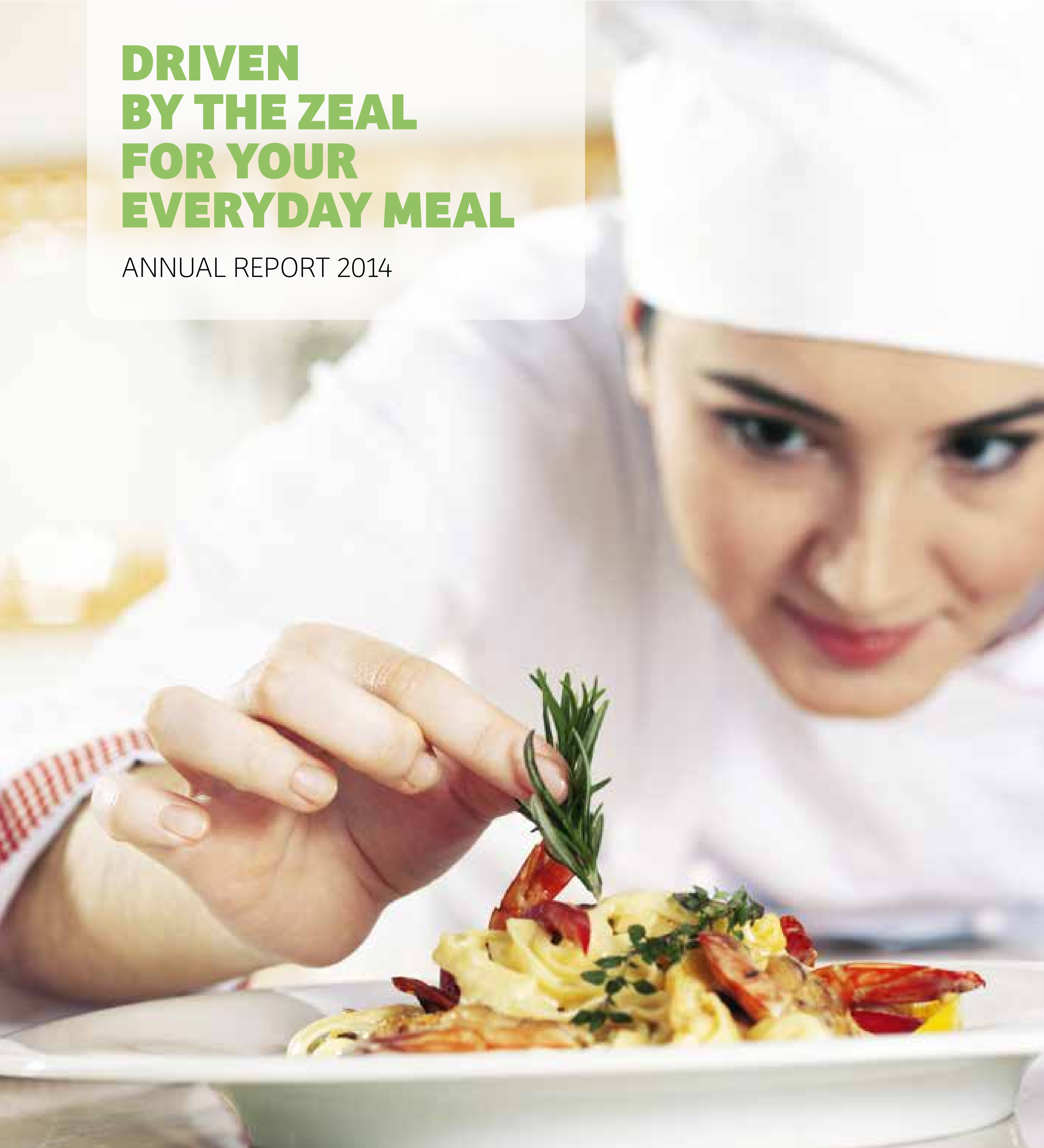
DRIVEN BY THE ZEAL FOR YOUR EVERYDAY MEAL

ANNUAL REPORT 2014



terbeke
driven by the zeal for your everyday meal

HEADLINES AND KEY FIGURES 2014

Processed Meats Division 2014:

- > Drop in turnover due to optimisation of the product range and termination of the in-house production of dried and cured meat at the Herstal site as of 31 December 2013;
- > Development and launch of a salami-snack range and modernisation of the paté range of products;
- > Relaunch of a top range of speciality fine meats under the Daniël Coopman® brand;
- > New range of resealable packaging for the Dutch and UK markets;
- > Consolidation of operating results, partly due to far-reaching cost reductions.

TURNOVER
399.7
EUR million.

EBITDA
31.4
EUR million.

EAT
8.1
EUR million.

INVESTMENTS
14.5
EUR million.

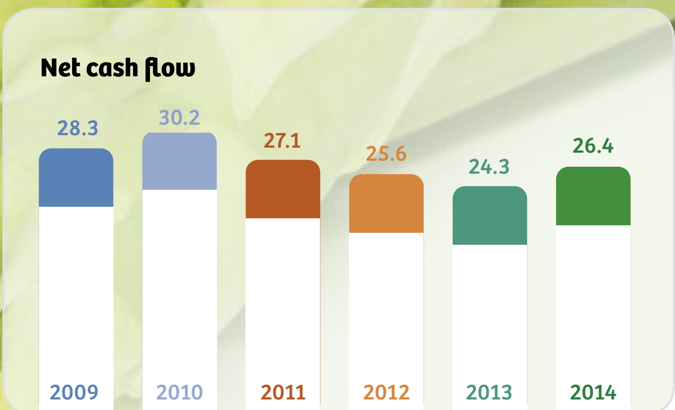
Ready Meals Division 2014:

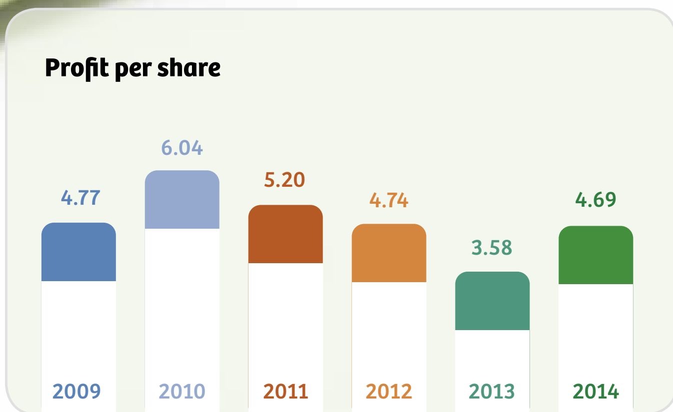
> Increase in turnover and results from lasagne, partly due to continued marketing efforts.
> Consolidation of operating results, partly due to far-reaching cost-savings and reductions;
> The new ready meals factory in Opole (Poland) has been operational since early October 2014.

CONSOLIDATED KEY FIGURES 2005-2014

Consolidated income statement	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	399,730	407,202	421,078	403,715	402,180	392,374	393,206	366,669	326,718	236,238
EBITDA (1)	31,418	28,602	31,130	33,233	37,501	35,155	29,866	29,274	23,981	21,632
Recurring operating result	16,174	12,757	13,948	15,333	17,801	15,087	11,378	12,192	8,606	10,700
Non-recurring operating activities	-2,330	-2,159	-380	0	0	0	-3,425	-1,950	1,500	0
Result of operating activities	13,844	10,598	13,568	15,333	17,801	15,087	7,953	10,242	10,106	10,700
Result after tax before share in the result of enterprises is accounted for using the equity method	8,805	6,313	8,024	9,206	10,458	8,256	7,604	6,069	5,973	5,949
Result after taxes	8,132	6,202	8,207	9,006	10,458	8,256	7,604	6,069	5,973	5,949
Net cash flow (2)	26,379	24,317	25,586	27,106	30,158	28,324	29,517	25,101	19,848	16,881
Consolidated balance sheet and financial structure	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Non-current assets	140,926	144,493	154,380	153,192	149,323	146,266	150,361	161,173	134,537	83,828
Current assets	91,799	96,183	95,177	99,744	93,290	83,750	89,075	86,597	73,621	50,597
Equity	102,815	99,489	98,036	93,879	89,116	82,808	78,146	74,421	71,715	45,359
Balance sheet total	232,725	240,676	249,557	252,936	242,613	230,016	239,436	247,770	208,158	134,425
Net financial debt (3)	29,566	40,823	51,476	59,619	57,168	65,464	69,853	71,681	56,458	28,863
Net financial debt / Equity	28.8%	41.0%	52.5%	63.5%	64.2%	79.1%	89.4%	96.3%	78.7%	63.6%
Equity / Balance sheet total	44.2%	41.3%	39.3%	37.1%	36.7%	36.0%	32.6%	30.0%	34.5%	33.7%
Stock and dividend information	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,730,171	1,722,971	1,369,017
Average number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,731,641	1,727,118	1,588,088	1,366,698
Average stock price (December)	61.99	56.94	47.81	49.67	60.09	54.38	41.91	56.85	65.10	66.10
Profit per share	4.69	3.58	4.74	5.20	6.04	4.77	4.39	3.51	3.76	4.35
Diluted profit per share	4.69	3.58	4.74	5.20	6.04	4.76	4.38	3.49	3.70	4.24
EBITDA per share	18.13	16.51	17.97	19.18	21.64	20.29	17.25	16.95	15.10	15.83
Net cash flow per share	15.22	14.03	14.77	15.64	17.41	16.35	17.05	14.53	12.50	12.35
Dividend per share	2.50	2.50	2.50	2.50	2.50	2.35	2.10	2.10	2.10	2.10
Payout ratio	53.27%	69.84%	52.70%	48.10%	41.40%	49.30%	47.80%	59.90%	60.60%	48.30%
Dividend return (December)	3.00%	4.40%	5.20%	5.00%	4.20%	4.30%	5.00%	3.70%	3.20%	3.20%
Valuation	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Market capitalisation (December)	107,405	98,655	82,837	86,059	104,113	94,220	72,614	98,360	112,165	90,492
Net financial debt	29,566	40,823	51,476	59,619	57,168	65,464	69,853	71,681	56,458	28,863
Market value of the company	136,971	139,478	134,313	145,678	161,281	159,684	142,467	170,041	168,623	119,355
Market value / Result	16.8	22.5	16.4	16.2	15.4	19.3	18.7	16.2	18.8	15.2
Market value / EBITDA	4.4	4.9	4.3	4.4	4.3	4.5	4.8	5.8	7.0	5.5
Market value / Net cash flow	5.2	5.7	5.2	5.4	5.3	5.6	4.8	6.8	8.5	7.1

(1) EBITDA = Operating result + depreciations + impairments and provisions
(2) Net cash flow = Result after tax before share in the result of enterprises accounted for using the equity method + depreciation + impairments + changes in provisions
(3) Net financial debt = interest bearing liabilities – interest bearing receivables, cash and cash equivalents





CONSOLIDATED FINANCIAL ACCOUNTS 2014 TER BEKE: all amounts in million EUR. Profit per share in EUR.



TER BEKE IN BRIEF

Ter Beke (Euronext Brussel: TERB) is an innovative Belgian fresh foods concern that markets its assortment in 10 European countries. The group has two core activities: processed meats and fresh ready meals. It has seven plants in Belgium and the Netherlands and has approximately 1,650 employees. Ter Beke generated a turnover of EUR 399.7 million in 2014.

PROCESSED MEATS DIVISION:

> producer and slicer of fine meat products for the Benelux, the UK and Germany

> 2 production plants in Belgium (Wommelgem and Waarschoot) and 5 centres for the slicing and packaging of processed meats, 3 of which are in Belgium (Wommelgem, Waarschoot and Veurne) and 2 in the Netherlands (Wijchen and Ridderkerk)

> innovating in the pre-packed processed meats segment

> distribution brands and own brand names L'Ardennaise®, Pluma®, and Daniël Coopman®

> employs approximately 1,050 staff

READY MEALS DIVISION:

> produces fresh ready meals for the European market

> market leader in chilled lasagne in Europe;

> 2 production sites in Belgium (Wanze and Marche-en-Famenne)

> brand names Come a casa® and Vamos® in addition to distribution brands

> employs approximately 600 staff

> joint venture The Pasta Food Company established in Poland (2011)

CONTENTS

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

This is my third letter to you and the second that concerns a book year under the management of Dirk Goeminne and his team.

As usual, I do not plan to talk about the figures in this letter; they are what they are and if you are reading this then you will be more or less familiar with them. The improved figures are the result of two factors: the performance of the Ter Beke team (including the new members) and the fact that the conditions were more favourable than in 2013, when we had a run of bad luck.

It is standard practice in annual reports to state that the results of a company are thanks to the quality and commitment of the people who work there. But this year the Board of Directors and I also want to call special attention to the work of Dirk Goeminne and his renewed Executive Committee, who have provided new opportunities for talented Ter Beke employees. They did this partly by sharing a renewed set of values and developing systems based on these, and partly by enriching the contacts with many internal and external relations. In effect, a kind of collective personal development and an increase in self-confidence and assertiveness has taken place. This achievement is based for no small part on the reconfirmation of the long-lasting relations with our key shareholders and the regained profitability of the company. The company has a new élan, but a new ambition too: we want to intensify, broaden and increase the range of products we offer to consumers without making even the slightest sacrifice to the high quality of the raw materials we use. After all, even the most expensive marketing campaign will never be able to convince the consumer to be anything but critical about what they are served on their plate.

These critical consumers also desire more variation, reliability, freshness and ease of use, as well as exotic products so that they can try new flavours and broaden their dietary horizons.

Ter Beke has the resources at its disposal to grow on the basis of the demands of these critical consumers and so continue to develop its newly acquired profitability.

Last but not least, I wish to thank all parties who contributed to the performance in 2014 and to remind you of the chief concern of that "old" management guru, Charles Handy (in his new book published this year): large companies have become "older, fatter and greedier".

So we need to ensure that Ter Beke does not become such a "large company", at least not in that sense.

Louis-H. Verbeke
President

terbeke

driven by

the zeal for your everyday meal

TEAMWORK

INTEGRITY

COST LEADERSHIP

OUR MISSION

Enthusiasm. Determination. Drive. Dedication. Eagerness. Passion. Sincerity. This is what drives us. Encompassed in a single word: ZEAL.

We use this zeal to accomplish our mission: putting delicious quality products on every dining table. And for this reason, we endorse our name Ter Beke with: ***driven by the zeal for your everyday meal.***

CUSTOMER FOCUS
FOCUS ON RESULTS
INNOVATION
OPERATIONAL EXCELLENCE
CUSTOMER SATISFACTION

STRATEGIC OBJECTIVES

At Ter Beke we want to create growth and value for our stakeholders. To realise this, we act in accordance with the following strategic objectives:

CUSTOMER SATISFACTION

Satisfied clients and consumers are our primary objective. They make us who we are.

OPERATIONAL EXCELLENCE

Every day we strive to excel in what we do by doing the right things and doing them in the right manner. We do not compromise on the quality of our products and services.

COST LEADERSHIP

We endeavour to keep the direct and indirect costs of our operations under control and reduce these wherever possible. Every day we endeavour to organise our activities as efficiently as possible; and to do this without compromising on the quality of our products and the service to our clients.

INNOVATION

We endeavour to incorporate innovation and creativity in all aspects of our business operations. We consider innovation in products, processes and services to be the motor that drives our strategy and our organisation. The development of new products, services and production processes is an absolute prerequisite for our future growth.

OUR VALUES

**Our values are the starting point and the touchstone for our personal and corporate conduct.
Our values are:**

TEAMWORK

Professional relationships based on mutual respect, confidence, willingness to listen and support. Commitment to achieve the Ter Beke objectives together.

FOCUS ON RESULTS

Achieve common and agreed objectives by working efficiently.

INNOVATION

Encourage entrepreneurial spirit to create future-focused solutions which have added value and differentiate us from our competitors.

CUSTOMER FOCUS

Offer solutions for existing and future demands from clients and consumers.

INTEGRITY

Communicate honestly and openly and work together with business partners and society.

FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

As an organisation with a sense of public responsibility we consider sustainable business practices to be of paramount importance. How we take our responsibility seriously? By creating a healthy and safe working environment. By treating the environment with respect. And by acting responsibly towards all parties in our socio-economic environment.

1. SOCIETY

Animal welfare awareness.

Ter Beke strives to process meat obtained solely from animals that have been kept in accordance with the **principles of animal welfare**. We are increasingly using meat from animals which have been raised according to specific animal welfare requirements. Examples include the AWF (Animal Welfare Foundation) rules in the United Kingdom and the 'Beter Leven' (better life) standard in the Netherlands. We do not only apply this to our own brands, we also actively promote animal welfare in the production of products for our customers.

Ter Beke is a vocal opponent of the **unanaesthetised sterilisation of pigs** (castration). We are currently studying the influence of non-castrated pigs on the quality of our products. If this proves feasible, we will give this animal friendly method preference in our meat purchasing activities.

We strive to use only **free range eggs** in our own brand products. We received a **Good Egg Award®** from GAIA for our consistent use of free range eggs in our Come a casa® products. We also actively promote the use of animal friendly eggs in the products we produce for third parties.

Aware of our impact on the environment.

For meat ingredients, Ter Beke elects to use pork and poultry in preference to beef because it is **less harmful to the environment**.

Ter Beke avoids the use of palm oil because we are convinced that this is better for the environment and results in more healthy products. If the use of palm oil is unavoidable for reasons of product quality and technology, Ter Beke deliberately chooses to use palm oil that is certifiably sustainable.

Clear commitment to social themes.

We make a special effort for relevant social themes at both the national and international level. At a local level our companies are committed to the communities of which we are part.

Membership of professional associations. Ter Beke is a socially committed member of the following professional organisations:

- the Belgian food industry federation (FEVIA);
- the Belgian sector federations FENAVIAN (National Federation for Manufacturers of Processed Meats and Canned Meat) and BReMA (Belgian Ready Meals Association);
- the umbrella sector federation for the meat processing industry CLITRAVI (Liaison Centre for the Meat Processing Industry in the European Union) and the ECFF (European Chilled Food Federation) for ready meals;
- in addition we also maintain close contacts with the Dutch sector organisations.

Ter Beke is not a passive member of these organisations. We actively contribute to **policy preparation within the food chain**. Our R&D QA Director, Mr Guido Bresseleers, represents Ter Beke in the primary consultative bodies with other stakeholders in the chain. And we hold the chair of FENAVIAN and of the technical-scientific committees within FENAVIAN and BReMA, and of the CLITRAVI Technical, Legal and Food Safety Committee.

Nutrition and Health.

