Sligro FOOD GROUP N.V.

ANNUAL REPORT 2010

75 years of Sligro Food Group

We survived the crisis undamaged and clearly outperformed the market

Ongoing investments in our premises

Pleasing acquisition of Sanders

Amsterdam delivery service back on track after challenging setbacks

Long-term funding significantly strengthened; dividend to increase

We are confident about the future

SUMMARY OF 2010

Sligro Food Group N.V. encompasses food retail and foodservice companies selling to the entire Dutch food and beverages market.

Key figures

	€ million	Δ%
Net sales	2,286	1.3
EBITDA	146	(2.2)
EBIT	91	(7.4)
Net profit	70	(5.5)
EPS	€1.59	(5.4)

We strive to be a high-quality company achieving steady, managed growth for all our stakeholders.

Highlights of 2010

Sligro

- *Market share + 0.8% → 18.2%*
- *Major investments in 5 cash-and-carry*
- *Amsterdam and Nieuwegein delivery centres*
- *Paresto contract*

EMTÉ SUPERMARKTEN

- *50 stores reFreshed*
- *LFL sales +6.1%*
- *Acquisition of Sanders*
- *Master plan on track*

FOREWORD

We worked extremely hard throughout 2010 to achieve a pleasing growth in sales in a very challenging market climate. And this certainly did not happen automatically as, contrary to our expectations, Dutch consumers remained cautious about spending money on food during the year.

Total spending on food stabilised at around the 2009 level, which itself was no higher than in 2008. In both its market segments, however, Sligro Food Group was able to achieve significant growth and so strengthen its position in the market.

…and now seize the moment!

Although Dutch supermarkets recorded a slight increase in volumes, this was primarily at the expense of specialist retailers and the foodservice market. If a market remains stable over a longer period of time or even reduces in size, as in the case of the foodservice market , it always leads to particularly fierce competition on prices. Parties lagging behind the market may seek to use the price weapon in what may be a desperate bid to achieve a turn-around in their fortunes. Supermarkets are in any event always highly focused on price. And it can be questioned whether consumers' price focus in recent years has been driven by demand or by supply. This price effect was further reinforced in 2010 by the many format changes at a local level, primarily as a result of the acquisition of Super de Boer.

The market leader is clearly in the strongest position and leaves other parties little room for manoeuvre. However, thanks to the successful strategy of the food retail master plan, EMTÉ is one of the few formats that has managed to continue growing solidly, despite the powerful impact of prices and communications in the market. After like-for-like growth of 7.6% in 2009, the figure recorded for 2010 was 6.1%.

The slogan for 2010 was ...and now seize the moment

Koen Slippens

Organic growth in sales of 3.6%

The underlying market growth of around 2% in 2010 was substantially lower than the 3.5% recorded in 2009. As these figures demonstrate, EMTÉ maintained its strong outperformance in 2010. We have now been performing significantly better than the market for two years in succession, and that gives us every confidence that we are on the right track in the improvements we are making to the EMTÉ format! When the opportunity arose to acquire Sanders Supermarkten we grasped this chance to continue reinforcing EMTÉ, having already started converting the Golff stores to the EMTÉ format. By the end of 2011 we will have 130 EMTÉ stores and a market share of around 3%.

Sligro is the only party in the foodservice market that was able to achieve more than marginal organic growth during the year. The market as a whole, expressed as a percentage of consumer spending, contracted by 2%. However, these figures include a price rise that exceeds the increase seen in sales in the wholesale segment. We estimate that overall sales in the wholesale segments of most importance to us fell by around 4% in 2010. The growth we achieved of around 3% demonstrates, therefore, that our policy of seizing the moment is clearly proving beneficial, certainly given that we also established the basis in 2010 for stronger growth and more efficient operations over the coming years. In the foodservice market, too, pressure on volumes led to fierce price competition, which in turn squeezed margins even further. This was particularly evident in our delivery services. An additional factor during the year was that, as well as the various non-recurring integration costs that had been predicted, the merger of all our delivery service activities in the Amsterdam region also involved certain unforeseen costs being incurred in order to maintain the quality of our services. We are pleased to announce that the integration process is now on track, while stability has been restored to the activities and we are on course, as forecast, to start reaping the benefits from mid-2011 onwards. The combination of this integration and the planned opening of a delivery-service outlet at the former Sanders distribution centre in Enschede will create an excellent infrastructure for delivery services, with nationwide cover. During 2010 we also invested additional amounts in further strengthening our already well-positioned, national network of cash-and-carry stores.

To summarise the year, net group sales rose by 1.3% to €2,286.3 million, representing an organic increase of 3.6%.

The foodservice operating profit fell by €15.0 million to €77.7 million, with much of this decrease being attributable to fierce price competition and to the non-recurring costs and one-off items in Amsterdam. We estimate this amounts to a total of around €10 million, more than half of which relates to non-cash items. The underlying trend, however, presents a more positive picture.

The food retail operating profit rose in 2010 by €7.7 million to €13.2 million. This improvement is largely attributable to the success of the food retail master plan, which was achieved despite the price pressure emanating from the market leader, and to a further increase in sales in response to folder promotions.

The group's 2010 net profit decreased by 5.5% to €70.2 million, which means the year failed to live up to our expectations. At the same time, however, we were pleased that Sligro Food Group was able to stabilise its profit at around €70 million despite the worst economic crisis in recent history. During this period we also managed to continue increasing our market share and further strengthening our market position, while also continuing to invest so that we can benefit from opportunities for growth in the future.

During 2010 we arranged additional long-term funding in the form of a (second) US private placement. In this way Sligro Food Group proved it can fund its capital requirements on attractive conditions even in uncertain times.

After maintaining the same dividend policy for over twenty years, the group is now proposing gradually to increase the payout to around 50% of net profit and in principle to pay only a cash dividend. In view of the group's cash-generating ability, we believe we can combine a higher dividend with continued funding of our growth ambitions from the operational cash flow. Although we do not yet see many clear signs of an increase in food spending by consumers in the Netherlands, we find it hard to imagine that the foodservice market will contract for a third year in succession. Thanks to contracts that have been signed, the solid base we created for our activities in 2010 and the strength of our Sligro format we expect our foodservice sales to grow faster in 2011 than in 2010. Meanwhile the investments we have made in the infrastructure and quality of our services in recent years will also start proving their worth.

On the food retail side, we completed the process of disposing of unprofitable stores or stores not suited to the EMTÉ format in 2010, although some of these stores contributed to sales during the year. The loss of these sales will be more than offset by sales in the Sanders outlets. These latter activities will be part of the group for the full year in 2011, whereas in 2010 they only contributed to sales in the fourth quarter. The combination of these developments means that growth will accelarate in 2011, while we are also looking for opportunities to further reinforce our position through acquisitions. We at Sligro Food Group have established a solid base for achieving our medium-term growth ambitions. Some years ago we stopped giving forecasts for short-term results as we did not wish to offer a false sense of security. We are confident, however, going into the year 2011.

Our slogan for 2011 is… THINK, DARE, DO!

The successful approach adopted in the food retail master plan, the integration of Sanders Supermarkten into EMTÉ and the completion of the integrated national foodservice network are all excellent examples of Think, Dare, Do. In our entrepreneurial culture you need to take time to Think through your plans, to Dare to follow your chosen route with courage and confidence and to Do what you have set out to achieve.

Veghel, 27 January 2011

Koen Slippens
Executive Board Chairman

I work in a close-knit team

Fina Dudok

CONTENTS

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 supermarkets, of which 30 are operated by independent retailers. During 2011 all will operate under the rapidly growing EMTÉ format.

Foodservice

The foodservice activities comprise two businesses that work closely together. Sligro offers both cash-and-carry and delivery services from 45 large cash-and-carry stores and 9 delivery centres serving bars and restaurants, leisure facilities, volume users, company and other caterers, fuel retailers, small and medium-sized enterprises and smaller retail businesses. As the market leader Sligro plays a dominant role in the Dutch foodservice market.

Van Hoeckel is fully focussed on the institutional market and its back-office makes intensive use of Sligro Foodservice´s know-how.

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

We stock around 60,000 food and food-related, non-food items for our customers, while also providing a wide range of services, including franchising.

CIV Superunie B.A., which has a market 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 largely 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 monitored through ongoing, tight cost control and a joint, integral logistics strategy. Group synergy is further enhanced by joint IT 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 2010 totalled €2,286 million, with a net profit of €70 million. The group employed an average of 5,500 full-time equivalents in 2010. The Sligro Food Group shares are listed on NYSE Euronext.

KEY FIGURES

(Amounts x €1,000)

	2010	2009
Result		
Net sales	2,286,261	2,258,021
Operating profit before depreciation and amortisation (EBITDA)	145,519	148,763
Operating profit (EBIT)	90,928	98,183
Profit for the year	70,196	74,310
Net cash flow from operating activities	106,858	123,324
Proposed dividend[1)]	30,874	44,255
Equity and liabilities		
Shareholders' equity	500,073	482,323
Net interest-bearing debt[2)]	156,106	131,449
Total equity and liabilities	937,310	852,196
Employees		
Year average (full-time equivalents)	5,513	5,552
Salaries and social security charges	203,280	197,072
Ratios		
Increase in sales on previous year (%)	1.3	4.2
Increase in net profit on previous year (%)	(5.5)	4.2
As a percentage of sales:		
Gross margin	23.1	23.3
Gross operating profit	6.4	6.6
Operating profit	4.0	4.3
Profit for the year	3.1	3.3
Return as % of average shareholders' equity	14.3	16.4
Operating profit as % of average net capital employed	14.8	16.3
Shareholders' equity as % of total equity and liabilities	53.3	56.6
Figures per €0.06 share		
Number of shares in issue (year-end x 1,000)[1)]	44,106	44,255

(Amounts x €1)

Shareholders' equity	11.34	10.90
Profit after tax	1.59	1.68
Cash flow	2.83	2.82
Proposed dividend[3)]	0.70	1.00
Year-end share price	23.20	24.02

1) Less shares repurchased and dividend on these shares.

2) Less cash and fair value of derivatives.

3) Anniversary dividend 2009.

IMPORTANT DATES

Diary[1)]

Final 2010 sales	5 January 2011
Final 2010 figures	27 January 2011
Press conference	27 January 2011
Analysts´ meeting	27 January 2011
Publication of annual report	8 February 2011
2011 Annual General Meeting at 11.00 a.m. at the company's offices, Corridor 11, Veghel	23 March 2011
Dividend available for payment	6 April 2011
Trading update	21 April 2011
2011 half-year figures	21 July 2011
Press conference	21 July 2011
Analysts´ meeting	21 July 2011
Trading update	20 October 2011
Final 2011 sales	4 January 2012
Final 2011 figures	26 January 2012
Press conference	26 January 2012
Analysts´ meeting	26 January 2012
2012 Annual General Meeting	22 March 2012

1) Press releases will be published before the stock exchange opens.

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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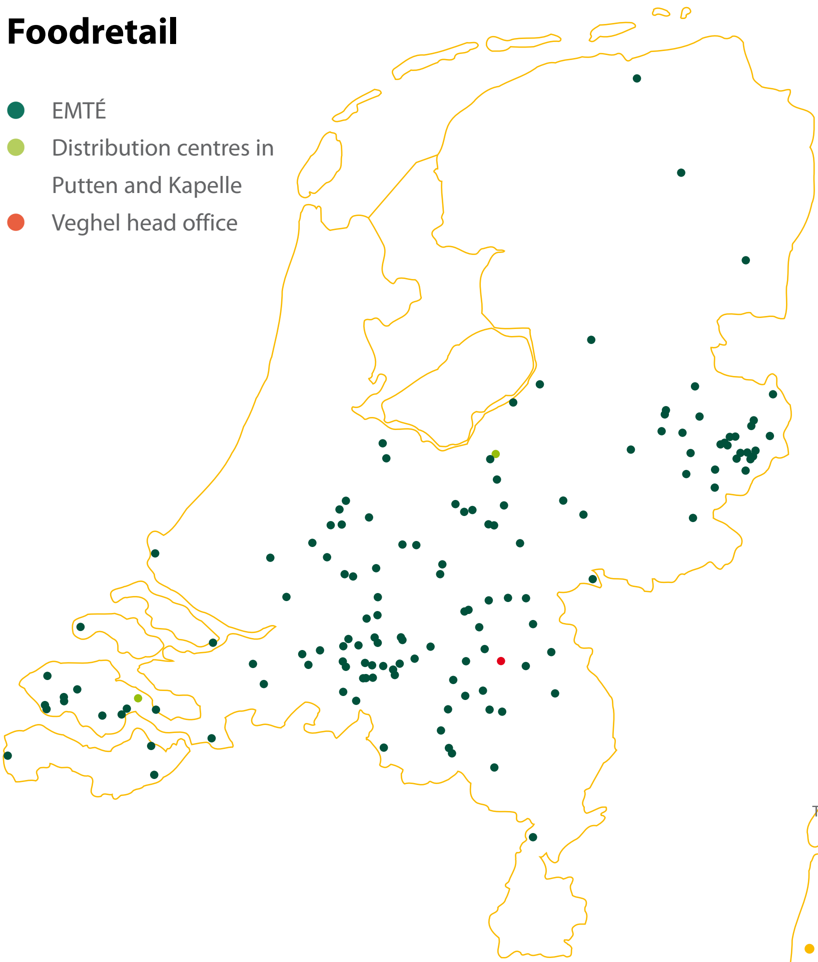
5460 AA Veghel
Netherlands
Telephone +31 413 34 35 00
Fax +31 413 36 30 10
www.sligrofoodgroup.com

LOCATIONS

Foodretail

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



Foodservice

- Sligro
- Delivery service
- Sligro/ Delivery service
- Van Hoeckel
- Sligro Fresh Partners

THE SHARE

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)

	2010	2009	2008	2007	2006
Shares in issue, opening balance	44,255	43,692	43,118	42,408	42,008
Stock dividend	0	563	574	546	164
Exercise of options[1]				164	236
Shares repurchased	(149)				
Shares in issue, closing balance	44,106	44,255	43,692	43,118	42,408
Average shares in issue	44,143	44,255	43,692	43,118	42,338

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

There were 44,106,215 shares in issue at year-end 2010, a decrease of 148,800 on year-end 2009. 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 in issue, as explained on page 124. Sligro Food Group is seeking to increase the dividend it distributes in cash to approximately 50% of the profit after tax (excluding extraordinary items). The dividend proposed for 2010 is €0.70 per share, which amounts to a (percentage) pay-out distribution of 44%. In the case of 2009 a higher cash dividend of €1.00 per share was paid to mark the group's 75th anniversary on 19 April 2010. 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)

	2010	2009	2008	2007	2006
Highest quotation	25.90	24.29	30.99	37.01	26.25
Lowest quotation	21.30	13.75	13.70	22.78	16.70
Year-end quotation	23.20	24.02	14.90	26.80	25.75
Earnings per share	1.59	1.68	1.63	1.72	1.46
Dividend	0.70	1.00[1]	0.65	0.65	0.57
Year-end market capitalisation (x € million)	1,027	1,063	651	1,156	1,092

1) Anniversary dividend.

	2010	2009	2008	2007	2006
Total share turnover (x € million)	205	276	382	485	290
Number of shares traded (x 1,000)	8,750	15,119	16,577	17,112	12,548
Number of transactions (single counting)	58,433	61,065	61,538	51,633	19,733

The highest number of shares traded in one month in 2010 was 1.3 million in January, while the lowest number was 0.4 million in September.
Notification of major shareholders pursuant to the Disclosure of Major Holdings in Listed Companies Act.

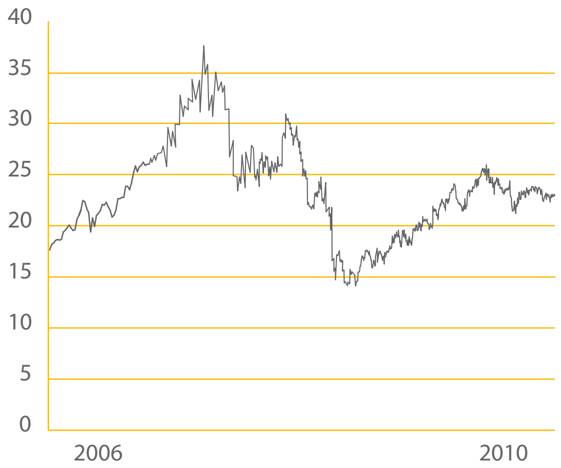
	%
Stichting Administratiekantoor Slippens	33.95
Darlin N.V.	6.12
ING Groep N.V.	5.43
Stichting Administratiekantoor Arkelhave B.V.	5.06
Boron Investments N.V.	5.02
FMR LLC	5.03

Disclosure must be made when a shareholding exceeds or falls below certain stipulated percentages. Since this results in double counting, the disclosures do not always provide a true insight into the number of free float shares. Therefore corrections are consequently made for double counting. Information currently available indicates that Sligro Food Group employees hold 1,560,000 shares, of which 251,000 are held by members of the Executive Board. An estimation of the distribution of the share capital as at the end of 2010 was made on the basis of market information. No comparative information is available as a different source was previously used in this calculation.

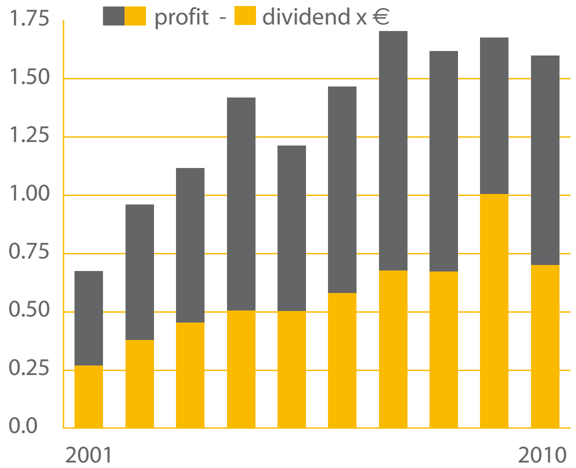
The information in the following table covers 85% of the capital in 2010:

	Private	*Institutional*	*Total*
Netherlands	45	19	64
UK		7	7
USA		7	7
France		4	4
Other countries		3	3
Total	45	40	85

Share price



Per share



DIRECTORS AND MANAGEMENT

Sligro Food Group N.V.

Supervisory Board
A. Nühn (57), President
T.A.J. Burmanje (56)
R.R. Latenstein van Voorst (46)
F.K. De Moor (48)

Executive Board
K.M. Slippens, Chairman (43)
J.H.F. Pardoel, Food retail (48)
J.H. Peterse, Foodservice (46)
H.L. van Rozendaal, Finance (55)

Company secretary
G.J.C.M. van der Veeken (49)

Executive Board of Sligro Food Group Nederland B.V.

Group Executive Board, together with
P.A. van Berkel, Production and Van Hoekel (46)
J.G.M. de Bree, Human Resources (53)
R.F.L.H. van Herpen, Purchasing (43)
C. de Rooij, Logistics (57)
M.M.P.H.L. van Veghel, ICT (38)
M.W. Pietersma, Foodservice cash-and-carry (60)

Works Council
W. Jansen, Chairman
J. Sarbach, Secretary
M.K. Berger
P.N. Boland
T. Bouman-de Schrevel
R. Buschers, observer on behalf of Sanders Supermarkten
N.J. Dinkelaar
P. Doevendans
A.N.G. Donkers
H.P. Emmers
P. Eshuis, observer on behalf of Sanders Supermarkten
B.H.M.J. Gerards
E.H.P. Goedhart-Joosten
J.J.H. van Hal
J.M.H. van den Heuvel
B.J. de Kok
R.F. Koks
L. de Looff
R.J.R. van der Pluijm
R.B. de Rochemont
R.E.J.E. Rombout
J. Stehmann
S.J.M. van der Velden
D. Verhoofstad
A.J. Verkerke
J. Willemsen
H.P. de Wit

People tell you all sorts of things at the cashdesk

Rachel Jonkers

...maximising internal synergy

From left to right: Koen Slippens, Johan Pardoel, Henk-Jan Peterse and Huub van Rozendaal

STRATEGY

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

We seek to operate in a socially responsible manner and to account for our performance. Sligro Food Group sells, both 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.

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 targets for organic growth assume 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 that our chances of being able to achieve our desired level of growth through acquisitions over the coming years can be seen as realistic. We strive to achieve growth in profits that is on average at least equal to the increase in our sales so that we can offer shareholders attractive returns over the longer term. 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 our suppliers also have the chance to increase their product sales and to 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 the requirement to comply with externally set quality standards. In order for us to be assured of sufficient purchasing power in the market, our food retail purchases are handled by the cooperative purchasing organisation Superunie, which has a 30% share of the market. As the market leader we handle our own purchasing for our foodservice activities. The group operates in a fiercely competitive environment, in which the scope to translate cost increases into higher selling prices is limited. We continually strive, therefore, 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 customer-related take place largely in the individual business units, with everything being managed 'behind the scenes' at a centralised level. Achieving our objectives reinforces the basis for the independent position in the market that Sligro Food Group wishes to maintain into the longer-term future.

COMMERCIAL DEVELOPMENTS

Strategy

- To continually renew and improve our commercial concepts, formats and approach.
- To ensure efficient and effective operational management of our retail and foodservice outlets.
- To optimise synergy behind the scenes and present the image of our formats front stage.
- To focus on large-scale activities so as 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 by providing integrated, commercial services rather than simply being a provider of logistic services.
- 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 facilities.
- To further increase our expertise, customer focus and entrepreneurial culture through ongoing employee training programmes and continual guarding the typical Sligro Food Group culture.
- To capitalise on acquisition opportunities satisfying our criteria.

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.

The challenge of making so many great things each and every day

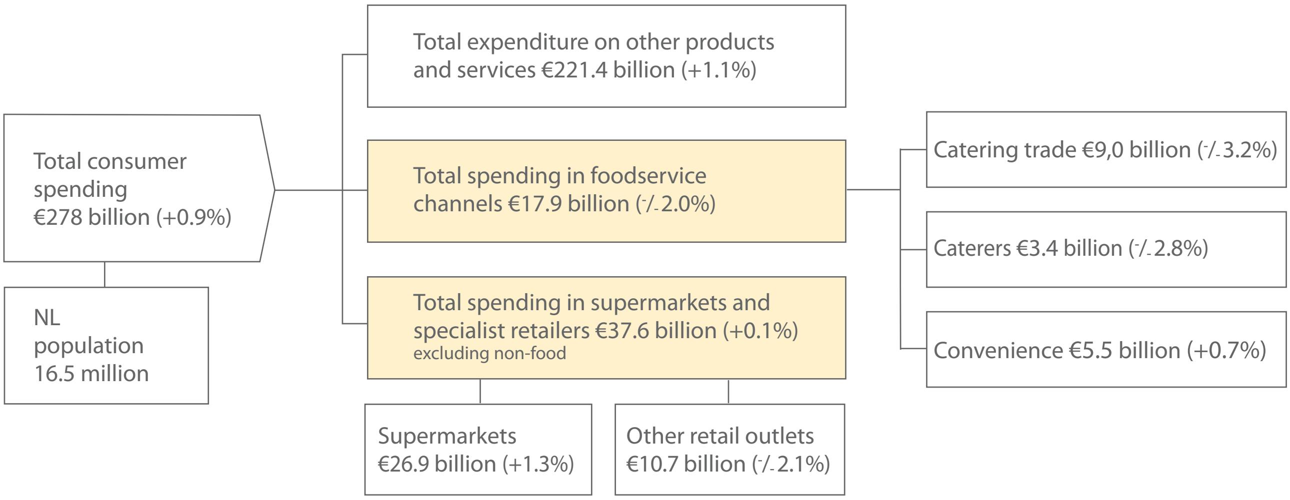
Eelco Glazema

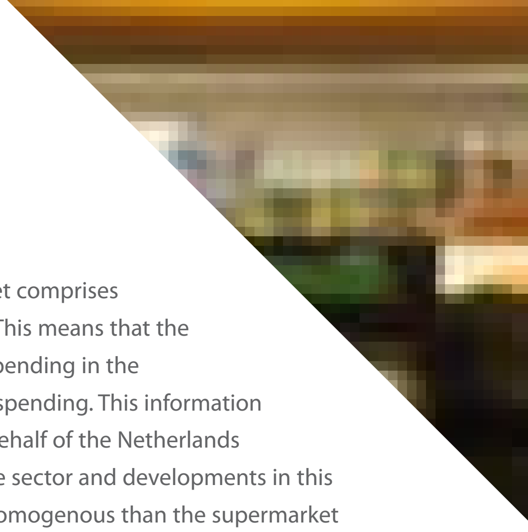
The food market

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 following chart provides information on the total levels of consumer spending. This information is taken from the Foodservice Monitor Report for 2010-2011, which was 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 homogenous than the supermarket sector, figures for the former are much less consistent and reliable than those available for the food retail sector.

