

FC 26661

MANAGEMENT REPORT

Koninklijke Nedalco B.V. is a subsidiary of Koninklijke Cooperatie COSUN U.A., holding 100% of the shares in Nedalco. The main activity of the company and its subsidiaries exists in production and sale of alcohol out of agricultural feedstocks and coproducts, including related trading activities.

The accounts as mentioned above were prepared by the Board of Directors and audited by PricewaterhouseCoopers Accountants N.V. who gave their unqualified report thereon. We propose to the General Meeting of Shareholders to approve these accounts. The proposed appropriation of the profit has already been dealt with in the accounts.

The alcohol business did suffer the consequences of the economic crisis in 2009. We saw volumes drop in the first 6 months and prices have come under pressure. The second half of 2009 saw some recovery, but at reduced levels compared to 2008.

For the period under review the gross turnover was € 98,8 mln, resulting in an operating result of € -/- 4,2 mln, which is below the comparable figure for 2008. The result is negatively influenced by a reorganization provision taken in 2009 for the consequences of the anticipated closure of the Bergen op Zoom factory. A social plan was agreed with union representatives and the workers council aiming at reemployment of all employees involved. The benefit of the sale of the Bergen op Zoom grounds to the municipality of Bergen op Zoom will be realized in 2010.

During 2009, we acquired the remaining 50% of the shares in the joint venture Bruggemann Alcohol in Heilbronn and the company was since renamed to Nedalco Alcohol. The acquisition strengthens our position on the German market and ensures a more flexible alcohol supply. We continue our R&D effort focused on the development of alcohol based on 2nd generation raw materials and have been a successful player in that field. The current strategy to maintain our successful positions in the traditional markets will be continued with increasing focus on the high end market segments.

The developments in personnel numbers will be determined mainly by the closing of the Bergen op Zoom plant in 2010 and we expect total employee numbers to drop below 100 for Nedalco as a whole. For financing the current operations and the new investments, the company has access to Cosun intergroup financing arrangements. This covers most of the capital needs, only a small part of the funding is still related to arrangement with a couple of commercial banks.

According to our strategy for the next years we expect modest growth in turnover and net profit turning back to positive. 2010 is proving still to be a difficult year, but we do expect important improvement over 2009.

From our responsibility for risk management, we have identified the risks inherent to our industry and the particular risks related to the business activities within our group. We believe we have implemented the policies, organization and procedures to manage and control those risks to the best of our knowledge and abilities and in good cooperation with our staff, local management, external auditors and other stakeholders.

On behalf of the Board of Directors
Bergen op Zoom, 16 July 2010
G.G. Berner, managing director

TUESDAY



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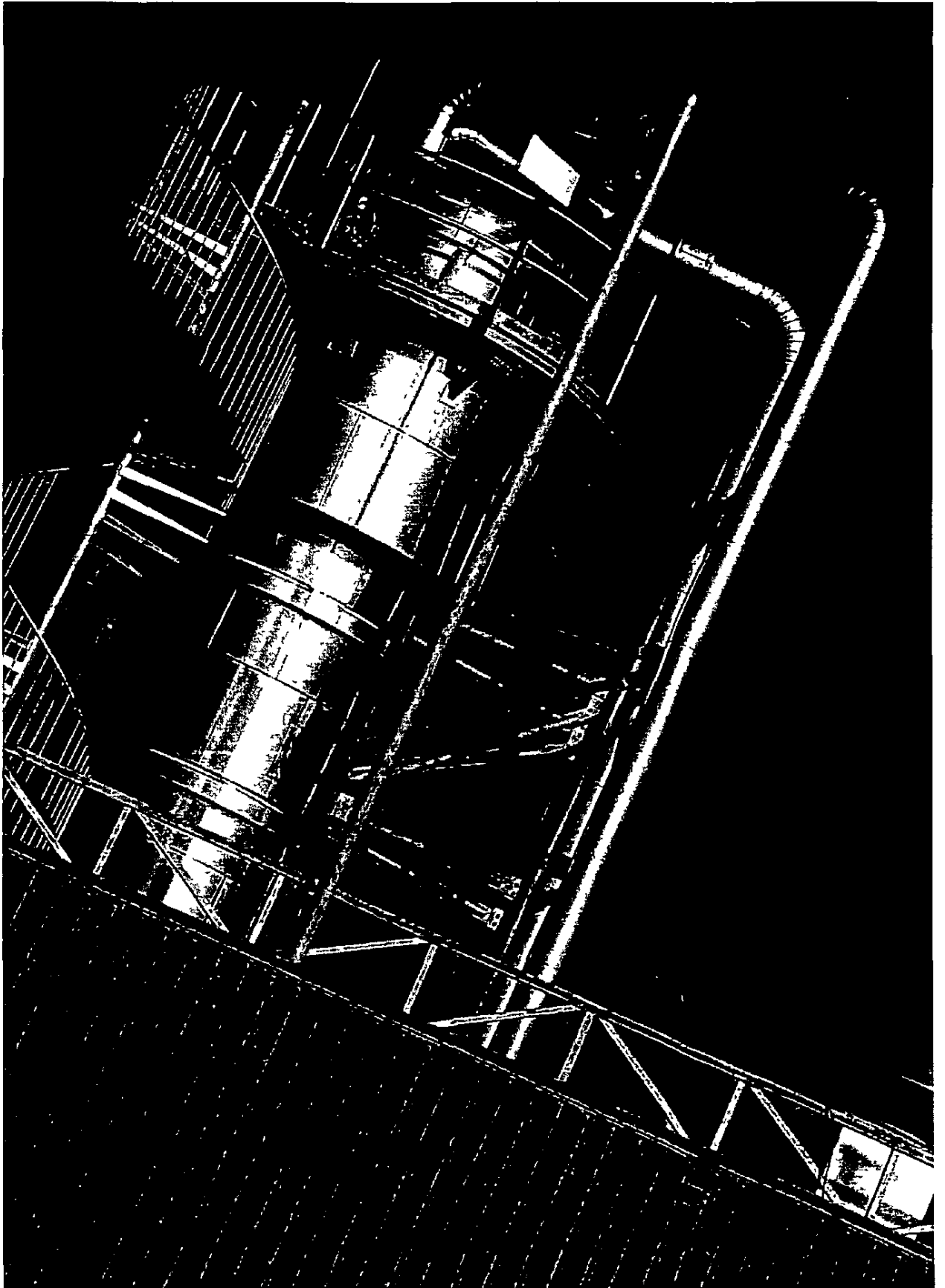
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FINANCIAL SERVICES 2007