We actively contribute to the implementation and realisation of the National Food and Health Plan for Belgium and similar initiatives abroad, in particular where it concerns the targets for the reduction of salt and saturated and unsaturated fat, a balanced calorie intake and increasing the percentage of vegetables in food products. Our aim is to make a clear mark in this area of the food market. We are putting this into practice by modifying our existing products and developing new products. And we do this for products sold under our own brands as well as our clients' private labels.

Strong social commitment in practice.

We participate in the chain consultations chaired by Piet Vanthemsche, chair of the Boerenbond (Belgian farmers association). The chain consultations regularly bring the Agrofront, Unizo, BEMEFA/APFACA, COMEOS, UCM and FEVIA together and is designed to promote cooperation between the various actors in the Belgian agri-food chain. To this end, Ter Beke signed the 'Code of Conduct for fair relationships between suppliers and buyers in the agri-food chain'. The "pigs working group" that was established as part of these consultations is putting this code into practice by actively participating in a "generic specifications for Belgian pork" to focus even more closely on sustainability and quality.

Fundamental research.

We encourage, finance and assist numerous research projects.

Sharing knowledge.

We work together with training centres and support various training initiatives. A number of Ter Beke employees are lecturers in their specialty subjects at higher education institutions. They perform this work as a service to society, typically without pay. As preferred partner of the Vlerick Business School we promote research into sustainable business practices and corporate governance.

2. CLIENTS AND CONSUMERS

Ter Beke regularly polls **customer satisfaction** and has the results compared with those of its competitors by independent researchers. Points for improvement are translated into targets and concrete activities.

We are **accessible and approachable** to both consumers and our end-customers in various ways. We actively strive to remove the causes of customer and consumer dissatisfaction. We always try to respond to questions and complaints within a specified time frame.
All Ter Beke production plants meet our customers' requirements for product quality and safety. This is certified annually during independent audits in accordance with internationally recognised standards such as IFS and BRC. We are always ready and willing to be subjected to these audits, unannounced and at any time.

We inspire our clients with **valuable products and innovations** that fit in with a healthy and quality lifestyle.

Transparent product composition that meets consumer expectations

Demanding consumer expectations drive our product development. Using market research we monitor trends in consumer behaviour closely. This helps us identify expectations and gauge new needs. It also places us in a position to respond to relevant societal themes such as health, safety and animal welfare, which consumers link to our activities and products.

Product composition

The packaging bears transparent labelling with the product composition and **nutritional values** per 100 gram and per serving, expressed as % of the recommended daily reference intake (RI) of nutrients. This means we are actually ahead of the new legal requirements, should they be imposed.

We endeavour to create **nutritionally balanced products**. More specifically, over the past years we have reduced the salt content in processed meats by an average of 10% and in ready meals by an average of 15%. In addition we are gradually reducing the use of saturated fats and palm oil for overall **fat reduction and the improvement of the fatty acid composition**. Our own brand products are **palm oil free** and we try to convince our customers to do the same with the products we produce for them.

To achieve nutritional balance, we use **wholemeal** and **ingredients high in fibre** such as vegetables.

In general we try to use no artificial additives. Where this is unavoidable, the use is subject to strict conditions and statutory limitations.

For us it goes without saying that we do not use **ingredients or raw materials from Genetically Modified Organisms (GMOs) or irradiated ingredients** in our products.

3. SUPPLIERS

We wish to build a **fair and sustainable relationship** with our suppliers. A relationship in which we fully appreciate their efforts and commitments.

Long-term collaboration, local sourcing and sustainability

We have an **open relationship** with suppliers, in which everything can be discussed. We translate the extent to which a supplier meets our requirements for quality, innovation, continuity of supply and service, into a **long-term relationship** and **fair remuneration** for their added-value.
We try to obtain ingredients and raw materials from **local sources** if possible and we will be doing this more in the future. The majority of the meat for the production activities in Belgium and Netherlands is purchased in these two countries. We consider it of paramount importance to provide guar-

"By continually raising the awareness of employees, and thanks to specific investments, water consumption in the processed meat factories has decreased by 30% since 2008".

antees for the authenticity, origin and traceability of our ingredients.

As far as **sustainability** is concerned, we work together with **preferred and proven suppliers** that have proved to meet our requirements. For animal ingredients this means that we are increasingly buying meat and eggs from animals raised in accordance with the principles of **animal welfare**. For our logistics partners, this implies that we need to report our sustainability initiatives on an annual basis. We are in fact currently preparing such a report for our key suppliers. We aim to consolidate these efforts by having them validated by an external party in the short term.

For our packaging, we prefer to work with **recycled materials** and **renewable raw materials** or packaging which can be recycled after use or which does not damage the environment. We collaborate with suppliers who are innovative in the area of sustainability. Ter Beke has developed synthetic packaging that has been certified by labels such as OK Biobased®, OK Compost® and OK Compost Home®.

4. SHAREHOLDERS

We offer our shareholders an **attractive return** and high shareholder value. We take initiatives to realise their corporate social responsibility expectations. Ter Beke is communicating more and more about its commitment to and achievements in Corporate Social Responsibility (CSR). This constantly involves achieving the right balance between the provision of detailed information and the interests of confidentiality for our shareholders.

Corporate Governance

The objective of Corporate Governance is efficient and transparent management and effective control of the company. The Board of Directors believes that clear agreements regarding sound management contribute to value creation in the long term and ensure a workable balance between entrepreneurship and regulation.

Since its listing on the Brussels Stock Exchange in November 1986, Ter Beke, as one of the smaller listed companies, pursues an active policy of good governance. As early as 1978, the family directors of Ter Beke invited all non-executive, independent entrepreneurs to help and coach them.

This administrative structure ensures the development of the business strategy and exercises proper control on this.

Ter Beke is a founding member of GUBERNA, (Belgian institute of directors) which wishes to develop a Corporate Governance model based on thorough research and founded on the cultural individuality and the specific needs of a company.

Ter Beke conforms to the legal provisions on corporate governance, as set out in the Belgian Company Code and other specific laws. The Corporate Governance Charter describes the practices of corporate governance which we apply in addition to the Corporate Governance Code 2009.

5. LIVING ENVIRONMENT

We consciously and actively contribute to a better living environment. We endeavour to continually avoid and reduce **waste, water usage and energy consumption**. We make maximum use of raw materials that originate from renewable sources or sources that have a modest impact on our planet.

Paying attention to energy consumption, waste flows and packaging.

By continually raising the awareness of employees, and thanks to specific investments, **water consumption** in the processed meat factories has decreased by 30% since 2008. **Primary energy consumption** has decreased by 10%. We have made it our ambition to decrease this by a further 25% by 2020.

With regard to water consumption, we will also further **reduce discharges of waste water**, whereby we will strive to simultaneously reduce the contamination level of both the water itself and the separated sludge.

Due to the integrated Sales & Operations Planning Process we have reduced **waste flows** since 2008 by 70%, despite the increased volume. For this we adhere to the five Rs: Remove, Reduce, Reuse, Renew and Recycle. We are working to further reduce the residual fraction in the total waste flows. All our packaging contributes to the systems of **waste prevention and recycling** in the countries where they are marketed. For Belgium this means affiliation and contributing to FostPlus for consumer packaging and VAL-I-PAC for industrial waste flows. As such we are also adhering to the covenants agreed within the sector and commitments to individual companies.

In cooperation with our suppliers we develop **packaging concepts** based on **renewable sources** which are certified according to the '4-star' OK biobased® specifications. They also meet the OK Compost Home® standards.

6. COLLEAGUES

We fully acknowledge the value of our colleagues. This is why we offer them a fair salary, appropriate recognition, inspiring teamwork, a pleasant working atmosphere, respect for their rights and numerous opportunities for lifelong learning. We motivate and encourage them in their personal growth and further development. Our target? **Satisfied employees.**

Motivation, dedication and commitment

Ter Beke creates a working environment that attracts talented people and gives them the opportunity to develop themselves professionally and personally. After all, this also leads to successful and sustainable development of the company. We also want to improve the gender balance in our company. We regularly talk to our employees about their performance and their ambitions, welfare and satisfaction and we are developing a good employership policy.

Periodic moments for consultation and exchanging information where employees from different departments and disciplines can come together increases commitment. Better informed employees see things in perspective and have a better understanding of the business objectives.

Ter Beke wants to evolve further into a project-oriented organisation, creating a common framework with a common language.

But our first priority is a healthy and safe environment to prevent work-related accidents and sickness absenteeism.

QUALITY AND FOOD SAFETY

Ter Beke continually improves its products, service and internal operations. Quality and Food Safety play a key role here. Our policy in this area rests on Ter Beke's internal quality charter. This charter directs an integrated automatic control system with clear guidelines and regulations for the various components of our quality and safety policy, such as:

> **Suppliers**: Ter Beke carefully selects its suppliers via a structured procedure. Quality management is key in this because we only work with suppliers who meet all our quality requirements.

> **Specification management**: all raw materials and food contact materials are thoroughly screened. Without exception, these materials must satisfy all statutory requirements and other quality standards and comply with our critical parameters. Only then can we guarantee the safety and quality of the finished products in which the raw materials are processed.

> **Traceability**: all Ter Beke products are fully traceable, for clients as well as for suppliers. How do we achieve that? Raw materials and food contact materials are assigned a unique code throughout the entire production process. Ultimately this results in a unique lot number for all finished products.

> **Process management and safety**: the composition and the production process for new products is subject to a risk assessment according to the HACCP principles (Hazard Analyses and Critical Control Points). This analysis generates a checklist of critical control points that helps us to structurally monitor the safety and quality of the production process. Product safety also includes managing ingredients that can cause an allergic reaction, such as nuts, milk, eggs and shell fish.

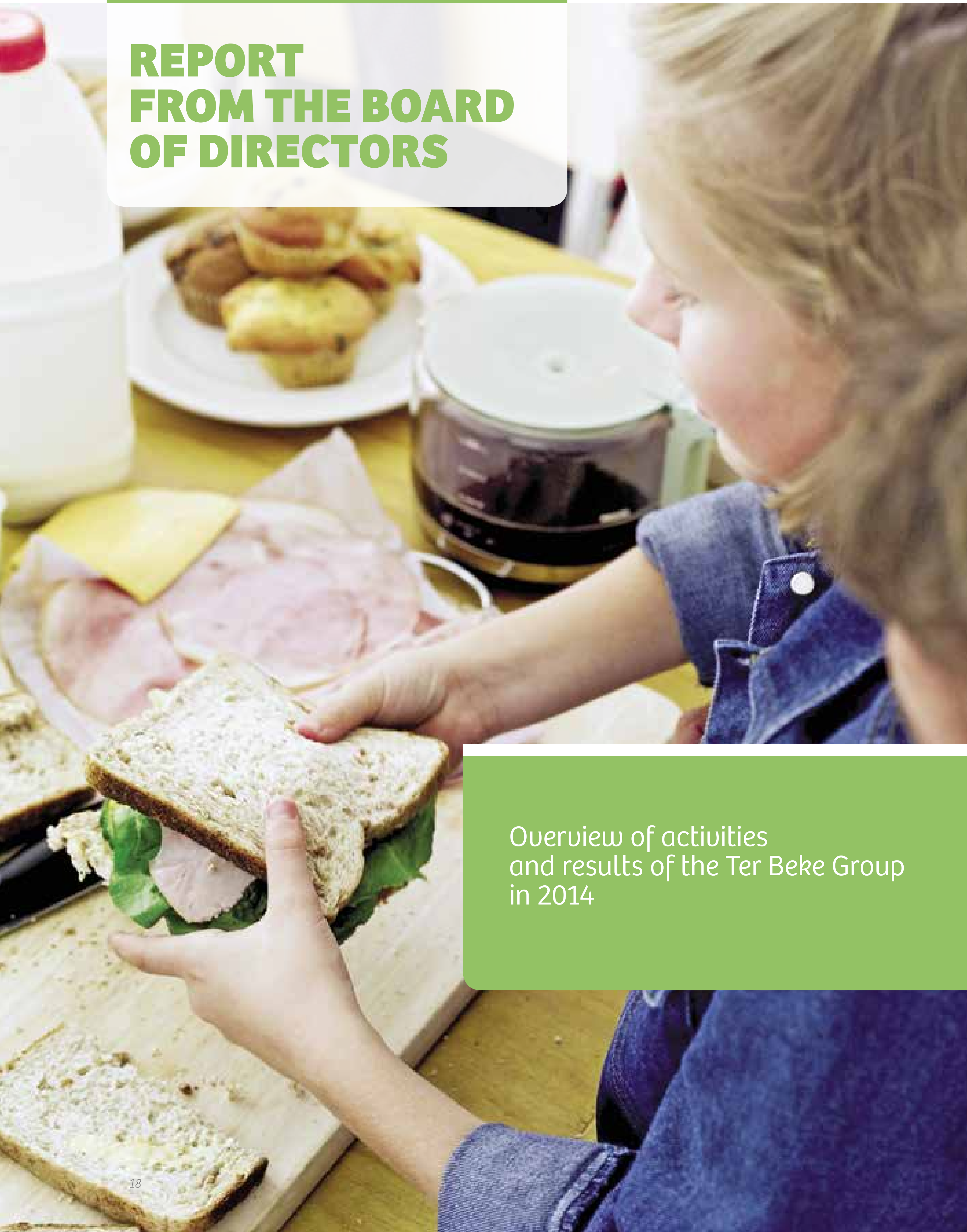
> **Quality of finished products**: we systematically monitor the quality of the finished products. To this end, Ter Beke has its own verification laboratory which operates independently from the production units.

> **Independent verification audits:** our automatic control system is not only subjected to our own internal checks, it is also regularly checked by independent certification institutions based on the quality standards set by our clients.
- All our factories are at least certified according to the IFS (International Food Standard) or BRC (British Retail Consortium).
- All our Belgian production sites are under the permanent supervision of the Federal Agency for Food Chain Safety (FAFCS).
- They are certified annually according to the Belgian automatic control model ACS sector guide no. 19 (automatic control system for processed meats and ready meals).
- Our production sites abroad are also monitored by the local national government bodies (in the Netherlands, the NVWA).

> **Comprehensive supply chain approach**: quality and food safety do not start when we take delivery of the raw materials, and do not cease when we deliver the finished products. For this reason we place the same demands on the automatic control systems used by our suppliers and logistics partners, including the verification and certification of these systems.

Thanks to all these robust systems, Ter Beke can consistently guarantee the quality and food safety of its products and services.

REPORT FROM THE BOARD OF DIRECTORS



Overview of activities and results of the Ter Beke Group in 2014

KEY EVENTS AND EVOLUTION OF THE CONSOLIDATED RESULTS IN 2014

TURNOVER GROWTH

The total turnover of the group decreased in 2014 by EUR 7.5 million (-1.8%) from EUR 407.2 million to EUR 399.7 million.

In both divisions, the product range was optimised after which a number of less profitable product varieties were discontinued.

Nevertheless, turnover of the Ready Meals Division increased by EUR 2.2 million (+1.8%).

The turnover of the Processed Meats Division decreased by EUR 9.6 million (-3.3%). This is partly related to the decision to terminate the production of dried and cured meats at the Herstal site as of 31 December 2013.

RESULT GROWTH

The REBITDA has risen by EUR 2.9 million (+9.7%) from EUR 30.8 million in 2013 to EUR 33.7 million in 2014.

The improvement continued in both divisions, which have benefitted from the increased focus on the profitability of the product range and extensive cost-savings and reductions. In the Ready Meals Division, this is reinforced by higher sales and by specific promotional campaigns for the Come a casa® brand. Once again, this brand has confirmed its leading position as prime brand among the fresh Mediterranean meals in Belgium.

The recurrent non-cash costs in 2014 (EUR 17.6 million) decreased by EUR 0.4 million compared to 2013. This led to a 26.8% increase in the recurrent operating result (REBIT) from EUR 12.8 million in 2013 to EUR 16.2 million in 2014.

The non-recurrent operating costs amounted to EUR 2.3 million in 2014 compared to EUR 2.2 million in 2013.

At the end of 2013 the group ceased manufacturing dried and cured meat products at the Herstal site. The costs of this termination, amounting to EUR 0.7 million, together with some other redundancy costs (EUR -0.8 million), a negative result from the sale of the Alby-sur-Chéran site (EUR -0.3 million), and several one-off expenses at the outbreak of the horsemeat crisis (EUR -0.4 million), help explain the non-recurrent EBITDA of EUR -2.2 million in 2013. In 2014, the non-recurrent EBITDA results relate only to a number of redundancy payments. There were no non-recurring non-cash costs in 2013 or 2014.

This explains the increase of the EBITDA by EUR 2.8 million (+9.8%) from EUR 28.6 million in 2013 to EUR 31.4 million in 2014 and the increase of the business result (EBIT) by EUR 3.2 million (+30.6%) from EUR 10.6 million in 2013 to EUR 13.8 million in 2014.

MARKETS, MARKETING & PRODUCT DEVELOPMENT

OUR INSPIRATION

Ter Beke would like to see the continuous growth of its fine meat products and ready meals categories, in close collaboration with its customers.
Shopper insights and innovation are the main drivers behind this growth.
By continuously evaluating the shopping behaviour of its customers and enquiring after their expectations, Ter Beke is able to find solutions for and together with the customers, whether it concerns the product range or advertising and product presentation in the various outlets.
The insights that Ter Beke gains from European market surveys of consumer expectations are the driving force behind our strong innovation strategy.
These insights are translated into trends, which are then analysed by teams who search for relevant solutions.
The following trends inspired our developments in 2014 and will continue to do so in the future:

Living better for less
The ongoing economic uncertainty in Europe continues to stimulate shoppers to think critically about spending on staple foods. Only excellent quality ("value for money") can slow the downward trend in food spending. In addition to this quality, Ter Beke also offers modified product formats to limit food waste and meet the demands of a demographically changing consumer base.

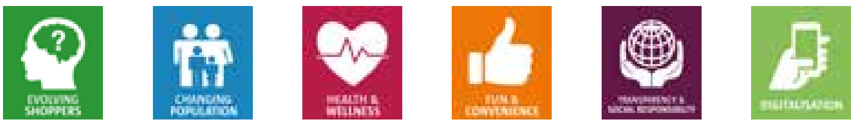
More older consumers and smaller households
The older population is growing worldwide. These people thrive on their traditional shopping habits. In addition, the number of smaller households (singles and couples) is increasing. This latter group is always pressed for time due to their active professional and social lives. And not to forget: the mix of multicultural influences with local customs.
The third large target group are the families with children. Although it is getting smaller, Ter Beke sees a market for innovative solutions to meet this group's specific shopping and eating expectations.