The value that our customers add 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 €6.8 billion. This is not entirely in line with our own estimates, which include a broader definition of medium and small-scale outlets and business-to-business, non-food sales.

Consumer spending in the Netherlands





Wholesale foodservice market: €6.8 billion

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

(as %)

	Market share				Market share		
Foodservice[1)2)]	2010	2009	2008	Supermarkets[2)]	2010	2009	2008
Sligro Food Group	18.2	17.4	16.7	Albert Heijn	33.5	32.8	31.3
Lekkerland	14.5	14.8	12.0	C-1000	11.5	11.7	13.2
Brewers	14.1	14.6	15.9	Plus[4)]	6.0	6.0	6.1
Deli-XL	11.0	10.9	10.7	Super de Boer[3)]	5.5	6.5	6.8
Metro	8.9	8.8	9.4	Jumbo	5.5	4.9	4.8
Hanos/ISPC[7)]	6.2	6.4	4.1	Hard-discount[6)]	17.8	17.9	17.4
Kruidenier	4.4	4.4	4.4	Sligro Food Group[4)]	2.7	2.6	2.7
De Kweker/Vroegop	3.8	3.7	3.8	Other[5)]	17.5	17.6	17.7
Other	18.9	19.0	23.0				
	100.0	100.0	100.0		100.0	100.0	100.0

1) Source: Foodservice Monitor 2010-2011. 2) Source: Sales figures published by the companies and market definition as used by Nielsen and IRI. Previous years' figures slightly adjusted. 3) Acquired by Jumbo in December 2009. 4) Member of Superunie purchasing organisation. Superunie members have a total market share of almost 30%. Sanders is included in the Sligro Food Group figures from the fourth quarter of 2010 onwards. 5) Almost all other members of Superunie. 6) Including hard discount part of Detailresult (member of Superunie since 1 July 2008). 7) Figures from 2009 onwards have been adjusted.

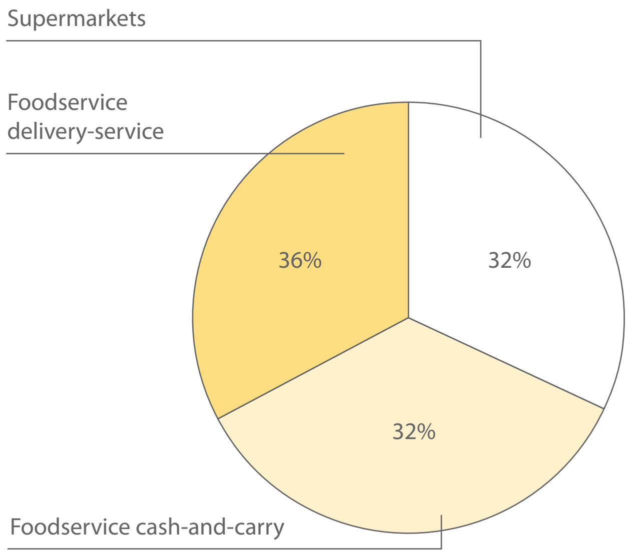
Sligro Food Group share of stomach 8%

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, wherever possible, is closely managed 'behind the scenes' at a centralised level. 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, we use individual systems and processes. In this way we maximise the synergistic benefits on the one hand and ensure a clear focus on the customer and the specific market in each individual business unit on the other.

Central distribution centre and head office in Veghel		
Food retail	**Foodservice**	
EMTÉ 130 Own outlets	**Sligro** Restaurants and bars, leisure, caterers, petrol outlets, large-scale users	**Van Hoeckel** Institutional
2 Distribution centres	National network of 45 cash-and-carry and 9 delivery-service wholesale outlets	1 Distribution centre
Sligro Fresh Partners & Production Specialised production facilities for convenience products (CuliVers), fish (SmitVis) and meat (retail), patisserie (Maison Niels de Veye) and participating interests in four fresh food businesses		

Breakdown of sales in 2010

Sligro Food Group focuses, directly or indirectly, on the stomachs 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-and-carry stores, for delivery-services or for a mixture of the two. The cash-and-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 60,000 items held at our delivery-service locations. These three channels (supermarkets, cash-and-carry and delivery-service) each account for around one third of group sales.



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.

Single, integrated head office

Food retail EMTÉ	**Foodservice cash-and-carry Sligro**	**Foodservice delivery Sligro/Van Hoeckel**

Synergy between outlets

Customer/segment synergy

Combined logistics and purchasing

Sligro Food Group is an integrated business

FOOD RETAIL

(x € million)

	2010	2009
Net sales	737.8	726.9
Operating profit	13.2	5.5
Net capital employed	221.4	177.3

Although, just as in 2009, the various market research agencies differed in their views on total market growth in 2010, it is clear that the size of the market increased during the year. This was primarily attributable to the return of inflation during the year, which contrasted with the deflationary environment seen in late 2009 and early 2010. The main reason for the return of inflation is rising commodity prices, rather than an organic increase in consumer spending or reduced pressure on prices. Indeed, in the latter case, the reverse in fact applied.

According to GfK, the supermarket sector grew by 1.2% to €31.4 billion in 2010 (52-week year) (2009: 3.4%, excluding the effect of the 53rd week). The figures reported by GfK are slightly lower than those reported by AC Nielsen and IRI (approximately 2%), while the reverse was the case in 2009. Nielsen and IRI estimate the total market to be worth €32 billion.

Given that increasing numbers of former Super de Boer stores were converted during the year to Jumbo, C1000 and other formats, the underlying market developments of the various formats present a somewhat diffuse picture. Our information suggests that, of the major players, only Albert Heijn was able to achieve an organic increase in its market share, while EMTÉ recorded the highest growth figures for the second year in a row.

The following provides an overview of our supermarket formats.

Supermarket formats[1)]

	Number at year-end		x 1,000 m^2 retail space at year-end		x € million of consumer sales[1)]		Index of like-for-like sales[2)]	
	2010	2009	2010	2009	2010	2009	2010	2009
EMTÉ	90	78	101	90	633	593	106	108
Golff	20	45	18	38	191	250	101	103
Sanders	21		16		26		101	
Total	131	123	135	128	850	843	105	106

1) Including stores sold during the year and VAT (2009: 53 weeks).

2) Sanders: Q4 2010 and 52 weeks in 2009.

Total food retail sales comprise consumer sales in our EMTÉ and Sanders stores and are shown excluding VAT and the wholesale value of sales to franchised retailers and other customers, including the Center Parcs supermarkets.

Using my hands to create

Martine van de Ven

Sales can be broken down as follows:

(x € million)

	Sales		Share in sales (as %)	
	2010	*2009*	*2010*	*2009*
Own supermarkets	578	545	78	75
Independent retailers	160	182	22	25
	738	727	100	100

1) Including stores sold during the year and VAT (2009: 53 weeks).

2) Sanders: Q4 2010 and 52 weeks in 2009.

One of the reasons for the decrease in the level of sales recorded by independent retailers was the decision to sell certain outlets, primarily those not suited to the EMTÉ format, to Spar and other organisations.

We ourselves are very pleased by the 6.1% like-for-like growth that EMTÉ achieved, after already recording an increase of 7.6% in 2009. Most of this rise is attributable to the improvements introduced as part of the food retail master plan, including the remodelling or, as we refer to it, the reFreshing of the format. EMTÉ's significant outperformance of the market shows that consumers appreciate the format and that the route outlined in the master plan is the right one.

Despite the ongoing conversion to the EMTÉ format, the Golff stores still managed to achieve 1.4% like-for-like growth, which was largely in line with the market.
We regard this as a good performance by a format that is being wound down.

From rationalisation in 2009 to growth in 2010

Sanders' like-for-like index for 2010 as a whole came out at around 101. And this, too, was pleasing, given the 'turmoil and internal focus' that the sale of a company always involves. We have great respect for the Sanders family and the Sanders Supermarkten employees and we really appriciate the extremely professional, but also collegial way in which they continued to work in the new situation in 2010. In 2011 we will only continue to report developments in sales at EMTÉ as the intensive conversion programme means that reporting the figures of the other two formats will no longer convey a representative picture.

Whereas, for food retail, 2009 was still dominated, at least in part, by the process of rationalising our less profitable stores, 2010 was a year characterised far more by investment in growth. This involved revamping a total of fifty stores, including twelve former Golff outlets and one Sanders store, in order to reFresh the format.

The reFreshed format focuses more on fresh produce and traditional craftmanship, while price communications in the form of special offers are primarily being targeted at grocery products.
We conducted and carefully assessed qualitative market research and also quantitative elements before embarking on such a substantial conversion on this scale and at such speed. The results of this assessment were positive and, by the end of 2011, almost all the group's 130 supermarkets will be operating under a single reFreshed EMTÉ format. We discuss the process of converting all the 'old' EMTÉ stores, together with the Golff and Sanders stores, to the same EMTÉ format in more detail in the section 'EMTÉ on the move' on page 30.

Acquisition of Sanders

In late August 2010, we announced that we were completing the final stages of acquiring Sanders Supermarkten, which is included in the consolidated figures from the fourth quarter of the year.
With 22 supermarkets in the Twente region Sanders Supermarkten and its 500 employees (FTE) achieved sales in 2009 of around €100 million and net profit of €4 million (or just over €3 million if non-recurring income is excluded). As these figures show (in combination with membership of the Superunie purchasing cooperative), you do not necessarily have to be large to run a profitable business. Sanders has its own meat-processing facilities and, by offering a unique concept for these products in its supermarkets, achieves considerably higher sales of meat than an average supermarket (high 'fair share'). These products are also a genuine 'traffic builder' and so attract more people to shop at Sanders. We will be retaining this unique concept when converting the Sanders stores to the EMTÉ format. The fact that some of our existing EMTÉ stores are also very suited to this concept means we will be able to optimise our use of the recently expanded meat-processing facilities.

Additional synergy can be achieved by transferring Sanders' logistics to our group retail distribution centre in Putten and expanding and converting Sanders' current distribution centre to a delivery-service outlet for our foodservice activities. This will avoid most of the job losses that would otherwise have occurred as a result of relocating logistics.

Converting to a single EMTÉ format

We will convert most of the Sanders supermarkets to EMTÉ in the first half of 2011, drawing on the experience gained at the pilot store in 2010. Over the next few years there will be some attractive relocation opportunities for Sanders, and this certainly increased the value of the company for us. Sanders was an excellent acquisition opportunity for Sligro Food Group. With over 20 new stores in the Twente region, this acquisition ties in very well with our strategy of building regional market leadership, while the specific region also aligns well with our existing EMTÉ network of stores.

During 2010 we also signed a collective agreement with the Golff franchisees on converting their stores to EMTÉ. A total of twelve supermarkets switched to the EMTÉ format in 2010, while the rest will follow in 2011.
This will result in some 30 EMTÉ supermarkets being operated by franchisees. During the year individual agreements were reached with almost all the Golff retailers on switching to EMTÉ or being sold to third parties. A few of these sold outlets will not switch to a new format until 2011, but in almost all cases agreement has been reached on the conditions for the sale.

We published our original food retail master plan in March 2009. Now, almost two years later, we are pleased to report that we are well on target to achieve our objectives. At the same time, however, we are very aware that there is still a lot of work to be done over the coming year if we are to achieve our goals, while the fierce price competition in the supermarket world is certainly not making things easier. We will continue to build on the successful commercial strategy that we have been pursuing in recent years, which comprises a mix of price-based special offers and loyalty offers. The strength of this strategy is reflected in the fact that our glass collection in 2010 was even more successful than the china dinner service collection in 2009. The rolling-out of our reFreshed format focuses on highlighting our ability to differentiate ourselves from our competitors through our fresh produce range and the importance we attach to traditionally crafted products. This is because we believe that an intrinsic ability to differentiate is a far stronger weapon than simply cutting prices again and again. We have also seen that it can take quite some time for an organisation to be in a position to differentiate itself. In our view, using the price weapon as a blunt-edged instrument is evidence of anything but strength. Our customers can rest assured, however, that we will certainly not lose sight of the 'P' of Price.

Each year we conduct an internet survey among our customers to find out what they think about 'their' EMTÉ supermarket as part of the competition to find the best EMTÉ supermarket. This year more than 9,000 customers took part. As this survey showed, existing customers are very positive about the improvements made to the format during the past year. At the same time, however, we have also identified plenty of ways in which we can improve on a day-to-day basis and so continue the trend of recent years. We used this opportunity to involve our customers in selecting the very important loyalty activity for autumn 2011. Our aim is for this to become our customers' favourite loyalty offer, just as the 'Night of the Proms' is for our foodservice customers.

We will be taking steps to focus even more attention on our reFreshed format and intensifying the 'Our EMTÉ House' training programme so that all our employees fundamentally understand the foundations underpinning the format and can convey the pride they feel in it. Revamping the stores and their commercial image is one thing, but the real differentiating factor is having a team of employees that incorporates the basic principles of the format into their work, day in day out. And we will be focusing in 2011 on ensuring that we continue along the route that has been marked out.

Back-office optimisation

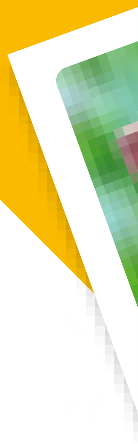
We have also been working hard in the back office, where all the systems and processes come together. There is still, however, a lot of work to be done and many things that we can still improve. The aim of all these efforts is ultimately to structure the processes in a way that optimises and ensures full control of money and goods flowing through the supply chain.

We will certainly need all of 2011 to get food retail to the same level in this respect as foodservice.

Using the future 130 EMTÉ supermarkets as our basis, we are aiming in the longer term to continue expanding our food retail activities. Location restrictions mean the Dutch market offers few opportunities for organic expansion. On the other hand, however, the market is still relatively fragmented and Sligro Food Group's acquisitions of Prisma, EMTÉ, Edah and Sanders over the past ten years have proved that we are able to take the right action at the right time and at the right price.

For Spar, our 45% associate, 2010 was a year of consolidation. Nevertheless it was also able to play a role in the swapping of locations. Spar is increasingly becoming the market leader in the neighbourhood store segment and is the only party focusing solely on this small-scale end of the market. Considerable attention to the retailers operating these stores is devoted, as the only way in which locations such as these can be run successfully is if they are based on a business model involving independent retailers. The fact that operating a full-service supermarket these days requires more and more space is creating opportunities for Spar at the upper end of its market, and the company is certainly making use of such opportunities as they arise. In 2010 Spar decided to move its distribution centre, where it also has its head office, from Zevenbergen to Waalwijk in 2011. In due course this will result in further cost savings and also create new opportunities for expansion.

2010 Christmas report on supermarkets



EMTÉ ON THE MOVE

EMTÉ aims to be the best supermarket in the Netherlands for fresh produce and has been in the top three for the last few years.

The EMTÉ format is steadily evolving, both in terms of the number of its stores and in terms of its identity, exactly as laid down in the master plan drawn up in 2009. In 2011 we will reach a total of 130 stores, 80 of which will have been reFreshed, while 'Our EMTÉ House' will further increase our employees' sense of commitment to the format and there will be other new challenges for the future.

Growth and development: reFreshing our identity

EMTÉ promotes itself as the best in fresh produce, with genuinely friendly, customer-focused employees and competitive prices representing value for money. This is reflected in the reFreshed format. And it is living up to our promises in our own special way, unique to EMTÉ, that makes us stand out from the market. That can also be seen in the range of products we offer and the value our in-store staff add to the fresh produce. Our master butcher, for example, who cuts your steak specially for you, or our baker making his traditional chocolate eclairs himself, as well as many other delicious treats for you to taste in the store. Our prices are consistently low, with our weekly special offers in the value-for-money grocery aisle making us a highly competitive partner for our customers. We will continue our store conversion programme during the coming year so that, by the end of 2011, almost all the EMTÉ stores will have been reFreshed.

Growth through entrepreneurship: from Golff to EMTÉ

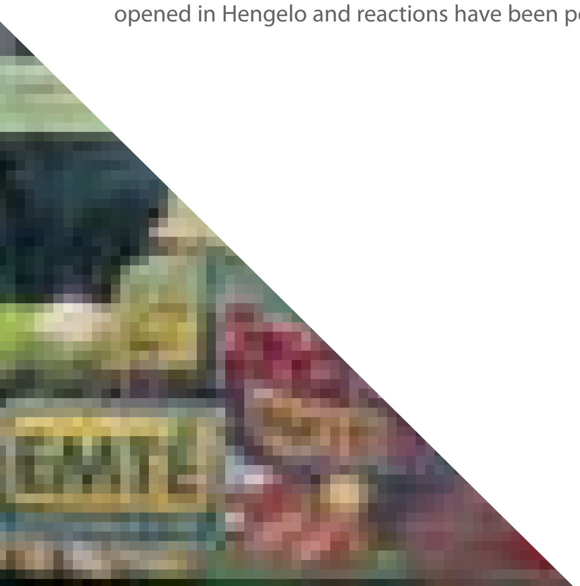
In 2010 we reached agreement with the Golff retailers on integrating these stores into EMTÉ and started work on converting them to this format. The results of the first twelve stores converted are promising. The retailers are enjoying working in the new set-up and the rising weekly sales show that customers, too, are pleased by the move to EMTÉ. More and more customers are coming to the stores, not just because of the significantly lower price levels, but also because of the format, which is better aligned with the inherent drive of the individual entrepreneurs and their teams.

The campaign launch includes a clear focus on the lower prices and the importance of traditionally crafted products and fresh produce. By the end of 2011 all the Golff stores will have been converted to EMTÉ.

Growth through acquisition: the good things of Sanders will become even better

The acquisition of Sanders Supermarkten has added over 20 stores to the EMTÉ total and given it a dominant position in Twente. In order to build on this position we are incorporating all the good things of Sanders into the EMTÉ format. These include its unique meat concept, where sales staff sell their products from a traditional butcher's counter. This creates a unique sense of freshness and a highly personal atmosphere. The importance of retaining elements such as these is emphasised, both in the stores and in our communications strategy. As well as reassuring our existing customers of the service we will continue to offer, we are also welcoming new customers. The first reFreshed former Sanders store has now opened in Hengelo and reactions have been positive.

130 EMTÉ stores by the 2011 year-end



FOODSERVICE

(x € million)

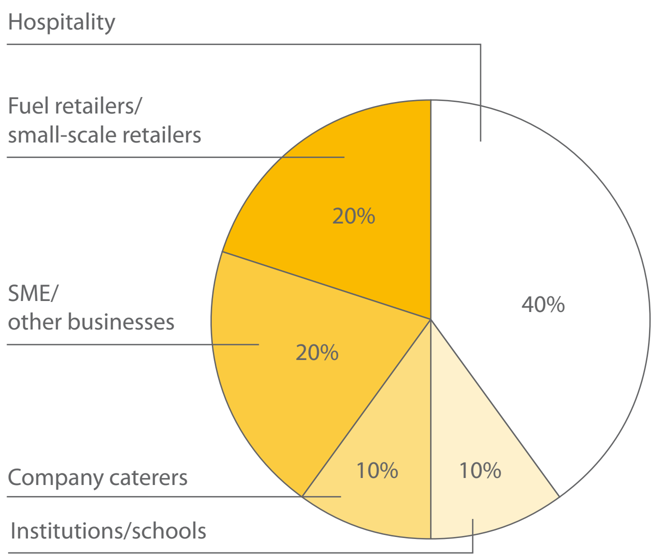
	2010	2009
Net sales	1,548.5	1,531.1
Operating profit	77.7	92.7
Net capital employed	424.2	426.1

According to the Dutch Food Service Institute FSIN, the foodservice market contracted in 2010 by 2.0% to €17.8 billion. The foodservice market is measured in terms of consumer expenditure and includes VAT and the value added by our customers.
According to FSIN calculations, the wholesale value of the market also contracted by around 2% during the year to €6.8 billion. We estimate that the decrease in the markets of relevance to us was even slightly higher. As the overview on page 21 shows, we achieved the highest organic increase in market share. Indeed we are the only wholesaler that managed to achieve more than a marginal increase in sales in 2010 as all our competitors saw their sales fall or, at best, stabilise.
Our sales rose in 2010 by 1.1% to €1,548.5 million, with an organic increase of 2.8% if the 53rd week in 2009 (accounting for €25 million of sales) is excluded. This translates into a 0.8% increase in our market share, following a similar rise in 2009. With a market share of 18.2% we are clearly the market leader, and our position is even stronger if account is taken of the fact that most of the sales by the number two (Lekkerland) are attributable to sales of tobacco at petrol retailers.
Metro and Deli XL are still slightly ahead of us in the individual distribution forms of cash-and-carry and delivery, but we regard this as a challenge inspiring us to further growth. Our decision to focus on growth and market position, even in the current difficult economic climate, has achieved the desired result.
Of our total foodservice sales, €1,270 million, or 82% (2009: 80%), is included in the Foodservice Monitor's survey, while the remainder is accounted for by our business-to-business sales of non-food products (the Foodservice Monitor only includes food) and customer categories not included in the survey, such as specialist outlets, neighbourhood supermarkets and medium and smaller-scale retailers. Most of these sales are in the cash-and-carry category.

We operate under two brand names in the foodservice market. Van Hoeckel specialises in the institutional market, while Sligro serves all the other customer categories. In order to be able to meet the specific wishes of our institutional customers we have assigned these customers to a separate part of our business, which also, however, makes full use of the group's central back office.

In line with our aim of increasingly differentiating ourselves in the eyes of our customers, Sligro Food Group operates a number of in-house production companies and has close working relationships with specialised fresh-produce partners in which we hold minority interests. For all our perishable products these parties, just like our wholly owned subsidiary SmitVis, operate under the Sligro Fresh Partners name. Our wholly owned subsidiaries are Culivers (convenience products), the fish specialist SmitVis and Maison Niels de Veye, which supplies exclusive patisserie products. Our participating interests are in Smeding (fruit and vegetables), Kaldenberg (meat), Ruig (game and poultry) and Verhoeven (bread and bakery products). Although the focus of these activities was originally on foodservice, substantial sales of certain products in these ranges are now being achieved via our supermarkets, and these are also growing rapidly.

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



Cash-and-carry

We have 45 cash-and-carry wholesale outlets in the Netherlands. These can essentially be divided into two categories, those with and those without a full range of perishable products. The smaller outlets (approximately 5,000 m^2) without perishables are mainly located in provincial towns serving areas with around 100,000 residents. In order to operate financially successfully in an outlet offering a full range of perishable products, the area served needs to have a population of at least 200,000. This means that a large city may well be able to support more than one such outlet, as in the case of Rotterdam (2) and The Hague (3). Our largest outlets have surface areas of up to 15,000 m^2. Against this background, it can be calculated that the Netherlands can support around 55 of our cash-and-carry wholesale stores.
This does not mean, however, that our growth opportunities in the cash-and-carry market are determined solely by our ability to add extra locations. On the contrary, we have chosen primarily to focus on achieving greater penetration in our existing markets and only secondarily on expanding into new locations. We expect to open a number of new outlets over the coming years, but will also continue investing to the full in expanding and upgrading our existing network.

Many of the commercial sales techniques used for customers in the cash-and-carry outlets are comparable to those applied in the supermarket channel. In both segments we use a 'high-low' approach that combines intensive promotional activities with, for example, special offers and loyalty promotions.
One of the major differences, however, is that supermarket customers are largely anonymous consumers, while we know our B to B cash-and-carry customers well. That means we can do far more

Scope in the Netherlands for 55 Sligro outlets

targeted one-to-one marketing, or 'taking aim', as we call it, instead of marketing to anonymous groups, or 'random shooting'. We have a lot of knowledge about these customers, which means we can target our communications far more effectively. The new business-intelligence software that we acquired in late 2009 is proving to be of increasing benefit in this respect. This software and the knowledge needed to make good use of it in day-to-day practice are clearly contributing to the commercial success of our foodservice activities and also, therefore, to our cash-and-carry business.

