28.3**	**91.5**

DEFERRED TAX LIABILITIES
The provision for deferred tax liabilities comprises the tax effect of the temporary differences between the commercial and the fiscal profit determination.

RESTRUCTURING AND REORGANISATION
The provision for restructuring and reorganisation relates to distributions and other expenses as a result of announced reorganisations and reorganisations commenced before the balance sheet date. A significant amount of the provisions relate to the closing of the sugar factory in Groningen and the reorganisation of Nedalco.

OTHER PROVISIONS
Other provisions amounting to EUR 2.8 million (2009: EUR 1.8 million) have been formed in respect of contract risks, claims and fines. Other provisions amounting to EUR 25.5 million (2009: EUR 30.0 million) have been formed for environmental risk, obligations related to the dismantling of assets and other risks.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS

Several pension plans and other deferred employee benefits apply within Cosun. The life-long pension plans for the employees of Cosun Holding and for the employees of the business groups Suiker Unie, Sensus, Nedalco and Aviko are administered separately by the business groups' own pension funds.

Company pension fund	Estimated coverage as at 31-12-2010	Basic features pension system
Pension fund Cosun	123.0	Final pay pension plan
Pension fund Suiker 2007	137.5	Final and average pay pension plan
Pension fund Aviko	106.5	Average pay pension plan
Pension fund Nedalco	95.2	Conditional final pay pension plan and average pay plan

The company pension funds have a conditional indexation for inactives. The Nedalco pension fund prepared a recovery plan in 2009. The maximum additional payment for the employer is EUR 0.8 million due in the period 2011-2013 spread over these years.

Several other pension plans, including the transitional early retirement plans at Cosun Holding and Suiker Unie are administered by insurance companies. A number of schemes have also been implemented within an industrial-sector pension fund or own management (long-service award and mortality schemes) by the company concerned. In the implementation of these various schemes, local legal frameworks are taken into account and the regulations are carried out as described in the terms and conditions of employment.

The main actuarial assumptions were:

	2010	2009
Discount rate	4.0 - 4.75 %	6.0 %
Future salary increases	2.0 %	2.0 %

The mortality table used was the forecast for 2010-2060 of the Actuarieel Genootschap [Actuarial Association], corrected for income class High-Middle.

(10) NON-CURRENT LIABILITIES

	31-12-2010	**Effective interest rate**	31-12-2009	Effective interest rate
Debts to credit institutions	4.4	4.4 %	6.8	5.8 %
Debts to institutional investors	147.9	5.0 %	141.9	5.0 %
Long-term derivatives	23.7	-	29.7	-
Negative goodwill	24.2	-	27.8	-
	200.2		206.2	

DEBTS TO CREDIT INSTITUTIONS

The non-current debts to credit institutions have a residual term of between one and five years. EUR 3.6 million (2009: EUR 3.6 million) carries variable interest.

DEBTS TO INSTITUTIONAL INVESTORS

Amounts owed to institutional investors consist entirely of loans placed with Dutch, UK and US financial parties with a lump-sum repayment in the years 2013, 2015 and 2018 and financial instruments to mitigate the entire exchange rate risk for both the principal and interest payments. The loans are denominated partly in euros (EUR 56.0 million) and partly in US dollars (USD 123.0 million). Loans with a residual term of one to five years amount to EUR 133.9 million (2009: EUR 72.5 million). Financing is provided based on certain financial conditions agreed by the parties. All of these conditions are met.

LONG-TERM DERIVATIVES

Long-term derivatives include currency and interest rate swaps to hedge interest and exchange rate risk arising from liabilities to institutional investors. These also include a swap concerning CO_2 emission rights. Under this swap, CO_2 emission rights were sold in 2008 with the obligation to buy the rights back in 2012.

NEGATIVE GOODWILL

The negative goodwill, relating to acquisitions is released to the result based on the weighted average remaining life of the acquired depreciable assets.

(11) CURRENT LIABILITIES

	31-12-2010	31-12-2009
Debts to credit institutions	12.8	26.3
Liabilities of a financing nature	3.5	78.2
Total debts to credit institutions and liabilities of a financing nature	16.3	104.5
Payables to members	156.6	130.7
Payables to suppliers and trade creditors	146.8	132.2
Income tax payable	5.0	6.0
Other taxes and social security contributions payable	12.0	17.8
Other current liabilities and accruals	117.5	115.1
Total other current liabilities and accruals	437.9	401.8

The other current liabilities and accruals relate to production levies, interest, holiday entitlements, bonuses and other expenses still be to paid.

