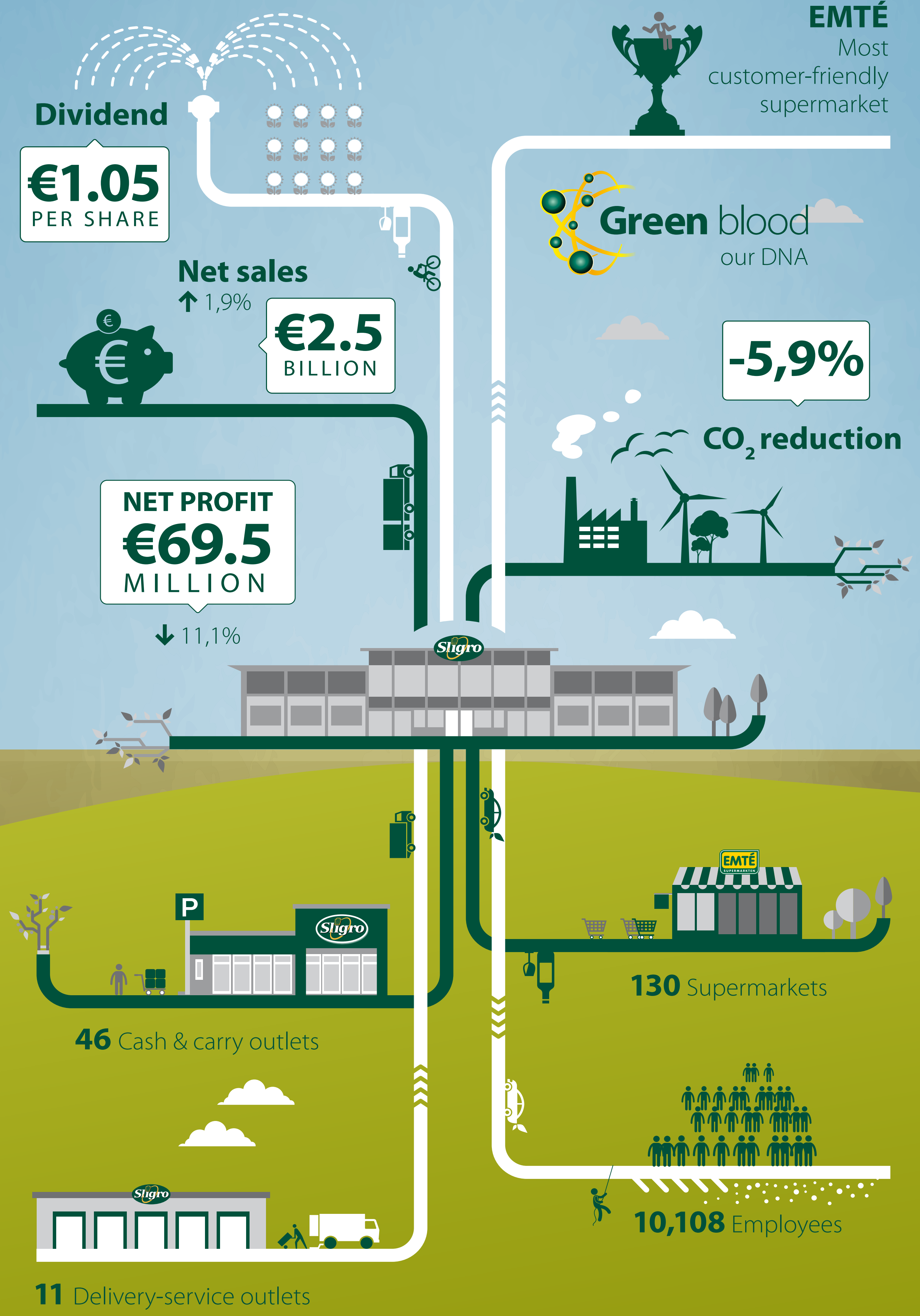
ANNUAL REPORT 2012

Sligro FOOD GROUP N.V.

2012 SUMMARY



Contents

Foreword
KOEN SLIPPENS

With the economic climate continuing to deteriorate in 2012, we stopped talking of an economic crisis because the term 'crisis' suggests a temporary situation, a condition that will pass, when it is now apparent that we are facing a new reality and a new economic climate.

Once you make that conceptual shift, the world suddenly looks much better, because the frame of reference has changed. You start to focus more on the long term, instead of just concentrating on cheese-paring. It's then time to stop complaining, because we complain on the basis of references from the past, when in fact we are not doing too badly. We eagerly await the time when this view is shared far more widely. Then we can return to positive thinking, because positive thinking does not necessarily require a well-filled purse. It sometimes feels as though we in the Netherlands consider ourselves to be destitute, when there are so many countries that are far worse off than us. So our theme for 2013 is 'Switch on!'

'Switch on!' means being willing to accept the new economic reality and refresh your vision and policy, taking a close look at your business model, organisational struc-

KOEN SLIPPENS
Group Executive Board chairman
Sligro Food Group

ture, commercial vision, logistical model and personnel policy and put current methods up for discussion. We believe that those who are able to adapt their old success factors to the new market conditions will also be the winners in the future. Sligro Food Group is built on robust and healthy foundations and will continue to set the pace in the coming years. That fits well with our entrepreneurial and proactive culture. Hence our theme: 'Switch on!'
Dutch consumers have not 'switched on' yet and, still burdened by negativism, are keeping a tight hold on the purse-strings. Like many other businesses that depend on consumer spending, we experience this at first hand. It is widely believed that food spending is unaffected by economic conditions, because we have to eat to live. Actual expenditure shows that consumers are definitely saving on food, and not just by eating out less. Within the supermarket channel, consumers are turning more towards the discount segment and/or choosing cheaper products. The foodservice channel is seeing reduced footfall and the average spend per visit is less. The supermarket channel has experienced a slight loss of volume, while foodservice market volume has fallen almost 4%.

Our sector is attempting to turn the tide mainly by competing more strongly on price, even though that does not lift takings; the results of almost all players in the supermarket and foodservice channels are lower. While returns in the supermarket channel are still reasonable, several players in the foodservice channel are already operating at a loss and the continuing decline in volumes will inevitably lead to further rationalisation of the sector. We were fortunately able to take the step of acquiring the Van Oers wholesale activities, which added sales to a number of our foodservice organisation's core customer target groups totalling €80 million. Our takeover of Van Oers was the only transaction of any size in the Dutch foodservice market in recent years. Further consolidation will be needed to restore the sector to health and we believe we are well positioned to take action.

At a time when many of our competitors may be adopting less rigorous corporate social responsibility (CSR) policies, Sligro Food Group has decided to take a major step forward in CSR. Last year we formulated our ambitions at a higher level of abstraction and, as well as a number of more qualitative KPIs, we also set an overall CO_2 reduction target of 20% by 2020. Targets are good, but action plans are better, which is why we have drawn an ambitious CSR roadmap for 2010-2020.
We have opted for integrated reporting of our financial performance and sustainability performance, based on the Global Reporting Initiative (GRI) level C reporting guidelines. On page 47 et seq you can read more about our vision, our strategic priorities, our ambitions and the development process. We have found once again that social and economic return can go hand in hand, so there will be no reason for us to scale back our efforts in the CSR field in the coming years.

EMTÉ again grew faster than the market in 2012, with like-for-like sales growth of 2.6%. The number of outlets showed little change. We bade farewell to the Golff format in 2012 and converted the remaining stores which were suitable to the EMTÉ format. The former Sanders stores reported a marked recovery in sales, but we have not yet reached the level we want to achieve. We have high expectations of our new plans for EMTÉ, on which a refreshed team is working with great enthusiasm and which are discussed in detail on page 26 et seq of this report. It will take several years to achieve the envisaged return on the invested capital, but the return in terms of cash flow is significantly better. We are also making valuable synergistic gains from the combination of the foodservice and food retail businesses, both in the back-office activities and in the interchange of expertise and management. The Dutch supermarket sector is extremely competitive, which has led to a high level of professionalism. Applying this professionalism to the foodservice market, where our operations are built on the retail model, is just one example of that synergy.

Sligro again outperformed the market, with growth of 1.6%, in line with our track record of annual 0.50–1.0 percentage point gains in market share which we have maintained for several years. Cash & carry sales were slightly down but delivery-service sales were 3.8% higher. According to our information, we outgrew the market in both segments.

In 2012 we opened the 46th Sligro outlet in Assen and Sligro Zwolle moved to a fantastic new site, far larger than the old premises, which has clearly positioned Sligro as the leading player in the region. Both investments are performing in line with our expectations.

We shall complete our delivery-service infrastructure plans in 2013 with the commissioning of a new 16,500 m^2 distribution centre in Venray, which will handle deliveries currently made from Haps and Maastricht. The Sligro cash & carry wholesale outlet in Maastricht will then be moved to a new and far better location. A large type-4 outlet incorporating many new format elements will be completed by the end of 2013. From here we shall be able to supply this centre of gastronomy with everything it needs.

To summarise, Group sales in 2012 were 1.9% higher at €2,467 million. All of this growth was organic. The result was under pressure, however, mainly from intense price competition. The food retail operating result was €3.0 million lower at €3.9 million in 2012, which was disappointing, but it did start to improve again in the second half, indicative of the turnaround that has started. The food retail organisation's free cash flow amounted to €24.9 million (2011: €12.1million), which was significantly better, even relative to the invested capital of €190.5 million.

The foodservice operating result was €12.2million lower at €85.9 million, which also fell short of our expectations. The pressure on the result was greater in the first half of 2012 than in the second half. The effect of the lower operating profit on the foodservice organisation's free cash flow was also mitigated by more efficient cash management, and as a consequence the total free cash flow grew by €4 million.

Group net profit in 2012 was down 11.1%, at €69.5 million, but total free cash flow was higher than in 2011, increasing by €16.7 million to almost €95 million and further strengthening our company's financial position. In accordance with our dividend policy, we therefore propose to distribute an (unchanged) dividend of €1.05 per share, of which €0.80 (2011 €0.85) is regular dividend and €0.25 (2011: €0.20) is variable dividend.

The government's heavy emphasis on spending cuts/tax increases etc., with the better-off bearing the brunt of the austerity measures, will continue to have a negative impact on our markets in 2013. Consumer confidence is extremely low, so we cannot expect improvement to come from outside. Fortunately we have 'switched on' internally and we are moving ahead at full speed with great enthusiasm. Although the acquisition of Van Oers has been a valuable addition to the foodservice delivery organisation, it will not start contributing to the result in 2013 because of the integration costs we have to incur, mainly in the first half of 2013. We expect consolidation of the market to continue and we are ready to play our part in that process.

Sligro Food Group has demonstrated its resilience. That does not mean that our business has been unaffected by the economic conditions but that we are highly motivated to make the best of it, striking the right balance between the short and medium term. Against that background, we have every confidence in the future, because we have accepted the new reality and are 'switched on!'.

Veghel, 24 January 2013

Koen Slippens, Executive Board chairman

→ Background to annual figures by Koen Slippens

Key figures

(Amounts x €1,000)

	2012	2011
Results		
Net sales	2,467,382	2,420,216
Operating profit before depreciation and amortisation (EBITDA)	143,583	158,971
Operating profit (EBIT)	89,786	104,970
Profit for the year	69,546	78,207
Net cash flow from operating activities	129,016	123,799
Proposed dividend	46,013	46,157
Equity and liabilities		
Shareholders' equity	554,509	540,566
Net interest-bearing debt	69,431	112,897
Total equity and liabilities	968,337	931,116
Employees		
Year average (full-time equivalents)	5,848	5,880
Salaries, social security charges and pension costs	225,968	217,121
Ratios		
Year-on-year increase in sales %	1.9	5.9
Year-on-year increase in profit %	(11.1)	11.4
As percentage of sales:		
Gross margin	22.6	23.2
Gross operating profit	5.8	6.6
Operating profit	3.6	4.3
Profit for the year	2.8	3.2
Return as % of average shareholders' equity	12.7	15.0
Operating profit as % of average net capital employed	13.3	16.2
Shareholders' equity as % of total equity and liabilities	57.3	58.1
Figures per €0.06 share		
Number of shares in issue (year-end x 1,000)	43,822	43,959

(Amounts x €)

	2012	2011
Shareholders' equity	12.65	12.30
Profit after tax	1.59	1.78
Cash flow	2.81	3.01
Proposed dividend	1.05	1.05
Year-end share price	21.75	20.75

Profile

Sligro Food Group N.V. encompasses food retail and foodservice companies selling directly and indirectly to the entire Dutch food and beverages market. The Group is active in foodservice as a wholesaler and in food retail as a wholesaler and retailer.

FOOD RETAIL

The food retail activities comprise around 130 full-service EMTÉ supermarkets, of which 30 are operated by independent retailers.

FOODSERVICE

Sligro Food Group leads the Dutch foodservice market, with a nationwide network of cash & carry and delivery-service outlets serving large and small-scale hospitality establishments, leisure facilities, volume users, company and other caterers, forecourt retailers, small and medium-sized enterprises, smaller retail businesses and the institutional market.

The cash & carry operation has 46 Sligro wholesale outlets and the delivery operation has 11 delivery centres. On the institutional market, we trade under the Van Hoeckel name.

We also operate our own in-house production facilities for specialised convenience products, fish and patisserie and delicatessen items, as well as a meat-processing centre focusing on the retail market. Our Fresh Partners associates specialise in meat, game and poultry, fruit and vegetables and bread and bakery products.

Our customers have the choice of around 60,000 food and food-related non-food items.

We also offer a range of services, some on a franchise basis.

CIV Superunie B.A., a leading purchasing cooperative with a share of around 30% of the Dutch supermarket sector, handles Sligro Food Group's food retail purchases. As market leader, the Group handles its own purchases of foodservice products. Sligro Food Group companies actively seek to share expertise and utilise the substantial scope for synergy and economies of scale. Activities that are primarily client-related take place at an individual operating company level, with behind-the-scenes management at a central level. We strive to increase our gross margins through joint purchasing, combined with direct and detailed margin management.

Operating expenses are reduced through ongoing tight cost control and a joint integral logistics strategy. Group synergy is further enhanced by joint ICT systems, joint management of property and Group management development.

Sligro Food Group strives to be a high-quality company achieving steady, managed growth for all its stakeholders.

Sales in 2012 totalled €2,467 million, generating a net profit of €69.5 million. The average number of full-time equivalent employees was just over 5,800. The Sligro Food Group shares are listed on NYSE Euronext.

→ Sligro Food Group corporate video

Locations

Food retail

- EMTÉ
- Distribution centres in Putten and Kapelle
- Veghel head office

Foodservice

- Sligro Cash & carry
- Sligro Delivery service
- Sligro Cash & carry/ Delivery service
- Van Hoeckel
- Production facilities

FRESH ORANGE JUICE ON TAP

Important DATES

DIARY[1]

Final 2012 sales	2 January 2013
Final 2012 figures	24 January 2013
Press conference	24 January 2013
Analysts' meeting	24 January 2013
Publication of annual report	5 February 2013
Record date	20 February 2013
2012 Annual General Meeting at 11.00 a.m. at the company's offices, Corridor 11, Veghel	20 March 2013
Ex dividend date	22 March 2013
Record date	26 March 2013
Dividend available for payment	3 April 2013
Trading update	18 April 2013
2013 half-year figures	18 July 2013
Press conference	18 July 2013
Analysts' meeting	18 July 2013
Trading update	17 October 2013
Final 2013 sales	2 January 2014
Final 2013 figures	23 January 2014
Press conference	23 January 2014
Analysts' meeting	23 January 2014
2013 Annual General Meeting	19 March 2014

1) Press releases will be published before start of trading.

The company is based in Veghel and registered in the commercial register of the Chamber of Commerce and Industry for East Brabant in Eindhoven under number 160.45.002.

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Fax +31 413 36 30 10
www.sligrofoodgroup.com

Sligro shares

Sligro Food Group's shares are traded on the NYSE Euronext Amsterdam N.V. stock exchange. Sligro Food Group is included in the AScX index.

Movements in shares (x 1,000)

	2012	2011	2010	2009	2008
Issued shares as at start of year	44,255	44,255	44,255	43,692	43,118
Stock dividend	0	0	0	563	574
Shares repurchased (cumulative)[1]	(433)	(296)	(149)		
Shares outstanding as at year-end	43,822	43,959	44,106	44,255	43,692
Average shares outstanding	43,856	43,996	44,143	44,255	43,692

1) Included in the average number of shares outstanding as from the date concerned.

There were 43,822,015 shares outstanding at year-end 2012, a decrease of 137,200 on year-end 2011. The decrease is attributable to shares repurchased for the option scheme. Earnings and cash flow per share are calculated on the basis of the average number of shares outstanding, as explained on page 122. Sligro Food Group seeks to pay a cash dividend of approximately 50% of the profit after tax (excluding extraordinary items) on a regular basis. The dividend proposed for 2012 is €0.80 per share, which equates to a pay-out ratio of 50%. In addition, it is proposed to pay a variable dividend of €0.25 per share, thus bringing the total dividend for the year to €1.05 per share.

Sligro Food Group's website (www.sligrofoodgroup.nl in Dutch and www.sligrofoodgroup.com in English) includes information on the Group, its shares, financial position, press releases, Articles of Association, remuneration, directors' shareholdings and share transactions and corporate governance. Visitors can download annual reports from this site and also subscribe to press releases.

Key figures per share (x €1)

Share price	2012	2011	2010	2009	2008
- High	24.85	26.10	25.90	24.29	30.99
- Low	18.50	19.65	21.30	13.75	13.70
- Year-end	21.75	20.75	23.20	24.02	14.90
Earnings per share	1.59	1.78	1.59	1.68	1.63
Dividend	1.05	1.05	0.70	1.00[1]	0.65
Year-end market capitalisation (x € million)	963	918	1,027	1,063	651

1) Anniversary dividend marking 75th anniversary.

	2012	2011	2010	2009	2008
Total value of shares traded (x € million)	125	227	205	276	382
Volume traded (x 1,000)	5,900	9,463	8,750	15,119	16,577
Number of transactions (single counting)	31,677	40,337	58,433	61,065	61,538

The highest volume of shares traded in one month in 2012 was 0.8 million in November and the lowest volume was 0.2 million in August.

Disclosure of major shareholdings:

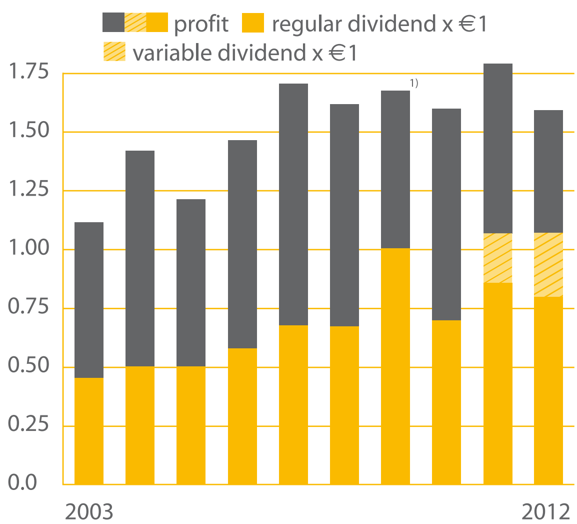
	%
Stichting Administratiekantoor Slippens	33.95
Darlin N.V.	6.12
ING Groep N.V.	5.43
Stichting Administratiekantoor Arkelhave B.V.	5.06
Boron Investments N.V.	5.02
FRM LLC	5.03
Belegging- en Exploitatiemaatschappij De Engh B.V.	5.01

Disclosure must be made when a shareholding exceeds or falls below certain legally stipulated percentages. Since this can result in double counting, the disclosures do not always provide a true picture of the number of free float shares. Corrections are consequently made for double counting. Information currently available indicates that Sligro Food Group employees hold 1,703,000 shares, of which 250,000 are held by members of the Executive Board. The estimated distribution of the share capital as at year-end 2012, based on market information and covering 87% of the capital in 2012 (2011: 87%) is presented in the following table.

	Private investors		Institutions		Total	
	2012	2011	2012	2011	2012	2011
Netherlands	54	54	14	16	68	70
UK			5	5	5	5
USA			9	9	9	9
Other countries			5	3	5	3
Total	54	54	33	33	87	87

SHARE PRICE

PER SHARE



1) Anniversary dividend: € 1.

From left to right:
HUUB VAN ROZENDAAL
WILLEM-JAN STRIJBOSCH
KOEN SLIPPENS

Directors
AND MANAGEMENT

SUPERVISORY BOARD

A. Nühn, president (59)
Th.A.J. Burmanje (58)
B.E. Karis (54)
R.R. Latenstein van Voorst (48)

GROUP EXECUTIVE BOARD

K.M. Slippens, Chairman (45)
H.L. van Rozendaal, CFO (57)
W.J.P. Strijbosch, Foodservice (44)

COMPANY SECRETARY

G.J.C.M. van der Veeken (51)

EXECUTIVE BOARD OF SLIGRO FOOD GROUP NEDERLAND B.V.

GROUP EXECUTIVE BOARD, TOGETHER WITH

P.A. van Berkel, Production and Van Hoeckel (48)
J.G.M. de Bree, Human Resources (55)
J.H.A. van Heerebeek, Food Retail Sales (46)
R.F.L.H. van Herpen, Purchasing (45)
K. Kiestra, Food Retail Operations (44)
M.W. Pietersma, Foodservice Cash & Carry (62)
C. de Rooij, Logistics (59)
R.W.A.J. van der Sluijs, Finance (36)
M.M.P.H.L. van Veghel, ICT (40)
C.A. Welsing, Supply Chain (39)

WORKS COUNCIL

R. Heijberg, Chairman
J. Sarbach, Secretary
R. Albers
R. Beckers
E. Beernink
P. Berben
T. Bouman
M. Brugman
D.van der Does
A. van den Elzen
H. Emmers
P. Eshuis
B. Gerards
E. Goedhart-Joosten
J. van Hal
D. Kleijer
M. Langen
B. Livestroo
A. Reijnders
R. Rombout
M. de Smit
J. Stehmann
S. van der Velden
L. van Verseveld-Nooten
J. van Zon

THE FULL RANGE OF
FOOD AND NON-FOOD

Strategy

Sligro Food Group strives to be a high-quality company achieving steady, managed growth for all its stakeholders.

Sligro Food Group sells directly and indirectly to the entire Dutch food and beverages market, where it provides a comprehensive package of food and food-related non-food products and services. We are supported both by a professional, efficient and fully integrated back-office organisation and by a culture that focuses consistently on the customer and our shared passion for food. Preserving and promoting that typical Sligro culture in a steadily expanding organisation is a priority.

Our objective is to achieve average growth in sales of around 10% each year, with around 4% attributable to organic growth and around 6% to growth through acquisitions. Our target for organic growth assumes annual inflation of approximately 2%. Growth through acquisitions is by its very nature less gradual than organic growth, particularly because the Group focuses primarily on relatively large acquisitions. The Dutch food market is still fragmented to such an extent that we believe there is a good chance of achieving our desired level of growth through acquisitions over the coming years. We are also seeking opportunities on the foodservice markets in neighbouring countries. We strive to achieve profit growth that is on average at least equal to the growth in sales, so that we can offer shareholders attractive returns over the longer term. We aim to operate in a socially responsible manner and to render account for our performance. Economic and social benefit go well together with a listed family business like ours.

One of the ways in which we seek to be an attractive partner for our customers is by providing a high level of service at competitive prices. Our growth strategy provides our staff with opportunities for personal development, while giving our suppliers the chance to increase their product sales and introduce new product lines. Society as a whole benefits from increasing levels of employment and the resultant rise in tax revenues. As a supplier of food products we are very conscious of the importance of food safety and obviously fully support compliance with externally set quality standards. To ensure that we have sufficient purchasing power in the market, our food retail purchases are handled by cooperative purchasing organisation Superunie, which has a 30% share of the market. As the market leader in foodservice, we handle our own purchasing for those activities.

The Group operates in a fiercely competitive environment, with limited scope to translate cost increases into higher selling prices. We therefore strive constantly to increase the efficiency of our operations by ensuring that our distribution, communication and information systems, for example, are as effective as possible. Companies within the Group work very closely together to maximise the benefits of internal synergy. Activities that are primarily client-related take place within several business units, with 'behind-the-scenes' management at a central level.

Achieving our objectives will strengthen Sligro Food Group's independent position in the market, a position we intend to retain into the longer-term future.

HENK KLOEZEMAN
I'm something of a wine buff myself

Commercial DEVELOPMENTS

GOALS

- To increase sales by an average of 10% each year.
- To maximise the potential for internal synergy and exchange of know-how between Group activities.
- To achieve competitive and permanent margin management.
- To provide high-quality service, always with a view to maximising customer loyalty

STRATEGIC ACTION

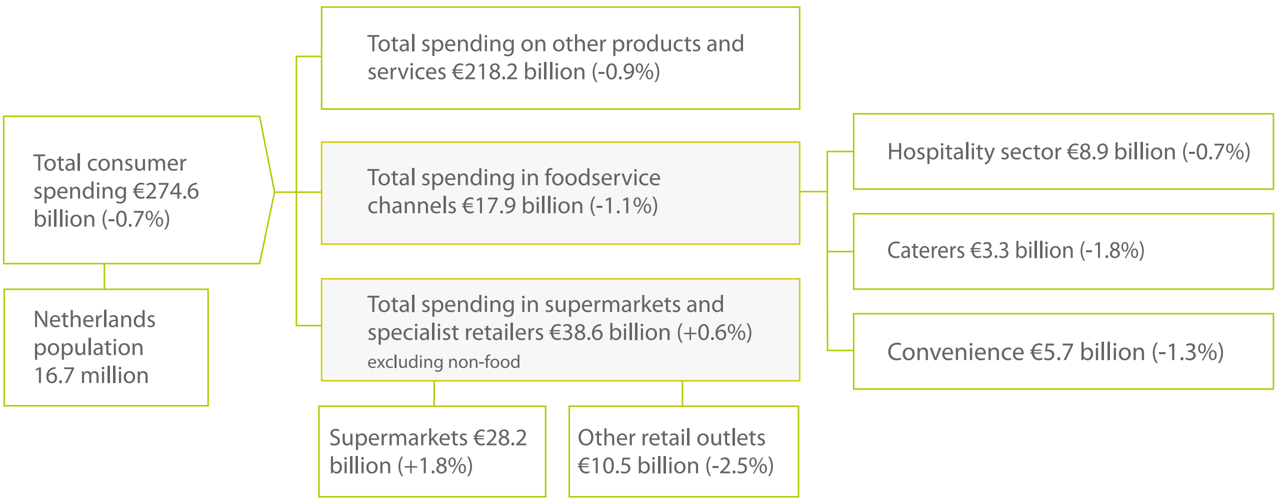
- To continually renew and improve our commercial concepts, formats, distribution channels and approach, including e-commerce.
- To ensure efficient and effective operational management of our retail and foodservice outlets.
- To optimise synergy behind the scenes and present our image effectively at front of house.
- To focus on large-scale activities to avoid unnecessary complexity.
- To expand and upgrade our network and optimise and enlarge existing outlets.
- To strengthen our market position among national foodservice customers as an integrated commercial service provider.
- To establish a more differentiated positioning in respect of our regional customers by combining the professionalism that we can offer through our critical mass with the character of a local partner: 'growth by staying small'.
- To strengthen customer relationships through loyalty programmes, events, private labels and our range of perishables and unique products from our own production kitchens.
- To further increase our expertise, customer focus and entrepreneurial culture through ongoing employee training programmes and continually championing the typical Sligro Food Group culture.
- To capitalise on acquisition opportunities satisfying our criteria.

FOOD MARKET

Sligro Food Group is active in almost all segments of the Dutch food market. The market comprises both the 'out of home' or foodservice channel and the 'at home' or food retail channel. This means that the success of our activities depends primarily, both directly and indirectly, on consumer spending in the Netherlands. The chart on page 18 provides information on the total levels of consumer spending. This information is taken from the Foodservice Monitor Report compiled on behalf of the Netherlands Foodservice Institute ('FSIN'). This report provides an overview of the Dutch foodservice sector and developments in this market, also in relation to the food retail market. As the foodservice market is far less homogeneous than the supermarket sector, figures for the former are much less consistent and reliable than those available for the food retail sector. This is evident, for example, in the structural differences between the market projections by the Dutch Foodservice Institute (FSIN) and Statistics Netherlands (CBS), the latter having long overstated growth in the hospitality market. FSIN's findings are far closer to our experience in the market and that of our main customers, suppliers and competitors.

The value added by our customers and VAT have to be eliminated from the figures in order to compare total consumer spending with Sligro Food Group's sales. FSIN estimates the wholesale value of the foodservice market to be approximately €6.7 billion. In our own projections, we use a broader definition of small and medium-sized enterprises and we include commercial non-food sales, which increases the size of the market.

CONSUMER SPENDING IN THE NETHERLANDS



Source: FSIN.

The market shares in the two segments of the food market are as follows:

% **Foodservice**[1)3)]		**Market share**		**Supermarkets**[2)]		**Market share**	
	2012	**2011**	**2010**		**2012**	**2011**	**2010**
Sligro Food Group	19.9	19.2	18.6	Albert Heijn	33.7	33.5	33.6
Various breweries	14.0	14.0	15.0	C1000[4)]	12.0	12.1	11.5
Lekkerland	13.5	14.8	15.1	Jumbo	9.6	7.4	5.5
Deli-XL	10.8	10.6	11.3	Super de Boer[6)]	0	2.4	5.5
Metro	9.6	9.2	9.1	Plus[5)]	5.9	5.9	6.0
Hanos/ISPC	6.4	6.4	6.3	Aldi/Lidl	15.0	14.6	13.5
Kruidenier	3.8	3.6	4.5	Sligro Food Group[5)]	2.7	2.7	2.6
De Kweker/Vroegop	2.1	2.1	2.1	Other[7)]	21.1	21.4	21.8
Other	19.9	20.1	18.0				
	100	100	100		100	100	100

1) Source: Foodservice Nieuwjaarsmonitor 2013. 2) Source: Sales figures published by the companies and market definition as used by Nielsen and IRI. Previous years' figures slightly adjusted. 3) Previous years' figures substantially adjusted. 4) Acquired by Jumbo in 2012. 5) Member of Superunie purchasing organisation. Superunie members have a total market share of almost 30%. 6) Acquired by Jumbo. 7) Almost all in the 'other' category are members of Superunie.

Based on total consumer spending on food, Sligro Food Group has an 8% share of the market, putting the Group in a strong number 3 position in the Dutch food market. There are indications that the food retail market has been steadily taking market share from the foodservice market for the past five years. In these difficult economic times, supermarket sales are approximately keeping pace with inflation but, despite inflation, foodservice spending is falling. The opposite applies in times of economic growth, and for that reason alone it is good to be active in both segments.

The following chart shows which Group operating companies target the various segments of the food market. Although the activities primarily focusing on customers are performed separately, everything is closely managed 'behind the scenes' at a centralised level, wherever possible. This synergy, both in foodservice and food retail, is a means of differentiating ourselves from the competition, while also promoting our learning ability and achieving greater efficiency. Only where a centralised approach is not possible or desirable do we use individual systems and processes. In this way we maximise the synergistic benefits on the one hand and, on the other, ensure a clear focus on the customer and the specific market in each individual business unit.

