Your partner in fertilization




# 2012 ANNUAL REPORT

Summary


ROSIER

# Contents

# Declaration of the management

**I undersigned, Daniel Richir, Managing Director, declare, in the name and for the Company, that, to my knowledge :**

**a)** The annual accounts contained in this report, which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, give a true view of the assets, financial situation and the results of the issuer and the companies included in the consolidation.

**b)** The annual accounts give a true overview of the development and the results of the company and of the position of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are confronted.

Daniel Richir

# Administration and supervision
## at 31 December 2012

### Board of Directors

Francis Raatz, Chairman of the Board of Directors

Daniel Richir, Managing Director

Nathalie Brunelle, Director

Michel-Armand Bonnet, Director

Nicolas David, Director

Robert-J.F. Semoulin, Director

Thierry kuter, Director

Laurent Verhelst, Director

### Honorary Chairmen

James Maudet

Jean-Louis Besson

Daniel Grasset

### Statutory Auditors

KPMG - Company Auditors

represented by Benoit Van Roost

## Chairman's message

2012 was marked by lower than anticipated growth worldwide, with a challenging situation in Europe, thereby confirming the cautious outlook we communicated at the beginning of the year.

The fertiliser industry has been adversely affected by this general environment despite resilient crop prices. Worldwide growth in the fertiliser industry was limited to approximately 0.3%, which was below previous industry forecasts.

As a result, the consumption of NPK compound fertilisers, Rosier Group's main product line, declined substantially in the European market, which had a significant impact on our results. Nevertheless, as it has been the case in the past, Rosier proved highly responsive to such a situation and actively directed its marketing effort to regions located beyond the European area. This drive enabled us to limit the decline in full-year volumes sold, with 42% of sales generated outside Europe, compared to a historical average of 30%. The positive impact of this effort was felt from the summer onwards and was recognised by Rosier Group being awarded the "Prix Wallonie à l'Exportation".

This good performance was nonetheless insufficient to maintain results to the level expected at the beginning of the year:

- 2012 sales were € 278.4 million; the 5% increase compared to 2011 was due to an increase in average prices during the first half of the year.
- Total gross margin declined by 11% compared to 2011; this decrease was the result of the combined effect of lower volumes at the beginning of the year and reduced unit margins.
- 2012 operating profit was affected accordingly and declined by € 3.3 million, compared to € 9.6 million in the previous year.
- 2012 net profit totalled € 2.3 million, a decline of 66% compared to net profit of € 6.6 million in 2011.

The Board of Directors will propose a gross dividend of € 8 per share to the General Meeting, unchanged from the amount paid in respect of the 2011 financial year. This dividend represents 90% of the year result, testifying to our continued confidence in the Company's future profitability.

It is a well-known fact that mineral fertilisers are vital to agricultural production and boast a favourable growth outlook due to the increase in worldwide population. Rosier which has once again demonstrated strong adaptability is set to play a major role and expand in these markets.

Against this backdrop, on 6 February 2013 the Austrian group Borealis submitted a friendly, firm offer for the acquisition of Total Group's 56.86% interest in the Rosier Group, in conjunction with Borealis' offer to acquire the entire share capital of the French company GPN. Borealis specified that the proposed acquisition of 56.86% of the Company would only be completed with the attendant full acquisition of GPN. This disposal plan is subject to the employee representatives concerned, as part of the information and consultation procedures. Furthermore, the transaction is subject to the approval of the relevant authorities, in particular the antitrust authorities in the countries concerned. In the event it acquires a controlling interest, Borealis has already announced that it would launch a mandatory public takeover bid for the remaining outstanding shares.

*Francis Raatz*


# Rosier Group consolidated management report

ROSIER

# Rosier Group consolidated management report

## Group structure

Rosier Group comprises:

- Rosier SA (Belgium) – Parent Company
- Rosier Nederland B.V. (Netherlands) – wholly–owned subsidiary
- Rosier France S.A.S.U. (France) - wholly–owned subsidiary
- Union pour le Négoce en Produits Chimiques SA (Belgium) wholly–owned subsidiary
  This company was acquired 2012; figures reflecting 2012 operations are negligible.

Northern Shipping Bulk Blending SA's shareholders have decided to wind up this company due to the low level of business generated and lack of prospects. Rosier SA held a 30% interest in this company; therefore, a capital loss of € 14 thousand was recognised in the 2012 income statement.

## General environment and business activity

In 2012, the Rosier Group operated in an overall challenging environment, characterised by weak global economic growth and recession in several EU countries – particularly in Southern regions – and the Euro crisis.

Crop yields were impacted by adverse weather conditions in a number of major regions. The 2012 harvest of all grains is estimated to have declined by almost 90 million tonnes (down 5%) compared to the previous one; in the EU-27, the wheat harvest decreased by almost 9 million tonnes (down 7%), resulting in higher prices for agricultural commodities than the historical average.

These factors had an influence on worldwide fertiliser consumption: full calendar year growth slowed to 0.3%, (Estimate from IFA (International Fertilizer Industry Association) - November 2012), well below historical growth rates and previous forecasts.

This environment had an adverse impact on our 2012 activities.

During the first half of the year, traditionally devoted to the European market, we faced a substantial decline in consumption, particularly in our core business of NPK compound fertilisers in our main trading area. This decline may come as a surprise given that crop prices remained at a high level and in light of an upward trend in long-term markets. This resulted in lower volumes and earnings for Rosier.

The unforeseen contraction in European consumption resulted in increased competition on PK compound fertilisers in neighbouring markets. Whilst not neglecting these markets, we responded proactively by focusing our sales drive on export markets. Business conducted in these markets enable us to once again make full use of our production workshops from August onwards.

The decline in full-year sales of granulated products was eventually restricted to just 3% compared to 2011, with 42% of sales volumes generated outside Europe, compared to 28% in 2011. The significance and diversity of this international presence was the reason we were awarded the "Prix Wallonie à l'Exportation" by the AWEX (Wallonia Foreign Trade and Investment Agency).

The performance of our specialty products varied according to range:

- Nutrients for greenhouses suffered from insufficient sunshine;
- Liquid fertilisers continued to expand;
- Conversely, sales of water-soluble fertilisers continued to be adversely affected by uncertainties over the geopolitical situation of countries where we have the largest presence; this situation may continue and lead us to increase our exposure to other regions over the next few years.

# Rosier Group consolidated management report

## Results

The Rosier Group generated sales of € 278.4 million in 2012; a 5% increase compared to € 265.5 million in 2011.

This was due to an increase in average prices during the first half of the year (up 14% compared to the same period in 2011), which offset lower volumes (down 2%) and stable prices on a comparable basis in the second half of the year.

As was the case in 2011, sales originated from more than 100 different countries across all continents. Due to the increase in export markets, the share of sales generated in Europe fell to 50% in 2012, compared to 62% in 2011.

The 2012 margin on variable costs across all our activities declined by 11% compared to 2011 figures; this decrease was the result of the combined effect of lower volumes and unit margins.

After deducting operating expenses, including amortisation and depreciation charges of € 4.6 million (€ 4.2 million in 2011), operating profit was € 3.3 million for 2012, compared to € 9.6 million in 2011. It should be noted that 2011 net profit included non-recurring items of € 0.9 million.