Cosun can avail itself of a committed credit facility of EUR 150.0 million, furnished by a consortium of banks, with a residual term to the end of 2011. As at year-end 2010 an amount of EUR 10.0 million (2009: EUR 15.0 million) was drawn down from this credit facility. The credit facility is furnished under the condition that the financial ratios agreed by the parties are complied with. At year end all of these conditions were met.

At the end of 2009 sugar has been sold for an amount for EUR 16.8 million under a special financing arrangement. This arrangement was terminated in 2010.

(12) FINANCIAL INSTRUMENTS

GENERAL

Cosun's treasury policy is aimed at hedging exchange and interest rate risks as much as possible. The exchange rate risk on financing contracts regarding group companies denominated in foreign currency is hedged by currency swaps. In accordance with its treasury policy, Cosun neither holds nor issues derivatives for trading purposes.

EXCHANGE RATE RISK

The following table shows the contract volumes and fair market value of the contracts outstanding at 31 December all of which have been concluded with financial institutions with an S&P credit rating of A- or higher.

	Contract volume 31-12-2010	Book value 31-12-2010	Fair market value 31-12-2010	Contract volume 31-12-2009	Book value 31-12-2009	Fair market value 31-12-2009
Forward exchange contracts and currency swaps:						
US dollar	46.8	-/- 0.5	-/- 2.3	46.6	-	0.8
British pound	46.4	-	0.1	44.0	-/- 0.1	0.5
Hungarian forint	0.2	-	-	0.2	-	-
Polish zloty	24.9	0.1	-/- 0.8	12.2	-/- 0.5	-/- 0.1
Australian dollar	2.7	-/- 0.1	-/- 0.2	1.6	-	-
Swedish crown	2.2	-	0.1	2.0	-	-
Russian ruble	0.4	-	-	-	-	-
TOTAL	123.6	-/- 0.5	-/- 3.1	106.6	-/- 0.6	1.2
Commodity futures contracts	-	-/- 5.9	-/- 1.8	-	0.5	0.5

The contract volume is the product of the contracted amount and applicable exchange rate as at the balance sheet date. The book value is the part of the contract volume for which the hedged position is realised, and is carried as the difference between the exchange rate as at balance sheet date and the hedged exchange rate. The fair value pertains to the total contract volume.

The fair value of the financial instruments not included in the table is not significantly different from the book value as at balance sheet date.

As in 2009, the forward exchange contracts, currency swaps and commodity future contracts have mainly a term shorter than one year. The contract volume with a term longer than one year amounts to EUR 18.6 million (2009: EUR 20.6 million). The value of the currency- and interest rate swaps according to liabilities to institutional investors with a maturity shorter than one year is nil in 2010 (2009: EUR 59.0 million). For the other interest rate derivates the value with a maturity longer than one year is nil (2009: EUR 20.0 million).

CREDIT RISK

Credit risks differ by country and individual counterparty and are managed by means of credit limits for each country and counterparty. The credit risk relating to derivatives and other financial instruments is managed by only concluding contracts with financial institutions and counterparties with an S&P credit rating of A- or higher.

INTEREST RATE RISK

To manage interest rate risks the interest on the permanent financing needs is covered by the derivate financial instruments below:

	Contract volume 31-12-2010	Book value 31-12-2010	Fair market value 31-12-2010	Contract volume 31-12-2009	Book value 31-12-2009	Fair market value 31-12-2009
Currency and interest rate swaps concerning liabilities to institutional investors	91.9	-/- 17.0	-/- 19.6	144.9	-/- 38.8	-/- 45.0
Other interest rate derivatives	28.1	-/- 0.5	-/- 0.5	20.0	-/- 0.5	-/- 0.5

(13) OFF-BALANCE SHEET COMMITMENTS

SECURITIES PROVIDED

Financing agreements include negative pledges with pari passu clauses. A number of group companies have given security to credit institutions and tax authorities in the form of non-possessory pledges on inventories, machinery and business equipment, silent pledges on receivables and mortgages on a number of properties.

CLAIMS

Cosun and/or its group companies are involved in a number of legal cases in connection with the group's ordinary activities. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed – partly on the basis of legal advice – that the total obligations arising from these will not have any significant effect on the consolidated financial position. Provisions have been formed for all third party claims likely to be awarded for which the size of the potential settlement can be reasonably estimated.