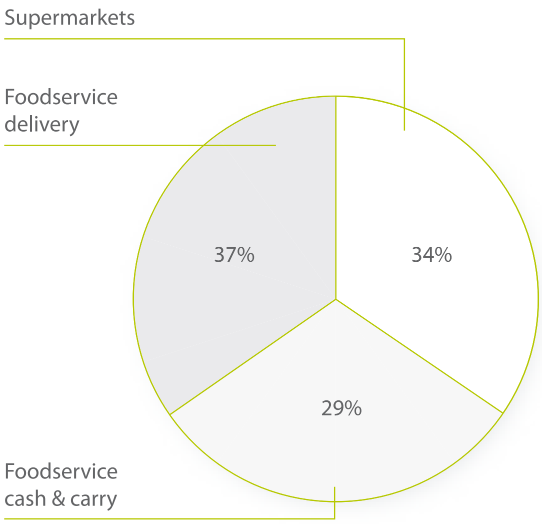
CENTRAL WHERE POSSIBLE, LOCAL WHERE NECESSARY

<table>
<tr><th colspan="3">Central distribution centre and head office in Veghel</th></tr>
<tr><th>Food retail</th><th>Foodservice
Cash & carry</th><th>Foodservice
Delivery-service</th></tr>
<tr><th>EMTÉ</th><th>Sligro</th><th>Sligro/Van Hoeckel</th></tr>
<tr><td>130 Own and franchise outlets</td><td colspan="2">Large and small hospitality sector,
leisure, caterers, forecourt outlets,
large-scale users, institutional</td></tr>
<tr><td>2 Distribution centres</td><td>National network of
46 cash & carry outlets</td><td>National network of
11 delivery-service outlets</td></tr>
<tr><td colspan="3">Sligro Fresh Partners & Production
Specialised production facilities for convenience products (Culivers), fish (SmitVis) and meat (retail), patisserie/home caterer (Maison Niels de Veye) and four fresh-produce associates</td></tr>
</table>

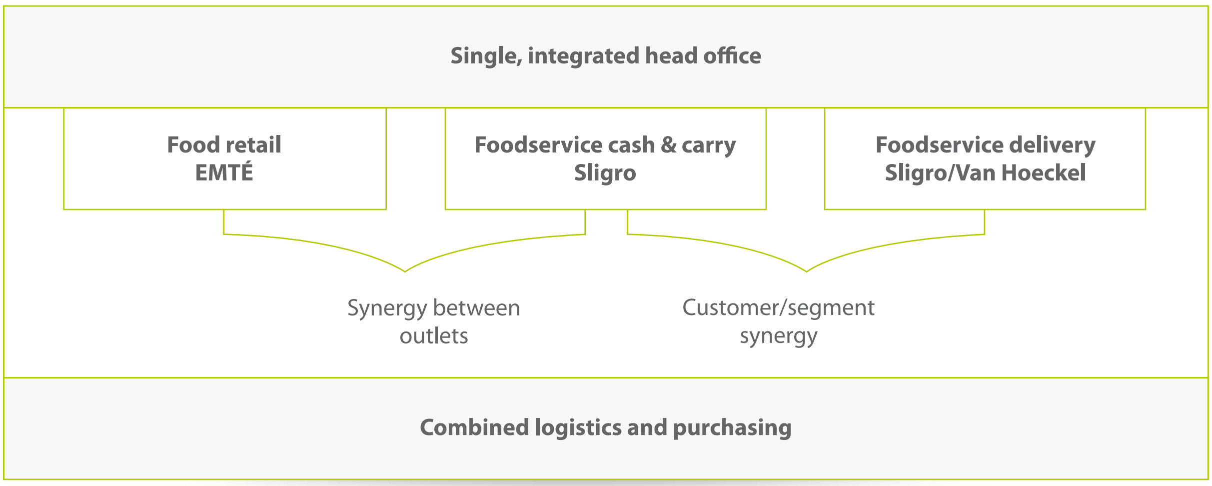
GEKE LOONEN
The variety of work is nice and so are the people at work

BREAKDOWN OF SALES IN 2012

Sligro Food Group focuses, directly or indirectly, on the food and beverage appetites of consumers in the Netherlands. Consumers can do their shopping for themselves in our EMTÉ supermarkets, while foodservice customers can opt for self-service in our cash & carry stores, for delivery services or for a mixture of the two. The cash & carry stores are usually used by smaller, occasional or secondary customers, although larger customers also visit our stores for inspiration and information or simply because they prefer to select their products themselves. The latter are often also foodservice customers, who receive regular supplies from the range of over 60,000 items held at our delivery-service locations. These three channels (supermarkets, cash & carry and delivery services) each account for around one-third of Group sales, not that an equal distribution is an end in itself.



The following table shows the synergy between the three channels. Instead of operating as a group of businesses, Sligro Food Group comprises a single, integrated business with overlapping types of customers and distribution methods. Due to the strong competition and the availability of market data, the Dutch food retail market is more professional than the foodservice market. Our foodservice organisation can learn a great deal from that. Food retail in turn can learn a great deal from foodservice, as the market leader that prides itself on its service and customer loyalty, not to mention the broadest range on the Dutch market.



ALJEN REURINK
Cookery demonstrator at Sligro Zwolle

Interview
ALJEN REURINK

"As a cookery demonstrator, I can practise my profession in a special way. As well as cooking, I can also give customers advice. That's good, because we speak the same language and I do my job during the day, in normal working hours. A good work/life balance is important to me because, as well as food, my family is my great passion. It all works well, because Sligro is also one big family, with a passion for food! If I can inspire people and they leave the store happy, I get enthusiastic too. My style of cooking? I go for plain, down-to-earth food, as in Italian cuisine."

Food RETAIL

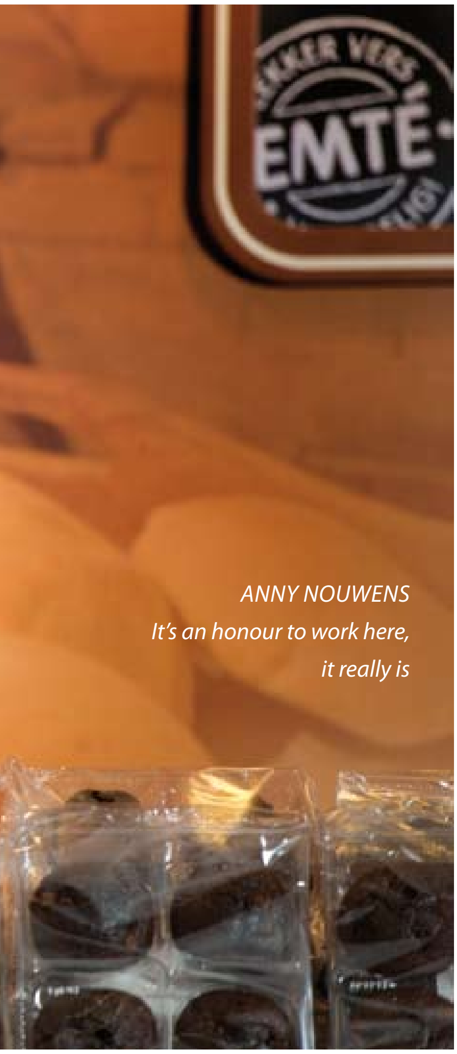
x € million

	2012	2011
Net sales	833.2	811.2
Gross operating profit (EBITDA)	26.9	31.9
Operating profit before amortisation (EBITA)	11.5	14.5
Free cash flow[1)]	24.9	12.1
Net capital employed	190.5	214.3
EBITDA as % of sales	3.2	3.9
EBITA as % of sales	1.4	1.8
EBITA as % of average net capital employed	5.7	6.7

1) Excluding interest and associates.

We use data from three market research agencies, GfK, Symphony IRI and Nielsen to analyse the market. They each produce different figures, mainly because of the lack of information regarding the market positions and growth of Aldi and Lidl. For simplicity's sake we have for years consistently used the arithmetic mean of the figures reported by these agencies as the growth percentage. On this basis, the market grew by 1.7% in 2012, to €33.7 billion (IRI, Nielsen), which is entirely accounted for by inflation. In all probability, the volumes actually shrank slightly. It should be noted that the volume component includes the effects of trading down; in difficult economic times, consumers tend more frequently to go for a cheaper alternative, such as own label products.

The Dutch supermarket world is still changing fast. In contrast to other mature markets, the Dutch market still has the luxury of a wide variety of chains to choose from with numerous separate operators. This is partly because the smaller players in relative terms benefit from the combined purchasing power of the Superunie purchasing combine which, with a market share of approximately



30%, occupies a strong number two position, making it half as big again as the number three player Jumbo/C1000. With a market share of approximately 35%, Albert Heijn is undisputed market leader, the more so in that this operator's market share is achieved by a single store format.

February 2012 saw the completion of the acquisition of C1000 by Jumbo and, as everyone already expected, Jumbo has since announced its intention to concentrate on the Jumbo format going forward. It was also announced that more than 80 C1000 supermarkets would be sold to Albert Heijn, with approximately 50, mainly smaller, stores being taken over by the Coop supermarket chain. A start was made with dismantling C1000 in the second half of 2012 as part of a process due to be completed over the next few years. The reports reaching us suggest that the conversion is not going as successfully as it might just yet, which is not exactly surprising as C1000 had a loyal customer base and occupied a distinctive position in the market in which it was perceived as a supermarket with lots of special offers. In terms of positioning, our EMTÉ format is not that different, which means that there could be opportunities created by the disappearance of C1000 in locations where both formats were present. It will become obvious in the next few years whether the demise of the existing number two in the market and the establishment of a new number two will lead to structural changes or essentially mean no more than a change of name. In any event, the market will remain as fragmented as it was 10 years ago, based on market shares of individual companies.

→ EMTÉ corporate video

For our part we concentrated on the EMTÉ format in 2012, the remaining Golff stores as at year-end 2011 either being converted to the EMTÉ label or otherwise disposed of where they were not suitable for EMTÉ conversion. Our 'reFresh' operation, placing greater focus on fresh produce, was also more or less completed in 2012. We now have a network of 130 EMTÉ supermarkets, presenting a unified identity and operating with a unified commercial approach. Changes affecting individual stores obviously remain a possibility, generally depending on local developments, but we do not expect any major changes in our portfolio. An overview of our supermarkets is given by the table below.

Our new approach, which will be further implemented as part of the 2013–2015 medium-term plan discussed on page 26 et seq, was progressively adopted with a great deal of enthusiasm and drive in the course of 2012, creating a new organisational structure involving several changes in staffing. The enthusiasm engendered was already tentatively reflected in the results for the second half of the year as well.

	Number at year-end		x 1.000 m² retail space at year-end		Consumer sales[1] x € million		Index of like-for-like sales	
	2012	2011	2012	2011	2012	2011	2012	2011
Total	131	130	138	135	940	915	103	103
Of which, EMTÉ	128	120	135	128	915	820	103	103

1) Including changes in the store portfolio during the year and VAT.

Total food retail sales comprise EMTE's consumer sales (excluding VAT) and the wholesale value of sales to franchisees. Sales (excluding VAT) can be broken down as follows:

(x € million)	Net sales		Share of sales (as %)	
	2012	2011	2012	2011
Own supermarkets	678	666	81	82
Independent retailers	155	145	19	18
Total	833	811	100	100

The sales to independent retailers include sales to the supermarkets operated by leisure group Center Parcs.

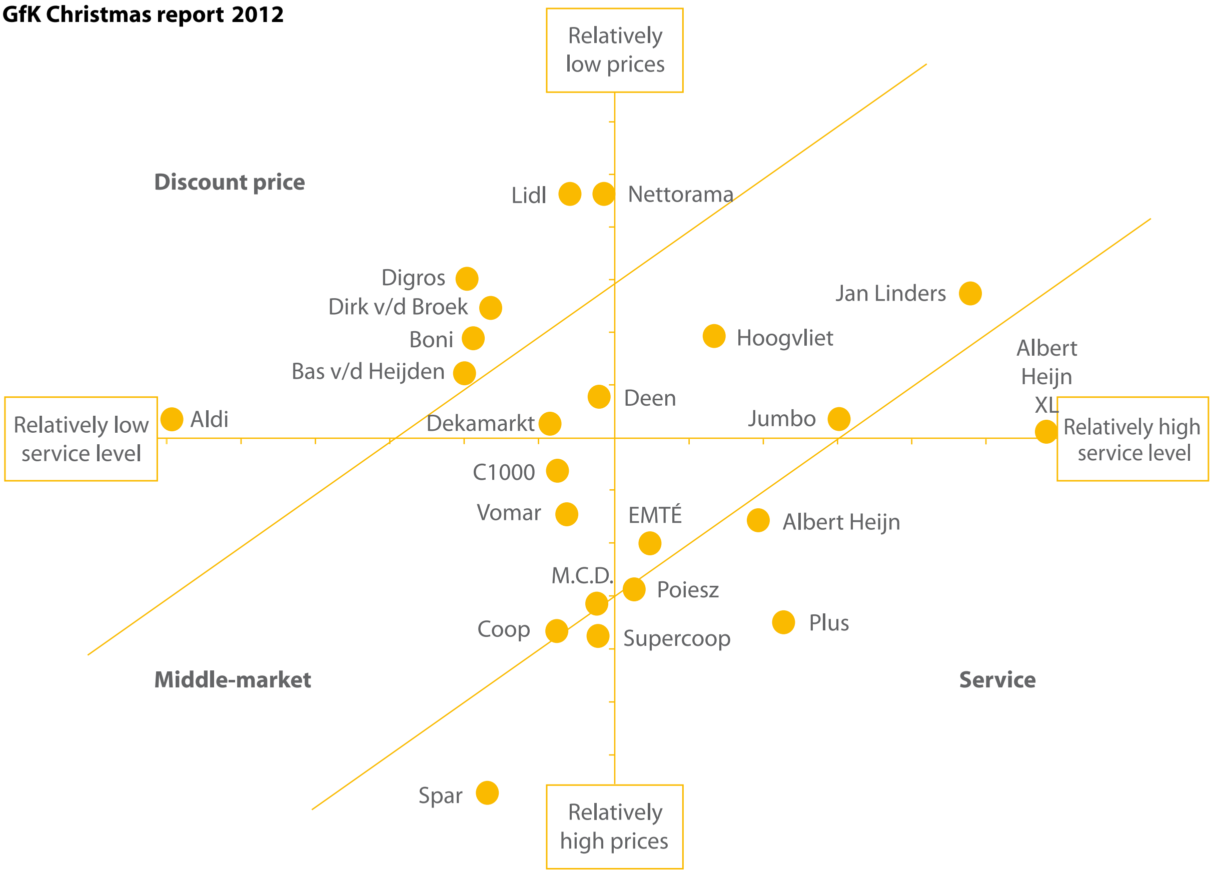
EVALUATION OF FOOD RETAIL MASTERPLAN

Year-end 2012 marked the conclusion of the Food Retail Masterplan we embarked on in 2009 and we are now able to judge its success. The Masterplan had three objectives:

- to put our house in order;
- to rationalise the store network;
- to improve our market position.

Achieving these three objectives was also intended to produce a reasonable return for our food retail business. As far as 'putting our house in order' is concerned, we are able to report that important targets have been met. At the heart of the format, we have focused on three core values, namely friendliness, freshness and value for money. In 2012, on the basis of a survey of 2,800 respondents, we were named most customer-friendly supermarket format in the Netherlands by Market Response, which we view as a crowning achievement of our efforts in recent years connected with the 'Ons Huis EMTÉ' training programme to embed the EMTÉ ethos in the organisation. On the freshness front we have also made a great deal of progress as regards short shelf-life perishables. We have developed a new corporate identity/signage, which has been rolled out to all stores as part of the 'reFresh' operation. Having already won various accolades for our cheese and meat departments, we were ranked number three in the overall GfK Fresh Produce Report in 2012. There is still room for improvement, in other words, but it is clearly a step in the right direction, especially as the report not only reflects a high rating by customers (i.e. perception) but also high actual spending on fresh produce (fair share).

GfK Christmas report 2012



Despite the price wars of recent years, we have managed to keep our prices structurally lower than those of the market leader. It should be mentioned, however, that this fact is not entirely backed up by the 2012 Christmas Report, which reflects consumer perceptions.

We have also succeeded in achieving a good sales growth, outperforming the market by approximately 4% in 2009 and again in 2010. In 2011 and 2012 we continued to outstrip the market although the rate of growth began to level off. As a consequence, average sales per square metre of shop floor space have increased by more than 20% compared with the figure when we embarked on the Masterplan. The conversion of Golff stores to the EMTÉ format can also be classed as a success. The converted stores have seen sales rise by an average of 15% in the first two years following conversion and that growth has largely been recorded in attractive segments of the product range.

One disappointment was the acquisition of Sanders in the fourth quarter of 2010. Contrary to expectations, sales fell instead of rising following conversion to EMTÉ. And although sales have been picking up since the second quarter of 2012 we are not yet back up to the pre-takeover level and it will take longer than planned before we have a successful operation with EMTÉ in the Twente region. Given that Sanders' average sales prior to acquisition were already lower than the EMTÉ figure, the average level of sales per store and per square metre across our portfolio has in fact been depressed by Sanders. We divide our stores into three different categories, based on sales. The strong progress we have made in the top and middle categories has been partly cancelled out by the acquisition of Sanders, whose stores generally fell into the bottom sales category.

During the whole of the period covered by the Masterplan, the number of stores was gradually reduced by approximately 30 in connection with the focus on the EMTÉ format, stores making heavy losses or which were not suitable for EMTÉ conversion having been disposed of. The Sanders organisation, with around 20 stores, was, however, acquired during this period. The various changes have led to a limited increase in market share despite a net decrease of around 10 in the number of stores during the Masterplan period. As at year-end 2012 we had around 130 stores, including 30 operated on a franchise basis, with a combined market share of 2.7%.

As indicated at the beginning of 2012, we were unable to achieve the financial goals of our Masterplan. The rationalisation of the store network and the normalisation of the amortisation/depreciation charges contributed to an improvement in results, as expected, but the operational improvements in sales, margins and costs (on a like-for-like basis) did not quite meet the targets set. Although huge advances have been made, reducing shrinkage and cutting operating expenses is not as good as planned. We still see substantial scope for improvement in those areas which it is entirely down to our own efforts to bring about. It should be remembered that the financial benefits produced by some of the big improvements we have managed to achieve have been eroded by the very tough market conditions of recent years. The same effect is visible in the profitability of our competitors, too, almost all of whom have seen profits squeezed. This highly competitive environment has resulted in the Netherlands becoming the country with the lowest supermarket prices in Western Europe. As previously mentioned moreover, the acquisition of Sanders has so far failed to deliver what we expected of it. The former Sanders stores need more time to come into their own under the EMTÉ label. The capital employed has increased by approximately €45 million as a consequence of this acquisition, wiping out the expected reduction in this figure contained in the Masterplan. Performance with respect to the financial goals is summarised below.

	Target 2012	Actual 2012
Net sales per m²	€140	€132
EBITA as % of sales	3,0 - 3,5	1,4
EBITA/net capital employed	15,0	5,7

Despite not having met our goals yet, we must not lose sight of the fact that our food retail business in 2012 generated a free cash flow of €24.9 million, which represents 26% of the free cash flow of the entire Group. We are convinced that both profitability and the free cash flow can be considerably improved over the next few years by a combination of increased sales, better gross margins and lower relative operating expenses. With the required level of capital expenditure (primarily replacement investments) in the order of 1% of retail sales per annum in the years ahead whereas amortisation and depreciation charges will be at least €10 million a year higher than this, the net capital employed will also decrease substantially year-on-year. That means that the return on the capital employed will increase faster than the relative improvement in profits and free cash flow.

The building blocks of our plan for the years ahead involve creating growth and strengthening the basics of our business.

creating growth		
loyalty	unique product range	building the brand
back-office in order	category management	operational excellence
strengthening the basics		

It is vital that we raise the identity profile and increase brand awareness by means of:

- → targeted campaigns focusing on the product range (including fresh produce), price perception and loyalty;
- → increased online activities;
- → centrally coordinated local activities;
- → more focused positioning;
- → above-the-line (TV) advertising.

As part of these efforts we aim to make greater use of the distinctive aspects of the Sligro business. The Group's enormous and unique product range will be able to give the EMTÉ format a really distinctive edge. Obviously, that does not mean offering exactly the same products through every channel because the separate target groups differ too much for that. On the other hand, we need to realise that we can make even better use of the Group's unique food know-how. The driver of our business is that we are passionate about good food and beverages and the desire to offer our customers even more 'eatertainment':

- → the tastiest quality products;
- → not just niche products, 'the tastiest meatball' as well;
- → staff who are passionate about their work;
- → an inspirational shopping environment;
- → prices you can't argue with;
- → and the best special offers in the Netherlands.

All of this lives up to our 'Lekker Leven' slogan completely. As a result, EMTÉ will come even closer to the approach which makes the Sligro cash & carry format so successful but aimed instead at the culinary aspirations of supermarket customers, i.e. the large middle market rather than a niche segment. Affordable, tastier and with every opportunity to look, smell and taste.

Behind the scenes we also see considerable additional scope for strengthening the basics of our business. Although a great deal has been achieved in this area in recent years, there is still plenty to do:

→ in the field of modular control of product range management and on-shelf availability;
→ with central control of local sales promotions;
→ by rolling out the automated order system to cover the latest short-life perishable product categories and instilling greater discipline as regards application of the system. We also intend to give our franchisees access to this system.

We also have numerous plans underway concerning category management, focusing on refined metrics and modular control with the object of raising profitability, including changes aimed at reducing shrinkage, increasing the average purchase figure, increasing the proportion of fresh produce and own-label items and keeping better control of flyer-promotion pressure. We see scope for increasing the speed of product take-up and the management of the Group's production companies will also become more category-driven. The revamped category management team will also be responsible for overseeing the three Ps of marketing.

Price perceptions for EMTÉ are higher (i.e. less attractive) than our true price level, which is below that of the market leader. This means we shall be ensuring that our existing price level tracks movements in the market at the very least but we shall also have to make a more effective sales pitch through our flyers, general communications and shelf plans. Additionally, we shall be launching a value range in the course of 2013 aimed at the bottom end of the market, using the OK€ label developed by Superunie in collaboration with several members of the purchase combine.

As regards the promotional effort, it is mainly a question of better communication of what is already on offer, with fewer, more sophisticated campaigns designed to have greater impact, supported by frequent airing of commercials on national TV channels in 2013. A start will also be made in 2013 with developing a comprehensive state-of-the-art loyalty programme which we believe will enable us in particular to operate much more effectively and with increased customer focus. The aim is to increase the average spend per customer and therefore the number of primary customers and we know that success on this front brings with it improved margins as well as increased sales because customers who do more of their shopping with us are the most interesting customers. In 2013, the loyalty programme will be further developed and we expect to see it start to pay dividends in 2014.

→ EMTÉ commercial


KIM MOLEGRAAF
There's a lovely, relaxed atmosphere at work here

As regards presentation, the main thing is to create greater stability in the store layout by reducing the number of shelf plan changes and applying the principle of 'favourites' to a greater extent.

All the developments surrounding e-commerce have, of course, not passed Sligro Food Group by. Far from it, they have our full attention. Our foodservice delivery activities are entirely e-commerce based. And we shall be using e-commerce even more as a communication tool in our cash & carry business and in food retail in the years ahead. The same goes for our internal communications. The Yammer internal platform launched in 2012 and used by a thousand staff to exchange sales-promoting ideas on a very frequent and active basis is an excellent example of this.

In the actual operation, our focus is on three-dimensional cooperation:
→ horizontal: sales and operations
→ vertical: head office and stores
→ diagonal: uniform operations involving standardised stores.

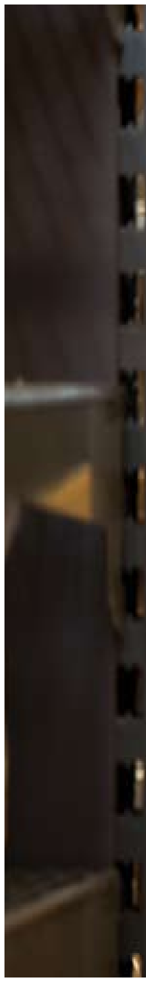
It sounds simple but it forms the basis for the turnaround of our retail organisation, coupled with a quality drive concentrated on individual aspects.

On the actual operational front we also see plenty of scope for still achieving what the Masterplan has so far failed to deliver. The biggest opportunities we see as relating to wage costs and tackling shrinkage by means of a more modular approach to the product range, production and staffing and by getting tighter control of actual operations more promptly. The differences at operational level between our stores are still too great. We also expect the above-mentioned action relating to the management of flyer-promotion pressure , shrinkage and product availability to have a beneficial effect on the logistics costs.

SUMMARY

In the next few years we shall be concentrating on:
→ outperforming the market in sales growth;
→ improving gross margins;
→ cutting costs;
→ raising the identity profile and increasing brand awareness;
→ strengthening price perceptions.

The combination of these factors is intended to result in our attaining the profitability target originally set in the



Masterplan by 2015. The state of the economy has, of course, turned out to be much worse than we could ever have expected.

In specific terms, we aim to achieve an operating result before amortisation in 2015 of 2.5–3% of net sales and over 15% of the net capital employed.

Within our food retail business we have invested in the development of a new platform based on shopping collection points which could be later extended to include home deliveries. We have greater expectations of the collection service, which will allow customers to pick up their shopping at fully automated drive-ins located on convenient thoroughfares into and out of towns on their way home. Since an operation of this kind is at odds with all existing traditional retail practices, we thought it best to use an associated company for the start-up phase rather than making the new service part of the existing organisation. Sligro Food Group has taken a non-controlling interest of 25% in Super Direct Retail with the option of increasing its stake at a later date, and is obviously supplier of choice. Super Direct is starting this venture from square one. Good plans are in place and implementation and rollout are in full swing, but so far not so much as a pack of spinach has been sold. We expect to be able to open the first collection point in 2013.

Our associate Spar, in which we have a 45% interest, did not have an easy time with respect to sales in an environment with so much aggressive pricing. Spar is mainly active in the local supermarket segment and supplies a considerable volume to recreational stores. Local supermarkets have always had a strong presence in smaller communities, but the urbanisation of the country is steadily continuing. Spar has now also developed a convenience store format that is aimed specifically at high-traffic locations. In 2012, Spar was able to profit to the full from the cost reductions which largely resulted from the commissioning of the new combined head office and distribution centre in Waalwijk in 2011. However, that was not enough to prevent Spar from seeing its results weaken somewhat, as was the case for many other market participants. To our satisfaction we are able to report that the Spar management is developing numerous initiatives to combat the difficult market conditions and by virtue of these and other efforts is succeeding in maintaining the profitability for affiliated independent retailers and the company at an attractive level.

DIDE KROOT
You get to do all kinds of jobs, which is nice

Food SERVICE

x € million

	2012	2011
Revenue (net sales)	1,634.1	1,609.0
Gross operating profit (EBITDA)	116.7	127.1
Operating profit before amortisation (EBITA)	89.0	100.4
Free cash flow[1)]	69.9	65.9
Net capital employed[1)]	424.4	434.8
EBITDA as % of sales	7.1	7.9
EBITA as % of sales	5.4	6.2
EBITA as % of average net capital employed	21.0	23.1

1) Excluding interest and associates.

According to umbrella organisation the Dutch FoodService Institute (FSIN), the foodservice market shrank by 1.1% in 2012 to a level of €17.9 billion in terms of consumer spending, i.e. including VAT and the added value of our customers. The wholesale value according to the FSIN was down by 1.6%, at €6.7 billion.

In contrast, as the table on page 18 reveals, our market share (on a like-for-like basis) grew faster than the competition, continuing a well-established tradition of outperformance. While the market shrank by 1.6%, we recorded growth of 1.6%, outstripping the market by more than three percentage points. Although cash & carry sales were down by 1.1% in 2012, at €726 million, delivery-service sales grew by 3.8%, to €908 million. Since inflation in the market is still relatively high, we estimate overall market volume to be down by 3.5%. On that basis, incidentally, we have the impression that the FSIN estimate is a little optimistic. Other reports reaching us are based on greater shrinkage. Whatever the case, our market share grew by 0.7 percentage points to 19.9% in 2012, almost breaking the 20% barrier. That barrier will fall in 2013 because the acquisition of Van Oers will lift our market share by almost a whole percentage point and by as much

as 1.2 points on a full year basis. Details of the Van Oers acquisition are given on page 35. In the somewhat longer term we believe a market share of around 30% to be achievable. After all, if that is possible in the food retail market, why not in foodservice too? How long it will be before we reach that goal depends on how fast we can grow the business organically and what takeover opportunities arise. As regards organic growth, there is happily still plenty of scope. The profitability of our foodservice business may already be much higher than that of our competitors, but we believe we can still do significantly better. Over the next few years, therefore, we shall continue to be intensively engaged in all the existing plans and there will doubtless also be a great many new and good ideas as time goes by for ways of improving sales as well as returns. A SWOT analysis for Sligro's foodservice business is presented below.

Strengths	→ Centrally located distribution centre → National network of cash & carry stores → National network of delivery-service distribution centres → Integrated back-office and associated ICT systems → Strong Sligro format → Market leadership → Membership of Superunie purchase combine → Plenty of retail and cash & carry know-how → Unique corporate culture	Weaknesses	→ Need to make better use of our marketing/sales systems and data
Opportunities	→ Market consolidation → Demographic changes → Network optimisation → Squeeze on customer profitability in our markets → Long-term growth profile of the foodservice market → International expansion	Threats	→ Economic development → Clustering of customers → Global increases in food prices → Complacency

We are the only operators in the foodservice market with a (real) central distribution centre. It is strange that almost every retailer has a proper central distribution centre but we are the only ones to do so in the Dutch foodservice market. We have our roots in the retail business, so it has always been an obvious decision for us. That automatically means highly centralised control and that in turn is only possible with a single, centralised ICT system that is sufficiently flexible to accommodate different customers and different forms of distribution. This allows our cash & carry and delivery-service outlets to concentrate entirely on their customers and the logistics operations specifically associated with them. Not only that, there are also numerous advantages connected with unique product ranges, own brands, exclusive imports and successfully running relatively small outlets (type I). Time and again we hear from our staff who formerly worked for competitors how pleased they are in their jobs, mainly because they can focus on what matters without having to worry about associated processes. As a consequence we have very low operating costs, offer the best standard of service and boast the most customer-friendly staff. Add to that a really sound business model and the best national infrastructure and you are even stronger. Our market leadership, our membership of the Superunie purchase combine and our highly centralised management control also put us in a very strong purchasing position, with the associated ability to offer own-brand products. The share of these products in our overall sales continued to increase in 2012, to 25%, despite the relatively high proportion of tobacco products in our delivery-service turnover, owing to the growth of the forecourt channel in recent years. In our cash-and-carry business, the own-brand share is in fact well above average because we are able to actually display the products and the packaging as well. Incidentally, our definition of own-brand items is a very narrow one in that, if customers cannot actually recognise a product as uniquely branded (i.e. own brand), it does not count – as in the case of a cucumber with only a label stuck on it, for instance.

Many of our competitors are attempting to strengthen their procurement by setting up purchase combines emulating Superunie (in the food retail market). The Maxxam purchase combine claims to have a market share of 46%. The success of a purchase combine, however, is more than the sum of the market shares of its members, as Superunie has been demonstrating for more than 50 years.

Finally, we are proud of our corporate culture, for which credit must be given to the entire workforce. We discuss this aspect in greater detail in the section entitled Organisation and Employees on page 39.

Sligro

van Hoeckel
PARTNER IN FOOD CARE

JASPER WASSINK
The satisfying bit is keeping things running smoothly

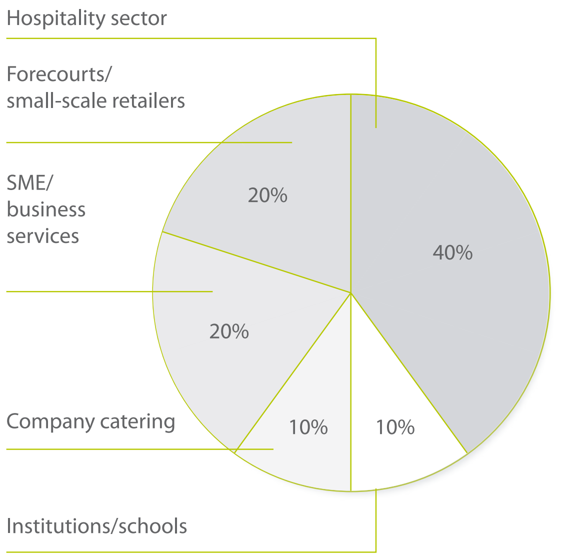
Having identified our particular strengths as part of a SWOT analysis and done a national and international comparison, it is time to explore the international opportunities for our foodservice business because we do, after all, have a unique proposition. We have accordingly been investigating the German, Belgian and Scandinavian markets in recent years and have come to the conclusion that the latter two markets in particular could represent interesting possibilities for us.
We realise only too well, of course, that it will not be just a matter of copying and pasting. This fact alone has so far deterred us from making any definite moves in that direction. At the same time, we have discovered that players in other countries are using us as an example in their own attempts to improve their businesses. So when the possibility of taking over a leading player in the Scandinavian market appeared to present itself, we carried out a thorough investigation. Circumstances surrounding the vendors meant that nothing came of it, but in this instance the investigation did reveal that there was an interesting business case to be made. The scope for cross-border synergistic gains is of course not as great as in the case of a national transaction, but they are nevertheless considerable and do not need to be an argument against an otherwise interesting prospect. One condition we have set is that it must be a strong player which also has sufficient market share and has a strong management that must be capable of expanding the existing market position using a combination of best practices.

We serve the institutional market trading under the name Van Hoeckel and the other segments of the market as Sligro. The Van Hoeckel team specialises totally in serving its particular segment but, in 2012, the logistics operations were greatly improved in close cooperation with the delivery-service organisation. This involves five large delivery-service centres – the 'Big Five' – in conjunction with the Van Hoeckel distribution centre in 's-Hertogenbosch, giving us a finely meshed national network with which to serve this group of customers as well, while simultaneously safeguarding the dedicated commercial focus on this specific customer category. The partnership is reported on in greater detail in the section headed Delivery-service below.

Consistent with our aim of increasingly differentiating ourselves from the competition in the eyes of our customers, Sligro Food Group operates a number of in-house production companies and has close working relationships with various specialised fresh-produce partners in which we hold minority interests. For all our perishable products, these partners operate under the Sligro Fresh Partners name, as does our wholly owned subsidiary SmitVis. As well as SmitVis, the market leader in fish as regards foodservice, we have three other wholly owned production companies, Culivers (convenience products), Maison Niels de Veye (exclusive patisserie and delicatessen products) and Sanders Vleescentrale (meat), which mostly supplies our food retail outlets.

We also hold non-controlling interests in Smeding (fruit and vegetables), Kaldenberg (meat), Ruig (game and poultry) and Verhoeven (bread and bakery products). Although the main focus of these activities was originally on foodservice, substantial sales of certain products in these ranges are now being generated by our supermarkets and these sales are increasing rapidly.

Our foodservice sales are divided among the various main customer categories as follows:



→ Sligro corporate video

CASH & CARRY

We are constantly working to strengthen our wholesale cash & carry business in terms of both quality and number of outlets. The most important advances on this front concerned the opening of an outlet in Assen, number 46, and the relocation and substantial expansion of the Zwolle outlet. Based on market criteria, we estimate that there is room for around 55 Sligro cash & carry outlets in the Netherlands and Assen represents one more step towards that number. We are also working on three more possibles and hope to make the initial investment on one of these projects in 2013.