Related business models

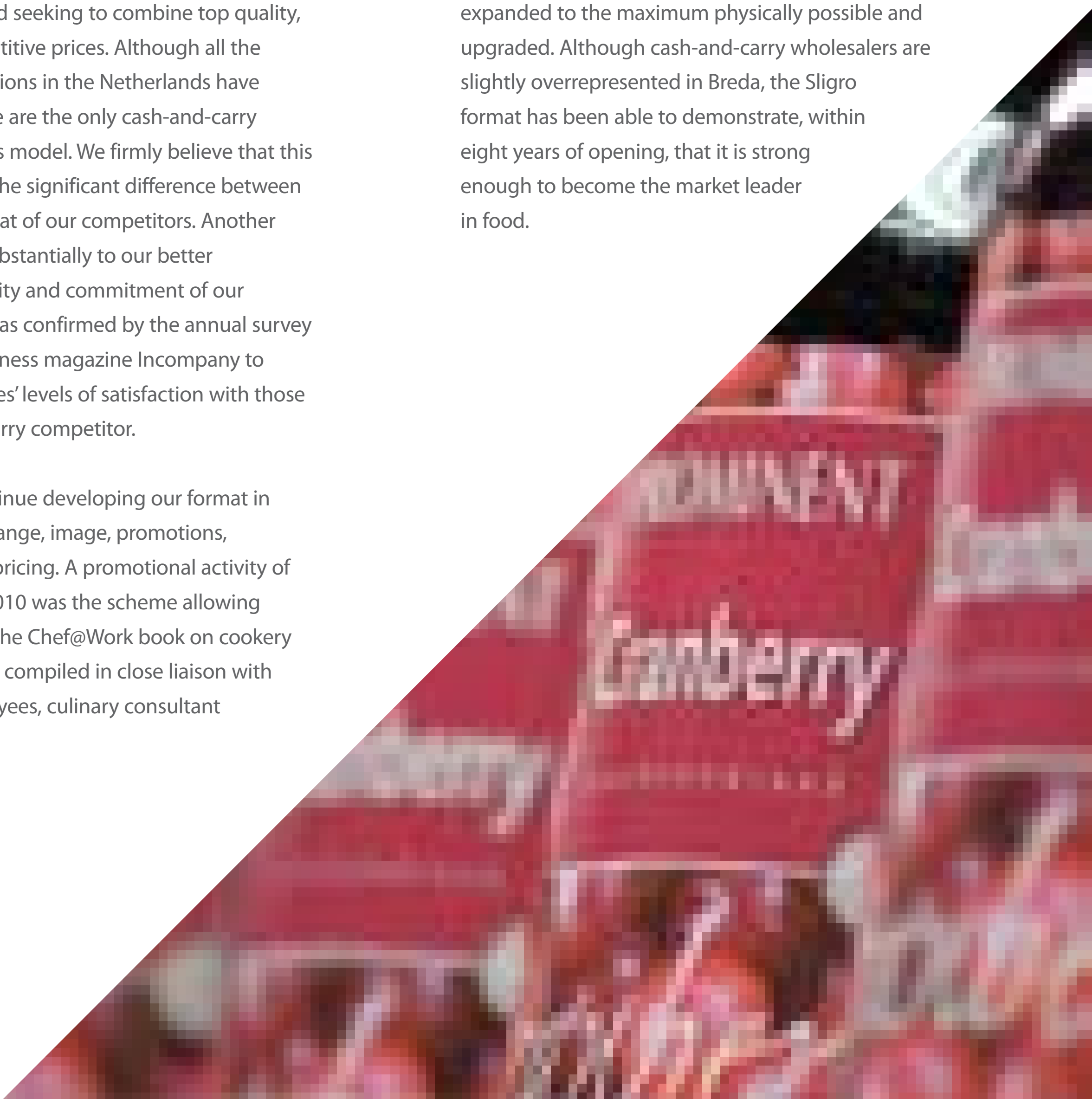
A second similar aspect between our supermarkets and our cash-and-carry wholesalers is the business model. Both activities have a model involving a tightly run network of stores, managed from a central back office and with a central distribution centre. This also creates far more opportunities for our own brands and our exclusive and direct imports. Sligro Food Group imports large volumes directly and its sales representatives regularly travel around the world seeking to combine top quality, innovation and competitive prices. Although all the supermarket organisations in the Netherlands have central back offices, we are the only cash-and-carry business operating this model. We firmly believe that this accounts for much of the significant difference between our profitability and that of our competitors. Another aspect contributing substantially to our better profitability is the quality and commitment of our employees. And this was confirmed by the annual survey conducted by the business magazine Incompany to compare our employees' levels of satisfaction with those of a major cash-and-carry competitor.

We will obviously continue developing our format in terms of our product range, image, promotions, communications and pricing. A promotional activity of particular interest in 2010 was the scheme allowing customers to save for the Chef@Work book on cookery techniques, which was compiled in close liaison with one of our own employees, culinary consultant Albert Tielemans.

All Sligro Food Group employees were also offered the chance to acquire this impressive book as we see promoting an appreciation of good food among the people working within our organisation as very important.

The year under review was also a very active year for investments. The major part of our expanded premises in Tilburg was able to be opened just before the year-end. Although the whole process required fifteen years of patience on our part, the result is extremely pleasing. We have been able to expand our outlet at a highly attractive location and upgrade it into a wonderful 10,000 m^2 store. The benefits of this already started being seen in the run-up to Christmas, when sales rose substantially even though not all of the expanded store was open. Earlier in the year we also completely restyled the Rotterdam-South and Doetinchem locations.

Just like in Tilburg we also completed a major expansion of the Roosendaal outlet during the year. This now sells a full range of perishable products, which has had a very positive effect on sales. The outlet in Breda has been expanded to the maximum physically possible and upgraded. Although cash-and-carry wholesalers are slightly overrepresented in Breda, the Sligro format has been able to demonstrate, within eight years of opening, that it is strong enough to become the market leader in food.



Delivery

By the end of 2010 we had largely completed the successful operation to split our delivery-service activities from our cash-and-carry wholesalers and to transfer them to specialised distribution centres. The final step, which we will complete in the first quarter of 2011, will involve transferring deliveries from our cash-and-carry wholesale outlet in Alkmaar to the distribution centre in Amsterdam. Our new delivery-service centre in Nieuwegein became operational during the second quarter of 2010 and its responsibilities now include customers formerly supplied by the cash-and-carry stores in Nieuwegein and Amersfoort.

'Greater Amsterdam'

In 2010 we combined five locations serving the Amsterdam area into one huge, new and completely purpose-built distribution centre. With a surface area of 35,000 m^2, it is over twice the size of a normal centre. This opportunity arose because the owner of the site was willing to take over the high rental contract for one of our existing locations, while the lease on Inversco's premises expires at the end of the third quarter in 2011. Another lease was taken over by another company, while we sold the frozen-food distribution centre and another lease expired during 2010. This project has involved far more than purely physically merging five different locations. It has also involved fully integrating Inversco into the Sligro Food Group systems. And this aspect in particular, in combination with the relocation in the summer, led to a series of integration problems. As a result, we had to incur various temporary extra costs in order to maintain the quality of our services. This also meant taking certain assets out of service at an earlier date than planned, which in turn resulted in an additional depreciation charge of €5 million. The loss on the sale of the frozen-food distribution centre and the amount that had to be set aside for the 2011 rental payments on the Inversco premises also accounted for a further €2 million of costs. This, combined with the costs of relocation and the temporary extra costs referred to above, meant a total 'bill' of €10 million, of which more than half, however, relates to non-cash items. Fortunately, we are now achieving good performance and efficiency is improving by the day. We will need a further period of around six months to complete the integration of systems and transport routes, as well as to transfer deliveries from Alkmaar. Despite this project demanding far more effort than initially predicted, we expect to be able to complete it by mid-2011, which is in line with our original planning. The goals set for this project – in other words, significantly improving our services in combination with substantially lower costs – remain unchanged. And the benefits to be generated by this project will become increasingly evident during 2011. We can then once again start focusing on growth in this important region, which accounts for 10% of the total Dutch foodservice market. As discussed in the section on food retail, we are going to convert the former Sanders distribution centre into a delivery-service outlet. Initially this will result primarily in existing sales at other delivery-service outlets moving to this centre, but we will then be seeking to penetrate this market further. Our delivery services will then be in a position similar to that of our cash-and-carry activities, where we have a concept that can be multiplied so that, by intensifying the network and increasing the economies of scale at existing outlets, we can achieve the growth targets that we have set ourselves. In 2011 our delivery-service activities will have eight specialised distribution centres and two combined outlets in Maastricht and Vlissingen. We are also working on plans to set up a separate delivery location for the Limburg region. A lot of time, however, has been wasted during the past year because of local government not always sticking to what has been agreed and making an art of reverse negotiations. Our delivery locations have sales of around €800 million. As almost 60% of the foodservice market uses delivery services, the opportunities for further growth in this market are higher. The delivery-service market is also much more fragmented because of the high numbers of small providers. On the other hand, however, the returns generated from these activities are lower than those generated by cash-and-carry. As, too, is capital employed.

'PLOP'

In 2010 we started the second phase of the PLOP (PaperLess Order Picking) project in all the group's logistic activities. In other words, in the foodservice and food retail distribution centres and the group's central distribution centre. The system we are now operating is a state-of-the-art, mobile, pick-to-light system that allows several small customer orders to be picked simultaneously and almost totally free of error. This project has also focused considerable attention on the physical burden placed on our distribution specialists and, while achieving substantial increases in productivity, this new, intelligent software also enables us to avoid an excessive increase in this burden. With the completion of the second phase of this project in 2011, its benefits will start becoming increasingly evident.

The effects of the Vemaro project, which we set up in 2009, started being seen in 2010. This project involves operating a joint order-picking centre for tobacco products in partnership with the wholesaler Bergsma. This centre now supplies (for our part) all the foodservice delivery outlets crossdock at a customer level. Vemaro also supplies tobacco products to petrol retailers under a major contract signed with Total. These products are also distributed crossdock via Sligro, along with the rest of the product range. The quality of the order-picking process improved significantly in 2010 compared with the old situation, while the project has cut our costs and also substantially reduced our working capital requirements.

A survey conducted towards the end of 2010 among over 1,000 delivery customers found that our efforts to improve the quality of our services have not gone unnoticed. Not only was our overall score significantly higher than previously, but we were also pleased with our scores in absolute terms. Our scores in the areas on which we had focused our efforts to improve in recent years were considerably higher, and we conclude from this that our internal priorities for achieving further improvements are also in line with what our customers want. And that gives us confidence for the future.

After lengthy legal proceedings Paresto, the Ministry of Defence's caterer, was finally able in 2010 to switch from its former supplier to Sligro. This is a substantial contract, which involves our supplying products from four delivery locations from the start of 2011. As well as our prices, the ICT opportunities we can offer were also one of the major considerations in the customer's decision. A special project team has been set up to manage this contract, which will boost our delivery sales by around 5%.

Last year we announced a new plan, amending our original plan, to fully integrate Inversco into group activities. Inversco has since been split up into institutional activities, which are being integrated into Van Hoeckel, and large-scale hospitality activities, which are being integrated into Sligro, as discussed above in the 'Greater Amsterdam' project. Substantial progress has already been achieved in this respect, but we will need to work throughout 2011 to put Van Hoeckel in its new form back on the institutional map. A new management team was appointed for Van Hoeckel in 2010. As part of the Van Hoeckel 2.0 project this new team has drawn up a long-term plan designed to reinforce our position in the institutional market. This project is also taking specific account of the possibility to involve the group's delivery-service locations and production companies as we know there are certainly opportunities to make greater use of group synergy in the institutional market. Changing customer requirements, such as demand for convenience products, hospitality formats and also more small-scale deliveries, are also creating new opportunities in this area. We expect to be able to take the necessary steps in 2011 to ensure that we can once again start achieving high levels of growth in the institutional segment. We have already got the tools we need in house.

Production companies

After our decision in 2009 to concentrate small-scale production of meals and meal components at Culivers in Amsterdam and large-scale production at Culivers in Eindhoven, the focus in 2010 was on continuing to build on these positions. The main emphasis in Eindhoven has been on expanding the range of activities through product development. This was needed as we have largely stopped supplying meals to prisons. Although this activity no longer tied in with our strategy of seeking to increase the share of added-value products in our range, it obviously helped to cover the fixed costs of the production facilities, which underwent a major expansion two years ago. We understand from the media that the prisoners previously supplied with our meals regret the change in caterers, but it has to be admitted that there is little freedom of choice in such insitutions! By the end of 2010 the loss of this substantial contract had been more than offset by new products. And, more importantly, these new products are reinforcing the group's ability to differentiate itself from the competition. In foodservice we are doing this under the Meesterschap van het Huis private label and in food retail under the Heerlijckheden van Slager Piet label, both of which comprise high-quality convenience product lines. Convenience continues to be seen as a means of saving costs in the foodservice market, providing quality standards are at least maintained. In the food retail market the only opportunity for our production companies to add to their ranges is at the upper end of the quality spectrum as there is already plenty on offer in the form of low-quality, price-driven meals and meal components in the supermarket channel. Fortunately this applies less in respect of fish, where our EMTÉ supermarkets are selling increasing volumes of fish meeting the higher quality standards that are normally demanded only by restaurants and other professionals.

Expanding activities through product development

ORGANISATION AND EMPLOYEES

Goals

- To establish long-term employment relationships demonstrating our reliability and professionalism as an employer.
- To maintain employees' pride in Sligro Food Group through intensive communications and by allowing 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 that important elements of our organisational culture, including commitment, pride and passion, cost awareness, collegiality, enjoyment of work, entrepreneurship and a problem-solving approach, are promoted and maintained.
- 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.

Our Human Resources department has undergone quite some change in recent years. In the past the department had largely a business role, with much of the work involving the processing of amendments. Now, however, we are in a migration phase, where business management has been given clear responsibility for implementing HR policy and where the HR department's role is to provide support and coaching. At the same time, however, we have also taken steps to further streamline 'production' as, in a business with 10,000 employees and many small, part-time contracts, there are huge numbers of amendments to process.

Achieving your sales targets gives you a real kick!

Stef Prinsen

During 2011 we will gradually start using the E-HRM software purchased in late 2010. Considerable amounts of time were spent in 2010 on preparing for this change in the form of detailed organisation charts and descriptions of processes and procedures. It will be a few years before we are making full use of all the features of the software, but it will increasingly contribute to improving our efficiency and, even more, to improving the quality of our information, both in our internal processes and in our communications to our employees. All the forecasts, specifically the negative predictions, about the effects of the crisis on the labour market have proved to be incorrect. Indeed, some parts of the market are even continuing to experience shortages. Fortunately, however, Polish and other employees are helping to keep the Dutch transport and logistics system going. We have been pleased by the efforts of these employees. We use two specialised agencies to recruit these employees and have agreements on offering relatively long periods of employment, as well as agreements, for example, on measures to ensure the quality of their accommodation. We aim to treat these employees as 'normal' permanent employees, while we realise that they are not normally looking for permanent contracts as that would mean permanently relocating to the Netherlands. To date, however, some twenty originally temporary employees from abroad have opted for permanent contracts. The approach that we have adopted is resulting in these employees wanting to work for us for relatively long periods of time, and that means we can also benefit for longer from the experience they have gained at Sligro Food Group. Incidentially it is not only in the logistics field that we are seeing labour shortages, but because we have so many jobs in logistics this is the area in which we feel the effects of shortages most sharply.

Putting Sligro Food Group on the map

Sligro Food Group's place on the map is increasingly that of a leading food company. We are helped in this respect by being listed on the stock exchange as this results in extra attention for and transparency on policy and our financial position. We are sometimes amazed by the in-depth extent to which job applicants have studied our annual report or corporate website and include this information in their reasons for wanting to work for us. More and more graduates are also interested in working for Sligro Food Group, and we are making efforts to focus more attention on our organisation as demographic developments are certainly not working in employers' favour. Recruitment and selection are increasingly via the internet.
Our vacancy site attracts high numbers of vistiors, while more and more candidates are registering for and being notified of suitable vacancies via a 'job alert'.

Employee satisfaction

We regularly conduct employee satisfaction surveys because our employees play such an important part in the success of Sligro Food Group. In 2010 we discussed the results of the 2009 survey at the individual locations and also sought to identify ways in which we can improve. Considerable time was spent examining the influence of leadership and leadership profiles on employee satisfaction levels, and the conclusions have been translated into management training. We are also seeking to improve our communications with employees and have appointed a person with special responsibility for this within Human Resources. The ways in which we communicate with our employees include sliM (the monthly staff magazine), along with special editions of this magazine, such as the one specifically for new employees from Sanders or the one detailing the staff participation scheme. In 2011 we will be publishing a special edition of sliM on the subject of pensions. We are examining opportunities to incorporate social media into our communications policy. During the acquisition of Sanders, for example, one of the forms of communication we used was Twitter. Once again we also had to deal during the year under review with the social consequences of measures needing to be taken at various locations in order to streamline our operating processes. In Amsterdam a social plan was agreed to deal with the effects of the Greater Amsterdam project discussed in 'Commercial Developments'. This involved a total of around 450 permanent or other employees, over 100 of whom worked in activities being transferred to our Fresh Partners. We provided support for the various social plans agreed with the individual Fresh Partners, with the primary aim being to draw up a social plan designed to keep people in work and including appropriate mobility arrangements. The problem, however, is rarely the availability of suitable jobs at Sligro Food Group, but more a question of where the jobs are located.
One of the measures applied when we were winding down the Amsterdam centre was to recruit large numbers of employees for the new delivery centre in Nieuwegein from the Amsterdam region. Not only a

potential social problem was avoided, but we were also able to start work with an experienced team of people. In anticipation of the reduction in staff numbers we had been using high (and sometimes too high) numbers of staff on flexible contracts. Ultimately, however, we have been able to achieve a better balance between numbers of permanent staff and staff on flexible contracts. A second relatively extensive social plan was agreed for the planned closure of the Sanders head office and the transformation of its retail distribution centre into a delivery centre. This will also involve switching from large-scale, internal distribution to small-scale customers' deliveries. By allowing Sanders employees to see at other locations what this will mean in practice we have been able to make them feel enthusiastic about the new environment they will be working in. Although Sligro Food Group's acquisition of Sanders has had a relatively limited impact on overall employment levels, some jobs have disappeared. The approach that we have adopted to deal with the social consequences of these changes is comparable to that used in the Amsterdam project.

We have had meetings with all these employees and have either offered them an alternative job within or are helping them to find work outside Sligro Food Group.

Illness-related absenteeism

Illness-related absenteeism is an issue that has our continuous attention. Whereas in the past this was an activity primarily initiated by the Human Resources department, Human Resources now mainly plays a coordinating and facilitating role, while primary management responsibility is in the business.
Business managers are trained to deal with absenteeism in a way that focuses on what people can or are still able to do. If ill employees are still mobile, we continue to involve them in work as far as possible, sometimes by providing them with alternative duties. Although the level of absenteeism within our organisation is manageable, the percentage for 2010 of 4% is certainly not satisfactory. The standards set in this respect are high, but maybe it would be more accurate to talk about reducing the standard level because our aim is to cut levels of absenteeism. This was certainly one of the reasons why we decided to leave the collective benefit scheme for partial disability and to insure this risk privately. From an accounting perspective the move from a form of pay-as-you-go scheme to a funded scheme means bringing costs forward. In the longer term, however, we will be more accountable for the results of our efforts to help ill employees to reintegrate and get back to work, and we hope that these efforts will also be rewarded. Accepting a greater degree of risk for ourselves will require changes in our Human Resources department's back-office processes.
Unfortunately, however, this does not mean that we are now free of the most bureaucratic institution in the Netherlands, the Employee Insurance Agency (UWV). The assistance that this agency provides in individual cases can only be described as disappointing, and all too often there is no option other than legal proceedings.

Competition

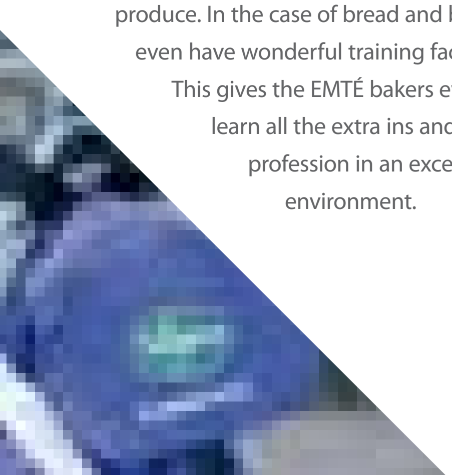
Many of our activities involve working in a team. And many people enjoy working in a positively competitive environment, just like on the sports field. That is why we regularly organise competitions to reward teams for their performance. By far the most important of these are the competitions for the best EMTÉ and best Sligro stores, with the well-deserved winners in 2010 being the stores in Echt and Nieuwegein, respectively. It is important for us that our employees also enjoy doing things together outside their work, whether including their partners and families or otherwise, and we are obviously willing to provide some of the resources required. Activities taken part in by employees not only include activities with colleagues from the same place of work. The Sligro and

Highlight: Celebrating our 75th anniversary at The Efteling

EMTÉ stores in Limburg, for example, decided to get together to organise a large-scale event at a shooting range. A major highlight of the year in this respect was our celebrations at the Efteling theme park to mark the 75th anniversary of Sligro Food Group. Some 13,000 employees and their families had a wonderful day out, which we chose to celebrate, in typical Sligro fashion, at this important customer's location. We were overwhelmed by the positive reactions, all of which help to increase the emotional ties to our group. Something that euros alone can never achieve.

Training and development

As always, training and development remain an important issue for Sligro Food Group. Improving the quality of our workforce is important, both for our employees themselves and for us as a professional employer. Our efforts in this respect are designed to ensure that employees remain structurally deployable in an ever-changing environment. Our job descriptions state exactly what someone needs to know and be able to do. We use job profiles to design training programmes, often in collaboration with education and training institutions. This year we designed and added training for professional supermarket staff to our range of programmes. These training programmes, which are at a secondary vocational level, comprise both theoretical and practical exercises. We have also trained in-house coaches to assist with these programmes. The level of training we provide is seen as leading the way within the sector. Indeed the Sligro store in Emmen won an award in 2010 for being the training company of the year in the trade sector, while the EMTÉ supermarket in Middelburg (Magistraat) was awarded a prize by the SVO training institute. In both cases, the broad-ranging nature of our approach was specifically mentioned. We also continue to devote a great deal of attention to the core values of the EMTÉ format, as symbolised in 'Our EMTÉ House'. Each month we highlight a different aspect of the work. The range of training includes a significant focus on fresh produce. In the case of bread and bakery products, we even have wonderful training facilities at a supplier. This gives the EMTÉ bakers every opportunity to learn all the extra ins and outs of their profession in an excellent training environment.



Works Council

Sligro Food Group has a single Works Council as we are an integrated organisation. The current members of the Works Council have been in office for three years, and this experience can clearly be seen in the constructive way in which members participate in discussions and come up with ideas. In this way the quality of the consultations is improving all the time. We have a tradition, dating back many years, of a Works Council that provides constructive criticism, while also taking account of the overall interests of the group. And that is something we are very pleased about as it means the Council can play an important role in improving the overall quality of our activities.

Employment terms and conditions

Almost all Sligro Food Group employees are covered by the Collective Labour Agreement for the Food Wholesale sector, with the exception of the EMTÉ staff covered by the Collective Labour Agreement for Large Food Retailers. The Food Wholesale Agreement expired on 1 October 2010, while the Agreement for Large Food Retailers runs until 1 April 2011. The Food Wholesale Agreement, which ran for fifteen months, provided for a structural increase of 1.0% in salaries and a 0.5% one-off payment, while the one-year Agreement for Large Food Retailers provides for an increase of 1.0%. Negotiating collective labour agreements in the wholesale sector has proved difficult in recent years and it has often taken a long time to reach agreement. Last year, for example, the trade unions turned out to be unwilling to put the results of the negotiations, in which they themselves had been involved, to their members. The results of these negotiations had included a 1% structural rise in salaries and a one-off payment of 1%, along with modernisation of working schemes. Ultimately, however, the issue of working schemes was taken out of the negotiations and the one-off payment reduced to 0.5%. Similar discussions on working schemes and allowances have once again arisen during the ongoing negotiations of a new collective labour agreement, while reaching agreement on how to deal with the issue of the sector pension fund remains difficult. As a result of these difficulties, the Collective Labour Agreement for the Food Wholesale sector expired some time ago. While we hope that a new agreement will be able to be reached during the first quarter of 2011, our impression is that the trade unions are far more attached to traditional values than our employees are. We can only assume that this is because of their ageing membership.