The 2012 net financial expense was € 0.2 million, compared to € 0.5 million in 2011. The difference between the two years was primarily due to lower interest rates.

Profit before tax was € 3.0 million, compared to € 9.1 million in 2011.

Profit for the period totalled € 2.3 million, a decline of 66% compared to € 6.6 million in 2011.

ROSIER

# Rosier Group consolidated management report

Rosier Group main financial data is as follows:

| € thousands | 2012 | 2011* | 2012/2011 |
|---|---|---|---|
| Operating revenues | 279,802 | 267,636 | |
| of which: Sales | 278,372 | 265,485 | 4.85% |
| Other operating revenues | 1,430 | 2,151 | |
| Operating expenses | (276,546) | (258,058) | |
| **Operating profit** | 3,256 | 9,578 | (66.01%) |
| Net finance expense | (239) | (502) | (52.39%) |
| Profit before tax | 3,017 | 9,076 | (66.76%) |
| Income tax | (749) | (2,509) | |
| **Profit for the period** | 2,268 | 6,567 | (65.46%) |
| **€ per share** | | | |
| Earnings per share | 8.89 | 25.75 | |
| **Gross dividend** | 8.00 | 8.00 | |

* Data restated to reflect the change in accounting principles relating to the presentation of foreign exchange gains and losses.

# Rosier Group consolidated management report

Rosier Group's financial position may be summarised as follows:

| € thousands | 2012 | 2011 | 2012/2011 |
|---|---|---|---|
| **ASSETS** | | | |
| Net non-current assets | 19,012 | 18,224 | |
| Deferred tax assets | 1,677 | 1,767 | |
| Other non-current assets | 53 | 55 | |
| Total non-current assets | 20,742 | 20,046 | 3.47% |
| Inventories | 42,449 | 43,170 | |
| Current tax receivable | 232 | 84 | |
| Trade receivables | 59,168 | 49,675 | |
| Other receivables | 1,738 | 1,231 | |
| Cash and cash equivalents | 3,278 | 3,196 | |
| Total current assets | 106,865 | 97,357 | 9.77% |
| **TOTAL ASSETS** | 127,607 | 117,403 | 8.69% |
| **EQUITY** | | | |
| Share capital | 2,748 | 2,748 | |
| Reserves and retained earnings | 47,934 | 47,975 | |
| **Total equity** | 50,682 | 50,723 | (0.08%) |
| **LIABILITIES** | | | |
| Employee benefits | 1,620 | 1,220 | |
| Total non-current liabilities | 1,620 | 1,220 | 32.79% |
| Current tax liability | - | 88 | |
| Interest-bearing loans and borrowings | 25,126 | 26,428 | |
| Trade payables | 44,996 | 34,692 | |
| Other liabilities | 4,923 | 4,252 | |
| Provisions | 260 | - | |
| Total current liabilities | 75,305 | 65,460 | 15.04% |
| Total liabilities | 76,925 | 66,680 | 15.36% |
| **TOTAL EQUITY AND LIABILITIES** | 127,607 | 117,403 | 8.69% |

# Rosier Group consolidated management report

## Investments

Investments of € 5.4 million were made in 2012, primarily dedicated to:

- The switch to natural gas as the source of energy at the Moustier site;
- Modernising our packaging facilities;
- Sustained efforts to improve the Sas van Gent site's infrastructures;
- Various safety and environmental work.

Investments currently being considered for 2013 will primarily focus on modernising our granulated fertiliser production facilities and improving our storage warehouses. As usual, significant amounts will also be devoted to safety and the environment.

## Research and development

In 2012, R&D expenses were € 397,000, compared to € 356,000 in 2011.

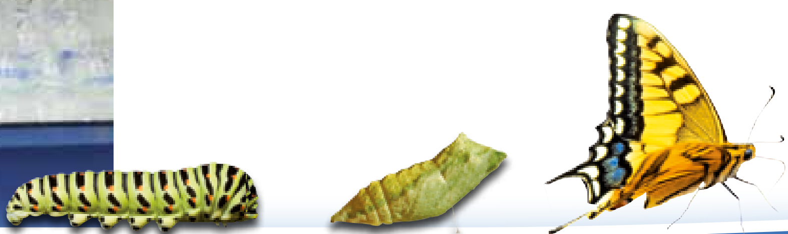
We continued our research activities in two major application areas: agronomic trials and the development of new foliar supplements.

Agronomic trials carried out primarily related to:

- The assessment of various approaches to improve the Actual Absorption Coefficient (AAC) of phosphorous contained in granules. Our experimentations have shown that it is possible to increase the actual efficacy of phosphorus by between 20 and 30% depending on the type of formula. This process is consistent with increased awareness of environmental issues, which entail increased production while consuming less non-renewal material

- Bio-stimulants, new foliar products that act directly on the plant by combining yield and quality objectives as well as resistance to various types of stress which the plant is subjected to during germination. These agronomic research led to the certification of a new NPK foliar fertiliser containing Silicon; this product will be primarily intended for fruit farming and wine-making.

As regards industrial research, we have finalised industrial trials of extensions to our new range of borate-based foliar fertiliser, Rheobor®. New liquid products have been developed and research focused on the replacement of certain chemicals with natural products.



# Rosier Group consolidated management report

## Quality - hygiene – safety – environment (QHSE)

The Group's operations, like those of every company in the fertiliser sector classed as high level Seveso II, generate certain risks linked to the use of chemical products and the storage and transport of raw materials and finished products.

In this regard, the Group has taken out an insurance policy to cover industrial risks inherent in its operations, as well as certain other risks, in line with industry practices.

As announced last year, we have also combined our Quality, Hygiene, Safety and Environment services into a single "QHSE" team. This new organisation, established early in 2012 at Rosier SA, has been extended to Rosier Nederland BV. The main activities and the 2012 report of this new structure are as follows:

- **Accidents from work**

  2 accidents resulting in absence took place in 2012 (only one in 2011). To further reduce the frequency of accidents, in 2013 we will focus our efforts on behaviours; awareness campaigns have been scheduled accordingly.

- **Safety/environment**

  As in previous years, no environmental accident occurred as a result of the industrial activities carried out at our various sites.

- **Certification**

  The objective set last year has been achieved: Rosier Nederland achieved certification in 2012, meaning that all Rosier Group companies are now quality certified (ISO 9001).
  Both industrial sites also achieved certification in relation to safety (OHSAS 18001 or ISRS) and the environment (ISO 14001).

In order to streamline procedures to import and export goods to and from EU countries, while ensuring that these activities are safe, the EU has developed a programme of certification which is recognised in other major economic regions of the world. This certification, termed "Authorised Economic Operator" (AEO), was achieved by Rosier SA in November 2012. This status recognises the knowledge of our processes and compliance with customs regulations, appropriate archive management, compliance with applicable standards in terms of safety and security and our financial solvency.

# Rosier Group consolidated management report

## Human resources and communication

During 2012, the Group employed an average of 253 full-time equivalent staff, including temporary staff, the same number as in 2011. The average age of the Group's staff is 45 (as per 2011), with an average of 17 years of service (18 years in 2011).

As of 31 December 2012, the Rosier Group had 242 employees (245 at 31 December 2011): 123 at Rosier SA, 112 at Rosier Nederland BV and 7 at Rosier France. During the year, 22 new employees joined us and 25 left the company for various reasons.

