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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 m² 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)

	<i>Acquisitions</i>		<i>Investments</i>	
	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)

	<i>Notes</i>	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)

	<i>Notes</i>	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)

	<i>Notes</i>	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 conditionally 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)

	<i>K.M. Slippens</i>		<i>J.H.F. Pardoel</i>		<i>J.H. Peterse</i>		<i>H.L. van Rozendaal</i>		<i>Total</i>	
	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:

	<i>Exercise price</i>	<i>K.M. Slippens</i>	<i>J.H.F. Pardoel</i>	<i>J.H. Peterse</i>	<i>H.L. van Rozendaal</i>
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		<u>82,303</u>	<u>5,289</u>	<u>7,665</u>	<u>155,714</u>
Number of options granted and in issue maturing in the period until 1 April 2014	24.06	<u>9,600</u>	<u>9,600</u>	<u>9,600</u>	<u>9,600</u>

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	<u>197</u>	<u>353</u>
Finance expense for finance-related obligations	<u>(4,885)</u>	<u>(6,410)</u>

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)

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Assets under construction</i>	<i>Total</i>
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 m ²	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 m² (2009: 738,000 m²), of which 292,000 m² is accounted for by the central complex (2009: 292,000 m²).

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 m² (2009: 18,761 m²). 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:

	<i>Required</i>	<i>Actual</i>
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-à-vis the euro is relatively minor since movements in the value of the euro can be reflected fairly simply and rapidly in the selling prices.

Labour costs/Energy

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

Capital management

The Group attempts to make maximum use of its available credit lines for funding purposes, provided the stipulated 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.