The only difference between the current one-year Collective Labour Agreement for Large Food Retailers and its predecessor is the new section on salaries. Average staff numbers in the past three years were as follows:

	FTEs (average)			Individuals (average)		
	2010	2009	2008	2010	2009	2008
Food retail						
Wholesale[1]	317	346	401	477	485	562
Supermarkets	2,344	2,163	2,171	5,146	4,831	4,967
	2,661	2,510	2,572	5,623	5,316	5,529
Foodservice[2]	2,852	3,042	3,028	3,552	3,653	3,632
Total	**5,513**	**5,552**	**5,600**	**9,175**	**8,969**	**9,161**
Outlets[3]	3,545	3,469	3,446	6,785	6,510	6,599
Production companies	191	211	240	203	224	259
Distribution centres[4]	1,267	1,324	1,360	1,630	1,635	1,698
Head offices	510	548	554	557	599	605
Total	**5,513**	**5,552**	**5,600**	**9,175**	**8,969**	**9,161**

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

The organic change in average staff numbers in 2010 was limited. The acquisition of Sanders added almost 500 FTEs (around 1,000 individuals) to our workforce. As Sanders has only been included in the figures since the fourth quarter of 2010, the effect of this on average employee numbers for 2010 was around 125 on an FTE basis.

Sanders acquisition adds 1,000 people to our workforce

We do our best to meet our staffing requirements from our own workforce and make only relatively limited use of temporary staff and Euroflex agency staff, most of whom are from Poland. The number of staff on flexible contracts in our foodservice activities increased in 2010 by around 70, partly because of the merger of the activities in Amsterdam. As mentioned earlier, some 100 jobs were transferred to our Fresh Partners associates. For the second year in succession we had to deal with various external factors that had an unfavourable impact on our productivity in terms of sales per FTE. In other words, price pressures meant more work had to be done to achieve the same level of sales. Meanwhile developments in the market also resulted in a reduction in the average amount of each foodservice delivery order, while an increase or decrease of a few per cent in the amounts we deliver per order has little impact on our costs per order. Despite these unfavourable external developments, however, we were able to achieve a further increase in productivity during the year.
With the exception of the Sanders effect, there will be only limited change in staff numbers in 2011.

Pension fund

Just like many other sector and company pension funds, the Sligro Food Group pension fund's financial position came under substantial pressure in 2010. Most of our employees covered by the Collective Labour Agreement for the Food Wholesale sector participate in this fund.
The main reasons for this pressure were lower interest rates and higher life expectancies. The pension fund board had already decided in 2009 to increase contributions to the sector level in 2010. A recovery plan was obviously also submitted to the regulators.
As a result, however, of developments in the financial markets and the publication of new life expectancy rates, the pension fund has not yet achieved the progress set out in the recovery plan. Consequently the board, in consultation with the company, decided to implement a series of more drastic measures in order to spread the burden more evenly over the employer, active participants and pensioners and other inactive participants. During the year, Sligro Food Group paid a one-off extra contribution totalling €6 million into the pension fund, while active participants will pay some €1 million annually in additional contributions over the next three years. Once pensions start being indexed again, inactive participants will lose 6 percentage points of such future indexation. Although these measures are not primarily designed to avoid having to reduce pension entitlements, they will significantly reduce the likelihood of this being required and will also allow pensions to start being indexed again at an earlier date than otherwise.
The nature of the work means that most of our employees have relatively low salary levels. And if pensions were not to be indexed over a longer period, their value could end up being eroded to such an extent that our employees would not have enough to live on after retirement. As a result of the additional measures that have been put in place, combined with the rise in interest rates and share prices towards the end of the year, we expect the pension fund's coverage ratio to have increased to 110 as at the end of 2010, following a low of 92 at the end of August. In other words, the fund's reserves are still below the required level, but it no longer has a funding shortfall.
Another important factor is that the fund's structural ability to recover from setbacks has been strengthened by the extra measures put in place. Nevertheless, developments in the financial markets continue to have a significant influence on the pension situation.
Detailed information on the pension arrangements can be found in note 5c on page 106 in the financial statements.

Staff participation

For many years Sligro Food Group has had a profit-sharing scheme for its employees, based on the group's profit as a percentage of sales. This year the percentage fell to 2.5%, compared with 2.7% in 2009. This is because net profit fell, while sales increased. This meant a total payout of €2.7 million (2009: €3.0 million) before the employer's contributions. As usual, this amount will be converted into Sligro Food Group shares in order to provide an extra incentive for our staff participation scheme. In total, our employees (excluding the Executive Board) now hold 1,309,000 shares, with a total value at the year-end of over €30 million. In operating this scheme we use the national salary savings scheme arrangements, on which we have to pay a levy of 25%.
We regularly receive indications from the government in The Hague about the possibility of these arrangements being abolished or integrated into other facilities. We hope, however, that some structural elements will remain in place as a means of facilitating staff participation in company results because, from an international perspective, the Netherlands is certainly not leading the way in this respect. Details of this scheme can be found on sligrofoodgroup.nl and, more importantly, everyone can also see the unique way in which we deal with staff participation, how we communicate our approach and how important the issue is to our employees.

The sea’s harvest, and how I deal with it responsibly

Ronny van der Vlist

CORPORATE SOCIAL RESPONSIBILITY

CSR in practice

In the combined CSR/social report we published in July 2010 we described how Sligro Food Group operates in a socially responsible manner, defined our vision of corporate social responsibility and gave examples of how we put that vision into practice, the choices we make and the objectives we set. The complete report is also posted on our corporate website www.sligrofoodgroup.nl.

At Sligro Food Group, corporate social responsibility and commercial return go hand in hand. The advantage of our approach is that CSR stays high on our agenda even in tough economic times. For us, corporate social responsibility is a key element of professional and sustainable business practice.

We feel it is good practice to devote a chapter of this financial annual report to a discussion of current developments, our approach to CSR and the practical issues we shall focus on in the coming period.

Our vision of CSR; how we operate

We measure the added value of Sligro Food Group by more than just financial performance. Other issues are also important, including employment, health, food safety, sponsorship of worthy causes, employee participation, energy and environmental and social issues. Sustainability and corporate social responsibility are broad concepts with many facets. The different definitions used for CSR have grown closer together in recent years. The most widely used approach is Triple P – People, Planet and Profit – that provides a basis on which businesses, government agencies and NGOs can implement their programmes. 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. Striving for both profit and continuity is perhaps the ultimate form of corporate social responsibility: if our company ceased to exist, our employees would have no jobs, our suppliers would have fewer customers, our customers would have fewer suppliers, our shareholders would have no shares and the government would have less tax revenue.
We seek to achieve this objective by focusing primarily on the customer.

The customer comes first

The customer always comes first, because the customer enables all the other stakeholders to benefit. While pursuing this strategy, we must continue to generate an attractive return for shareholders, fulfil our corporate social responsibility and provide development opportunities for our employees. We strive to reduce our environmental impact by taking full account of the environment in our purchasing procedures and agreements and our investments in property, plant and equipment. Corporate social responsibility is a key consideration in decision-making based on our strategy. Some years ago, we set out our vision of CSR in a document entitled 'Van rationeel moeten naar emotioneel willen' (From rational necessity to emotional preference), in which we made it clear that, for Sligro Food Group, corporate social responsibility is a matter of emotional preference, not rational necessity. We have been working for many years to build long-term relationships with our customers, employees, partners and suppliers.

We believe that corporate social responsibility is an appropriate form of cooperation based on emotional preference. Clear progress was made last year in defining our CSR policy in more concrete terms, combining emotional preference and hence authenticity with the quantifiable targets. External agencies, NGOs and the financial world are increasingly demanding that targets are set, but we feel they need to take a more balanced approach. In some cases, the target appears to be an end in itself and focus is less important as long as you make some kind of gesture. In other cases, so many issues and factors (relating to the growth of the organisation) come into play that defining the targets becomes extremely difficult. On the other hand, the process of defining our targets more closely has also generated much energy and enthusiasm within our organisation.

We announced last year that we had set up a CSR Steering Group. The practical approach adopted by the steering group and its objectives and initial results are discussed below. The importance of carefully considering the options in order to make the right choices is becoming embedded in our organisation and corporate social responsibility increasingly has its own place and image within it.

Approach, objectives and safeguards

The approach we have taken represents a satisfactory start to our drive towards greater sustainability and has helped to raise awareness, but as explained above it is now time to move on to the next phase in which we set, measure progress towards and test our objectives. It is important for corporate social responsibility to become part of our genetic make-up and for us to apply its principles in earnest. This new phase demands a different approach and, because certain policy and operational choices need to be made, we set up a CSR Steering Group in 2009, comprising people within Sligro Food Group with final responsibility in certain areas. The steering group is chaired by the chairman of the Executive Board.

The composition of the steering group reflects the principal areas of CSR that we have defined for Sligro Food Group:

- Purchasing.
- Energy.
- Waste/environment.
- Logistics.
- Staff.
- Food safety.

In June 2010, the CSR Steering Group made its choice of themes and set the priorities. The 'spearhead projects' described below have been given top priority and are the practical issues we are currently addressing. All the projects have been launched and some are at the implementation stage. Firm and measurable targets have been set for all the spearhead projects. CSR-related activities are also under way at many places within the organisation, which may evolve into spearhead projects in the coming years.

CSR gaining in prominence

Having published a number of annual reports on this subject, we increasingly feel that accounting for our performance in the broad-ranging field of sustainability does not by definition need to be linked to a calendar year. Sustainability projects are often for the longer term, extend over year-ends and do not have a financial year. We published a full report once more in 2010, but from 2011 we shall publish more regular information on the progress of our activities. This will be in the form of relatively short, easy-to-read printed texts and will also be posted on our corporate website www.sligrofoodgroup.nl. From 2011, we shall continue to provide an annual CSR review, in the form of a separate section of our financial annual report.

We value your opinion

If you have any comments or questions on our CSR policy or activities, please contact us, preferably by e-mail to mvo@sligro.nl.

Current spearhead projects

Affiliation with BSCI (Business Social Compliance Initiative)

BSCI is a non-profit organisation dedicated to setting clear rules and monitoring corporate social responsibility. The organisation, which grew out of the FTA (Foreign Trade Association), has its headquarters in Brussels. All retail, brand, importing and trading companies affiliated to BSCI are committed to improving working conditions in their supply chain worldwide. BSCI's Code of Conduct, which prescribes what is expected of suppliers, advocates a development-centred approach and can be further refined by the members if necessary. The issues addressed by the code include:

- Freedom of association and the right to collective bargaining must be respected.
- No discrimination may be practised.
- Child labour is prohibited.
- Legal minimum and/or industry standard wages are paid.
- Working hours are compliant with national laws and do not exceed 48 hours regular + 12 hours overtime.
- No forced labour or disciplinary measures.
- The workplace is safe and healthy.
- The environment is respected.
- There is a policy for social accountability.
- There is an anti-bribery and anti-corruption policy.

BSCI members undertake to embark on this improvement process in respect of two-thirds of their purchase volume or suppliers and will have their progress towards this target monitored by means of audits. The first audit will be carried out within 3½ years of the date when the member joined. At least one-third of the suppliers in 'risk countries' must achieve a satisfactory audit result after this initial period, rising to two-thirds after 5½ years.

Targets

By 01-07-2011 (after one year)

As a member of BSCI, Sligro aims to have completed the survey of suppliers and purchase volumes in risk countries. We embarked on this highly labour-intensive project in the autumn of 2010 and we expect to reach the first target.

By 01-07-2013 (after three years)

One-third of the purchase volume from suppliers in risk countries achieves a satisfactory audit result.

By 01-07-2015 (after five years)

Two-thirds of the purchase volume from suppliers in risk countries achieves a satisfactory audit result.

Covered freezers in our supermarkets and cash-and-carry stores

We aim to make significant energy savings by covering our freezing areas. Thorough research and testing to determine which type of cover for the freezing areas in our supermarkets offers the optimum balance between energy-saving and customer access has shown that, in our EMTÉ supermarkets, wide horizontal sliding covers are the best solution. We have made a start on installing these covers. Initial results show a 50% energy saving.

At our cash-and-carry stores, the optimum balance is achieved using another system. The lower ambient temperature in the space housing the freezing areas in these stores compared with supermarkets and the larger (wholesale) pack volume demand a different solution.

Substantial energy savings

It has been found in the form of semi-enclosed freezing areas with hot-gas defrosting. Tests with this system, which has been developed in conjunction with TNO, have shown that it delivers similar savings to those achieved in our supermarkets.

Targets

By 01-07-2011 (after one year)

This system is installed at 75% of all EMTÉ supermarkets. By the end of 2012 this will be 100%. At present (year-end 2010) we have 35 projects completed and are therefore on schedule. By the end of 2011, we plan to have the new system installed in at least 15 cash-and-carry stores.

Videoconferencing

Our organisation has now attained a size and national coverage that makes it practical to use technology such as video and teleconferencing, which will reduce the time spent travelling to meetings and benefit labour productivity. By cutting the number of kilometres travelled on business, it will also reduce both our environmental footprint and our costs. We are testing this technology to gain experience.

Targets

By 01-07-2011 (after one year)

Hardware installed and in use.

By 01-07-2013 (after three years)

Further roll-out depending on results of trial.

New transport technologies (longer/higher/more quiet)

Several new technologies that have come onto the market which either help to reduce the number of transport streams and hence the number of kilometres travelled and the related CO2 emissions or reduce noise nuisance. Sligro requires its transport operators to monitor the development of these technologies and adopt them where possible, depending on availability and statutory regulations.

Examples include LZVs (Long Heavy Vehicles), which may be used on a small number of routes subject to the necessary official permits. Double-deckers that can carry 80 rolling containers can be used for supermarkets. Our aim is to operate more LZVs out of the central distribution centre in Veghel and use more double-deckers for deliveries to the supermarkets. We are also committed to using PIEK-certified vehicles (PIEK is a nationally recognised quality mark for quiet vehicles).

Targets

By 01-07-2011 (after one year)

- 10% of the retail fleet will be double-deckers.
- 10% of the fleet operating out of the Veghel distribution centre will be LZVs.
- 30% of the fleet (including trailers) will be PIEK-certified.

By 01-07-2013 (after three years)

- 20% of the retail fleet will be double-deckers.
- 20% of the fleet operating out of the Veghel distribution centre will be LZVs.
- 50% of the fleet (including trailers) will be PIEK-certified.

By 01-07-2015 (after five years)

- 80% of the fleet (including trailers) will be PIEK-certified.

Depending on developments (size of our retail format, size and geographical spread of individual stores), double-deckers will make up as much as possible of the fleet. The number of LZVs ultimately in service will largely depend on the government's licensing policy.

Alternative fuels

The automotive industry is developing increasingly clean and more fuel-efficient engines. With several technologies already available, experimentation and development are continuing apace. Sligro wants to be actively involved in these developments and is setting up various pilot projects in association with its transport operators.

The expense of advanced engine and other technologies presents a difficult choice between sustainability and a reasonable economic return. Where do we set the limit on extra expense? We shall make our future policy decisions on the basis of the outcome of these trials and the government's strategic choices. Electric vehicles are already on the market, but are limited at present in terms of size and action radius.

Truck engines can be modified to bifuel or dual-fuel operation with LPG, natural gas or biogas. There are also small trucks that can run exclusively on biogas.

Targets

By 01-07-2011 (after one year)

- An electric truck trial starts at Sligro Delivery Service in Amsterdam.
- A dual-fuel truck trial is running at Sligro Delivery Service in Haps and the distribution centre in Putten. This trial started in the autumn of 2010.
- A biogas truck trial is running at Sligro Delivery Service in Haps. This trial started in December 2010.

By 01-07-2013 (after three years)

Decisions will be made on policy regarding deployment of alternative fuels, taking into account the financial consequences as outlined above.

Sustainable primary sector

Sligro Food Group is not itself a primary-sector organisation, but it works closely with many suppliers of primary products and primary raw materials are used in the production processes operated by its fresh partners. Sligro therefore shares responsibility for the primary sector's impact on the people and the environment.

The guiding principle is that a product should not harm the consumer or the environment. For example, if the product uses energy, it must do so efficiently. When a product reaches the end of its life, it must be possible to recycle its constituent materials to make other products.

Current projects to support a sustainable primary sector in which we are active include:

1. Sustainable soya.
2. Animal welfare.
3. Sustainable fishery.
4. Salt Task Force (of the Federation of the Dutch Food Products Industry).
5. FSC-certification for paper and wood.

Wherever possible, we conform to the Dutch Food Retail Association (CBL) sustainability calendar.
Sligro Food Group is involved in various steering groups, is represented on the CBL board and helps to shape future policy.

Targets

By 01-07-2011 (after one year)

- The 'PS in foodservice' database will be expanded to include product information.
  www.psinfoodservice.nl is the central source of information and specifications – and inspiration, in words and pictures – for all food, beverage and non-food products for the professional market.
  For example, Sligro Food Group publishes the ingredient certificates for its own brands on this website.
- 50% of wild fish sales is a sustainable choice given populations and catching methods.
- Sustainable fish farms will account for 80% of sales of farmed fish.
- Active encouragement of suppliers who use (fresh) products from the primary sector to use only those produced in accordance with Global Gap standards.
- Membership of the Taskforce for the Improvement of Fatty Acid Composition.
- Membership of the Salt Task Force.

By 01-07-2013 (after three years)

Active encouragement of animal transport operators to comply with the Global Gap animal transport standards (standards to be finalised by the end of 2010).

By 01-07-2015 (after five years)

Sustainable palm oil, soya and cocoa in our own-brand products.

'Eerlijk & Heerlijk'

Sligro Food Group's Eerlijk & Heerlijk (literally 'fair and delicious') range of sustainably produced items is built on four main pillars, offering the widest possible selection of sustainable products. Eerlijk & Heerlijk represents a socially responsible selection at product level. By including both manufacturer brands (A brands) and own-label brands (house brands) in the selection, we offer our foodservice and food retail customers the clearest and most comprehensive range of products and help them find their way through the maze of quality marks. Every effort is also made to use the most sustainable packaging for Eerlijk & Heerlijk products. One of the primary objectives is to offer a transparent and easily understood concept that really helps consumers make sustainable choices, not only in our stores when perusing the shelves, but also when selecting products online. The four main pillars – organic, fair trade, sustainable and local – are where possible supported by independent quality marks.

Organic

Organic products are produced with respect and care for nature, the environment and biodiversity, such as Boerenland semi-skimmed organic milk.
The quality marks supporting products in this pillar are the Ecolabel and the European Organic label.

Fair trade

This pillar is built on the principle of fair trading on internationally agreed terms. There are three different quality marks – Fairtrade Max Havelaar, UTZ Certified and Rainforest Alliance – which promote fair trading. What they have in common is support for fair trading with respect for human rights, nature and the environment. Examples include 'Alex Meijer Fairtrade cane sugar' and 'Max Havelaar Espresso Beans'.

Sustainable

Because sustainability is an extremely broad concept, it is important to define the precise meaning. For the Eerlijk & Heerlijk range, sustainability refers to two aspects – animal welfare and sustainable production processes.

Two values which are central to sustainable production processes are energy management and environmental protection. Examples of products respecting these values include 'Meierijsche Roem' Beter Leven-certified veal and MSC-certified salmon.

Local

A regional product is an item that originates from a particular district in the Netherlands. The district need not necessarily be the district in which the Sligro outlet or EMTÉ store is located and where the product is sold. The core values we apply to regional products are origin, flavour and fair trading. In the absence of an independent quality mark for regional products, Sligro Food Group has developed a checklist against which compliance with the selection criteria can be measured. If the product meets the requirements of the checklist, a further external audit is carried out by Phood Consultancy before the product is finally included in the range.

The full definition of a 'local product' and an example of the checklist can be found at www.eerlijk-heerlijk.nl, where further information is also given on the four main pillars on which the Eerlijk & Heerlijk range is built.

Targets

By 01-07-2011 (after one year)

Eerlijk & Heerlijk products in all fresh produce and food product groups. Work on building and filling the database and developing the www.eerlijk-heerlijk.nl website started in the second half of 2010 and the first audit of local products was started in January 2011. We expect to have around a thousand Eerlijk & Heerlijk products in our ranges by mid-2011.

Widest possible range of ethical products

By 01-07-2013 (after three years)
Eerlijk & Heerlijk, which occupies a special place in the Sligro range and is perceived by customers as a touchstone guiding their choice of sustainable products, is expected to include at least 2,500 items.
By 01-07-2015 (after five years)
The criteria governing the Eerlijk & Heerlijk range become generally applicable standards for our products.

Heat-recovery trial project

By switching to refrigerators and freezers using CO2 as the refrigerant at our larger (type 3-4) cash-and-carry stores, the heat recovered from the refrigeration equipment can be used to heat the building.

Targets
By 01-07-2011 (after one year)
We have embarked on a two-stage trial at our Sligro cash-and-carry store in Tilburg. The first phase was completed at the end of 2010 and the second will be completed at the end of 2011. Reliability, cost, financial savings and reduction in environmental impact are being carefully analysed to support decisions on further upscaling.

Energy saving at frozen-food distribution centre

Energy consumption at our frozen-food distribution centres is a matter of particular concern, from the point of view of both environmental impact and energy use. As well as the standard of insulation, the refrigeration technology employed can also have a significant effect on energy consumption. There are a number of changes we can make to save energy. We are currently using indirect refrigeration systems at our two food retail distribution centres.

Targets
By 01-07-2011 (after one year)
Work on converting these systems to direct systems is in progress and will be completed by the end of 2011, reducing energy consumption by 15%.

High-frequency lighting at distribution centres

We can save more energy at our distribution centres by installing a different type of lighting. High-frequency lighting is being installed in distribution centres of over 40,000 m^2.

Targets
By 01-07-2011 (after one year)
In combination with motion sensors and dimmers, the new lighting system can yield an energy saving of 20%. Installation will be completed by the end of 2011.

Support of voluntary projects by Sligro Food Group staff

Many Sligro Food Group staff are active in their private lives as volunteers assisting projects of social value, not simply as members of a larger organisation, but in setting up or personally participating in voluntary projects, whether close to home or far away. We are keen to encourage and support these private initiatives.

Targets
By 01-07-2011 (after one year)
We plan to set up a support fund in 2011.

RISKS AND RISK MANAGEMENT

The financial statements have been prepared under IFRS. A number of specific risks the group is facing are consequently discussed in detail in note 25 on page 127 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 which the group, as a supplier of food products, is exposed from a food safety perspective are also discussed, as are the possible effects of the introduction of returnable deposits on disposable packaging.
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, but also and most importantly in the post-acquisition phase. Cultural differences, employees with differing agendas, problems in integrating ICT systems and other issues can cause substantial loss of value. Rather than bringing in people from outside, Sligro Food Group has a policy of immediately setting up a multi-disciplinary integration team comprising people from its own ranks and from the business that has been taken over.
This approach has proved effective in dealing with many of these risks and has been successful in the case of the Sanders acquisition.

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, 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. In 2009 and 2010 we invested substantial amounts in further optimising various ICT tools, including the continuity matrix, test tools and a second data back-up centre. It was decided in 2010 to invest in two identical data centres for the central applications, to safeguard the continuity of ICT systems as effectively as possible. That project has now been completed without incident and the focus will shift in 2011 towards the continuity of the local sites. The ambitious plan to concentrate all our delivery activities in the Amsterdam region in 2010 and the modifications to the ICT system incurred additional expense in maintaining the quality of service.

Government

Government measures can sometimes have a major impact on our activities and result in threats to some activities within a relatively short space of time. 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 and the packaging tax. The award of government contracts in accordance with European rules on competition sometimes leads to legal proceedings as we experienced in 2010, while 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 had previously seemed unthinkable suddenly became reality, while instruments designed to hedge risks no longer proved effective because of doubts about counterparty creditworthiness. This can have a very significant impact on the availability and/or cost of credit, which was one of the reasons why we chose to raise long-term finance in 2010 with a good spread of maturities.

The assessment of risks and the consequences they may have for our business strategy is a permanent item on senior and executive management agendas. One of the principles that we have always sought to abide by is to have a conservative financing structure, with sufficient buffers to enable us to withstand difficult periods. Consistent with that principle, we further strengthened our long-term financing in 2010.

Risk management and control systems

We have a special officer who has been appointed to focus 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 or are being 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-and-carry outlets, where the administrative systems are similarly structured.

All our back-office management activities, including finance, are now performed at head office. Sanders' accounts were taken over in full by the central financial department with effect from the fourth quarter of 2010, so 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.

The first Sanders supermarket converted to EMTÉ

As the group operates from many different locations, 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. These processes are, of course, continually evolving, driven mainly by acquisitions and advances in ICT. 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 administrative 'surprises' in 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 administrative 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. 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 refer to the directors' statement of responsibilities on page 80. We have no indications to suggest that the systems will not function properly during the current financial year.

CORPORATE GOVERNANCE

Dutch law and the Dutch Corporate Governance Code seek to balance the interests of all the company'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.

There were no transactions with executive or supervisory directors in 2010 that involved a possible material conflict of interest. Neither 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 on a proposal 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 three key committees (the audit, the remuneration and the selection and appointments committees).