Health and wellbeing
Our consumers' increasing awareness of (partly thanks to external impulses) and search for natural food products oblige Ter Beke to continuously improve its recipes. Ter Beke has a mission to decrease the consumption of sugar, salt and fat. Ter Beke wants to contribute to improving the welfare of consumers and helping them to feel more energetic and more emotionally balanced.

Fun & comfort
Consumers are constantly seeking comfort solutions to save time. There is an increase in 'on the go' consumption while the frequency of traditional (family) meal times is decreasing. Except at weekends. This is the time for more adventurous cooking fun, inspired by TV chefs. Even men are becoming more active in the kitchen and they are taking more responsibility for the shopping.

Social responsibility and transparency
The modern-day consumer wants to know more about the company behind the products they buy as well as the supply chain that these products have to pass through. Transparency and traceability of the ingredients offer a solution for this and help build confidence in the product, brand and company. Corporate social responsibility with respect for animal welfare and the environment are important values for Ter Beke.

Digitalisation
Digitalisation is turning the world upside down and permanently changing the rules of communication and behaviour. Online shopping is growing rapidly and is influencing the retail landscape. Social media developments are creating communities that spread their opinions worldwide with a simple mouse click.
This emerging and continuing digitalisation of society demands customised advertising solutions for products and brands.



"The primary and most important trend in food remains that each product must taste delicious and be of good quality."

PROCESSED MEATS DIVISION

In 2014, the Processed Meats Division marketed a varied and innovative range of qualitative processed meat products such as salami, processed poultry, cooked meats, paté, cooked hams and dried and cured meats, in bulk as well as in pre-packed and sliced formats.
In 2014 we recorded a slight decrease in revenue against slightly decreasing volumes. The division further improved its position as the largest slicer and pre-packager of fine meat products in the Benelux in 2014, despite the flat sales evolution of pre-packed processed meats.

The **Benelux market** remains the key market for our Processed Meats Division. The group also successfully sold a number of its processed meat products in the **German** market and retained its strong position in the paté market in the **United Kingdom**.
The slight decrease in the Processed Meats Division stems from a declining trend in consumption of most categories of processed meats both in our national and international markets. The volumes are under pressure both in the traditional retail channels and the traditional craft butchers' shops.

Ter Beke will be able to slow this downward trend by consistently focusing on innovation and vigorously translating shopper insights into optimised product presentations in the various retail outlets. In addition to the revision of the pre-packed meat products category in the retail segment, in 2014 Ter Beke also invested in our customers in the **traditional segment** (wholesaler, butcher, caterer). Our customers in this segment continue to adjust flexibly to the changing market conditions and we continue to support our customers by responding to their specific needs with an adapted product range and commercial support. We do this under our brand Daniël Coopman® as well as under the brands of various wholesalers.

The key achievements for the Processed Meats Division in 2014 include:

> The launch of new products in the Daniël Coopman® range. As market leader in Belgium, Ter Beke considers introducing new products as one of its responsibilities in order to ensure dynamism in the current fine meat products sector. Following the introduction of the Limited Edition Daniël Coopman® in 2013, in 2014 we launched

Daniel Coopman

new cooked ham and poultry products under the Daniel Coopman® brand. We provide the necessary support with posters and campaigns for the butcher. These can be found on our professional website: www.terbeke-professional.be.

> **Maya the Bee®**: Maya the Bee® has been in the hands of Studio 100 since 2008 which has given the figure a new élan. The 3D episodes featuring Maya are broadcast daily on numerous television channels. Maya the Bee® appeals to the target group of children from 3 to 7 years, but adults are also enthused at the sight of this cute little bee and her friends who have exciting adventures every day.

After the successful launch of Maya the Bee® in Belgium, the Netherlands and Germany over the past years, sales were given an extra boost in 2014 with the release of the new Maya movie in cinemas. Fun and child-friendly products and advertising also had a positive impact on sales. Studio 100's Kabouter Plop® products also showed a positive trend in 2014, with a strong presence in both the retail and the wholesaler channels.

> **Category management & slicing and packaging activities**: as the processed meats market in the retail segment is characterised by the dominant position of our clients' private labels, in 2014 we continued to actively contribute to the management of processed meats for our retail partners. In this light we conduct shopper insight surveys to search, together with our customers, for new ways to make the category more dynamic and attractive for the increasingly critical consumer/shopper.

READY MEALS DIVISION

In 2014, the Ready Meals Division marketed a wide range of chilled Mediterranean ready meals, including lasagne, pizza, moussaka, and other pasta meals such as spaghetti, penne and tagliatelle. We market these products under our customers' brands and under our own brands Come a casa® and Vamos®.

In 2014 the division again confirmed its position as one of the leading manufacturers of chilled lasagne and hot pasta meals in Europe.

The **Benelux** is our home market. It remains the primary geographic market for ready meals; for our clients' private labels as well as for our own brand Come a casa®. In Belgium, distribution of the Regional product range, introduced in 2013, expanded.

The sharp decline in consumer confidence following the horsemeat crisis has not yet completely recovered in most countries, so that the lasagne volumes have still not reached the volumes of 2012. By conducting targeted advertising campaigns and communicating transparently about the source of our lasagne ingredients, we are helping to restore this confidence, although it is taking longer than initially planned.

During the course of 2014, all retailers started selling these products in their shops again, so that distribution levels are back to the volumes of before the crisis.

In 2014 we marketed our ready meals via local distributors in **Switzerland, Ireland** and **Denmark**. Our activities in **Sweden** are also growing healthily after a successful start in 2013.

In Ireland we have established a cobranding between Come a casa® and Carroll Cuisine®, our local distributor's own brand. Local market surveys reveal that Carroll Cuisine®

is a strong brand in Ireland and that the intended premium market position perfectly harmonises with the consumers' expectations. As such, 2014 also saw satisfying growth in Ireland.

In 2014, our efforts in the Ready Meals Division focused primarily on increasing the penetration and sales frequency in this category.

The theme for 2015 will be innovation, both in lasagne and pasta meals. Ter Beke plans to fulfil its role as market leader in this category and give it a new impulse.

In the Ready Meals Division, besides following a multi-country policy we also consciously follow a multi-channel policy.

The specific commercial strategies for the discount channel, the retail channel and the **traditional** wholesale channel ensure that Ter Beke can meet the different needs of its customers and consumers within each channel.

The **European discount channel** also recorded strong growth in 2014. However, the loss of a large private label contract in this market resulted in a negative sales volume evolution, which will also have a negative effect in 2015.

We enter into intensive partnerships with the most important **retail customers** in all our countries, focusing on sales. But we also strive to provide comprehensive services, covering product development across the entire logistics chain up to and including after-sales service.

Together with the wholesalers, we are continuing to build on our position in the traditional **butchers' channel**. In Belgium, Ter Beke is expanding its range of ready meals with the Vamos® brand, with innovation as the driving force.

In true tradition, the **Benelux** is the main market for the butchers' channel. We will continue to build intensive partnerships with our clients here.

In Spain and France we are continuing to develop our market position in the traditional butcher's channel with targeted and appropriate advertising and intensive cooperation with the relevant wholesalers. We have been able to distribute our range of products throughout these countries by expanding our wholesalers network.

We made our first sales on the **Portuguese market** and have plans to invest more in this promising market in the future.

WEIGHT WATCHERS®

In 2014, we failed to halt the downward trend of 2013 for the products sold under the Weight Watchers® brand. In general, all our products produced under the the Weight Watchers® licence (dry goods, deepfreeze, fresh, etc.) showed a downward evolution. The organisation responsible for this brand is currently developing a repositioning plan and will start a marketing campaign based on this in 2015 in collaboration with its partners, among which Ter Beke.

Our position in this is that we want to continue to surprise the public. The combination of brand repositioning, with striking in-store campaigns and a strong communication campaign, together with a strong presence on the shop floor thanks to our motivated field team and constructive cooperation with our retail partners, should be able to reverse this trend in the fresh ready meals category.

* Weight Watchers® is a registered trade mark of WW Foods LLC.

COME A CASA®

The year of truth for Come a casa®

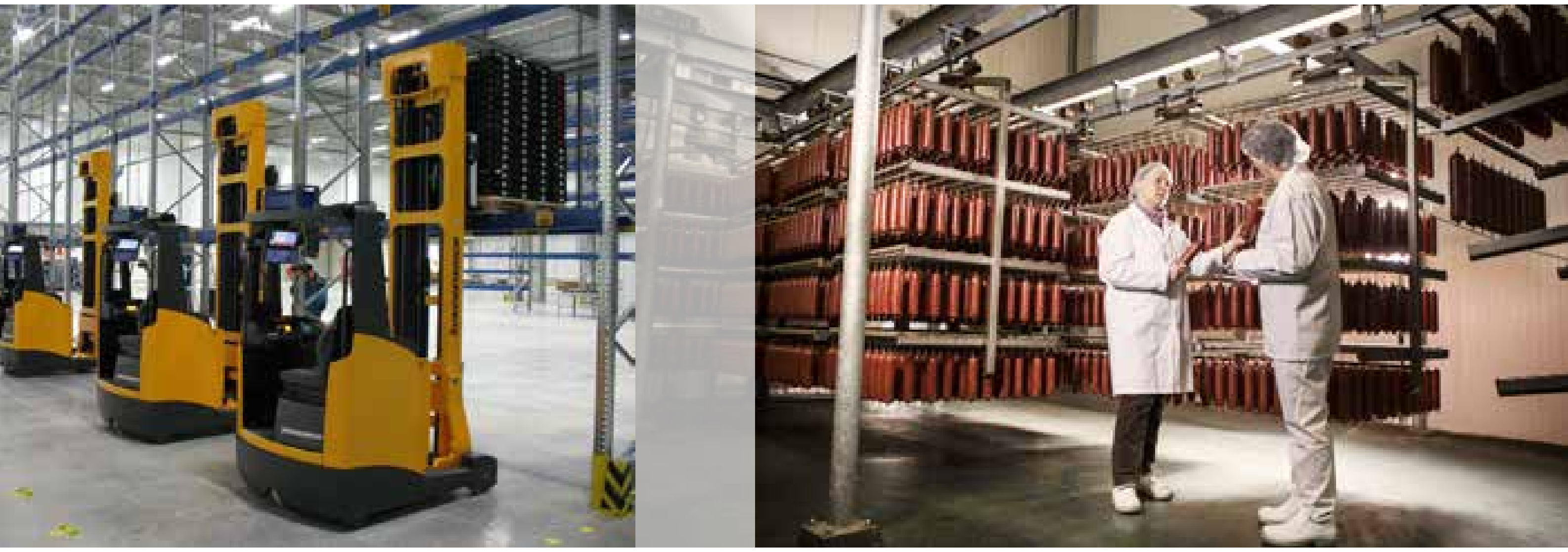
In 2014 we focussed on regaining the confidence of our consumers following the horsemeat crisis. Transparency and a focus on fresh ingredients proved the key to rebuilding consumer confidence and trust in the brand and category.

As market leader, Come a casa® strengthened its position in the Mediterranean cuisine market and Come a casa® also increased its share in the open market. Come a casa® maintains open & transparent communication about its products, with an emphasis on freshness and natural ingredients.

The Come a casa® product range was also advertised via a strong and well-balanced promotional campaign, the most popular activities of which were a free oven dish with the purchase of a 400g Lasagne bolognaise and the end of year champagne campaign.

The results of shopper and consumer surveys were the basis for ongoing fine-tuning and strengthening of the Come a casa® concept in 2014 by the NPD team and the shopper marketing department. The first results will be visible on the shelves and in the products themselves in 2015, including a complete new look & feel of the packaging in week 18, with a stronger emphasis on the natural character, transparency and honesty of the brand.

The relaunch will be supported and the dynamism of the category enhanced with the expansion of the product range to include a number of new and strong Mediterranean products. In 2014, the general evolution of the catering segment within ready meals was characterised by new trends, particularly in the "ultra fresh" department.



PRODUCT AND PROCESS DEVELOPMENT

In 2014, the Ter Beke product development department (New Product Development or NPD) focused on the following points:

> culinary expertise in processed meats and ready meals;
> health;
> customer focus and market knowledge;
> technical knowledge.

Passion for food.
Ter Beke NPD is an enthusiastic team of butchers, caterers and food technologists. They are passionate about food: they work out new recipes, study new ingredients and develop new processes.

Client focus.
We maintain our focus on the client and the consumer. We endeavour to respond to their needs with new meat products and ready meals. Together we seek out the ideal recipe and our flexibility ensures that we go all the way to find a solution.

More and more, we are seeing that clients want us to use raw materials that meet their special requirements. Although this makes things more complex for our production sites, it is also an opportunity for Ter Beke to call attention to our customer focus by perfectly implementing and managing these increasing quantities of specific raw materials throughout our production processes.

Trends.
We keep an eye on the latest trends (see above) and we regularly test new ingredients with the help of our research and marketing department. Health was a key theme once again in 2014. We achieved a significant reduction in salt and saturated fats in our products. We also responded to the 'snacking' and 'indulgence' trends by developing a complete range of salami snacks in 2014.

Trials and testing.
The NPD teams are distributed across three centres and are in direct contact with our production departments. At each NPD centre we have a professional test kitchen and lab for testing. We also have new products evaluated by a larger group of consumers. We work continuously to upgrade the quality of our products. In 2014 the focus shifted to our poultry and cooked ham products.

PACKAGING

In recent years Ter Beke has increasingly developed **from a production company towards a production and packaging company**. This is particularly noticeable in the Processed Meats Division: these days we slice and package the majority of the processed meats we produce ourselves. Naturally this means that we have to conform to additional environmental, food safety and innovation requirements.

Criteria.
When developing new packaging we are guided by the following criteria:
> ease of use for consumers;
> attractive presentation of our products;
> sustainability.

Five Rs.
When developing new packaging, from the outset we make provisions for the five Rs: Remove, Reduce, Reuse, Renew and Recycle. Incidentally, we keep these five Rs constantly in mind for the whole group.

“We usually go much further than the statutory minimum. That is an essential part of our food safety strategy.”

Technical requirements.
Of course, when developing new packaging we pay attention to the technical requirements. In the first place, it must meet our internal requirements: act as gas barrier, protect the product, attractive design, efficient deployment on the machines, etc., but the packaging must also comply with the European Directives in this regard (Direct Food Contact, Migration limits, etc.). We usually go much further than the statutory minimum. That is an essential part of our food safety strategy.
The new legislation that came into force in late 2014 in connection with “Food Information to Consumers" (FIC) meant that Ter Beke had to invest much time and resources in the modification of its consumer packaging.

Reduce.
In 2014 we applied one of the five Rs (Reduce) to a revised meal packaging. We invested in a packaging machine and bespoke aluminium trays. This enables us to apply foil directly to the tray without first packaging the tray in an under-foil and so eliminating a packaging component.

Following intensive tests we switched to using thinner packaging foil (both in ready meals and processed meats) which resulted in a considerable reduction in the use of this foil.

Packaging innovations.
In our company we are constantly on the lookout for packaging innovations. To this end we have initiated various successful innovation projects. Examples are snacking for processed meats, new methods for ready meals and projects whereby we applied innovative printing techniques to the packaging foil.

Environmentally friendly packaging.
As we mentioned in previous years, Ter Beke has been working on the development of an environmentally friendly packaging for a long time now. The result? A new packaging which scores exceptionally well on two points.

> Bio based® - 4 stars (the highest score): at least 80% of the material is made from sustainable and renewable raw materials.
> OK Compost®: the packaging is industrially compostable.
> OK Compost Home® (realised in 2014): consumers can compost this packaging in their compost bin themselves. This is a first for our industry: a packaging that you can throw in the compost at home and that meets all the requirements of our current packaging, such as providing an effective oxygen barrier, food safety, shelf life guarantees, etc.

Research.
We contribute to research via organisations such as Pack4food (UGent), Flanders Food, Verpakkingscentrum Diepenbeek, etc. and via seminars organised by suppliers. We participate in various VIS projects, as part of the Flemish government’s innovation policy. And our involvement in organisations such as Fost Plus, VAL-I-PAC and similar organisations abroad shows that we take our responsibility for the environment very seriously.

OPERATIONS & SUPPLY CHAIN

LOGISTICS

Fuel costs remained stable in 2014 up until the third quarter. Fuel prices started falling in Europe in October 2014. Thanks to this fall and various improvement projects with our logistics partners we were able to keep the relative transport cost per kilogram sold under control in 2014.

Managing costs.
There are various factors which increase costs, such as more deliveries within time schedules that change daily and increasing volumes of deliveries during weekends. We endeavoured to compensate for these increases in 2014 by adjusting the order and delivery frequencies in consultation with clients, reviewing the drop size, and where possible increasing the number of night time deliveries (less traffic congestion, less waiting time, etc.). Our focus - in complete cooperation with our clients - on reducing the less profitable SKUs (stock keeping units) enabled us to keep the logistics costs under control.

Partnerships.
The operation to develop a complete storage and transport package for each of our key markets, launched in 2013 together with our local logistics partners, was accelerated in 2014.

In order to prepare for the implementation of the new INFOR M3 management system (described later in this report), Ter Beke initiated a project to simplify the operational systems at the production sites as much as possible. Among others, it was decided to completely dismantle the 'stockholding function' of our production sites.

Now the entire stock of products produced by our processed meats sites is stored in the warehouses of our logistics partners in the various markets. The sites that produce ready meals will follow suit in the spring of 2015. In this manner, the entire stock of products is available from a central location and closer to the end customer and so we will be able to respond much faster to rapidly changing customer demands.

We now have a single central warehouse in each of our largest markets (Belgium, the Netherlands, Germany, France, UK and Spain) whereby our logistics partners are responsible for both Warehousing and Transport. Our overall service level (kg delivered compared to kg ordered) remains very high. However, we have observed that the perception of service differs from client to client. For this reason we have initiated a more detailed customer specific service approach, without losing sight of the daily monitoring of our global service level. It should be mentioned that the strikes in December 2014 had a negative effect on our service level, because both the availability of our products due to the inactivity at the production sites and the unavailability of transport in that period had a negative effect on our logistic performance!

> **"As of 2015 all products are dispatched from a central location in order to be able to respond more quickly to changing customer requirements."**

Where in 2013 we had to write off an abnormally large volume of obsolete stocks of finished products, in 2014 we were again able to substantially reduce the volumes of write offs and obsolete stocks. This reduction was thanks to various customer-specific promotional campaigns, SKU reduction and, most importantly, improved and faster responses to strong sales fluctuations during our advertising campaigns.

PURCHASING

After a difficult 2013, in 2014 many of the **raw materials** markets cooled down considerably in the second half of 2014.