Staff training continued, primarily focusing on safety, languages, IT, customs procedures, financial transactions and industrial operations; in 2012 a total of 7,800 hours of training was provided to 150 employees. As every year, we also took on students who chose our company for their end-of-studies work-experience in fields such as chemistry, agronomics and accountancy.

True to our local communication and agronomic advice strategy, we organised factory tours attended by almost 1,000 people. We continued to publish in-house magazines "Korrelpraat" (Rosier Nederland) and "Performance" (Rosier SA) on a regular basis.

## Outlook

On 6 February 2013, the Austrian group Borealis announced that it had made a firm offer to acquire the entire majority shareholding of 56.86% held by the Total Group in the Company's share capital. This offer was made simultaneously with Borealis' offer to acquire the entire share capital of the French company GPN from the Total Group. Borealis specified that the proposed acquisition of 56.86% of the Company would only be completed with the attendant full acquisition of the French company GPN. A disposal plan for these 2 companies, subject to social information/consultation procedures has therefore been submitted to the employee representative concerned. Furthermore, the transaction is subject to approval of the relevant authorities, in particular the antitrust authorities in the countries concerned. In the event it acquires a controlling interest, Borealis has already announced that its mandatory public takeover bid to be offered to other Rosier shareholders would be made at a price of € 211.38 per Rosier share (including dividend no. 27 and subsequent dividends), corresponding to the weighted average (based on volume) of the Rosier share trading prices on NYSE Euronext Brussels during the 30 calendar days up to the day the planned acquisition was announced.

No other event likely to significantly affect the Company's financial position at 31 December 2012 has arisen since the year end.

The 2013 global economic climate remains unsettled; however, it is likely that crop prices will remain strong, which will have a positive effect on our industry.

While a 1.5% increase in worldwide fertiliser consumption is forecast for 2013, primarily driven by Asian demand, European demand at the start of the year is rather weak, generating downward price pressure on raw materials used in our industry, in particular the Phosphorus (P) and Potash (K) elements.

As is the case every year, first quarter activities will primarily focus on deliveries to the European market. Supported by continuing strong crop prices, and despite adverse weather conditions in autumn and at the beginning of 2013, major trade organisations consider that the consumption of fertilising elements (N, P and K) during the 2012 / 2013 crop year should stabilise in our neighbouring markets compared to the previous crop year.

# Rosier Group consolidated management report

With this in mind, and considering business in progress, we expect sales and results to increase during the first quarter of the year compared to the same period of 2012.

It is more difficult to issue an outlook for the remainder of the year. However, whilst preserving our position in the European market, we will focus our sales drive on export markets, in line with efforts initiated in 2012. Bolstered by demographic and economic growth rates that far exceed the European average, these regions are a source of future growth for the Rosier Group.

## Profit allocation

Rosier SA's (parent company) net profit amounted to € 2,598 thousand in 2012 (€ 4,810 thousand in 2011).

Combined with retained earnings of € 20,668 thousand from the previous financial year, the amount to allocate was € 23,266 thousand.

The Board of Directors will propose a gross dividend of € 8 per share (€ 6 net per share) to the General Meeting, unchanged from the previous year.

The proposed profit allocation is as follows:

| | |
|---|---|
| Gross dividend: | **€ 2,040 thousand** |
| Retained earnings: | **€ 21,226 thousand** |

## Corporate governance

The Company complies with the 2009 Belgian Corporate Governance Code.

The Company's Governance structure is based upon the Board of Directors and the CEO of the Rosier Group.

The Company's Corporate Governance charter was reviewed in 2012 and is available on (**www.rosier.eu**).

### 1. Board of Directors

#### 1.1. Composition

The number and appointment of Board of Directors' members is governed by Article 15 of the bylaws, which states:

*"The Company is managed by a Board of at least seven members, whether or not they are shareholders, of which at least three must be independent in accordance with Company Law. Directors are appointed and removed by the General Meeting which sets their number. The Directors' term of office must not exceed four years. Retiring Directors are eligible for re-appointment."*

At 31 December 2012, the Board of Directors comprised eight members, including three Non-Executive Directors, one Executive Director and four Independent Directors.

The criteria for evaluating the independence of the Directors are those specified in Article 526-3 of Company Law and in the 2009 Belgian Corporate Governance Code.

# Rosier Group consolidated management report

The composition of the Board of Directors was as follows in 2012:

- **Michel-Armand BONNET**
  Independent Director
  Consultant, former Human Resources Manager
  Term of office expires: June 2013
- **Nathalie Brunelle** (since 7 March 2012 – replacing Françoise Leroy)
  Non-Executive Director representing Total Group
  Senior Vice President, Strategy, Development, Research - Total's Refining-Chemicals division
  Term of office expires: June 2014
- **Nicolas DAVID**
  Independent Director
  Retired, former Legal Manager.
  Term of office expires: June 2013
- **Thierry KUTER** (since 21 June 2012 – replacing Eric Vardon)
  Non-Executive Director representing Total Group
  Chief Financial Officer of GPN
  Term of office expires: June 2013
- **Françoise LEROY** (until 9 January 2012- was replaced by Nathalie Brunelle)
  Non-Executive Director representing Total Group
- **Francis RAATZ**
  Non-Executive Director representing Total Group
  Chairman of the Board of Directors
  General Manager for Fertilisers - Total's Refining-Chemicals division
  Chairman and Chief Executive Officer of GPN
  Term of office expires: June 2014
- **Daniel RICHIR**
  Managing Director of Rosier SA
  CEO of Rosier Group
  Term of office expires: June 2013
- **Robert-J.F. SEMOULIN**
  Independent Director
  Gynaecologist
  Term of office expires: June 2014
- **Eric VARDON** (until 21 June 2012 – replaced by Thierry Kuter)
  Non-Executive Director representing Total Group
- **Laurent VERHELST**
  Independent Director
  Financial Management department of Stanley Europe B.V.B.A.
  Term of office expires: June 2014

# Rosier Group consolidated management report

## 1.2. Board member resignations / appointments (2012 changes)

- Due to her change of position, a Director representing the Total Group, Françoise Leroy, resigned from her duties on 9 January 2012.
  She was replaced by Nathalie Brunelle whose term of office will expire at the close of the 2014 General Meeting.
- Due to his retirement, Eric Vardon, a Director representing the Total Group and Chairman of the Audit Committee, resigned from his duties with effect from the close of the General Meeting.
  He was replaced by Thierry Kuter whose term of office will expire at the close of the 2013 General Meeting; Thierry Kuter has been appointed Chairman of the Audit Committee.

## 1.3. Operation of the Board of Directors

The Board of Directors' policies and procedures manual describes how it is to operate.

The Board of Directors meets at least four times a year and as often as considered necessary in the interests of the Company.

Article 17 of the Company bylaws defines the scope of its activities as:

*"The Board of Directors has the power to carry out every act necessary or useful to the Company's achievement of its corporate purpose with the exception of matters reserved for the General Meeting by law or the bylaws".*

Specifically, the Board of Directors appoints and sets the powers of the CEO, approves the annual accounts and the management report, calls the General Meetings and decides on the proposals to be submitted thereto.

The Board of Directors defines the corporate strategic plan and approves the investment programs and the annual budgets. A report of all financial, commercial and general matters of interest to the Company is distributed at every meeting.