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 contains the items stipulated by the Articles of Association and other proposals 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 right:

- To appoint supervisory directors and determine their remuneration.
- To 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.
- To resolve to amend the company's Articles of Association or wind up the company.
- To issue shares and to restrict or exclude shareholders' pre-emptive rights (the Executive Board has been granted powers until 17 September 2011 to issue shares as yet unissued).
- To repurchase and cancel shares (the Executive Board has been granted powers until 17 September 2011 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).
- To 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.
- No agreements have been reached on the level of any severance pay.
- Sligro Food Group maintains contacts with investors by means of one-on-one meetings and group presentations.

CAPITAL EXPENDITURE

Goals

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

Capital expenditure in 2010 totalled €40.7 million or 1.8% of sales, which was well within target. We were able in 2009 and 2010 to bring forward the implementation of the long-term programme of capital expenditure on our network. As a result of the crisis, many of our capital equipment suppliers are less busy, which means we are able to buy more cheaply and they can improve their capacity utilisation rate. Due to the protracted permit application processes and other factors, there is not a great deal we can do to expedite matters, but every little helps. These capital expenditure projects are designed primarily to enable Sligro Food Group to grow faster.

The following chart shows our net capital expenditure in relation to amortisation and depreciation.

(x € million)	Foodservice		Food retail		Total	
	2010	2009	2010	2009	2010	2009
Net capital expenditure						
Intangible assets	2.6	1.5			2.6	1.5
Property, plant and equipment	30.9	37.5	9.6	8.3	40.5	45.8
Investment property			(2.4)	(0.7)	(2.4)	(0.7)
Total	33.5	39.0	7.2	7.6	40.7	46.6
Depreciation	(30.7)	(24.6)	(16.0)	(17.8)	(46.7)	(42.4)
Net movement	**2.8**	**14.4**	**(8.8)**	**(10.2)**	**(6.0)**	**4.2**

In the food retail business, the capital expenditure programme in 2010 focused mainly on reFreshing the format by upgrading the fresh food departments and updating the general ambience. A total of 37 Sligro-operated EMTÉ outlets were remodelled in 2010. In most cases, we include other work when undertaking these projects, increasing the average capital expenditure to around €150,000 per supermarket. The first Sanders supermarket was also converted to EMTÉ in 2010. This involved a far more substantial investment, partly because the fresh food department had to be greatly extended. This will raise the average investment in converting a Sanders outlet to around €600,000 per location.
Alongside the conversion programmes, two brand-new EMTÉ supermarkets will be built in Putte and Borculo in 2011. Because we are aiming to complete most of the programme of conversion from Sanders and Golff to EMTÉ and updating of the existing EMTÉ outlets in 2011, capital expenditure in the food retail business will be significantly higher this year.

In the foodservice business, we invested heavily in both the cash-and-carry and delivery-service operations in 2010. As explained in the section on commercial development, the cash-and-carry outlets in Tilburg, Rotterdam South, Roosendaal, Doetinchem and Breda have undergone a major upgrade and less ambitious projects have been undertaken at several other sites. Two very substantial projects in our delivery business were the new delivery-service centres in Amsterdam and Nieuwegein. Major projects are planned on the cash-and-carry side at the Amersfoort and Leiden outlets in 2011 and on the delivery-service side we are building a new base in Enschede. Capital expenditure on the foodservice operation will be lower

Capital expenditure well within targets in 2010 and 2011

this year compared with 2010. Although we shall continue to invest heavily in these projects and in normal replacement and ICT, capital expenditure will remain well within the target of 2% of sales.
We also intend to make substantial disposals among the projects included in assets held for sale, which consist almost entirely of supermarkets.

These include former Golff stores which are being transferred to Spar and other parties in early 2011.

We intend to dispose of the related property in 2011.

That applies also to a number of Sanders relocation projects, but the timing will depend on how soon the replacement sites are ready.

I'm proud of our distinctive products

Jos Bus

RESULTS

Goals

- To increase sales by an average of 10% a year, with at least a comparable increase in net profit.
- To distribute about 50% of the year's profit.

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 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 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. The individual businesses strive to optimise their activities by using a series of practical performance indicators that each employee can understand, in combination with internal benchmarking.

Indirectly, therefore, everyone is working to optimise the overall group result. This detailed management information serves as the basis for our investment decisions. We attach greater value to this information than to the traditional calculations used for investments and formal bottom-up decision-making. 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 with 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 it does not 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	
	2010	2009	2010	2009
Net sales	**2,286.3**	**2,258.0**	**100.0**	**100.0**
Cost of sales	(1,757.7)	(1,732.3)	(76.9)	(76.7)
Gross margin	**528.6**	**525.7**	**23.1**	**23.3**
Other operating income	**4.8**	**1.6**	**0.2**	**0.1**
Total operating expenses	**(442.5)**	**(429.1)**	**(19.3)**	**(19.1)**
Operating profit	**90.9**	**98.2**	**4.0**	**4.3**
Net financial income and expense	0.7	(0.3)	0.0	(0.0)
Profit before tax	**91.6**	**97.9**	**4.0**	**4.3**
Tax	(21.4)	(23.6)	(0.9)	(1.0)
Profit for the year	**70.2**	**74.3**	**3.1**	**3.3**

Increasing competition is exerting heavy pressure on prices

Net sales rose 1.3% to €2,286.3 million in 2010. The 2009 financial year included an extra 53rd week, which generated additional sales of €40 million, compared to the extra €25 million of sales in 2010 attributable to the acquisition of Sanders. Disregarding these factors and changes in the supermarket locations, organic growth in net sales in 2010 turned out at 3.6%. Foodservice sales recorded organic growth of 2.8% in 2010, in a market that shrank by at least 2%, increasing our market share by 0.8 points to 18.2%.

As in 2009, food retail performed strongly again in 2010. Like-for-like sales growth was 5.3% overall. EMTÉ reported growth of no less than 6.1%, as in 2009 outperforming the market by around 4 points. This growth is attributed to the successful implementation of the Food Retail Masterplan.

The deflationary price trend of early 2010 turned into a modest inflationary trend in the second half of the year, largely due to rising prices of food commodities on the world market.

Gross profit as a percentage of sales was 0.2 points lower at 23.1%. Changes in the mix of business activities had little effect in 2010. Gross profit was under pressure from growing competition, mainly reflecting the critical stance adopted by consumers in making their spending decisions. An additional factor in the supermarket sector was the major discounting campaign mounted by Albert Heijn, which resulted in many price cuts. There was also intense competition on price in the foodservice market, as it has been contracting for several years.

Total operating income was a percentage of sales increased 0.2 points to 19.3%, mainly due to the €5 million of accelerated depreciation in connection with the 'Greater Amsterdam' project, which has also incurred non-recurring expenses of several million euros. It should also be noted that, although there were 53 weeks in 2009, many expenses are accounted for on a monthly basis, which benefits expenses in 2009 in this comparison.

Other operating income was over €3 million higher in 2010, rising to almost €5 million. This item includes book profits on supermarkets we have sold, having sustained losses in previous years on the sale of supermarkets as part of the Food Retail Masterplan.

Reflecting the pressure on margins and higher expenses, some of which were non-recurring, operating profit was down over €7 million at close to €91 million. As a percentage of sales, this represented a fall of 0.3 points to 4.0%.

As already mentioned, the non-recurring expenses relating to the 'Greater Amsterdam' project and the effect of the extra 53rd week in 2009 must be taken into account when comparing the 2010 operating profit with the 2009 figure.

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

	Foodservice		Food retail		Total	
	2010	2009	2010	2009	2010	2009
Net sales	1,548.5	1,531.1	737.8	726.9	2,286.3	2,258.0
Other operating income	(0.4)	(0.2)	5.2	1.8	4.8	1.6
Gross operating profit (EBITDA)	110.3	120.1	35.2	28.7	145.5	148.8
Operating profit (EBIT)	77.7	92.7	13.2	5.5	90.9	98.2
Net capital employed (year-end)[1)]	424.2	426.1	221.4	177.3	645.6	603.4
Gross operating profit as % of sales	7.1	7.8	4.8	3.9	6.4	6.6
Operating profit as % of sales	5.0	6.1	1.8	0.8	4.0	4.3
Operating profit as % of average net capital employed[1)]	18.3	22.1	7.0	3.0	14.8	16.3

1) Excluding investments in associates. Profit figures include one quarter's results of Sanders following acquisition.

In absolute terms, the operating profit generated by foodservice in 2010 was down €15 million compared with 2009, which as a percentage of sales equates to a decrease of 1.1 point to 5.0%. As mentioned above, the non-recurring expenses relating to the 'Greater Amsterdam' project in 2010 were a major factor. We estimate the total negative effect of these expenses on operating profit at around €10 million, of which over half is non-cash.

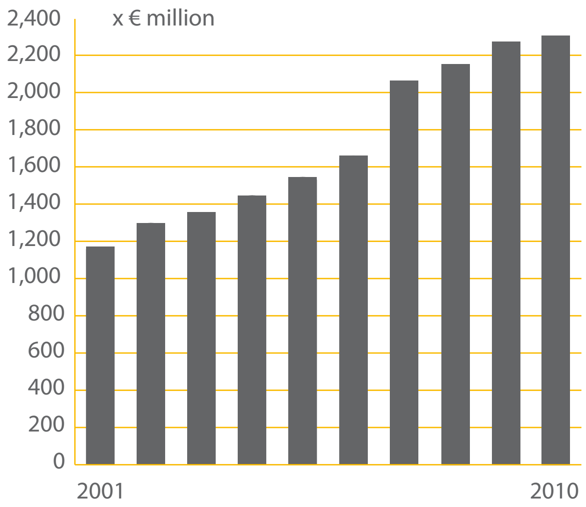
The food retail operating profit was almost €8 million higher at just over €13 million, more than €3 million of which reflected higher other operating income. Most of the gain can be attributed to the effects of the actions taken under the Food Retail Masterplan, but it also includes the contribution made by Sanders.

In both foodservice and food retail, the 2009 profit figure benefited from the 53rd week to the tune of several million euros.

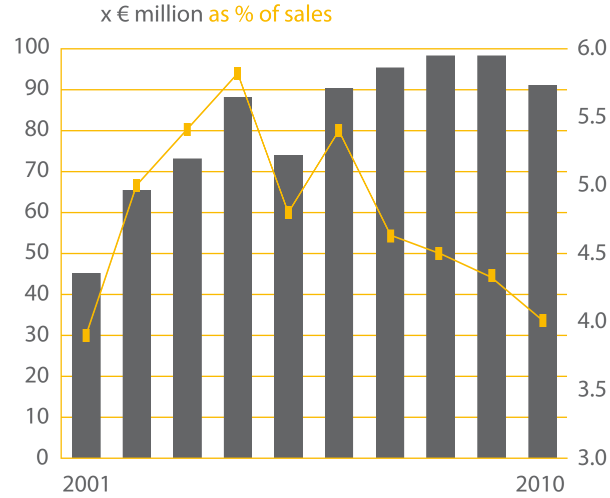
Financial expense was slightly lower again in 2010, reflecting the improved debt position. Interest rates for floating-rate loans were at a historical low throughout 2010. The share in the profits of associates, most of which was received in the form of dividend, showed little change compared with the year before.

Net profit for the year was down 5.5% at €70.2 million. Earnings per share, calculated on the average number of shares in issue (excluding treasury shares), were 5.4% lower at €1.59, compared with €1.68 in 2009. It is our intention to increase the pay-out ratio gradually to 50% of net profit. It is accordingly proposed to distribute a dividend of €0.70 per share in respect of 2010, which equates to a pay-out ratio of 44%.
To mark the group's 75th anniversary on 19 April 2010, an anniversary dividend of €1.00 was distributed in respect of the 2009 financial year.

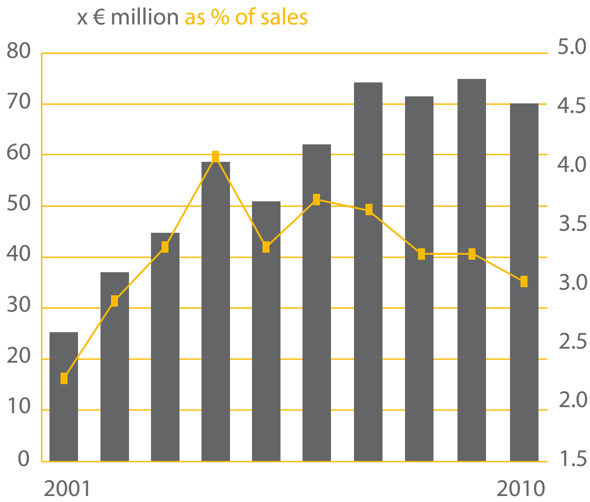
Sales



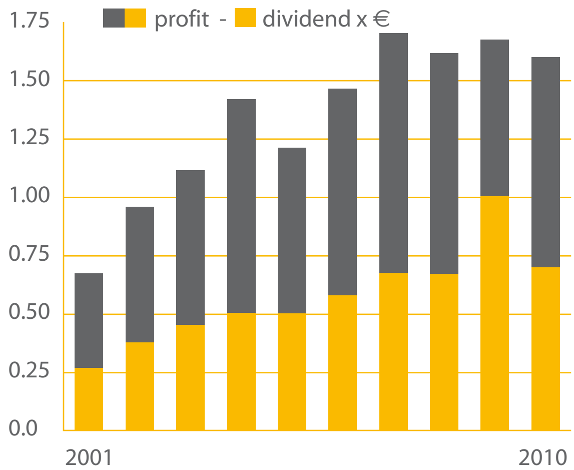
Operating profit



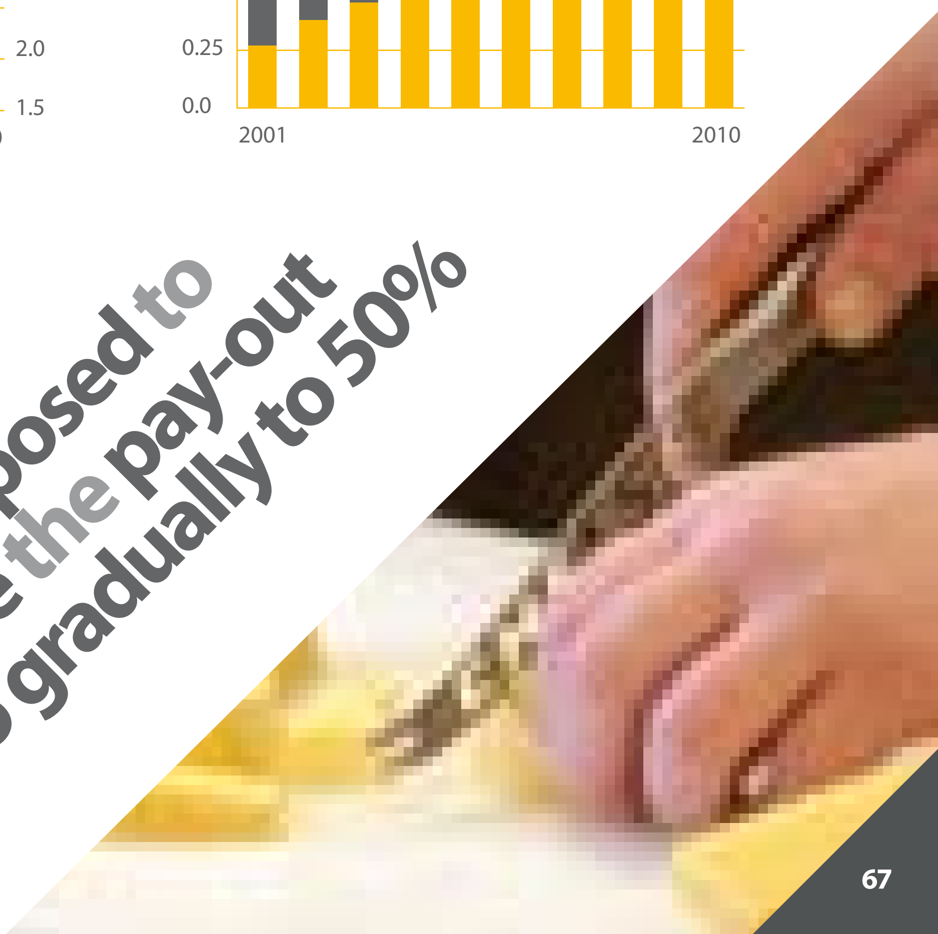
Net Profit



Per share



It is proposed to increase the pay-out ratio gradually to 50%



OUR PREMISES IN MORE DETAIL

Sligro Food Group has an extensive network of supermarkets, cash-and-carry wholesale outlets, distribution centres and other properties, some of which are owned and the rest leased, as shown in the analysis on page 70.

We are comfortable with our large property holdings and have not set a specific target for the ratio between owned and leased property. In the supermarket segment in particular, having the right locations is a major factor in the success of our operations. However, government restrictions mean that we are not free to open supermarkets where we choose, which is why access to good locations is a key consideration in (potential) acquisitions. This is generally less of an issue for the foodservice operation, because there are fewer restrictions.

In August 2010, the IASB and FASB published a joint exposure draft on lease accounting, under which the right to use the leased item is treated as an asset and the obligation to pay rent is treated as a liability.

If the standard is introduced in its present form, it will have a significant effect on company financial statements, both on the balance sheet and on the determination and composition of the result. Although many of the details have not yet been finalised, we have attempted to show in broad outline what effect this may have on our figures, based on the situation as at year-end 2010.

The exposure draft prescribes a detailed calculation method (which is still under discussion). It would be going too far to perform this calculation in full simply to show in broad outline the effects this change may have.

On practical grounds, therefore, we have decided to base the calculation on averages rather than the specific circumstances for each individual location.

I work with my husband as part of a close-knit team

Katarzyna Szymoniak

Properties in ownership and on lease as at year-end are analysed as follows:

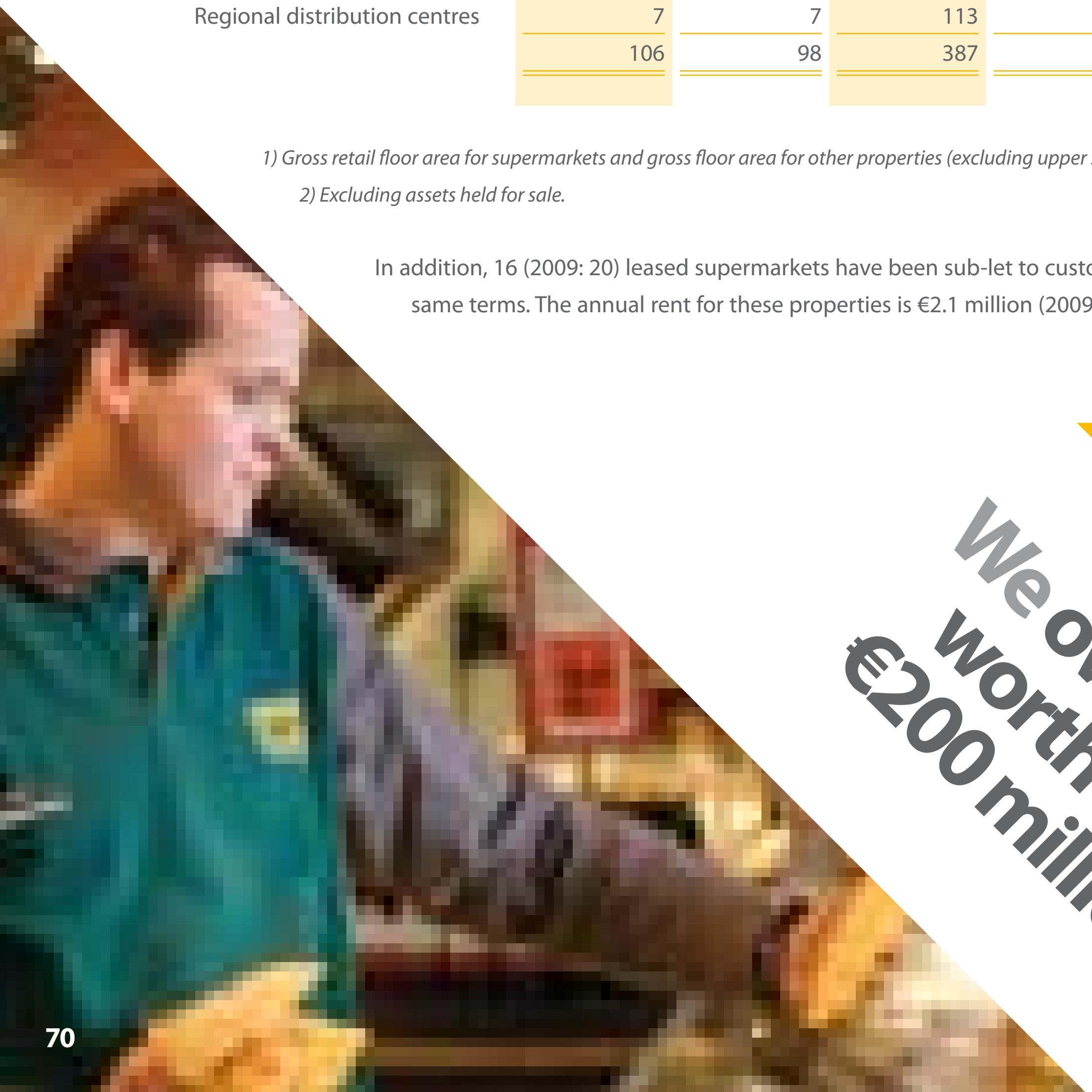
	Number		Area[1] x 1,000 m²		Carrying amount[2] x € million	
	2010	2009	2010	2009	2010	2009
Owned						
Supermarkets						
operated by the Group	21	10	30	17	40.9	26.4
leased to customers	11	18	12	19	15.9	24.5
Cash-and-carry wholesale outlets	22	22	146	140	56.6	58.8
Regional distribution centres	4	4	61	58	20.1	21.1
Central distribution centre	1	1	136	136	50.6	51.7
Production units	4	4	18	17	13.1	15.6
	63	59	403	387	197.2	198.1

	Number		Area[1] x 1,000 m²		(Gross) annual rent[2] x € million	
	2010	2009	2010	2009	2010	2009
Leased						
Supermarkets						
operated by the Group	76	68	118	111	15.5	14.6
Cash-and-carry wholesale outlets	23	23	156	156	9.3	9.0
Regional distribution centres	7	7	113	91	5.8	8.3
	106	98	387	358	30.6	31.9

1) Gross retail floor area for supermarkets and gross floor area for other properties (excluding upper storeys).

2) Excluding assets held for sale.

In addition, 16 (2009: 20) leased supermarkets have been sub-let to customers of the group on virtually the same terms. The annual rent for these properties is €2.1 million (2009: € 2.3 million).



We own property worth almost €200 million

The exposure draft is based on economic rental periods, including extension options, instead of legally binding rental periods. In our situation, this means that the economic rental period generally exceeds the legally binding rental period, often by a significant margin. In the case of the supermarket locations, this is usually due to the limited availability. In the foodservice business, tenants often make substantial investments in leased premises. Experience has also shown that relocation is infrequent, provided there is sufficient scope for expansion. Under Dutch law, the owner of a supermarket property (classed as a 'retail location') cannot generally reclaim the property on expiry of the lease if the tenant is willing to renew. This is possible in the case of leases for other types of property ('business locations') but this seldom happens if the tenant continues to pay a market rent.

On this basis, we have made the following assumptions in measuring the right of use in order to give an insight into main effects of this change:

	Current average net annual rent[1] x €1,000	*Estimated remaining term in years*	*Assumed annual rent indexation in %*	*Interest rate[2]*
Supermarkets	190	25	2	5.0
Cash-and-carry wholesale outlets	375	20	2	4.5
Regional distribution centres	770	15	2	4.0

1) The exposure draft requires the calculation to be based on net rents, after deduction of expenses such as property charges.

2) The interest rate is based on the estimated remaining term in years and is used to calculate the present value of future indexed rent payments over the assumed remaining term.

Based on these assumptions, the 'initial value' of the right of use (and the related liability) is calculated per location as follows:

	x € million
Supermarkets	3.3
Cash-and-carry wholesale outlets	5.8
Regional distribution centre	9.9

Under the assumptions applied in accordance with the exposure draft, the value of the right of use may be (and in this case is) higher than the market value of the property. We estimate this at around 14.5 times the net annual rent for supermarkets and around 13 times the net annual rent for the other locations, assuming rents at market levels and a lease period of ten years, with the lessee having the option of renewal for two five-year periods (a common contract variant). One factor here is our access to relatively cheap borrowings. Based on the number of locations as at year-end 2010, the total value of the right of use (and the related liability) is:

	Per location	*Number*	*Total value x € million*
Supermarkets	3.3	76	251
Cash-and-carry wholesale outlets	5.8	23	133
Regional distribution centres	9.9	7	69
			453

The exposure draft will have a very significant effect on the figures

Accounting for leased premises in this way will have a material effect on the balance sheet ratios, as the following analysis shows:

	2010 Financial statements	*Right of use as asset/rental commitment*
Non-current assets	553	1,006
Total assets	937	1,390
Shareholders' equity	500	500
Interest-bearing debt and present value of rental commitment	226	679

Because the new standard will have a substantial effect on some of the financial ratios currently in use, we have agreed in the contracts we have entered into with our lenders in recent years that this potential change to the reporting rules can be disregarded when assessing compliance with the covenants.