The raw materials such as pork, milk products (cheese and milk powder) and cereals that are critical to Ter Beke's activities remained at a **stable level** up until the summer, after which prices started to fall. The introduction of an import ban by Russia in August 2014 was the primary reason for an **oversupply** of a number of these raw materials on **the European market**.

As in previous years, we protected ourselves from major price fluctuations by reaching long-term purchase agreements with the suppliers of specific raw materials such as tomatoes, frozen vegetables, etc.

The Purchase department successfully developed a number of projects with the aim of enhancing our **competitive edge** and guaranteeing the quality of our clients' end products. These concerned more specific longer term agreements with suppliers whereby the goals of partnership and future cooperation were highlighted.

For several years we have been working with specialist firms for the procurement of energy. They analyse the energy market and guide us when defining our negotiation strategy towards the energy providers. Ter Beke has agreed **long-term contracts** until 2016 for the supply of **gas and electricity** with one supplier.

ICT

Our ICT programme in 2014 focussed completely on the WAVE project, involving the overhaul of our current business processes and systems. INFOR's M3 package was eventually selected following an extensive evaluation.

We plan to evolve towards a completely integrated ERP approach with the emphasis on simplifying and structuring all our business processes.

We have brought together a group of internal specialists from the various operational domains who will roll out the new system. Work on the design of the 'core model' was started in March 2014 and validated in July.

The first 'go live' will be at the Ready Meals Division and is planned for October 2015. Preparations for this are now in full swing.

In 2014, a new, more scalable server configuration went live that will be the backbone of WAVE. A part of the client infrastructure has already been replaced to ensure compatibility with the new applications that are to be launched in 2015 (such as scanning on the factory floor, for example).

The collaboration tool **PODIO®** was introduced to provide communicative and administrative support to this project, so that all communication and documentation in the WAVE project can now be managed in a single global framework.

PROCESSED MEATS DIVISION PRODUCTION SITES

In the Processed Meats Division we invested approximately EUR 10.1 million in material fixed assets during 2014. As in previous years the focus lay on:

> extensive efficiency improvements,
> further implementation of our operational strategy,
> extra capacity for our production and slicing processes,
> new packaging concepts and products.

Efficiency improvements.
We want to further improve the efficiency of our slicing activities at all our sites. The pilot installation we built in Wijchen in 2013 for the fully automated packaging of sliced meats was tested extensively in 2014. We defined several adjustments and added a vision system to the test installation. We will continue to test the new installation in 2015. If this pilot is successful, we will roll out the concept across all of the group's slicing units. We will continue to focus on the reduction of waste losses in the slicing and packaging of meats. For this reason we have invested in a new paté slicer (Wommelgem) and in various newer slicing machines (all locations).
Ter Beke also continues to invest in automated receptacles washing, both for raw materials packaging and in-process packaging.

Implementing the industrial strategy.
As part of the 'cost leadership' strategic objective, Ter Beke decided to transfer product packaging activities as much as possible to the producing sites. As of Q2, the slicing and packaging of a large volume of cooked sausage, which originally took place in Veurne, is now done on a brand new packaging line at the production site in Wommelgem. An extra slicing factory was built on the existing Waarschoot site so that slicing and packaging of the salami products, which took place in Veurne up until Q4, can now also be conducted there.

We also continued to streamline the machinery and product range across our two slicing sites in the Netherlands.

Extra capacity.
We increased the capacity of our slicing division with a number of new slicing machines.

New packaging.
In Wommelgem we installed a completely new packaging line in 2014. This means that we can now also offer clients in the English market the new resealable packaging for our paté products. We launched a brand new packaging line in Wijchen in order to meet the demand for larger resealable packaging for the wholesale trade and successfully launched this new packaging in the Dutch and Belgian markets.

Sustainability.
Corporate social responsibility is an important pillar of Ter Beke's policy. This applies to all business locations. The two large production sites at Waarschoot and Wommelgem are members of the Audit Covenant. They are committed to continuously reducing CO_2 emissions. Thanks to these efforts we have succeeded in realising a substantial reduction in energy consumption.
The Audit Covenants expire at the end of 2014, but we have endorsed the new energy policy agreement (EBO) with the Flemish Government for all our Flemish sites in order to substantiate our commitment in this area. We will implement all the measures agreed in this EBO in 2015.

Reducing waste flows.
The integrated Sales & Operations Planning Process has proved effective. Following a slight increase in 2013, in 2014 we were able to reduce the waste stream considerably once again. As a consequence, we were able to further reduce the waste flows within our overall supply chain.

Sustainability certification.
All Processed Meats Division locations were awarded certificates at the highest level from IFS (International Food Standard) and BRC (British Retail Consortium) in 2014. Both standards assess quality and sustainability.

"All Processed Meats Division locations were awarded certificates at the highest level from IFS (International Food Standard) and BRC (British Retail Consortium) in 2014."

READY MEALS DIVISION PRODUCTION SITES

The year 2014 was marked by the continued recovery of the market following the horse-meat crisis of early 2013, which had an extremely negative effect on our activities. Consumer confidence in the various countries where we operate has gradually recovered, the demand for our products has increased and we are achieving pre-crisis volumes again. The exception is our prices, which are still under pressure and which require us to double our efforts in order to maintain and increase our profitability.

The competitors that appeared on the market in 2013 have been very active, which makes the negotiations with customers more difficult, but also stimulates us to improve our performance.

The recurrent theme throughout all our activities in 2014 - and which we will continue in 2015 - was:

"An unwavering focus on the continuous and lasting improvement of our general performance."

With regard to the results, we can point to the following developments:

- The financial results of the factory in Marche-en-Famenne were once again higher than forecast in the budget. The factory in Wanze showed considerable improvement in the final months of the year.
- We achieved fantastic results for service, both in Wanze and in Marche-en-Famenne, which results included excellent performance in the overstocks area.
- The perfect microbiological control of the factory in Wanze, the result of active cooperation with the colleagues in Marche-en-Famenne, also deserves credit.
- The results in the area of safety at work were also very satisfactory: the factory in Wanze repeated the excellent results of 2013 and the factory in Marche-en-Famenne made good progress too.

With regard to **environmental management**, various initiatives were testimony to our desire to be **a sustainable company and underpinned our sustainable development targets**.

We call attention to the following achievements in particular:

- Following recommendations that were formulated on the basis of the 2013 energy audits:
  - > The installation of photovoltaic solar panels in Wanze and Marche-en-Famenne, through which we will be able to reduce our energy dependence and also save costs.
  - > An assessment of the feasibility of replacing the lighting in our buildings with LED lights is planned for 2015 with the same goals in mind.
- Improvement of wastewater processing in Marche-en-Famenne thanks to the expansion of the physical-chemical wastewater treatment plant with a biological system. This considerable investment has assured that we will be able to respect the increasingly stringent requirements of the future.
- Continued efforts to systematically reduce and reuse waste.

Regarding **organisational matters**, we intensified our policy towards more specialisation in our two factories. Now that the factory in Wanze only produces one type of product, the factory in Marche-en-Famenne can focus on more complex operations. This shift in production, entailing major investments in efficiency improvement, has also meant a shift in personnel. Some 40 employees in Wanze have now been offered a position in Marche-en-Famenne. It is important to emphasise here that this process is entirely voluntary. We reached agreements with the employee representatives on this relocation and the retention of employment in general.

Thanks to this far-reaching factory specialisation, we will be able to apply Lean Manufacturing technologies more intensively. This will enable carefully considered, continuous and sustainable improvements across the board.

An important **Human Resources** initiative involved the re-employment plan. We developed a crucial mentoring programme in collaboration with both factories to ensure the success of the transfer of employees from Wanze to their new workplace in Marche-en-Famenne. This involved far-reaching efforts both by the new workplaces and the appointed mentors to ensure these employees are made to feel welcome at their new place of work. A systematic follow-up has also been drawn up to ensure the best possible chance of success of this re-employment plan.

All in all, we can conclude that 2014 was once again a year of satisfying results, thanks in part to a wide range of initiatives that demonstrated the entrepreneurial spirit of both our factories, but also the will to further enhance the working culture of our group of companies, which is reflected in these keywords: **teamwork, focus on results, innovation, customer focus**, and **integrity**.

With this in mind, we have every confidence that 2015 will be another excellent year for us and that the fine results of 2014 will be continued.

RESEARCH & DEVELOPMENT

BASIC RESEARCH

The knowledge gained from our basic research supports both our short term operational activities and our medium and long term innovation projects.

We build knowledge to try to answer the following questions:

> how can we further optimise the quality and functionality of our raw materials and ingredients?
> how can we innovate more in processing and packaging while maintaining the flavour and nutritional value of our products?
> what is the role of our products in the diet and health of our consumers?
> how can we better anticipate new risks in the food supply chain and how can we protect our products and activities from these risks?
> how can we further improve the quality of our products to meet the expectations of the consumers?
> how can we increase the user friendliness (convenience) of our products?
> how can we contribute to the protection and/or improvement of the welfare of the animals that are our primary raw material?
> what is the impact of our raw materials, ingredients and packaging on the environment?

EXTERNAL RESEARCH

We complement the knowledge present in our companies with external research. At the pre-competitive level we do this in cooperation with Flanders' Food, Pack4Food and via other research initiatives. We also have bilateral collaboration agreements with external knowledge centres and selected suppliers.

APPLIED RESEARCH

Through our intensive applied research, we are able to transform fundamental scientific insights into generic building blocks and product and technology platforms. In turn, these are used to support product development and quality assurance. The R&D-QA department monitors the whole process very closely. It monitors the quality of the basic research, the smooth flow of knowledge throughout the organisation and the valorisation of acquired knowledge. Research and development is a group activity based on the following principles: maximum synergy between the various knowledge domains, optimal deployment of these knowledge domains and safeguarding the acquired knowledge and all the applications thereof.

SOCIAL POLICY

GENERAL

Human dimensions.

Ter Beke's seven specialised production sites are organisations with 'human dimensions'. These are companies with short, fast and open lines of communication whereby employees are more closely involved in their work.

High-performance organisation.

In 2014 we continued to build a high-performance organisation. We are a stable company in a fast-moving society that responds rapidly and flexibly to a highly demanding environment.

Consultation > involvement.

We hold regular consultations during which employees from different departments and disciplines share their knowledge and experience with each other. In addition, during the autumn of 2014 we organised an information meeting at each production site, including Marketing & Sales and group departments. Because better informed employees see things in perspective and have a better understanding of the business objectives. And greater consultation and knowledge exchange increases commitment at all levels.

Project-driven organisation

Ter Beke wants to evolve further towards a project-driven organisation. To this end we have **developed a project management approach.** We deploy this approach, which is fully based on existing practices at Ter Beke, in strategic projects within our organisation. In this way we create a common language and framework for projects.

Some thirty employees have already followed the training course. What makes the training course so useful is that employees participate in a strategic project - as sponsor, project manager or project team member. And what's more: they are working on **specific projects**. This enables them to put theory into practice straight away.

The **Executive Committee is closely involved** in this process. The progress of these projects is regularly discussed with the project team at senior management meetings. We want to roll out this methodology further into the organisation through carefully selected strategic projects.

COMPETENCES

Attractive working environment

To a large extent, it is our employees - their motivation, dedication and commitment - who determine whether or not we achieve our business objectives. This is why Ter Beke creates an attractive working environment for talented people. An environment that gives them the opportunity to develop themselves, professionally and personally, to their full potential. Because optimal employment and development of competences leads to a successful and sustainable company.

The **key pillars** of our competence policy are:
> recruiting talented employees;
> appropriate appraisal policy;
> continuous development.

Competence model.

Our starting point is a competence model that combines generic competences (such as commitment to the company, customer focus and flexibility) with job specific competences. This competence model serves as the basis for internal and external recruitment. But also for helping to develop the competences already present. Each year we assess all our employees and together with them we draw up a training and development plan.

"Ter Beke creates an attractive working environment for talented people. An environment that gives them the opportunity to develop themselves, professionally and personally, to their full potential."

> "Teamwork, focus on results, innovation, customer focus and integrity are vitally important values to us."

RECRUITMENT

In 2014 we attracted 33 new employees with a permanent contract. The total workforce decreased in 2014 from 1664 to 1576 full-time equivalents (including average temporary employee numbers), on the one hand thanks to the optimisation of a number of internal processes and on the other due to a lower proportion of temporary work. The total number of full-time equivalents as at 31 December 2014 was:
(including the average number of temporary employees)

Employment	2008	2009	2010	2011	2012	2013	**2014**
Total	1,784	1,770	1,818	1,790	1,742	1,664	**1,576**

EDUCATION, TRAINING AND DEVELOPMENT

The need for training.
Market and consumer needs are continually changing. Requirements regarding food safety are ever increasing. While we continually endeavour to offer consumers a safe, high quality and honest product. All these factors mean that continuous education and training is essential. In this way we create a flexible, competent and knowledgeable team.

'On the job' training.
Employees build up their knowledge of the company and our products via internal 'on the job' company training courses, introductory sessions, company visits and frequent product training sessions.

Courses in standard elements.
In addition we organise standard and advanced training programmes on food safety, quality, hygiene, safety, ergonomics, etc. And also concerning the ever-changing legislation in these areas. In this way these basic issues receive our constant attention and employees throughout the entire organisation develop a permanent awareness of these standard elements.

Assessment.
We hold performance interviews annually and regular evaluation meetings with our employees. This offers an opportunity to identify the employee's job-related training needs and individual development opportunities. We then translate these into bespoke coaching or training programmes.

Versatile employees.
Our environment is evolving rapidly, just as our organisation. Production-related functions must evolve in tandem. Hence our investment in training and our focus on versatility and developing new competences.

Assessment and development.
In order to identify new employees' non-technical competences we make use of assessment centres. For career guidance and career development of promising employees we engage development centres.

Career development.
When new vacancies arise employees within the organisation have the first opportunity to apply. So we offer them the necessary career development opportunities within the organisation. We publish such vacancies via the Ter Beke job site, e-mail and posters on the bulletin boards at the production sites.

BALANCE AND DEVELOPMENT OF PERSONNEL

Balance.
Ter Beke attaches great importance to the balance between work and private life. We are therefore constantly seeking solutions to improve this. Balanced solutions with which the organisation, the department, the colleagues, as well as the employee concerned are all happy.

Part-time working.
Among the permanent staff, 20% of the blue collar workers and 23% of the white collar employees work on a part-time basis. Part-time employment runs both through voluntary part-time employment schemes as well as time credit and leave systems such as the Belgian basic system for time credit and leave, the parental leave system, medical aid, palliative leave etc.

Prevention.
Ter Beke creates a safe and healthy working environment for all employees. Our prevention policy places increasing emphasis on feasible work and long-term deployability.

Health coaching.
We want to draw up a proactive health policy. And this is why we have started health coaching in several departments in cooperation with the external occupational health service. What does this involve? An external coach discusses problems regarding exercise, nutrition, leisure, smoking, etc. with the employee and together they seek long-term solutions. In this way Ter Beke supports the employee on the road towards a healthy life and work style.

"Ter Beke attaches great importance to the balance between work and private life."

SOCIAL PARTNERS

Social consultation is one of the keys to success of a company. The most important changes in our organisation were implemented in an open and constructive dialogue with our social partners. We keep them informed of our activities and decisions. And at the start of each project, we invite them to contribute to solutions that meet everyone's needs.

DIVERSITY

In our multicultural and ageing society Ter Beke takes its corporate social responsibility regarding diversity seriously. Not only because our organisation is becoming more international, but also because we believe in a policy focused on diversity. Such a policy has a positive influence on the quality of our operations and our appeal. We are therefore building a sustainable diversity policy step by step. The basis of that policy is respect for the wide diversity of our employees in terms of age, education, background, culture, nationality, etc.

DESCRIPTION OF THE KEY BUSINESS RISKS

The most important risks which we face now and again are as follows:

Raw materials and packaging prices.
The most important business risk for our group, which is active in the food industry and above all works with natural raw materials, is the risk associated with the quality and the price fluctuations of raw materials and packaging materials.

We strive to limit this risk by concluding term contracts when possible and by working with volume agreements on an annual basis and in relation to the customer contracts.

Supplier risk.
Amongst others for quality reasons, we purchase our key raw materials from a limited number of suppliers. If, despite the efforts of our procurement department to guarantee the continuity of supply, certain of these suppliers are no longer able to supply their goods or services and we are unable to secure alternative sources in time, this could have a significant impact on our operating activities.

Risks related to the customer portfolio.
The Processed Meats and Ready Meals divisions sell our products to a large customer base which includes most large European discount and retail customers. Turnover with these customers is realised through a variety of contracts and products with varying maturities, under our own brand as well as under clients' private labels and in different countries. While our customer portfolio is diversified, the complete termination of a relationship with a large group of customers could have an impact on our operating activities.

Product liability and food safety.
We produce and sell processed meats and fresh ready meals. As previously mentioned in the section on corporate social responsibility, we place high demands on our product safety and quality. Insurance was taken out to cover this product liability. We cannot ignore the fact that if problems concerning food safety occur in the market this can also negatively affect our business, even if there is no food safety risk involved with our own products.

Credit risk.
We monitor customers and outstanding receivables closely in order to control potential risks and to reduce these to a minimum. By far the greatest part of the receivables relates to major European retailers, which in principle limits the risk.

Exchange rate risk.
The exchange rate risk consists of the potential fluctuations in the value of financial instruments due to fluctuation in exchange rates. The group is exposed to an exchange rate risk on sales, procurement and interest-bearing loans and borrowings expressed in a currency other than the company's local currency, for example, the British pound. We endeavour to limit the consequences of this risk via a consistent hedging policy. We do not use financial instruments for trading and we do not take on speculative positions.

Liquidity and cash flow risks.
Due to the significant net cash flow with respect to the net financial debt position, our group liquidity risk is fairly limited. To limit the liquidity risk even more, we pursue the treasury policy centrally.

Risks related to technological developments.
Our activities are subject to changes in product and production technologies. Each year we invest considerable sums in material fixed assets to maintain and improve our level of technology. We also maintain good contact with our suppliers so that we are always well informed of the most recent developments. However, we can never fully exclude the possibility that competitors have access to alternative technologies that may win over consumers' favour at a certain point in time.

Risks related to changing legislation.
We endeavour to fully comply with the legislation applicable to our activities. In recent

years we have made substantial investments to comply with new legislation, particularly with respect to the environment and sustainability. As organisation we are fully committed to increasing the sustainability of our business and promoting respect for the environment, even if these investments have a short-term impact on the profitability of our activities.

Risks related to electronics and information systems.
Just as many companies, we too are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications. This dependence involves a risk: the risk that these systems will not function properly or even fail. We ensure that all systems are maintained appropriately and are upgraded as necessary; we also ensure that all our data files are regularly backed up.