In 2012, the Board of Directors met five times. In addition to considering general business matters, the Board specifically considered the following:

- Approval of the annual financial statements at 31 December 2011 and the proposed profit allocation to be submitted to the General Meeting;
- Approval of the consolidated financial statements at 31 December 2011, the consolidated management report and 2011 remuneration report;
- Approval of the press release for the 31 December 2011 results;
- Replacement of directors having resigned in 2012 and appointment of the Chairman of the Audit Committee;
- Setting the agenda for the Annual General meeting of 21 June 2012;
- Review of the consolidated results at 30 June 2012 and approval of the corresponding press release;
- Investments and divestments during the 2012 financial year;
- Review of the long-term plan and approval of the 2013 budget;
- Review of risks incurred by the Group (risk mapping);
- Approval of updates to the Governance Charter, the Group's internal regulations, as well as the internal regulations of the Audit Committee and the Nomination and Remuneration Committee.

The average attendance rate at Board of Directors' meetings in 2012 was 95%:

- Michel-Armand Bonnet : **100 %**
- Nathalie Brunelle : **80 %**
- Nicolas David : **100 %**
- Thierry Kuter : **100 %**
- Francis Raatz : **100 %**
- Daniel Richir : **100 %**
- Robert-J.F. Semoulin : **100 %**
- Eric Vardon : **100 %**
- Laurent Verhelst : **80 %**

The Board of Directors' internal regulations determine the assessment process.

## 1.4. Board of Directors' Committees.

In accordance with Article 18-2 of the Company's bylaws, the Board of Directors has established two Committees.

### a) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three directors, of which the majority fulfil the independence criteria.

In 2012, the Committee was composed of Michel-Armand Bonnet, Francis Raatz (Chairman) and Robert-J.F. Semoulin.

The Committee is responsible for the identification of potential directors, in accordance with the criteria approved by the Board; it assists the Board in fulfilling its functions relating to the remuneration of the Board of Directors' members and executive management of the Company; it drafts an annual report on remuneration, submitted for approval by both the Board of Directors and the General Meeting.

The Committee met twice in 2012 at meetings called by its Chairman, with an attendance rate of 100%.

The Committee's internal regulations govern its organisation and particularly its assessment process; these internal regulations were updated in 2012 to include the latest legal and regulatory provisions.

### b) Audit Committee

The Audit Committee comprises at least three directors, the majority of which fulfil the independence criteria.

In 2012, the Committee was composed of Nicolas David, Robert-J.F. Semoulin, Laurent Verhelst, Eric Vardon (until 21 June 2012 - Chairman) and Thierry Kuter (from 21 June 2012 – current Chairman). Eric Vardon, Thierry Kuter and Laurent Verhelst have the necessary accounting and audit knowledge as a result of their position.

The Audit Committee is responsible for assisting the Board of Directors in assessing the quality of internal control and the reliability of information provided to shareholders as well as the financial markets.

The Audit Committee more specifically performs the following duties:

- Ensure the completeness and appropriateness of financial information;
- Review of the annual and half-year parent company and consolidated financial statements prior to their review by the Board, having regularly reviewed the financial and cash position;
- Review the appropriateness of the accounting principles and policies selected;
- Ensure the implementation of internal control and risk management procedures and ensure follow up with regard to their efficiency via discussion with management;
- Be regularly informed about the work of the internal and external auditors;
- Ensure follow up of the audit of parent company and consolidated financial statements by the Statutory Auditors;
- Review the annual work plans of the external auditors;
- Propose the appointment of the Statutory Auditors and their remuneration, ensure their independence and oversee their work;
- Set rules calling upon Statutory Auditors to carry out work other than the audit of the financial statements and check its proper implementation.

The Committee met four times in 2012 at meetings called by its Chairman, with an attendance rate of 100%.

The Committee's internal regulations govern its organisation and in particular its assessment process; The internal regulations were updated in 2012 to include the latest legal and regulatory provisions.

# Rosier Group consolidated management report

## 2. Profit allocation policy

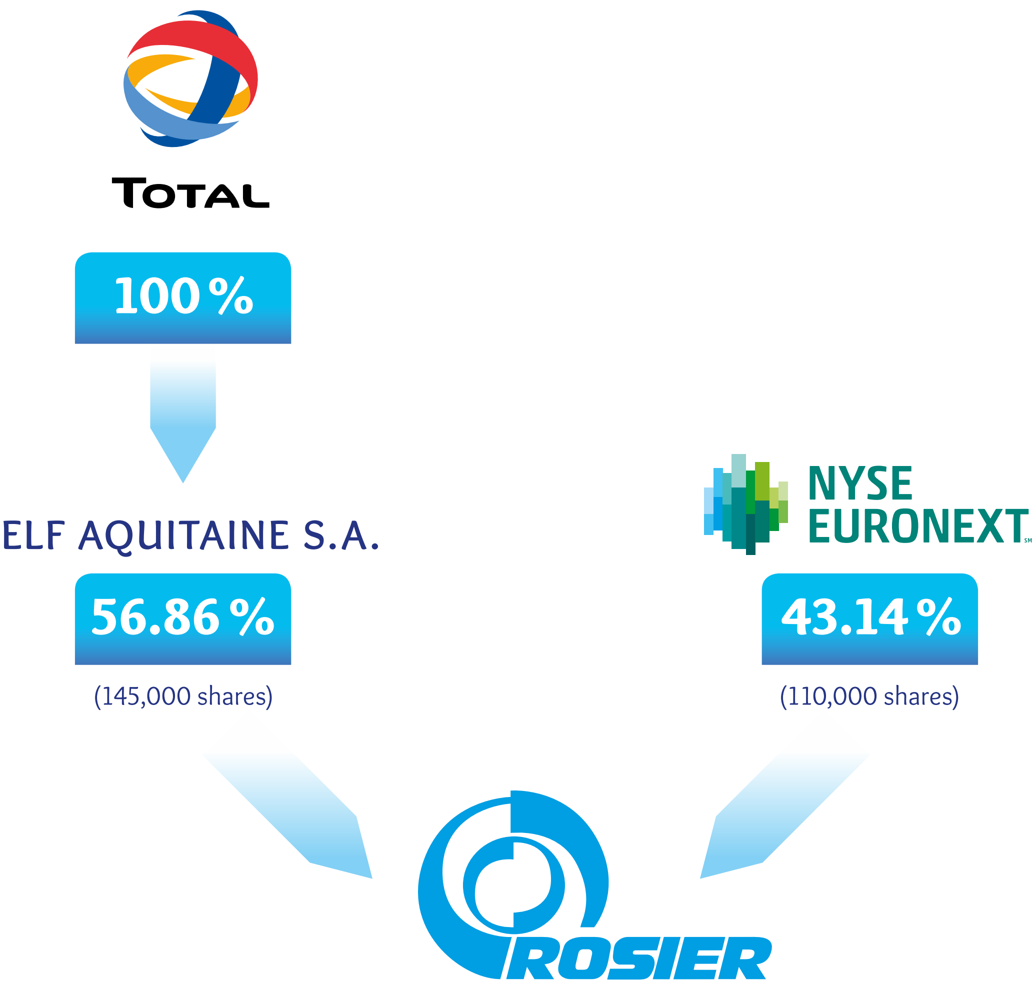
There is no defined profit allocation policy. However, dividends paid out every year take into account the Company's profits, financial position and outlook.