GUARANTEES

Cosun has given guarantees to third parties to an amount of approximately EUR 102.5 million (2009: EUR 136.1 million). Of this amount EUR 59.6 million (2009: EUR 85.4 million) relates to guarantees toward the government regarding the received restructuring aid.

LONG-TERM FINANCIAL COMMITMENTS

Long-term unconditional commitments have been entered into in respect of rent and operating lease. The obligations ensuing from this amount to EUR 7.8 million at year-end 2010 (2009: EUR 6.5 million). The rental and lease instalments payable within one year amount to approximately EUR 2.7 million (2009: EUR 2.9 million). Instalments payable after five years amount to EUR 1.2 million (2009: nil). Contingent investment liabilities amount to EUR 11.2 million (2009: EUR 0.5 million).

(14) NET TURNOVER

The break-down of net turnover per group is as follows:

	2010	%	2009	%
Basic ingredients	758.7	42.9	808.7	46.0
Alcohol and bio-ethanol	133.8	7.6	116.5	6.7
Potato products	620.0	35.1	582.2	33.1
Compound ingredients	297.8	16.9	301.4	17.1
TOTAL	**1,810.3**		**1,808.8**	
Intercompany supplies	-/- 44.6	-/- 2.5	-/- 50.9	-/- 2.9
	1,765.7	**100.0**	**1,757.9**	**100.0**

Net turnover per geographical region
can be broken down as follows:

	2010	%	2009	%
The Netherlands	638.7	36.2	669.7	38.1
Rest of the EU	916.7	51.9	917.6	52.2
Rest of Europe	37.8	2.1	37.2	2.1
North and South America	80.2	4.6	63.5	3.6
Rest of the world	92.3	5.2	69.9	4.0
	1,765.7	**100.0**	**1,757.9**	**100.0**

(15) OTHER OPERATING INCOME

Book profits on sold assets (which mainly includes the book results as a result of the sale of land in Groningen and Bergen op Zoom), insurance payments received, subsidies, fees received for services to third parties and rental income are included under these revenues. In 2009, this concerns various items including the revenue from the sale of assets proceeding from the closing of the sugar factory in Groningen and the Slovenian sugar factory Tovarna Sladkorja Ormoz d.d. in liquidation.

(16) EU LEVIES

This item primarily relates to production levies in 2010. In 2009 this item is primarily related to the balance of the expenses recognised for restructuring levies (EUR 75.8 million) imposed by the EU to finance the amended sugar market regime and production levies (EUR 10.8 million). The item also included export refunds.

(17) COST OF RAW MATERIALS AND CONSUMABLES

This item includes the cost of raw materials and consumables, purchased finished goods and production-related energy costs. Sugar beet purchases from members amounted to approximately EUR 217,1 million (2009: EUR 231,0 million).

(18) COST OF OUTSOURCED WORK AND OTHER EXTERNAL COSTS

This expense item includes, among other things, rental costs, research costs, repair and maintenance costs, indirect energy costs, transport costs, office expenses, selling expenses, insurance costs and IT costs, insofar as such expenses are charged by third parties.

The total Research & Development costs, including staff costs, amounted to EUR 10.3 million (2009: EUR 7.8 million).

(19) STAFF COSTS

	2010	2009
Wages and salaries	166.3	166.8
Social security contributions	28.8	33.8
Pension costs	22.6	23.2*
	217.7	223.8*

NUMBER OF EMPLOYEES

Expressed in full-time equivalents, the average number of employees at Cosun during the 2010 financial year was 4,485 (2009: 4,522). The employees were engaged in the following activities:

	2010	2009
Basic ingredients	990	972
Alcohol and bio-ethanol	146	154
Potato products	1,884	1,877
Compound ingredients	1,342	1,402
Other	123	117
	4,485	4,522
Of whom employed outside the Netherlands	1,905	1,906

(20) OTHER CHANGES IN THE VALUE OF INTANGIBLE AND TANGIBLE FIXED ASSETS

In 2010, downward adjustment in value amounted to EUR 9.8 million and mainly related to the downward revaluation of the intangible and tangible fixed assets of SVZ and Nedalco. The downward adjustment in value in 2009 mainly related to the downward revaluation of the tangible fixed assets of SVZ and Tovarna Sladkorja Ormoz d.d. in liquidation and amounted to EUR 2.9 million.