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1. CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2009

(after profit appropriation) (amounts * € 1 000)

ASSETS

FIXED ASSETS

4 6 Intangible fixed assets

4 7 Tangible fixed assets

Land and buildings

Plant and machinery

Furniture, fixtures and fittings

Other fixed assets

Projects under construction

4 8 Financial fixed assets

Deferred tax assets

Other receivables

CURRENT ASSETS

4 9 Stock

Raw materials and consumables

Finished products

4 10 Debtors

Debtors

Due from group companies

Due from shareholders

4 11 Other debtors, prepayments and accrued income

Cash at bank and in hand

TOTAL

	December 31, 2009	December 31, 2008
	4 565	643
	6 991	6 872
	103 648	108 775
	3 365	3 369
	6	6
	1 007	791
	115 017	119 813
	0	79
	1 060	0
	1 060	79
	3 710	10 968
	7 256	5 804
	10 966	16 772
	10 183	11 865
	215	
	9 868	2 027
	8 953	13 054
	29 219	26 946
	1 021	1 943
	161 848	166 196

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2009

(after profit appropriation) (amounts * € 1.000)

SHAREHOLDERS' EQUITY AND LIABILITIES

	December 31, 2009	December 31, 2008
4 12 <u>GROUP EQUITY</u>	29 630	35 924
4 13 <u>PROVISIONS</u>		
Deferred tax liability	2 814	2 895
Other	7 250	3 502
	10 064	6 397
4 14 <u>LONG TERM LIABILITIES</u>		
Loans shareholder	103 243	106 732
Other loans	382	393
Bank loan	577	111
	104 202	107 236
4 15 <u>CURRENT LIABILITIES</u>		
Bank overdraft	2 902	811
Trade creditors	6 138	7 454
Due to shareholders	796	3 091
Other liabilities, accruals and deferred income	8 116	5 283
	17 952	16 639
<u>TOTAL</u>	<u>161 848</u>	<u>166 196</u>

2. CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2009

(amounts * € 1.000)

	2009	2008
4 16 Gross turnover	98.769	123.350
Direct selling expenses	7 242	9 883
<u>Net turnover</u>	<u>91 527</u>	<u>113 467</u>
Change in stock of finished goods	-955	-1 622
Other operating income	18	3 763
<u>Total operating income</u>	<u>90 591</u>	<u>115 608</u>
<u>Operating expenses</u>		
4 17 Costs of raw materials and consumables	44 487	59 099
4 18 Staff costs	16 911	10 669
4 20 Depreciation and other decrease in value of tangible fixed assets	6 629	6 825
Other operating costs	26 786	32 482
<u>Total operating expenses</u>	<u>94 813</u>	<u>109 075</u>
<u>Operating result</u>	<u>4 222</u>	<u>6 533</u>
Amortization goodwill	-480	
4 21 Interest	-3 875	-6 504
<u>Group result before taxation</u>	<u>-8 577</u>	<u>-29</u>
4 22 Taxes	-2 284	21
<u>Group result after taxation</u>	<u>-6 293</u>	<u>8</u>

3. CONSOLIDATED CASH FLOW STATEMENT

(amounts * € mln)