## 3. Relationship with the majority shareholder (Total Group)

All transactions between Rosier Group and companies in the Total Group, relating to current trading, are carried out on normal market terms. These mainly consist of commercial relationships with the GPN Group and financial relationships with Total Finance Global Services.

## 4.Shareholding structure

At 31 December 2012, the shareholding structure was as follows, unchanged since 31 December 2011:



# Rosier Group consolidated management report

## 5. Principal characteristics of the internal control and risk management systems

The Board of Directors and Management consider that internal control and risk management should be an integral part of the daily operation of the Rosier Group.

The Board of Directors oversees the proper operation of the internal control and risk management systems through the Audit Committee.

The Audit Committee in this context is reliant upon information provided by Management and the external auditor.

At regular intervals, an evaluation is undertaken on the organisation and operation of the internal controls integrated into the processes and systems.

The external auditor is concerned with the certification of the Rosier Group's consolidated financial statements, whereas Management places more emphasis on managing the risks in its processes and their potential negative consequences.

### 5.1. Internal control

Management has implemented and maintains an appropriate internal control framework relevant to its activities, the efficiency of its operations and the efficient use of resources to achieve the objectives set.

Management has developed a formal internal control framework based on mapping risks inherent in its operations. The mapping of these risks and the related different controls necessary to hedge such risks is an important internal control tool. The formalisation of this documentation will support the Management's current belief that it has a tailored control framework.

Management has shared its ethical values and its respect for principles which flow from this through the distribution of a Code of conduct to the Rosier Group's employees.

The CEO's internal regulations define the scope of its authority, in compliance with the bylaws and the Company Code.

The Audit Committee has enacted its own internal regulations, which have been approved by the Board of Directors; the operation of the Committee and its regulations are reviewed on an annual basis.

Specific training programmes relative to compliance with antitrust regulations and combatting corruption have been provided to all staff members in direct or indirect contact with the business world.

Sub-delegations of authority are granted to the various levels of management and are presented on an annual basis to the Board of Directors.

All operating departments and the expertise necessary for their proper implementation have been described; their relevance is reviewed through an annual assessment.

Rosier Group's internal control comprises rules of conduct and procedures:

- Relating to accounting entries that provide a reasonably detailed and a true and fair view of the Company's transactions and asset disposals;
- Provide reasonable assurance that transactions are properly accounted for to prepare financial statements in accordance with Belgian Law, generally accepted accounting principles in Belgium and IFRS international accounting standards.

On an annual basis, Management carries out an assessment of the proper implementation of internal control, relying on in-house resources from its finance department to carry out this assessment, given that it does not avail of an internal audit department.

# Rosier Group consolidated management report

## 5.2. Risk management

Rosier Group's risk management is a permanent process allowing the identification, evaluation and management of risks relevant to its operations with the aim of minimising the effects of such risks whilst reaching its objective and creating value for its shareholders.

Rosier Group's risk management framework was formalised in 2011 in the form of a risk map: the main risks have been identified, their potential severity and level of control have been analysed and an action and assessment plan has been put into place.

The risk mapping has been approved by the Audit Committee and the Board of Directors, and will be reviewed on a regular basis by these two governance bodies.

A description of Rosier Group's significant risks as well as the manner in which they are managed is presented in note 6 to the consolidated financial statements.

## 5.3. Control activities

Control activities take place monthly and are included in the monthly reporting aimed at ensuring the application of standards and procedures issued by management.
At the monthly meetings, management analyses the various key performance indicators.
The monthly financial reporting is communicated to the members of the Board of Directors.

## 5.4. Information et communication

The Company meets its legal obligations with respect to the communication of financial information, notably through its website www.rosier.eu.

The IT system is regularly updated to meet the demands of reliability, availability and relevance of information.

IT security is subject to much scrutiny and is reflected in appropriate procedures.

## 5.5. Oversight

The Audit Committee is in charge of monitoring the effectiveness of internal control systems and risk management. The Audit Committee reports its observations to the Board of Directors at its meetings.

Management is in charge of the supervision of the implementation of internal control and risk management. Formal internal control evaluations take place on a regular basis.

## 6. Remuneration report

### 6.1. Remuneration of Non-Executive Directors

In compliance with Article 20 of the bylaws, non-executive directors do not receive any remuneration, except form independent directors who are paid directors' fees for effectively attending Board of Directors, Audit Committee and Nomination and Remuneration Committee meetings.

On a proposal from the Nomination and Remuneration Committee to the Board of Directors, the Shareholders' General Meeting of 16 June 2011 decided to set the value of directors' fees granted to independent directors as follows:

- € 1,500 for attending a Board meeting
- € 900 for attending an Audit Committee or a Nomination and Remuneration Committee meeting.

Due to decisions made by the General Meeting and the attendance of independent directors to the various meetings, the following amounts of directors' fees were paid in 2011 and 2012:

| | 2012 | 2011 |
|---|---|---|
| Bonnet Michel | 7,800 € | 7,800 € |
| David Nicolas | 9,600 € | 9,600 € |
| Semoulin Robert-J.F. | 11,400 € | 11,400 € |
| Verhelst Laurent | 8,100 € | 4,800 € |
| Total | 36,900 € | 33,600 € |

In addition to directors' fees, independent directors are reimbursed travel and accommodation expenses incurred when carrying out their duties with the Board of Directors and the various Committees.

### 6.2. Remuneration of the Chief Executive Officer

The CEO is employed by Rosier SA; therefore, he does not receive his remuneration as a Director but in his capacity as CEO of Rosier SA.

His personal remuneration is set by the Board of Directors upon a recommendation from the Nomination and Remuneration Committee and includes a fixed and a variable element.

The variable element is linked to the achievement of collective (Group financial performance, safety and environment) and individual annual targets. This element is partly settled by a payment in March of the following year and partly through a specific insurance policy.

The CEO's gross remuneration was € 157,500 for the 2012 financial year, increased by a variable remuneration of € 45,000 relating to 2011. In 2011, his gross remuneration was € 150,000 and his variable remuneration relating to the 2010 financial year was € 38,600.

In addition to his remuneration package, the CEO avails of a company car and the same insurance policies as other Company executives. These benefits are estimated at € 20,000 for 2012 (€ 17,000 in 2011).

There is no contract concerning the setting of a severance pay in case of the early end of the employment contract of the CEO.

### 6.3. Senior Executive remuneration

In addition to the CEO, Rosier Group had 6 other Senior Executives in 2012 (7 in 2011): 5 are employed by Rosier SA and 1 is employed by Rosier Nederland BV. The executive who was seconded by an entity of the Total Group until the end of 2011 is now retired and has not been replaced.

Senior Executive remuneration is set by the Group's CEO based on a recommendation from the Nomination and Remuneration Committee and is made up of a fixed and a variable element.

The variable element is linked to the achievement of collective (Group financial performance, safety and environment) and individual annual targets. This element is partly settled by a payment in March of the following year and partly through a specific insurance policy.

The total gross remuneration of Senior Executives was € 569,500 for the 2012 financial year, increased by a variable remuneration of € 64,500 relating to 2011. In 2011, gross remuneration was € 753,300 and variable remuneration relating to the 2010 financial year was € 42,700.