As well as the balance sheet, the new standard will also affect the profit and its composition, due inter alia to straight-line amortisation of the right of use and treatment of the lease payments on an annuity basis.

On the basis of the above figures, we estimate the effect in year 1 and year 5 as follows:

	Year 1 x € million				Year 5 x € million			
	Amorti-sation	Interest	Expenses	Total	Amorti-sation	Interest	Expenses	Total
New treatment								
Supermarkets	10.0	12.6	1.1	23.7	10.0	12.1	1.2	23.3
Cash-and-carry wholesale outlets	6.7	6.0	0.7	13.4	6.7	5.4	0.8	12.9
Regional distribution centres	4.6	2.8	0.4	7.8	4.6	2.3	0.4	7.3
Total	21.3	21.4	2.2	44.9	21.3	19.8	2.4	43.5
Current treatment (rent liability)								
Supermarkets				15.5				17.1
Cash-and-carry wholesale outlets				9.3				10.3
Regional distribution centres				5.8				6.4
Total				30.6				33.8
Net increase in expenses				14.3				9.7

The difference will obviously be reversed in the (far) distant future, but the new treatment will mean a substantial frontloading of expenses while cash flow remains unchanged. In past years, there has been a strong correlation between Sligro Food Group's net profit and free cash flow. As the following analysis shows, the new standard will affect both the level and composition of the profit:

	2010 Financial statements	Right of use as asset/rental commitment	
		Year 1	Year 5
Profit before tax	92	78	82
Operating profit	91	98	101
Gross operating profit	146	174	177

Given the importance that the financial markets currently attach to particular ratios, adoption of the exposure draft in its present form will prompt serious debate on interpretation within businesses that lease property on a large scale, such as retailers.

We realise that the above remarks address only some of the problems presented by the exposure draft. Compared with those, the potential impact of the other changes will be relatively minor in our case, but it would be advisable to re-examine the proposed rules against the background of this realistic example. It does not in any case appear logical to attribute a higher value to a lease than the market value of the property itself. It should also be borne in mind that, although the assumptions regarding lease period, rent and interest rate are to some extent subjective, they have a significant effect on the outcome.
In conclusion, the impact of this exposure draft on profit and its composition will be substantial and the divergence between cash flows and profits will be greater and more protracted.

FINANCING

Goals

- To ensure sufficient finance is available under credit facilities and the company comfortably meets the stipulated ratios.
- To issue shares, only for major acquisitions that make a direct contribution to earnings per share.

Now that the smoke has cleared after the credit crisis, it is apparent that relationships on the credit market have changed and that risk now commands a far higher price. In some countries, the risk premiums that have to be paid are much higher than was usual in the past.

The same applies to many financial institutions, which are also being forced by their regulators to reduce their leverage, and this has made bank borrowing less attractive for us. These new circumstances are not, however, prejudicial to Sligro Food Group.

As a financially sound business, we have access to the capital market. Long-term investors are willing to lend to us directly on attractive terms, rewarding us for our prudent financial policy. Credit spreads may be a little higher than a few years ago, but the risk-free interest rate has fallen so far that the total interest coupon is ultimately lower.

We took advantage of the market conditions to safeguard our entire financing requirement for an extended period. Having awoken the capital market's interest in a new USPP transaction in 2009, we took the opportunity at the time of the Sanders acquisition to refinance our bank debt.

The risk-free interest rate fell to an all-time low in August, just as we completed our preparations.

In retrospect, our timing was indeed fortuitous, because the interest rate has risen over half a point since then. We raised the equivalent of €114 million in the form

As far as meat's concerned, it's always Christmas

John van den Elshout

7-year and 10-year notes, at interest rates (including all swap and other costs) of almost 3.5% and 4%, respectively. Given the attractiveness of these terms, we opted for fixed interest. By year-end 2010 we had borrowed a total of €220 million divided roughly equally over terms of 1, 4, 7 and 10 years, giving a good spread of repayment liabilities.

The new funds have been used to repay all bank debt and create a liquidity buffer of over €50 million. The bank credit facilities remain unchanged at €140 million, of which half has been committed. We are therefore very well funded and in a position to grasp opportunities (including acquisitions) as they arise, but we are sufficiently disciplined to reject them if the terms are unattractive or if we have other priorities.

That there were no substantial transactions in the foodservice market in 2010 is surprising, given the difficult conditions the market has experienced in recent years. In food retail, the main transactions were the sale of Super de Boer stores and our acquisition of Sanders Supermarkten.

We take great care to preserve our relationship not only with providers of borrowings, but also with shareholders, both institutional and private. We do so via transparent and consistent communication and information access. We were again pleased to receive several awards in 2010 for our investor relations and the quality of our reporting.

Complementing the capital market transaction referred to above, we also strengthened our financial position in 2010, for the third year in succession, by generating free cash flow approximately equal to net profit.

Having raised the group's cash-generating capacity, we now propose to allocate a larger share of the profit to our shareholders. We propose to make two amendments to dividend policy, which has remained unchanged since our flotation:

- cash dividend only, no stock dividend;
- increase payout ratio gradually from 40% to 50%.

We shall still generate sufficient resources to fund our unchanged growth policy largely internally, supplemented with borrowed capital.

There was little change in working capital in 2010, as this analysis shows:

	2010	2009
Current assets, excluding cash and cash equivalents	316.5	304.4
Current liabilities, excluding interest-bearing items	(178.4)	(182.4)
	138.1	122.0

Almost €9 million of the increase in working capital was due to a temporary increase in assets held for sale and a further €4 million was added in connection with the Sanders takeover. The level and composition of the working capital was also affected by the Vemaro project, which resulted in a reduction of around €10 million in inventories and receivables compared with year-end 2009, balanced by a reduction of about €8 million in amounts owed to suppliers. Half of this latter amount relates to the shortening of the payment period required by a major tobacco supplier, in exchange for improved terms and conditions.

A summary of the cash flow statement is given below (x € million):

	2010	2009
Net cash flow from operating activities	106.9	123.3
Net cash flow from investing activities, excluding net effect of acquisitions	(40.6)	(50.2)
Free cash flow	66.3	73.1
Used to fund		
Net acquisitions	(41.1)	1.3
Payment of dividend and repurchase of own shares	(47.7)	(18.9)
Net change in debt and cash and cash equivalents	(22.5)	55.5

A non-recurring payment to the pension fund accounted for €6 million of the decrease in cash flow from operating activities in 2010. We foresee no material changes in our financing in 2011.

OUTLOOK

We are directly and indirectly dependent on Dutch consumers' expenditure on food, and those consumers are still holding back on spending, even though the economy is not in bad shape and they have not suffered a significant reduction in purchasing power. The actual economic conditions, including purchasing power, are not expected to change much in 2011 and the outlook for employment is not bad. Consumers' worries may therefore be more 'in the mind', but the fact remains that they are now being more careful with their money. In our sector, an added factor is the upward pressure on prices from the recent relatively sharp rise in food commodity prices, which means that consumers will be paying higher prices but not getting more products in return.

Foodservice market

Against this background, there may not be much reason for optimism, but we do not consider it likely that the foodservice market will continue to contract for a third successive year. One significant factor has been how the hospitality sector had responded to the changing demand and focused even more closely on value for money in terms of the price/quality ratio. Keep tight control of prices, give the best possible service and master the art of filling the customer's needs, because that is what generates sales and margin. We note that some of our customers, namely those who focus specifically on those factors, perform far better than the market as a whole. We can benefit from this trend towards greater value for money, through our range of convenience products for the hospitality sector and our rational approach, from electronic order processing to efficient, high-quality logistics.

As is so often the case in times of economic pressure, competition will remain strong in the period ahead. The supermarkets are engaged in an intense competitive battle, centring mainly on the prices of manufacturer brands. Because many of these items are being sold at a loss on a structural basis, rising inflation means that consumers retain only vestiges of the 'attractive pricing' signal. This effect is further intensified by heavy promotional pressure. Although competition in foodservice is about much more than price, the battle for shares of the shrinking cake will continue in 2011.

Expansion

Expansion is essential in these market conditions, because it places you in a stronger purchasing position and can reduce your relative costs. Given the pressures acting on the market, more acquisition opportunities can be expected in the future, a situation for which we have been preparing our organisation over the past few years.

The food retail division is busy implementing the Masterplan and the action taken under the Food Retail Masterplan to boost sales in recent years has not yet reached full effectiveness

In the foodservice division, the 'Greater Amsterdam' project is nearing completion and the second phase of the mobile PLOP-project is entering its important second year. This project will yield substantial cost savings and further improve the quality of service. For the first time, the delivery business now has a service concept for both regional and national customers that can be rolled out nationwide. The foodservice cash-and-carry business has been operating such a concept for several years and it has on balance served these locations very well. When the market starts to pick up, we shall be well placed to benefit.

Our financial position has been further strengthened in 2010, so that we can move quickly when these opportunities arise. Meanwhile, we shall continue on our chosen course and work to advance our market position in both segments. Given our high operating leverage, our chosen strategy is to stimulate volume.

Conclusion

To summarise, we envisage no relaxation of the heavy pressure on prices in 2011. Those conditions demand the exercise of skilful margin management and rigorous cost control, without fundamentally affecting the quality of service. There is every indication that the wave of consolidation will continue and we shall continue to grasp the opportunities as they arise, provided the terms are reasonable. In the light of the action we have taken and the investments we have made in recent years, we are confident that Sligro Food Group will continue to play a leading role in its markets. We also look forward to lower net non-recurring costs than in 2010. However, we prefer not to give firm forecasts at this stage.

We will provide more information on developments in the first quarter of 2011 in our trading update on 21 April 2011. Our half-year figures will be published on 21 July 2011.

A leading role in our markets

DIRECTORS' STATEMENT OF RESPONSIBILITIES

In accordance with the statutory provisions, the directors state that, to the best of their knowledge:

1. The financial statements, as shown on pages 88-141 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the financial year of Sligro Food Group N.V. and its subsidiaries included in the consolidated statements.
2. The annual report, as shown on pages 16-79 of this report, provides a true and fair view of the position at the balance sheet date and the business conducted during the financial year of Sligro Food Group N.V. and its subsidiaries, details of which are contained in the financial statements. The annual report provides information on any material risks to which Sligro Food Group is exposed.

K.M. Slippens, Executive Board Chairman
H.L. van Rozendaal, Finance Director
J.H.F. Pardoel, Director of Food Retail
J.H. Peterse, Director of Foodservice

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'). 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 2010 annual report and are deemed to be included and repeated here.

- the information on compliance with the principles and best-practice provisions of the Code (page 58 'Corporate Governance');
- the information on the principal features of the management and control system relating to the group's financial reporting process (page 56 '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 they can be exercised (page 59 'Annual general meeting of shareholders');
- the composition and functioning of the Executive Board (page 14 'Directors and management', page 58 'Executive Board' and page 110 ' Executive Board terms of employment');
- the composition and functioning of the Supervisory Board (page 14 '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 58 'Executive Board' and page 58 'Supervisory Board');
- the rules for amendment of the company's articles of association (page 59 'Annual general meeting of shareholders');
- the powers of the Executive Board to issue and repurchase shares (page 59 '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 126;
- transactions with related parties (page 58 'Corporate Governance' and page 134 'Related party disclosures').

From left to right:
Adriaan Nühn, Frank De Moor,
Ronald Latenstein van Voorst
and Dorine Burmanje

REPORT OF THE SUPERVISORY BOARD

....and now seize the moment!

Although the economy recovered to some extent in 2010 from the severe impact of the credit crisis, this was not reflected in the Dutch consumer's buying behaviour. Supermarket shoppers are more than ever seeking out special offers, customer numbers in the restaurant sector are falling slightly and diners are tending to trade down, choosing the € 25 menu in preference to the € 35 option. Supermarket sales have seen only a modest year-on-year rise and the foodservice market has contracted slightly, which we were not expecting after the sharp reduction in spending in 2009.
We are pleased to note that Sligro Food Group outperformed the market in both segments by a substantial margin. The Food Retail Masterplan has been so successful that EMTÉ has posted the highest like-for-like sales growth of all the Dutch supermarket formats for the past two years. It is sometimes forgotten that Sligro has long had a good sales track record.

Our slogan for 2010 was: '...and now seize the moment!' Our performance shows that Sligro Food Group has made good its promise.

Result and dividend

Foodservice had a difficult year in 2010. The market was less than buoyant and substantial non-recurring expenses were incurred on the 'Greater Amsterdam' project. Some of these expenses, including the extra depreciation, had been planned for, but others were due to problems in executing this ambitious project. Fortunately, customers were inconvenienced for only a short time and the organisation is now robust and stable.

Thanks to the successful implementation of the Masterplan and the strong sales performance, food retail posted an improved result, in line with expectations, in difficult market conditions.

Net profit was down by over € 4 million or 5.5% in 2010 at € 70.2 million, from which we may conclude that, far from having a significant impact on results, the crisis of recent years has only put a brake on the group's profit growth. These figures are disclosed in the 2010 financial statements prepared by the Executive Board, with which we are in agreement.

An anniversary dividend of €1.00 was distributed in respect of the 2009 financial year, to mark the group's 75th anniversary. In view of the improvement in the group's financial position and free cash flow, it is proposed to increase the pay-out ratio gradually to 50% of the profit over the coming years. A dividend is proposed for 2010 of € 0.70 per share, which equates to a pay-out ratio of 44%.

Supervision

The Supervisory Board met formally on five occasions in 2010. One member was unable to attend two of the meetings and one member was unable to attend one of the meetings. An additional meeting was held to discuss the group's business strategy and integrated business model, at which it was decided that the strategic course outlined in this report remained equally relevant and realistic, as did the view given of the number of potential acquisition candidates on the Dutch market.

There were also various discussions during the year between individual members of the Supervisory Board and Executive Board and relatively close contact between them via the chairman. On two occasions in 2010, a member of the Supervisory attended a consultation meeting with the Works Council as an observer. We were pleased to note that discussions between the Executive Board and the Works Council were conducted in an open and constructive manner.

As is customary, 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:

- developments in the food retail market;
- the progress of the Food Retail Masterplan, including the results of the conversion of Golff stores to the EMTÉ franchise format and the reFreshed EMTÉ format. The Board also visited one of the supermarkets;
- the takeover of Sanders Supermarkten and the EMTÉ integration plan (the EM-TWEN-T É project);
- the introduction of a share option scheme for the Executive Board and senior management;
- Sligro Food Group's 75th anniversary and the related anniversary dividend;
- progress with the 'Greater Amsterdam' project, which integrates the foodservice delivery operations in the Amsterdam region;
- the progress of the PaperLess Order Picking (PLOP) project;
- long-term financing with a US private placement;
- employee satisfaction and CSR policy;
- assessment of the consequences of having no internal audit function;
- AFM's observations on the 2009 annual report;
- the budget for the new year.

Risk management

Each year the Supervisory Board also asks relevant officers to provide information on specific elements of the business. This year the subjects discussed included the group's position in the institutional market.

One meeting each year is specifically devoted to discussing the group's risk management and control systems with the Executive Board. At a meeting which is not attended by the Executive Board, there is a discussion of cooperation between the Executive Board and the Supervisory Board based on their individual written assessments. We again concluded that there was a good working relationship between the two boards. The management letter and the audit findings on the administration and internal control structures are also discussed with the auditors during this meeting.

Executive Board terms 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. Its main points are that:

- 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.

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 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 objectives are achieved at the target level. In 2010, achieving the profit targets set in the budget accounted for half of the bonus and the remainder was conditional upon achieving substantial progress in implementing the Food Retail Masterplan and the PLOP and 'Greater Amsterdam' projects.

The overall ratio of 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 long-term value creation.

An option plan was introduced in 2010 in the interests of:

- loyalty and improved terms of employment;
- value creation;
- greater employee participation;

The option plan, details of which are posted on the website, was approved by the general meeting of shareholders on 17 March 2010.

The variable remuneration in 2010 amounted to 55% of the 'on target' bonus level. Executive Board remuneration is compared periodically with data available on other market parties. 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 unspecified 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 in line 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.

Changes in the composition of the Supervisory and Executive Boards

Mr. J.H. Peterse has given notice that he wishes to terminate his employment with effect from 1 March 2011. The process of finding a suitable successor is already under way.

Financial statements

The 2010 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 140. We propose that you:

- adopt the 2010 financial statements;
- adopt the proposed profit distribution;
- endorse the Executive Board's conduct of the company's affairs;
- endorse the supervision exercised by our Board.

Thanks to the efforts of the Executive Board and all the staff, Sligro Food Group performed reasonably well in 2010 despite the adverse market condition and, most importantly, built a solid foundation for future growth. We thank them most sincerely.

Veghel, 27 January 2011

Supervisory Board

A. Nühn (57)

Supervisory Director, Dutch nationality (m). Appointed in 2009 until 2013 and eligible for reappointment. Supervisory Director of Macintosh Retail Group N.V., Stern Groep N.V., Alpinvest Partners, Leaf, Anglovaal Industries, Heiploeg, Plukon Royale and member of the Board of Trustees of WWF-Netherlands (World Wide Fund for Nature).

Ms T.A.J. Burmanje (56)

Supervisory Director, Dutch nationality (f). Appointed in 2008 until 2012 and 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., Weurt, and chair of the Supervisory Board of Canissius Wilhelmina hospital.

R.R. Latenstein van Voorst (46)

Supervisory Director, Dutch nationality (m). Appointed in 2008 until 2012 and 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.

F.K. De Moor (48)

Supervisory Director, Belgian nationality (m). Appointed in 2004 and reappointed in 2008 until 2012 and not eligible for reappointment. Executive Board Chairman of Macintosh Retail Group N.V. and Supervisory Director of Mediq N.V.

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.

Every season is different –
that's what I like

Bas Broeders

FINANCIAL STATEMENTS 2010

Sligro FOOD GROUP N.V.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR 2010

(x €1,000)

	Notes	2010	2009	2008
Revenue	**2,3**	**2,286,261**	**2,258,021**	**2,167,585**
Cost of sales		(1,757,649)	(1,732,311)	(1,651,526)
Gross margin		**528,612**	**525,710**	**516,059**
Other operating income	**4**	**4,809**	**1,614**	**8,171**
Staff costs	5	(231,162)	(223,080)	(220,997)
Premises costs		(60,271)	(60,743)	(59,635)
Selling costs		(19,347)	(18,298)	(20,842)
Logistics costs		(64,070)	(63,024)	(62,115)
General and administrative expenses		(13,052)	(13,416)	(13,808)
Depreciation of property, plant and equipment	11	(46,718)	(42,406)	(40,211)
Amortisation of intangible assets	10	(7,873)	(8,174)	(8,069)
Total operating expenses		**(442,493)**	**(429,141)**	**(425,677)**
Operating profit	**3**	**90,928**	**98,183**	**98,553**
Finance income	8	197	353	1,188
Finance expense	8	(4,885)	(6,410)	(12,232)
Share in results of associates	13	5,406	5,768	4,838
Profit before tax		**91,646**	**97,894**	**92,347**
Tax	9	(21,450)	(23,584)	(20,999)
Profit for the year		**70,196**	**74,310**	**71,348**
Attributable to shareholders of the company		**70,196**	**74,310**	**71,348**

Figures per share		**€**	**€**	**€**
Basic earnings per share	20	1.59	1.68	1.63
Diluted earnings per share	20	1.59	1.68	1.63
Proposed dividend	19	0.70	1.00	0.65

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR 2010

(x €1,000)

	2010	2009
Profit for the year	70,196	74,310
Effective part of movements in the fair value of cash flow hedge of long-term loans, net of tax	(1,640)	(2,142)
Reclassified to consolidated profit and loss account	161	435
Actuarial gains and losses on defined-benefit plans, net of tax	(3,984)	2,585
Share-based payments, net of tax	668	0
Income and expense recognised directly in shareholders' equity	(4,795)	878
Recognised income and expense for the year	**65,401**	**75,188**
Attributable to shareholders of the company	**65,401**	**75,188**

CONSOLIDATED CASH FLOW STATEMENT
FOR 2010

(x €1,000)

	Notes	2010	2009	2008
Receipts from customers		2,479,140	2,464,314	2,350,712
Other operating income		3,549	2,911	3,590
		2,482,689	2,467,225	2,354,302
Payments to suppliers		(2,037,760)	(2,014,013)	(1,931,487)
Payments to employees		(121,923)	(118,770)	(116,829)
Payments to the government		(194,944)	(184,088)	(177,136)
		(2,354,627)	(2,316,871)	(2,225,452)
Net cash generated from operations	30	128,062	150,354	128,850
Interest received		197	352	1,188
Dividend received from associates	13	4,412	3,568	1,014
Interest paid		(4,573)	(7,194)	(12,411)
Corporate income tax paid		(21,240)	(23,756)	(15,817)
Net cash flow from operating activities		**106,858**	**123,324**	**102,824**
Acquisitions/investments	1	(43,718)	(40)	(6,600)
Sale of associates/operations	1	2,641	1,290	5,483
Capital expenditure on property, plant and equipment/investment property/assets held for sale	11	(43,130)	(49,209)	(46,901)
Receipts from disposal of property, plant and equipment/investment property/assets held for sale		5,934	1,410	19,502
Capital expenditure on intangible assets	10	(2,608)	(1,518)	(1,451)
Investments in/loans to associates	13	(1,188)	(1,000)	(30)
Repayments by associates	13	430	188	62
Net cash flow from investing activities		**(81,639)**	**(48,879)**	**(29,935)**
Repayment of long-term borrowings	22	(49,087)	(30,714)	(28,151)
Proceeds from long-term borrowings	22	114,399		
Paid to joint venture		(100)	(1,050)	(750)
Repurchase of own shares		(3,580)		
Dividend paid		(44,071)	(18,880)	(13,855)
Net cash flow from financing activities		**17,561**	**(50,644)**	**(42,756)**
Movement in cash, cash equivalents and short-term bank borrowings		**42,780**	**23,801**	**30,133**
Opening balance		24,684	883	(29,250)
Closing balance		**67,464**	**24,684**	**883**

CONSOLIDATED BALANCE SHEET
AS AT 1 JANUARY 2011 BEFORE PROFIT APPROPRIATION

(x €1,000)

ASSETS	***Notes***	***01-01-2011***	***02-01-2010***	***27-12-2008***
Goodwill	10	126,287	127,547	127,547
Other intangible assets	10	57,146	42,261	48,917
Property, plant and equipment	11	304,544	284,381	282,988
Investment property	12	15,945	24,499	25,186
Investments in associates	13	42,934	41,771	39,582
Other financial assets	13	6,467	2,640	1,745
Total non-current assets		**553,323**	**523,099**	**525,965**
Inventories	14	195,047	189,282	199,652
Trade and other receivables	15	105,181	107,716	119,486
Other current assets	16	3,526	3,789	4,777
Corporate income tax	9	863	529	0
Assets held for sale	17	11,906	3,097	1,847
Cash and cash equivalents	18	67,464	24,684	23,426
Total current assets		**383,987**	**329,097**	**349,188**
Total assets		**937,310**	**852,196**	**875,153**

EQUITY AND LIABILITIES	***Notes***	***01-01-2011***	***02-01-2010***	***27-12-2008***
Paid-up and called capital		2,655	2,655	2,622
Reserves		497,418	479,668	423,393
Total shareholders' equity attributable to shareholders of the company	19	**500,073**	**482,323**	**426,015**
Deferred tax liabilities	9	29,097	24,007	19,834
Employee benefits	5	3,042	7,055	14,032
Other provisions	21	221	316	213
Long-term borrowings	22	173,254	128,283	153,905
Total long-term liabilities		**205,614**	**159,661**	**187,984**
Current portion of long-term borrowings	22	53,232	27,850	30,652
Bank borrowings	22	0	0	22,543
Trade and other payables	31	106,906	109,784	128,743
Corporate income tax	9	0	0	3,516
Other taxes and social security contributions	23	22,176	22,874	27,847
Other liabilities, accruals and deferred income	24	49,309	49,704	47,853
Total current liabilities		**231,623**	**210,212**	**261,154**
Total equity and liabilities		**937,310**	**852,196**	**875,153**

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY
FOR 2010 BEFORE PROFIT APPROPRIATION

(x €1,000)

	Paid-up and called capital	Share premium	Other reserves	Revalua-tion reserve	Hedging reserve	Reserve for own shares	Total
Balance as at 27-12-2008	**2,622**	**31,139**	**386,077**	**5,059**	**1,118**	**0**	**426,015**
Transactions with owners							
Stock dividend	33	(33)					0
Dividend paid			(18,880)				(18,880)
	33	(33)	(18,880)	0	0	0	(18,880)
Total realised and unrealised results							
Profit for the year			74,310				74,310
Investment property			49	(49)			0
Cash flow hedge					(2,142)		(2,142)
Reclassification					435		435
Actuarial results			2,585				2,585
	0	0	76,944	(49)	(1,707)		75,188
Balance as at 02-01-2010	**2,655**	**31,106**	**444,141**	**5,010**	**(589)**	**0**	**482,323**
Transactions with owners							
Share-based payments			668				668
Dividend paid			(44,071)				(44,071)
Repurchase of own shares						(3,580)	(3,580)
	0	0	(43,403)	0	0	(3,580)	(46,983)
Total realised and unrealised results							
Profit for the year			70,196				70,196
Investment property			473	(473)			0
Cash flow hedge					(1,640)		(1,640)
Reclassification					161		161
Actuarial results			(3,984)				(3,984)
	0	0	66,685	(473)	(1,479)	0	64,733
Balance as at 01-01-2011	**2,655**	**31,106**	**467,423**	**4,537**	**(2,068)**	**(3,580)**	**500,073**

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 1 January 2011 in the year under review. The 2010 financial year has 52 weeks. The comparative figures for the 2009 and 2008 financial years relate to 53 weeks and 52 weeks, respectively.