	2009	2008
Cash flow from operating activities		
Operating result	-4,2	6,5
Adjustments for		
- depreciation/amortization	6,1	6,8
- vat receivables	-1,1	
- deferred tax assets	0,1	-0,1
- provisions	3,7	-0,2
	8,8	6,6
Movement in working capital	4,6	-13,1
- debtors	-2,3	-6,7
- stock	5,8	2,1
- trade creditors and such	-0,8	-14,1
	2,7	-18,7
Cash flow from commercial operations	7,3	-5,6
Interest	-3,9	-6,5
Corporate income tax	2,3	0,0
	-1,6	-6,5
<u>Cash flow from operating activities</u>	<u>-5,7</u>	<u>-12,1</u>
Cash flow from investing activities		
Investments in intangible fixed assets	-3,9	-0,5
Other	0,0	5,7
Desinvestments in tangible fixed assets	0,0	0,8
Investments in tangible fixed assets	-1,8	-2,5
<u>Cash flow from investing activities</u>	<u>-5,8</u>	<u>3,6</u>
Cash flow from financing activities		
Decrease other reserve	0,0	0,0
Loans	-3,0	-5,2
Bank overdraft	2,1	-0,4
<u>Cash flow from financing activities</u>	<u>-0,9</u>	<u>-4,8</u>
Net cash flow	-0,9	-3,7

The cash flow statement has been prepared applying the indirect method. The net cash flow in the cash flow statement comprises the balance sheet items cash at banks and in hand.

4. NOTES TO THE CONSOLIDATED ACCOUNTS

4.1 GENERAL

The principles of consolidation, valuation and determination of result remained unchanged compared with the previous year. The amounts included in the notes are denominated in thousands of Euro's, unless otherwise indicated. The activities of the companies are producing alcohol for consumer, technical and medical consumer purposes.

4.2 CONSOLIDATION

The consolidated 2009 financial statements comprise the financial data of Royal Nedalco in Bergen op Zoom and those of the following group companies:

- Nedalco International B.V. (Bergen op Zoom) (100%)
- Belgalco N.V. (Gent, Belgium) (100%)
- Nedalco Beteiligungs GmbH (Heilbronn, Germany) (50%, 100%, as off July 1 2009))
- Nedalco Alcohol GmbH & Co KG (Heilbronn, Germany) (50%; 100%, as off July 1 2009))
- Nedalco Specialties B.V. (Tiel) (50%;100%, as off July 1 2009))

For the preparation of Royal Nedalco's financial statements, the exemption offered by article 402, Book 2 Title 9 of the Dutch Civil Code has been applied to the profit and loss account.

Participating interests in joint ventures are consolidated proportionately. An entity qualifies as a joint venture if its participants jointly exercise control under a collaborative agreement.

Intercompany transactions, profits and balances among group companies are eliminated. All group companies are considered to be related parties. The parent company Royal Cosun also qualifies as a related party.

4.3 PRINCIPLES OF VALUATION AND DETERMINATION OF RESULT

The consolidated annual accounts were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The principles of valuation have been set out below in the notes to the individual balance sheet headings. Valuation occurs at face value, unless otherwise indicated.

Result represents the difference between the realized value of the goods delivered/services rendered and the costs and other charges for the year, valued at purchase price. Profits from transactions are recognized in the year in which they are realized, losses are taken as soon as they are foreseeable.

Corporate income tax receivable or payable is computed on the result for financial statement purposes, taking into account permanent differences between profit calculations for financial statement purposes and those for tax purposes. These differences are included in tax on the result from ordinary activities.

4.4 FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing on balance sheet date. Transactions in foreign currencies during the reporting period have been processed in the financial statements at the rate prevailing at the moment of the transaction.

4.5 ESTIMATES

In applying the accounting policies and guidelines for preparing the financial statements, the Management Board of Royal Nedalco B.V. makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

4.6 INTANGIBLE FIXED ASSETS

Costs of intangible fixed assets, including patents and licences, are valued at acquisition cost and amortised on a straight-line basis over the remaining economic life, with a maximum of 5 years. Depreciation commences at the start of commercial production. The addition relates to goodwill paid and will be depreciated over 5 years.

Book value as January 1, 2009
Additions
Amortisation
Book value as December 31, 2009

	643
	4,403
	481
	4,565

4.7 TANGIBLE FIXED ASSETS

Tangible fixed assets are valued as follows:

- the tangible fixed assets purchased before September 30, 1988 are carried at the current value as of September 30, 1988 less depreciation. Depreciation takes place on the basis of the remaining useful life;
- the tangible fixed assets purchased after September 30, 1988 are carried at historical cost less depreciation.

Land is not depreciated.

On June 9, 2004 Nedalco entered into an agreement with the municipality of Bergen op Zoom to sell its company grounds, including the buildings and machinery, for a total amount of € 60 mln. Nedalco is obliged to deliver the company grounds before January 1, 2012. The transfer of ownership of the grounds has taken place on February 12, 2010.