In addition to their remuneration package, Senior Executives avail of a company car and the same insurance policies as other executives of their respective legal entities. These benefits are estimated at € 92,400 for 2012 (€ 90,000 in 2011).

Moustier, 28 February 2013,

*Board of Directors*


# Share
# & Key figures

# Share & Key figures

## Shareholders

In accordance with transparency regulations (Law of May 2, 2007), the extraordinary general meeting decided on June 18, 2009 to set the notification threshold at 2% of the share capital, i.e. 5,100 shares.

There was no change in 2012.

At 31 December 2012, the position of shareholders declaring a holding in excess of 2% of the share capital was as follows :

TOTAL

100 %

ELF AQUITAINE S.A.

56.86 %

(145,000 shares)

NYSE EURONEXT

43.14 %

(110,000 shares)

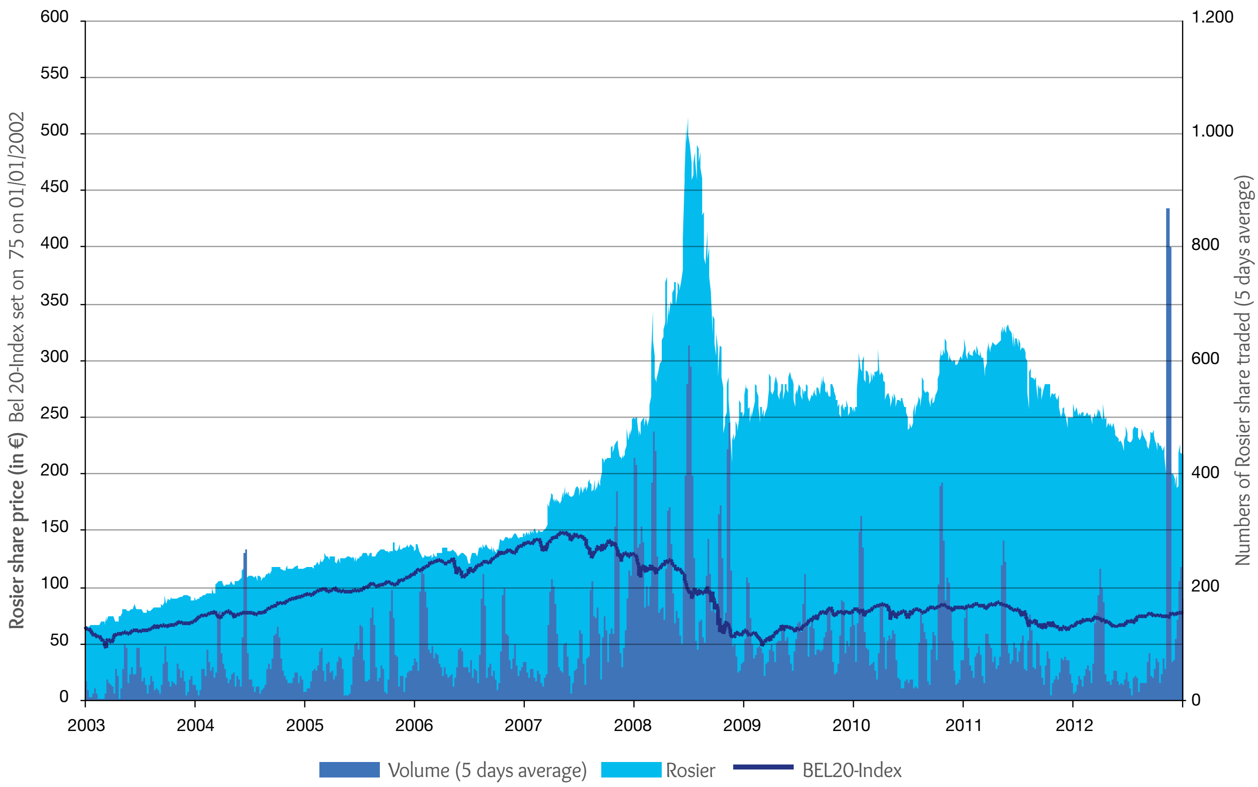
ROSIER

## Share price movement

Date of stock market introduction : 15 December 1986

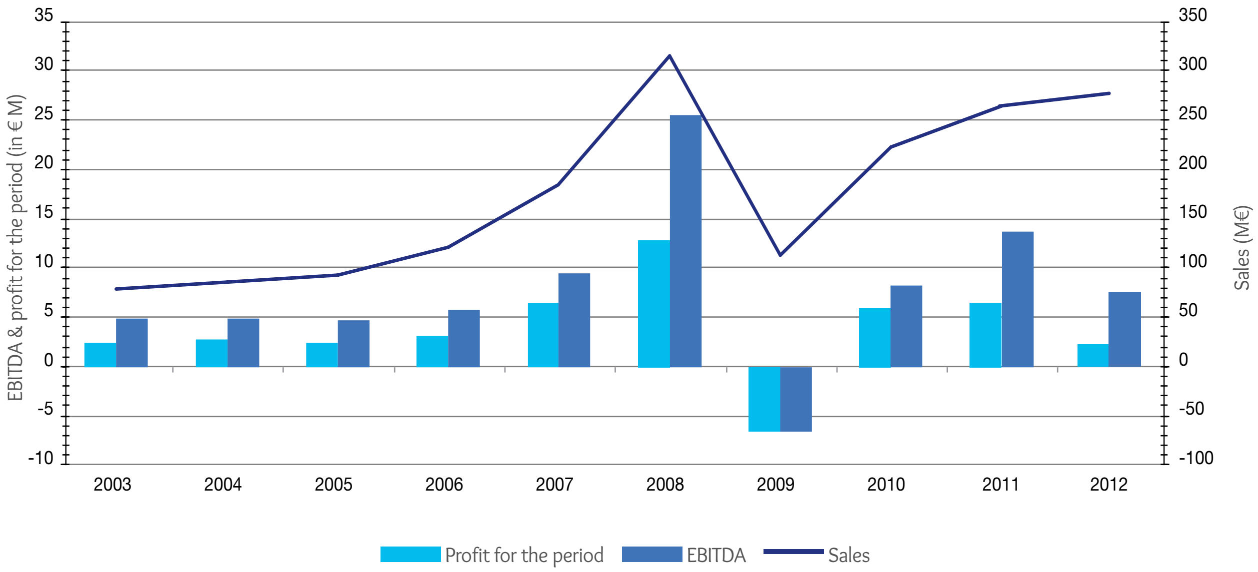
ISIN Code: BE0003575835

Share price movement in 10 years

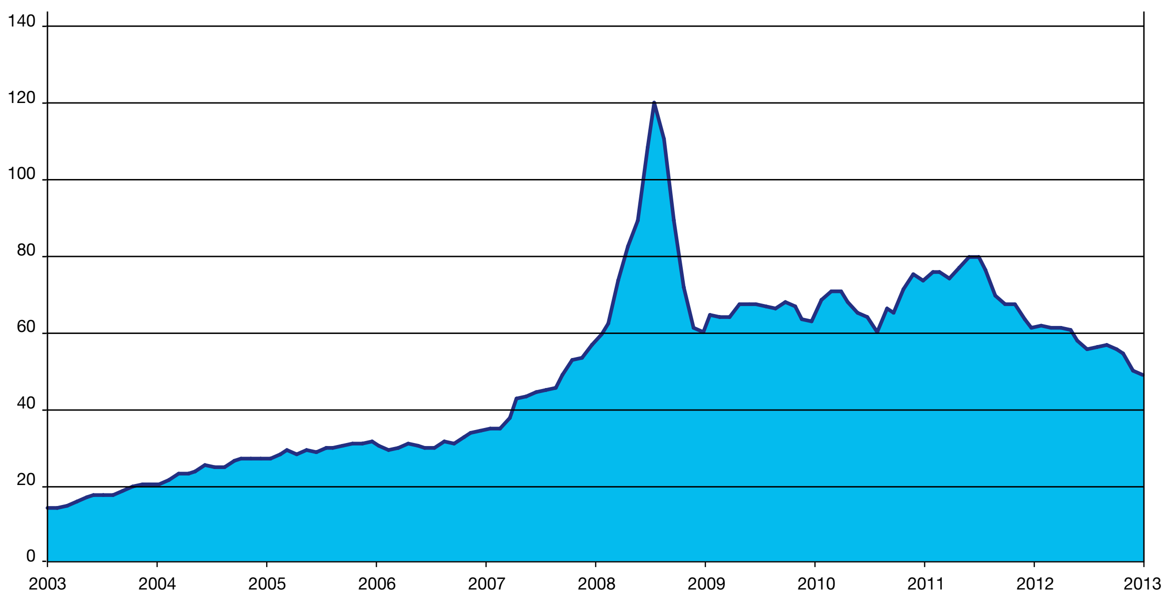


# Share & Key figures

## Key figure

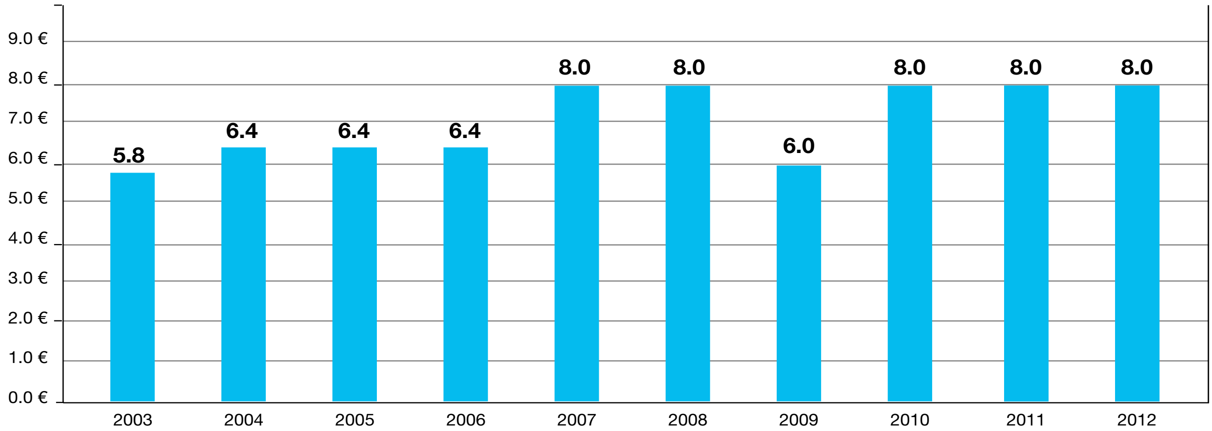



## Market capitalisation (in € M)

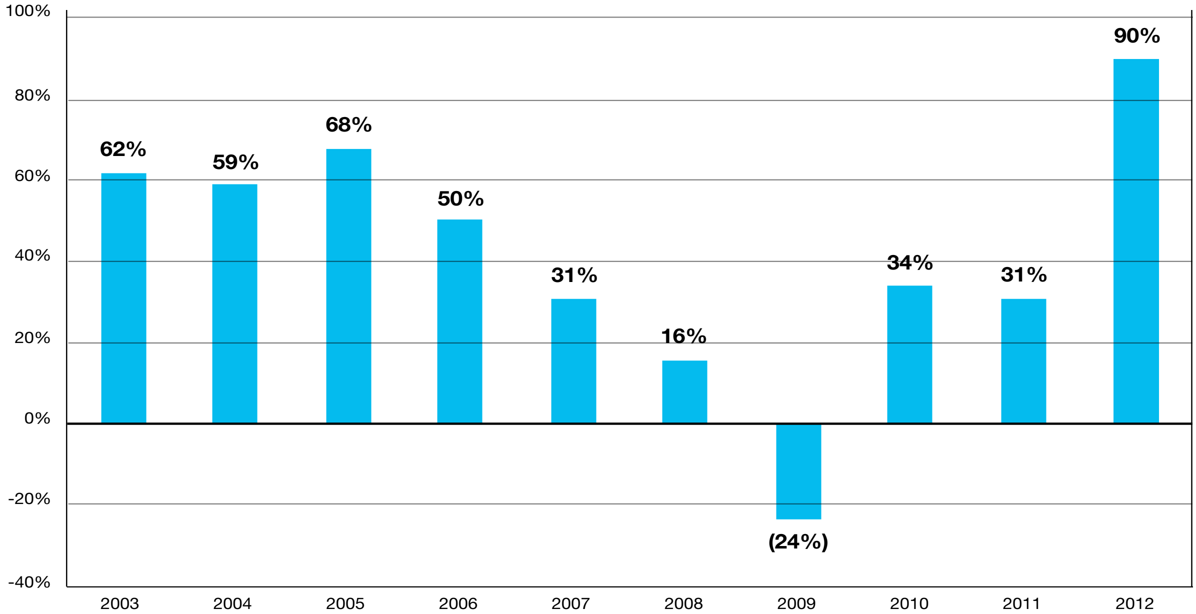


# Share & Key figures

Gross dividend evolution




Gross dividend/profit for the period in % (*)




(*) From 2006, gross dividend/consolidated profit for the period

## Financial calendar

- 2013 Annual General Meeting : **20 june**
- Payment of dividend : **28 June**
- 2013 half-year results : **1 August**
- 2014 Annual General Meeting : **19 June**