Risks related to the competitive environment.
We are active in extremely competitive markets. The mature processed meats market is dominated by the private labels belonging to large discount and retail customers. The market for ready meals is still growing, but the competition in this market is very tough, which allows the customers to increase pressure on the manufacturers' margins. We endeavour to distinguish ourselves through product and concept differentiation, through extensive and perfect service, and by working continually on internal efficiency improvements and cost management.

Risks related to legal disputes.
Occasionally we are involved in legal proceedings or disputes with customers, suppliers, consumers and the government. We endeavour to budget for the possible impact of these disputes in our accounts in accordance with the prevailing accounting model standards.

Risks related to customers and consumer behaviour.
Just like all companies we depend on the choices made by our customers and even more so on choices made by the end consumer. If consumers change their pattern of consumption and no longer choose our products, this will have a significant impact on our activities. We are continually on the lookout and we conduct repeated research into consumer behaviour and trends in all relevant local markets so we can anticipate this risk and limit its impact.

Risks related to the general economic climate.
Economic circumstances such as cyclical fluctuations, employment, interest rates, the price of gas and electricity and fuel, changes in fiscal policy, and so on, can all influence consumer spending patterns. This may have an impact on our activities.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date that have had a relevant impact on the results as represented in this annual report.

PROSPECTS 2015

In 2015, the group will work towards a heightened focus on the profitability of the product range and on extensive cost-savings and reductions. In Opole the group will continue to initiate new customer contacts and contracts. For 2015 we do not expect the joint venture will yet be making a positive contribution to the consolidated results.
The group is confident that, barring unforeseen market circumstances, the results for 2015 will surpass those of 2014.

Corporate governance statement 2014

GENERAL

This Corporate Governance Statement is based on Article 96 §2 and §3, on Article 119 Belgian Company Code and on the Corporate Governance Code 2009. It contains factual information about the Ter Beke's corporate governance policy in 2014, including:

> a description of the key features of the internal control and risk management systems,
> the required statutory information,
> the composition of the governing bodies,
> the operation of the governing bodies,
> their committees,
> and the remuneration report.

We have used the Belgian Corporate Governance Code 2009 as a reference. This code is publicly available at www.commissiecorporategovernance.be.

Our Corporate Governance Charter is published on www.terbeke.com. In this statement we clarify our position with regard to the provisions of the Corporate Governance Code 2009. And we describe other corporate governance practices which we apply in addition to the Corporate Governance Code 2009.

We respect the legal provisions on corporate governance as set out in the Belgian Company Code and other specific legislation on this matter. In principle there are no provisions of the Corporate Governance Code 2009 which we have not applied in 2014.

COMPOSITION AND OPERATION OF THE GOVERNING BODIES AND COMMITTEES

BOARD OF DIRECTORS

Composition.
The table below depicts the evolution of the composition of the Board of Directors and its members as of 31 December 2014, the meetings and the attendance in 2014.

Name	Type **	End mandate	Committee*	25/Feb	13/Jun	25/Aug	24/Oct	4/Dec
Louis-H. Verbeke, Chairman (1)	NE	2016	RNC	x	x	x	x	x
Frank Coopman (2)	NE	2018		x	x	x		
Dominique Coopman	NE	2018		x	x	x	x	
Ann Coopman °°	NE	2018°						x
Eddy Van der Pluym	E	2016		x	x	x	x	x
Willy Delvaux (3)	I	2014	RNC	x				
Thierry Balot (4)	I	2017	AC	x	x	x	x	
Jules Noten (5)	I	2018	AC - RNC	x	x	x		x
Ann Vereecke (6)	I	2018	RNC		x	x	x	x
Guido Vanherpe (7)	I	2019°	AC	x		x	x	x
Dirk Goeminne (8), Managing Director	E	2018		x	x	x	x	x

As permanent representative of: (1) BVBA Louis Verbeke (2) NV Holbigenetics till December 1st 2014 (3) BVBA Delvaux Transfer till May 28 2014 (4) NV Sparaxis (5) Comm. V. Lemon (6) BVBA Ann Vereecke as of May 28 2014 (7) BVBA Guido Vanherpe (8) NV Fidigo
*AC = Audit Committee RNC = Remuneration and Nomination Committee ** E=Executive NE=Non-Executive I=Independent
° Subject to (re)appointment by the Shareholders' Meeting
°° as of December 1st 2014
Honorary mandates: Daniël Coopman Honorary Chairman, Prof. Dr. L. Kympers † Honorary Director.

Functioning.
The internal regulations governing the Board of Directors describe the detailed operation of the Board. The regulations form an integral part of the group Corporate Governance Charter.

Assessment.
The Board of Directors continuously evaluates its own composition and operation, as well as the composition and operation of the committees. The Board regularly organises a more formal assessment, under the guidance of the chair. The Board decided to initiate a new evaluation procedure in December 2014. This procedure has by now been completed.

Appointments/reappointments.

> On 28 May 2014, the General Meeting of Shareholders reappointed Dominique Coopman and NV Holbigenetics, represented by Frank Coopman, as director for a period of 4 years. The General Meeting of Shareholders also reappointed Comm.V. Lemon, represented by Jules Noten, as independent director in the sense of Article 524 and 526ter of the Belgian Company Code. The reappointment is for four years and will terminate as of the 2018 General Meeting of Shareholders. The reappointment was by recommendation of the Remuneration and Nomination Committee. It corresponds to the procedure for the reappointment of directors as provided for in the group Corporate Governance Charter. Finally, the General Meeting of Shareholders appointed BVBA Ann Vereecke, represented by Ann Vereecke, as independent director (in the sense of Articles 524 and 526ter of the Belgian Company Code). The appointment is for four years and will terminate as of the 2018 General Meeting of Shareholders. This appointment is proposed following the assessment by and on the recommendation of the Remuneration and Nomination Committee.

> On 4 December 2014, NV Holbigenetics, represented by Frank Coopman, relinquished its mandate as director with immediate effect. In accordance with Article 15 of the statutes, the Board of Directors decided to appoint Ann Coopman to the vacant directorship until the General Meeting of Shareholders of 28 May 2015. The Board of Directors will propose to confirm this temporary appointment and the definitive appointment of Ann Coopman during the General Meeting of Shareholders of 28 May 2015. This appointment is to apply to the remaining period of the mandate of NV Holbigenetics and so will terminate as of the General Meeting of Shareholders of 2018.

> The Board of Directors will propose the reappointment of BVBA Guido Vanherpe, represented by Guido Vanherpe, as independent director (in the sense of Articles 524 and 526ter of the Belgian Company Code) during the General Meeting of Shareholders of 28 May 2015. The proposed reappointment is for four years and will terminate as of the 2019 General Meeting of Shareholders. This reappointment is proposed following the assessment by and on the recommendation of the Remuneration and Nomination Committee.

If the General Meeting of Shareholders of 28 May 2015 approves the proposed appointments to the Board of Directors, then Ter Beke will have met the requirements of the Act of 28 July 2011 on the representation of women on the Board of Directors.

Ann Coopman is 53 years old, married and the mother of 4 children. She followed a study programme in executive management and market study and distribution. Her first job was as a marketing assistant with Volvo Cars Belgium. After this position she worked as an independent provider of administrative and project support for various organisations, including Vlerick Business School and the Flemish Strategy Association (Vlaamse Strategievereniging). She has also been active in local politics for the last 20 years (including 14 years as alderwoman) and was made mayor of Waarschoot in 2009.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2014 the Board of Directors had two active committees: the Audit Committee and the Remuneration and Nomination Committee. The committees are composed in accordance with legislation and the regulations of the Corporate Governance Code. The committees work within a mandate issued by the Board of Directors. A description of that mandate can be found in the detailed regulations stated in the Corporate Governance Charter.

Audit committee

The table below shows the composition of the Audit Committee on 31 December 2014, the meetings and the attendance in 2014.

All members of the Audit committee are independent directors and have expert knowledge of financial management. The committee met regularly together with the Statutory Auditor. The Audit Committee advised the Board of Directors on:
> the 2013 annual results;
> the 2014 interim results;
> internal control;
> group risk management;
> the independence of the Statutory Auditor.

The Audit Committee supervises the internal audit function which it has established, and it regularly assesses its own regulations and its operation.

	Meetings 2014 (X = present)			
	25/Feb	24/Apr	25/Aug	27/Nov
Thierry Balot*	x	x	x	x
Jules Noten	x	x	x	x
Guido Vanherpe		x	x	x

* Chairman

Remuneration and Nomination Committee

The table below shows the composition of the Remuneration and Nomination Committee on 31 December 2014, the meetings and the attendance in 2014.

	Meetings 2014 (X = present)	
	25/Feb	24/Apr
Louis-H. Verbeke *	x	x
Willy Delvaux**	x	x
Ann Vereecke***		
Jules Noten	x	x

* Chairman **till May 28 2014 ***as of May 28 2014

All members are non-executive directors and have expert knowledge of human resources management. The majority are independent. The Remuneration and Nomination Committee advises the Board of Directors on:
> the remuneration of the senior executives and the CEO;
> the remuneration of the chairman and the directors;
> the general remuneration policy for the directors and executive management;
> the principles of the variable remuneration system;
> the appointment and reappointment of directors;
> the composition of the committees within the Board of Directors;
> the members and the chairman of the Executive Committee;
> the managing director.

The committee prepares the remuneration report for the General Meeting of Shareholders and provides explanation of the results.
The committee regularly assesses its own regulations and its operation.

SECRETARY

Mr Dirk De Backer is secretary to the Board of Directors and to the committees formed within the Board of Directors.

EXECUTIVE COMMITTEE AND DAY-TO-DAY MANAGEMENT

Composition of the Executive Committee as of 31 December 2014:

> NV Fidigo, represented by Dirk Goeminne, chairman/managing director
> Sagau Consulting BVBA, represented by Christophe Bolsius, commercial director (as of 1 December 2014)
> BVBA WiDeCo, represented by Wim De Cock, operations director Processed Meats
> Marc Lambert, operations director Ready Meals
> Dirk De Backer, director of human resources (as of 1 December 2014)
> René Stevens, group CFO

Functioning. In 2014, the Executive Committee met once every two weeks, and whenever there was an operational reason to meet. The Executive Committee was responsible for reporting to the Board of Directors. The detailed operation of the Executive Committee is described in the Executive Committee's internal regulations. These regulations form an integral part of the group Corporate Governance Charter.

Assessment. Once a year, the board of directors assesses the performance of the CEO (without the CEO). And once a year the other members of the Executive Committee (with the CEO). This assessment took place in 2014. For this, the board uses both qualitative and quantitative criteria.

Christophe Bolsius, permanent representative of Sagau Consulting BVBA, assumed the commercial directorship of the group as of 1 December 2014.

Christophe Bolsius is 45 years old, has four children and lives in Sint-Niklaas.
He has extensive experience in the food industry and has built up his career working at Oetker, Imperial, and FrieslandCampina where he held various Sales & Marketing positions. In 2009 he took on a general management position within FrieslandCampina Belgium and earlier in 2014 he moved to Douwe Egberts Master Blenders in Grimbergen as General Manager Retail Belgium. On 1 December 2014 he joined Ter Beke as commercial director.

CONFLICTS OF INTEREST

Board of Directors

In 2014, no conflicts of interest (in the sense of Article 523 of the Belgian Company Code) were reported to the Board of Directors. No transactions with related parties were notified as referred to in annex 2 of the group Corporate Governance Charter.

Executive Committee

No conflicts of interest (in the sense of Article 524ter Belgian Company Code) arose within the Executive Committee in 2014. Neither were any transactions with related parties notified as in the sense of annex 2 of the group Corporate Governance Charter.

EXTERNAL CONTROL

The General Meeting of Shareholders held on 30 May 2013 reappointed Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Mr Kurt Dehoorne, as statutory auditor of NV Ter Beke. The appointment is for three years.

We consult regularly with the statutory auditor and we invite him to the audit committee meeting for the half-yearly and annual reporting.

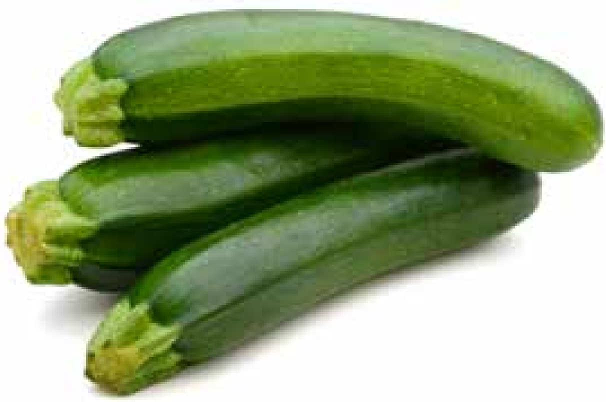
The statutory auditor does not maintain any relationships with Ter Beke that could influence his judgment. He has confirmed his independence from the group.

In 2014 we paid EUR 181,000 to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA for the audit services and to the persons affiliated to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA. For non-audit services we paid EUR 153,000 in 2014.

DEALING CODE FOR TRANSACTIONS IN TER BEKE SHARES

The Ter Beke Dealing Code regulates transactions in Ter Beke securities (annex 3 of the group Corporate Governance Charter).

> The Dealing Code states that price-sensitive information must be communicated immediately.
> Directors, executives and insiders are required to inform the Compliance Officer of intended share transactions. On receipt of a negative recommendation, the person concerned must cancel the transaction or inform the Board of Directors.
> The Dealing Code contains guidelines to preserve the confidential nature of the privileged information.
> The Dealing Code provides for blocked periods. The directors and other Ter Beke employees involved may not perform any transactions in Ter Beke securities during a blocked period.
> We always inform new members of the Board of Directors, the Executive Committee and other persons who have regular access to privileged information about the Dealing Code. They sign the Dealing Code to acknowledge that they have received a copy.
> The company also maintains a list of the persons who have regular access to privileged information.



REMUNERATION REPORT

PROCEDURES ADOPTED TO DEVELOP THE REMUNERATION POLICY AND DETERMINE THE REMUNERATION AND THE REMUNERATION POLICY APPLIED IN 2014

Remuneration procedure:
The remuneration policy for the members of the Board of Directors, the CEO and the members of the Executive Committee was prepared by the Remuneration and Nomination Committee and was approved by the Board of Directors.

The remuneration of the members of the Board of Directors, the CEO and the members of the Executive Committee is an integral part of the Corporate Governance Charter and is an annex to the Remuneration and Nomination Committee's internal regulations. The Remuneration and Nomination Committee monitors the application of this policy and advises the Board of Directors in these matters.

The level of remuneration for the members of the Board of Directors in the financial year 2014 was presented by the Board of Directors to the General Meeting of Shareholders for approval.

The level of remuneration for the CEO and the members of the Executive Committee in the financial year 2014 was confirmed by the Board of Directors based on recommendations from the Remuneration and Nomination Committee.

Remuneration policy:
We can summarise the key elements of the policy as follows:
All members of the Board of Directors are entitled to an annual fixed remuneration. For 2014 this remuneration amounted to EUR 16,000. The Chair receives an additional fixed remuneration of EUR 49,000. The members of the committees within the Board of Directors are also entitled to an additional annual fixed remuneration for their membership of one or more committees. For example, a member of the Audit Committee receives an annual remuneration of EUR 4,000, a member of the Remuneration and Nomination Committee receives an annual remuneration EUR 3,000, the chair of the Audit Committee receives an annual remuneration of EUR 8,000 and the chair of the Remuneration and Nomination Committee receives an annual remuneration of EUR 5,000.

For the mere performance of their mandate of director, directors are not entitled to any variable, performance-related or equity-related remuneration, nor any other remuneration.

The remuneration of the CEO is made up of a fixed remuneration and an annual variable remuneration. In principle, the remuneration of the members of the group's executive management consists of a basic allowance, an annual variable allowance, a company car, fuel card and other remuneration components, such as pensions and insurance, all in line with current company guidelines.
The CEO and members of the executive management receive an annual variable remuneration allocated according to the achievement of targets set each year related to the financial year over which the variable remuneration is due.

These targets are based on objective parameters and are closely related to the group's results and the role that the CEO and/or members of the executive management play in achieving these results. The main parameters applied are volume, turnover, REBIT, EAT and ROCE. Which of these parameters are used in any given year and what the targets are relating to these parameters is evaluated annually by the Remuneration and Nomination Committee and presented to the Board of Directors for approval. In 2014 the applied parameters are volume, REBIT and ROCE. As of 2014, 20% of the variable remuneration of the executive management (excluding the CEO) is awarded on the basis of individual performance objectives.

The basis of the variable remuneration is not greater than 25% of the annual remuneration.

In a given year, if less than 75% of a target is achieved, the right to the variable remuneration linked to that target lapses. On the other hand, if the target is exceeded, up to 150% of the variable allowance linked to that target is payable.

In addition to the system of variable remunerations, the Board of Directors retains the power, following a proposal from the Remuneration and Nomination Committee, to allocate an (additional) bonus for specific performance or merit to the CEO and/or to the members of the executive management or a number of their staff.

There are no specific agreements or systems that give the company the right to recover the variable remuneration paid if this was allocated based on information that subsequently transpires to be incorrect. If necessary the company will rely on the facilities provided in the general law.
Only the CEO will be paid a cash allowance on termination of his/her contract, if at that time an exceptional growth of the group equity value has been realised. This remuneration will be equal to an agreed percentage of the exceptional growth of the group equity value realised. Each year the Board of Directors evaluates whether a provision should be created for the application of the prevailing rules. The Board decided not to foresee a provision for 2014.

In principle, the group's remuneration policy will not be subject to substantial changes in 2015 nor in the subsequent two financial years.