The old outlet in Zwolle had become rather dated because it took a long time before we found a suitable new site and a solution for the old one, but we now have a splendidly impressive cash & carry outlet that is totally in keeping with the epicurean flair of the city of Zwolle. The initial figures showing increased sales at Zwolle have surpassed our expectations, while Assen is performing as expected. In contrast to what happens when a new supermarket is opened, it takes 3–5 years before a new Sligro outlet attains its 'natural' market share. This is because business-to-business customers tend to be more loyal than consumers. Apart from these two quite large projects, which together represented an investment of €9 million, substantial work was undertaken at various other outlets in order to continue to reflect the latest features of the format. There were major upgrades in 2012 in Alkmaar and Amsterdam, making the outlets concerned good for the next eight years or so. Happily, we shall be able to put our plans in Limburg, about which we expressed our disappointment last year, into action in 2013, with the relocation of the existing Sligro outlet in Maastricht, 'relieving' it of the delivery activities. In this, the most bon vivant city of the Netherlands, Sligro's most epicurean outlet will probably be opened in the fourth quarter of 2013. Naturally, we shall be continuing to invest as much as ever in our existing outlets so that they always remain up to date. Some of our competitors are not prepared to do that or apparently cannot afford to upgrade. When we took over Ven in 2004 we saw where that ultimately leads.

There is no more serious threat than your own success, so the saying goes, and it is no accident that we identify complacency as our greatest internal threat. We therefore decided in 2012 to conduct a detailed review of our cash & carry format because, after years of extremely successful growth, we too have been feeling economic pressures in recent years. Obviously that has to do with the new economic climate but, since we believe that is the climate we have to get used to for the foreseeable future, we plan to give our format a thorough revamp in order to continue performing as well in the new climate as in the past. In any event..., it's time to switch on! We have accordingly strengthened the management team, particularly on the marketing side (including e-marketing). We intend to beef up our positioning in a structured manner in 2013 and respond more effectively to the market and market developments. The Sligro cash & carry format is the financial gem of Sligro Food Group and accordingly deserves our fullest attention. We expect to be able to say more about our review and the resultant plans in the 2013 annual report.

Incidentally, a customer opinion poll in 2012 showed that our customers rate the Sligro format very highly. Almost half of our customers in fact fall into the category of 'fans' (highest score) and only a small percentage are dissatisfied. The challenge is to generate more sales and higher profits from that 'fan club' by encouraging more frequent visits and additional spends. We shall therefore be continuing to invest heavily in customer loyalty. Businesses enjoying a high level of customer loyalty are precisely the ones that are constantly asking themselves how they can improve: winners have a plan, losers make excuses.

DELIVERY-SERVICE

In the section on the foodservice delivery business in the 2011 annual report, we gave a highly detailed explanation of this business and how it has become the driver of growth for Sligro Food Group in recent years. That success has been mainly achieved by a process of improving quality rather than competing on price. However, the price aspect has gained in importance in these difficult economic times and we are fortunate in being able to pitch prices extremely competitively, thanks to our low operating costs and strong procurement position. We can look back with satisfaction at our strategic decision of seven years ago, when we decided to separate the cash & carry and delivery operations and set about putting the delivery business in particular on a really professional footing (the cash & carry business was already a professional operation). This decision was not preceded by any in-depth study, however: for some things you just have to rely on intuition ('intuition is reason in a hurry') and see if it works in practice. That is the advantage of 'hands-on' management which is very close to day-to-day operations.

We currently deliver to our customers from 11 centres (this number will be reduced to 10 in 2013). We have been intending for a long time to remove the delivery activities from the Sligro cash & carry outlet in Maastricht and this will be accomplished in 2013 with the commissioning of a new 16,500 m^2 delivery-service distribution centre in Venray, where the Maastricht delivery activities will be combined with those of the distribution centre in Haps, which is due to close. Following a certain amount of reallocation of the areas served, this will create our second largest delivery-service outlet (after Amsterdam), which starts out with sales of €100 million and has plenty of further growth potential. We have in fact identified this region as being at the heart of our growth policy. Physical restrictions have meant that we have had to hold back for far too long but, from 2013 onwards, there will once more be ample space to grow. When the new delivery-service distribution centre comes into operation in the second half of 2013, we shall be able to fulfil our ambitions. Numerous parties have helped to make this project possible. First and foremost, there was the Venray Municipal Authority, which went to great lengths to secure the investment. The City of Maastricht settled an old 'debt' in purchasing the existing Sligro outlet, enabling us to acquire a splendid new Sligro cash & carry outlet instead. The logistics service provider, which also happened to be our landlord in Haps, proved amenable to allowing premature cancellation of the lease and the builder of the new complex came up with an attractive lease option. Our policy of dealing with regular partners/suppliers who are prepared to make concessions to one other came up trumps. For us, the project represents a substantial reduction in costs, an improvement in quality, more capacity and – at long last – a new cash & carry outlet in Maastricht. We need the extra capacity, too, to give us plenty of growth potential in reserve following the takeover of Van Oers.

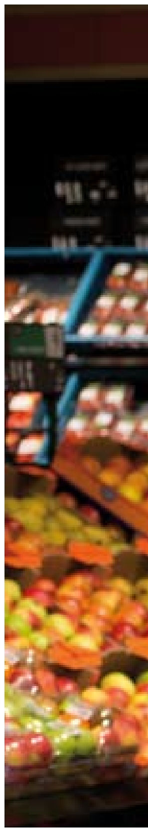
We are pleased with the latter acquisition, which was announced in 2012 and has since been completed. Sometimes you have to wait a long time to get what you want. It was the second generation of the Slippens family that made the first attempts to acquire the Van Oers delivery business. In 2012, Van Oers achieved sales of €80 million, mainly in the forecourt, leisure hospitality and fast-food customer categories. These are Sligro's core customer groups and we are pleased to be able to further strengthen our position in those markets. The plan is carefully to transfer the Van Oers customers one by one to our existing delivery-service infrastructure during the first half of 2013. That will be a labour-intensive process and will inevitably mean that certain things which those customers are used to will change. To compensate for that, customers will have the benefit of our modern systems when the transition is completed. The geographical fit of the sales is excellent. We estimate that 40% of the sales will be transferred to the Amsterdam delivery-service centre, which has more than enough capacity to take the extra business. The rest will be divided across the country, with slight emphasis on the south of the Netherlands. In the case of some of the customers, Van Oers and Sligro already supplied separate portions of the product range, so in the future customers will have one delivery instead of two.

Van Oers will be continuing in business as a production company and will be an important supplier. In the past, customers have frequently expressed a particular preference for Van Oers products and we shall of course continue to accommodate their wishes in the future. While customers are still being supplied by Van Oers in 2013, they will continue to deal directly with Van Oers. We accordingly expect the acquisition to generate additional sales in the first half of 2013 of around €20 million, with an impact of around €40 million in the second half year. Van Oers was by no means the only company with which we engaged in takeover negotiations in 2012 but, for all kinds of reasons, it was the only transaction to be agreed. It was also the only transaction of any size in the market as a whole to be concluded in recent years.

VAN HOECKEL

2012 saw the completion of the Van Hoeckel 3.0 project, with the business more or less reinventing itself and giving new meaning to its value proposition. The new management team, which was put in place a couple of years ago, has been working hard to reinvigorate the company, demonstrating considerable commercial flair which is gradually being reflected in sales. An important part of the project involved the integration of Van Hoeckel's logistics operations into Sligro's delivery-service network while retaining a 100% focus on the institutional market.
Van Hoeckel's customers need a different dynamic from those of Sligro. Managing operations continues to be entirely in the hands of Van Hoeckel in 's-Hertogenbosch, while actual deliveries are now organised from five delivery-service distribution centres covering the whole country, bringing them much closer to the customer, but still under the direction of 's-Hertogenbosch. It has proved possible to significantly reduce the number of drops without loss of central control. Training has been given to delivery service staff in meeting the specific requirements of Van Hoeckel customers. In the course of 2012, the project involved a major redistribution of logistical flows within the overall infrastructure of the Group. This process was accomplished without a hitch. Even so, the reorganisation of the logistics represents only one aspect of Van Hoeckel's value proposition. The challenges faced by the healthcare sector provide Van Hoeckel with the opportunity to serve the market in its own unique fashion. Van Hoeckel is constantly attempting to come up with new solutions to facilities management problems relating to the provision of meals and beverages, contributing to optimum collaboration within the chain. An example is the partnership recently entered into with care provider Cordaan in Amsterdam. For three months, Van Hoeckel studied the requirements and wishes of patients and other stakeholders in this institution. By listening carefully to them, Van Hoeckel was able to put forward a partnership proposal satisfying expectations within Cordaan and simultaneously anticipating future developments in care. The decision by Cordaan to contract its meal procurement to Van Hoeckel represents additional sales of more than €7 million annually with effect from 2013, which will be supplied entirely from the Amsterdam delivery-service distribution centre. For Van Hoeckel, the contract provides a major encouragement to continue along the newly chosen path.

Sligro, too, succeeded in securing various new customers, both large and small, in 2012. Obviously we are pleased to net large accounts but that does not mean that we lose sight of hospitality and other businesses operated by sole traders. On the contrary, we realise that it is precisely thanks to customers like these that we have grown so big and that they have often become delivery service customers, having formerly used our cash & carry outlets, as their own businesses have flourished. Customers in this target group do not necessarily have the same wishes and requirements as larger customers and we believe we are



able to meet their needs excellently. We have grown big by remaining small, acting as regional business partners for our customers. In 2012 we substantially expanded our activities across the border into Belgium, putting them on a more professional footing. From a basis consisting of a number of Dutch foodservice customers who also happen to have sites in Belgium, we have increasingly become wider Benelux suppliers, operating from one of our delivery-service distribution centres. That has been noticed in the market and we are now also securing several Belgian customers as well and have appointed a dedicated account manager to serve them. With effect from 2013, the business will be getting an extra boost as we start supplying Autogrill AC restaurants in Belgium, taking sales in Belgium to more than €30 million.

PRODUCTION COMPANIES

Our production companies are the convenience food producer Culivers, fish specialist SmitVis and home caterers and upmarket patisserie and delicatessen suppliers Maison Niels de Veye. In addition, Sanders Vleescentrale produces special and distinctive meat products for EMTÉ supermarkets. Our production companies do not have an independent function: their job is to facilitate the distinctiveness of the Group's activities. In 2012, we changed the way these businesses are managed at Group level from being supply-driven to being demand-driven. Far more than was previously the case, our various operations put their requirements to the production companies and it is up to them to produce an appropriate product that is suitably distinctive, at a price that will be competitive.

In 2012, Culivers Eindhoven re-equipped so that it could also produce the small special batches that were previously produced by the Culivers Amsterdam factory, which was closed in April 2012.

Sanders Vleescentrale (meat products) now produces and coordinates a proportion of the product range for all EMTÉ supermarkets, almost doubling production in 2012. The former owners had built this business with a view to growth and we have now been able to meet those growth ambitions by introducing special products and by using business facilities which we already had.

PETER BUTER
I'm here to stop the youngsters slacking

ALWIN BROUWER

A hospitality background meant joining Sligro was a logical progression

Organisation
AND EMPLOYEES

GOALS

- → To establish long-term employment relationships, consistent with our status as a reliable and professional employer.
- → To maintain employees' pride in Sligro Food Group through intensive communication and by enabling them to share in the group's success.
- → To create a safe and pleasant working environment in which employees from different backgrounds can all feel at home.
- → To promote cooperation and partnership as a means of achieving targeted synergistic benefits for the group.
- → To ensure we protect and promote important elements of our organisational culture, such as strength in unity, pride without arrogance, a passion to be the best, cost awareness, a healthy belief in ourselves and a conscious choice for directness.
- → To create a leadership style reflecting our organisational culture.
- → To remain committed to an informal organisation, where short lines of communication and reporting help to achieve intelligent and rapid solutions in day-to-day activities.
- → To continue promoting customer-oriented and customer-friendly practices as the standard for our employees.
- → To consistently strive to improve employees' performance by providing structured and challenging opportunities for training and management development.

LABOUR MARKET

The worsening economy is clearly having an effect on employment figures in the Netherlands. Unemployment rose in 2012 by over 100,000, while many of those who manage to find new jobs are having to accept temporary contracts (often repeatedly) at lower levels of pay. As a result, we are seeing an increasing degree of polarisation in the labour market. There are too few opportunities for well-qualified and highly motivated young people, while others in the labour force are primarily focusing on protecting their 'acquired rights', even though they already have better terms and conditions of employment than their younger counterparts. Western Europe needs to reform if it is to avoid falling even further behind other countries. We are still in the relatively luxurious position, at least in the Netherlands, of being able to carry out the required reforms in a socially responsible manner, with respect for older generations, while also offering sufficiently attractive prospects for younger people. The need for generational sustainability is clearly finding less resonance among trade unions, whereas many employees themselves have progressed much further in their thinking. This is not in itself particularly surprising if your primary focus is on protecting the interests of your members, and those members – at least in our sector – are largely men aged over 50. There is certainly nothing wrong with representing a specific group's interests. It is a completely different matter, however, if you are in a position, despite having very limited support, to reach institutionalised agreements applying to all employees.

We have had no Collective Labour Agreement for the Food Wholesale Sector since 1 April 2012, and it is proving very difficult to negotiate on work rosters that are no longer appropriate for today's world, let alone reach agreement on pension reforms.

We at Sligro Food Group are not seeking to make radical changes. Neither are we seeking flexibility for its own sake, and certainly not to have as few legal and other ties to our employees as possible. That would not be consistent with the policy goals we have set out above. We want and need to meet our customers' wishes, because that is the only way to ensure we continue earning enough to pay salaries on time and performing well in as pleasant a working environment as possible. Much can be achieved within our operating framework, so long as there is goodwill on both sides and rules are not seen as existing purely for their own sake. By and large, these relationships within Sligro Food Group are good.

It is remarkable that, as consumers, we (rightly) expect businesses to provide a flexible and customer-friendly service but, as employees and certainly when working in an institutionalised setting, we show only limited willingness to provide this degree of service ourselves. We encountered evidence of these attitudes during our takeover of Van Oers. You might expect that guaranteed job security and employment terms and conditions would be a welcome message in circumstances in which these aspects were clearly under threat. That expectation, however, was not borne out in the behaviour of the trade unions involved in negotiating the social plan. Statements such as 'Who's going to pay that extra five minutes' travel time?' are not exactly indicative of a willingness to adapt. Fortunately, however, the Van Oers works council demonstrated a greater grasp of reality, with the result that we were able to find a responsible and socially acceptable way to proceed with the acquisition.

CULTURE AND LEADERSHIP

The most important way in which one business differentiates itself from another is in its organisational culture. In other words, the way you work together, respond to change and deal with each other and your customers, and also the way you manage people and processes. In focussing on how we work and how we aim to succeed, we not only look at the results in the shorter term, but also and primarily at the longer-term sustainability and viability of our growth, in terms of both quality and results. And we are particularly committed to maintaining our organisational culture in a market in which conditions are more challenging than ever.

Sligro Food Group's Executive Board has completed a process of defining the specific features of our organisational culture and then adding substance to these definitions. This is because it is vital, in a rapidly growing organisation, to formulate what makes your culture unique, to communicate those features effectively, to use them when selecting new employees and particularly to ensure you behave, from the top of the organisation downwards, in a way that reflects that culture. We ultimately defined the following as constituting our Sligro Food Group DNA:

- Healthy **belief** in ourselves
- **Determination** to be the best
- **Pride** without arrogance
- Cost **awareness**
- Consciously **direct**
- Combine **strength**

The aspects that make up our DNA also demand a certain style of management, and we have identified the elements we see as belonging to this. In other words, what we regard as the 'S factor'!

We have drawn up a programme for communicating these features of our culture and discussing them at all levels of the organisation. At the same time, we are also launching a leadership programme. We have devised programmes for three managerial levels so that all our employees can be trained, inspired and coached at their own individual level. The leadership programme will help encourage our employees to put our organisational culture into practice in their day-to-day work.

Each year we plan to hold inspirational meetings for a select, but wide-ranging group of managers, from all levels of the organisation. At each meeting, we will be discussing one of the above themes in an inspiring way with speakers from within and outside our organisation. The first of these meetings, which was held in December 2012, received a highly enthusiastic response.

Green blood
our DNA

We are very aware that organisational culture is not something one can take for granted, certainly not in the case of a culture as pronounced as ours. It is very important, therefore, to agree on a programme for communicating and consolidating this culture at all levels of the organisation. We started preparing this programme during the year under review and will be launching it in 2013. The importance of having a clear, pronounced culture was reconfirmed in an Incompany employee satisfaction survey, which found a substantial difference in this respect between Sligro and its cash & carry wholesale competitor Makro. As we see it, satisfied employees make for satisfied customers. It cannot be a coincidence that the differences in the two organisations' customer satisfaction levels and financial results are equally pronounced.

We have translated our organisational culture and the features typifying this culture into a series of concrete competences. The model chosen is an online model, which has now been populated. We worked with a solid contingent from line management to select a series of core competences tying in with the Sligro Food Group culture, as well as a set of more job-related competences. These competences have been expressed in a manner appropriate for our organisation and can now be used to develop additional HR tools for assessing employee performance, for recruitment and selection and for learning and development. Our initial experience of using these competences has been extremely positive. The decision to opt for a common starting-point in the form of competences automatically ensures a coherence and consistency in the tools chosen and still to be chosen.

SERVICE ANNIVERSARIES

We make a fuss of employees celebrating services anniversaries, because we regard longer-term employment relationships as inherently consistent with our organisational culture. Each month we take time out at each location to thank employees who have reached an anniversary and once a year we host larger-scale celebrations, to which the employees' partners are invited. Last year there were over 400 guests.

We also aim to maintain good relationships with our retired employees through various well-attended events during the year. As a result, the group pension fund not only has formal representation at a management level, but also a real and visible presence.

HUMAN RESOURCES DEPARTMENT

Our HR department is making efforts to further professionalise its activities and thus ensure a more effective response to developments within the organisation and compliance with the increasingly high quality requirements. This has resulted in four new knowledge centres being set up: Recruitment & Selection, Vitality, Learning & Development and Employment Terms & Conditions. We have also made changes to the support model and in the role traditionally fulfilled by the regional HR manager. This function will now be performed more at a distance, via the intranet and telephone helpdesks, with specialists being brought in from the knowledge centres to deal with specific questions.

Each knowledge centre has its own specific tools, which will continue to be developed. Recruitment & Selection, for example, uses online assessments, while the Vitality centre has devised a support method so that it can decide more quickly on how best to reintegrate employees into the workplace. The ultimate aim in using smart support solutions, combined with the intranet and automated workflows, is to improve the level of service provided.

DIGITISATION

Recent years have seen preparations for Mplaza, our new HR information system. These came to fruition in 2012, when we were able to make the system available for use by line managers. The latter now have direct access to their employees' basic details, as well as a dashboard overview of important events, such as contract expiry dates, long-service anniversaries, birthdays, illness and essential personal data. As a result, we can now closely monitor all processes, with a resultant improvement in discipline and efficiency. Our approach can be summed up as 'greater standardisation where possible so as to create more time for customisation where necessary'. The launch of the new system marks the first step towards further digitisation of many of our processes and information flows. This is absolutely vital in an organisation with some 10,000 employees, and also highly consistent with other developments underway within HR and the chosen support model.

ILLNESS-RELATED ABSENCE

Illness-related absence fell by 0.2% during the past year to 4.2%. Although this is still significantly above our target of 3.5%, we are pleased with what has been achieved. We are perfectly willing to accept responsibility for employees who are incapacitated for work, either temporarily or otherwise, as we know them and, by providing support at an early stage, can limit any adverse consequences for them and the business. Sligro Food Group has chosen to insure the employee disability risk privately and, in line with our belief that we should be responsible for these matters, has left the state system. Nevertheless, we still have to deal with administrative bodies such as the state-owned Employee Insurance Agency (EIA), where reviews of 'old cases' usually bring us up against incomprehensible decisions or procedural errors by the EIA. Whereas employers submitting an application just one day too late face heavy sanctions, no similar instrument is available to employers in the event of serious errors being made by the EIA. This lack of a level playing field makes it difficult to maintain a good working relationship with the EIA and seriously undermines the sense of shared responsibility.

Although our private insurers initially took over responsibility for various reintegration activities, we found in practice that they, too, were unable to perform these tasks satisfactorily. The reason for this is that the distance between them and the employees unable to work proved to be too great and their relationship too impersonal. We have therefore chosen to reassume this responsibility and to use our own occupational disability case managers. As we see it, having a more personal relationship between the employer and employee offers the highest chances of successful reintegration. The fact that the government is currently considering plans to make employers responsible for employees with whom they no longer have any relationship – in other words, former employees, who worked at the organisation for only a very short time, but unfortunately became ill – makes it all too clear that the political world's primary focus in this respect is on shedding its financial risks. As a society, however, we surely do not want it to be possible for someone who works only one day on a temporary contract to become eligible for a salary for the next twelve years.

WORKPLACE SAFETY AND WORKING CONDITIONS

We have established a new structure for dealing with health and safety in the workplace. This involves a steering group comprising Executive Board members and other people with operational responsibility, and various working groups set up to deal consistently with issues throughout the organisation. These include working groups for hazardous substances, workplace safety, emergency response activities and so on. Each group has summarised how the relevant issue is currently dealt with in the organisation and made suggestions for improvements, which it is then responsible for implementing. Sometimes the changes required are relatively small, such as registering minor accidents in the workplace, while on other occasions they may involve larger projects, such as completely rewriting the risk management profile and organisation, and, as seen during the year under review, devising a new risk management training course.

The basic structures we have in place are good. A number of additional steps, however, have still to be taken to improve our overall position and allow us to operate from a more uniform basis. These steps are on the agenda for 2013.

REORGANISATIONS AND ADAPTATIONS

In 2012 we decided to close the Culivers production facilities in Amsterdam. Once again we were able to achieve this without having to make any of the almost fifty employees compulsorily redundant. In that respect our organisation has a great capacity to absorb change, not least thanks to our not having a culture of decentralised budgets. A mobility plan, specifically focusing on 'from work to work', is very much part of what we see as the way forward in such situations.

Staff at our head office in Veghel have been working hard to improve quality and productivity, with smart use of various ICT options allowing a high degree of automation in various processes. The focus here is no longer primarily on implementing processes, but instead on managing them. This, too, involves a change in thinking. Changing times and changing technologies also require changes in qualifications. Sometimes employees have been able to develop and acquire the extra skills and competences needed to perform the new, higher-level job, while sometimes we have had to help them move to other jobs, usually within the organisation. All head office departments will be devoting considerable attention to this process over the coming years, while employees themselves need to understand that permanent development is a precondition for continued employment.

MANAGEMENT POOL

Various parts of our organisation need a pool of candidates they can call on to fill vacancies quickly. This pool needs to be of sufficient size and to have sufficient through-flow. Training and guiding people, only to leave them sitting on the substitutes' bench, will simply demotivate them. Our cash & carry wholesale activities have therefore set up a pool for middle management positions, along with a selection system and a suitable training and development programme. We will use this model and the experience gained from it to see whether this approach can be extended to other parts of the group.

LABOUR MARKET PROJECTS

Employers are increasingly being asked to take on people for whom it is otherwise difficult to find work. Although we are certainly willing to take on our share of this responsibility, experience shows that it is not always that easy. Working with sheltered employment centres, educational institutions and municipal social services, for example, demands a great deal of patience. Not everything is covered by legislation, while rules are sometimes so strict, and opportunities for subsidies so restricted that you have to be really committed to want to continue along that route. Nevertheless, we once again provided support for various projects during the year under review, both in order to gain experience and because we see this as part of our responsibility to society. There is a tendency in the political world to call for change, for example by suggesting that companies should recruit at least 5% of their staff from among people with a disability. These ideas, however, bear little relationship to reality. Imposing quotas, along with sanctions in the event of failure to comply, will trigger many negative side-effects, including figure-focused bureaucracy, unwelcome stigmatisation and above all resistance. Here, too, the government is trying to shift responsibility for its own failure onto the business sector. Repeatedly seeking recourse to legislation and regulation does not suggest an ability to command much respect and authority. A company dealing with its staff in that way would be doomed to economic failure. It would be far better to create an incentive to make it easier for employers in this respect. Taking the time to talk to employers and listen to their experiences would be far more productive. We see, at both a local and national level, that politicians really need employers if they are to achieve many of their objectives in the fields of employment, mobility and social projects. Instead of constantly seeking to shift responsibility, they would be better advised, therefore, to seek to work with and facilitate the employers.

WORKS COUNCIL

We are pleased to report that we continue to have a good working relationship with the Works Council. Our consultative structures are based on the principle of 'Working together means winning together'. We have a group-wide Works Council, with the various committees focussing on issues rather than 'tribal loyalties'. That is because we choose to look at what we have in common within Sligro Food Group instead of how we differ. Indeed, the latter would contradict the group's basic strategy as, rather than being a group of different businesses, we are a single business taking various routes to the market and with a single, integrated back office. We regard the Works Council as an important channel through which employees have the opportunity to express their views, and as something to be proud of. In this way, employee co-determination adds substantial value to the organisation. We each have our own responsibilities, but are not each other's opponents.

There are two permanent items on the agendas of the consultation meetings:

→ Announcements by the Executive Board.
→ 'Guided tour' of developments in the field.

These two agenda items are particularly valuable because they enable the Executive Board to review developments in various areas of the business. The 'guided tour' is given by a number of Works Council members (different each time), who have an opportunity to explain what is happening in the field.
Permanent agenda items each year include:

→ Presentation of the annual report.
→ Review of the pension fund's position.

The following items were dealt with at regular or special meetings:

→ Integration of Maastricht and Haps delivery-service operations in Venray.
→ Proposed takeover of Van Oers.
→ Employee share ownership scheme, following cessation of the save-as-you-earn scheme.
→ Appointment of Mr. Karis to the Supervisory Board.
→ Remuneration policy and salary review for staff exceeding collective labour agreement salary limit.
→ Expansion of opportunities for night working.
→ Indexation of business travel allowances.
→ Action to reduce illness-related absence.
→ Protocol for use of social media by employees.
→ Employees' activities relating to good causes: our policy and policy evaluation.

We have found the consultation meetings to be extremely constructive and, due to the focused expertise accumulated in committees, highly productive.

EMPLOYMENT TERMS AND CONDITIONS

Our supermarket staff are covered by the Collective Labour Agreement for Large Food Retailers, and almost all other Sligro Food Group employees are covered by the Collective Labour Agreement for the Food Wholesale Sector. One aspect these two agreements have in common is that consultations in recent years have been extremely difficult. Another similarity is that there are few signs of innovation and willingness to address difficult issues, which all too easily get postponed until an unspecified future date.

	FTEs (average)			Individuals (average)		
	2012	2011	2010	2012	2011	2010
Food retail						
Wholesale[1)]	285	304	317	464	479	477
Supermarkets	2,669	2,692	2,344	6,001	5,991	5,146
	2,954	2,996	2,661	6,465	6,470	5,623
Foodservice[2)]	2,894	2,884	2,852	3,643	3,610	3,552
Total	**5,848**	**5,880**	**5,513**	**10,108**	**10,080**	**9,175**
Outlets[3)]	3,827	3,807	3,545	7,616	7,532	6,785
Production companies	177	212	191	197	234	203
Distribution centres[4)]	1,292	1,321	1,267	1,698	1,728	1,630
Head offices	552	540	510	597	587	557
Total	**5,848**	**5,880**	**5,513**	**10,108**	**10,080**	**9,175**

1) Including retail logistics. 2) Including central overheads, the central distribution centre and production companies. 3) Cash & carry wholesale and our own supermarkets. 4) Central distribution centre and distribution centres specifically serving food retail and foodservice.

The Collective Labour Agreement for the Food Wholesale Sector expired on 1 April 2012, and no new agreement is yet on the horizon. It sometimes seems that refusing to take responsibility is becoming the new norm: that way, you avoid having to specify what needs to change.

The Collective Labour Agreement for our supermarket staff runs from 1 April 2011 to 1 April 2013, with a salary rise of 1.8% on 1 October 2011 and 2% on 1 August 2012, and certain additional increases for younger staff. It should be noted that the primary focus during the negotiations was not on the interests of those younger staff (who are generally not union members), but rather on the adverse indirect effects that the changes would allegedly have on older staff, even though the reverse is more likely to be the case.

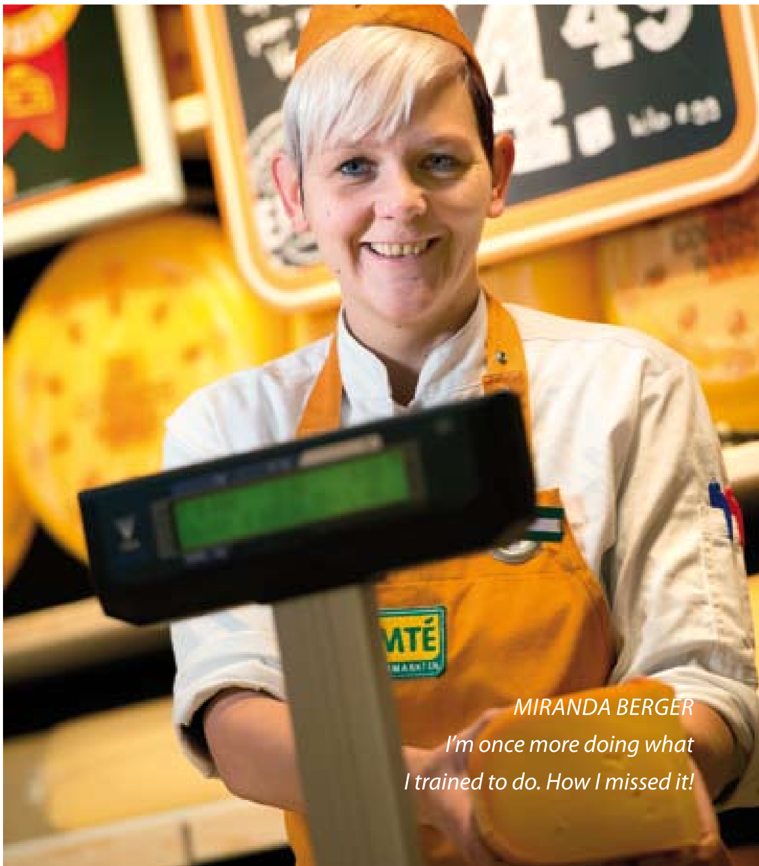
The average number of employees changed only slightly in 2012, which is not surprising in a year without any growth in volume. It should be noted that the above table only includes the numbers of our own employees; we also use temporary staff and Euroflex agency staff, most of whom are from Poland. This is partly the result of conscious choices we have made in our logistics activities, and partly because there is no other way to get staff of the quality we require. On an annualised basis, we estimate the total number of staff on these flexible contracts to be 319 FTEs (2011: 332 FTEs).

PENSIONS AND PENSION FUNDS

Detailed information on the pension schemes available to Sligro Food Group employees can be found in note 5 on page 106 of the financial statements. Some of these schemes, primarily for our supermarket staff and professions such as butchers, are operated by the sector pension fund. In most other cases, pensions are provided by the group pension fund, Stichting Pensioenfonds Sligro Food Group. In all cases, Sligro Food Group has no obligations other than to pay contributions. These contributions must be sufficient to cover the costs, as required by the Nederlandsche Bank (the Dutch central bank), which is responsible for supervision. This requirement is currently met. A top-up scheme, based on defined contributions, has been agreed with an insurance company to cover amounts above the maximum pensionable salary (up to an additional €102,000). All the pension funds currently have a reserves shortfall and so are not applying any indexation.
The group pension fund substantially improved its coverage ratio in 2012 from 101% to 111%. A net total of 4 percentage points of this increase is the result of using a different, higher interest rate (the 'ultimate forward rate'), which is offset by higher life expectancy.
The financial statements have been compiled in accordance with IAS 19. As explained in the section on pensions and provision for post-employment benefits on page 73 in the Executive Board report, this produces very different results.

STAFF PARTICIPATION

For many years Sligro Food Group has had a profit-sharing scheme for its employees. This is based on the group's profit as a percentage of sales, with a floor of 2.8%. Amounts paid out under the scheme are converted into Sligro Food Group shares that are blocked for four years. This is one of the reasons why our employees now hold 1,703,000 shares (2011: 1,614,000 shares).
The decrease in our result for the year meant we approached the floor applying to the scheme. The profit-sharing payout fell by 0.4 percentage points to 2.3% of salary, with total costs, including charges, falling by €0.6 million to €4.2 million.
Full details of our profit-sharing scheme can be found at www.sligrofoodgroup.com, where you can see how we communicate our approach and how important the issue is to our employees.



MIRANDA BERGER
I'm once more doing what I trained to do. How I missed it!

DEALING ***DAILY***
WITH ***SUSTAINABLY***
CAUGHT FISH *IS THE*
BEST *THING THERE IS!*

HARRIE VAN DEN BROEK

Corporate social RESPONSIBILITY

Because we have opted for integrated reporting of our financial results and sustainability performance, you can as usual also read about our corporate social responsibility performance in this annual report. In this section we report on how we operate in this respect, the particular issues to which we devoted attention in 2012 and the process we have gone through and explain how this fits into our long-term plan.