As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds at Bergen op Zoom. Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in a depreciation as from June 9, 2004 being nil.

Plant and machinery includes € 3 mln in respect of a provision relating to the dismantling of the company grounds at Bergen op Zoom.

As at the balance sheet date, interest totalling at € 2.738 000 has been capitalised

As additional security for all amounts payable in respect of excise duties, import duties and VAT, the right of first mortgage on the property in Bergen op Zoom has been granted to the State of the Netherlands up to an amount of € 9,1 mln

A number of lots owned by the company have been leased out, partly for free, to the Municipality of Bergen op Zoom until December 31, 2050 inclusive. The company holds the building right on the Theodorus haven landing in Bergen op Zoom

The changes in tangible fixed assets can be summarized as follows:

	land and buildings	plant and machinery	furniture, fixtures and fittings	other fixed assets	project under constr	total
Book value on January 1, 2009	6 872	108 775	3 369	6	791	119 813
Changes						
Additions	17	1 344	256	0	216	1 833
Reclassifications	0	0	0	0	0	0
Depreciation	102	6 471	260	0	0	6 629
Desinvestments	0	0	0	0	0	0
Balance	119	5 127	4	0	216	4 796
Book value on December 31, 2009	6 991	103 648	3 365	6	1 007	115 017
Cumulative depreciation and other decrease in value	4 393	48 073	5 800	117	0	58 383
Depreciation rates	0-3,3	5-10	10-33,3	20-33,3		

4.8 FINANCIAL FIXED ASSETS

Deferred tax assets

The receivable for deferred taxes assets relates to carry forward of loss compensation and the differences present on balance sheet date between the valuation of assets for financial statement purposes and that for tax purposes and is computed on the basis of the rate prevailing.

Book value as January 1, 2009
Releases

Book value as December 31, 2009

	.79
	.79
	0

4.9 STOCK

Stock is valued at full cost or purchases prices. Market value is used where this is lower.
Co-products are valued at market value.

4.10 DEBTORS

Trade debtors are valued at face value less a provision for possible non-collectability

4.11 OTHER DEBTORS, PREPAYMENTS AND ACCRUED INCOME

The VAT amount receivable and the remainder of the sales price of the Italian fixed assets form the largest part of the current assets. In addition, an amount of € 361 (of a long-term nature) is included with reference to the Employee benefits asset arising from RJ 271 (see 4.13).

This item includes amongst others.

VAT
Corporate income tax

2009	2008
2 255	4 666
2 543	331
4 798	4 997

4.12 GROUP EQUITY

For notes to group equity, reference is made to the notes to the shareholder's equity as included in the corporate balance sheet as of December 31, 2009.

4.13 PROVISIONS

Deferred tax liability

The provision for deferred taxes relates to the differences present on balance sheet date between the valuation of assets and liabilities for financial statement purposes and that for tax purposes (exclusive of the land on which the buildings have been erected) and is computed on the basis of the rate prevailing

Book value as January 1, 2009
Releases

Book value as December 31, 2009

2 895
-81
2 814

Other

The other provisions include provisions for restructuring costs, for the costs of retirement of employees and dismantlement of the company grounds at Bergen op Zoom.

Restructuring costs
Dismanteling site Bergen op Zoom
Employee benefits obligations (jubilee)

2009	2008
4 290	367
2 785	3 000
175	135
7 250	3 502

Restructuring costs

During 2009 a dotation was made for € 4.068 relating to the reorganisation provision for the closing of the Bergen op Zoom factory. The total withdrawal was € 145. This provision will be decreasing until the end in 2012.

Employee benefits obligations

The company has a defined benefit scheme. These provide defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service. The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets, against which unrecognised actuarial gains or losses and unrecognised past service costs are set off. The required pension provision is measured annually by independent actuaries using the actuarial method known as the 'Projected Unit Credit' method. The jubilee scheme is calculated accordingly.

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned.

Movements in the employee benefits obligations for defined benefit schemes are as follows:

At 1 January
Attributed pension and jubilee costs
Actuarial loss/(gain) recognised
Pension and jubilee contributions paid

At period - end

Presented in the balance sheet
Included under prepayments and accrued income
Included under provisions

2009	2008
-1 320	-741
2 777	666
6	175
1 637	-1 070
-186	-1 320
-361	-1 455
175	135
-186	-1 320

The receivable presented under prepayments and accrued income can be broken down as follows

Employee benefit asset	2 275
Provision for uncollectability	1 914-
Employee benefit asset net	361

The preliminary group calculation relating to the employee benefits obligations as at 31 December 2009 can be analysed as follows.