REMUNERATION AND OTHER ALLOWANCES FOR NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS IN THEIR ROLE AS A MEMBER OF THE BOARD OF DIRECTORS (IN EUR)

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview below) for the performance of their responsibilities in 2014 can be summarised as follows:

	Mandate Director	Mandate RNC	Mandate AC		Total
BVBA Delvaux Transfer (Willy Delvaux)	6,666.67	1,250.00	-	(1)	**7,916.67**
NV Sparaxis (Thierry Balot)	16,000.00	-	8,000.00		**24,000.00**
BVBA Louis Verbeke	65,000.00	5,000.00	-		**70,000.00**
Comm. V. Lemon (Jules Noten)	16,000.00	3,000.00	4,000.00		**23,000.00**
NV Holbigenetics (Frank Coopman)	10,000.00	-	-	(2)	**10,000.00**
Dominique Coopman	16,000.00	-	-		**16,000.00**
NV Fidigo (Dirk Goeminne)	16,000.00	-	-		**16,000.00**
Eddy Van der Pluym	16,000.00	-	-		**16,000.00**
BVBA Guido Vanherpe	16,000.00	-	4,000.00		**20,000.00**
BVBA Ann Vereecke	9,333.33	1,750.00		(3)	**11,083.33**
Ann Coopman	6,000.00			(4)	**6,000.00**
Total	**193,000.00**	**11,000.00**	**16,000.00**		**220,000.00**

(1) till May 28 2014 (2) till December 1st 2014 (3) as of May 28 2014 (4) as of December 1st 2014

REMUNERATION OF THE CEO AND OTHER EXECUTIVE MANAGERS (IN EUR)

In 2014, the individual remuneration of the Managing Director/Chairman of the Executive Committee (NV Fidigo, represented by Dirk Goeminne) and the joint remuneration of the other members of the Executive Committee and the executive directors (René Stevens, Wim De Cock, Marc Lambert, Christophe Bolsius (as of December 1 2014), Eddy Van der Pluym and Dirk De Backer (as of 1 December 2014) amounted to (total cost to the group, excluding the allowance for mandate of director of Ter Beke NV):

	CEO	Other members of the executive management ***
Base pay	484,000.00	1.641,410.64
Variable pay (cash - on a yearly base)	119,467.51	116,090.15
Pensions*	NA**	79,579.49
Other insurances	NA**	5,223.61
Other benefits (company car)	NA**	46,622.57

* The pension arrangement is a defined contribution arrangement ** NA Non applicable
*** Severance pay for Annie Vanhoutte and Asadelta Consulting VOF included

SHARE-RELATED REMUNERATION

Members of the Board of Directors and Executive Committee do not have access to stock options, warrants or any other rights to acquire shares. In 2014 no shares, stock options, or any other rights to acquire shares in the group were awarded to any of the members of the Board of Directors or Executive Committee.

CONTRACTUAL ARRANGEMENTS ON HIRING AND TERMINATION FEES

In 2014 no appointment or departure arrangements were made with members of the Executive Committee, nor with the executive directors, which would give right to a departure fee of more than 12 months' pay or that would otherwise be in conflict with the statutory provisions, the provisions of the Corporate Governance Code 2009 or common practice in the market. The contractual notice period for NV Fidigo, Eddy Van der Pluym, BVBA WiDeCo (Wim De Cock) and Sagau Consulting BVBA (Christophe Bolsius) is 12 months, whereas in principle the notice period for Marc Lambert, Dirk De Backer and René Stevens is calculated based on the legal provisions that apply to their employment contract.

On 6 January 2014 collaboration with Annie Vanhoutte and Asadelta Consulting VOF was terminated. In the context of this termination the statutory severance pay was paid to Annie Vanhoutte and 12 months severance pay was paid to Asadelta Consulting VOF.

KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

We attach great importance to highly efficient internal control and risk management and integrate this in our structure and business operations to the maximum possible extent. We have implemented many internal controls in line with the integrated **COSO II** or Enterprise Risk Management Framework®. The key elements can be summarised as follows:

> Each year, based on the proposal put forward by the Executive Committee, the Board of Directors determines or confirms the group's mission, values and **strategy** and with this, the group's risk profile. We actively and repeatedly promote our **values** to all our employees, at least once every six months, during the informative meetings we organise. **Integrity** is the most important value where risk management is concerned. At the same time we communicate the key aspects of the strategy and objectives for the group and the divisions.

> The **governance structure** of our group, described in detail in our articles of association, in our Corporate Governance Charter and in this Corporate Governance Statement, defines clearly distinguishable duties and responsibilities for each of our management bodies, more specifically the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee, the Executive Committee and the Managing Director/CEO. These duties and responsibilities are in line with the statutory provisions and the provisions of the Corporate Governance Code 2009 in this respect. Coherent regulations have been drawn up for each of the bodies mentioned above which are evaluated regularly and adapted if necessary so that authorisations and responsibilities are always at the right level and so that the higher level can exercise appropriate control on the performance of the authorisations that are delegated to the lower level.

> We organise and monitor our human resources via a job grading system in which all group employees are classified and in which detailed **job descriptions** have been drawn up. These not only describe the educational and competency requirements for the job but also the tasks, responsibilities and the reporting lines for the position. These job descriptions are adapted as the scope of certain jobs changes due to internal or external circumstances.

> We appraise all our employees annually using a detailed **appraisal tool**. This includes the specific assessment of behaviour in line with company values.

> We have also defined clear policy lines for the education and remuneration of our employees.

> We apply the statutory provisions regarding conflicts of interest rigorously (see above) and have implemented regulations regarding transactions with related parties that do not form a legal **conflict of interest** (see Appendix 2 to the Corporate Governance Charter).

> We have established an **internal audit function** that periodically conducts risk audits and audits of the internal controls in all group departments and reports on these inspections to the Audit Committee. Based on the findings of the internal auditor and in consultation with the Audit Committee, the essential adjustments are implemented in the internal control system.

> We have an **Audit Committee** that dedicates at least two meetings per annum to discussing the risks that we are exposed to (see above), the internal controls and risk management. This is based on a formal and detailed risk assessment drawn up by the executive management and reporting on how the risks identified are dealt with. The Audit Committee reports on its activities at the subsequent meeting of the Board of Directors.

> We uphold a Dealing Code to prevent market abuse (see Appendix 3 to the Corporate Governance Charter) and we have appointed a compliance officer to supervise correct compliance of the rules concerning **market abuse** (see above).

> In consultation with the Audit Committee and the internal auditor, the executive management has drawn up an action plan for implementing a number of controls that are currently not in place at some of the group's locations for various valid reasons (for example, following acquisition, relocation, etc.).

> For our most important risks we have agreed appropriate **insurance contracts**.

> We have a **hedging-policy** in place to manage exchange rate risks.

> A number of other risk management practices that we apply were mentioned in the description of the main risks we are exposed to (see above).

The following control and risk management systems have been established with respect to the **financial reporting** process:

> The internal regulations of the Board of Directors, the Audit Committee and the Executive Committee clearly describe the responsibilities concerning preparing and approving our group's financial statements.

> The financial results of the group and the divisions are reported on monthly by the

financial department and are discussed within the Executive Committee. The Executive Committee reports on the results of the group and the divisions to the Board of Directors quarterly. The Executive Committee reports the results of the first six months and the annual results to the Audit Committee in advance. These results are discussed in the Audit Committee with the internal and external auditor and subsequently presented to the Board of Directors for approval and published in the format required by law.
> We publish a schedule internally and externally that gives an overview of our periodic reporting obligations regarding the financial market.
> We have implemented clear timings for the financial reporting at all levels of the company so that we can meet all statutory requirements in this regard correctly and timely.
> We have a clear policy with respect to security of and access to financial data, as well as a system for backup and safe custody of this data.
> The finance department has a detailed manual in which all relevant accounting principles and procedures are described for those involved.
> We have implemented the key internal controls from the COSO II framework regarding financial affairs.

These systems and controls are designed to help guarantee that the published financial results give a true and fair picture of the group's financial position.

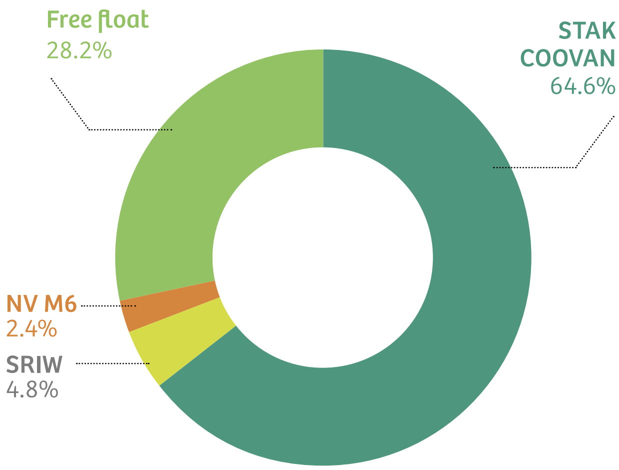
OTHER STATUTORY INFORMATION

SHAREHOLDING STRUCTURE AS PER 31 DECEMBER 2014

On 31 December 2014 Ter Beke NV did not hold any treasury shares (on 31 December 2013, Ter Beke NV held no treasury shares).

TRANSPARENCY

12 June 2014 we received the following notification of holdings in Ter Beke capital (application of the statutory provisions on transparency of holdings in listed companies).
STAK COOVAN: 64.6% - SA M6: 2.4%



The group was informed that STAK Coovan and Mr and Mrs Coopman-De Baedts filed a notification on the basis of article 74§6 of the 1 April 2007 Statute.

STAK Coovan has an agreement with NV M6 with regard to the possession, the acquisition or the sale of shares. This agreement grants a put option to NV M6 on a number of Ter Beke shares under specific conditions and grants a purchase option to STAK Coovan on a number of shares NV M6 holds in Ter Beke under specific conditions.

NOTIFICATIONS PURSUANT TO ARTICLE 34 OF THE 14 NOVEMBER 2007 ROYAL DECREE

> There are no persons holding any securities that entitle special voting or other rights.

> The voting rights of the group treasury shares are suspended in accordance with the prevailing statutory provisions.

> The Extraordinary General Meeting of Shareholders can amend the company Articles of Association. This requires a three-quarters majority of the votes present. Those present must thereby represent at least half of the share capital as provided for in Article 558 Belgian Company Code. The statutory purpose of the company can be altered with an 80% majority of votes present (Article 559 Belgian Companies Code).

> The procedure for the appointment and reappointment of directors, (see above-mentioned reappointments) is set out in clause 4 of the internal regulations of the Remuneration and Nomination Committee (an annex to the group Corporate Governance Charter).

> The Extraordinary General Meeting of Shareholders held on 28 May 2014 authorised the Ter Beke NV Board of Directors to increase the share capital of the company within the authorised capital. That must take place under the conditions stated in Article 607 Belgian Companies Code. This authorisation is valid for a period of three years from 18 June 2014.

> The Extraordinary General Meeting of Shareholders held on 28 May 2014 authorised the Board of Directors, in accordance with Article 620 Belgian Company Code, to acquire shares in the company on behalf of the company. Such acquisition of shares is only permitted as a necessary means to avert an imminent and serious threat to the company. This authorisation is valid for a period of three years starting on 18 June 2014.

CONSOLIDATED FINANCIAL STATEMENTS 2014*

(*) All amounts in '000 EUR, unless stated otherwise

Consolidated income statement as at 31 December 2014 and 2013

	Note	2014	2013
Revenue	4	**399,730**	**407,202**
Trade goods, raw and auxiliary items	5	-217,703	-227,339
Services and miscellaneous goods	6	-75,465	-76,448
Wages and salaries	7	-76,001	-75,258
Depreciation costs	15-16	-17,503	-18,065
Impairments, write-offs and provisions	8	-71	61
Other operating income and expenses	9	857	445
Result of operating activities	10	**13,844**	**10,598**
Financial income	11	231	441
Financial expenses	12	-1,633	-1,983
Results of operating activities after net financing expenses		**12,442**	**9,056**
Tax	13	-3,637	-2,743
Result after tax before share in the result of enterprises accounted for using the equity method		**8,805**	**6,313**
Share in the result of enterprises accounted for using the equity method		-673	-111
Profit of the year		**8,132**	**6,202**
Basic profit per share	33	4,69	3,58
Diluted profit per share	33	4,69	3,58

Ter Beke NV is directly and indirectly 100% owner of all fully consolidated subsidiaries (see Note 35). The Group's share of the result is therefore also 100%.

Consolidated overview of the comprehensive result as at 31 December 2014 and 2013

	2014	2013
Profit in the financial year	8,132	6,202
Other elements of the result (recognised in the shareholders' equity)		
Other elements of the result that may subsequently be reclassified to the results		
Translation differences	-49	-114
Cash-flow hedge	-220	0
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	-281	-384
Related deferred tax	95	0
Comprehensive income	**7,677**	**5,704**

Consolidated balance sheet as at 31 December 2014 and 2013

	Note	2014	2013
Assets			
Non-current assets		**140,926**	**144,493**
Goodwill	14	35,204	35,204
Intangible non-current assets	15	3,415	2,145
Tangible non-current assets	16	88,021	92,341
Joint venture using equity method	17	3,675	4,688
Loans to joint venture	18	500	0
Deferred tax assets	20	0	0
Other long-term receivables	18	111	115
Long-term interest-bearing receivables	19	10,000	10,000
Current assets		**91,799**	**96,183**
Stocks	21	20,297	24,306
Trade and other receivables	22	60,777	64,966
Cash and cash equivalents	23	10,725	6,911
Total assets		**232,725**	**240,676**
Liabilities			
Shareholders' equity	24	**102,815**	**99,489**
Capital and share premiums		53,191	53,025
Reserves		49,624	46,464
Non-controlling interest		0	0
Deferred tax liabilities	20	**6,670**	**7,532**
Long-term liabilities		**38,547**	**41,353**
Provisions	25	2,288	1,962
Long-term interest-bearing liabilities	26	36,259	39,391
Other long-term liabilities		0	0
Short-term liabilities		**84,693**	**92,302**
Short-term interest-bearing liabilities	26	14,032	18,343
Trade liabilities and other debts	27	57,578	60,540
Social liabilities		10,946	10,372
Tax liabilities		2,137	3,047
Total liabilities		**232,725**	**240,676**

Consolidated statement of changes in equity as at 31 December 2014 and 2013

	Capital	Capital reserves	Share premiums	Reserved profits	Translation differences	Total	Number of Shares
Balance on 1 January 2013	**4,903**	**-96**	**48,288**	**44,949**	**-8**	**98,036**	**1,732,621**
Capital increase						0	
Treasury shares reserve		96				96	
Dividend				-4,332		-4,332	
Results in the financial year				6,202		6,202	
Other elements of the comprehensive income for the period				-384	-114	-498	
Comprehensive income for the period				**5,818**	**-114**	**5,704**	
Movements via reserves							
- Result from treasury shares				-15		-15	
Balance on 31 December 2013	**4,903**	**0**	**48,288**	**46,420**	**-122**	**99,489**	**1,732,621**
Capital increase						0	
Treasury shares reserve						0	
Dividend				-4,331		-4,331	
Results in the financial year				8,132		8,132	
Other elements of the comprehensive income for the period				-406	-49	-455	
Comprehensive income for the period				**7,726**	**-49**	**7,677**	
Movements via reserves							
- Result from treasury shares				-20		-20	
Balance on 31 December 2014	**4,903**	**0**	**48,288**	**49,795**	**-171**	**102,815**	**1,732,621**

Consolidated cash flow statement as at 31 December 2014 and 2013

	2014	2013
Operating activities		
Result of operating activities	13,844	10,598
Adjustments for:		
- Depreciation and impairments on fixed assets	17,503	18,065
- Change in impairments and write-offs	2	1
- Change in provisions	69	-62
- Proceeds from the sales of fixed assets	-60	303
Changes in net operating capital		
- Changes in stock	4,009	1,010
- Change in trade and other receivables	4,162	573
- Change in trade and other liabilities	-3,774	-1,992
- Change in other items	73	-15
Cash from operating activities	**35,828**	**28,481**
Tax paid	-5,392	-2,512
Net cash from operating activities	**30,436**	**25,969**
Investing activities		
Proceeds from the sale of tangible fixed assets	86	1,944
Investments in intangible fixed assets	-1,755	-671
Investments in tangible fixed assets	-11,260	-10,807
Net investments in financial fixed assets	4	16
Loans to joint venture	-500	-1
Investment in third party loans	0	0
Takeover of subsidiaries	0	0
Net cash used in investing activities	**-13,425**	**-9,519**
Financing activities		
Proceeds from repurchase of treasury shares	-20	80
Proceeds from take-up of new loans	10,900	18,250
Dividend payments to shareholders	-4,334	-4,334
Interest paid (through P&L account)	-1,441	-1,729
Loan settlement	-18,342	-26,318
Repayment of financial leasing liabilities	-1	-20
Other financial resources / (expenses)	41	186
Net cash from financing activities	**-13,197**	**-13,885**
Net change in cash and cash equivalents	**3,814**	**2,565**
Cash funds at the beginning of the year	6,911	4,346
Cash funds at the end of the year	**10,725**	**6,911**

Accounting policies for financial reporting and explanatory notes

1. SUMMARY OF THE KEY ACCOUNTING PRINCIPLES

DECLARATION OF CONFORMITY

Ter Beke NV ('the Entity') is an entity domiciled in Belgium. The Entity's consolidated financial statements cover the Entity Ter Beke NV and its subsidiaries (hereafter jointly referred to as the 'Group'). The consolidated financial statements were issued for publication by the Board of Directors on 26 February 2015. The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as accepted within the European Union.

The consolidated statements are set out in EUR x 000. The consolidated financial statements have been drawn up based on the historical cost method, with the exception of the derivatives and the financial assets available for sale, which are valued at fair value. However, if no reliable market price or estimate of the fair value is readily available, these financial assets will be valued on the historical cost basis. Assets included in the balance sheet and obligations that are covered are valued at 'fair value' up to the amount of the hedged risk. The accounting principles are applied uniformly to the entire Group and are consistent with the previous financial year. The comparative information has been restated in accordance with IFRS.

STANDARDS AND INTERPRETATIONS APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2014

- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Consolidated Financial Statements and Disclosure of Interests in Other Entities - Investment Entities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2014

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU). The management and the Board of Directors have not yet concluded their analysis, so it is not possible to estimate the potential impact yet.
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 *Employee Benefits - Employee Contributions* (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 27 *Separate Financial Statements - Equity Method* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRIC 21 *Levies* (applicable for annual periods beginning on or after 17 June 2014). This might lead to an impact on the half year result.

CONSOLIDATION PRINCIPLES

The consolidated financial statements cover financial information of Ter Beke NV, its subsidiaries and joint ventures and the Group's share in the profits or losses of affiliated companies. A list of these entities is included in Note 35.

Subsidiaries included in the consolidation in accordance with the integral method

Subsidiaries are those over which Ter Beke NV exercises control. Ter Beke NV exercises control over a participating interest if Ter Beke NV is exposed to or has rights to variable revenues by virtue of its involvement in the participating interest, and has the means to influence these revenues due to its control over the participating interest. Such control is presumed to exist where Ter Beke NV directly or indirectly holds more than 50% of the voting power of the entity. In the assessment of their control, an investor takes account of both their own potential voting rights and the potential voting rights held by other parties. Potential voting rights are rights to acquire voting rights in a participating interest, such as rights ensuing from convertible instruments or options, including forward contracts. These potential voting rights only apply if they concern material rights.