# Consolidated financial statements

**at 31 December 2012**

ROSIER

# Consolidated statement of comprehensive income

| EUR thousands | 2012 | 2011* |
|---|---|---|
| Operating revenues | 279,802 | 267,636 |
| Revenue | 278,372 | 265,485 |
| Other operating revenues | 1,430 | 2,151 |
| Operating expenses | (276,546) | (258,058) |
| Supplies and raw materials | (220,593) | (207,884) |
| General expenses | (35,090) | (30,599) |
| Personnel expenses | (15,467) | (14,537) |
| Amortisation and amounts written off | (4,300) | (4,175) |
| Provisions | (260) | - |
| Other operating expenses | (837) | (863) |
| Operating profit | 3,256 | 9,578 |
| Financial income | 75 | 9 |
| Financial expense | (299) | (504) |
| Share of profit of associates | (14) | (7) |
| Profit before tax | 3,017 | 9,076 |
| Income tax | (749) | (2,509) |
| **Profit of the period** | **2,268** | **6,567** |
| Other comprehensive income | (269) | 40 |
| Defined benefit plan actuarial gains (losses) | (367) | 54 |
| Income tax on other comprehensive income | 98 | (14) |
| **Total comprehensive income for the period** | **1,999** | **6,607** |
| Profit for the period attributable to : | 2,268 | 6,567 |
| Owners of the Company | 2,268 | 6,567 |
| Non-controlling interest | - | - |
| Total comprehensive income attributable to : | 1,999 | 6,607 |
| Owners of the Company | 1,999 | 6,607 |
| Non-controlling interest | - | - |
| **Earnings per share** | | |
| Basic and diluted earnings per share (in Eur) | 8.89 | 25.75 |

* Data restated to reflect the change in accounting principles relating to the presentation of foreign exchange gains and losses.