(21) FINANCIAL INCOME AND EXPENSE

Financial income and expense includes interest on interest-bearing amounts receivable and debts. The decrease of financial expenses in comparison to 2009 can primarily be explained by the decrease in the financing positions of Cosun and lower levels of interest rates.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

(22) TAXATION ON RESULTS FROM ORDINARY ACTIVITIES

The corporate income tax disclosed in the profit and loss account amounts to EUR 37.6 million (2009: EUR 13.6 million*) on a result of EUR 147.8 million (2009: EUR 62.1 million*). The effective tax rate was 25.4% (2009: 21.9%*). The difference from the nominal tax rate can be specified as follows:

	2010	%	2009	%
Profit before taxation	147.8		62.1*	
Income tax based on Dutch tax rates	37.7	25.5	15.8*	25.5
Effect of foreign tax rates	2.0	1.4	1.0	1.6
Non-deductible charges / permanent differences	-/- 4.2	-/- 2.9	-/- 3.8	-/- 6.1
Effect of change in the valuation of tax loss carry-forwards, deposits and temporary differences	1.9	1.3	1.2	1.9
Other	0.2	0.1	-/- 0.6	-/- 1.0
Total tax burden	**37.6**	**25.4**	13.6*	21.9

(23) CASH FLOW STATEMENT

Movements in the cash flow statement can be derived largely from the movements in the relevant balance sheet items. The balance sheet movement and the cash flow statement movement of certain items are reconciled below:

	Working capital	Provisions	Non-current liabilities
Balance at year-end 2009	285.7	-/- 99.7	-/- 206.2
Change in accounting policy RJ 271	-/- 18.6	7.3	-
Balance as at 1 January 2010	267.1	-/- 92.4	-/- 206.2
Balance at year-end 2010	330.6	-/- 91.5	-/- 200.2
Balance sheet movements	-/- 63.5	-/- 0.9	-/- 6.0
Adjustments for:			
- Payment on shares	-/- 14.7	-	-
- Changes in income tax	1.1	-/- 8.6	-
- Release negative goodwill	-	-	3.5
- Reclassification	10.6	-	-
CASH FLOW	-/- 66.5	-/- 9.5	-/- 2.5

The reclassification in working capital relates to two receivables which were classified as long term receivables in 2009. In 2010 these receivables are classified as short-term receivables and accrued income.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 37.

Cooperative balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2010	31-12-2009
ASSETS			
Fixed assets			
Intangible fixed assets	(24)	112.0	123.9
Tangible fixed assets	(25)	154.2	176.3
Financial fixed assets	(26)	651.1	559.9*
		917.3	860.1*
Current assets			
Inventories	(27)	201.3	232.2*
Trade and other receivables	(28)	236.0	280.1*
Cash and cash equivalents		23.0	0.1
		460.3	512.4*
Total assets		1,377.6	1,372.5*
EQUITY AND LIABILITIES			
Shareholders' equity	(29)	789.8	720.0*
Provisions	(30)	58.7	68.4*
Non-current liabilities	(31)	171.8	171.6
Current liabilities	(32)		
Current liabilities to credit institutions and liabilities of a financing nature		3.5	87.9
Other liabilities, accruals and deferrals		353.8	324.6
		357.3	412.5
Total equity and liabilities		1,377.6	1,372.5*

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

Cooperative profit and loss account

(in EUR million)

For the financial year	**2010**	2009
Cooperative result after taxation	61.1	41.4*
Profit of participating interests after taxation	48.3	5.4*
NET RESULT	109.4	46.8*
APPROPRIATION OF PROFIT IN ACCORDANCE WITH ARTICLE 1 OF THE SUGAR BEET DELIVERY PAYMENT REGULATIONS		
Result of participating interests less dividends received	48.1	1.7*
Cooperative result including dividends from participating interests	61.3	45.1*

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

Notes to the cooperative annual accounts

(in EUR million)

GENERAL

Insofar as notes on items in the cooperative balance sheet and profit and loss account are not provided below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Until 2010 Sensus was part of the cooperation. At the beginning of 2010 a split off took place and Sensus B.V. is a participation of Wagenberg Breda B.V.

ACCOUNTING POLICIES

The cooperative balance sheet and profit and loss account are prepared using the same accounting policies as applied for the consolidated balance sheet and profit and loss account.

COMPARATIVE FIGURES

As of 2010 Cosun records pensions based on the liabilities approach in accordance with the Dutch Guideline "Richtlijn voor Jaarverslaggeving 271.3" ('RJ 271.3') and not anymore on a risk approach. In this new approach pension premiums paid to the pension fund are recognised as charges in the profit and loss account. The difference between the calculated liability for pensions and other employee benefits based on the revised RJ 271.3 guideline and the liability based on previously applied accounting principles, has been recorded as a change in accounting policy.