The following factors are also taken into account in determining control:

- the objective and intent of the participating interest;
- the relevant activities and how decisions on these activities are taken;
- whether the rights of the investor provide them with the means to continually influence the relevant activities;
- whether the investor is exposed to or has a right to variable revenues by virtue of their involvement in the participating interest; and
- whether the investor has the means to use their control over the participating interest to influence the amount of the revenues of the investor.

The financial statements of the subsidiaries are recognised in the consolidated financial statements from the date on which such control begins till the date on which it ends. A list of the Group's subsidiaries is included in Note 35.

Joint Ventures

A joint venture is a contractual agreement whereby Ter Beke NV and other parties set up an economic activity directly or indirectly, over which they exercise control jointly. Joint ventures are recognised according to the equity method. The company eliminates the net results between the joint venture and the Ter Beke Group. On 22 June 2011 Ter Beke and the shareholders of Stefano Toselli established a 50/50 joint venture in Opole (Poland). This joint venture bears the name 'The Pasta Food Company' and will produce and commercialise lasagne and pasta meals in Central and Eastern Europe. As The Pasta Food Company is booked via the equity method, only 50% of the equity is recognised in the balance sheet and 50% of the net result is recognised in the Ter Beke Group consolidated figures.

If a group member carries out transactions with a joint venture, profits and losses are eliminated up to the amount of the interests of the group in the joint venture concerned.

Investments in affiliated companies

Affiliated companies are those in which the Group has significant influence, directly or indirectly, but not control over the financial and operational policy of the entity. This is assumed when the Group has 20% or more of the voting rights in the company. An investment in an affiliated company is processed in the consolidated financial statements in accordance with the equity method.

The results, assets and liabilities of affiliated companies are recognised in the financial statements in accordance with the equity method, unless the investment is classified as being held for sale and therefore must be processed in accordance with IFRS 5, Non-current assets held for sale and discontinued business activities. Investments in affiliated companies are initially recognised at cost price under the equity method, and then adapted to take account of the change in the investor's share of the net assets of the participation after takeover, minus any exceptional depreciation in the value of individual investments. Any losses of an affiliated company that exceed the Group's interests in that affiliated company (also taking account of all long-term interests that, in essence, form part of the Group's net investments in that affiliated company) are not recognised.

The difference between the cost price of the investment and the investor's share in the net fair value of the identifiable assets, obligations and conditional obligations of the affiliated company, which were recognised on the takeover date, are recognised as goodwill. This goodwill is recognised in the book value of the investment and is tested for impairment as part of the investment. The difference after re-assessment between the fair value of the group share in the identifiable assets, liabilities and contingent liabilities of the affiliated company and the cost price of the affiliated company are recognised immediately in the Income statement.

If a group member carries out transactions with an affiliated company, profits and losses are eliminated up to the interests of the group in the affiliated company concerned. In 2014 and 2013 there were no affiliated companies.

Eliminations at consolidation

All intra-group balances and transactions, including profits not realised on intra-group transactions, are eliminated when the consolidated financial statements are drawn up. Unrealised profits arising from transactions with affiliated companies are eliminated up to the amount of the Group's interest in the entity. Unrealised profits arising from transactions with affiliated companies are eliminated up to the amount of the participation in those entities. The same elimination rules apply to unrealised losses as for unrealised profits, with the difference that they are only eliminated if there is no indication of impairment.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is valued as the sum of the fair value on acquisition date of the consideration transferred and the amount of the minority interest in the acquiree. For each business combination, the acquirer measures the minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs relating to the acquisition are recognised immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held minority interests are revalued at fair value on acquisition date and any profit or loss is recognised immediately in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value on the acquisition date. Subsequent changes to this fair value which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or in other elements of the comprehensive income. Changes to the fair value of the contingent consideration classified as equity, are not recognised.

Goodwill is initially recognised as the amount with which (i) the total of the consideration transferred, the amount of any minority interest in the acquiree, and the fair value of any equity interest previously held by the acquirer in the acquiree; (ii) exceeds the net balance of the amounts determined on acquisition date of the identifiable assets and liabilities acquired. If, after review, the interest of the Group in the fair value of the identifiable net assets exceeds the total of the consideration transferred, the amount of any minority interest in the acquiree and the fair value of any equity interest previously held by the acquirer in the acquiree, then the surplus must be recognised in the income statement as a profit on an advantageous purchase.

After initial recognition, goodwill is recognised as cost less any accumulated impairments. For the purpose of impairment testing, goodwill is allocated to the cash flow generating units of the group which are expected to generate synergy benefits for the business combination, irrespective of whether assets or liabilities of the acquired entity were assigned to the cash flow generating units concerned.

Cash flow generating units to which goodwill is allocated are tested for impairment annually or more frequently if there is an indication that the book value of the unit may exceed the realisable value. If the realisable value of a cash flow generating unit is less than the book value of the unit, the impairment is allocated first to reduce the book value of any goodwill allocated to the unit; the impairment is subsequently allocated to the other assets of the unit pro-rata on the basis of the book value of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash flow generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is recognised in the book value of the operation when determining the gain or loss on disposal of the operation. Goodwill 'disposed' of in this manner is valued at the relative value of the operation disposed of and the portion of the cash flow generating unit retained.

No business combinations were conducted in 2014 and 2013.

FOREIGN CURRENCIES

Foreign currency transactions
Foreign currency transactions in the Group's individual entities are recognised at the exchange rate applicable on the transaction date. Monetary balance sheet items in foreign currency are converted at the closing rate applicable on balance sheet date. Profits and losses arising from transactions in foreign currency and from the conversion of monetary balance sheet items in foreign currency are recognised in the income statement. Any profit or loss on a non-monetary item is recognised in the income statement, unless it was directly recognised in the shareholders' equity. For non-monetary items on which the profit or loss was directly recognised in the shareholders' equity, any exchange-rate component of that profit or loss is also recognised in the shareholders' equity

Financial statements of foreign operations
All the group's activities abroad are conducted in the Euro zone, except for TerBeke-Pluma UK Ltd which conducts its business in British Pounds and The Pasta Food Company Sp. z.o.o. which conducts its business in Polish Zloty. The assets and liabilities of these foreign entities are converted to Euros at the exchange rate applicable on balance sheet date. The income statement of these entities is translated to Euros monthly at average rates which approximate the exchange rate on the transaction date. Translation differences arising here are recognised immediately in the shareholders' equity.
The following exchange rates were used when drawing up the financial statements:

1 euro is equal to	2014	2013
Pound Sterling		
Closing rate	0.7789	0.8366
Average rate	0.8074	0.8492
Polish zloty		
Closing rate	4.2732	4.1515
Average rate	4.1822	4.1978

SEGMENT REPORTING

IFRS 8 defines an operational segment as a part of an entity of which the operational results are regularly assessed by a high ranking officer of the entity who takes important operational decisions - in order to be able to take decisions on the resources to be allocated to the segment and to assess the financial performance of the segment - and on which separate financial information is available.
IFRS 8 replaces the earlier IAS 14 standard from 1 January 2009 but does not alter segment reporting.

In view of its mission, main strategic lines and management structure, for segment reporting Ter Beke has opted to split the Group's activities into two operational segments, according to the two business activities (business segments) of the group: 'Processed Meats' and 'Ready Meals'. In addition, it provides geographical information for the regions in which the group is active.

The profit or loss of a segment encompasses the income and expenses generated directly by a segment, including that part of the income and expenses that can reasonably be attributed to the segment.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding tax.

DISCONTINUED ACTIVITY

A discontinued activity is a clearly distinguishable component within the Group's activities as a whole:

- which is disposed of or discontinued as part of a specific plan;
- which represents a separate, important business activity or a geographical area of activities;
- which can be distinguished operationally and for the purposes of financial reporting.

INTANGIBLE ASSETS

Intangible assets are initially valued at cost price. Intangible assets are recognised if it is likely that the Entity will enjoy the future economic advantages that accompany them and if the costs thereof can be determined reliably. After their initial recognition, intangible assets are valued at cost price less the accumulated depreciation and any accumulated impairment. Intangible assets are depreciated linearly over their best estimated period of use. The amortisation period and the depreciation method used are evaluated again each year at the conclusion of the reporting period.

Research and development

Expenses incurred for research activities, undertaken with a view to gaining new scientific or technological knowledge, are recognised as an expense in the income statement as they occur. Expenses incurred for development activities, in which the findings of research are applied in a plan or design for the production of new or substantially improved products and processes, are recognised in the balance sheet if the product or process is technically and commercially viable and the group has sufficient resources at its disposal to implement them. The capitalised expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Capitalised expenses for development are valued at cost price less the accumulated depreciation and impairments.
All other expenses for development are recognised as expense in the income statement as a debit in the income statement as they occur. As Ter Beke's development expenses in 2014 and 2013 did not fulfil the criteria for capitalisation, these were recognised as expenditure in the income statement.

Other intangible assets

Other costs for internally generated intangible assets, such as brand names, are recognised in the income statement as they occur. Other intangible assets, such as brand patents or computer software, acquired by the group are valued at cost price less the accumulated depreciation and impairments. In 2014 and 2013 Ter Beke's consolidated other intangible fixed assets consisted only of computer software.

Depreciation

Intangible assets are depreciated according to the linear method over their expected economic life, from the date they are first used.

The depreciation percentages applied are:

Research and development	33.3%
Computer software	20%
Brand patents	10%

GOODWILL

We talk of goodwill when the cost price of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost price and is subsequently valued at cost price less any accumulated impairment losses.
The cash flow generating unit to which goodwill is attributed is tested each year for impairment. This test is also performed every time there is an indication that the unit might be impaired by comparing the book value of the unit with its realisable value. If the realisable value of the unit is lower than the book value, the impairment losses will first be allocated to the book value of the goodwill allocated to the unit and then to the unit's other assets in proportion to the book value of each asset in the unit. An impairment loss recognised for goodwill cannot be reversed in a subsequent period. When a subsidiary or joint venture is sold, the goodwill allocated is recognised when determining the profit or loss on the sale.
If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the remaining surplus after reassessment is recognised immediately in the income statement.

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets (tangible assets) are recognised if it is likely that the future economic benefits associated with the asset will flow to the Entity and the cost price of the asset can be determined reliably.

The tangible non-current assets owned are valued at cost price or at production cost, less the accumulated amortisation and any accumulated impairment. In addition to the purchase price, the cost price also includes, if applicable, non-refundable taxes and all costs directly attributable to preparing the asset for use. The production cost of self-made property, plant and equipment (tangible assets) includes direct material costs, direct manufacturing costs, a proportionate part of the fixed costs of material and manufacturing, and a proportionate part of the depreciation of assets used in the production process.

After initial recognition costs are only recognised in the balance sheet as part of the book value of an asset, or for an exceptional asset, if it is likely that the future economic benefits associated with the asset will flow to the Group and these costs can be determined reliably. All other repair and maintenance costs are recognised in the income statement in the period in which they were incurred.
Tangible non-current assets are depreciated in accordance with the linear method from the date they are first used and over the expected useful economic life.

The primary depreciation percentages are mentioned in underneath table.

Land is not depreciated, since it is assumed that it has an unlimited useful life.

Buildings	3.33; 4 and 5%
Installations	5 and 10%
Machines and equipment	14.3; 20 and 33.3%
Furniture and rolling equipment	14.3; 20 and 33.3%
Other tangible fixed assets	10 and 20%

GOVERNMENT SUBSIDIES

Government subsidies may only be recognised if there is reasonable assurance that:

- the Group will meet to the conditions pertaining to the subsidy; and
- the subsidies will be received.

Government subsidies are systematically recognised as revenues over the periods necessary to attribute these subsidies to the related costs which they are intended to compensate. A government subsidy that is received in compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group without future related costs, is recognised as income in the period in which it is received.
Investment subsidies are deducted from the book value of the asset concerned.
Operating subsidies are recognised if they are received and reported under Other Operating Revenues.

LEASING

A lease contract is recognised as a financial lease if almost all of the risks and benefits associated with the property are transferred to the lessee. All other forms of lease are considered as operational leases. The Group only acts as lessee.

Financial leases - Assets held under a financial lease are recognised as Group assets for amounts equal to the fair value of the leased asset or, if it is lower, at the present value of the minimum lease payments less the accumulated depreciation and impairment losses. The complementary liability to the lessor is recognised in the balance sheet as a liability under financial leases.

The minimum lease payments are recognised partly as financing costs and partly as repayment of the outstanding liability in such a way that this results in constant periodic interest over the remaining balance of the liability. The financing costs are recognised immediately as an expense in the income statement.

The amount of a leased asset to be depreciated is systematically attributed to each reporting period during the period of its expected useful economic life, on a basis that is consistent with the depreciation policy that the lessee applies to owned assets to be depreciated. If it is reasonably certain that the lessee will acquire the property at the end of the lease period, then the expected useful economic life period is equal to the useful life of the asset. In all other cases, the asset is depreciated over the lease term or its useful life, if the latter is shorter.

Operational leases - Lease payments based on operational leases should be recognised as an expense in time for the entire lease period, unless another systematic basis is more representative of the time pattern of benefits the user enjoys. Benefits received as incentive to conclude an operational lease contract are also spread over the lease period on a time-proportional basis.

STOCKS

Stocks are valued at the lowest value of the cost price or the net realisable value. The FIFO method forms the basis for calculating the cost price. The cost price for work in progress and finished products encompasses all conversion costs and other costs incurred to get the stocks to their current location and in their current state. The conversion costs include the production costs and the attributed fixed and variable production overhead costs (including depreciation). The net realisable value is the estimated sales price that the group believes it will make when selling the stocks in normal business, less the estimated costs of finishing the product and the estimated costs needed to realise the sale thereof.

Impairment losses from intangible fixed assets and property, plant and equipment (except for goodwill): On every reporting date, the group investigates its balance sheet values for intangible fixed assets and tangible non-current assets to determine whether there is any indication for impairment of an asset. If there is such an indication, the realisable value of the asset will be estimated in order to determine any impairment losses. However, if it is not possible to determine the realisable value of an individual asset, the Group will estimate the realisable value for the cash flow generating unit to which the asset belongs.

The realisable value is the highest value of the fair value minus the cost of sales and its value-in-use. The value-in-use is determined by discounting the expected future cash flows using a discount rate before tax. This discount rate reflects the present time value of the money and the risks specific to the asset.

If the realisable value of an asset (or a cash flow generating unit) is estimated to be lower than the book value of the asset (or a cash flow generating unit), the book value is reduced to its realisable value. An impairment loss is recognised immediately as expense in the income statement. A previously recognised impairment loss is reversed, when a change has occurred in the estimates used to determine the realisable value, but not for a higher amount than the net book value that would have been determined, if in the previous years no impairment loss was recognised.

FINANCIAL INSTRUMENTS

Trade receivables

Trade receivables are initially booked at fair value and are then valued at the amortised cost price calculated based on the effective interest method. Appropriate impairment losses are recognised in the income statement for estimated non-realisable amounts if there are objective indications that an impairment loss has occurred.
The amount of loss is specified as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the originally effective interest rate on initial recognition. Considering the short term nature of the trade receivables in the Group, the trade receivables are in fact booked at fair value.

Investments

Investments are no longer recognised on the transaction date if the purchase or sale of the investment is linked to a contract whose conditions prescribe the delivery of the asset within the period generally prescribed or agreed on the market concerned. They are initially valued at the fair value, plus the directly attributable transaction costs. For an investment that is not valued at fair value, write-downs are incorporated in the income statement.

Held-to-maturity investments

Debt securities which the Group definitely intends to hold till their maturity date (held-to-maturity debt securities) are valued at the amortised cost price calculated by means of the effective interest method, less any impairment losses for the purpose of taking non-realisable amounts into consideration.
Such impairment losses are recognised in the income statement if, and only if, there are objective indications for impairment losses. Impairment losses are reversed in subsequent periods if the rise in the realisable value can be objectively related to an event that took place after the write-down. The reversal may not exceed the amortised cost price as it would have been if the impairment had not been recognised.

Other investments

Investments other than those held till maturity are classified as financial assets available for sale which are valued at fair value after initial recognition. If no fair value can be determined, they are valued at cost price. The profits and losses following changes in the fair value are recognised directly in the shareholders' equity until the financial asset is sold, or on determining the impairment losses. In this case the cumulative loss or profit that was recognised immediately in the shareholders' equity is transferred from the shareholders' equity to the income statement. Impairment losses recognised in the income statement on an investment in an equity capital instrument classified as available for sale are not reversed via the income statement.
Impairment losses recognised in the income statement on a debt instrument classified as available for sale are later reversed in the income statement if the rise in the fair value of the instrument can be objectively related to an event that took place after the impairments loss was recognised. With the exception of equity capital instruments, changes in the fair value due to exchange rate results are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other short-term, highly liquid investments that can be immediately converted to cash, the amount of which is known and which bears no material risk of depreciation.

Financial liabilities and equity capital instruments

Financial liabilities and equity capital instruments issued by the group are classified based on the economic reality of the contractual agreements and the definitions of a financial liability and an equity capital instrument. An equity capital instrument is any contract that includes the residual interest in the group's assets, net of all liabilities. The financial reporting policies regarding specific financial liabilities and equity capital instruments are described below.

Bank loans

Interest-bearing bank loans and credit excesses are initially valued at fair value and are then valued at the amortised cost price calculated on the basis of the effective interest method. Any difference between the receipts (after transaction costs) and the repayment of a loan is recognised over the loan period, in accordance with the policies for financial reporting regarding financing costs, which are applied by the group.

Trade liabilities

Trade liabilities are initially booked at fair value and are then valued at the amortised cost price calculated based on the effective interest method. Considering the short term nature of the trade liabilities in the Group, the trade liabilities are in fact booked at fair value.

Equity capital instruments

Equity capital instruments issued by the company are recognised at the amount of the sums received (after deduction of directly attributable issue costs).

Derivatives

The group uses derivatives to limit risks with regard to unfavourable swings in exchange rates and interest rates arising from operational, financial and investment activities.
The group does not use these instruments for speculative purposes and does not hold any derivatives and does not issue derivatives for trading purposes. Derivatives are initially valued at cost price and after initial recognition are valued at fair value.