OUR VISION OF CSR; HOW WE OPERATE

At Sligro Food Group, corporate social responsibility and commercial returns go hand in hand. The advantage of this approach is that CSR stays high on our agenda, even in tough economic times, or rather in today's new reality. For us, corporate social responsibility is simply a key element of professional and sustainable business practices. That may well have to do with our position as a listed family business because, as a family business, we want to do things properly and treat our environment with due respect.

We measure the added value of Sligro Food Group by more than financial performance alone. As well as financial results, issues relating to safety (including food safety), energy, the environment and society also play an important role for us.

MVO-Nederland (the Dutch CSR platform) defines CSR as 'an integrated business vision in which the business creates value at the economic (Profit), environmental (Planet) and social (People) levels'. We recognise our vision in MVO-Nederland's definition.

We have made good progress in recent years in defining and achieving our CSR objectives. We have found that our intrinsic motivation, namely our sincere desire to help in shaping the world we leave to the generations to follow, can go hand in hand with the pursuit of quantifiable targets. We believe that this combination is important, because setting targets alone should not be an end in itself: what is ultimately important is the concrete and effective action we take to bring about improvement. Our organisation has gained great energy and enthusiasm from this process of defining, nuancing and refining our objectives.

ABOUT THIS REPORT

In this section we report on the results achieved and the most significant developments in the field of corporate social responsibility (CSR) in 2012. The report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines and qualifies as level C (self-declared). Sligro seeks to improve the transparency and relevance of the annual report with the help of the GRI guidelines and the Transparency Benchmark criteria. The GRI table can be found on page 142 of this report. The topics covered in this CSR report have been nominated by the experts on the CSR Steering Group. The content of the report also reflects questions, responses and feedback from stakeholders such as consumers, employees and shareholders and discusses developments in the sector, such as legislation and standards. The principal reporting target groups are shareholders, employees, customers, consumers, suppliers and potential employees

Please address any questions, comments or suggestions to: mvo@sligro.nl.

PRIORITIES AND SPEARHEAD PROJECTS

From 2010 to 2012, the Group's CSR Steering Group defined the priorities and translated them into spearhead projects with firm and measurable objectives. The spearhead projects were grouped into the main CSR areas identified for Sligro Food Group by the CSR Steering Group:

→ Purchasing
→ Energy
→ Waste and environment
→ Logistics
→ Personnel
→ Food safety

All the spearhead projects started in 2010 were completed or approaching completion by the end of 2012. At the same time, new CSR-related activities were developed at many places in the organisation. The members of the Steering Group each set up their own working groups to implement the spearhead projects, taking responsibility for progress and providing interim feedback to the CSR Steering Group. We use a 'traffic light model' to show the progress achieved in reaching the targets that have been set. Full details of the spearhead projects and objectives can be found on the CSR pages at www.sligrofoodgroup.com.

STATUS OF CSR SPEARHEAD PROJECTS AS AT YEAR-END 2012

1	Affiliation with BSCI (Business Social Compliance Initiative)
2	Covered freezers in our supermarkets and cash & carry stores
3	Video conferencing
4	New transport technologies (longer, higher, quieter)
5	Alternative fuels
6	Projects for a sustainable primary sector
7	'Eerlijk & Heerlijk'
8	Heat-recovery trial project
9	Energy savings at frozen-food distribution centre
10	High-frequency lighting at distribution centre
11	Support of voluntary projects by Sligro Food Group staff

on schedule
needs attention

NOTES ON STATUS REPORT

Re 6: With regard to the development of a more sustainable primary sector, we endorse the CBL's 'Passion for Food' sustainability policy. Members of our CSR Steering Group are also active within the CBL in the Sustainability Working Group and are thus directly involved in CBL's sustainability policy. More details are posted on www.passievoorfood.nl, where our co-authored book 'Zichtboek Duurzaamheid' (literally 'Sustainability in Pictures') can be downloaded. This interesting book gives a good insight into the wide-ranging approach to sustainability taken by the affiliated Dutch supermarkets and shows clearly that a process is under way on all fronts. In that sense, projects to achieve a sustainable primary sector are never 'finished' and are therefore coloured orange in this overview.

The other projects are proceeding on schedule or have been completed, or a follow-up is planned under our new approach.

THE FUTURE

Last year we spoke of our plans to embark on the 'next phase' of our CSR approach in the course of 2012. Having gained experience with a more planned CSR policy since 2010, we felt the need to formulate clearer goals at a slightly higher level of abstraction. These goals are not only concrete and measurable but where possible are also 'additive' at a higher level and, acting as a roadmap, reflect our ambition and our chosen course for all of Sligro Food Group as we head towards 2020.

We also note that corporate social responsibility is evolving into sustainable business and that these issues are growing in relevance over time. Our sustainable business practices are increasingly attracting the close attention of our shareholders, our customers, our employees and the community. We are convinced that sustainability has become a condition of business continuity. At the same time, we observe that both we and the world around us need to benchmark sustainability performance, for example in the form of reporting in accordance with the GRI guidelines. Although we have not used this as a guideline in the past, we do see our performance reflected in measurements by third parties, such as the Transparency Benchmark produced by the Ministry of Economic Affairs. We do not consider that our low score of 99/200 and our overall ranking of 124/500 in the benchmark do justice to our efforts in this area. Looking at these scores, it is clear that they are mainly a consequence of the method of reporting. These low scores reflect our focus more on substance and actual sustainability gains and less on form and uniform performance indicators. Nor are they consistent with our ambitions regarding transparency, because we also aim to be a leader in that respect. While we continue to believe that practical action and results are more important than rankings, however, one need not exclude the other. Coinciding with the completion of a large number of spearhead projects, 2012 was a good time to take the next step.

PROCESS

In early 2012 we started to analyse what we had achieved up to then. An external partner assisted us in this process, by which we hoped to raise our objectives to a higher level of abstraction and define them for the longer term. We identified the core themes that set the frameworks for our ambitions and the formulation of our KPIs. At the end of 2012 we made baseline measurements and defined our objectives for 2020.

IMPLEMENTATION IN THE ORGANISATION

Our pragmatic approach, with a CSR Steering Group, continues in the new structure. The composition of the CSR Steering Group has been matched to the core themes which we have formulated for Sligro Food Group and for which the members bear ultimate responsibility for their respective areas within Sligro Food Group. The CSR Steering Group as a whole makes policy choices and the individual members implement them operationally within their respective areas. The CSR Steering Group is chaired by the chairman of Sligro Food Group's Executive Board. Our progress towards sustainability is a regular item on the agendas of Works Council, Executive Board and Supervisory Board meetings and regular presentations on that subject are given at those meetings.

CORE THEMES AND AMBITIONS

Sligro Food Group's CSR policy addresses three core themes which we believe cover the areas in which our major opportunities and challenges lie: people, the environment and our product range. We have formulated qualitative and quantitative ambitions for each of these themes.

People	The environment	Our product range
Our employees	Energy	Sustainability
Our customers	CO2	Health
Our community	Packaging	Food waste
	Waste	

The ambitions that relate to these core themes are:

PEOPLE

We want to offer our employees a challenging, inspiring and safe working environment. We want to play an active and responsible role in the community in which we are directly or indirectly involved.

Respect for all stakeholders is part of our CSR policy. One way in which this respect is expressed is in transparent communication with customers, about products and about resolving problems. Customer satisfaction for us is a measure of the extent to which customers perceive Sligro as treating its customers well. We have therefore set ourselves the goal of sustained improvement in our Net Promotor Score (NPS). Employee satisfaction is of course also part of this. As shown on page 41, there is a clear correlation between the two satisfaction ratings: happy staff are the basis of real appreciation by customers.

THE ENVIRONMENT

We aim to play a pioneering role, in which our respect for the environment drives us constantly to undertake bold but sensible innovation, keeping social and economic return in balance while remaining aware of our stewardship responsibilities.

As a measure of the success of our efforts, we have calculated our CO_2 emissions. To relate our CO_2 emissions to the growth of our business in the coming years, we express these as a percentage of sales. We aim to cut our CO_2 emissions as a percentage of sales by 20% between 2010 and 2020, which is why we refer to it as our '20-20 target'.

OUR PRODUCT RANGE

It is our responsibility to assist and motivate our customers to make sustainable and healthy choices.
With our unique Eerlijk & Heerlijk (literally 'honest and delicious') concept, which we launched in 2010, we are expressly putting our sustainable productrange on the map. We aim to grow Eerlijk & Heerlijk sales 10% a year from now until 2015.

The performance indicators, the baseline measurements and our ambitions for 2020 for each core theme are discussed below. Where possible, we distinguish between foodservice and food retail, consistent with our financial reporting. In the interests of readability of this report, we refer to our website at a number of points for further information.

EMPLOYEES

We are very well aware that our employees are the key to our success, in terms not only of production capacity but also of behaviour, depth of involvement, creativity and entrepreneurship. This annual report therefore includes an entire section, starting on page 39, devoted to our employees, in which we discuss business culture, vitality and other elements of our ambitions in that area. We believe that, because employee satisfaction and customer satisfaction are closely linked, culture is one of the most robust, sustainable and distinctive success factors for any business, which is why we devote so much time and attention to it.

We employ over 10,000 staff (over 5,800 full-time equivalents). A large-scale communication project is being launched, designed to preserve our essential cultural attributes. Managers will be trained to encourage and instil the behavioural attributes of our DNA profile. Our supermarkets employ many young people, and we plan to address them in ways which are attuned to this specific target group's (largely digital) world.

Our target of 3.5 % sickness absence is still sufficiently ambitious, considering that we have not managed to achieve it in recent years. The sickness absence rate in 2012 was 4.2%. A 'vitality' department has been set up within HRM which will focus attention on this area and we expect to reach this target in due course and then start revising it downwards. Experience will tell where the lower limit is.

We train many people every year and 4,000 employees attended training courses in 2012. Temporary staff who wish to be taken on permanently are required to undertake a very demanding e-learning programme before they can join. This digital training course, which was taken by 1,500 temporary staff in 2012, is so innovative that it attracted the attention of TNO, which studied its effectiveness and found it to be far better than any other type of training. We were given international recognition in the form of the Brandon Hall Silver Award for 'Best results of a learning programme'.

All employees in basic jobs take a professionalisation course. By organising follow-ups for the various groups each year, we automatically promote a form of life-long learning. We intend to continue working for as long as possible with the official educational establishment, giving people a social benefit in the form of a generally accepted diploma at MBO (vocational) level.

We are forming development pools for jobs in which there is sufficient turnover, starting with the Sligro cash & carry organisation. On the basis of experience gained here, the same method will be used to recruit and train specific target groups. The majority of management positions within our organisation are still held by men and a steady increase in the number of women in these posts would be highly desirable, but forcing the issue by means of government-imposed targets is not the right way to go in our view and can even be seen as anti-feminist. In contrast, a talent pool such as ours could be one way of achieving this.

CUSTOMER SATISFACTION

Respect for all stakeholders is part of our CSR policy. One way in which this respect is expressed is in transparent communication with customers, about products and about resolving problems. Customer satisfaction for us is a measure of the extent to which customers perceive Sligro as treating its customers well. We therefore plan to measure our Net Promotor Score (NPS) permanently and to continue improving it as a main KPI.

CUSTOMER SATISFACTION FOODSERVICE

We have measured customer satisfaction in our cash & carry wholesale outlets and delivery-service outlets in recent years. We achieved good scores, but we see added value in the commercial monetisation of many fans. Improvements can be made in the way we deal with customers' complaints, by further professionalising complaints processing and shortening the lines of communication between the customer and customer service. Within the foodservice organisation, we also plan to investigate whether Sligro's sustainability expertise can be used to help develop our customers' sustainability. In contrast to previous surveys, Foodservice customers are now asking us to play more of an advisory role as a partner in these challenging economic times. We see this as a good opportunity to form closer relationships with our customers.

CUSTOMER SATISFACTION FOOD RETAIL

We also measure customer satisfaction at EMTÉ stores, where we similarly achieve high scores. There are, however, several areas in the fruit and vegetable departments where easily achievable improvements can be made. EMTÉ was named the most customer-friendly supermarket chain in the Netherlands by Market-Response. We are looking forward with interest to the annual GfK summer and Christmas reports, to see how we score compared with other supermarket formats. We carry out an internal mystery-shopper survey each year, which we link to our net promotor score. In 2012, 41% of our customers were promotors.

SOCIETY

SLIGRO FOOD GROUP STIMULUS FUND

Several Sligro Food Group employees work in their own time as volunteers on social projects, not as members of a large organisation, but for projects which they have set up themselves or voluntary projects in which they actively participate. These projects may focus on the immediate environment in which they live, such as their neighbourhood or town, or on far more distant places. Sligro Food Group values its employees' social involvement and, in order to encourage and support their initiatives, has set up the Sligro Food Group Stimulus Fund. The fund's support is conditional upon all the resources provided by Sligro Food Group benefiting the project.

LILIANE FUND

We have worked closely with the Liliane Fund for many years. We chose the Liliane Fund because it provides transparent and focused support: it is not an anonymous colossus, but an organisation built by committed individuals. We want to go further than just making occasional cash donations, important though they are. Cooperation with a support organisation has been embedded in our own organisation, because we felt it was important to raise awareness of that cooperative relationship among our staff and customers, to encourage support and involvement. Our staff and customers have been saving for the Liliane Fund for many years. Sligro includes items in its range of Christmas hampers from which part of the sales proceeds is donated to the Liliane Fund.

To mark the retirement of Executive Board chairman Abel Slippens in 2008, a large long-term project was started in Benin with the help of customers, suppliers, business associates and employees, which is scheduled for completion in early 2013. Sligro and the Liliane Fund are currently looking for a new project. Our preference would be to form a relationship in one of the regions where both we and the Liliane Fund are active, in our case as a buyer of commodities. We also want to involve local suppliers in this local form of aid.

VILLA PARDOES

Because Sligro operates primarily in the Netherlands, we also want to support a national fund. Sligro has chosen to work with Villa Pardoes, a special holiday resort for children with life-threatening illnesses. The choice of Villa Pardoes was based on its national reputation, its impeccable conduct and its broad support within society. Sligro's support of Villa Pardoes is linked to activities in its 'Plaza food for all' foodservice franchise format.

TENDER LOVING CARE

Not everyone is able to pamper themselves. Large groups of people with a chronic illness, such as those confined to a psychiatric institution, cannot do the things they enjoy or simply arrange a nice day out for themselves, because they are dependent on others. This is the background to what is known in Dutch as verwenzorg (approximately 'tender loving care'), which focuses on improving the quality of people's lives by, for example, giving them personal attention.

Van Hoeckel (our business specialising in the institutional market) and its employees aim to rectify this by providing TLC, which means more than buying a social image by making a one-off donation. For Van Hoeckel, TLC means providing voluntary support staff and propagating the message. In September, to celebrate the 12½-year anniversary of TLC, Van Hoeckel organised a three-day stay at CenterParcs 'De Eemhof' for 452 care-home residents, helped by 70 Van Hoeckel personnel and members of the Executive Board and key staff of Sligro Food Group. In this way, we are directly and personally involved in the well-being of our customers' patients, going beyond the supply of goods and services to our customers.

HULPHOND NEDERLAND

Sligro has supported good causes for many years via sales of its Christmas hampers. In 2012 it supported the Liliane Fund and Hulphond Nederland, the Dutch assistance dogs' charity, in this way. Sligro selected two specific Christmas hampers and made fixed donations to both good causes for each hamper sold. Sligro ran a similar campaign in 2011 for Villa Pardoes and the Liliane Fund, which received donations of €14,500 and €22,220, respectively.

FOOD BANK

Sligro has worked closely with the Veghel Food Bank for some time, to the entire satisfaction of both parties, but has no plans to expand the scheme to other regional food banks. In the Sligro logistic model, all unsalable items from all locations are returned to the central distribution centre in Veghel, where they are sorted into usable and unusable items. Usable products that are suitable for its purposes are collected weekly by Veghel Food Bank.

JOGG VEGHEL

Sligro Food Group is a founding partner in JOGG Veghel. JOGG stands for Jongeren Op Gezond Gewicht (literally 'Young people of healthy weight'), a movement initiated by the Municipality of Veghel and private-sector and public-sector partners to make it easy and attractive for young people to eat healthily and take exercise. The goal is to reverse the rising trend in obesity and excessive weight, focusing on young people (under 20), their parents and their environment. This is a local, intersectoral and sustainable approach designed to make exercise and healthier eating the norm. In Veghel, all parties – in education, healthcare, welfare, housing (social and physical environment), business (as parents' employers), sport and recreation and media – are working together to promote a healthy weight as part of a healthy lifestyle. The aim of the partners working together in JOGG Veghel is to help reverse the trend and reduce obesity among young people by 3% in five years (by year-end 2015).

ENVIRONMENT

We aim to play a pioneering role, in which our respect for the environment drives us constantly to undertake bold but sensible innovation, keeping social and economic return in balance while remaining aware of our stewardship responsibilities.

As a measure of the success of our efforts, we calculate our CO_2 emissions as a percentage of sales. We are aiming to reduce our CO_2 emissions as a percentage of sales by 20% between 2010 and 2020.

We have defined three priority areas within the overarching 'climate' theme:
- → Energy
- → Logistics
- → Waste

ENERGY

The energy-saving measures we launched in 2010 were rolled out more widely. Using heat recovered from refrigeration equipment to heat our buildings offers particularly interesting opportunities. Equipment similar to that used in Sligro's trials with 'no gas' buildings in Tilburg and Enschede has, after further development and improvement, been installed in 2012 in the newly opened Sligro outlets in Zwolle and Alkmaar, two EMTÉ supermarkets in Enschede and one in Rijssen. We expect to use this technology more often in the coming years, leading to a substantial reduction in gas consumption and hence making a positive contribution to reducing our CO_2 emissions.

TRANSPORT

Sligro outsources its entire transport function. We work closely with our transport operators to minimise the environmental impact of our logistics operation.
For example, we have launched and/or participate in projects investigating various experimental technologies for new all-electric good vehicles and alternative fuels such as CNG and LNG, with a view to potentially making a substantial reduction in CO_2 emissions. It is still too early to say where these experiments will lead or whether biogas or electric power will ultimately be practical options for Sligro.

Longer and taller vehicles are also being added to the fleet with a view to reducing the number of kilometres driven. Four longer HGV semi-trailer units and seven double-deck units entered Sligro service in 2011 at the central distribution centre and the retail distribution centres. The number of longer trailers was increased to six and the number of double-deckers to twelve in 2012. On the basis of our current transport volume, there are few opportunities for further increasing these numbers.

Neither approach to reducing CO_2 emissions can be successful without a proactive, constructive and dependable (constant policy) attitude on the part of government. Unfortunately, this is still not the case, as in so many areas. The significant increase in the duty on renewable fuels while the trials were still in progress is just one example of this.

We can see two routes to reducing CO_2 emissions by transport vehicles: reducing the number of kilometres driven relative to sales and reducing CO_2 emissions per kilometre, for example by using alternative fuels. We are investigating these options in close cooperation between the logistics function and those bearing ultimate commercial responsibility within the group.

WASTE

Waste is collected separately and separated into recyclable, non-recyclable waste and packaging. We also offer our customers the option of returning their waste to us. By collecting waste separately, we can reduce CO_2 emissions. This enabled Sligro to reduce CO_2 emissions by 3,122 tonnes in 2010, 3,395 tonnes in 2011 and 3,700 tonnes in 2012.

We initiated a number of waste-reduction programmes within food retail in 2012, focusing on cheese, fruit and vegetables, meat products and chilled ready meals:

- Cheese
  Target: to reduce wastage of cheese products in the counter-service range by 25% in 2013 compared with 2012, by making changes to the packaging, the productrange and the supply chain.
- Fruit and vegetables
  Target: to reduce wastage of fruit and vegetables by 10% (2013 compared with 2012) by making changes to the productrange, allocating display space relative to customer flow and making changes to packaging units.
- Meat department
  The installation of a packaging unit in the central meat preparation department in 2012, which extends the shelf life of the items by three days, has reduced the above-average rate of wastage due to the department's presentation concept
- Chilled ready meals
  In 2012 EMTÉ switched from EMTÉ house-brand ready meals to meals produced by Culivers, which doubled the overall use-by date in days and improved the quality.

At EMTÉ, the 'One Stop' waste collection system was expanded to 50 branches in 2012. This system, whereby a single vehicle collects all the non-recyclable waste at a supermarket, is a development of the successful pilot launched in 2011.

Energy consumption	**2010**	**2011**	**2012**
Gas (m^3 x 1,000)	7,446	6,250	6,444
Electricity (MWh)	153,914	159,722	158,861

Transport	**2010**	**2011**	**2012**
Total kilometres travelled (x 1,000)	27,311	28,739	28,704
Total fuel used (litres x 1,000)	7,895	8,307	8,330

CO_2-reduction	**2010**		**2011**		**2012**	
	total CO_2 tonnes	**CO_2/euro sales g/euro**	**total CO_2 tonnes**	**CO_2/euro sales g/euro**	**total CO_2 tonnes**	**CO_2/euro sales g/euro**
Energy	83,619	36.6	84,079	34.7	84,043	34.1
Logistics	21,672	9.5	22,803	9.4	22,866	9.3
Sligro Food Group Total	**105,291**	**46.1**	**106,882**	**44.1**	**106,909**	**43.4**
Change in % from 2010			1.51	-4.34	1.54	-5.86

PRODUCT RANGE

EERLIJK & HEERLIJK

Because we feel it is our responsibility to help and motivate our customers to make sustainable and healthy choices, we developed our Eerlijk & Heerlijk concept, a sustainably produced range of items built on four main pillars:

- organic
- sustainable
- fair trade
- local

Our objective is to offer the widest possible choice of sustainable and healthy products. No distinction is made in the Eerlijk & Heerlijk range between A brands and Sligro Food Group's exclusive brands. Eerlijk & Heerlijk is not a brand, but a concept. To underpin the concept, we use the following widely recognised and independent certifications:

→ BAP
→ Beter Leven
→ CPE
→ EKO
→ European organic logo
→ Fairtrade Max Havelaar
→ Global Gap
→ Label Rouge
→ Milieukeur
→ MSC
→ Rainforest Alliance
→ SA8000
→ UTZ Certified

The website http://www.eerlijk-heerlijk.nl/ always shows the current status, which helps our customers make sustainable choices.

→ eerlijk & heerlijk promotional video

We aim to grow sales of our Eerlijk & Heerlijk range by 10% a year up to the end of 2015. We shall announce our 2020 target in 2015; we do not consider it realistic to look so far ahead at this stage.

Number of Eerlijk & Heerlijk products in our range:
2010: 1,000
2012: 2,715

HEALTHY RANGE

We plan to position our healthy range by focusing primarily on the products with the 'healthy eating' tick mark widely adopted in the sector ('Ik-Kies-Bewust' – IKB – literally: 'I make informed choices'). The entire own-brand range will be screened in 2013 and 2014 with a view to obtaining IKB certification, where necessary with some recipe changes. We currently carry 813 different IKB products.

Health-related activities involving customers.
With Breakpoint, the healthy school canteen format, Sligro is helping schools to reverse the trend towards an unhealthy lifestyle among young people and help them to adopt a healthy lifestyle.
2012: 27 Breakpoint locations
2015: 75 Breakpoint locations

BSCI

In late 2010 we joined BSCI, a non-profit organisation which promotes clear regulation and monitoring of corporate social responsibility. BSCI members are committed to improving working conditions in their supply chain worldwide. The BSCI code of conduct, which advocates a development-centred approach, defines the standards that suppliers are expected to meet. Further information can be found at http://www.bsci-intl.org/.

→ Website BSCI

We have made the following progress so far:

2010: 20% of suppliers in the risk countries identified by BSCI are BSCI-certified (total: 130 suppliers)

2012: 41% of suppliers in the risk countries identified by BSCI are BSCI-certified (total 110 suppliers). We thus exceeded BSCI's target by a wide margin: by 01-07-2013, one-third of the volume purchased from suppliers in risk countries will have a satisfactory audit result.

2015 target: two-thirds suppliers in the risk countries identified by BSCI will have a satisfactory audit result.

We value your opinions. If you have any comments or questions about our CSR policy or our methods, please contact us, preferably via mvo@sligro.nl.

THE SLIGRO BAKERY **WORKING HOURS** ARE **IDEAL**

CYNTHIA HANKEL

Risk and RISK MANAGEMENT

The financial statements have been prepared under IFRS. A number of specific risks the Group faces are consequently discussed in detail in note 25 on page 124 of the financial statements. Information is provided on, for example, the Group's credit, liquidity and market risks, together with a sensitivity analysis of these factors.

We also discuss the effect that the economy and competition have on the Group's activities. We explain that growth through acquisitions involves more risks than organic growth and discuss our reliance on information systems developed in-house.

The potential risks to the Group as a food supplier in relation to food safety are also discussed. Where relevant, the Group is insured against all the customary risks so that the financial consequences of calamities are covered as far as possible. We consider the following to be the most critical risks in our activities:

ACQUISITIONS

Despite all the precautions taken and due diligence procedures completed, growth through acquisitions still involves a greater degree of risk than organic growth, as evidenced by the many mergers and acquisitions that fail to meet their objectives. Risks arise both before and during the acquisition process. We will therefore only proceed with acquisitions if we can fulfil the duty of care that we have set ourselves. However, risks can also arise after an acquisition. Considerable value can be destroyed by cultural differences and by employees pursuing different agendas, but primarily by ICT integration exercises and the like. ICT integration has to take account of both internal and external aspects, including interfacing with systems used by customers and suppliers. Rather than bringing in people from outside, Sligro Food Group has a policy of immediately setting up a multidisciplinary integration team comprising people from its own ranks and from the business that has been taken over. This approach, which has proved effective in dealing with many of these risks involved in acquisitions, is currently being applied to the acquisition of the Van Oers wholesale activities.

ICT SYSTEMS

Properly functioning ICT systems are the lifeblood of our business in the same way, for example, as electricity is. Managing the risks in these systems involves far more than simply safeguarding the continuity of data processing. It also means protecting the integrity of data and software and the associated decision-making process. The multitude of customers, products, locations and suppliers and their mutual interdependences make this a complex process. At the same time, however, these systems can also create a clear competitive advantage. Systems failing to work or not operating well can threaten the continuity of the whole business within a relatively short period of time. A great deal of effort and millions of euros have been invested in recent years in the further optimisation of various ICT tools, such as the continuity matrix, test tools and duplicated data centres. The investments in continuity made in recent years proved their worth in 2012, when operations suffered only minor effects from two serious and exceptional calamities (resulting in the temporary shutdown of one data centre). By the end of 2012, all our business units were using the Group's centralised ERP applications; as a result, almost all the information in these applications is now available via a single data warehouse application.

GOVERNMENT

Some government measures can have a major impact on our operations and results, and can present a threat to certain activities within a relatively short timeframe. Environmental measures in particular can have a significant impact on activities, and not always in a way that is beneficial to the environment. Political decision-making can be highly unpredictable, as evidenced, for example, by decisions taken in the past on staff Christmas hampers, the anti-smoking policy in bars and restaurants, changes to the VAT rate and the packaging tax (which will become a waste-management charge in 2013). Government 'spending cuts' often simply translate into higher charges for businesses (and, therefore, individuals), and we will also see this in 2013. Intervention by regulators can also have a serious impact on operating processes.

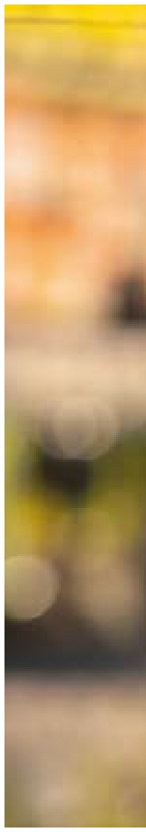
FINANCIAL MARKETS

Recent years have shown how developments in the financial markets can have far-reaching effects on business. Scenarios that have previously seemed unthinkable suddenly become reality, while instruments designed to hedge risks no longer prove effective because of doubts about counterparty creditworthiness. This can have a very significant impact on the availability and cost of credit.

The assessment of risks and the consequences they may have for our business strategy is a permanent item on management's agenda. One of the principles that we have always sought to abide by is to have a conservative financing structure that takes the long view, with sufficient buffers to enable us to withstand difficult periods. Now that risks are increasingly being factored into prices by the financial market, we are benefiting from the choices we have made. Though others may be willing to adjust their risk limits, our approach to even major acquisitions will continue to be informed by this principle.

RISK MANAGEMENT AND CONTROL SYSTEMS

We have a special department focussing solely on our administrative organisation and internal control, alongside the departments that remain responsible for these processes. 'To measure is to know' is a key principle of risk management. If you know what is happening, you can adjust your policies accordingly. Our central data warehouse, where practically all our operating and financial data are recorded, is of great benefit to us in this respect. All our business units have been integrated into the Group's central information and control system. We have based our work in this respect on the proven 'in control' approach used at Sligro's cash & carry outlets, where the administrative systems are similarly structured.



All our back-office management activities, including finance, are now performed at head office. This means there is now almost no indirect control of our business activities. Most of our processes are controlled and recorded directly by specialised central departments. This, in combination with ICT systems, ensures efficiency. This is the basis for assessing the proper operation of our internal risk management system and associated internal controls, as seen in the finance department's monitoring of overall cash and goods flows and their interrelationships. This monitoring means we can be sure that our sales are properly and correctly recorded and generate the correct incoming cash flows. It also means we can be assured that outgoing payments to suppliers are correct.

As the Group operates at many different sites, we also make intensive use of internal benchmarking. In this way our management information supports our internal controls and vice versa. Overall controls identify possible gaps in internal controls associated with the informal and entrepreneurial nature of the business culture that has contributed over the years to the Group's commercial success. Further work was done in 2012 on the ambitious Process Management project, which aims to improve documentation and optimise processes. A special coordination department has been set up and many departments in our company are working hard on the project. These processes are continually evolving, driven mainly by acquisitions and advances in ICT, and the chosen structure supports that.

As a result of the centralised approach and very close management and monitoring of business activities by the Executive Board and central staff departments, Sligro Food Group is rarely faced with accounting 'surprises' relating to its activities that use the central information systems. Regular reporting has been shown to provide reliable information on business performance. There is no need for any significant changes other than those resulting from the integration of newly acquired businesses. We regard improving the reliability of our management information and, more importantly, ensuring it becomes increasingly specific and targeted, as an ongoing process. As well as our own internal checks, the external auditors also examine the operation of the accounting and internal control structures as part of their audit of the financial statements. The auditors' findings are discussed with the Executive Board, and also in a private session with the Supervisory Board. They show that the accounting organisation is of a good standard.

Based on the above summary, we believe that our internal risk management and control systems provide a reasonable degree of certainty that the financial statements do not contain any material misstatements and that these systems functioned properly during the year under review. We also refer to the directors' statement of responsibilities on page 80. We have no indications to suggest that these systems will not function properly during the current financial year.

KARLIJN VAN GESTEL
Contact with customers is what I like

Corporate GOVERNANCE

Dutch law and the Dutch Corporate Governance Code seek to balance the interests of all the Group's stakeholders, and this has always been an important part of our policy. Sligro Food Group supports the principle of one share/one vote and has no anti-takeover or other protection measures in place.

Although we subscribe to the Corporate Governance Code and the other rules relating to business, we note that the playing field on which we are competing is sometimes anything but level when compared with some family businesses or private-equity-owned companies. The problem is not primarily one of a lack of regulation, but rather one of compliance with existing regulations and the absence of effective sanctions in the event of non-compliance. This puts us at a competitive disadvantage, specifically with regard to potential acquisitions.

There were no transactions with executive or supervisory directors in 2012 that involved a possible material conflict of interest, nor was any transaction conducted with shareholders owning more than 10% of the shares.

MAIN POINTS OF CORPORATE GOVERNANCE STRUCTURE

Sligro Food Group is a dual-board company, with an Executive Board and an independent Supervisory Board ('two-tier management structure'). The main points of the current structure are set out below.

EXECUTIVE BOARD

The Executive Board is responsible for managing the company, for its strategy and for its use of human and other resources. The Executive Board keeps the Supervisory Board informed of progress, consults the Supervisory Board on all significant matters and submits important decisions to the Supervisory Board and/or the general meeting of shareholders for approval.

The Supervisory Board notifies the general meeting of proposed appointments to the Executive Board.

The Supervisory Board appoints the Executive Board and may suspend or dismiss an Executive Board member at any time. The remuneration and other terms and conditions of appointment of each Executive Board member are set by the Supervisory Board, based on the policy adopted by the general meeting. Decisions on material matters are always made jointly, and all members have shared responsibility.

SUPERVISORY BOARD

The Supervisory Board supervises the policy of the Executive Board and the general affairs of the company. It supports the Executive Board with advice. In the performance of their duties, the Supervisory Board members are guided by the company's interests. The Executive Board provides the Supervisory Board promptly with the information it needs to perform its duties.
The members of the Supervisory Board are appointed by the general meeting of shareholders, their candidature having been proposed by the Supervisory Board. Supervisory Board members retire at the close of the first general meeting following the fourth anniversary of their most recent appointment and may be reappointed once. The remuneration of each member of the Supervisory Board is set by the general meeting. The Supervisory Board appoints a chairman and a deputy chairman from its members. It also appoints a secretary who may, but need not, be one of its members. As the Supervisory Board consists of four people, the Board as a whole performs the duties of the two key committees (the audit committee and the remuneration, selection and appointments committee).