Present value of employee benefits obligations funded by plan assets

Fair value of plan assets

Present value of employee benefits obligations not funded by plan assets

Unrecognised actuarial gains (losses)

Adjustment for limit on net asset

Past service costst attributable to future years

Net employee benefits obligations

2009
27 177
29 938-
2 761-
1 368-
1 568-
361-
186-

The main actuarial assumptions are as follows

Discount rate

Expected return on plan assets

Expected salary increases

Expected indexation of pensions

2009
6,0%
5,0%
2,0%
1,0%

4.14 LONG TERM LIABILITIES

This item includes

Loans shareholder

Other loan

Bank loan

2009	2008
103 243	106 732
382	393
577	111-
104 202	107 236

A € 5 mln. shareholder-loan, is agreed with repayment in a bullet mode at 24 September, 2010. The loan is subordinated to the bank loans. The interest is IRS related and is fixed on 7,15% during the duration.

The other shareholder-loan, € 98.243.000 is agreed for a not further detailed period. This agreement is to avoid unnecessary financing cost for the group. Repayments will take place based on free

available cash flow in the coming years. The interest rates are Euribor / IRS related plus 1,1%. As per 31 December, 2009 an amount up to € 98.243.000 has a duration of more than 1 year.

The other loan is a financial lease. Repayment will take place in an annuity mode on a quarterly basis. The interest is agreed on 4,875% for 25 years. As per 31 December 2009 an amount up to € 382.000 has duration above 1 year, an amount of € 335 000 has a duration above 5 years.

4.15 CURRENT LIABILITIES

Other liabilities, accruals and deferred income

This item includes amongst others

Excise duty payable
Taxes and social charges
Corporate income tax payable

2009	2008
51	28
223	209
0	0
274	237

Market risk

Currency risk

The Group is mainly active in the European Union. The Group's currency risk mainly relates to positions and future transactions in British pounds. Based on a risk analysis, the Group's Boards of Directors determined that part of the currency risks be hedged. To this end, use is made of forward exchange contracts within the Cosun Group.

Interest rate risk

The Group is exposed to interest rate risk on the interest-bearing receivables and interest-bearing long-term and current liabilities (including loans to credit institutions).

The Group is exposed to the consequences of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to market values.

The Group has not entered into any derivative contracts to hedge the interest risk on receivables.

Credit risk and liquidity risk

The Group does not have any significant concentrations of commercial credit risk.

The Group uses a selection of banks in order to be in a position to use more than one facility. Where necessary, guarantees and collateral is granted to banks in order to secure facilities.

4.16 GROSS TURNOVER

Gross turnover was realized in the following geographic areas

The Netherlands
EU Countries
Non-EU countries

2009	2008
20 636	34 316
77 868	88 316
265	718
98 769	123 350

4.17 COSTS OF RAW MATERIALS AND CONSUMABLES

Raw material costs are generated up to 25 % from transactions at market prices with related parties (Koninklijke Coöperatie Cosun u a).

4.18 EMPLOYEES

In 2009 the group employed 138 persons on average (2008: 128).

The Netherlands
EU Countries

2009	2008
109	104
29	24
138	128
2009	2008
13 647	7 013
736	703
907	570
1 621	2 383
16 911	10 669

The amounts paid out are as follows

Salaries and wages
Social charges
Pension charges
Other staff costs

The rise in salaries and wages reflects the 100% consolidation of our German subsidiaries per July 1st, the restructuring provision taken for the closure of Bergen op Zoom and increased pension cost.

4.19 DIRECTORS

The remuneration of the director is withheld making use of the stipulation in article 383.1, Title 9, Book 2 of the Dutch Civil Code.

4.20 DEPRECIATION & OTHER OPERATING COSTS

Compared to 2008 no accelerated amount of depreciation or one-off items are included in 2009.

4.21 INTEREST

Interest includes the balance between interest income, interest costs and the amount of interest capitalised on investments

Interest income
Interest cost
Interest intercompany

2009	2008
3	448
-68	-379
-3 810	-6 574
-3 875	-6 504

4.22 TAXES RESULT FROM ORDINARY ACTIVITIES

The effective tax rate for 2009 is 26,6%. The nominal tax rate for the Netherlands for 2009 is 25,5% (2008: 25,5%).

4.23 AUDIT FEES

The following audit fees were expensed in the income statement in the reporting period:

Audit of the financial statements
Other non-audit services

2009	2008
81 800	75 900
55 900	30 750
137 700	106 650

4.24 CONTINGENCIES AND COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

The total amount of guarantees Royal Nedalco has given vis à vis third parties is € 6,845 mln as of December 31, 2009. The outstanding liabilities from operational lease contracts as of December 31, 2009 amount to € 0,1 mln

On 13 November 2006 the company entered as guarantor into a € 150 mln senior standby revolving credit facility agreement made between the shareholder Royal Cosun and several banks.