Effect on profit and loss account:

	Financial Statements 2009	Effect change in accounting policy RJ 271.3 Pensions	Comparative figures 2009
Cooperative result after taxation	48.5	-/- 7.1	41.4
Profit of participating interests after taxation	10.9	-/- 5.5	5.4
Net result	59.4	-/- 12.6	46.8
Result of participating interests less dividends received	7.2	-/- 5.5	1.7
Cooperative result including dividends from participating interests	52.2	-/- 7.1	45.1

Effect on balance sheet:

	Financial Statements 2009	Effect change in accounting policy RJ 271.3 Pensions	Comparative figures 2009
Financial fixed assets	554.0	5.9	559.9
Receivables and accrued income	299.2	-/- 19.1	280.1
Inventories	230.3	1.9	232.2
Provisions	66.1	2.3	68.4
Amount processed through capital and reserves	733.6	-/- 13.6	720.0

(24) INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets were as follows:

	Goodwill	Other intangible fixed assets	Total
Book value as at 1 January 2010	123.8	0.1	123.9
Movements:			
- Divestments	-/- 4.3	-	-/- 4.3
- Amortisation	-/- 7.6	-	-/- 7.6
BOOK VALUE AS AT 31 DECEMBER	**111.9**	**0.1**	**112.0**
Accumulated amortisation and other value adjustments as at 1 January 2010	64.8	1.4	66.2
Accumulated amortisation and other value adjustments as at 31 December 2010	72.4	1.4	73.8

(25) TANGIBLE FIXED ASSETS

Movements in tangible fixed were as follows:

	Land and buildings	Machinery and equipment	Other tangible fixed assets	Prepay-ments and in production	Not used for operations	Total
Book value at 1 January 2010	39.8	122.1	2.7	0.9	10.8	176.3
Movements:						
- Split off	-/- 4.9	-/- 17.8	-/- 1.4	-/- 0.1	-	-/- 24.2
- Investments	4.4	24.0	0.4	1.2	-	30.0
- Divestments	-/- 2.6	-	-	-/- 0.1	-	-/- 2.7
- Depreciation	-/- 3.1	-/- 21.6	-/- 0.5	-	-	-/- 25.2
- Transfer	1.1	-/- 1.1	0.1	-/- 0.1	-	-
BOOK VALUE AS AT 31 DECEMBER 2010	**34.7**	**105.6**	**1.3**	**1.8**	**10.8**	**154.2**
Accumulated depreciation and other value adjustments as at 1 January 2010	50.6	152.1	17.6	-	-	220.3
Accumulated depreciation and other value adjustments as at 31 December 2010	52.2	110.0	8.7	-	-	170.9

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

(26) FINANCIAL FIXED ASSETS

	31-12-2010	31-12-2009
Participating interests in group companies	432.5	344.6*
Receivables from group companies	196.2	197.0
Receivables from members	10.8	14.8
Deferred tax assets	2.4	3.3
Other receivables	9.2	0.2
	651.1	559.9*

Movements in financial fixed assets were as follows:

	Participating interests in group companies	Receivables from group companies	Receivables from members	Deferred tax assets	Other receivables	Total
Balance at 31 December 2009	338.7	197.0	14.8	3.3	0.2	554.0
Change in accounting policy RJ 271	5.9	-	-	-	-	5.9
Balance at 1 January 2010	344.6	197.0	14.8	3.3	0.2	559.9
Movements:						
- Split off	40.6	-	-	-	-	40.6
- Share in result of participating interests	48.2	-	-	-	-	48.2
- Investments and issuances	-	15.0	0.1	0.4	9.0	24.5
- Repayments and releases	-	-/- 16.0	-	-/- 1.3	-	-/- 17.3
- Liquidation payments	-/- 4.5	-	-	-	-	-/- 4.5
- Dividend	-/- 0.2	-	-	-	-	-/- 0.2
- Exchange differences	3.1	0.2	-	-	-	3.3
- Revaluation of receivable	-	-	-/- 1.4	-	-	-/- 1.4
- Reclassification	-	-	-/- 2.7	-	-	-/- 2.7
- Other	0.7	-	-	-	-	0.7
BALANCE AS AT 31 DECEMBER 2010	432.5	196.2	10.8	2.4	9.2	651.1

PARTICIPATING INTERESTS IN GROUP COMPANIES

Until 2010 Sensus was part of the cooperation. At the beginning of 2010 a split off took place and Sensus B.V. is a participation of Wagenberg Breda B.V.