GENERAL MEETING OF SHAREHOLDERS

The annual general meeting is held within four months of the end of each financial year. Extraordinary general meetings may be called as necessary by the Supervisory Board, the Executive Board or one or more shareholders jointly representing at least 10% of the issued share capital. The agenda of the annual general meeting covers the items stipulated by the Articles of Association and other resolutions proposed by the Supervisory Board, the Executive Board or shareholders jointly representing at least 1% of the issued share capital.

The principal powers of the general meeting are the rights to:

→ Appoint supervisory directors and determine their remuneration;
→ Adopt the financial statements and ratify the actions of the Executive Board in respect of its management and the Supervisory Board in respect of its supervision during the previous year;
→ Resolve to amend the company's Articles of Association or wind up the company;
→ Issue shares and restrict or exclude shareholders' pre-emptive rights (with the approval of the Supervisory Board, the Executive Board has been granted powers until 21 September 2013 to issue shares as yet unissued);
→ Repurchase and cancel shares (the Executive Board has been granted powers until 21 September 2013 to purchase fully paid shares either on the stock exchange or privately up to a maximum of 10% of the issued share capital, as stipulated in the Articles of Association, for a price no more than 10% above the market price at the time of the transaction);
→ Approve decisions by the Executive Board on any substantial change to the identity or character of the company or the business.

DEPARTURES FROM THE CORPORATE GOVERNANCE CODE

The departures from the Dutch Corporate Governance Code were approved by the shareholders' meeting on 30 March 2005. Sligro Food Group consequently complies fully with the Code. Details of the departures currently still relevant can be found on the website and relate to:

→ The appointment of members of the Executive Board for unspecified periods rather than for periods of four years. The main reason for this departure is our aim to appoint people to executive positions from within the Group and to remunerate directors of the same level in the same manner.
→ No agreements have been reached on the level of any severance pay. The reason for this departure also relates to our wish to provide equal treatment and remuneration of directors in comparable circumstances.
→ Sligro Food Group maintains contacts with investors by means of one-on-one meetings and group presentations. These one-on-one meetings are an important way for Sligro Food Group to attract and retain the attention of institutional investors and thus help to ensure correct pricing of its shares.

Capital EXPENDITURE

GOALS

- → To maintain average net capital expenditure at about 2% of sales.
- → To increase the number of Sligro and EMTÉ outlets by one or two a year, excluding acquisitions.
- → To invest continuously in efficiency gains in order to maintain our position as a cost leader.

In 2012 we invested a net amount of €32.7 million (2011: €46.6 million), which was well within our target. In addition to replacement investments, our capital expenditure projects are designed primarily to enable Sligro Food Group to grow faster.

In the following table, the capital expenditure and the amortisation charge relating to intangible assets are restricted to software because this expenditure is of a recurring nature. Other movements in the intangible assets have not been included.

In the case of food retail, the investments related to two new stores and the substantial expansion of an existing supermarket. The other capital expenditure was more in the nature of replacement investment, including the final touches to the EMTÉ 'reFresh' programme. The investments were partially funded by the proceeds from the disposal of two stores. The former Sanders distribution centre was also disposed of in 2012. The present level of net investment in food retail is seen by us as representative of the next few years, based on the portfolio of stores which we currently have. The level of expenditure in 2011 was higher in connection with the conversion of the former Sanders supermarkets.

The capital expenditure on the foodservice side includes two substantial new outlet projects. In Assen, the 46th Sligro cash & carry outlet was opened as a type 1 store and, in Zwolle, a brand new large outlet was opened as a type 3 store. A type 1 store has a floor area of approximately 5,000 m^2 and a type 3 store extends to approximately 10,000 m^2. The premises occupied by the old store in Zwolle were sold off before the end of 2012. We are also

x € million	**Foodservice**		**Food retail**		**Total**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Intangible assets (software)	3.1	3.0			3.1	3.0
Property, plant and equipment	23.3	28.8	13.0	21.8	36.3	50.6
Investment property				(0.1)		(0.1)
Disposals assets held for sale	(2.4)	0.0	(4.1)	(7.5)	(6.5)	(7.5)
Net capital expenditure	24.0	31.8	8.9	14.2	32.9	46.0
Depreciation	(27.8)	(26.7)	(15.4)	(17.4)	(43.2)	(44.1)
Amortisation of software	(2.7)	(2.1)			(2.7)	(2.1)
Subtotal	(30.5)	(28.8)	(15.4)	(17.4)	(45.9)	(46.2)
Net movement	**(6.5)**	**3.0**	**(6.5)**	**(3.2)**	**(13.0)**	**0.2**

continuously investing in upgrading our network of outlets, in both our cash & carry and delivery service businesses. Investments in the central overhead operations, including ICT, are shown under foodservice, but usage costs are apportioned to both businesses, based on actual usage. The main investments in 2013 will be in the province of Limburg. In Venray we are building a delivery-service distribution centre extending to 16,500 m^2, which will service the whole of the south-east of the Netherlands. The existing distribution centre in Haps will be closed and the delivery services currently based at the Sligro cash & carry outlet in Maastricht will also be transferred to Venray. Completion of the new Venray delivery-service distribution centre marks the conclusion of our major programme of investment in the foodservice delivery-service operations of the past seven years. During this period, the delivery service infrastructure has been almost entirely renewed. At the same time, the systems and processes have been optimised and both foodservice cash & carry and foodservice delivery service can now concentrate fully on their own sides of the business. The future capital expenditure will be more in the nature of replacement investment or will be necessary to facilitate growth. In Maastricht, an entirely new type 4 cash & carry outlet of 13,500 m^2, totally in keeping with the highly epicurean standards of the city, will be completed in 2013. We have already sold the existing complex but are not due to hand it over until 2014.

We have plans at an advanced stage for new Sligro outlets at three locations. It is possible that one of these projects will result in capital expenditure in 2013. Obviously, we are also continuing to invest heavily in keeping the network of outlets up-to-date, and investments in software and ICT systems continue to require substantial sums. We view investments of this kind as being of strategic importance to the retention and expansion of our leading position. We expect some of the assets held for sale to be disposed of in the course of 2013.

THE ***TIME*** JUST ***FLIES*** BY, IT'S SO ***NICE***

RENSKE VAN DE WIEL

Results

GOALS

- → To increase sales, including acquisitions, by an average of 10% a year, with at least a comparable increase in net profit. In the present economic climate that is an extremely tough challenge.
- → To distribute about 50% of the year's profit as a normal dividend.

FINANCIAL POLICY

Sligro Food Group has a very high degree of back-office integration. We believe in the strength of the group as a whole and in seeking to achieve group synergy. We consequently focus primarily on overall results rather than on the results of the underlying parts of the business. We encourage our employees to think on a group-wide basis and strive to ensure that we do not frustrate this by imposing complicated internal administrative procedures.

The Group Executive Board is actively involved in setting and implementing policies throughout the business. Our head office houses many management and administrative functions for the overall business activities. We have established a method of allocating their costs and benefits, but are aware that this will be a cost to be borne by the group results. We do not operate a traditional budgeting cycle but instead use a series of detailed management reports that show the actual developments and trends in our activities from various perspectives.

These reports in turn serve as the basis for any adjustments and amendments needed in our forecasts. Most of this work is performed by central management support departments. Using management by results, the individual business units have a constant incentive to get the best out of the activities by reference to key performance indicators combined with internal benchmarking. Indirectly, therefore, everyone is working to optimise the overall group result. Once each year we examine the correlation between the KPIs and the financial results. This detailed management information provides us with the basis for investment decisions. We attach greater value to this information than we do to 'traditional' investment calculations. We believe that this approach is far more suited to our entrepreneurial business culture. We strive to maintain a balance between achieving results in the short term and achieving results in the medium to longer-term future.

We regard pressure to achieve good results in the short term as useful and challenging but do not allow it to divert our attention from decisions where the value and benefits only become visible at a later stage.

The profit and loss account can be summarised as follows:

	x € million		As % of sales	
	2012	**2011**	**2012**	**2011**
Revenue (net sales)	2,467.4	2,420.2	100.0	100.0
Cost of sales	(1,909.7)	(1,858.6)	(77.4)	(76.8)
Gross margin	557.7	561.6	22.6	23.2
Other operating income	2.9	3.9	0.1	0.1
Total operating expenses, excl. amortisation	(460.2)	(450.6)	(18.6)	(18.6)
Operating profit before amortisation (EBITA)	100.4	114.9	4.1	4.7
Amortisation of intangible assets	(10.6)	(9.9)	(0.4)	(0.4)
Operating profit (EBIT)	89.8	105.0	3.7	4.3
Net financial income and expense	0.2	(1.8)	(0.0)	(0.0)
Profit before tax	90.0	103.2	3.7	4.3
Tax	(20.5)	(25.0)	(0.9)	(1.1)
Profit for the year	**69.5**	**78.2**	**2.8**	**3.2**

Net sales rose 1.9% to €2,467.4 million in 2012. The growth was entirely organic. Foodservice sales in 2012 (on a like-for-like basis) were up by 1.9%, in a wholesale market which shrank by 1.6%, increasing our market share by 0.7 percentage points to 19.9%.

In the food retail business, EMTÉ showed like-for-like growth of 2.6%, outstripping the market by almost a whole percentage point. The sales reported by the former Sanders stores picked up in the course of 2012 but have not yet returned to the pre-takeover level.

We estimate inflation to be around 2% in both segments of the market, largely due to commodity price increases.

The gross margin as a percentage of revenue was down 0.6 points in 2012 at 22.6%. It was therefore the depressed margins that mainly accounted for the lower profit. The squeeze on margins was due to various factors:

- → the downturn in market volume placed additional pressure on prices, affecting both the demand side and the supply side;
- → in the current economic conditions, it is difficult to pass on price increases and A-brand manufacturers push prices to the extreme, seldom based on increases in costs;
- → there has been an adverse change in the foodservice sales mix, with an increase in the forecourt channel business in particular, in which the share of tobacco products is high. We estimate the impact of this different sales mix on the group at 0.2%. On top of that, all the foodservice growth comes from the delivery-service side of the business, on which margins are tighter.

During the course of the year, incidentally, the pressure on margins eased somewhat, partly as a consequence of a simpler basis for comparison.
The total operating expenses, excluding amortisation, as a percentage of revenue were almost the same as in the previous year. Here again, the above-mentioned effect of the change in the sales mix played a part, again accounting for 0.2% on the cost side. The increase in staff costs was mainly due to higher social security charges. There were also indirect cost increases as a result of decisions taken with a view to the medium term. As regards direct costs, most increases were successfully absorbed by productivity increases.

The other operating expenses were substantially unchanged compared with 2011. The current figure roughly represents the long-term income from leases on premises owned by the group.

Overall, the above had the effect of reducing the operating profit as a percentage of revenue by 0.6 percentage points to 3.7%. Incidentally, we ourselves consider the operating profit before amortisation to be the best indicator of profitability, in that this item is more representative of the cash-generating power. Only the amortisation of software, amounting to €2.7 million, is matched by new capital expenditure of a comparable amount. The other amortisation charges derive from our (conservative) interpretation of the accounting rules relating to acquisitions, a consequence of which is that any premium in the purchase price is generally not treated as goodwill, but recognised instead as other intangible assets, the cost of which is amortised over 5–10 years.

Finance income and finance expense were lower than in the preceding year. The interest charges were down because of the use of available cash and cash equivalents, which in the present climate were producing hardly any returns, to repay an interest-bearing loan of €53 million at the end of 2011. The share in the results of associates is largely made up of our share in the results of Spar and Smeding.

The analysis below reveals that the operating profit before amortisation in our foodservice business came under pressure. As explained above, that was mainly due to a combination of the price squeeze and a change in the sales mix, both as between customer categories and due to increased delivery service sales coupled with a slight decline in the more profitable cash & carry sales.

Food retail's operating profit also came under pressure, due to the price squeeze and increased wage costs resulting from collective labour agreement settlements. In the second half year, however, the operating profit was higher compared with the corresponding period in 2011.

Overall, the above led to a net profit for the year that was down by €8.7 million, or 11.1%, at €69.5 million. Earnings per share, calculated on the average number of shares outstanding, was €1,59 compared with €1.78 in 2011.

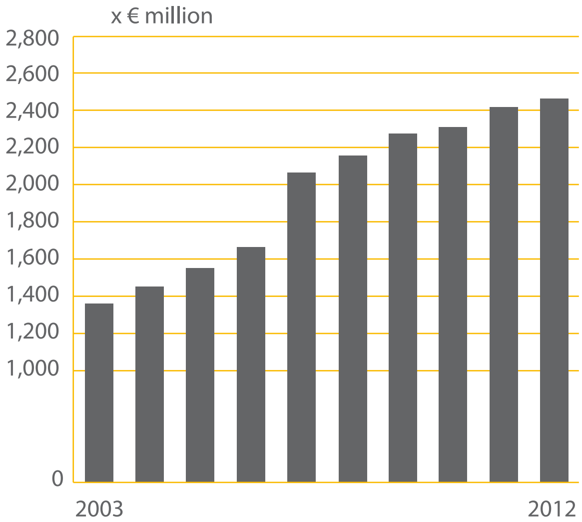
It is proposed to declare a regular dividend for 2012 of €0.80 (2011: €0.85), roughly equivalent to the payout ratio of 50% which is our policy. Additionally, it is proposed that a variable dividend of €0.25 (2011: €0.20) per share be paid, making the total dividend unchanged at €1.05 per share. The financial position remains as strong as ever and the free cash flow in 2012 was even significantly higher than in 2011.

Results can be attributed to the foodservice and food retail segments as follows:

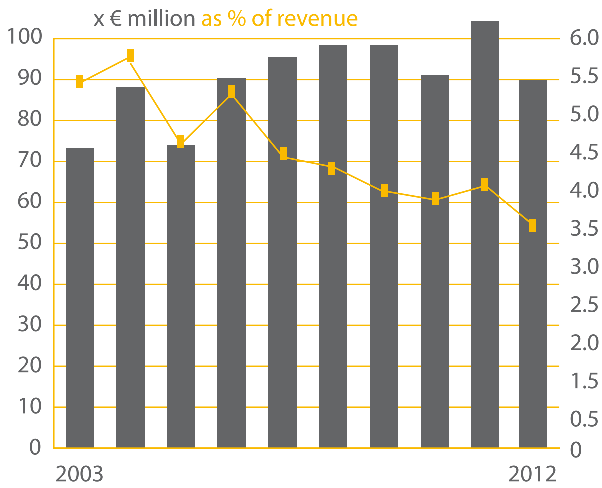
x € million	**Foodservice**		**Food retail**		**Total**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue (net sales)	1,634.1	1,609.0	833.3	811.2	2,467.4	2,420.2
Other operating income	1.9	0.9	1.0	3.0	2.9	3.9
Gross operating profit (EBITDA)	116.7	127.1	26.9	31.9	143.6	159.0
Operating profit before amortisation (EBITA)	89.0	100.4	11.5	14.5	100.5	114.9
Operating profit (EBIT)	85.9	98.1	3.9	6.9	89.8	105.0
Net capital employed at year-end[1)]	424.4	434.8	190.5	214.3	614.9	649.1
EBITDA as % of sales	7.1	7.9	3.2	3.9	5.8	6.6
EBITA as % of sales	5.4	6.2	1.4	1.8	4.1	4.7
EBIT as % of sales	5.3	6.1	0.5	0.9	3.7	4.3
EBITA as % of average net capital employed	20.7	23.4	5.7	6.7	15.9	17.7
EBIT as % of average net capital employed	20.0	22.8	1.9	3.2	14.2	16.2

1) Excluding associates.

REVENUE



OPERATING PROFIT

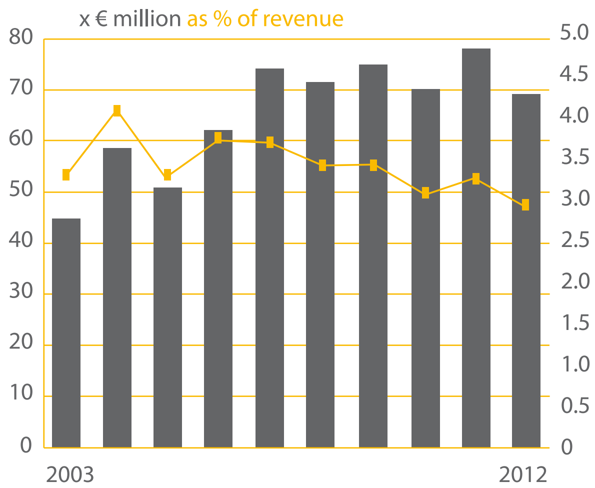


Interview

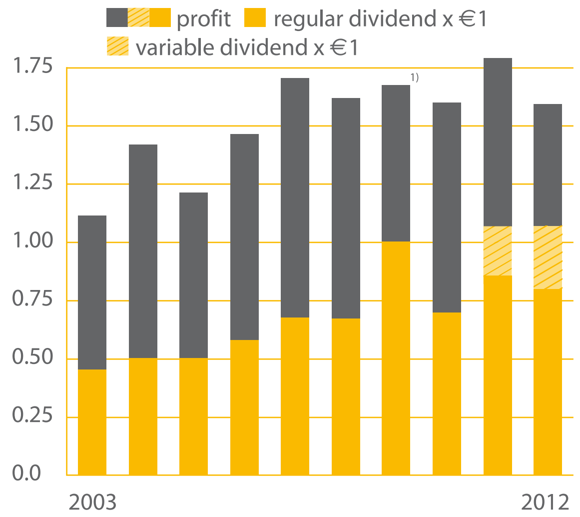
NICOLE PAULISSEN

"For a controller, Sligro Food Group is a unique and challenging business. We focus strongly on KPIs and how they are moving and we don't have set budgets. That comes as a surprise to people outside: they don't expect that. But it suits us very well. We're more interested in today and tomorrow and spend less time analysing yesterday's performance. That means taking a broad view of the business, and I like that.
I like to understand the process and translate it into figures you can use to set your course. Sligro Food Group is a good company that combines pride and modesty. And I enjoy food, so Sligro suits me fine."

PROFIT



PER SHARE



1) Anniversary dividend: €1.

JOS MULDERS
Butchery is in my DNA

Pensions

AND PENSION ACCOUNTING

The Group's pension schemes are explained in the Organisation and Employees chapter on page 45. It should be noted that, irrespective of the scheme, the Group has no obligation other than to pay the annual contributions.

In the case of schemes administered by industry-wide pension funds or insurance companies, the employer's contributions paid by the Group are treated as an expense. In the case of the company pension fund, Stichting Pensioenfonds Sligro Food Group, contributions are treated differently. The net benefit expense is calculated in accordance with the provisions of IAS 19, as explained in the financial statements on page 106 et seq. In recent years, as a consequence of these detailed mandatory provisions, a substantial proportion of the total contributions paid has had to be recognised in the statement of recognised income and expense instead of the profit and loss account, despite the cautious assumptions we used in the calculations. In 2012 this meant that, of the employer's contribution of €9.5 million, €2.4 million was directly expensed and €7.1 million (before tax) was accounted for in the statement of recognised income and expense.

The interest rate on high-grade corporate bonds fell in 2012 from 4.6% to 3.4%, due partly to the generally lower interest rates but more particularly to lower spreads on lending. This is the interest rate at which the liabilities are discounted and the benefit expense for the coming year is calculated. New mortality tables were also published in 2012, showing an increase in life expectancy which also translated into an increase in the pension costs. On the basis of the lower interest rates and higher life expectancy alone, the benefit expense would have increased in 2013

MICHEL MENSINK
My job's never the same.
That's what I like most

from €2.4 million to €5.1 million but the IAS 19 rules have also changed as from 2013. In our case, this has two effects:

- As from 2013, the return on the plan assets is equated to the interest rate at which the liabilities are discounted. Until year-end 2012, it was customary to use the expected return, so the effect of this change is an increase in costs.
- As from 2013, only the return on an amount not exceeding the liabilities may be taken into account, even in cases such as ours where the plan assets exceed the liabilities. Until year-end 2012, the return on the actual plan assets was included in the calculation of the expense.

The combined effect of these two changes is to further increase the benefit expense by €2.8 million to €7.9 million. The total increase in the pension costs in 2013 is €5.5 million, taking the figure to €7.9 million, so more than triple. The employer's contribution does not change and amounts to €9.8 million in 2013, still €1.9 million higher than the net benefit expense, and the latter amount (after tax) will be recognised in the statement of recognised income and expense. As was the case in 2012 and 2011, the pension cost in 2013 will be reduced by around €1.2 million because employees pay extra contributions to strengthen the pension fund's financial position. The Group made a one-off payment of €6 million to the fund in 2010 for the same reason. Those extra contributions will not be payable in 2014, because the parties have agreed that this was a one-off recovery measure. On the basis that there is no change in the assumptions used for the calculation of pension costs in 2013, the net benefit expense recognised in the 2014 profit and loss account will be approximately the same as the contribution which the Group pays as employer. Although the IAS 19 provisions lead to complex results for the pension costs that can vary widely from year to year, they have no effect on the Group's free cash flow. On the basis of the new provisions and the current assumptions underlying the calculations, we conclude that the net benefit expense will not differ as widely from the contribution payable as has been the case in recent years.

The sharply lower interest rate at which the liabilities are discounted also means that the difference between the pension liabilities and the plan assets has decreased from €18.5 million to €6.4 million, but the plan assets are still higher than the pension liabilities. As explained on page 107, the Group does not recognise that item as an asset, so there is no effect on the balance sheet. As this table and the foregoing explanation make clear, there are substantial differences between the regulations which the pension fund must comply with and the provisions of IAS 19, and this may lead to widely differing outcomes from year to year.

The relationship between a pension fund's assets and obligations is referred to as its funding ratio. In our case, this was as follows at the year-end:

	% 2012	% 2011
For the pension fund	111	101
Under IAS 19 (before application of asset ceiling)	104	116

NICOLE VAN DAL
Department manager bread
EMTÉ Diessen

Interview
NICOLE VAN DAL

“I’m a perfectionist: you can tell that when you taste my apple fritters and chocolate éclairs! That’s why I’m happy when customers are happy and they tell me they enjoyed the fruits of my efforts. My workmates and I have created a fine shop. You get that special EMTÉ sense in the way we interact with our customers. I’m proud of what our EMTÉ team has achieved here in Diessen in a short time.”

Financing

GOALS

- → To ensure that sufficient finance is available under credit facilities and that the company comfortably meets the stipulated ratios.
- → To issue shares only for major acquisitions that immediately contribute to earnings per share.

We greatly prefer to turn to the capital market for our financing and not to the banks. We therefore feel fortunate in having been able to secure US private placements for our long-term financing. We still have a total of €168 million outstanding in three tranches, with remaining terms of 2, 5 and 8 years. The strength of the free cash flow in 2012 means that we have cash and cash equivalents freely available as at year-end 2012 of more than €83 million, despite a dividend distribution and repurchase of shares totalling €49.5 million during the year. In addition to that, we have an unchanged amount of €140 million available in credit lines with banks, half of which is in the form of committed funds. If, therefore, any acquisition opportunities arise, finance should not normally be a problem.

In order to optimise our access to the capital market we pay great attention to investor relations, both with shareholders and with providers of borrowed capital. One of the most important aspects in this respect is ensuring clarity on overall corporate policy and its financing. We do our utmost in this respect to ensure a high degree of transparency and devote considerable time to communications, and we are always willing to provide further information.

The Group generates a considerable free cash flow, as can be seen from the adjacent five-year review. Over that period, the total free cash flow amounted to almost €400 million.

Our cash flow from operating activities in 2012 benefited by approximately €7 million from the fact that the financial year was closed on 29 December, meaning that the tax payable for November fell into the 2013 financial year. Inventories were incidentally high, however, and the amount of working capital decreased, partly as a consequence of improved supplier payment conditions.

The cash flow from investing activities in 2012 was lower than in previous years, owing to lower capital expenditure requirements as a consequence of the high quality of the existing infrastructure and to disposals of premises no longer useful for operations.
We have noted that the financial world sometimes focuses so much on profit that it may forget, and therefore under-value, the relationship with free cash flow, particularly if a company is conservative in the way it calculates its profit or how it accounts for acquisitions.

We envisage that it should be possible to reduce working capital for the same volume of business towards a figure of €100 million over the next few years.

SUMMARY OF THE CASH FLOW STATEMENT

x € million	2012	2011	2010	2009	2008
Net cash flow from operating activities	129.0	123.8	106.9	123.3	102.8
Net cash flow from investing activities, excluding net effect of acquisitions	(34.2)	(47.5)	(40.6)	(50.2)	(28.8)
Free cash flow	**94.8**	**76.3**	**66.3**	**73.1**	**74.0**
Net profit for comparison purposes	**69.5**	**78.2**	**70.2**	**74.3**	**71.3**
The free cash flow is used to fund:					
Net acquisitions	0	0	(41.1)	1.3	(1.1)
Payment of dividend and repurchase of own shares	(49.5)	(34.3)	(47.7)	(18.9)	(13.9)
Net change in debt and cash	(45.3)	(42.0)	22.5	(55.5)	(59.0)
	94.8	**76.3**	**66.3**	**73.1**	**74.0**

Working capital has developed in line with sales in recent years, as this analysis shows:

x € million	2012	2011	2010	2009	2008
Current assets, excluding cash and cash equivalents	335.4	323.6	316.5	304.4	325.8
Current liabilities, excluding interest-bearing items	(204.1)	(178.2)	(178.4)	(182.4)	(208.0)
	131.3	**145.4**	**138.1**	**122.0**	**117.8**
In days' sales revenue	19	22	22	20	20

Outlook

As we have said at several points in this report, 2013 will be a challenging year from the macro-economic perspective. It is certainly not helpful that the Dutch government is so intent on spending cuts and tax increases (for higher earners in particular). The foodservice market is more than averagely dependent on the middle and higher income groups and their spending power is falling. The same is true of the growing group of pensioners, among

INGE MESSINK
The nice thing is dealing with people

whom it is again the better off who are being hit harder, though that is due partly to the financial situation of the pension funds. Inflation is also rising, driven by higher commodity prices and increases in VAT and duties.

For us, the economic climate is a given, a situation over which we as an individual company can have little influence. Realising that it does no good to complain, we have 'switched on' and are focused entirely on the new prospects presented by the new reality and consider ourselves fortunate that, thanks to our prudence in the past, we are now relatively well positioned.

It is entirely possible to be successful in the new economic climate, provided you are willing and able to 'switch on' and accept it. The new environment demands a new approach on several fronts. We regard determination, innovation and a clear and broadly shared vision as critical success factors. We have an excellent network of stores and other outlets. We are making major advances in the field of systems and processes and our free cash flow is virtually unaffected by the somewhat depressed profits. We expect volumes in the food retail market to remain stable at best. Because hard discounters profit from market conditions like these, volumes in the full-service segment will be lower. Both volumes and sales will be under pressure in the foodservice market, as they have been for some years. Once you have 'switched on', however, things look much better. That is certainly true in our case, because we have good reason to believe that we shall outperform the market in both segments.
For food retail, that is the result of all the effort we have put into our 2013–2015 plan, which aims at growth outstripping market in combination with a relative improvement in gross margins and a relative reduction in costs. It is a daunting challenge, but we are going for it, backed by a refreshed management team and a clearly focused organisational structure.

Foodservice sales have outperformed the market by around 4% for many years and our profitability is significantly better than our competitors'. The difference is due to both internal and external factors, which are still having an effect in 2013. Whether and to what extent the tough economic climate will lead to further consolidation in the foodservice market is difficult to predict. Some players have been standing on the edge of the abyss so long that they are becoming blind to the danger, but it is there!

Our sales and results will be affected by a number of unusual circumstances in 2013:
→ The Van Oers customers will be progressively transferred to Sligro in the first half of 2013, which we expect to boost sales by €20 million in the first half and €40 million in the second. In the first half of 2013, Van Oers will depress results, owing to the costs of integration, but we expect there to be a small positive profit contribution in the second half. Van Oers will make a full contribution to profits from 2014 onwards.
→ The change in VAT-regulations for tobacco products effective 1 July 2013 (which we consider a positive move) will reduce sales revenue by €30 million in the second half of 2013 for the same level of spending on tobacco. This will have little or no effect on results, which will of course mean an increase profit as a percentage of revenue.
→ Lastly, the pension costs will more than triple in 2013, from €2.4 million in 2012 to €7.9 million this year. The costs have doubled as a consequence of lower interest rates and higher life expectancy. The remainder of the increase can be attributed to the change in the IAS 19 provisions, mainly because of the restrictions on the return on pension plan assets. Because this has little effect on the contributions payable, the higher benefit expense does not affect the free cash flow and just means a shift between the profit for the year and the other components accounted for in the statement of recognised income and expense.

Apart from the pension effect, we expect to be able to manage the costs well and we believe that the squeeze on gross margins will be slightly less than we have experienced in recent years, although there will still be a highly competitive market, driven by both demand and supply-side forces.
In short, it is more difficult to make predictions for 2013 than it has been for other years, so we do not intend to try. Fortunately, we have 'switched on' and we are working with great passion and professionalism to exceed our own expectations.

We shall discuss developments in the first quarter in our trading update on 18 April.

Directors'
STATEMENT OF RESPONSIBILITIES

IN ACCORDANCE WITH THE STATUTORY PROVISIONS, THE DIRECTORS STATE THAT, TO THE BEST OF THEIR KNOWLEDGE:

1. The financial statements, included on pages 90-136 of this report, provide a true and fair view of the assets, liabilities, financial position and profit for the year of Sligro Food Group N.V. and its subsidiaries included in the consolidated financial statements.

2. The directors' report, included on pages 15-79 of this report, provides a true and fair view of the position as at balance sheet date and the performance during the year of Sligro Food Group N.V. and related parties whose information is included in the financial statements. The directors' report describes the material risks to which Sligro Food Group is exposed.

K.M. Slippens, Executive Board Chairman
H.L. van Rozendaal, CFO
W.J.P. Strijbosch, Foodservice Director

Corporate GOVERNANCE STATEMENT

This statement is given pursuant to Section 2a of the Decree on Additional Requirements for Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) of 20 March 2009 (the 'Decree') and is also publicly available electronically on www.sligrofoodgroup.com under 'Corporate governance'. The information required to be included in this corporate governance statement pursuant to Sections 3, 3a and 3b of the Decree can be found in the following sections of the 2012 annual report and is deemed to be included and repeated here:

→ the information on compliance with the principles and best-practice provisions of the Code (page 62 'Corporate Governance');
→ the information on the principal features of the management and control system relating to the Group's financial reporting process (page 60 'Risk management and control systems');
→ the information on the functioning of the annual general meeting of shareholders and its principal powers and on the rights of shareholders and how these can be exercised (page 63 'Annual general meeting of shareholders');
→ the composition and functioning of the Executive Board (page 13 'Directors and management', page 62 'Executive Board' and page 84 'Executive Board conditions of employment');
→ the composition and functioning of the Supervisory Board (page 13 'Directors and management' and page 83 'Report of the Supervisory Board');
→ the rules for appointment and replacement of members of the Executive Board and Supervisory Board (page 62 'Executive Board' and page 62 'Supervisory Board');
→ the rules for amendment of the company's Articles of Association (page 63 'Annual general meeting of shareholders');
→ the powers of the Executive Board to issue and repurchase shares (page 63 'Annual general meeting of shareholders');
→ the change of control provisions in important contracts: a change of control provision applies in the case of the US dollar loans referred to on page 123;
→ transactions with related parties (page 62 'Corporate governance' and page 131 'Related party disclosures').

From left to right:
RONALD LATENSTEIN VAN VOORST,
ADRIAAN NÜHN,
DORINE BURMANJE EN BART KARIS

Report
OF THE SUPERVISORY BOARD

After the economic downturn in the Netherlands in the second half of 2011, the economic climate continued to deteriorate in 2012. Consumer confidence fell to a worryingly low level, which translated directly into a decrease in consumer spending. Although perhaps not justified by its immediate financial prospects, the Netherlands found itself near the bottom of the rankings for economic development in Europe. The further austerity measures announced by the government do not bode well for the short term, especially since those measures consist largely of tax increases affecting higher earners.

As announced in the Executive Board's report, Sligro Food Group has 'switched on' and is rapidly adapting to the new economic climate. Unfortunately, Dutch consumers have not yet 'clicked'; on the contrary, they are continuing to tighten their financial belts. Even in the supermarket sector, volumes are slightly down and there is a shift towards the discount segment. As expected, the effect on the foodservice market has been more significant. In these market conditions, price competition increases as retailers fight for a share of the reduced spending.

Sligro Food Group may be a price follower as regards food retail, but for foodservice our market leadership gives us more chances to make our own choices and we are pursuing a relatively aggressive price strategy. Together with the effects of our drive for operational excellence, this has enabled Sligro Food Group structurally to outperform the market for ten years. While we still await the long-expected wave of consolidation in foodservice, Sligro Food Group was able to take over Van Oers, the only acquisition of any size in 2012. We expect further acquisitions to follow, for which the Group is well equipped and ambitious.
As regards food retail, the Group is focused mainly on its existing activities, with a view to strengthening its position in this market, based on the 2013–2015 plan which was announced in January. The Executive Board's 2013–2015 plan was discussed in detail at a special meeting and we endorse the decisions that the Executive Board has made.
The Group's net profit for 2012 was €8.7 million or 11.1% lower, at €69.5 million. After the record profit made the year before, 2012 did not fulfil our expectations.
These figures are presented in the 2012 financial statements prepared by the Executive Board, with which we are in agreement. It is proposed to distribute a regular dividend of €0.80 per share for 2012. This represents a 50% payout ratio, in accordance with dividend policy. In addition it is proposed to pay a variable dividend of €0.25 per share, bringing the total dividend for the year to an unchanged €1.05 per share.