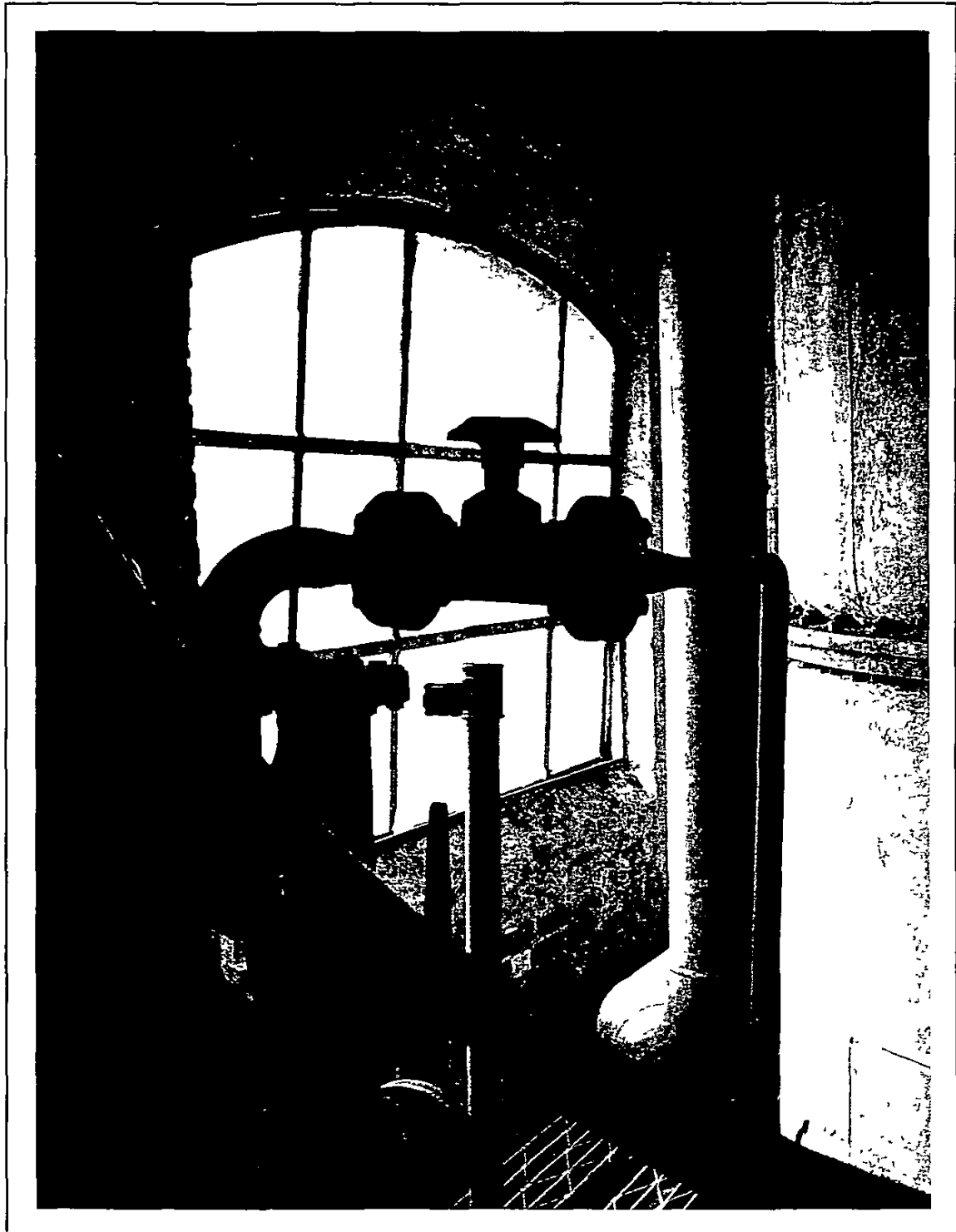
Royal Nedalco has entered into investment commitments up to € 0,2 mln.

Fiscal unity

The company forms a fiscal unity for corporate income tax purposes with a number of Dutch subsidiaries of Royal Cosun. Under the Tax Collection Act, the company is jointly and severally liable for the taxes payable by the group. The tax expense recognised in the annual accounts is based on its profit for financial reporting purposes

Royal


Nedanco



5. CORPORATE BALANCE SHEET AS OF DECEMBER 31, 2009

(after profit appropriation) (amounts * € 1 000)

ASSETS

	December 31, 2009	December 31, 2008
FIXED ASSETS		
<u>Intangible fixed assets</u>	4 565	643
7 2 <u>Tangible fixed assets</u>		
Land and buildings	6 924	6 805
Plant and machinery	103 318	108 604
Furniture, fixtures and fittings	3 365	3 369
Other fixed assets	6	46
Projects under construction	1 007	791
	114 620	119 575
7 3 <u>Financial fixed assets</u>		
Group companies	6 515	5 878
Due from participations		
Deferred tax assets	0	79
Other financial debtors	1 060	
	7 575	5 957
CURRENT ASSETS		
<u>Stock</u>		
Raw materials and consumables	2 815	10 304
Finished products	5 898	4 524
	8 713	14 828
<u>Debtors</u>		
Trade debtors	6 408	8 319
Due from group companies	3 099	2 900
Due from shareholder	7 815	1 643
Other debtors, prepayments and accrued income	7 778	12 758
	25 100	25 620
<u>Cash at bank and in hand</u>	436	1 583
TOTAL	161 009	168 205