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 27 January 2011.

d. Accounting policies
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 under the circumstances. Their outcome forms the basis for the judgement on the carrying amount 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.
Note 29 provides further information on items where assumptions and estimates are significant to applying the accounting policies.

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 2009.

e. 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., Diemen.
- Inversco B.V., Amsterdam;
  - De Dis B.V., Ter Apel (86%).
- Van Hoeckel B.V., 's-Hertogenbosch.
- J. Smit Vishandel B.V., Veghel.

Food retail
- EMTÉ Franchise B.V., Veghel.
- Prisma Vastgoed B.V., Putten.
- Prisma Lease B.V., Nijkerk.
- EMTÉ Supermarkten B.V., Veghel.
- EMTÉ Vastgoed B.V., Veghel.
- Sanvier B.V., Enschede.
  - Sanders Supermarkten B.V., Enschede.
  - Sanders Vleescentrale B.V., Enschede.
  - Sakon Vastgoed B.V., Enschede.

The effectiveness of the Group's legal structure is appraised each year with a view to simplification where appropriate. Several companies were accordingly legally merged into other companies within the Group in 2010.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are activities where there is contractually agreed joint control by the Group, with strategic financial and operating policy decisions requiring unanimous consent. The consolidated financial statements include the share in the results of associates and joint ventures measured using the equity method. The carrying amount is never less than nil unless the Group has assumed a commitment to absorb losses or to make payments on behalf of an associate or joint venture.

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.

Specific policies

f. 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.

g. 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 same 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 foreign exchange 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 allocated to the hedged risk.

h. 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.

i. 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 payment 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.

j. 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.

k. Expenses

The presentation of expenses is based on classification by function. 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.

l. 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, Sanders Supermarkten, VEN Groothandelcentrum and for certain groups of employees 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.

The same discount rate is used as for defined-benefit plans.

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 increase in 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.

m. 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.

n. Share in results of associates

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

o. 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 (substantially) enacted at the balance sheet date.

p. 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 data bases, five 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.

q. 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 periods in years are:

Land	Nil
Buildings/alterations	3 to 12½
Retail premises	3⅓
Plant and equipment	12½ to 33⅓
Other	20 to 50

r. 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 j., rental income and any fair value gains and losses are included in other operating income.

s. Financial assets

Investments in associates and joint ventures 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.

t. 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.

u. 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 supermarkets, which are charged to the profit and loss account over the term of the contracts concerned.

v. 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.

w. 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.

x. 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 o. The provision for employee benefits is explained in l. 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.

y. 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.

z. Other liabilities, accruals and deferred income

These are carried at amortised cost.

aa. Segment information

Sligro Food Group reports its results according to the main segments: 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.

ab. 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.

ac. New standards and interpretations

The changes in standards and interpretations which have been announced are not expected to have any material impact on the Group's financial statements in the next few years, except for IFRS 9 Financial Instruments, the application of which becomes mandatory in 2013 and which may necessitate changes in the classification and measurement of financial assets. The Group does not intend to early adopt this standard and has not yet determined the expected magnitude of the impact.

NOTES

1. Acquisitions, investments and disposals

On 24 August 2010, the Group obtained control of Sanvier B.V. by acquiring 100% of the share capital. The purchase price of €50 million was paid entirely in cash. The purchase price includes €6.3 million cash, which means the debt free purchase price amounts to €43.7 million. The Sanvier B.V. operations include Sanders Supermarkten, a chain of 22 full-service supermarkets in the Twente region with a combined sales area in excess of 17,000 m^2 and a dedicated meat processing business.

The acquisition enables the Group to establish a denser network of supermarkets in one of its key geographical areas and to expand market share at the same time. The amount paid in excess of the fair value of the net assets acquired has been treated as an intangible asset since it represents the market value of the acquired store locations.

The Group incurred costs relating to the acquisition totalling €26 in connection with the due diligence investigation carried out. These costs have been recognised in the profit and loss account as general and administrative expenses.

In the fourth quarter (the consolidation period) the contribution to revenue made by Sanders Supermarkten was approximately €25 million, with a profit contribution of approximately €0.2 million. Management estimates that, if the acquisition had taken place on 1 January 2010, the consolidated revenue for the Group would have amounted to approximately €2,360 million with a consolidated profit for the reporting period of approximately €72 million. These figures allow for corresponding fair value adjustments as at a hypothetical acquisition date of 1 January 2010 as well as amortisation of the acquired intangible assets over the year.

Identifiable assets and liabilities acquired:

(x €1,000)

		Acquisitions		*Investments*
	2010	***2009***	***2010***	***2009***
Intangible assets	20,150			
Property, plant and equipment	26,411			
Financial assets	80			40
Inventories	7,180			
Trade and other receivables	2,761			
Assets held for sale	2,050			
Cash and cash equivalents	6,284			
Deferred tax liabilities	(6,396)			
Employee benefits	(300)			
Trade and other payables	(8,218)			
Total identifiable net assets	50,002			40
Less: Cash and cash equivalents	(6,284)			
Debt-free purchase price	43,718			40

The above fair value figures are provisional.
There were no acquisitions in 2009. The Group did, however, participate in the incorporation of Vemaro B.V., Venlo, providing share capital of €40 and granting loans of €1,670 to that company in 2009 and 2010. The disposal of operations in 2009 and 2010 concerned the sale of various supermarket stores.

The aggregate debt-free purchase price of investments in subsidiaries amounted to €43,718 (2009: nil). The total income from the disposal of operations on a transaction basis amounted to €4,801 (2009: €1,290), making the net amount spent/received €38,917 (2009: €1,290).

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)

	2010	***2009***
Foodservice	1,548,493	1,531,117
Food retail	737,768	726,904
	2,286,261	**2,258,021**
Goods/services		
Goods supplied	2,268,500	2,243,710
Services rendered	17,761	14,311
	2,286,261	**2,258,021**

3. Segment information

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

(x € million)

	Foodservice		*Food retail*		*Total*	
	2010	***2009***	***2010***	***2009***	***2010***	***2009***
Revenue	**1,548.5**	**1,531.1**	**737.8**	**726.9**	**2,286.3**	**2,258.0**
Other operating income	(0.4)	(0.2)	5.2	1.8	4.8	1.6
Total income	**1,548.1**	**1,530.9**	**743.0**	**728.7**	**2,291.1**	**2,259.6**
Operating profit	**77.7**	**92.7**	**13.2**	**5.5**	**90.9**	**98.2**
Finance income and expense					(4.7)	(6.1)
Share in results of associates	1.4	1.8	4.0	4.0	5.4	5.8
Tax					(21.4)	(23.6)
Profit for the year					**70.2**	**74.3**
Segment assets	546.9	552.2	277.0	233.5	823.9	785.7
Associates	6.1	5.8	36.8	36.0	42.9	41.8
Unallocated assets					70.5	24.7
Total assets	**553.0**	**558.0**	**313.8**	**269.5**	**937.3**	**852.2**
Segment liabilities	122.7	126.1	55.6	56.2	178.3	182.3
Unallocated equity and liabilities					759.0	669.9
Total equity and liabilities	**122.7**	**126.1**	**55.6**	**56.2**	**937.3**	**852.2**
Net capital employed[1)]	424.2	426.1	221.4	177.3	645.6	603.4
Net interest-bearing debt[2)], provisions and associates					(145.5)	(121.1)
Group equity					**500.1**	**482.3**
Staff costs	142.8	140.3	88.3	82.8	231.2	223.1
Number of employees[3)]	2,852	3,042	2,661	2,510	5,513	5,552
Capital expenditure[4)]	37.0	39.2	10.3	10.6	47.3	49.8
Disposals[4)]	(3.5)	(0.2)	(3.1)	(3.0)	(6.6)	(3.2)
Depreciation and amortisation	32.6	27.4	22.0	23.2	54.6	50.6

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 and intangible assets (at transaction level), excluding goodwill.

4. Other operating income

(x €1,000)	Notes	2010	2009
Investment property rental income	12	2,165	2,135
Book profit on disposal of investment property	12	503	117
Impairment losses/book loss on disposal of assets held for sale	17	(300)	(730)
Fair value adjustments on investment property	12	12	21
Other rental income		1,384	970
Book profit (loss) on property, plant and equipment disposal (including businesses)	11	1,045	(899)
		4,809	**1,614**

5. Employee-related items

5.a. Staff costs

Staff costs are made up as follows:

(x €1,000)	Notes	2010	2009
Salaries		170,577	166,450
Social security contributions		23,299	20,735
Net benefit expense on defined-benefit plans	5c	4,598	4,373
Defined-contribution plan contributions	5c	4,806	5,514
Share-based payments	5e	668	0
Other staff costs		27,214	26,008
		231,162	**223,080**

5.b. Employee benefits provision

This provision can be analysed as follows:

(x €1,000)	Notes	2010	2009
Post-employment benefits	5c	0	4,754
Long-service benefits	5d	3,042	2,301
		3,042	**7,055**

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 and Sanders Supermarkten come under this CLA. The pension scheme is administered by the Food Industry Pension Fund. It is an indexed average pay scheme, whereby indexation is 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 is in deficit. The contributions in 2011 remain unchanged.

Food Wholesale Sector CLA

The other staff within the Group come under this CLA. The pension scheme is administered by the company pension fund, Stichting Pensioenfonds Sligro Food Group, which also manages the prepension scheme.

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. They are conditionaly indexed average pay schemes. These, 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 resulted in an addition of €12.4 million to the pensions provision and increased life expectancy resulted in an addition of €7.4 million. A change in the indexation assumptions, on the other hand, meant the release of €17.5 million, making a net addition of €2.3 million. There was a gain of €9.3 million on the plan assets compared with the expected return.

Sligro Food Group pension scheme

This pension scheme is an 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 prepension scheme only applies to employees born prior to 1 January 1950 and is also an indexed average pay scheme with an average contribution rate. Part of the average contribution payable is intended to fund additional, contingent prepension rights for employees who have worked for the Group continuously since 1 January 1997 and will continue to until they reach pensionable age. These additional rights represent the difference between the desired level of retirement benefits and the pension rights already accrued and still to be accrued and have been taken into account in the calculation of the obligation. 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 2010 amounting to approximately 10% of the net provision for its insured obligations, based on the standard yield curve. The regulatory guidelines from the Nederlandsche Bank require the fund to have a funding ratio of approximately 15% in order to qualify as prudently funded. This means that the fund has a funding deficit and has therefore submitted a recovery plan. There was a 2.4-point increase in the contribution rate applied to pension base salaries in 2010. The employer also made a one-off contribution of €6 million in 2010 and the employee contribution rate applied to pension base salaries will 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 three years. As at year-end 2010, 63% of the pension fund's assets was invested in fixed-income securities and 37% in equities, in line with the fund's investment 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 (in %):

	2010	*2009*
Closing discount rate	4.3	4.8
Expected return on plan assets during the year	5.6	6.5
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	2.0
Closing annualised increase for inactive members	0.5	1.0

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 2010 amounted to 11.5% (2009: 10.6%). The mortality table used is the 2010-2060 projection.
Based on the above assumptions, the following information can be disclosed:

(x €1,000)

	2010	*2009*
Opening defined-benefit obligation	103,202	92,054
Service cost	8,578	8,353
Interest cost	5,292	4,813
Benefits paid	(3,721)	(2,835)
Settlements	(476)	316
Actuarial loss	5,520	501
Closing defined-benefit obligation	**118,395**	**103,202**
Opening fair value of plan assets	98,448	80,315
Ordinary employer contributions	8,700	7,888
One-off employer contributions	6,000	0
Employee contributions	4,415	4,006
Benefits paid	(3,721)	(2,835)
Expenses	(900)	(700)
Expected return	5,757	5,487
Settlements	(476)	316
Actuarial gain	9,320	3,971
Closing fair value of plan assets	**127,543**	**98,448**
Defined-benefit obligation less fair value of plan assets	**(9,148)**	**4,754**
Asset ceiling	9,148	0
Recognised on the face of the balance sheet	**0**	**4,754**

The above obligations are all funded obligations.
The net actuarial gain of €3,800 (2009: €3,470 gain) less the amount of the asset ceiling totalling €9,148 and net of deferred tax liabilities has been recognised in equity. The accumulated amount of the actuarial losses is €15,417 before tax.

Net benefit expense

(x €1,000)

	2010	2009
Service cost	8,578	8,353
Administration cost	900	700
Employee contributions	(4,415)	(4,006)
Interest cost	5,292	4,813
Expected return	(5,757)	(5,487)
'Ordinary' net benefit expense on defined-benefit plans	4,598	4,373
Defined-contribution plans	4,806	5,514
	9,404	**9,887**

The employer and employee contributions for 2011 are expected to amount to €19.7 million, of which €13.7 million is expected to relate to defined-benefit plans and €6.0 million to defined-contribution plans.

As at year-end, the plan assets were as follows (in %):

	2010	2009
Equities	37	27
Fixed-income securities	61	69
Insurance contracts	2	4
	100	**100**

Historical year-end information

(x €1,000)

	2010	2009	2008	2007	2006
Liabilities	118,395	103,202	92,054	88,821	76,396
Plan assets	127,543	98,448	80,315	79,872	72,234
Defined-benefit obligation less fair value of plan assets	(9,148)	4,754	11,739	8,949	4,162
Asset ceiling	9,148	0	0	0	0
Recognised on the face of the balance sheet	0	4,754	11,729	8,945	4,162
Change in actuarial assumptions	(2,267)	1,908	908	(3,213)	196
Experience adjustments to defined-benefit obligation	(3,259)	(2,409)	518	(1,234)	515
Experience adjustments to plan assets	9,320	3,971	(8,715)	(4,161)	(798)

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)

	2010	2009
Opening balance	2,301	2,188
Acquisitions	300	0
Benefits paid	(252)	(181)
Benefit expense for the year	294	292
Actuarial loss (also expensed)	399	2
Closing balance	**3,042**	**2,301**

5. e. Share-based payments (share option scheme)

In the annual shareholders meeting of 17 March 2010, a new share option plan has been approved.
This represents the introduction of a new employee participation scheme as well as an investment in generating employee loyalty/improving the benefit package for senior management with a focus on the long term. The target group comprises approximately 50 individuals who are awarded share options which become vested after 4 years and are not exercisable before then. The exercise price is the first ex-dividend price after the grant date. At least 50% of any resultant net gain 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 regular salary and the award ratio multiplied by a factor depending on the development in the overall return for shareholders relative to a peer group, varying between 0% and 150%. The first peer group comparison will be made in 2013. For the years prior to then, the factor will be 75%. 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. On 19 March 2010, 148,800 options were granted at an exercise price of €24.06, these options becoming exercisable on 1 April 2014. To match the issued options, 148,800 shares were simultaneously repurchased at the same price, acquired from the foundation administering 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 2010, amount to €668, based on the following assumptions:

- Risk-free interest rate: 1.92%.
- Volatility: 32%, based on a 4-year historical average.
- Dividend yield: 4.16%.
- 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 2010 was €2,144 (2009: €2,040).The remuneration can be analysed as follows:

(x €1,000)

	K.M. Slippens		*J.H.F. Pardoel*		*J.H. Peterse*		*H.L. van Rozendaal*		*Total*	
	2010	***2009***	***2010***	***2009***	***2010***	***2009***	***2010***	***2009***	***2010***	***2009***
Fixed salary	339	335	300	296	300	296	300	296	1,239	1,223
Short-term bonus	56	72	49	64	49	64	49	64	203	264
Long-term bonus	56	72	49	64	49	64	49	64	203	264
Pension contribution	78	71	79	73	79	61	91	84	327	289
Value of options	43	0	43	0	43	0	43	0	172	0
Total	**572**	**550**	**520**	**497**	**520**	**485**	**532**	**508**	**2,144**	**2,040**

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% (2009: 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 (2009: 15%). If the target is exceeded, the bonus is increased in line with the percentage outperformance. For 2010, the other 50% of the bonus depends on achieving sufficient progress with the implementation of the Food Retail Master Plan, the 'Greater Amsterdam' project and the PLOP project. 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 2010 bonuses were calculated at 55% of the target level (2009: 72%).

The annual remuneration for the Supervisory Board president, A. Nühn, was €34 (2009: €34) and that of the other members of the Supervisory Board €29 (2009: €29). The remuneration for the two members that resigned in 2009 was €9 each.
The remuneration is not performance-related. The total remuneration amounted to €121 (2009: €138). 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	J.H.F. Pardoel	J.H. Peterse	H.L. van Rozendaal
Opening balance		80,448	1,369	6,016	152,647
Purchase		1,855	3,920	1,649	3,067
Sale		0	0	0	0
Closing balance		82,303	5,289	7,665	155,714
Number of options granted and in issue maturing in the period untill 1 April 2014	24.06	9,600	9,600	9,600	9,600

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 2010 amounted to €265 (2009: €260). Other work consists principally of other audit services, including due diligence activities and audits relating to customer contracts, the fee for which was €65 in 2010 (2009: €33).
The auditors are not engaged to perform consultancy work.

8. Finance income and expense

(x €1,000)	2010	2009
Finance income from loans granted to customers and late payment credit charges received from customers	197	353
Finance expense for finance-related obligations	(4,885)	(6,410)

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)

	2010	*2009*
Tax for the year	20,906	19,874
Prior-year adjustments	(33)	(163)
Tax liability for the year	**20,873**	**19,711**
Movement in deferred tax liabilities	577	3,873
Tax shown in the profit and loss account	**21,450**	**23,584**

9.a.2. Effective tax burden

The effective tax burden can be analysed as follows:

(x €1,000)

	2010	*2009*
Profit before tax	**91,646**	**97,893**
Tax burden at standard rate of 25.5%	23,370	24,963
Prior-year adjustments	(33)	(163)
Other, including tax facilities and tax-exempt income, including tax-free results of associates	(1,387)	(1,216)
Reduction in tax rate	(500)	
Effective tax burden equal to 23.4% (2009 : 24.1%)	**21,450**	**23,584**

The amount in respect of the reduction in the tax rate is the impact of the cut of 0.5 of a percentage point in the tax rate with effect from January 2011, on the deferred tax liabilities as at year-end 2010.

9.a.3. Tax liabilities directly recognised in equity

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

(x €1,000)	*2010*	*2009*
Movement in cash flow hedge of long-term loan	(519)	(585)
Actuarial gains and losses on defined-benefit plans	(1,364)	885
	(1,883)	**300**

9.b. Current tax assets and liabilities

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

(x €1,000)	*2010*	*2009*
Receivables	**863**	**529**
Liabilities	**0**	**0**

As at year-end 2010, 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)	*2010*	*2009*
Intangible assets	9,164	5,098
Property, plant and equipment	19,182	19,449
Inventories	937	766
Receivables	0	(510)
Reserves permitted under tax rules	61	16
Employee benefit obligation	208	(787)
Hedging of long-term loans	(512)	(25)
Other	57	0
Net liability	29,097	24,007

The deferred tax liabilities mainly relate to the recognition of intangible assets from S&S Winkels and Sanders and to different carrying amounts for property, to which special tax rules apply. In addition, in 2009 and 2010, tax facilities allowing accelerated depreciation/amortisation 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 exemption, 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)

	2010	***2009***
Opening balance	24,007	19,834
Tax liabilities directly recognised in equity	(1,883)	300
Acquisitions	6,396	
Other movements	577	3,873
Closing balance	**29,097**	**24,007**

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		
		Stores and customer data bases	Software	Total
Cost				
Balance as at 27-12-2008	131,241	64,732	6,230	70,962
Capital expenditure			1,518	1,518
Balance as at 02-01-2010	131,241	64,732	7,748	72,480
Capital expenditure			2,608	2,608
Sale of activities	(1,481)			
Acquisitions		20,150		20,150
Balance as at 01-01-2011	**129,760**	**84,882**	**10,356**	**95,238**
Amortisation				
Balance as at 27-12-2008	(3,694)	(17,098)	(4,947)	(22,045)
Amortisation for the year		(6,836)	(1,338)	(8,174)
Balance as at 02-01-2010	(3,694)	(23,934)	(6,285)	(30,219)
Amortisation for the year		(6,386)	(1,487)	(7,873)
Sale of activities	221			
Balance as at 01-01-2011	**3,473**	**(30,320)**	**(7,772)**	**(38,092)**
Carrying amount				
As at 27-12-2008	127,547	47,634	1,283	48,917
As at 02-01-2010	127,547	40,798	1,463	42,261
As at 01-01-2011	**126,287**	**54,562**	**2,584**	**57,146**

Allocation of goodwill to cash-generating units

Goodwill is allocated to cash-generating units as follows:

(x €1,000)	2010	2009
Food retail	30,332	31,592
Foodservice	95,955	95,955
	126,287	127,547

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. Prices that have been paid recently for individual or groups of stores and market multiples of sales have been taken into account. The test has shown that the fair value less costs to sell is in excess of the carrying amount of the goodwill (and the other assets) of the Food retail unit.

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 (2009: 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 (9.6%)

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 27-12-2008	296,300	39,494	170,796	5,289	511,879
Capital expenditure	29,052	5,029	15,597	(1,368)	48,310
Disposals	(1,573)	(1,170)	(1,647)		(4,390)
Acquisitions					
Transfer[1)]	(3,574)				(3,574)
Balance as at 02-01-2010	**320,205**	**43,353**	**184,746**	**3,921**	**552,225**
Capital expenditure	17,928	5,171	17,231	4,400	44,730
Disposals	(11,705)	(469)	(16,299)		(28,473)
Acquisitions	23,571	350	2,480	10	26,411
Transfer[1)]					
Balance as at 01-01-2011	**349,999**	**48,405**	**188,158**	**8,331**	**594,893**
Depreciation					
Balance as at 27-12-2008	(82,756)	(23,146)	(122,989)		(228,891)
Depreciation for the year	(14,243)	(5,423)	(22,740)		(42,406)
Disposals	230	457	1,172		1,859
Acquisitions					
Transfer[1)]	1,594				1,594
Balance as at 02-01-2010	**(95,175)**	**(28,112)**	**(144,557)**		**(267,844)**
Depreciation for the year	(19,351)	(6,048)	(21,319)		(46,718)
Disposals	8,236	376	15,601		24,213
Acquisitions					
Transfer[1)]					
Balance as at 01-01-2011	**(106,290)**	**(33,784)**	**(150,275)**		**(290,349)**
Carrying amount					
As at 27-12-2008	213,544	16,348	47,807	5,289	282,988
As at 02-01-2010	225,030	15,241	40,189	3,921	284,381
As at 01-01-2011	**243,709**	**14,621**	**37,883**	**8,331**	**304,544**

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)	*2010*	*2009*
Land	56,181	44,633
Land occupied by leased premises	2,503	2,503
Buildings	97,256	101,391
Supermarket store premises	27,842	21,210
Alterations/extensions to leased premises	59,927	55,293
	243,709	**225,030**

Land and buildings and supermarkets used by the Group as at year-end 2010 can be further analysed as follows:

	Number	*x 1,000 m²*	*x €1,000*
Cash-and-carry wholesale outlets	22	146	56,575
Customer distribution centres	4	61	20,083
Production companies	4	18	13,101
Central complex	1	136	50,616
Supermarkets used by the Group	21	30	40,904
	52	391	181,279

The area of land totals 777,000 m^2 (2009: 738,000 m^2), of which 292,000 m^2 is accounted for by the central complex (2009: 292.000 m^2).