Nedalco Alcohol GmbH & Co. KG is a subsidiary and is included in the consolidated financial statements of Royal Cosun as of 31 December 2010. Nedalco Alcohol GmbH & Co. KG uses the exemption to prepare, audit and disclose the financial statement in accordance with sec. 264b German Commercial Law.

RECEIVABLES FROM GROUP COMPANIES

This mainly concerns long-term loans granted to Aviko B.V. (EUR 92.5 million) and SVZ International B.V. (EUR 85.0 million). The interest rate amounts to 0.25% per year and additionally a variable interest depending on the operational results of these companies.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

RECEIVABLES FROM MEMBERS

The non-interest bearing receivables from members (EUR 10.8 million) relates to the present value of the long-term portion of amounts still to be deposited for issued shares (2009: EUR 14.8 million).

OTHER RECEIVABLES

In 2010 Cosun Spaarfonds has been liquidated. The outstanding deposits have been acquired by Cosun at market value and are recorded in other receivables.

(27) INVENTORIES

	31-12-2010	31-12-2009
Raw materials and consumables	6.7	6.5
Finished products and goods for resale	194.6	225.7*
	201.3	232.2*

Of the inventories, EUR 2.0 million (2009: EUR 0.1 million) is stated at lower market value. The provision for obsolete inventories amounts to EUR 1.8 million (2009: EUR 2.8 million). At the end of 2009, as part of a special financing arrangement, Cosun sold sugar for EUR 16.8 million. This arrangement was terminated in 2010.

(28) TRADE AND OTHER RECEIVABLES

	31-12-2010	31-12-2009
Trade accounts receivable	42.7	49.2
Receivables from group companies	169.9	202.5
Short-term portion of amount still to be paid up for issued shares	2.7	0.7
Other tax receivables	13.2	14.4
Other receivables and accrued income	7.5	13.3*
	236.0	280.1*

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

(29) CAPITAL AND RESERVES

	31-12-2010	31-12-2009
Issued share capital and share premium	60.8	61.0
Reserve for participating interests	3.0	2.8
Reserve for exchange differences	-/- 2.7	-/- 5.8
Total statutory reserves	0.3	-/- 3.0
Other reserves	728.7	662.0*
	789.8	720.0*

ISSUED SHARE CAPITAL AND SHARE PREMIUM

	Share capital	Share premium reserve	**Total 2010**	Total 2009
Balance as at 1 January	7.2	53.8	61.0	61.3
Movements:				
- Shares issued	0.1	0.5	0.6	1.2
- Shares redeemed	-/- 0.2	-/- 0.6	-/- 0.8	-/- 1.5
BALANCE AS AT 31 DECEMBER	7.1	53.7	60.8	61.0

The total number of issued shares is 157,399 (2009: 158,945), with the nominal value amounting to EUR 45.40 per share. In 2010, 3,646 shares were issued and 5,192 shares were redeemed and withdrawn. Based on RJ 620, EUR 1.2 million (2009: EUR 1.2 million) has been presented as liability in the consolidated annual accounts (refer to note 7).

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

STATUTORY RESERVES, OTHER RESERVES AND RESULTS

	Participating interests reserve	Exchange differences reserve	Other reserves	Total 2010	Total 2009
Balance as at 31 December	2.8	-/- 5.8	675.6	672.6	641.2
Change in accounting policy RJ 271	-	-	-/- 13.6	-/- 13.6	-
Balance as at 1 January	2.8	-/- 5.8	662.0	659.0	641.2
Movements:					
- Profit appropriation	-	-	100.6	100.6	52.5
- Paid to members	-	-	-/- 33.4	-/- 33.4	-/- 23.3
- Exchange differences	-	3.1	-	3.1	1.0
- Other movements	-	-	-/- 0.3	-/- 0.3	1.2
- Transfer	0.2	-	-/- 0.2	-	-
BALANCE AS AT 31 DECEMBER	**3.0**	**-/- 2.7**	**728.7**	**729.0**	**672.6**

From the 2010 net result of EUR 109.4 million, EUR 100.6 million has been added to the other reserves and the remainder is included under the current liabilities (EUR 8.8 million to be paid by virtue of the Share Payment Scheme), in accordance with the proposed profit appropriation.
As a consequence of the change in accounting policy of RJ 271.3, the profit appropriation is not in accordance with the result as recorded in the consolidated profit and loss account. In accordance with the new guideline RJ 271.3 the profit appropriation for 2009 should amount to EUR 39.9 million.