SUPERVISION

The Supervisory Board held five regular meetings and one conference-call meeting, all in formal plenary session. An on-site fact-finding meeting was held to discuss the Foodservice Delivery operation, attended by the full Foodservice Delivery management team. This activity, including the management information, KPIs and controls, was studied in depth at this meeting, which had also been prompted by observations made by the auditors. All business units will be examined in rotation in this way in a three-year cycle.

The Supervisory Board met on two occasions in 2012 in the absence of the Executive Board.
Further discussions are held during the year between individual members of the Supervisory Board and Executive Board, and there is also relatively close contact between the members via the chairman.

A member of the Supervisory Board attended two consultation meetings with the Works Council as an observer in 2012. We were pleased to note that discussions between the Executive Board and the Works Council took place in an open and constructive atmosphere. Sligro Food Group's policy of 'Working together means winning together' is typical of the Group's organisational culture; it is also manifested in the relationship with the Works Council and is so much more powerful than the traditional interaction between opposing interests.

As always, implementation of the business strategy and its consequences for the results and financial position were key items on the agenda. Our Board is kept informed of developments in these areas on a monthly basis. The subjects discussed during the past year included:

- → various acquisition opportunities in the Netherlands and other countries, including the completed takeover of the Van Oers wholesale activities and acquisition of an interest in Superdirect, an e-commerce company working in the food retail sector;
- → developments in the food retail market;
- → the ICT policy, issues and opportunities;
- → ensuring reliable and adequate financial management information and the importance of monitoring the financial movements;
- → corporate social responsibility, our performance in that area, a number of CSR projects and our objectives;
- → overall HRM policy, policy development and the choices made by the Personnel & Organisation department;
- → pensions;
- → the revised dividend policy;
- → major capital expenditure projects;
- → evaluation of the absence of an internal audit function;
- → the changes to auditing legislation and other changes in governance rules;
- → the "budget" for the new year.

RISK MANAGEMENT

Each year the Supervisory Board asks relevant officers to provide information on specific elements of the business, in addition to the topics referred to above. At a meeting not attended by the Executive Board, the Supervisory Board also discussed cooperation between the Executive Board and the Supervisory Board, based on individual written evaluation forms requiring answers to specific and general questions. We once again concluded that there was a good working relationship between the two boards. There were no indications in 2012 of inadequate performance, structural disagreement or conflicts of interest.

The auditor's management letter was also discussed with the external auditor.

The main conclusions in the management letter related to the accounting procedure, organisation and to internal control of supplier bonuses. No material weaknesses in this respect were identified. The management letter also contained recommendations on management information, the ICT strategy and the policy on ICT continuity and security, for which a plan extending over several years is being implemented.
In the light of the changes to the auditing legislation, it is proposed to reappoint KPMG only for the 2013 financial year, in view of the expiry of the responsible partner's maximum period of appointment. The change of auditors required by law will thus take place with effect from the 2014 instead of the 2015 financial year.

EXECUTIVE BOARD CONDITIONS OF EMPLOYMENT

The policy on Executive Board remuneration is set out in more detail in a remuneration report, the full text of which is available on the company's website. There were no changes in this policy during the year. Its main points are that:

- → the remuneration policy is drawn up by the Supervisory Board and adopted by the general meeting of shareholders;
- → the policy must make it possible to attract qualified people as members of the Executive Board;
- → the remuneration policy is performance-related, but must also be reasonably in line with that applying to other managers.

JOSEFIEN VAN BEURDEN
Contact with people is the nicest thing

The remuneration package consists of:
- a fixed annual salary;
- a short-term bonus plan;
- a long-term bonus plan, which has to be converted into shares;
- a long-term share option plan, which also has to be partly converted into shares;
- a defined-contribution pension scheme;
- various other fringe benefits.

Both the short-term and long-term bonus plans pay out amounts equal to 30% of fixed salary if targets are met. In 2012, half of the bonus was for meeting the profit target and half was in recognition of achievement of the next phase in implementing the CSR agenda, the development of a medium-term structural vision for food retail and the good progress made on a number of specified back-office projects.

The ratio of total bonus to fixed salary represents an appropriate level of incentive. The remuneration policy is based on the principle that the variable component of an individual's salary should not be disproportionate to the fixed component or the total remuneration. As bonuses under the long-term bonus plan and the option plan have to be taken in shares that are subject to transfer restrictions, the variable element of the remuneration package also focuses on the creation of long-term value.

The variable remuneration in 2012 amounted to 50% (2011: 90%) of the 'on target' bonus. Executive Board remuneration is compared periodically with data available on other market participants. More information on remuneration can be found in note 6 on page 110 of the financial statements. The members of Sligro Food Group's Executive Board have contracts for indefinite periods of time, in contravention of the Dutch Corporate Governance Code. This departure from the Code, which has been approved by the general meeting of shareholders, is consistent with our aim of offering equivalent Executive Board members similar remuneration packages and, wherever possible, facilitating recruitment from within the organisation. The periods of notice required to be given by Executive Board members are three or six months, while the statutory periods applying if the company gives notice are twice as long. Consistent with the objective referred to above, the employment contracts of Executive Board members make no provision for severance pay. The general meeting of shareholders has also approved this departure from the Code.

BOARD CHANGES

Mr J.H.F. Pardoel (Food Retail Director) terminated his employment with effect from 1 March 2012. Mr W.J.P. Strijbosch was appointed Foodservice Director of Sligro Food Group N.V. at the general meeting of shareholders.

Mr F.K. De Moor resigned as a Supervisory Director at the general meeting of shareholders on 21 March 2012, having served for the maximum term for which supervisory directors are permitted to be appointed under the company's Articles of Association. The meeting thanked Mr De Moor for his valuable contribution to Sligro Food Group. At the same meeting, Mr B.E. Karis was appointed to succeed him and Ms Th.A.J. Burmanje and Mr R.R. Latenstein van Voorst were reappointed to the Supervisory Board for a second and final term. Prior to his appointment, Mr Karis had undertaken an intensive familiarisation programme to deepen his knowledge of Sligro Food Group. It is also proposed to reappoint Mr Nühn to the Supervisory Board (as chairman) for a second and final term. During his first term of office, Mr Nühn had demonstrated his expert understanding of corporate policy and operations and has exhibited the qualities required of a chairman.

FINANCIAL STATEMENTS

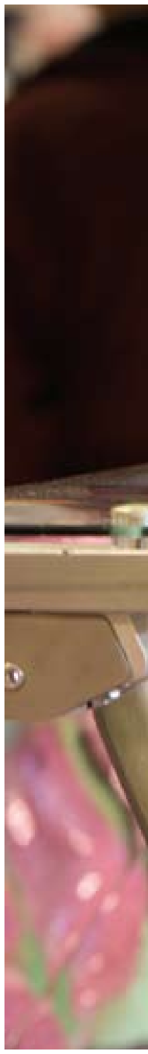
The 2012 financial statements have been prepared by the Executive Board. The financial statements were discussed at a meeting attended by the auditors, who provided further information on them. The financial statements have been audited by KPMG Accountants N.V., whose unqualified audit report can be found in 'Other Information' on page 137. We propose that you:

- adopt the 2012 financial statements;
- adopt the proposed profit distribution;
- ratify the Executive Board's conduct of the company's affairs;
- ratify the supervision exercised by our Board.

It was not an easy year for Sligro Food Group, with results under pressure mainly from price movements and declining consumer spending. Thanks to the efforts of the Executive Board and the staff, however, the effects were limited and we owe them a sincere debt of gratitude.

Veghel, 24 January 2013

A. Nühn, Chairman
Th.A.J. Burmanje
B.E. Karis
R.R. Latenstein van Voorst



SUPERVISORY BOARD

A. NÜHN (59)
Supervisory Director, Dutch nationality (m). Appointed in 2009 until 2013 and eligible for reappointment. Supervisory Director of Stern Groep N.V., Anglovaal Industries, Cloetta, Plukon Food Group and Kuoni AG and member of the Board of Trustees of WWF-Netherlands (World Wide Fund for Nature).

TH.A.J. BURMANJE (58)
Supervisory Director, Dutch nationality (f). Appointed in 2008 and 2012, reappointed until 2016 and not eligible for reappointment. Chair of the Dutch Land Registry Board. Member of the Supervisory Board of Deltares and a Governor of the Netherlands School of Public Administration. Supervisory Director of ARN B.V. and chair of the Supervisory Board of Canissius Wilhelmina hospital.

B.E. KARIS (54)
Supervisory Director, Dutch nationality (m). Appointed in 2012 and eligible for reappointment. Executive Board chairman of Zeeman textielSupers.

R.R. LATENSTEIN VAN VOORST (48)
Supervisory Director, Dutch nationality (m). Appointed in 2008 and 2012, reappointed until 2016 and not eligible for reappointment. Chairman of the Executive Board of SNS Reaal N.V. Board member of the Oranje Fund, VNO-NCW (Confederation of Netherlands Industry and Employers), the Dutch Association of Insurers and Stichting Kinderopvang Humanitas. Supervisory Director of Climate Change Capital.

The composition of the Supervisory Board is consistent with the required profile.

All the members of the Supervisory Board are independent in accordance with the best-practice provisions of Article III.2.2 of the Dutch Corporate Governance Code.


HAN VAN DEN OORT
The variety is what I enjoy most

Financial statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for 2012

(x €1,000)

	Notes	2012	2011	2010
Revenue	**2, 3**	**2,467,382**	**2,420,216**	**2,286,261**
Cost of sales		(1,909,686)	(1,858,611)	(1,757,649)
Gross margin		**557,696**	**561,605**	**528,612**
Other operating income	**4**	**2,932**	**3,925**	**4,809**
Staff costs	5	(253,809)	(246,177)	(231,162)
Premises costs		(61,023)	(59,465)	(60,271)
Selling costs		(20,359)	(20,134)	(19,347)
Logistics costs		(67,327)	(66,445)	(64,070)
General and administrative expenses		(14,527)	(14,338)	(13,052)
Depreciation of property, plant and equipment	11	(43,181)	(44,078)	(46,718)
Amortisation of intangible assets	10	(10,616)	(9,923)	(7,873)
Total operating expenses		**(470,842)**	**(460,560)**	**(442,493)**
Operating profit	**3**	**89,786**	**104,970**	**90,928**
Finance income	8	199	137	197
Finance expense	8	(5,492)	(7,033)	(4,885)
Share in results of associates	13	5,450	5,137	5,406
Profit before tax		**89,943**	**103,211**	**91,646**
Tax	9	(20,397)	(25,004)	(21,450)
Profit for the year		**69,546**	**78,207**	**70,196**
Attributable to shareholders of the company		**69,546**	**78,207**	**70,196**

Figures per share		**€**	**€**	**€**
Basic earnings per share	20	1.59	1.78	1.59
Diluted earnings per share	20	1.59	1.78	1.59
Proposed dividend	19	1.05	1.05	0.70

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

for 2012

(x €1,000)

	2012	2011	2010
Profit for the year	69,546	78,207	70,196
Effective part of movements in the fair value of cash flow hedge of long-term loans, net of tax	(1,023)	958	(1,640)
Reclassified to consolidated profit and loss account	(271)	(174)	161
Actuarial gains and losses on defined-benefit plans, net of tax	(5,294)	(4,906)	(3,984)
Income and expense recognised directly in shareholders' equity	(6,588)	(4,122)	(5,463)
Recognised income and expense for the year	**62,958**	**74,085**	**64,733**
Attributable to shareholders of the company	**62,958**	**74,085**	**64,733**

CONSOLIDATED CASH FLOW STATEMENT
for 2012

(x €1,000)

	Notes	2012	2011	2010
Receipts from customers		2,656,086	2,606,585	2,479,140
Other operating income		2,633	3,633	3,549
		2,658,719	2,610,218	2,482,689
Payments to suppliers		(2,179,495)	(2,143,778)	(2,037,760)
Payments to employees		(135,017)	(131,513)	(121,923)
Payments to the government		(197,258)	(192,821)	(194,944)
		(2,511,770)	(2,468,112)	(2,354,627)
Net cash generated from operations	30	146,947	142,106	128,062
Interest received		199	137	197
Dividend received from associates	13	5,187	5,530	4,412
Interest paid		(5,302)	(7,340)	(4,573)
Corporate income tax paid		(18,015)	(16,634)	(21,240)
Net cash flow from operating activities		**129,016**	**123,799**	**106,858**
Acquisitions/investments	1	(1,250)		(43,718)
Sale of associates/operations	13	50		2,641
Capital expenditure on property, plant and equipment/ investment property/assets held for sale	11	(36,494)	(50,068)	(43,130)
Receipts from disposal of property, plant and equipment/ investment property/assets held for sale		8,083	6,476	5,934
Capital expenditure on intangible assets	10	(4,639)	(3,597)	(2,608)
Investments in/loans to associates	13	(159)	(290)	(1,188)
Repayments by associates	13	211		430
Net cash flow from investing activities		**(34,198)**	**(47,479)**	**(81,639)**
Repayment of long-term borrowings	22		(53,109)	(49,087)
Proceeds from long-term borrowings	22			114,399
Paid to joint venture		(70)	(30)	(100)
Repurchase of own shares		(3,311)	(3,472)	(3,580)
Dividend paid		(46,153)	(30,813)	(44,071)
Net cash flow from financing activities		**(49,534)**	**(87,424)**	**17,561**
Movement in cash, cash equivalents and short-term bank borrowings		**45,286**	**(11,104)**	**42,780**
Opening balance		56,360	67,464	24,684
Closing balance		**101,646**	**56,360**	**67,464**

CONSOLIDATED BALANCE SHEET

as at 29 December 2012 before profit appropriation

(x €1,000)

ASSETS	Notes	29-12-2012	31-12-2011	01-01-2011
Goodwill	10	126,287	126,287	126,287
Other intangible assets	10	44,575	50,552	57,146
Property, plant and equipment	11	293,334	307,242	304,544
Investment property	12	13,503	15,225	15,945
Investments in associates	13	43,984	42,551	42,934
Other financial assets	13	9,589	9,279	6,467
Total non-current assets		**531,272**	**551,136**	**553,323**
Inventories	14	210,658	197,352	195,047
Trade and other receivables	15	109,010	110,618	105,181
Other current assets	16	6,658	8,016	3,526
Corporate income tax	9	0	0	863
Assets held for sale	17	9,093	7,634	11,906
Cash and cash equivalents	18	101,646	56,360	67,464
Total current assets		**437,065**	**379,980**	**383,987**
Total assets		**968,337**	**931,116**	**937,310**

EQUITY AND LIABILITIES	Notes	29-12-2012	31-12-2011	01-01-2011
Paid-up and called capital		2,655	2,655	2,655
Reserves		551,854	537,911	497,418
Total shareholders' equity attributable to shareholders of the company	19	**554,509**	**540,566**	**500,073**
Deferred tax liabilities	9	31,201	35,006	29,097
Employee benefits	5	3,493	2,947	3,042
Other provisions	21	197	191	221
Bank borrowings	22	174,792	174,169	173,254
Total long-term liabilities		**209,683**	**212,313**	**205,614**
Current portion of long-term borrowings	22	0	0	53,232
Bank borrowings	22	0	0	0
Trade and other payables	31	122,439	106,798	106,906
Corporate income tax	9	4,148	156	0
Other taxes and social security contributions	23	31,764	24,073	22,176
Other liabilities, accruals and deferred income	24	45,794	47,210	49,309
Total current liabilities		**204,145**	**178,237**	**231,623**
Total equity and liabilities		**968,337**	**931,116**	**937,310**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 2012 before profit appropriation

(x €1,000)

	Paid-up and called capital	Share premium	Other reserves	Revaluation reserve	Hedging reserve	Treasury shares reserve	Total
Balance as at 01-01-2011	**2,655**	**31,106**	**467,423**	**4,537**	**(2,068)**	**(3,580)**	**500,073**
Transactions with owners							
Share-based payments			693				693
Dividend paid			(30,813)				(30,813)
Repurchase of own shares						(3,472)	(3,472)
	0	0	(30,120)	0	0	(3,472)	(33,592)
Total realised and unrealised results							
Profit for the year			78,207				78,207
Investment property			847	(847)			0
Cash flow hedge					958		958
Reclassification					(174)		(174)
Actuarial results			(4,906)				(4,906)
	0	0	74,148	(847)	784	0	74,085
Balance as at 31-12-2011	**2,655**	**31,106**	**511,451**	**3,690**	**(1,284)**	**(7,052)**	**540,566**
Transactions with owners							
Share-based payments			449				449
Dividend paid			(46,153)				(46,153)
Repurchase of own shares						(3,311)	(3,311)
	0	0	(45,704)	0	0	(3,311)	(49,015)
Total realised and unrealised results							
Profit for the year			69,546				69,546
Investment property			577	(577)			0
Cash flow hedge					(1,023)		(1,023)
Reclassification					(271)		(271)
Actuarial results			(5,294)				(5,294)
	0	0	64,829	(577)	(1,294)	0	62,958
Balance as at 29-12-2012	**2,655**	**31,106**	**530,576**	**3,113**	**(2,578)**	**(10,363)**	**554,509**

NOTES
to the consolidated financial statements

Accounting policies

A. GENERAL

Sligro Food Group N.V. is based in Veghel, the Netherlands. The consolidated financial statements comprise the financial information of the company itself and that of its subsidiaries (together referred to as the Group).

B. FINANCIAL YEAR

Under the Articles of Association, the financial year coincides with the calendar year. The year is actually closed on the last Saturday of the financial year in accordance with the international system of week numbering and thus on 29 December 2012 in the year under review. The 2012 financial year has 52 weeks. The comparative figures for the 2011 and 2010 financial years also relate to 52 weeks.

C. COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). The financial statements were authorised for issue by the Executive Board on 24 January 2013.

D. ACCOUNTING POLICIES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in thousands of euros, except where otherwise indicated. The euro is the functional currency. The historical cost convention has been applied except for investment property, pension plan assets and derivative instruments, which are stated at fair value. Assets held for sale are recognised at the lower of their existing carrying amount and fair value, less costs to sell.

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable in the circumstances. Their outcome forms the basis for the judgement on the carrying amounts of assets and liabilities which cannot easily be determined from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision only affects that period, or in the revision period and any future periods affected if the revision affects the current and future periods.

The carrying amounts of qualifying assets are tested for indications of impairment. If there are any such indications, the recoverable amount of the asset is estimated on the basis of the present value of the expected future cash flows or the fair value less costs to sell. An impairment loss is recognised if the carrying amount is higher than the recoverable amount. The accounting policies set forth below have been consistently applied relative to 2011.

E. CHANGES IN ACCOUNTING POLICIES

No new standards became applicable in 2012 and there were no other changes of material importance.

F. NEW STANDARDS AND INTERPRETATIONS

An amendment to IAS 19 Employee Benefits, which becomes applicable in 2013, leads to changes in the recognition of pension provisions and higher pension costs. Based on the rules applicable in 2012, the net benefit expense in 2013 would be €5.1 million (2012: €2.4 million). The net benefit expense in 2013 will increase as a consequence of the new rules by €2.8 million to €7.9 million. The zero carrying amount of the provision for post-employment benefits itself remains unchanged.

None of the other changes in standards and interpretations which have been announced is expected to have a material effect on the Group's financial statements, although incidental additional disclosures will be made in the notes.

G. SPECIFIC CHOICES UNDER IFRS

In some instances, IFRS permits various options in the application of accounting principles. The most important choices are explained below:

Pensions

IFRS allowed the option of recognising actuarial gains and losses immediately in the total recognised income and expense for the year or deferring them using the corridor approach. Sligro Food Group opted for the former method as it gave a more accurate view of the financial position. As seen under F, this method becomes mandatory with effect from 2013. The simultaneous recognition of lower returns on pension plan assets means that pension costs will increase.

Property, plant and equipment

IFRS allows the option of measuring property, plant and equipment (or individual assets) at either cost or fair value. Sligro Food Group opted for cost-based treatment since this involves a more straightforward calculation in our specific business.

Investment property

IFRS allows the option of measuring investment property at either cost or fair value. The investment property comprises supermarket premises leased to Group franchisees. In contrast to the other property included in property, plant and equipment, the fair value is unequivocal. Moreover, the Group may not be the owner of these premises but may be subletting them. This property accordingly has the nature of a financial investment and the fair value provides a more accurate view of the economic performance. The existence of a transparent property market for supermarket premises means that the fair value can be calculated by applying a typical market capitalisation factor to the rental income.

Cash flow statement

IFRS allows the cash flow statement to be prepared using either the direct method or the indirect method, albeit with a preference for the direct method, and this is the method adopted by Sligro Food Group as it provides the most accurate view of the actual cash flows. A reconciliation with the indirect method is included in note 30.

H. ACCOUNTING POLICIES OF A MORE CRITICAL NATURE

H_1 Revenue

This is the proceeds from the sale of goods and services to third parties, net of value added tax, volume discounts and the value of trading stamps issued. Sales made in partnership with suppliers of fresh produce are also included. Some product lines are supplied directly, to the stores of supermarket franchisees. However, since the contract terms, commercial management and financial settlement are arranged by the Group, the amounts concerned are included in the Group's revenue. Sales are recognised when the significant risks and rewards of ownership have been transferred to the purchaser or the service has been performed.

H_2 Cost of sales

This is made up of the cost of purchasing the goods supplied. Bonuses, promotional payments and payment discounts received from suppliers are deducted from the purchase cost. Various types of compensation are received from suppliers, the two main ones being:

- **i** Temporary price reductions, usually relating to goods on special offer in promotional flyers with the aim of increasing direct sales volumes. In most cases, the supplier actually charges the lower purchase price for the agreed period but sometimes the normal price is charged and the discount is invoiced separately, based on the quantities sold. The benefit of temporarily lower purchase prices is reflected directly in the cost of sales and therefore at least partially offsets the lower selling prices charged to customers.
- **ii** Bonuses, usually based on annual agreements. Sometimes the bonus is a fixed or graduated percentage of the purchase value of total purchases (or an increase therein). Usually, advance payments on the bonus are received. As well as bonuses, the annual agreements frequently contain arrangements on promotional payments, usually subject to various forms of commercial collaboration. Promotional payments may be either absolute amounts or fixed or graduated percentages of the purchase value. Where receipt of a bonus can be expected with reasonable certainty, it is reflected in the carrying amount of inventories. Promotional payments are not deducted from inventories because they are intended to cover the selling costs.

H_3 Employee benefits

i Defined-contribution plans

Pension scheme contribution liabilities under defined-contribution plans are recognised as an expense in the profit and loss account when the contributions fall due. This is the case, in particular, for almost all of the Group's schemes providing privately insured benefits to top up state benefits and for the multi-employer schemes provided by EMTÉ Supermarkten and for certain groups of employees, such as fruit and vegetable and meat department staff which are covered by industry pension funds. Although the industry pension funds in fact have defined-benefit plans, they are accounted for as defined-contribution plans because the pension funds concerned do not supply sufficient information for defined-benefit accounting to be applied.

ii Defined-benefit plans

The Group's net obligation under defined-benefit plans is measured separately for each scheme by estimating the accrued benefit entitlements relating to employee service in the reporting period and prior periods. The present value of the defined-benefit obligations is determined and the fair value of the plan assets is deducted from the carrying amount thus arrived at. The discount rate used is the market yield at the balance sheet date on high-quality corporate bonds of a term consistent with that of the Group's obligations. The calculation is performed by a qualified actuary, using the projected unit credit method. If the benefits under a plan are improved, that portion of the benefit improvement which relates to employees' past service is recognised as an expense in the profit and loss account on a straight-line basis over the average period up to the date at which such benefits become vested. The cost in respect of benefits that are vested is expensed immediately. Actuarial gains and losses arising are recognised directly in equity.

iii Other long-term employee benefits

The Group's net obligation in respect of long-service benefits is the amount of the future benefits attributable to employee service in the reporting period and prior periods. The obligation is measured using the projected unit credit method and calculated at present value.

iv Option rights

The share option plan gives a broad group of employees the option of acquiring Sligro Food Group N.V. shares. The fair value of the share options is accounted for as staff costs, with a corresponding addition to shareholders' equity. Since the options are granted unconditionally, the fair value of the options is expensed in the year in which the options are granted.

H_4 Goodwill and other intangible assets

All acquisitions are accounted for using the purchase method. With effect from 2010, goodwill is recognised in respect of the difference between the fair value of the purchase price payable and the initially recognised amount (generally the fair value) of the identifiable assets and liabilities acquired. In the case of acquisitions prior to 28 December 2003, goodwill is the amount calculated according to the previously applicable accounting standards. Goodwill is carried at cost less any cumulative impairment losses. Goodwill is allocated to cash-generating units. Goodwill is not amortised but tested for impairment annually, or when there is an indication for impairment. In the case of associates, the goodwill is reflected in the carrying amount of the investment. All other intangible assets are carried at cost less straight-line amortisation over the estimated useful life of the assets concerned which, in the case of supermarket stores, is estimated at ten years and, in the case of customer bases, also ten years. Impairment tests are performed when there are indications that they are required. The cost of internally generated goodwill and trademarks is expensed. Software developed by third parties is capitalised at cost, provided its technical feasibility has been demonstrated. Internally developed software, provided it satisfies a number of criteria including technical feasibility, is similarly capitalised. Software maintenance costs are expensed. Capitalised software is amortised over three years using the straight-line method.

H_5 Property, plant and equipment

Items of property, plant and equipment are carried at cost less straight-line depreciation based on the estimated useful life of the assets concerned. Cost includes directly attributable finance costs where the effect is material as regards amount or term to maturity. Where assets are made up of parts with different useful lives, each part is treated as a separate item (component approach). The maximum depreciation period for alterations to rented premises is the remaining term of the lease. Where necessary, impairment losses are recognised. The applicable depreciation percentages are:

Land	Nil
Buildings/alterations	3 to 12 ½
Retail premises	3 1/3
Plant and equipment	12 ½ to 33 1/3
Other	20 to 50

I. OTHER ACCOUNTING POLICIES

I_1 Foreign currency

As all the Group's subsidiaries, associates and joint ventures are Dutch companies there is no translation risk. Transactions denominated in foreign currencies are translated at the spot rate on the transaction dates. Receivables and payables are translated at the exchange rate on the balance sheet date, with exchange differences recognised in the profit and loss account. The treatment of financial derivatives is described below.

I_2 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other financial assets, trade and other receivables, other current assets, cash and cash equivalents, bank borrowings, trade and other payables and other liabilities and accruals.

Derivative financial instruments

The Group makes use of financial derivatives to hedge the exchange rate and interest rate risks associated with its operating and financing activities. In accordance with its treasury policy, the Group neither holds nor issues derivatives for trading purposes. Derivatives which do not, however, meet the criteria for hedge accounting are treated as trading instruments. Derivative financial instruments are recognised at fair value. The gain or loss on revaluation to fair value is recognised immediately in the profit and loss account. If derivatives do, however, meet the criteria for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item that is hedged.

The fair value of forward interest rate and exchange rate contracts is the estimated amount that the Group would have to pay or would receive if the instruments were cancelled on the balance sheet date. This information is provided by statements obtained from reputable financial institutions which act as the counterparties. A positive fair value of derivatives is recognised as other financial assets and a negative fair value is included in long-term debt.

Hedging

Cash flow hedge

When a derivative financial instrument is designated as a hedge associated with the variability of the cash flows from a recognised asset, liability or highly probable forecast transaction, the effective portion of a gain or loss on the derivative financial instrument is recognised directly in equity. If the hedge of a forecast transaction leads to the recognition of a financial asset or a financial liability, the associated gains or losses recognised directly in equity are transferred to the profit and loss account in the period or periods in which the asset or liability affects the profit or loss. The non-effective portion of any gains or losses is recognised immediately in the profit and loss account.

Hedging monetary assets and liabilities

Where a derivative financial instrument is used to hedge the currency risk on a recognised monetary asset or monetary liability, hedge accounting is in principle not used, except for fair value hedges. In that case, the fair value adjustment related to the hedged item and the hedging instrument is recognised directly in the profit and loss account but, with respect to changes in the fair value of the hedged item, only the part attributed to the hedged risk.

I_3 Other operating income

This item includes rental income from investment and other property. It also includes any gains and losses in the fair value of investment property and book profits or losses on the sale of such property and on the disposal of assets included in property, plant and equipment, together with similar income.

I_4 Expenses

The presentation of expenses is based on classification by nature. The same classification is used for internal reporting purposes. Expenses are recognised in the year to which they relate. Rents and operating lease instalments are charged to the profit and loss account on a straight-line basis over the periods of the contracts concerned.

I_5 Finance income and expense

These items are interest and similar costs payable to third parties and interest receivable from customers in respect of loans granted and/or deferred payments. The calculation is made using the effective interest method.

I_6 Share in results of associates

This concerns the Group's share in results of associates.

I_7 Tax

The tax charge shown in the profit and loss account comprises the corporate income tax payable for the year together with any movements in deferred tax except where such liabilities relate to items that are accounted for directly in equity. The corporate income tax payable for the year is the expected amount of tax payable on the taxable profit, taking account of any adjustments in respect of the tax liability in preceding years. The tax burden is affected by tax facilities and costs which are not deductible or only partially deductible for tax purposes. The provision for deferred tax liabilities results from temporary differences between accounting policies used for tax purposes and for reporting purposes. No provisions have been formed in respect of goodwill that is not tax-deductible and in respect of investments in associates qualifying for the substantial-holding exemption. The amount of the provision is calculated at the tax rate applicable on the balance sheet date or the rate (substantively) enacted at the balance sheet date.

I_8 Investment property

Investment property is carried at fair value, which is based on the market value, as derived from a capitalisation factor applied to the rental income, and also depending on the expected long-term continuity as supermarket premises. The capitalisation factor applied is generally between 10.5 and 13.5 times the rental income but, in the case of some less viable premises, a lower valuation may be applied. The internally determined capitalisation factor is regularly reviewed by reference to external market data, such as professional appraisals. As already disclosed under I3, rental income and any fair value gains and losses are included in other operating income.

I_9 Financial assets

Investments in associates are accounted for using the equity method and, at initial recognition, are stated at cost, including goodwill, but excluding associated transaction costs, with a carrying amount of not less than nil, unless the Group is under an obligation to absorb losses either partially or entirely. Unrealised intragroup results are eliminated. Other financial assets comprise interest-bearing loans to customers and associates. The loans are carried at amortised cost less any impairment losses.

I_{10} Inventories

Inventories are carried at the lower of cost, using the FIFO method, and market value, which is taken as being the estimated sales value in normal circumstances, less selling costs. The carrying amount includes allowances for internal distribution, less bonus discounts.

I_{11} Trade and other receivables and other current assets

Trade receivables are initially carried at fair value and subsequently at amortised cost less any impairment losses. Other current assets include prepaid discounts to supermarket franchisees, which are charged to the profit and loss account over the term of the contracts concerned.

I_{12} Assets held for sale

Assets held for sale are recognised at the lower of carrying amount and fair value, less costs to sell. On classifying assets as being held for sale, any impairment losses are taken to the profit and loss account. If necessary, valuation is based on external appraisals.

I_{13} Cash and cash equivalents

Cash and cash equivalents comprise cash balances and credit balances at banks and are carried at face value. Overdrafts forming an integral part of the Group's cash management and payable on demand are included in the cash flow statement in the movement in cash, cash equivalents and short-term bank borrowings.

I_{14} Provisions

The provision for deferred tax liabilities is included at face value calculated at the prevailing or, if known, future tax rate and has already been explained in I2. The provision for employee benefits is explained in H3. The other provisions relate to existing obligations connected to risks relating to franchises carried at the amounts estimated as probably being payable in the future. Where the effect is material, the carrying amount of the future obligation is discounted.

I_{15} Interest-bearing debt

Interest-bearing debt is initially recognised at fair value less related transaction costs. The liabilities are subsequently carried at amortised cost determined using the effective interest method. Loans covered by a fair value hedge are recognised at fair value, as far as the value is attributable to the hedged risk.

I_{16} Other liabilities, accruals and deferred income

These are carried at amortised cost.

J. BASIS OF CONSOLIDATION

Subsidiaries are those entities over which Sligro Food Group N.V. has control. Subsidiaries are fully consolidated. This concerns the wholly-owned company Sligro Food Group Nederland B.V., Veghel. Sligro Food Group Nederland B.V. is the holding company for the following wholly-owned subsidiaries:

Foodservice

- Sligro B.V., Veghel.
- VEN Groothandelcentrum B.V., Amsterdam.
- De Dis B.V., Ter Apel (86%).
- Van Hoeckel B.V., 's-Hertogenbosch.

Food retail

- EMTÉ Franchise B.V., Veghel.
- EMTÉ Supermarkten B.V., Veghel.
  - Sanders Vleescentrale B.V., Enschede.
- EMTÉ Vastgoed B.V., Veghel.