CORPORATE BALANCE SHEET AS OF DECEMBER 31, 2009

(after profit appropriation) (amounts * € 1.000)

SHAREHOLDERS' EQUITY AND LIABILITIES

7.4 SHAREHOLDERS' EQUITY

Paid-up and called-up capital
Legal reserve
Share premium reserve
Other reserves

PROVISIONS

Deferred tax liability
Other

7.5 LONG TERM LIABILITIES

Loans shareholder
Other loan
Bank loan

7.6 CURRENT LIABILITIES

Trade creditors
Due to shareholders
Due to group companies
Other liabilities, accruals and deferred income

TOTAL

	December 31, 2009	December 31, 2008
	4 538	4 538
	193	193
	9 959	9 959
	14 940	21 234
	29 630	35 924
	2 814	2 895
	7 250	3 502
	10 064	6 397
	103 243	106 732
	382	393
	0	1
	103 625	107 126
	4 195	6 199
	1 287	3 920
	5 409	3 082
	6 799	5 557
	17 690	18 758
	161 009	168 205

6. CORPORATE PROFIT AND LOSS ACCOUNT FOR 2009

(amounts * € 1 000)

- 7 8 Income from group companies
Other income and expense after taxes

Net result

	2009	2008
	414	597
	-6 707	-589
	-6 293	8

7. NOTES TO THE CORPORATE ACCOUNTS

6.1 GENERAL

The financial statements of Royal Nedalco have been included in the consolidated financial statements. The consolidated group companies are valued at net asset value. Valuation of the other assets and liabilities occur according to the principles of valuation set out in the notes to the consolidated accounts. The same applies to the method for the determination of result. Consequently, the shareholders' equity and the net result of Royal Nedalco are the same as those according to the consolidated financial statements, reference is made to the notes thereto. The amounts mentioned in the notes are denominated in thousands of Euro's, unless otherwise indicated.

6.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are valued as follows:

- the tangible fixed assets purchased before September 30, 1988 are carried at the current value as of September 30, 1988 less depreciation. Depreciation takes place on the basis of the remaining useful life;
- the tangible fixed assets purchased after September 30, 1988 are carried at historical cost less depreciation.

Land is not depreciated

On June 9, 2004 Nedalco entered into an agreement with the municipality of Bergen op Zoom to sell its company grounds, including the buildings and machinery, for a total amount of € 60 mln. Nedalco is obliged to deliver the company grounds before January 1, 2012. The transfer of ownership of the grounds has taken place on February 12, 2010.

As a result of this agreement the remaining useful life has changed, as well as the residual value of all the tangible fixed assets regarding the company grounds at Bergen op Zoom. Because the residual value is significantly higher than the current book value the depreciation is recalculated resulting in a depreciation as from June 9, 2004 being nil.

Plant and machinery includes € 3 mln in respect of a provision relating to the dismantling of the company grounds at Bergen op Zoom.

As at the balance sheet date, interest totalling at € 2.738.000 has been capitalised

As additional security for all amounts payable in respect of excise duties, import duties and VAT, the right of first mortgage on the property in Bergen op Zoom has been granted to the State of the Netherlands up to an amount of € 9,1 mln.

A number of lots owned by the company have been leased out, partly for free, to the Municipality of Bergen op Zoom until December 31, 2050 inclusive. The company holds the building right on the Theodorushaven landing in Bergen op Zoom.

The changes in tangible fixed assets can be summarized as follows.

	land and buildings	plant and machinery	furniture, fixtures and fittings	other fixed assets	project under constr	total
Book value on January 1, 2009	6 805	108 604	3 369	6	791	119 575
Changes						
Additions	17	1 091	256	0	216	1 580
Reclassification	0	0	0	0	0	0
Depreciation	102	6 377	260	0	0	6 535
Desinvestments	0	0	0	0	0	0
Balance	119	5 286	4	0	216	4 955
Book value on December 31, 2009	6 924	103 318	3 365	6	1 007	114 620
Cumulative depreciation and other decrease in value	4 297	47 639	5 735	102	0	57 773
Depreciation rates	0-3,3	5-10	10-33,3	20-33,3		

6.3 FINANCIAL FIXED ASSETS

Participations

The financial fixed assets are carried at net asset value as per the balance sheets of the group companies at year end. The group companies are.