RESERVE FOR PARTICIPATING INTERESTS

The reserve for participating interests is composed of reserves maintained by participating interests, on which limitations lie as a result of statutory regulations or the articles of association.

OTHER RESERVES

On the basis of section 46 of the articles of association, payments take place to members and contracted parties. Effective from January 2000, these payments are in accordance with the Sugar Beet Delivery Payment Regulations; previously the Cessation of Business Regulations had been applicable. The payment amount depends on the average number of tonnes of sugar beet delivered, the average cooperative result including the dividend from participating interests per tonne of sugar beet for the three previous financial years, and a factor per campaign.

During the transitional period, the payments will also be made based on the Cessation of Business Regulations, for which the amount depends on the number of shares possessed by the members, the number of financial years that the shares have been in the possession of the members, and the average cooperative result including dividend from participating interests per share for the three previous financial years. The payment may be demanded from the moment business operations ceased, or after a delivery period of at least 15 consecutive campaigns. In the event that all members would have had the right to receive payment as at 31 December 2010, this would amount to EUR 70.9 million (2009: 75.2 million). Payments are charged to other reserves. On the basis of the cooperative entry conditions, as agreed by Cosun with the former CSM sugar beet growers, a capital contribution of EUR 500 per share has been made by the parties concerned. In accordance with these agreements, Cosun has agreed to refund at least the aforementioned contribution by 2016, and if applicable increase this amount to the capital paid, provided that the conditions for the membership application and the requirements of the Sugar Beet Payment Regulations are observed. The present value of the obligation to these members as at 2016 amounts, with a discount rate of 3% and a term of 6 years in accordance with the conditions for entry into the cooperative, to EUR 25.4 million (2009: EUR 20.7 million).

In 2009, it is decided to align the rights resulting from shares issued before 2007 (old shares) and the rights resulting from the shares issued as of 2007 (new shares) in an earlier stage than planned. A reduction of the assimilation period is made possible by simultaneously granting an additional payment to the members with old shares. This payment is financed from incidental profits. At the end of 2009 it was decided to reduce the assimilation period for 3 years. At the end of 2010 the remaining term will be reduced with 4 years. As a result a payment of EUR 30.3 will be made in 2011 (2010: EUR 17.5 million). There with a final situation has been reached and as of 2011 all members will have the same rights to the profit appropriation.

(30) PROVISIONS

	31-12-2010	31-12-2009
Deferred tax liabilities	26.6	25.3*
Restructuring and reorganisation	8.1	11.1*
Pensions and other deferred employee benefits	6.2	6.4*
Other	17.8	25.6
	58.7	**68.4***

Approximately EUR 49.5 million (2009: EUR 44.6* million) of the provisions is long term in nature.

Movements in provisions other than the provision for pensions and other deferred employee benefits were as follows:

	Deferred tax liabilities	Restructuring and reorganisation	Pensions and other deferred employee benefits	Other	Total
Balance as at 31 December 2009	32.3	5.1	3.1	25.6	66.1
Change in accounting policy RJ 271	-/- 7.0	6.0	3.3	-	2.3
Balance as at 1 January 2010	25.3	11.1	6.4	25.6	68.4
Movements:					
- Split off	-	-/- 0.3	-/- 1.6	-/- 6.2	-/- 8.1
- Additions	8.7	1.5	1.9	7.2	19.3
- Withdrawals	-/- 5.9	-/- 4.2	-/- 0.5	-/- 8.8	-/- 19.4
- Release to profit and loss account	-/- 1.5	-	-	-	-/- 1.5
BALANCE AS AT 31 DECEMBER 2010	**26.6**	**8.1**	**6.2**	**17.8**	**58.7**

(31) NON-CURRENT LIABILITIES

	31-12-2010	Effective interest rate	31-12-2009	Effective interest rate
Debts to institutional investors	147.9	5.0 %	141.9	5.0 %
Long-term derivatives	23.9	-	29.7	-
Total non-current liabilities	171.8		171.6	

LONG-TERM DERIVATIVES

Long-term derivatives include currency and interest rate swaps to hedge interest and exchange rate risks arising from liabilities to institutional investors. These also include a swap concerning CO_2 emission rights. Under this swap, CO_2 emission rights were sold in 2008 with the obligation to buy the rights back in 2012.