The effectiveness of the Group's legal structure is appraised each year with a view to simplification where appropriate.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the share in the results of associates measured using the equity method.

Subsidiaries and associates are included in the consolidation from the date on which control or significant influence is obtained to the date on which it ceases.

Intercompany items and any unrealised gains and losses on such transactions are eliminated in the preparation of the consolidated financial statements.

K. SEGMENT INFORMATION

Sligro Food Group reports its results according to the main segments of Foodservice and Food retail. This segmentation matches that of internal management information precisely.

In attributing the results to the main segments, a distinction is made between directly attributable income and expenses and assets and liabilities and those which are not directly attributable, the latter mainly concerning the Group's integrated back-office activities, which are attributed to the main segments using reasonable and consistently applied formulas.

L. EARNINGS PER SHARE

The Group presents both basic and diluted earnings per share (EPS) of the ordinary share capital. The net result per ordinary share is calculated on the basis of the profit attributable to the shareholders of the Group divided by the weighted average number of ordinary shares in issue during the year. In calculating the diluted earnings per share, the profit attributable to the shareholders of the Group and the weighted average number of ordinary shares in issue during the year are adjusted for the potential dilutive effect on the number of ordinary shares of share options awarded to staff, or otherwise as applicable.

NOTES
to the consolidated financial statements

Notes

1. ACQUISITIONS, INVESTMENTS AND DISPOSALS

In 2012, a 25% stake was acquired in Super Direct Retail BV for an amount of €1,250. Also in 2012, the acquisition of the wholesale business from Van Oers was announced. This acquisition was completed on January 2 2013. The table below includes the provisionally estimated purchase price of €17 million. The precise amount will be determined in the course of 2013 and depends to some extent on the achievement of certain criteria. On top of the purchase price, working capital will increase by an amount of €5 million, which has not been included in the following statement.

Identifiable assets and liabilities acquired:

(x €1,000)

	2013	2012	2011
Intangible assets	17,000		
Property, plant and equipment			
Financial assets		1,250	
Inventories			
Trade and other receivables			
Assets held for sale			
Cash and cash equivalents			
Deferred tax liabilities			
Employee benefits			
Trade and other payables			
Total identifiable net assets	17,000	1,250	
Less: cash and cash equivalents			
Debt-free purchase price	**17,000**	**1,250**	

The fair value stated above has been determined on a provisional basis.

2. REVENUE

This is almost entirely domestic sales of food and food-related non-food articles to consumers and retail traders (food retail), institutional customers, the hospitality sector, company restaurants and other large-scale caterers (foodservice). The analysis of revenue by activity was as follows:

(x €1,000)

	2012	2011
Foodservice	1,634,143	1,608,975
Food retail	833,239	811,241
	2,467,382	**2,420,216**
Goods/services		
Goods supplied	2,448,834	2,401,225
Services rendered	18,548	18,991
	2,467,382	**2,420,216**

3. SEGMENT INFORMATION

The results and net capital employed can be analysed by segment as follows:

(x € million)

	Foodservice		Food retail		Total	
	2012	2011	2012	2011	2012	2011
Revenue	**1,634.1**	**1,609.0**	**833.3**	**811.2**	**2,467.4**	**2,420.2**
Other operating income	1.9	0.9	1.0	3.0[5]	2.9	3.9
Total income	**1,636.0**	**1,609.9**	**834.3**	**814.2**	**2,470.3**	**2,424.1**
Operating profit	**85.9**	**98.1**	**3.9**	**6.9**	**89.8**	**105.0**
Finance income and expense					(5.3)	(6.9)
Share in results of associates	1.6	1.3	3.8	3.8	5.4	5.1
Tax					(20.4)	(25.0)
Profit for the year					**69.5**	**78.2**
Segment assets	567.3	560.0	251.7	267.3	819.0	827.3
Associates	7.6	6.1	36.4	36.5	44.0	42.6
Unallocated assets					105.3	61.2
Total assets	**574.9**	**566.1**	**288.1**	**303.8**	**968.3**	**931.1**
Segment liabilities	142.9	125.2	61.2	53.0	204.1	178.2
Unallocated equity and liabilities					764.2	752.9
Total equity and liabilities	**142.9**	**125.2**	**61.2**	**53.0**	**968.3**	**931.1**
Net capital employed[1]	424.4	434.8	190.5	214.3	614.9	649.1
Net interest-bearing debt[2], provisions and associates					(60.4)	(108.5)
Group equity					**554.5**	**540.6**
Staff costs	149.8	144.1	104.0	102.1	253.8	246.2
Number of employees[3]	2,894	2,884	2,954	2,996	5,848	5,880
Capital expenditure[4]	26.9	31.8	13.0	23.8	39.9	55.6
Disposals[4]	(2.9)	(0)	(4.1)	(9.6)	(7.0)	(9.6)
Depreciation and amortisation	30.8	29.0	23.0	25.0	53.8	54.0

1) Excluding associates. 2) Interest-bearing debt less freely-available cash and cash equivalents and the fair value of derivatives. 3) Certain head office staff who perform activities on behalf of the Group as a whole have been included in the Foodservice activities. 4) Involving property, plant and equipment, investment property, assets held for sale and software (at transaction level). 5) Including impairment loss of €1.2 million.

4. OTHER OPERATING INCOME

(x €1,000)

	Notes	2012	2011
Investment property rental income	12	1,325	1,601
Book profit on disposal of investment property	12		1,552
Impairment losses/book loss on disposal of assets held for sale	11, 17	(641)	(1,474)
Fair value adjustments on investment property	12	(110)	(30)
Other rental income		1,285	1,521
Book profit (loss) on property, plant and equipment disposal (including businesses)	11	1,073	755
		2,932	**3,925**

5. EMPLOYEE-RELATED ITEMS

5.a. STAFF COSTS

Staff costs are made up as follows:

(x €1,000)

	Notes	2012	2011
Salaries		189,696	185,387
Social security contributions		28,379	24,128
Net benefit expense on defined-benefit plans	5c	2,426	2,384
Defined-contribution plan contributions	5c	5,467	5,222
Share-based payments	5e	449	693
Other staff costs		27,392	28,363
		253,809	**246,177**

5.b. EMPLOYEE BENEFITS PROVISION

This provision can be analysed as follows:

(x €1,000)

	Notes	2012	2011
Post-employment benefits	5c	0	0
Long-service benefits	5d	3,493	2,947
		3,493	**2,947**

5.c. PENSIONS AND PROVISION FOR POST-EMPLOYMENT BENEFITS

Within the Group there are basically two pension schemes, connected with the two principal collective labour agreements covering the Group's activities. In addition, a small proportion of the employees is covered by different industry pension funds and there are also a few individual arrangements.

Food retail Chains CLA

The staff of EMTÉ Supermarkten come under this CLA. The pension scheme is administered by the Food Industry Pension Fund. It is an indexed average pay scheme, with indexation conditional on satisfactory funding. The scheme is treated as a defined-contribution plan since the fund does not provide more detailed information. The industry pension fund has a reserve deficit. The contribution level and the percentage rate of accrual remain unchanged for 2013.

Food wholesale sector CLA

The other staff within the Group come under this CLA. The pension scheme is administered by Stichting Pensioenfonds Sligro Food Group.

Other CLAs/industry pension funds

A small proportion of the Group's employees is covered by other industry pension funds under which schemes the liability of the companies concerned is restricted to payment of contributions. The schemes are conditional indexed average pay schemes and the related pension funds also have reserve deficits. These schemes, too, are treated as defined-contribution plans because the industry pension funds concerned do not provide more detailed information.

Change in actuarial assumptions

A change in the discount rate and a new mortality table resulted in an increase of €39.5 million to the pensions provision.

Sligro Food Group pension scheme

This pension scheme is a conditional indexed average pay scheme, for which an average contribution rate is calculated. A distinction is drawn between employees born prior to 1 January 1950 and those born from then onwards in the way in which benefit rights are built up, the amount of the contribution threshold and retirement date. The pension funds' board is made up of equal numbers of representatives of employees and employers and among other things decides on the actual amount of annual increases. The discretionary percentage increase takes account of the constitution and pension regulations, the policy of the industry pension fund and the guidance issued by the Nederlandsche Bank as regulator of the pensions industry. According to pension fund estimates, the fund had reserves at year-end 2012 amounting to approximately 11% of the net provision for its insured obligations, based on the standard yield curve, as stipulated by the regulator, the Nederlandsche Bank. The method of calculating the yield curve was changed in 2012, leading to an increase in the reserves. According to the regulator, the pension fund needs to have a reserve ratio of approximately 15% in order to qualify as prudently funded. This means that the fund has a reserve deficit and has therefore submitted a recovery plan. The employer also made a one-off contribution of €6 million in 2010 and the employee contribution rate applied to pension base salaries is to be increased by another 2 percentage points over the three-year period 2011, 2012 and 2013. Scheme members with deferred pensions will have future annual increases reduced by 6% as their contribution to the recovery. No increases have been awarded in the annual indexation rounds for the last four years. As at year-end 2012, the pension fund had 66% of its assets invested in fixed-income securities and 34% invested in equities. This asset allocation is in line with the adopted policy.

In contrast to the pension fund's own calculations and regulatory policy, the financial statements also recognise additional, contingent pension rights and future pay increases. The discount rate is also based on yields on high quality corporate bonds instead of an actuarial interest rate derived from the yield curve, as applied by the pension fund.

The following analyses disclose details of the post-employment benefits provision and net benefit expense.

Actuarial assumptions (as %):

	2012	2011
Closing discount rate	3.4	4.6
Expected return on plan assets during the year	4.9	5.3
Closing general annualised pay increase	2.0	2.0
Individual annual increments, 18-34 years	2.7 → 1.0	2.7 → 1.0
Closing annualised increase for active members	0.5	0.5
Closing annualised increase for inactive members	0.5	0.5

The estimate for the return on plan assets is based partly on the discount rate applied to the benefit expense but also takes into account the target ratio of 35% equities. The actual return in 2012 amounted to 15.4% (2011: 8.4%). The mortality table used is the 2012–2062 projection. Based on the above assumptions, the following information can be disclosed:

(x €1,000)

	2012	2011
Opening defined-benefit obligation	118,812	118,395
Service cost	8,606	9,016
Interest cost	5,780	5,393
Benefits paid	(3,419)	(3,914)
Settlement	(485)	(1,247)
Actuarial loss/gain	39,921	(8,831)
Closing defined-benefit obligation	**169,215**	**118,812**
Opening fair value of plan assets	137,358	127,543
Ordinary employer contributions	9,484	8,925
Employee contributions	5,886	5,430
Benefits paid	(3,419)	(3,914)
Expenses	(1,000)	(900)
Expected return	7,074	7,116
Settlement	(485)	(868)
Actuarial loss/gain	20,710	(5,974)
Closing fair value of plan assets	**175,608**	**137,358**
Net plan assets	**6,393**	**18,546**
Asset ceiling	(6,393)	(18,546)
Recognised on the face of the balance sheet	**0**	**0**

The above obligations are all funded obligations.

The net actuarial loss of €19,211 (2011: €2,857 gain) after deduction of deferred tax liabilities has been recognised in equity. On a cumulative basis, there is an actuarial loss before tax amounting to €31,772 (2011: €12,560), the amount of which, less tax, has been charged to equity. As a result of the asset ceiling the difference compared to last year, amounting to €12,153, after deduction of tax, has been added to shareholders' equity.

Net benefit expense

(x €1,000)	2012	2011
Service cost	8,606	9,016
Administration cost	1,000	900
Employee contributions	(5,886)	(5,430)
Interest cost	5,780	5,393
Expected return	(7,074)	(7,116)
Settlement	0	(379)
'Ordinary' net benefit expense on defined-benefit plans	2,426	2,384
Defined-contribution plans	5,467	5,222
	7,893	**7,606**

The employer and employee contributions for 2013 are expected to amount to €23.2 million, of which €15.8 million is expected to relate to defined-benefit plans and €7.4 million to defined-contribution plans.

As at year-end, the plan assets were as follows (as %):	2012	2011
Equities	34	32
Fixed-income securities	65	66
Insurance contracts	1	2
	100	**100**

Historical year-end information

(x €1,000)	2012	2011	2010	2009	2008
Liabilities	169,215	118,812	118,395	103,202	92,054
Plan assets	175,608	137,358	127,543	98,448	80,315
Plan assets less liabilities	6,393	18,546	9,148	(4,754)	(11,739)
Asset ceiling	(6,393)	(18,546)	(9,148)		
Recognised on the face of the balance sheet	**0**	**0**	**0**	**(4,754)**	**(11,739)**
Change in actuarial assumptions	(39,455)	7,483	(2,267)	1,908	908
Experience adjustments to defined-benefit obligation	(466)	1,348	(3,253)	(2,409)	518
Experience adjustments to plan assets	20,710	(5,974)	9,320	3,971	(8,715)

The pension fund does not hold any investments in Sligro Food Group nor are any amounts owed between the pension fund and Sligro Food Group.

5.d. LONG-SERVICE BENEFITS

(x €1,000)

	2012	2011
Opening balance	2,947	3,042
Benefits paid	(300)	(366)
Benefit expense for the year	336	321
Actuarial result (also expensed) for the year	510	(50)
Closing balance	**3,493**	**2,947**

5.e. SHARE-BASED PAYMENTS (SHARE OPTION SCHEME)

The target group for the share option scheme comprises approximately 40 individuals who are awarded unconditional share options which vest immediately and can be exercised after 4 years. The exercise price is the first ex-dividend price after the grant date. Under the share option scheme rules, at least 50% of any net gain (after tax) must be used to buy Sligro Food Group shares, which in turn will be locked up for four years. The number of share options awarded to Sligro Food Group N.V. Executive Board members will be based on a fraction of their average base salary and the award ratio multiplied by a factor depending on the development in the total shareholders return relative to a peer group, varying between 0% and 150%. The first peer group review has been conducted in 2013 and has resulted in a factor of 50%. On the award years 2012, 2011 and 2010, the applied factor was 75% in each case. The other members of the target group will receive, depending on the category, 50% or 25% of the award made to the Executive Board members.

The award of options has been as follows:

	Maturity date	Exercise price	Number
19 March 2010	1 April 2014	24.06	148,800
25 March 2011	1 April 2015	23.62	147,000
23 March 2012	1 April 2016	24.13	137,200

On the date of award of the options, the necessary shares are repurchased at the exercise price. They are acquired from the trust which manages the employee shares.

For disclosures relating to the number of options awarded to the individual members of the Executive Board, reference is made to note 6. The costs connected with this scheme have been calculated by independent experts, using the Black-Scholes Model and, for the award made in March 2012, amount to 449 (2011: 693), based on the following assumptions:

- Risk-free interest rate: 1.04%.
- Volatility: 27%, based on a 4-year historical average.
- Dividend yield: 4.35%.
- Maturity: 4 years.

6. REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

The remuneration charged to the profit and loss account for the company's Executive Directors in 2012, including 'crisis levy' of €146, was €1,774 (2011: €1,957). The remuneration can be analysed as follows:

(x €1,000)	K.M. Slippens		H.L. van Rozendaal		W.J.P. Strijbosch	J.H.F. Pardoel		J.H. Peterse	Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2012**	**2011**	**2011**	**2012**	**2011**
Fixed salary	350	344	310	305	258	51	305	50	969	1,004
Short-term bonus	53	94	47	83	39	0	83	0	139	260
Long-term bonus	53	94	47	83	39	0	83	0	139	260
Pension contribution	80	79	110	95	53	14	80	13	257	267
Value of options	32	46	32	46	32	0	46	0	96	138
Statutory social security contributions	9	9	9	9	9	1	9	1	28	28
Total	**577**	**666**	**555**	**621**	**430**	**66**	**606**	**64**	**1,628**	**1,957**

Mr W.J. Strijbosch was appointed to the company's Executive Board at the General Meeting of Shareholders held on 21 March 2012. The remuneration figure relates to the entire year.

The short-term and long-term bonuses are based on performance in the year in question and are paid in the following year. These bonuses are 50% (2011: 50%) determined by the extent to which the budgeted profit target is achieved. If less than 90% of the target is reached, the bonus is nil, whereas achieving the target will lead to a short-term bonus of 15% of the fixed salary (2011: 15%). If the target is exceeded, the bonus is increased in line with the percentage outperformance. For 2012, the other 50% depends on the achievement of the next phase in the CSR agenda, achieving significant progress in specific back-office projects and achieving the medium-term vision for the structure of Food retail. The long-term bonus is equal to the short-term bonus but has to be used to purchase Sligro Food Group shares that then have to be held for at least four years. The 2012 bonuses were calculated at 50% of the target level (2011: 90%).

The members of the Executive Board also enjoy a package of fringe benefits including an expense allowance, an incapacity benefit plan and a business mileage allowance.

The annual remuneration for the Supervisory Board president, A. Nühn, was €40 (2010: €40) and that of the other members of the Supervisory Board €32 (2011: €32). The remuneration is not performance-related. The total remuneration amounted to €137 (2011: €136). No options have been awarded to the Supervisory Board, nor have any loans, advances or guarantees been granted to either the Executive Board or the Supervisory Board.

In relation to share and share option transactions, the acquirers are bound by insider trading rules. Additionally, transactions in shares are only allowed in the two weeks following publication of the results for the year, the interim results and the shareholders' meeting and on condition that there is no suggestion of inside information.

Movements in share ownership were as follows:

	Exercise price	K.M. Slippens	H.L. van Rozendaal	W.J.P. Strijbosch
Opening balance		84,586	158,131	
Purchase		2,403	3,967	643
Sale				
Closing balance		86,989	162,098	643
Number of options granted and in issue				
Maturing on 1 April 2014	24.06	9,600	9,600	
Maturing on 1 April 2015	23.62	9,800	9,800	
Maturing on 1 April 2016	24.13	9,800	9,800	9,800
Closing balance		29,200	29,200	9,800

None of the members of the Supervisory Board owns any shares in the company or options to acquire the company's shares.

7. AUDIT FEES

The fee for auditing the financial statements has been included in the general administrative expenses and in 2012 amounted to €260 (2011: €269). Other work consists principally of other audit services, including due diligence activities and audits relating to customer contracts, the fee for which was €51 in 2012 (2011: €60). The auditors are not engaged to perform consultancy work.

8. FINANCE INCOME AND EXPENSE

(x €1,000)

	2012	2011
Finance income from loans granted to customers and late payment credit charges received from customers	199	137
Finance expense for finance-related obligations	(5,492)	(7,033)

9. TAX

9.a.1. TAX (CORPORATE INCOME TAX)

The Dutch tax system recognises a difference between reported profit and taxable profit arising from differences between the carrying amount and tax base of intangible assets, property, inventories, receivables and provisions.

The tax charge in the profit and loss account can be analysed as follows:

(x €1,000)

	2012	2011
Tax for the year	21,437	20,882
Prior-year adjustments	(342)	242
Tax liability for the year	**21,095**	**21,124**
Movement in deferred tax liabilities	(698)	3,880
Tax shown in the profit and loss account	**20,397**	**25,004**

9.a.2. EFFECTIVE TAX BURDEN

The effective tax burden can be analysed as follows:

(x €1,000)

	2012	2011
Profit before tax	**89,943**	**103,211**
Tax burden at the standard rate of 25.0%	22,486	25,803
Prior-year adjustments	(342)	242
Other, including tax facilities and tax-exempt income, including tax-free results of associates and innovation allowances	(1,747)	(1,041)
Effective tax burden 22.7% (2011:24.2%)	**20,397**	**25,004**

9.a.3. TAX LIABILITIES RECOGNISED DIRECTLY IN RECOGNISED INCOME AND EXPENSE

The following analysis shows the tax effect with respect to the items recognised directly in the recognised income and expense for the year.

(x €1,000)

	2012	2011
Movement in cash flow hedge of long-term loan	(431)	262
Actuarial gains and losses on defined-benefit plans	(1,764)	(1,635)
	(2,195)	**(1,373)**

9.b. CURRENT TAX ASSETS AND LIABILITIES

The following current tax items were included as at year end:

(x €1,000)	2012	2011
Assets		
Liabilities	**4,148**	**156**

As at year-end 2012, all wholly owned subsidiaries, with the exception of EMTÉ Vastgoed, were included in the tax group for corporate income tax purposes. Tax is levied on the tax group as if it were one company. Implicit in this is that all the companies making up the tax group bear joint and several liability for the tax liabilities of the Group. The year-end position relates to the financial year concerned.

9.c. DEFERRED TAX LIABILITIES

These can be analysed as follows:

(x €1,000)	2012	2011
Intangible assets	6,646	8,016
Property, plant and equipment	24,581	25,109
Inventories	833	792
Reserves permitted under tax rules	0	660
Hedging of long-term loans	(859)	429
Net liability	**31,201**	**35,006**

The deferred tax liabilities mainly relate to the recognition of intangible assets from acquisitions and to different carrying amounts for property, to which special tax rules apply. In addition, in past years, tax facilities allowing accelerated depreciation of capital expenditure as part of the measures to address the financial crisis were utilised. Investments of more than 5% in the share capital of other companies qualify for the substantial-holding privilege, under which profits and/or dividends are not taxed (and losses are also not deductible). The difference in the carrying amounts of such investments is therefore not taken into account in the calculation of the deferred tax liabilities.

Movements during the year were as follows:

(x €1,000)	2012	2011
Opening balance	35,006	29,097
Tax liabilities recognised directly in recognised income and expense	(2,195)	(1,373)
Movement during the year	(698)	3,880
Movements in previous years	(912)	3,402
Closing balance	**31,201**	**35,006**

There are no deferred tax liabilities or assets that have not been recognised in the balance sheet.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

(x €1,000)

	Goodwill	Other intangible assets		
		Store locations and custo-mer bases	Software	Total
Cost				
Balance as at 01-01-2011	129,760	84,882	10,356	95,238
Capital expenditure		630	3,147	3,777
Disposals		(268)	(235)	(503)
Balance as at 31-12-2011	**129,760**	**85,244**	**13,268**	**98,512**
Capital expenditure		1,538	3,101	4,639
Disposals			(15)	(15)
Balance as at 29-12-2012		**86,782**	**16,354**	**103,136**
Amortisation				
Balance as at 01-01-2011	(3,473)	(30,320)	(7,772)	(38,092)
Amortisation for the year		(7,819)	(2,104)	(9,923)
Disposals			55	55
Balance as at 31-12-2011	**(3,473)**	**(38,139)**	**(9,821)**	**(47,960)**
Amortisation for the year		7,869	(2,747)	(10,616)
Disposals			15	15
Balance as at 29-12-2012	**(3,473)**	**(46,008)**	**(12,553)**	**(58,561)**
Carrying amount				
As at 01-01-2011	126,287	54,562	2,584	57,146
As at 31-12-2011	126,287	47,105	3,447	50,552
Balance as at 29-12-2012	**126,287**	**40,774**	**3,801**	**44,575**

Allocation of goodwill to cash-generating units

Goodwill is allocated to cash-generating units as follows:

(x €1,000)

	2012	2011
Food retail	30,332	30,332
Foodservice	95,955	95,955
	126,287	**126,287**

The cash-generating units are identified using the classification the Group applies to its operating segments.

The recoverable amount of the Food retail cash-generating unit is based on the estimated fair value less costs to sell, taking into account the market prices paid in the recent period for both individual stores and groups of supermarket outlets and typical market revenue multipliers. The test has shown that the fair value less costs to sell is well in excess of the carrying amount of the goodwill (and the other assets) of the Food retail unit (2011: ditto).

The recoverable amount of the Foodservice cash-generating unit is based on a calculation of the value in use arrived at by taking the net present value of the estimated future cash flows that will be generated by the continued use of this cash-generating unit. Based on this calculation, it has been concluded that the recoverable amount of the cash-generating unit is considerably higher than the carrying amount and that therefore no impairment loss needs to be recognised (2011: ditto).

Important assumptions used in the estimates of the net present value of the cash flows

The basis is the average operating profit before amortisation (EBITA) over the last three years. The main assumptions used in calculating the recoverable amount are the discount rate, the terminal growth rate and the rate of growth in EBITA, which are as follows:

Discount rate (7.9%)

The discount rate before tax used for the Foodservice activities has been derived from the weighted average cost of capital (WACC) as used by financial analysts, adjusted to reflect a normalised capital structure.

Terminal growth rate (2%)

For the Foodservice activities, the net present value model is based on estimated cash flows over a period of five years. The terminal growth rate is derived from the nominal GDP growth rate in the Netherlands.

Estimated EBITA growth rate (3%)

The estimated growth in EBITA is given by the compound annual growth over the first five years of the plans used for impairment testing and also takes account of past experience.

11. PROPERTY, PLANT AND EQUIPMENT

Movements in this item were as follows:

(x €1,000)

	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Cost					
Balance as at 01-01-2011	349,999	48,405	188,158	8,331	594,893
Capital expenditure	24,261	8,825	26,337	(6,996)	52,427
Disposals	(2,761)	(29)	(2,109)		(4,899)
Acquisitions					
Transfer[1)]	(2,895)				(2,895)
Balance as at 31-12-2011	**368,604**	**57,201**	**212,386**	**1,335**	**639,526**
Capital expenditure	15,830	4,970	16,231	(238)	36,793
Disposals	(142)	(251)	(2,869)		(3,262)
Acquisitions					
Transfer[1)]	(9,247)	(686)			(9,933)
Balance as at 29-12-2012	**375,045**	**61,234**	**225,748**	**1,097**	**663,124**
Depreciation					
Balance as at 01-01-2011	(106,290)	(33,784)	(150,275)		(290,349)
Depreciation for the year	(15,484)	(6,621)	(21,973)		(44,078)
Disposals	1,511	25	1,770		3,306
Acquisitions					
Impairment	(1,200)				(1,200)
Transfer[1)]	37				37
Balance as at 31-12-2011	**(121,426)**	**(40,380)**	**(170,478)**		**(332,284)**
Depreciation for the year	(15,756)	(6,249)	(21,176)		(43,181)
Disposals	96	191	2,425		2,712
Acquisitions					
Impairment					
Transfer[1)]	2,474	489			2,963
Balance as at 29-12-2012	**(134,612)**	**(45,949)**	**(189,229)**		**(369,790)**
Carrying amount					
As at 01-01-2011	243,709	14,621	37,883	8,331	304,544
As at 31-12-2011	247,178	16,821	41,908	1,335	307,242
Balance as at 29-12-2012	**240,433**	**15,285**	**36,519**	**1,097**	**293,334**

1) Transferred to assets held for sale.

Leased assets

It is Group policy not to enter into finance lease contracts and there are in fact no such contracts.

Assets under construction

The Group is constantly acquiring, expanding and upgrading stores and distribution centres. On completion of a project, assets under construction are transferred to the relevant category of property, plant and equipment.

Wholesale outlets, retail stores and distribution centres

Land and buildings can be analysed as follows:

(x €1,000)

	2012	2011
Land	55,894	57,941
Land occupied by leased premises	2,503	2,503
Buildings	95,298	100,327
Supermarket store premises	27,563	27,486
Alterations/extensions to leased premises	59,175	58,921
	240,433	**247,178**

Land and buildings and supermarkets used by the Group as at year-end can be further analysed as follows:

	Number		x 1.000 m²		x €1,000	
	2012	2011	2012	2011	2012	2011
Cash-and-carry wholesale outlets	22	22	146	146	60,751	60,756
Customer distribution centres	4	4	61	61	20,493	23,533
Production companies	3	4	18	18	11,756	13,384
Central complex	1	1	136	136	47,567	49,012
Supermarkets used by the Group	21	20	29	29	36,877	39,069
	51	**51**	**390**	**390**	**177,444**	**185,754**

The area of land totals 770,000 m² (2011: 767,000 m²), of which 285,000 m² (2011: 285,000 m²) is accounted for by the central complex.

12. INVESTMENT PROPERTY

(x €1,000)

	2012	2011
Opening balance	15,225	15,945
Disposals		(90)
Transferred to assets held for sale	(1,612)	(600)
Fair value adjustments	(110)	(30)
Closing balance	**13,503**	**15,225**

The investment property includes 8 (2011: 9) supermarket premises leased to franchisees on operating leases. The gross sales area amounted to 9,558 m^2 (2011: 10,640 m^2). The rental income is reported in note 4. The future minimum lease payments under non-cancellable leases are disclosed in note 26. The direct costs associated with the investment property amounted to €2 (2011: €63). The leases are on normal terms. No external appraisals were conducted in 2012.

13. INVESTMENTS IN ASSOCIATES AND OTHER FINANCIAL ASSETS

(x €1,000)

	2012	2011
Associates	**43,984**	**42,551**
Other financial assets		
Loans to associates	1,927	1,950
Loans to customers	3,947	2,417
Fair value of derivatives	3,715	4,912
	9,589	**9,279**

The average term to maturity of the loans to customers is several years and interest is charged at market rates. These associates can be analysed as follows:

(as %)

	2012	2011
Foodservice		
O. Smeding & Zn. B.V., Sint Annaparochie	49	49
M. Ruig & Zn. B.V., Oostzaan	25	25
G. Verhoeven Bakkerij B.V., Veldhoven	25	25
Slagerij Kaldenberg B.V., Herwijnen	33	33
Vemaro B.V., Venlo	40	40
Food retail		
Spar Holding B.V., Waalwijk	45	45
S&S Winkels B.V., Someren		50
Super Direct Retail B.V., Zaltbommel	25	
Cooperatieve Inkoopvereniging Superunie B.A., Beesd		

The accounts have been prepared using the most recently published figures of associates.

Movements in investments in associates and joint ventures were as follows:

(x €1,000)

	2012	2011
Opening balance	42,551	42,934
Acquisitions	1,250	0
Repayment of share capital	(50)	
Investments and disposals	(30)	10
Result	5,450	5,137
Dividend	(5,187)	(5,530)
Closing balance	**43,984**	**42,551**

The summarised financial information for the associates, on the basis of a 100% interest as shown by their most recent financial statements, is as follows:

(x €1,000)

	2012	2011
Assets	132,011	124,324
Liabilities	80,997	71,018
Shareholders' equity	51,014	53,306
Revenue	1,013,237	895,707
Net earnings	10,038	10,393

14. INVENTORIES

Inventories were made up as follows:

(x €1,000)

	2012	2011
Central distribution centre	66,685	65,817
Stores and regional distribution centres	136,741	124,672
Packaging deposits	7,232	6,863
	210,658	**197,352**

The carrying amount of inventories is after impairment losses of €8,640 (2011: €7,229).

15. TRADE AND OTHER RECEIVABLES

(x €1,000)

	2012	2011
Trade receivables	68,212	65,637
Suppliers	40,798	44,981
	109,010	**110,618**

Receivables from suppliers represent bonuses, promotional allowances and credit notes not yet settled. The carrying amount of the trade receivables has been written down to fair value by an amount of €2,004 (2011: €2,516).
The movements in this item were as follows:

(x €1,000)

	2012	2011
Opening balance	2,516	3,984
Accounts written off	(1,012)	(1,888)
Charged to the result	500	420
Closing balance	**2,004**	**2,516**

A large number of old accounts were cleared in 2012 and 2011.

16. OTHER CURRENT ASSETS

(x €1,000)

	2012	2011
Other amounts receivable and prepaid expenses	**6,658**	**8,016**

The other amounts receivable and prepaid expenses include discounts paid in advance to supermarket franchisees, representing costs attributable to future years, loans to employees and settlement of amounts relating to capital expenditure projects.

17. ASSETS HELD FOR SALE

(x €1,000)

	2012	2011
Property	**9,093**	**7,634**

This concerns 7 (2011: 7) properties, of which 2 have been sold, but not yet transferred.

(x €1,000)

	2012	2011
Opening balance	7,634	11,906
Transferred from investment property	8,582	3,458
Impairment	(641)	(274)
Disposals	(6,482)	(7,456)
Closing balance	**9,093**	**7,634**

18. CASH AND CASH EQUIVALENTS

(x €1,000)

	2012	2011
Cash balances and pipeline deposits	19,182	18,310
Freely-available bank balances	82,464	38,050
	101,646	**56,360**

19. SHAREHOLDERS' EQUITY

Paid-up and called capital

The authorised capital amounts to €12,000,000 divided into 200,000,000 shares with a nominal value of 6 euro cents each. The issued and paid-up capital as at 29 December 2012 amounted to €2,655,300.90 (31 December 2011: €2,655,300.90).

Movements in the number of shares in issue were as follows:

(x 1,000)	2012	2011
Opening balance	44,255	44,255
Movements	0	0
Closing balance	**44,255**	**44,255**
Repurchased	(433)	(296)

All shareholders are entitled to dividends as declared from time to time and have the right to cast one vote per share in shareholders' meetings. The overall changes in equity are analysed in greater detail on page 94.

Share premium

This includes amounts paid in on the shares over and above the nominal value.

Other reserves

The item includes an accumulated amount of €14,714 (2011: €9,420) in respect of actuarial losses on defined-benefit pension plans charged to reserves. An amount of €9,203 of the other reserves (2011: €8,939) is not freely distributable.

Revaluation reserve

Where recognition of investment property at fair value leads to a positive adjustment of the carrying amount, a revaluation reserve is formed of the same amount, after allowing for deferred tax liabilities. This reserve is not freely distributable.

Hedging reserve

This comprises the effective part of the cumulative net movement in the fair value of cash flow hedges of long-term loans. This reserve is not freely distributable.