- Nedalco International B.V, Bergen op Zoom (100%) with the participations in.
- Belgalco (Gent, Belgium) (100%);
- Nedalco Beteiligungs GmbH (Heilbronn, Germany) (50%, 100%, as off July 1 2009))
- Nedalco Alcohol GmbH & Co KG (Heilbronn, Germany) (50%, 100%, as off July 1 2009))
- Nedalco Specialties B V (Tiel) (50%, 100%, as off July 1 2009))

The changes in the financial fixed assets can be summarized as follows

Group companies

Book value as January 1, 2009

Result participations

Other

Book value as December 31, 2009

5 878
414
223
6 515

Deferred tax assets

The receivable for deferred taxes assets relates to carry-forward loss compensation and the differences present on balance sheet date between the valuation of assets for financial statement purposes and that for tax purposes and is computed on the basis of the rate prevailing

Deferred tax assets

Book value as January 1, 2009

Releases

Book value as December 31, 2009

	79
	79
	0

7.4 SHAREHOLDERS' EQUITY

Paid-up and called-up capital

No changes took place during the financial year

Nominal share capital

Not subscribed share capital

Authorized share capital

22.500
17 962
4 538

The authorized share capital of the company as of 31 December 2009 amounts to € 4.538.000 and consists of 10.084 ordinary shares of EUR 450,- each

Legal reserve

The legal reserve is maintained in respect of the capitalized costs of intangible fixed assets amounting to € 193 000

Book value as January 1, 2009

Addition

Book value as December 31, 2009

193
0
193

Share premium reserve

Book value as January 1, 2009

Addition

Book value as December 31, 2009

9 959
0
9 959

Other reserves

Book value as January 1, 2009

Result bookyear 2009

Book value as December 31, 2009

21 234
-6 293
14 940

7.5 LONG TERM LIABILITIES

Loans shareholder
Other Loan
Bank loan

2009	2008
103.243	106.732
382	393
0	1
103.625	107.126

A € 5 mln. shareholder-loan, is agreed with repayment in a bullet mode at 24 September, 2010. The loan is subordinated to the bank loans. The interest is IRS related and is fixed on 7,15% during the duration.

The other shareholder-loan, € 98.243 000 is agreed for a not further detailed period. This agreement is to avoid unnecessary financing cost for the group. Repayments will take place based on free available cash flow in the coming years. The interest rates are Euribor / IRS related plus 1,1%. As per 31 December, 2009 an amount up to € 98.243.000 has a duration of more than 1 year.

The other loan is a financial lease. Repayment will take place in an annuity mode on a quarterly basis. The interest is agreed on 4,875% for 25 years. As per 31 December 2009 an amount up to € 382.000 has duration above 1 year, an amount of € 335.000 has a duration above 5 years.

6.6 CURRENT LIABILITIES

Other liabilities, accruals and deferred income

This item includes amongst others

Taxes and social charges
Excise duty payable
Corporate income tax payable

2009	2008
223	209
17	28
0	0
240	237

6.7 COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

The total amount of guarantees Royal Nedalco has given vis à vis third parties is € 6 845 as of December 31, 2009. The outstanding liabilities from operational lease contracts as of December 31, 2009 amount to € 0,1 mio.

On 13 November 2006 the company entered as guarantor into a € 150 mln senior standby revolving credit facility agreement made between the shareholder Royal Cosun and several banks.

Royal Nedalco has entered into investment commitments up to € 0,2 mln

7 8 INCOME FROM GROUP COMPANIES AFTER TAXATION

Group companies

2009	2008
414	597

Bergen op Zoom, 16 July 2010

Director:

Dr. Ir. G.G. Berner

To the General Meeting of Shareholders of Royal Nedalco B V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Royal Nedalco B V., Bergen op Zoom as set out on pages 4 to 24, which comprise the consolidated and company balance sheet as at 31 December 2009, the consolidated and company profit and loss account for the year then ended and the notes

Directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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 company's internal control.

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PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N V (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N V (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N V (Chamber of Commerce 34180287) and PricewaterhouseCoopers B V (Chamber of Commerce 34180289). The services rendered by these companies are governed by General Terms & Conditions, which include provisions regarding our liability. These General Terms & Conditions are filed with the Amsterdam Chamber of Commerce and can also be viewed at www.pwc.com/nl.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Royal Nedalco B.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Breda, 23 July 2010

PricewaterhouseCoopers Accountants N.V.

Originally signed by A.J.M. Vercammen RA

PROFIT APPROPRIATION ACCORDING TO THE ARTICLES OF ASSOCIATION

Article 17 on profit and loss

According to article 17 the profit of the year is at the disposal of the general meeting of shareholders.

PROPOSED PROFIT APPROPRIATION

It will be proposed to the general meeting of shareholders to deduct the result for the financial year 2009 amounting to a loss of € 6 293 000 from the other reserves

In anticipation of the adoption of this resolution, this proposal has already been incorporated in the balance sheet.