Change in accounting estimates

In connection with the merger of activities in the Amsterdam region there was an accelerated depreciation of existing assets, resulting in an additional one-off depreciation charge of approximately €5,000.

12. Investment property

(x €1,000)

	2010	2009
Opening balance	24,499	25,186
Disposals	(2,407)	(708)
Transferred to assets held for sale	(6,159)	0
Fair value adjustments	12	21
Closing balance	**15,945**	**24,499**

The investment property includes 11 (2009: 17) supermarket premises leased to franchisees on operating leases. The gross sales area amounted to 12,226 m^2 (2009: 18,761 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 €153 (2009: €435). The leases are on normal terms. No external appraisals have been conducted in 2010.

13. Investments in associates, joint ventures and other financial assets

(x €1,000)

	2010	2009
Associates and joint ventures	**42,934**	**41,771**
Other financial assets		
Loans to associates	1,670	1,000
Loans to customers	1,881	1,640
Fair value of derivatives	2,916	0
	6,467	**2,640**

The average term to maturity of the loans to customers is several years and interest is charged at market rates.

Investments in associates and joint ventures can be analysed as follows:

(in %)

	2010	2009
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., Zevenbergen	45	45
S&S Winkels B.V., Someren	50	50
Coöperatieve Inkoopvereniging Superunie B.A., Beesd		

The most recently available financial information for associates and joint ventures is used for the carrying amount.

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

(x €1,000)

	2010	2009
Opening balance	41,771	39,582
Acquisitions	80	
Investments	89	(11)
Results	5,406	5,768
Dividend	(4,412)	(3,568)
Closing balance	**42,934**	**41,771**

Both opening and closing balances include an amount of €50 for the joint venture S&S Winkels.

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)

	2010	2009
Assets	111,933	117,286
Liabilities	59,097	68,398
Group equity	52,876	48,888
Revenue	685,630	637,102
Net earnings	10,435	8,460

The summarised financial information for the joint venture, as shown by its most recent financial statements and based on Sligro Food Group's 50% interest, is as follows:

(x €1,000)

	2010	2009
Assets	2,200	2,200
Liabilities	2,112	2,112
Group equity	88	88
Revenue	0	0
Net earnings	0	0

14. Inventories

Inventories were made up as follows:

(x €1,000)

	2010	2009
Central distribution centre	65,076	66,797
Stores and regional distribution centres	123,208	116,045
Packaging	6,763	6,440
	195,047	**189,282**

The carrying amount of inventories is after impairment losses of €7,008 (2009: €6,191).

15. Trade and other receivables

(x €1,000)

	2010	2009
Trade receivables	60,897	67,032
Suppliers	44,284	40,684
	105,181	**107,716**

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 €3,984 (2009: €6,757). The movements in this item were as follows:

(x €1,000)

	2010	2009
Opening balance	6,757	21,330
Costs written off	(2,843)	(16,620)
Charged to the result	70	2,047
Closing balance	3,984	6,757

A large number of old accounts have been cleared in 2009 and 2010.

16. Other current assets

(x €1,000)	2010	2009
Other amounts receivable and prepaid expenses	**3,526**	**3,789**

The other amounts receivable and prepaid expenses include discounts paid in advance to independent supermarket operators, 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)	2010	2009
Property	**11,906**	**3,097**

This concerns 12 (2009: 3) properties, of which 7 have been sold.

(x €1,000)	2010	2009
Opening balance	3,097	1,847
Acquisitions	2,050	
Transferred from investment property	6,159	1,980
Impairment	(300)	(730)
Other movements	900	
Closing balance	**11,906**	**3,097**

18. Cash and cash equivalents

(x €1,000)	2010	2009
Cash balances and credit transfers in transit	13,636	14,499
Freely-available bank balances	53,828	10,185
	67,464	**24,684**

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 eurocents each. The issued and paid-up share capital as at 1 January 2011 was 2,655,300.90 euro (as at 2 January 2010: 2,655,300.90 euro).

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

(x 1,000)

	2010	2009
Opening balance	44,255	43,692
Stock dividend	0	563
Closing balance	**44,255**	**44,255**
Repurchased	(149)	

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 movements in shareholders' 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 €11,563 (2009: €14,667) in respect of actuarial losses on defined-benefit pension plans charged to reserves. An amount of €9,500 of the other reserves (2009: €8,417) 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.

Reserve for own shares

This represents the purchase price of the 148,800 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)	***2010***	***2009***
Addition to other reserves	39,322	30,055
Available for distribution as dividend (€0.70 per share)	30,874	44,255
	70,196	**74,310**

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

A special anniversary dividend paid entirely in cash was declared in respect of 2009.

20. Earnings per share

Weighted average number of shares (x 1,000)	***2010***	***2009***
Opening balance	44,255	43,692
Effect of repurchase of own shares	(112)	0
Stock dividend[1)]	0	563
	44,143	**44,255**

1) Treated as a movement in the opening position.

(x €1)	***2010***	***2009***
Basic earnings per share	1.59	1.68
Diluted earnings per share	1.59	1.68

The 148,800 share options granted in 2010 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)

	2010	2009
Opening balance	316	213
Added		103
Utilised	(95)	
Closing balance	**221**	**316**

22. Long-term and short-term borrowings

Long-term liabilities

(x €1,000)

	Remaining term (years)	Current portion	2010	2009
4.68% USD 70 million loan (bullet loan)	1	52,223	52,223	48,758
5.09% USD 70 million loan (bullet loan)	4		56,736	51,094
3.55% USD 75 million loan (bullet loan)	7		55,770	
4.15% USD 75 million loan (bullet loan)	10		55,770	
Fair value of derivatives		1,009	5,987	7,194
Floating-rate loan			0	7,837
Floating-rate loan			0	26,250
Floating-rate loan			0	15,000
		53,232	**226,486**	**156,133**
Amounts falling due within one year			53,232	27,850
Amounts falling due after more than one year			**173,254**	**128,283**
Amounts falling due after more than five years			**114,860**	**0**

The floating-rate loans were repaid prematurely at the end of 2010.

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.

In 2010, the Group issued 7 and 10 year USD loans totalling USD 150 million. The 7-year 3.55% USD loan and the 10-year 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 €5,987 negative, which has been included in long-term liabilities.

The 4.68% USD loan has been converted by means of a cross-currency interest rate swap into a 3.9225% euro loan. 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 €505 negative, which has been included in other financial assets (2009: €4,495 negative).

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 at year-end 2010 was €3,580 positive, which has been included in other financial assets (2009: €2,033 negative).

The gain on the hedging instrument was €5,613 (2009: €4,487 loss), with a matching loss (2009: gain) on the hedged position.

The USD loan contracts include change-of-control clauses.

Bank borrowings

Security

As at year-end 2010, the Group had overdraft facilities totalling €140 million of which €70 million had been committed. The bank borrowings are unsecured. Sligro Food Group was, however, required to satisfy the following ratios as at year-end 2010:

	Required	*Actual*
Shareholders' equity/balance sheet total	> 20%	53%
Operating profit before amortisation of intangible assets/net finance expense	> 4.0	21.1
Net interest-bearing debt/operating profit before depreciation and amortisation	< 2.75[1)]	1.1

1) This ratio is < 3.0 for the dollar loans.

All the requirements were therefore comfortably met.

In the event of failure to satisfy the agreed ratios, the lenders have the right to impose further requirements.

23. Other taxes and social security contributions

(x €1,000)

	2010	2009
VAT, excise duty and packaging tax	17,785	17,868
Payroll tax and social security contributions	4,391	4,889
Pension contributions	0	117
	22,176	**22,874**

24. Other liabilities, accruals and deferred income

(x €1,000)

	2010	2009
Amount owed to joint venture	100	200
Employees	23,483	23,982
Customer bonuses	9,517	11,843
Packaging deposits	3,258	2,920
Deferred revenue on trading stamps	2,841	2,079
Other	10,110	8,680
	49,309	**49,704**

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 Executive Board project meetings and the outstanding receivables are monitored daily. Periodic assessments of the viability of stores are also performed.
As at year-end 2010, the receivables from food retail customers included in financial assets and in trade and other receivables totalled approximately €13 million (2009: €9 million).

The aging of these receivables is as follows:

(x € million)

	< 1 month	*1 - 3 months*	*3 - 12 months*	*> 12 months*	*Total*
2010	13				13
2009	8			1	9

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 deterioration in the financial circumstances of some of our foodservice customers, the risks and the losses remained relatively small although there has been an increase. As at year-end 2010, receivables from foodservice customers totalled approximately €48 million (2009: €58 million).

The aging of these receivables is as follows:

(x € million)

	< 1 month	*1 - 3 months*	*3 - 12 months*	*> 12 months*	*Total*
2010	46	1	1		48
2009	55	2	1		58

As at year-end 2010, the Group had receivables from suppliers totalling €44 million (2009: €41 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. Having regard to the changes in credit market conditions, the availability of €70 million of the short-term facilities was also made legally enforceable.

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

(x €1 million)

	Carrying amount	*Contractual cash flows*	*< 1 year*	*1 - 5 years*	*> 5 years*
Long-term liabilities	226.5	265.7	61.0	74.5	130.2
Current liabilities	178.4	178.4	178.4		
Total	404.9	444.1	239.4	74.5	130.2

Market risk (interest rate, exchange rate and other market risks)

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

Interest rate risk

As noted in the accounting policies for the consolidated financial statements under heading g, 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.

Exchange rate risk

The Group is exposed to an exchange risk on loans and on goods purchases. This mainly concerns the US dollar.
As mentioned in the accounting policies under heading g, 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 40 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 1 January 2011, it is estimated that a general increase in the Euribor rate by one percentage point would have the effect of reducing the profit before tax by in the order of €0.5 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 €11 million or €13 million, respectively. The effect this has on the result is some €1 million, excluding the opposite effect on plan assets.

Exchange rates

The effect of the dollar exchange rate vis-á-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 ratios can be comfortably met. In the Group's estimation, the ratios agreed with the providers of credit are relatively conservative.
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 the general approach in 2010 but a decision was made to secure the funding of operations for the longer term by contracting long-term loans.

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.

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 2010, wage costs accounted for more than 50% of the cost base, with over 5% 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. 2010 saw the acquisition of Sanders Supermarkten in pursuit of this policy. 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.

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. A great deal of extra work has been done on this front, in 2009 and 2010, to protect the central systems, and the implementation of system continuity measures at local level will be completed in 2011. The high level of integration of the Group's activities means that a systems failure would bring a large part of the activities 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 documented detailed procedures in place for minimising the possible consequences. Failure to abide by these principles could have serious implications for the Group's market position.

Non-returnable packaging

In the foodservice business in particular, many drinks are supplied in non-returnable cans or plastic bottles. In order to combat the problem of litter, the government is considering including such packaging in the schemes under which returnable deposits are charged.

Experience in other countries has shown that such a move can have the effect of severely depressing sales of this kind of product, especially if proper arrangements for collection points are not made. There is accordingly a risk that sales could be adversely affected in the future if such a scheme is implemented.

26. Operating lease and rental obligations

Contracts under which the Group is lessee:

(x €1,000)

	2010	*2009*
Operating lease obligations		
< 1 year	344	889
1-5 years	810	828
> 5 years		
Expense in the year	351	1,536
Rental obligations for premises occupied by the Group		
< 1 year	30,579	29,697
1-5 years	92,036	98,105
> 5 years	53,821	50,822
Expense in the year	30,641	31,863
Rental obligations on behalf of customers		
< 1 year	2,926	3,338
1-5 years	6,601	6,995
> 5 years	1,556	670

The operating lease obligations relate mainly IT-systems.
The rental obligations for premises occupied by the Group concern 106 premises (2009: 99).
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 range of variants as regards rental obligations, frequently including the option for the tenant to renew the lease.

Contracts under which the Group is lessor:

(x €1,000)

	2010	2009
Investment property		
< 1 year	1,405	2,099
1-5 years	1,887	2,794
> 5 years	531	955
Other property		
< 1 year	1,882	1,718
1-5 years	4,902	5,200
> 5 years	865	1,251

The investment property relates to property owned by the Group that is leased to franchisees of the Group. Other property includes 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 2010, capital expenditure commitments totalled approximately €6 million (2009: €7 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 over €3 million (2009: €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. Although the outcome of the disputes cannot be predicted with any certainty, it has been assumed, partly on the basis of legal counsel, that they will not lead to any material losses.

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 121.

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 2010, these items, excluding investments in rented properties, totalled approximately €208 million (2009: €200 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 102. 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)

	2010	*2009*
Operating profit	90,928	98,183
Depreciation and amortisation	54,590	50,580
	145,518	**148,763**
Other operating income included in cash flow from investing activities	(1,260)	1,297
	144,258	**150,060**
Changes in working capital and other movements:		
Inventories	1,415	10,370
Trade and other receivables and other current assets	5,315	12,676
Current liabilities	(13,839)	(19,348)
Provisions	(3,755)	(3,404)
Group equity	(5,332)	
	(16,196)	**294**
Net cash generated from operations	**128,062**	**150,354**

The movements in shareholders' equity in 2010 include a one-off pension fund contribution of €6,000.

Only dividends paid in cash are included in the cash flow statement.

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

(x €1,000)	*2010*	*2009*
Cash and cash equivalents	67,464	24,684
Bank borrowings	0	0
	67,464	**24,684**

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 119. This business represented a combined purchase volume at market prices of €167 million (2009: €146 million). As at year-end 2010, the amount owed to these companies in connection with trading was €7.1 million (2009: €5.8 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 €1.7 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 2010, the amount owed to Vemaro in connection with trading was €1 million (2009: nil). 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 co-operative, which looks after the procurement of the food retail products. The purchase volume in 2010 amounted to €840 million (2009: €836 million). As at year-end 2010, the amount owed in connection with trading was €19.2 million (2009: €14.7 million). In view of the nature of the liabilities, they have been treated as trade payables.

Other payables includes €100 (2009: €200) relating to the S&S Winkels joint venture, in connection with expenses still to be charged.

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

In 2010, 148,800 Sligro Food Group shares were purchased at market price from Stichting Werknemersaandelen Sligro Food Group.

COMPANY PROFIT AND LOSS ACCOUNT
FOR 2010

(x €1,000)

	2010	2009	2008
Share in profits of subsidiaries	70,196	74,310	71,348
Other gains and losses			
Profit for the year	**70,196**	**74,310**	**71,348**

COMPANY BALANCE SHEET AS AT 1 JANUARY 2011
BEFORE PROFIT APPROPRIATION

(x €1,000)

ASSETS	***01-01-2011***	***02-01-2010***	***27-12-2008***
Intangible assets	8,337	9,597	9,597
Financial assets	490,354	472,533	416,345
Total non-current assets	**498,691**	**482,130**	**425,942**
Receivables from group companies	1,382	193	73
Total current assets	**1,382**	**193**	**73**
Total assets	**500,073**	**482,323**	**426,015**

EQUITY AND LIABILITIES	***01-01-2011***	***02-01-2010***	***27-12-2008***
Group equity			
Paid-up and called capital	2,655	2,655	2,622
Share premium	31,106	31,106	31,139
Other reserves	382,168	360,825	308,511
Statutory reserve for participating interests	13,948	13,427	12,395
Unappropriated profit	70,196	74,310	71,348
	500,073	**482,323**	**426,015**
Payables to group companies			
Total current liabilities			
Total equity and liabilities	**500,073**	**482,323**	**426,015**

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 95 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)

	2010	2009
Opening balance		
Acquisition cost	11,292	11,292
Accumulated amortisation	(1,695)	(1,695)
	9,597	9,597
Disposals	(1,260)	0
Closing balance	**8,337**	**9,597**
Acquisition cost	9,809	11,292
Accumulated amortisation	(1,472)	(1,695)

Financial assets

Investments

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

(x €1,000)

	2010	2009
Opening balance	472,533	416,345
Share in results	70,196	74,310
Share-based payments	668	
Income and expense recognised directly in equity	(5,463)	878
Repurchased own shares	(3,580)	
Dividend	(44,000)	(19,000)
Closing balance	**490,354**	**472,533**

Equity and liabilities

Group equity

Movements in shareholders' equity are presented in greater detail on page 94 and further information on shareholders' equity is given in the notes on page 123 to the consolidated financial statements.

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

(x €1,000)

	2010	**2009**
Consolidated		
Other reserves	467,423	444,141
Hedging reserve	(2,068)	(589)
Treasury shares reserve	(3,580)	0
Revaluation reserve	4,537	5,010
	466,312	448,562
Company		
Other reserves	382,168	360,825
Unappropriated profit	70,196	74,310
Statutory reserve for participating interest	13,948	13,427
	466,312	448,562

Statutory reserves

This item comprises the statutory reserve for participating interest and the revaluation reserve.
The movements were as follows:

(x €1,000)

	2010	**2009**
Opening balance	13,427	12,395
Movement during the year	521	1,032
Closing balance	**13,948**	**13,427**

The statutory reserves for investments of €13,948 (2009: €13,427) 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 95 and 96.

Authorised for issue,

Veghel, 27 January 2011

Supervisory Board:	Executive Board:
A. Nühn, president	*K.M. Slippens, chairman*
Th.A.J. Burmanje	*J.H.F. Pardoel*
R.R. Latenstein van Voorst	*J.H. Peterse*
F.K. De Moor	*H.L. van Rozendaal*

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 financial statements 2010 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 2010, the consolidated statement of recognised income and expense for 2010, the consolidated cash flow statement for 2010, the consolidated balance sheet as at 1 January 2011, the consolidated statement of movements in shareholders' equity for 2010, and 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 2010, the company balance sheet as at 1 January 2011, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Sligro Food Group N.V. as at 1 January 2011 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 1 January 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the 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. Further, we 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, 27 January 2011

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	39,322
Available for distribution as dividend (€0.70 per share)	30,874
	70,196

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.

TEN-YEAR REVIEW

(x € million)[7]

	2010	2009	2008	2007	2006
Result					
Net sales	2,286.3	2,258.0	2,167.6	2,065.7	1,661.2
Operating profit	90.9	98.2	98.6	95.8	90.4
Profit for the year	70.2	74.3	71.3	74.2	62.1
Net cash flow from operating activities	106.9	123.3	102.8	83.1	78.5
Proposed dividend	30.9	44.3	28.4	28.0	24.4
Financial position					
Group equity[1]	500.1	482.3	426.0	374.8	312.8
Net capital employed[2]	688.5	645.2	643.8	644.6	571.4
Total assets	937.3	852.2	875.2	858.0	719.3
Employees					
Year average (full-time equivalents)	5,513	5,552	5,600	5,083	3,662
Staff costs[3]	203.3	197.1	191.4	170.6	127.2
Capital expenditure					
Net capital expenditure[4]	40.7	46.6	36.4	81.5	32.3
Depreciation	46.7	42.4	40.2	33.8	25.7
Ratios					
Increase in revenue (%)	1.3	4.2	4.9	24.4	7.5
Increase in profit (%)	(5.5)	4.2	(3.9)	19.5	22.0
Gross margin as % of revenue	23.1	23.3	23.8	22.9	21.6
Operating profit as % of revenue	4.0	4.3	4.5	4.6	5.4
Profit after tax as % of revenue	3.1	3.3	3.3	3.6	3.7
Return on average Group equity[5]	14.3	16.4	17.8	21.6	21.5
Operating profit as % net capital employed	14.8	16.3	16.3	15.8	18.6
Group equity as % of balance sheet total	53.3	56.6	48.7	43.7	43.5
Revenue per employee (x €1,000)	415	407	387	406	454
Staff costs per employee (x €1,000)	36.9	35.5	34.2	33.6	34.7
Figures per €0,06 share[6] (in euros)					
Shares in issue (millions)	44.1	44.3	43.7	43.1	42.4
Group equity	11.34	10.90	9.75	8.69	7.37
Net earnings	1.59	1.68	1.63	1.72	1.46
Cash flow	2.83	2.82	2.74	2.63	2.14
Proposed dividend[8]	0.70	1.00	0.65	0.65	0.57

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. 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.

2005	2004	2003	2002	2001
1,545.5	1,443.9	1,355.9	1,299.0	1,171.9
74.1	88.2	73.3	65.5	45.1
50.9	58.6	44.8	37.0	25.3
48.3	67.8	62.7	74.2	50.6
21.0	20.6	18.1	14.6	10.0
265.5	223.3	172.7	132.2	96.2
414.3	377.7	286.3	275.4	226.5
534.5	534.2	401.7	387.1	308.9
3,521	2,984	2,746	2,561	2,129
114.0	101.6	90.7	84.1	72.2
40.7	26.1	31.7	27.1	7.2
24.3	20.3	20.2	18.0	17.0
7.0	6.5	4.4	10.8	49.9
(13.2)	30.8	21.0	46.5	36.6
20.2	19.7	18.6	17.8	15.7
4.8	6.1	5.4	5.0	3.9
3.3	4.1	3.3	2.8	2.2
20.8	29.4	29.4	32.4	30.1
17.9	23.3	26.1	25.2	19.8
49.7	41.8	43.0	34.0	31.0
439	484	494	507	550
32.4	34.1	33.0	32.8	33.9
42.0	41.2	40.2	39.0	38.0
6.32	5.41	4.29	3.39	2.53
1.21	1.41	1.11	0.96	0.67
1.84	1.96	1.73	1.53	1.16
0.50	0.50	0.45	0.37	0.26

From 2004: IFRS

MANAGERS AND OFFICERS

Key staff

A. Aalders	*head of controlling, Sligro Food Group*
S. van Acht	*head of HR, Foodservice*
R. Barten	*assistant manager, support management, Sligro Bezorgservice (delivery services)*
P. van Berkel	*manager responsible for production companies, general manager of Van Hoeckel*
J. Bertens	*operations manager, Culivers*
F. Bogaerts	*head of operations management, Sligro self-service outlets*
J. de Bree	*HR manager, Sligro Food Group*
P. Damoiseaux	*manager, Sligro Maastricht*
M. van Dinther	*account manager, Sligro Bezorgservice (delivery services)*
R. de Haas	*sales manager, Institutional Accounts*
J. van Heerebeek	*marketing & sales manager, Food Retail*
J. van Heereveld	*head of accounting, Sligro Food Group*
L. Heijneman	*sales manager, Sligro Bezorgservice (delivery services)*
R. van Herpen	*purchase manager, Sligro Food Group*
J. Hoenselaars	*head of training, Sligro Food Group*
F. Hofstra	*regional manager, Sligro Bezorgservice (delivery services) Amsterdam*
I. Huntjens	*head of quality services*
W. Jansen	*head of internal and external communication, Sligro Food Group*
H. Jaspers	*head of IT, Sligro Food Group*
R. Kantelberg	*head of non-food purchasing/product range management, Sligro Food Group*
P. Lampert	*manager, Sligro Vlissingen*
M. de Man	*head of operations managers Sligro Bezorgservice (delivery services)*
A. Manders	*head of ICT operating, Sligro Food Group*
J. Pardoel	*COO, Food Retail, Sligro Food Group*
J. Peterse	*COO, Foodservice, Sligro Food Group*
M. Pietersma	*manager, Sligro cash-and-carry outlets*
F. Punte	*head of property management, Sligro Food Group*
A. de Rooij	*head of purchasing/product range management Fresh, Sligro Food Group*
C. de Rooij	*logistics manager, Sligro Food Group*
H. van Rozendaal	*CFO, Sligro Food Group*
L. Rutten	*operations manager, Sligro Bezorgservice (delivery services)*
P. Siemons	*head of data and stock control management, Sligro Food Group*
K. Slippens	*CEO, Sligro Food Group*
R. van der Sluijs	*controller, Sligro Food Group*
S. Somers	*head of HR, production and logistics*
B. Takkenkamp	*operations manager, EMTÉ*
D. Ungerechts	*stock control manager, Sligro Food Group*
G. van der Veeken	*company secretary, Sligro Food Group*
M. van Veghel	*ICT manager, Sligro Food Group*
H. Verberk	*transport manager, Sligro Food Group*
A. Verlouw	*head of building works, Sligro Food Group*
S. van Vijfeijken	*head of GID/WID, Sligro Food Group*
H. van Vlerken	*franchise manager, Food Retail*
W. van Wijk	*manager, Sligro The Hague Forepark*

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