*The 2009 figures have been adjusted for comparative purposes, see also the notes on page 57.

(32) CURRENT LIABILITIES

	31-12-2010	31-12-2009
Debts to credit institutions	-	9.7
Liabilities of a financing nature	3.5	78.2
Total debts to credit institutions and liabilities of a financing nature	**3.5**	**87.9**
Payables to group companies	116.9	93.3
Payables to members	156.0	130.1
Payables to suppliers and trade creditors	21.7	28.2
Income tax payable	3.8	2.9
Other taxes and social security contributions payable	1.6	10.3
Other current liabilities and accruals	53.8	59.8
Total other current liabilities and accruals	**353.8**	**324.6**

(33) OFF-BALANCE SHEET COMMITMENTS

Several liability and guarantees
The cooperative has given guarantees to third parties to an amount of approximately EUR 72.2 million (2009: EUR 104.5 million). Of this amount EUR 59.6 million (2009: EUR 85.4 million) relates to guarantees toward the government regarding the received restructuring aid.

Long-term financial commitments
Long-term unconditional commitments have been entered into in respect of rent and operating lease. The obligations ensuing from this amount to EUR 4.3 million at year-end 2010 (2009: EUR 2.1 million). The rental and lease instalments payable within one year amount to approximately EUR 1.1 million (2009: EUR 1.2 million). Instalments payable after five years amount to EUR 1.2 million (2009: nil). Contingent investment liabilities amount to EUR 8.3 million (2009: nil).

(34) FEES OF THE AUDITOR

The following fees have been charged by KPMG Accountants to the company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a (1 and 2), Book 2 of the Netherlands Civil Code.

	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Audit of the financial statements	0.3	0.3	0.6
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.1	0.1
Other non-audit services	-	0.6	0.6
TOTAL	0.4	1.0	1.4

In the year 2009 the following fees were charged to the company:

	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Audit of the financial statements	0.3	0.4	0.7
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.1	0.1
Other non-audit services	0.1	-	0.1
TOTAL	0.5	0.5	1.0

(35) OTHER INFORMATION

The remuneration, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, of members of the Board amounted to EUR 0.6 million (2009: EUR 0.5 million) and that of members of the Supervisory Board to EUR 0.1 million (2009: EUR 0.1 million). The remuneration was charged to the result.

Board

J.E.M. van Campen
G.M. van Tilburg
I.L.G. van Melle
P.W.M. van den Berg
J.M. Klompe
D. H. de Lugt
A. Maarsingh
J.M.M. Megens
Ms. G. Prins
J.A. Smid
T. van der Torren

Supervisory Board

W. van der Zee
J.F. Botma
J. Bartelds
N.H. van Halder
P. Molenaar
F. Wiersema

Breda, 10 March 2011

Other information

INDEPENDENT AUDITOR'S REPORT
To the Supervisory Board of Koninklijke Coöperatie Cosun U.A.

REPORT ON THE ANNUAL ACCOUNTS
We have audited the accompanying annual accounts 2010 of Koninklijke Coöperatie Cosun U.A., Breda, which comprise the consolidated and company balance sheet as at 31 December 2010, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY
Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION
In our opinion, the financial statements give a true and fair view of the financial position of Koninklijke Coöperatie Cosun U.A. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, 10 March 2011

KPMG ACCOUNTANTS N.V.
L.J.J.M. Vale RA

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

The appropriation of the profit for the year is laid down in the Articles of Association (Article 42, paragraphs 1 and 2) as follows: the Board shall determine what proportion of the cooperative's profit for the year shall be added to reserves. Unless the Members' Council resolves otherwise on the Boards' recommendation, the amount remaining after the above addition shall be distributed among those members who were A members or B members at the end of the financial year in question, or who had ceased to be A members or B members during or at the end of that financial year; with regard to B members, the distribution shall be made with due regard for the Membership Agreement and at the direction of the relevant C members in accordance with the quantity of produce supplied to the cooperative in that financial year and in accordance with the method of payment stipulated in the Sugar Beet Regulation.

PROPOSED PROFIT APPROPRIATION

The net result for the 2009 financial year is added to the other reserves, in accordance with the decision of the Board on 10 March 2010.

The Board decided on 19 January 2011 to make a distribution on shares totalling EUR 8.8 million. The Board intends to decide that EUR 100.6 million, the remainder of the net result of EUR 109.4 million, be added to the other reserves.

The above has already been included in the cooperative's 2010 annual accounts.