Treasury shares reserve

This represents the purchase price of the 433,000 of the company's own shares repurchased in connection with the share option programme.

Unappropriated profits/dividend

Since the balance sheet date, the Executive Board, with the approval of the Supervisory Board, has proposed the following profit appropriation:

(x €1,000)

	2012	2011
Addition to other reserves	23,533	32,050
Available for regular dividend (2012: €0.80 per share; 2011: €0.85)	35,058	37,365
Available for variable dividend (2012: €0.25 per share; 2011: €0.20)	10,955	8,792
	69,546	**78,207**

This proposed profit appropriation has not been reflected in the balance sheet and does not affect the corporate income tax on profit.

20. EARNINGS PER SHARE

Weighted average number of shares during the year.

(x 1,000)

	2012	2011
Opening balance	43,959	44,106
Effect of repurchase of own shares	(103)	(110)
	43,856	**43,996**

(x €1)

	2012	2011
Basic earnings per share	1.59	1.78
Diluted earnings per share	1.59	1.78

The 433,000 share options granted do not have a diluting effect since the exercise price is above the average share price during the year and they have therefore not been included in the calculation of the diluted earnings per share.

21. OTHER PROVISIONS

The other provisions relate to franchise risks and are connected with guarantees and repurchase commitments given to financial institutions on behalf of franchisees.

(x €1,000)

	2012	2011
Opening balance	191	221
Added	6	
Utilised		(30)
Closing balance	**197**	**191**

22. LONG-TERM AND SHORT-TERM BORROWINGS

LONG-TERM LIABILITIES

(x €1,000)

	Remaining term (years)	Current portion	2012	2011
5.09% USD 70 million loan (bullet loan)	2		56,888	58,054
3.55% USD 75 million loan (bullet loan)	5		56,682	57,732
4.15% USD 75 million loan (bullet loan)	8		56,682	57,732
Fair value of derivatives			4,540	651
			174,792	**174,169**
Amounts falling due within one year			0	0
Amounts falling due after more than one year			**174,792**	**174,169**
Amounts falling due after more than five years			**57,430**	**114,860**

The Group uses cross-currency interest rate swaps to manage interest rate and foreign currency risks in accordance with its treasury policy. The term of the swaps is the same as that of the loans.

The hedges of the USD loans are treated as cash flow hedges, with the exception of the hedge of the 5.09% USD loan, which is treated as a fair value hedge.

The 3.55% USD loan and the 4.15% USD loan have been converted by means of cross-currency interest rate swaps into euro loans at 3.46% and 3.96%, respectively. The amortised cost of these loans is translated at the dollar exchange rate ruling on the balance sheet date. The fair value of the swaps is €4,540 negative (2011: €651 negative), which has been included in long-term liabilities.

The 5.09% USD loan has been converted into a euro loan at a floating rate of Euribor plus 53 basis points. The amortised cost of this loan is translated at the dollar exchange rate ruling on the balance sheet date. The fair value of the swap is €3,715 positive in 2012, which has been included in other financial assets (2011: €4,912 positive). The gain on the hedging instrument was €1,197 (2011: €1,332 gain), with a matching gain (2011: loss) on the hedged position. The USD loan contracts include change-of-control clauses.

BANK BORROWINGS

Security

As at year-end 2012, the Group had overdraft facilities totalling €140 million, which had not been drawn on. An amount of €70 million of the facility is committed. The bank borrowings are unsecured. Sligro Food Group was, however, required to satisfy the following ratio as at year-end 2012:

	Required	Actual
Net interest-bearing debt/operating profit before depreciation and amortisation	< 3.0	0.5

The set requirement was therefore comfortably met.
In the event of failure to satisfy the agreed ratio, the lenders have the right to impose further requirements.

23. OTHER TAXES AND SOCIAL SECURITY CONTRIBUTIONS

(x €1,000)	2012	2011
VAT, excise duty and packaging tax	20,666	18,496
Payroll tax and social security contributions	10,680	4,837
Pension contributions	418	740
	31,764	**24,073**

24. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(x €1,000)	2012	2011
Employees	25,140	25,290
Customer bonuses	7,352	9,968
Packaging deposits	4,115	3,444
Deferred revenue on trading stamps	2,423	2,369
Other	6,764	6,139
	45,794	**47,210**

The employees item includes liabilities in respect of profit-sharing, accrued paid annual leave plus holiday allowances.

25. RISK MANAGEMENT

The Group is exposed to credit, liquidity and market risks (interest rate, exchange rate and other risks) in its ordinary operations. There have been no changes in the Group's risk policy or in the management of these risks compared with the preceding year.

CREDIT RISK

The Group is exposed to a variety of credit risks connected with its operations. In the case of the food retail activities, the supermarkets sell exclusively for cash or using guaranteed payment methods and so there is essentially no credit risk. The largest credit risk for the Group is concentrated among supermarket franchisees in that, for some of the Group's customers, in addition to the usual suppliers' credit terms, there is a credit risk associated with the financing of independent store operators. This can take the form of direct loans, included in financial assets, or guarantees/repurchase commitments for credit lines provided by financial institutions. The risks are minimised by assessing the profitability of individual stores and their independent operators. A store's assets also provide security. Each project is carefully considered in 'store network consultation' project meetings and the outstanding receivables are monitored daily. Periodic assessments of the viability of stores are also performed. As at year-end 2012, the receivables from food retail customers included in financial assets and in trade and other receivables totalled approximately €14 million (2011: €13 million).

The aging of these receivables is as follows:

(x € million)

	< 1 month	1 - 3 months	3 - 12 months	> 12 months	Total
2012	14				14
2011	13				13

In the case of the foodservice activities, some supplies are made without guaranteed advance payment. However, payment for goods and services is largely by direct debit and customers only initiate payments to a limited extent. Experience has shown, however, that, owing to the diversification provided by a large customer base and the short payment period allowed, the credit risk in relation to the volume of foodservice supplies made on credit is relatively small. Despite the financial difficulties of some of our foodservice customers, the risks and the losses remained relatively small although there has been an increase. As at year-end 2012, receivables from foodservice customers amounted to approximately €58 million (2011: €56 million).

The aging of these receivables is as follows:

(x € million)

	< 1 month	1 - 3 months	3 - 12 months	> 12 months	Total
2012	57	1			58
2011	55	1			56

As at year-end 2012, the Group had receivables from suppliers totalling €41 million (2011: €45 million), mainly relating to agreed annual purchase volumes, which are paid after the end of the year. If a supplier should default on these payments, the Group would generally be able to recover the amount receivable by setting it against accounts payable to the supplier concerned.

LIQUIDITY RISK

The Group aims to hold sufficient liquid funds (including in the form of commitments by financial institutions) to meet its financial liabilities at any time. This is achieved in part by financing operations to a relatively large extent by medium and long-term credit lines with different repayment schedules. Moreover (partly in view of the changes in credit market conditions), the availability of €70 million of the short-term facilities is legally enforceable.

Given below is an analysis of the financial liabilities, including estimated interest payments.

(x € million)

	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 years
Long-term liabilities	174.8	192.4	4.7	125.7	62.0
Current liabilities	204.1	204.1	204.1		
Total	378.9	396.5	208.8	125.7	62.0

MARKET RISK (INTEREST RATE, EXCHANGE RATE AND OTHER MARKET RISKS)

The risk of volatility in exchange rates and interest rates is in partly hedged by means of derivatives.

Interest rate risk

As noted in the accounting policies for the consolidated financial statements under heading I_2, the Group attempts to ensure that any interest rate exposure is roughly equally divided between long and short-term rates. This is achieved partly by the use of interest rate swaps. In addition to the notes already referred to, note 22 provides an analysis of the long-term financing and the associated interest rate terms. The level of interest rates on the capital market also affects the pension obligation.

Currency risk

The Group is exposed to an exchange rate risk on loans and on goods purchases. This mainly concerns the US dollar. As mentioned in the accounting policies under heading I_2, the exchange risk on the loans is entirely hedged. The Group also hedges a proportion of its dollar purchase obligations by means of forward currency contracts. The policy is to hedge transactions where settlement will be more than two months ahead and not to hedge transactions due for earlier settlement. The annual dollar purchase volume is in excess of USD 35 million, with an average term of approximately two months. Hedge accounting is not applied to forward currency contracts for purchase obligations. The effect of exchange rate movements is included in the cost of sales.

SENSITIVITY ANALYSES

Interest rates

As at year-end 2012, it is estimated that a general increase in the Euribor rate by half a percentage point would have the effect of reducing the profit before tax by approximately €0.2 million. An increase or decrease in the discount rate by one half of a percentage point would result in a decrease or increase in the pension obligation of approximately €18 million or €21 million, respectively. The effect this has on the result is some €2 million, excluding the opposite effect on plan assets.

Exchange rates

The effect of the dollar exchange rate vis-à-vis the euro is relatively minor since movements in the value of the euro can be reflected fairly simply and rapidly in the selling prices.

Labour costs/energy

The effect of a general increase of half a percentage point in direct labour costs is estimated to reduce the result before tax by approximately €1 million. The effect of a general increase in energy prices by 5% is also approximately €1 million.

Capital management

The Group attempts to make maximum use of its available credit lines for funding purposes, provided the stipulated ratio can be comfortably met. The Group does not have a specific target return on capital employed. The aim is to achieve average growth in net profit which at least keeps pace with the 10% target average rate of revenue growth. There was no change in approach in 2012.

Fair value

The carrying amount of financial instruments is almost the same as the fair value. Financial instruments carried at fair value are included in the category 'level 2', which means that the valuation is based on amounts provided by a financial institution. Which is also based on market-data. The property investments are also measured at fair value and are included in 'level 3' (own valuation method).

OTHER RISKS

General

Like any other business, the Group faces the usual risks associated with its commercial activities. Those risks which affect the Group more particularly are considered in greater detail below.

The business cycle and competition

Since the Group's activities are primarily concerned with the basic human need for food, it is food products which account for the bulk of the sales and demand for them is not particularly cyclical, although there can be shifts of emphasis between the Group's two business lines of foodservice and food retail. A process of consolidation is taking place in the markets in which the Group sells and, to an even greater extent, among the suppliers in those markets, with direct customers, wholesale distributors and supermarket chains supplied by the Group all becoming bigger. There is evidence of the same trend among suppliers to the Group. These and other factors mean that the Group operates in highly competitive markets and is not always able to pass on its cost increases to its customers in full. Cost increases therefore largely have to be absorbed by efficiency improvements in order to maintain profitability, let alone lift profits. In 2012, wage costs accounted for more than 50% of the cost base, whereas approximately 5% is fairly heavily dependent on energy prices.

In the food retail business in particular, periods of intensified competition occur on a regular basis, generally known in the industry as price wars. The effects are also felt in the foodservice market, albeit usually to a lesser extent.

Acquisitions

The Group's plans for expansion include growth through acquisitions as well as organic growth. In recent years, it has been the Group's endeavour to make a relatively large acquisition, meaning a takeover resulting in an increase in sales of more than 5%, once every one or two years. However, no actual acquisitions were made in 2012 or 2011, but one has been announced. Although we have a great deal of experience with takeovers and the various associated financial, integration and other risks, there is still, despite all the proper due diligence procedures beforehand, a greater level of risk associated with growth through acquisitions than is the case with organic growth. In principle we try to include newly acquired companies in the information system operated by the Group as quickly as possible to bring them rapidly under central management and control. As at year-end 2012, this was true for all activities.

Information systems

The Group is highly dependent on its internally developed IT systems, which are maintained and upgraded by a team of experienced specialists. Comprehensive measures are in place to safeguard the continuity of data processing. Progress was again made in this field in 2012 and the Group proved capable of minimising the consequences of two major technical incidents. The high level of integration of the Group's activities means that a systems failure would bring a large part of the business to a standstill within a few days.

Food safety

Since the Group is primarily engaged in the food supply and processing chain, food safety is crucial. The Group observes strict food safety practices as regards both food processing and the products themselves throughout the various links in the organisation. Compliance with external quality standards is a given. In the event of threats to public health, in the form of health hazards, we have detailed documented procedures in place for minimising the possible consequences. Failure to abide by these principles could have serious implications for the Group's market position.

26. OPERATING LEASE AND RENTAL OBLIGATIONS

Contracts under which the Group is lessee:

(x €1,000)

	2012	2011
Operating lease obligations		
< 1 year	139	351
1-5 years	0	139
> 5 years		
Expense in the year	334	475
Rental obligations for premises occupied by the Group		
< 1 years	33,117	33,788
1-5 years	88,445	94,356
6-10 years	47,758	67,829
> 10 years	16,471	
Expense in the year	33,376	33,904
Present value	172,843	
Rental obligations on behalf of customers		
< 1 year	3,221	3,185
1-5 years	8,981	8,059
6-10 years	2,070	1,746
> 10 years		
Present value	13,769	

The operating lease obligations relate mainly to ICT-systems. The rental obligations for premises occupied by the Group concern 112 premises (2011: 107). The rental obligations on behalf of customers are matched by leases entered into by the customers for almost exactly the same amounts. There is a broad variety as regards rental obligations, frequently including the option for the tenant to renew the lease. The present value stated above is the face value of the rents concerned plus expected annual increases calculated using a discount rate of two percentage points above the risk-free interest rate.

Contracts under which the Group is lessor:

The investment property relates to property owned by the Group that is leased to franchisees of the Group. Other property in-

(x €1,000)

	2012	2011
Investment property		
< 1 year	1,311	1,276
1-5 years	1,598	1,601
6-10 years	0	144
> 10 years		
Other property		
< 1 year	1,947	1,978
1-5 years	4,040	4,526
6-10 years	456	714
> 10 jaar		

cludes items relating to the partial subletting of property used by the Group. This may relate to property owned by the Group and property which the Group rents.

27. INVESTMENT OBLIGATIONS

As at year-end 2012, there were investment obligations totalling approximately €3 million (2011: €2.5 million).

28. CONTINGENT LIABILITIES

Repurchase commitments

Repurchase commitments have been given to financial institutions in respect of credit lines granted to retail customers involving a total exposure of €3 million (2011: €3 million). Store alterations, inventories and shop fittings funded by the loans and advances have been furnished as security for these repurchase commitments and so they will not normally give rise to any material financial losses. Where the need nevertheless arises, provisions are made to cover possible losses.

Claims

Claims have been filed against Sligro Food Group and/or Group companies. These claims are being contested, despite none of them being of material significance.

29. MANAGEMENT ESTIMATES AND ASSESSMENTS

Goodwill

Note 10 contains information about the measurement of goodwill and the impairment tests that are performed.

Credit, liquidity and other market risks

Note 25 contains information on these risks, together with a sensitivity analysis.

Receivables from suppliers

This concerns an estimate of the payments expected from suppliers as disclosed on page 97.

Property, plant and equipment, investment property and assets held for sale

The Group owns a relatively large amount of property used by the Group itself, investment property which it leases to customers and assets held for sale. As at year-end 2012, these items, excluding capital expenditure on leased premises, totalled approximately €200 million (2011: €209 million).

An assumption has been made of continuing use for the existing purpose unless the assets concerned have been classified as held for sale. Any changes in this assumption, for example as a result of relocations, can lead to an adjustment of the carrying amount down to a lower fair value less costs to sell. It may also be found that the fair value less costs to sell is higher than the carrying amount.

Pensions

Note 5c contains the assumptions that have been used in the calculation of the net benefit expense and the provision for post-retirement benefits. An associated sensitivity analysis is included in note 25.

30. CASH FLOW STATEMENT

The cash flow statement has been prepared using the direct method. The cash flow statement includes receipts and payments rather than income and expenses. Acquisitions are accounted for in the cash flow statement at the purchase price net of cash and cash equivalents. The debt-free amount and the purchase price of acquisitions and investments are disclosed on page 103. Receipts from customers are sales including VAT and the movement in receivables from customers. Payments to the government include both those for VAT and excise duties as well as payments of payroll deductions, social security contributions and pension contributions. The corporate income tax paid is shown separately.

The following table shows the reconciliation of the cash generated from operations and the operating profit:

(x €1,000)

	2012	2011
Operating profit	89,786	104,970
Depreciation and amortisation	53,797	54,001
	143,583	**158,971**
Other operating income included in cash flow from investing activities	(299)	(292)
	143,284	**158,679**
Changes in working capital and other movements:		
Inventories	(13,306)	(2,305)
Trade and other receivables and other current assets	1,437	(10,463)
Current liabilities	21,589	2,168
Provisions	(1,212)	(1,760)
Shareholders' equity	(4,845)	(4,213)
	3,663	**(16,573)**
Net cash generated from operations	**146,947**	**142,106**

The item cash, cash equivalents and short-term bank borrowings can be reconciled with the balance sheet as follows:

(x €1,000)

	2012	2011
Cash and cash equivalents	101,646	56,360
Bank borrowings	0	0
	101,646	**56,360**

31. RELATED-PARTY DISCLOSURES

In the field of short-life perishables, the company operates in partnership with and has investments in the fresh produce suppliers listed on page 118. In 2012, this business represented a combined purchase volume at market prices of €183 million (2011: €179 million). As at year-end 2012, the amount owed to these companies in connection with trading was €10.8 million (2011: €6.9 million). In view of the nature of the liabilities, they have been treated as ordinary trade payables.

For tobacco products, the Group has an alliance with a partner in the form of its 40% stake in Vemaro B.V. A loan of €1.9 million (2011: €1.9 million) has also been provided to Vemaro B.V. to finance working capital. This loan has been included in the other financial assets. The Group also guarantees certain of Vemaro's receivables from certain customers. As at year-end 2012, the amount owed to Vemaro in connection with trading was €2.3 million (2011: €2.5 million). In view of the nature of the accounts concerned, they have been treated as trade payables.

The Group is a member of the Superunie purchase cooperative, which looks after the procurement of the food retail products. The purchase volume in 2012 amounted to €945 million (2011: €906 million). As at year-end 2012, the amount owed in connection with trading was €43.7 million (2011: €25 million). In view of the nature of the liabilities, they have been treated as trade payables.

The transactions and relations with Stichting Pensioenfonds Sligro Food Group and the Executive and Supervisory Boards are explained in notes 5 and 6.

In 2012, 137,200 Sligro Food Group shares (2011: 147,000) were purchased at market price from Stichting Werknemersaandelen Sligro Food Group.

COMPANY PROFIT AND LOSS ACCOUNT

for 2012

(x €1,000)

	2012	2011	2010
Share in profits of subsidiaries	69,546	78,207	70,196
Other gains and losses			
Profit for the year	**69,546**	**78,207**	**70,196**

COMPANY BALANCE SHEET AS AT 29 DECEMBER 2012

before profit appropriation

(x €1,000)

ASSETS	29-12-2012	31-12-2011	01-01-2011
Intangible assets	8,337	8,337	8,337
Financial assets	545,756	531,660	490,354
Total non-current assets	**554,093**	**539,997**	**498,691**
Receivables from group companies	416	569	1,382
Total current assets	**416**	**569**	**1,382**
Total assets	**554,509**	**540,566**	**500,073**

EQUITY AND LIABILITIES	29-12-2012	31-12-2011	01-01-2011
Shareholders' equity			
Paid-up and called capital	2,655	2,655	2,655
Share premium	31,106	31,106	31,106
Other reserves	438,886	415,969	382,168
Statutory reserve for participating interest	12,316	12,629	13,948
Unappropriated profit	69,546	78,207	70,196
	554,509	**540,566**	**500,073**
Payables to group companies			
Total current liabilities			
Total equity and liabilities	**554,509**	**540,566**	**500,073**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(amounts x €1,000 unless stated otherwise)

GENERAL

The company financial statements have been prepared in accordance with Part 9, Book 2, of the Netherlands Civil Code, applying the accounting policies defined on page 91 et seq., with carrying amounts of investments in companies where the company has significant influence measured using the net asset value and applying the accounting policies of the consolidated financial statements. In preparing the company profit and loss account, the company has availed itself of the exemption pursuant to Section 402, Book 2, of the Netherlands Civil Code.

ASSETS

INTANGIBLE ASSETS

Goodwill

(x €1,000)

	2012	2011
Opening balance		
Acquisition cost	9,809	9,809
Accumulated amortisation	(1,472)	(1,472)
	8,337	8,337
Disposals		
Closing balance	**8,337**	**8,337**
Acquisition cost	9,809	9,809
Accumulated amortisation	(1,472)	(1,472)

FINANCIAL ASSETS

INVESTMENTS

This relates to the wholly-owned subsidiary Sligro Food Group Nederland B.V. Movements were as follows:

(x €1,000)

	2012	2011
Opening balance	531,660	490,354
Result	69,546	78,207
Share-based payments	449	693
Income and expense recognised directly in equity	(6,588)	(4,122)
Repurchased own shares	(3,311)	(3,472)
Dividend	(46,000)	(30,000)
Closing balance	**545,756**	**531,660**

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Changes in equity are presented in greater detail on page 94 and further information on shareholders' equity is given in the notes to the consolidated financial statements on page 121.

Reconciliation of the reserves in the company financial statements with those in the consolidated financial statements is as follows:

(x €1,000)

	2012	2011
Consolidated		
Other reserves	530,576	511,451
Hedging reserve	(2,578)	(1,284)
Treasury shares reserve	(10,363)	(7,052)
Revaluation reserve	3,113	3,690
	520,748	506,805
Company		
Other reserves	438,886	415,969
Unappropriated profit	69,546	78,207
Statutory reserve for participating interest	12,316	12,629
	520,748	506,805

STATUTORY RESERVES

This item comprises statutory reserve for participating interest and the revaluation reserve:

(x €1,000)

	2012	2011
Opening balance	12,629	13,948
Movement during the year	(313)	(1,319)
Closing balance	**12,316**	**12,629**

The statutory reserves for investments of €12,316 (2011: €12,629) relate to the difference between the retained profits calculated on the basis of the parent company's accounting policies plus the movements accounted for directly in the equity of the companies invested in (including those resulting from hedge accounting and revaluations) and the part thereof that is distributable to the parent. The statutory reserves are calculated on an individual basis.

Contingent liabilities

As part of the Sligro Food Group N.V. tax group, the company is liable for the tax payable by the tax group as a whole.

The company has assumed joint and several liability for debts arising from the legal acts of its direct and indirect subsidiaries, pursuant to Section 403, Book 2, of the Netherlands Civil Code, as stated on page 101.

Authorised for issue,

Veghel, 24 January 2013

Supervisory Board:	Executive Board:
A. Nühn, president	*K.M. Slippens, chairman*
Th.A.J. Burmanje	*H.L. van Rozendaal*
B.E. Karis	*W.J.P. Strijbosch*
R.R. Latenstein van Voorst	

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: The General Meeting of Shareholders of Sligro Food Group N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying 2012 financial statements of Sligro Food Group N.V., Veghel. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated profit and loss account for 2012, the consolidated statement of recognised income and expense for 2012, the consolidated cash flow statement for 2012, the consolidated balance sheet as at 29 December 2012, the consolidated statement of changes in equity for 2012 and the notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company profit and loss account for 2012, the company balance sheet as at 29 December 2012 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the report of the executive board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of 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 that the financial statements are free from material misstatement

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Sligro Food Group N.V. as at 29 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Sligro Food Group N.V. as at 29 December 2012 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 of whether the report of the executive board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b -h has been annexed. We further report that the executive 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.

Rotterdam, 24 January 2013

KPMG Accountants N.V.
P.W.J. Smorenburg RA

PROPOSED PROFIT APPROPRIATION

As stated in note 19, the Executive Board, with the approval of the Supervisory Board, has proposed the following profit appropriation since the balance sheet date:

(x €1,000)	
Addition to other reserves	23,533
Available for distribution as normal dividend (€0.80 per share)	35,058
Available for distribution as variable dividend (€0.25 per share)	10,955
	69,546

Article 46 of the Articles of Association contains the following provisions with regard to distributions and reserves:

The company may make distributions to shareholders and other parties entitled to the distributable profit only insofar as its shareholders' equity is greater than the paid-up and called capital plus the reserves required to be held by law or the Articles of Association. Subject to the approval of the Supervisory Board, the Executive Board is authorised to add all or part of the profit to the reserves. Such an addition to the reserves may be reversed by a resolution supported by a majority of two-thirds of the votes cast at a general meeting at which more than half the issued capital is represented.
Any profit remaining after the addition to the reserves as referred to in the previous paragraph of this article shall be at the disposal of the general meeting. Insofar as the general meeting does not resolve to distribute profit for any specific year, such profit shall be added to the reserves.

Subject to the approval of the Supervisory Board, the Executive Board may make interim distributions provided the requirement of paragraph 1 of this article has been met and is evidenced by an interim statement of assets and liabilities as referred to in Section 105(4), Book 2, of the Netherlands Civil Code.

The company shall file the statement of assets and liabilities at the office of the Commercial Register within eight days of the date on which the resolution to make the distribution is published. The second sentence of paragraph 9 of this article is applicable mutatis mutandis to interim distributions.

On a proposal of the Executive Board which has been approved by the Supervisory Board, the general meeting may resolve to appropriate profit to a distributable reserve.

On a proposal of the Executive Board which has been approved by the Supervisory Board, the general meeting may, without prejudice to the provisions the Articles of Association relating to the issue of shares, resolve to distribute profit in the form of shares in the company or depositary receipts therefor. Profit distributions shall be made at a place and time to be determined by the general meeting but no later than one month after adoption of the relevant resolution by the general meeting. Profit distributions shall be announced by an advertisement in a national daily newspaper and, if the shares are officially listed on the stock exchange, in the Official List of Euronext Amsterdam N.V..
Profit distributions not claimed within five years of the date on which they became payable shall revert to the company.
A loss may be charged to the reserves required to be held by law only insofar as permitted by law.

SUBSEQUENT EVENTS

On 2 January 2013, the acquisition of the wholesale business from Van Oers was completed. The estimated provisional purchase price amounts to €17 million. The precise amount depends on the achievement of certain criteria. Additionally, an investment in working capital amounting to approximately €5 million will be required on top of the purchase price. The Group's sales revenue will increase by approximately €80 million annually as a result of the acquisition. In 2013, de additional revenue is expected to be €60 million.

TEN-YEAR REVIEW

(x € million)[7)]

	2012	2011	2010	2009	2008
Result					
Revenue	2,467.4	2,420.2	2,286.3	2,258.0	2,167.6
Operating profit	89.8	105.0	90.9	98.2	98.6
Profit for the year	69.5	78.2	70.2	74.3	71.3
Net cash flow from operating activities	129.0	123.9	106.9	123.3	102.8
Proposed dividend	46.0	46.2	30.9	44.3	28.4
Financial position					
Shareholders' equity[1)]	554.5	540.6	500.1	482.3	426.0
Net capital employed[2)]	658.9	691.6	688.5	645.2	643.8
Total assets	968.3	931.1	937.3	852.2	875.2
Employees					
Year average (full-time equivalents)	5,848	5,880	5,513	5,552	5,600
Staff costs[3)]	226.0	217.1	203.3	197.1	191.4
Capital expenditure					
Net capital expenditure[4)]	32.9	46.0	40.7	46.6	36.4
Depreciation	43.2	44.1	46.7	42.4	40.2
Ratios					
Increase in revenue (%)	1.9	5.9	1.3	4.2	4.9
Increase in profit (%)	(11.1)	11.4	(5.5)	4.2	(3.9)
Gross margin as % of revenue	22.6	23.2	23.1	23.3	23.8
Operating profit as % of revenue	3.6	4.3	4.0	4.3	4.5
Profit after tax as % of revenue	2.8	3.2	3.1	3.3	3.3
Return on average Shareholders' equity[5)]	12.7	15.0	14.3	16.4	17.8
Operating profit as %					
Net capital employed	13.3	15.2	14.8	16.3	16.3
Shareholders' equity as % of balance sheet total	57.3	58.1	53.3	56.6	48.7
Revenue per employee (x €1,000)	422	412	415	407	387
Staff costs per employee (x €1,000)	38.6	36.9	36.9	35.5	34.2
Figures per share of €0,06[6)] nominal value (in euros)					
Shares in issue (millions)	43.8	44.0	44.1	44.3	43.7
Shareholders' equity	12.65	12.30	11.34	10.90	9.75
Net earnings	1.59	1.78	1.59	1.68	1.63
Cash flow	2.81	3.01	2.83	2.82	2.74
Proposed dividend	1.05	1.05	0.70	1.00	0.65
Of which variable dividend[8)]	0.25	0.20		0.30	

1) Before profit appropriation. 2) Total assets less cash and cash equivalents and swaps, less short-term liabilities excluding interest-bearing portion. 3) Salaries, social security charges and net benefit expense. 4) See note 3, footnote 4. 5) Calculated on profit for the year. 6) Prior-year figures restated for share splits in 2007 and 2003. 7) Prior-year figures have not been restated for changes in accounting policies. 8) 2009: Anniversary dividend.

2007	2006	2005	2004	2003
2,065.7	1,661.2	1,545.5	1,443.9	1,355.9
95.8	90.4	74.1	88.2	73.3
74.2	62.1	50.9	58.6	44.8
83.1	78.5	48.3	67.8	62.7
28.0	24.4	21.0	20.6	18.1
374.8	312.8	265.5	223.3	172.7
644.6	571.4	414.3	377.7	286.3
858.0	719.3	534.5	534.2	401.7
5,083	3,662	3,521	2,984	2,746
170.6	127.2	114.0	101.6	90.7
81.5	32.3	40.7	26.1	31.7
33.8	25.7	24.3	20.3	20.2
24.4	7.5	7.0	6.5	4.4
19.5	22.0	(13.2)	30.8	21.0
22.9	21.6	20.2	19.7	18.6
4.6	5.4	4.8	6.1	5.4
3.6	3.7	3.3	4.1	3.3
21.6	21.5	20.8	29.4	29.4
15.8	18.6	17.9	23.3	26.1
43.7	43.5	49.7	41.8	43.0
406	454	439	484	494
33.6	34.7	32.4	34.1	33.0
43.1	42.4	42.0	41.2	40.2
8.69	7.37	6.32	5.41	4.29
1.72	1.46	1.21	1.41	1.11
2.63	2.14	1.84	1.96	1.73
0.65	0.57	0.50	0.50	0.45

From 2004: IFRS.

GLOBAL REPORTING INITIATIVE (GRI)

Indicator			Page
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Organisational profile			
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2.2	Main brands, products and/or services.	Commercial developments/Profile	17/6
2.3	Operational structure.	Profile	6
2.4	Head office location.	Veghel	
2.5	Number of countries in which the organisation is active.	Profile	6
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2.7	Sales markets.	Commercial developments	17
2.8	Size of reporting organisation.	Profile	6
2.9	Significant changes during reporting period.	Van Oers acquisition	35
2.10	Awards received during reporting period.	CSR/Commercial developments	51/52/24
Reporting parameters			
3.1	Reporting period.	2012	
3.2	Date of most recent report.	24 January 2013	
3.3	Reporting cycle.	Annual	
3.4	Contact point for questions about report or contents.	wjansen@sligro.nl (CSR)	
3.5	Process for determining contents of report.	CSR - About this report	47
3.6	Scope of report.	CSR - About this report	47
3.7	Any specific restrictions on scope of report.	N/a	
3.8	Basis for reporting on other entities.	N/a	
3.10	Explanation of effects of reformulation of information previously provided.	N/a	
3.11	Significant changes compared with previous reporting periods.	N/a	
3.12	Table showing location in report of standard reporting elements.	GRI table	142
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4.15	Basis for identification and selection of interested parties to be involved.	CSR - About this report	47
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Environment			
EN4	Indirect energy consumption via primary energy sources in joules or multiples of joules.	CSR - Energy	54
EN5 AI	Energy saving due to reduced consumption and efficiency improvements, in joules or multiples of joules.	CSR - Energy	54
EN6 AI	Initiatives to switch to energy-efficient or renewables-based products and services and reduction in energy consumption as a result of these initiatives.	CSR - Energy	54
EN7 AI	Initiatives to reduce indirect energy consumption and reductions already made.	CSR - Energy	54
EN16	Total direct and indirect emissions of greenhouse gases by weight (in tonnes CO_2 equivalent).	CSR - Climate	54
EN17	Other relevant indirect emissions of greenhouse gases by weight (in tonnes CO_2 equivalent).	CSR - Climate	54
EN18 AI	Initiatives to reduce emissions of greenhouse gases and reductions achieved.	CSR - Climate	54
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LA4	Percentage of employees covered by a collective labour agreement.	Organisation and employees	39
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HR2	Percentage of principal suppliers and contractors subject to verification of compliance with human rights and measures taken.	CSR - Product range	56
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HR6	Activities in respect of which it has been determined that there could be a substantial risk of child labour and measures taken to prevent child labour.	CSR - Product range	56
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Society			
SO6 AI	Total value of donations, both financial and in kind, to political parties, politicians and related institutions, by country.	None	
SO7 AI	Total number of lawsuits relating to anti-competitive, cartel-based and monopolistic practices and the outcomes of such lawsuits.	None	
SO8	Monetary value of material penalties and total number of non-monetary sanctions relating to non-compliance with legislation or regulations.	None	
Product responsibility			
PR5 AI	Policy on customer satisfaction, including results of customer satisfaction surveys.	CSR - Customer satisfaction	51

MANAGERS AND OFFICERS

KEY STAFF

A. Aalders	*head of finance, Sligro Food Group*
S. van Acht	*head of HR, Foodservice*
R. Barten	*assistant manager, support management, Sligro Bezorgservice (delivery services)*
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