# Consolidated statement of financial position

| EUR thousands as at 31 december | 2012 | 2011 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 465 | 514 |
| Property, plant and equipment | 18,547 | 17,616 |
| Investments in associates | - | 94 |
| Deferred tax assets | 1,677 | 1,767 |
| Other | 53 | 55 |
| Total non-current assets | 20,742 | 20,046 |
| Inventories | 42,449 | 43,170 |
| Current tax assets | 232 | 84 |
| Trade receivables | 59,168 | 49,675 |
| Other receivables | 1,738 | 1,231 |
| Cash and cash equivalents | 3,278 | 3,196 |
| Total current assets | 106,865 | 97,357 |
| **TOTAL ASSETS** | 127,607 | 117,403 |
| **EQUITY** | | |
| Share capital and share premium | 2,748 | 2,748 |
| Reserves and retained earnings | 47,934 | 47,975 |
| **Total shareholders' equity** | 50,682 | 50,723 |
| **LIABILITIES** | | |
| Employee benefits | 1,620 | 1,220 |
| Total non-current liabilities | 1,620 | 1,220 |
| Current tax liabilities | - | 88 |
| Short-term borrowings | 25,126 | 26,428 |
| Trade payables | 44,996 | 34,692 |
| Other | 4,923 | 4,252 |
| Provisions | 260 | - |
| Total current liabilities | 75,305 | 65,460 |
| Total liabilities | 76,925 | 66,680 |
| **TOTAL EQUITY AND LIABILITIES** | 127,607 | 117,403 |

ROSIER

# Consolidated statement of changes in equity

| EUR thousands | Share capital | Share premium | Reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| At 1st January 2011 | 2,550 | 198 | 11,356 | 32,052 | 46,156 |
| Profit for the period | | | | 6,567 | 6,567 |
| Other comprehensive income, net of tax | | | | 40 | 40 |
| Dividends | | | | (2,040) | (2,040) |
| At 31 December 2011 | 2,550 | 198 | 11,356 | 36,619 | 50,723 |
| Profit for the period | | | | 2,268 | 2,268 |
| Other comprehensive income, net of tax | | | | (269) | (269) |
| Dividends | | | | (2,040) | (2,040) |
| **At 31 December 2012** | **2,550** | **198** | **11,356** | **36,578** | **50,682** |

The complete version of the consolidated financial statements is available on the web site www.rosier.eu and can also be obtained on simple request at Rosier SA, Route de Grandmetz 11a, B-7911 Moustier
Tél +32 69 87 15 30 - fax +32 69 87 17 09

# Consolidated statement of cash flow

| EUR thousands | 2012 | 2011 |
|---|---|---|
| **Profit for the period** | **2,268** | **6,567** |
| Adjustments for: | | |
| Amortisation and depreciation | 4,440 | 3,993 |
| Gain/Loss on disposal of non-current assets | (384) | (223) |
| Share of profit of associates | 14 | 7 |
| Interest income | (1) | (2) |
| Income tax | 749 | 2,509 |
| Interest expense | 247 | 448 |
| Changes in working capital : | | |
| Decrease/(increase) in other non-current assets | 2 | (31) |
| Decrease/(increase) in inventories | 721 | (10,172) |
| Decrease/(increase) in trade receivables | (9,493) | (10,439) |
| Decrease/(increase) in other receivables | (507) | 1,538 |
| Increase/(decrease) in trade payables | 10,304 | (375) |
| Increase/(decrease) in provisions | 260 | - |
| Increase/(decrease) in other liabilities | 689 | (236) |
| Increase/(decrease) in employee benefits | 33 | 46 |
| Interest paid | (247) | (448) |
| Income tax paid | (797) | (1,004) |
| Cash flows from operating activities | 8,298 | (7,822) |
| Interests received | 1 | 2 |
| Acquisition of property, plant and equipment | (5,351) | (5,107) |
| Acquisition of subsidiary, net of cash acquired | (3) | - |
| Disposals of property, plant and equipment | 412 | 219 |
| Settlement of associates | 94 | - |
| Proceeds from sale of associates | (14) | - |
| Cash flows used in investing activities | (4,861) | (4,886) |
| Dividends paid | (2,053) | (2,066) |
| Increase short-term loans | 247,110 | 186,638 |
| Decrease short-term loans | (248,412) | (171,856) |
| Cash flows from financing activities | (3,355) | 12,717 |
| **Total increase/(decrease) in cash and cash equivalents** | **82** | **9** |
| Cash and cash equivalents at beginning of the period | 3,196 | 3,187 |
| **Cash and cash equivalents at the end of the period** | **3,278** | **3,196** |


JUNGBY

2012 ANNUAL REPORT

# Rosier SA abbreviated Annual accounts

# Rosier SA abbreviated Annual accounts

Please find below the abbreviated annual accounts of Rosier SA.

The auditor has given a certification without reserve about the statutory annual accounts.

In accordance with Company Law, the management report and the annual accounts of Rosier SA as well as the auditor's report have been filed with the National Bank of Belgium.

These documents can also be obtained on simple request at the Company's head office : Rosier SA, route de Grandmetz 11A, B-7911 Moustier –Tel. +32 69 87 15 30 – Fax +32 87 17 09 and may be consulted on our website **www.rosier.eu**.

| EUR thousands | 2012 | 2011 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets, net | 16,325 | 15,809 |
| Inventories | 22,130 | 22,483 |
| Trade receivables and others | 47,829 | 42,566 |
| Cash and cash equivalents | 429 | 2,360 |
| **TOTAL ASSETS** | **86,713** | **83,218** |
| **EQUITY AND LIABILITIES** | | |
| * Share capital | 2,550 | 2,550 |
| * Reserves | 32,222 | 29,453 |
| * Profit for the year | 558 | 2,770 |
| Shareholders' equity | 35,330 | 34,772 |
| Provisions | 135 | 147 |
| Borrowings | 25,126 | 26,428 |
| Trade payables and other | 26,122 | 21,871 |
| **TOTAL EQUITY AND LIABILITIES** | **86,713** | **83,218** |

| EUR thousands | 2012 | 2011 |
|---|---|---|
| Operating revenues | 139,208 | 134,139 |
| of which : Sales | 137,655 | 133,063 |
| Other operating revenues | 1,553 | 1,076 |
| Operating expenses | (138,071) | (129,174) |
| Operating profit | 1,137 | 4,965 |
| Net financial income | 1,512 | 897 |
| Exceptional income | 366 | 172 |
| Profit before tax | 3,014 | 6,034 |
| Income tax | (416) | (1,225) |
| **Net profit** | **2,598** | **4,810** |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# General Information


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