There are three sorts of hedging relationships:
(a) Cash flow hedges: changes in the fair value of derivatives indicated as cash flow hedges are recognised in the shareholders' equity. The non-effective part is recognised in the income statement.
If the cash flow hedges of a firm commitment or an expected future transaction leads to the recognition of a non-financial asset or a non-financial liability, at the time the asset or liability is booked, the profits or losses on the derivative financial instrument previously incorporated in the shareholders' equity are recognised in the initial valuation of the asset or liability when it is booked.
If the hedge of an expected future transaction leads to the inclusion of a financial asset or a financial liability, the related profits or losses on the derivative financial instrument recognised directly in the shareholders' equity are transferred to the income statement in the same period or periods in which the acquired asset or the commitment affects the income statement. If it is expected that (part of) the loss incorporated directly into the shareholders' equity will not be realisable in one or more future periods, the expected non-realisable part is transferred to the income statement. For hedges that do not lead to the recognition of an asset or a liability, the amounts directly included in the shareholders' equity are transferred to the income statement in the same period or periods in which the hedged expected future transaction affects the profit or loss.
(b) Fair value hedges: changes in the fair value of derivatives which were indicated and qualify as fair value hedges are recognised in the income statement, together with any change in the fair value of the hedged asset or the hedged liability which is to be attributed to the hedged risk.
(c) Hedges of net investments in foreign entities: hedges of net investments in foreign entities are processed in a similar manner as cash flow hedges. The part of the profit or loss on the hedging instrument for which it is determined that it is an effective hedge, is recognised directly in the shareholders' equity; the profit or loss on the non-effective part is recognised immediately in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge which is directly recognised in the shareholders' equity is recognised in the income statement when the foreign entity is divested.
The changes in the fair value of derivatives that are not classified can be recognised immediately in the income statement as cash flow hedging (on the basis of IAS 39).

Derivatives that cannot be classified as hedges

Certain derivatives do not qualify as hedging transactions. Changes in the fair value of each derivative that does not qualify as a hedging transaction are recognised immediately in the income statement.

Repurchased treasury shares

If the Group repurchases its own treasury shares, the amount paid, including the directly attributable direct costs, is incorporated as a reduction in the shareholders' equity. The revenue from the sale of treasury shares is recognised directly in the shareholders' equity and has no impact on the net results.

Dividends

Dividends are recognised as a liability in the period in which they are formally allocated.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and groups of assets that are divested are classified as 'held for sale' if their book value will mainly be realised in a sale transaction and not through the continued use thereof. This condition is met solely if the sale is highly probable and the asset (or the group of assets being disposed of) is immediately available for sale in its current state. The management must have committed itself to a plan to sell the asset (or the group of assets being disposed of), which is expected to be considered for inclusion as a completed sale within one year of the classification date.

A non-current asset (or group of assets being disposed of) classified as held for sale will be included at the lowest value of its book value and its fair value minus the costs of sale.

PROVISIONS

A provision will be recognised if:
(a) the Group has an existing obligation (legally enforceable or effective) as the result of an event in the past;
(b) it is likely that an outflow of funds embodying economic benefits will be required to settle the obligation; and
(c) the amount of the obligation can be reliably estimated.

The amount recognised as a provision must be the best estimate of the expenses required to settle the existing obligation on the balance sheet date.

If the impact is important, provisions are determined by discounting the expected future cash flows, using a discount rate before tax. This discount rate reflects the present time value of the money and the specific risks pertaining to the obligation.

A provision for restructuring is laid down when the group has approved a detailed and formalised plan for the restructuring and when the restructuring has either commenced or has been announced publicly.

No provisions are laid down for costs relating to the Group's normal activities. A provision for loss-making contracts will be laid down when the receivable economic benefits for the group are lower than the unavoidable cost related to the obligatory quid pro quo.

EMPLOYEE BENEFITS

Employee benefits comprise all forms of remuneration granted by the Entity in exchange for the services provided by employees.

Employee benefits include:
- short-term employee benefits, such as wages, salaries and social security contributions, holiday pay, paid sick leave, profit-sharing and bonuses and benefits in kind for the current employees;
- post-employment benefits, such as pensions and life insurance;
- other long-term employee benefits;
- termination benefit; and
- share-based payments.

Retirement benefit plans

The Group provides retirement benefit plans for its employees mainly via defined benefit contribution schemes and has only a limited number of defined benefit pension schemes.

Defined Contribution schemes

Contributions paid to these defined contribution schemes are recognised immediately in the income statement.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans which would require that the "projected unit credit" ("PUC") method is applied in measuring the liabilities. The IASB recognized that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic (cf. September 2014 IFRS Staff Paper regarding "Research project: Post-employment benefits"). Considering as well the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any). The main difference between this retrospective approach and the prospective PUC-method, is that benefit obligations would be calculated as the discounted value of the projected benefits, assuming the currently applicable minimum guaranteed rates of return continue to apply, unchanged.

Defined benefit pension schemes

The book value of the defined benefit pension scheme is determined by the present value of the pension payment liabilities, less the past service pension costs not yet recognised and with the fair value of the investments in investment funds. All actuarial gain and losses are recognised in the comprehensive result, so that the full value of the deficit or surplus of the plan is recognised in the consolidated statements. The interest costs and projected revenue of the assets in the plan are shown as net interest.

The present value of the liabilities of the defined benefit plan and the related pension costs are calculated by a qualified actuary in accordance with the PUC-method. The discount rate used is equal to the yield on the balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the group's liabilities. The amount recognised in the income statement consists of the pension costs allocated to the year of service, the financing cost, the expected yield from the pension fund investments and the actuarial gains and losses.

Termination benefit

Termination benefits are recognised as a liability and a cost if a group entity demonstrably commits itself either to:

- the termination of the employment of an employee or group of employees before normal pension date;
- the allocation of termination benefit as a result of an offer to encourage voluntary retirement (early retirement scheme).

If redundancy payments are due after twelve months following the balance sheet date, then they are discounted at a discount rate equal to the yield on balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the Group's liabilities.

Variable pay

The variable pay of clerical staff and management is calculated based on key financial figures and the balanced scorecards. The expected amount of the variable pay is recognised as a cost in the reporting period concerned.

Share-based payments

The cost of the Group's liability in relation to stock option plans is the fair value of these instruments. This fair value is determined by means of the fair value of the shares on the allocation date. The total amount recognised as an expense over the vesting period is determined taking account of the fair value of the options granted. Conditions that must be met in order to make the options unconditional are included in the assumptions when calculating the number of options that are expected to be exercisable. The group reviews the number of options that are expected to be exercisable at the end of each financial year. Any impact of this review is recognised in the income statement, together with an adjustment to the shareholders' equity over the remaining vesting period.

TAX ON PROFITS

The tax on profits includes the tax on profits and deferred taxes. Both taxes are recognised in the income statement, except in those cases where it concerns components that are part of the shareholders' equity. In this latter case, this is recognised via the shareholders' equity. The term 'tax on profits' is taken to mean that which is levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance sheet date, as wells as the adjustments to the tax due over previous reporting periods. Deferred taxes are calculated according to the balance sheet method and arise mainly from the differences between the book value of assets and liabilities in the balance sheet and the tax basis of those assets and liabilities. The amount of deferred tax is based on the expectations regarding the realisation of the book value of the assets and liabilities, whereby use is made of the tax assessment rates known on the balance sheet date.

A deferred tax liability is only recognised if it is sufficiently certain that the tax credit and the unused fiscal losses can be set off against taxable profits in the future. Deferred tax assets are reduced to the extent that it is no longer likely that the tax saving can be realised. Deferred taxes are also calculated on temporary differences arising from participations in subsidiaries, unless the group can decide on the time when the temporary difference is reversed and it is unlikely that the temporary difference will be reversed in the near future.

INCOME

Income is recognised if it is likely that the future economic benefits relating to the transaction will accrue to the Entity and the amount of the income can be determined reliably.

Turnover is reported after tax and discounts.

Sale of goods – Income from the sale of goods is recognised if all the following conditions are met:

(a) the group has transferred the essential risks and benefits of owning the goods to the buyer;

(b) the group does not maintain actual control over the goods sold or the involvement that usually accrues to the owner;

(c) the amount of the revenue can be reliably determined;

(d) it is likely that the economic benefits relating to the transaction will accrue to the group; and

(e) the costs incurred or that will be incurred in relation to the transaction can be reliably valued.

In order to encourage customers to pay immediately, the group grants discounts for payments in cash. Such discounts are recognised as a reduction in the revenue at the time of invoicing.

Royalties – Royalties are recognised according to the attribution principle in accordance with the economic reality of the contract concerned.

Rental income – Rental income is recognised directly in the income statements on a linear basis, spread over the rental period.

Financial income – Financial income consists of interest received, dividends received, the exchange rate revenues and the revenues from hedging instruments that are recognised in the income statement.

Interest – Interest is recognised on a proportional basis that takes account of the effective duration of the asset to which it relates (the effective interest method).

Dividends – Dividends are recognised at the time when the shareholder has been given the right to receive the payment thereof.

Exchange rate differences from non-company activities and profits from hedging instruments for non-company activities are also presented under financial income.

EXPENSES

Expenses per type of cost are shown in the income statement. Expenses that relate to the reporting period or to previous reporting periods are recognised in the income statement, regardless of when the expenses are paid. Expenses can only be transferred to a subsequent period if they comply with the definition of an asset.

Purchases – Purchases of trade goods, raw and auxiliary materials and purchased services are recognised at cost price, after deduction of the permitted trading discounts.

Research and development, advertising and promotional costs and system development costs – Research, advertising and promotional costs are recognised in the income statement in the period in which they were incurred. Development costs and system development costs are recognised in the income statement in the period in which they were incurred if they do not meet the criteria for capitalisation.

Financing costs – Financing costs include such things as the interest on loans, exchange rate losses and losses on hedging instruments that are recognised in the income statement. Exchange rate differences from non-company activities and losses from hedging instruments for non-company activities are also presented under financing costs.

2. GROUP CONSOLIDATION

The group consolidated statement for 2014 includes the Entity and 20 consolidated subsidiaries over which the Entity exercises control (Note 35). The consolidated financial statement for 2013 includes the same 20 consolidated subsidiaries.

3. REPORTING PER SEGMENT AND GEOGRAPHICAL REGION

Ter Beke is a food group, specialising in the development, production and sale of processed meats and fresh ready meals in Europe. At the end of 2014 the Ter Beke group had a workforce of 1,576 (2013: 1,664) (full-time equivalents on 31 December 2014 and the average number of temporary workers in 2014). The group's management structure and the internal and external reporting systems have been set up in accordance with these business activities.

Ter Beke's reporting format therefore covers the organisation around the two existing product groups:

> The Processed Meats business segment develops, produces and sells a range of processed meats including, salami, cooked ham, poultry, other cooked meats, patés and preserved meats.

> The Ready Meals business segment develops, produces and sells fresh ready meals including lasagne, pizza, pasta dishes and sauces.

The profit or loss of a segment includes the income and expenses generated directly by a segment, including that part of the income and expenses to be allocated that can reasonably be attributed to the segment. Financial costs and taxes are not attributed to the segments.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding tax. Assets and liabilities per segment include the intangible non-current assets, goodwill, tangible non-current assets and the elements of the operational working capital. All other assets and liabilities have not been allocated to the business segments and are stated as 'not allocated'. Assets and liabilities per segment are proposed for elimination of inter-segment positions. Competitive conditions form the basis for intersegment transfer pricing. The investment expenses per segment include the cost of the acquired assets with an expected useful life of more than one year. In this segment reporting the same accounting principles are used as in the consolidated financial statements.

Both the Processed Meats and Ready Meals divisions sell our products to a large customer base which includes most large European discount and retail customers. The 10 largest customer groups represent 65% of the turnover (2013: 64%). Turnover with these customers is realised through a diversified number of contracts and products with various durations, under our own brand as well as under the customers' private labels, and in different countries. While our customer portfolio is diversified, the complete termination of a relationship with a large group of customers could have an impact on our operating activities.

As the turnover between both segments is non-material, the group opted to report only the extra-group turnover.

Ter Beke's geographical information shows the five geographical regions in which the Group is active - Belgium, the Netherlands, Great Britain, Germany and the rest of Europe. The rest of Europe includes France, Switzerland, Spain, Portugal, Ireland, Austria, Denmark, the Czech Republic and Poland.

The net turnover is split per region based on the geographical location of the external clients. The total assets and investment expenses are split per region based on the geographical location of the assets. The investment expenses per region include the cost price of the acquired assets with an expected useful economic life of more than one year.

KEY DATA PER BUSINESS SEGMENT

	2014			2013		
	Processed Meats	Ready Meals	Total	Processed Meats	Ready Meals	Total
Segment income statement						
Segment Net turnover	280,410	119,320	399,730	290,008	117,194	407,202
Segment Results	11,404	6,835	18,239	9,026	4,601	13,627
Non-allocated results			-4,395			-3,029
Net financing cost			-1,402			-1,542
Tax			-3,637			-2,743
Share in businesses accounted for using the equity method			-673			-111
Consolidated result			8,132			6,202
Segment balance sheet						
Segment assets	96,522	26,355	122,877	97,345	30,298	127,643
Non-allocated assets			18,049			16,850
Total consolidated assets			140,926			144,493
Segment liabilities	52,792	23,409	76,201	55,940	24,825	80,765
Non-allocated liabilities			156,524			159,911
Total consolidated liabilities			232,725			240,676
Other segment information						
Segment investments	10,138	1,656	11,794	6,795	3,136	9,931
Non-allocated investments			2,683			720
Total investments			14,477			10,651
Segment depreciation and non-cash costs	11,019	5,575	16,594	11,636	5,590	17,226
Non-allocated depreciation and non-cash costs			980			778
Total depreciation and non-cash costs			17,574			18,004

KEY DATA PER GEOGRAPHICAL REGION

Third party turnover	2014	2013
Belgium	166,025	172,089
Netherlands	155,309	155,888
UK	24,089	25,244
Germany	29,016	29,545
Other	25,291	24,436
	399,730	**407,202**

Assets per region	2014	2013
Belgium	165,914	168,196
Netherlands	45,649	50,077
Other	21,383	22,403
	232,946	**240,676**

Investments per region	2014	2013
Belgium	12,728	8,984
Netherlands	1,743	1,664
Other	6	3
	14,477	**10,651**

Non-current assets	2014	2013
Belgium	100,409	100,049
Netherlands	19,875	23,585
Other	10,861	10,859
	131,145	**134,493**

4. OPERATING REVENUES

	2014	2013	%
Sale of goods	399,730	407,202	-1.8%

The total turnover of the group decreased in 2014 by EUR 7.5 million (-1.8%) from EUR 407.2 million to EUR 399.7 million.
In both divisions, there was an optimisation of the product range after which a number of less profitable product varieties were discontinued.
Nevertheless, turnover of the ready meals division increased by EUR 2.2 million (+1.8%). The turnover of the processed meats division decreased by EUR 9.6 million (-3.3%). This is partly related to the decision to terminate the production of dried and cured meats at the Herstal site as of 31 December 2013.

5. TRADE GOODS, RAW AND AUXILIARY ITEMS

	2014	2013
Purchases	213,229	226,334
Change in stocks	4,474	1,005
Total	**217,703**	**227,339**

6. SERVICES AND MISCELLANEOUS GOODS

	2014	2013
Interim staff and consultants to the organisation	9,844	9,564
Maintenance and repairs	10,545	11,045
Cost of marketing and sales	16,775	17,895
Transport Costs	13,821	13,839
Gas and electricity	8,224	9,077
Rent	5,869	5,788
Other	10,387	9,240
Total	**75,465**	**76,448**

The account “Other” includes items such as advisory, insurance and office expenses.

7. WAGES AND SALARIES

Wages and salaries in 2014 amounted to EUR 76,001,000 compared to EUR 75,258,000 in 2013.
Wages and salaries can be analysed as follows:

	2014	2013
Wages and salaries	51,595	51,474
Social security contributions	16,970	16,933
Other wages and salaries	7,436	6,851
Total	**76,001**	**75,258**
Number of employees expressed in FTEs (excl. temporary employees)	1,357	1,434

8. IMPAIRMENTS, WRITE-OFFS AND PROVISIONS

	2014	2013
Impairments	2	1
Provisions	69	-62
Total	**71**	**-61**

9. OTHER OPERATING INCOME AND EXPENSES

	2014	2013
Recovery of wage-related costs	583	1.167
Recovery of logistics costs	110	119
Government grants	17	161
Profits from the disposal of assets	65	74
Insurance recoveries	203	123
Amortization	-5	-378
Local tax	-963	-1.338
Compensation	372	188
Other	475	329
Total	**857**	**445**

10. RESULTS OF OPERATING ACTIVITIES

	2014	2013	%
Profit from operating activities	13,844	10,598	30.6%
Non-current result of operating activities	2,330	2,159	7.9%
Current net profit from operating activities	**16,174**	**12,757**	26.8%

The REBITDA has risen by EUR 2.9 million (+9.7%) from EUR 30.8 million in 2013 to EUR 33.7 million in 2014.

The improvement continued in both divisions, which have benefitted from the increased focus on the profitability of the product range and extensive cost-savings and reductions. In the ready meals division, this is reinforced by higher sales and by specific promotional campaigns for the Come a casa® brand. Once again, this brand has confirmed its leading position as prime brand among the fresh Mediterranean meals in Belgium.

The recurrent non-cash costs in 2014 (EUR 17.6 million) decreased by EUR 0.4 million compared to 2013. This led to a 26.8% increase in the recurrent operating result (REBIT) from EUR 12.8 million in 2013 to EUR 16.2 million in 2014.

The non-recurrent operating costs amounted to EUR 2.3 million in 2014 compared to EUR 2.2 million in 2013.

At the end of 2013 the group ceased manufacturing dried and cured meat products at the Herstal site. The costs of this termination, amounting to EUR 0.7 million, together with some other redundancy costs (EUR -0.8 million), a negative result from the sale of the Alby-sur-Chéran site (EUR -0.3 million), and several one-off expenses at the outbreak of the horse-meat crisis (EUR -0.4 million), help explain the non-recurrent EBITDA of EUR -2.2 million in 2013. In 2014, the non-recurrent EBITDA results relate only to a number of redundancy payments. There were no non-recurring non-cash costs in 2013 or 2014.

This explains the increase of the EBITDA by EUR 2.8 million (+9.8%) from EUR 28.6 million in 2013 to EUR 31.4 million in 2014 and the increase of the business result (EBIT) by EUR 3.2 million (+30.6%) from EUR 10.6 million in 2013 to EUR 13.8 million in 2014.

11. FINANCIAL INCOME

	2014	2013
Interest income	206	191
Positive translation differences	0	164
Other	25	86
Total	**231**	**441**

12. FINANCING EXPENSES

	2014	2013
Interest cost on loans	1,205	1,491
Interest cost on leasing	121	139
Negative translation differences	18	0
Bank charges	116	99
Revaluation of financial instruments	39	0
Other	134	254
Total	**1,633**	**1,983**

13. TAXES

	2014	2013
Tax on profits		
Financial year	4,440	3,668
Previous financial years	59	27
Deferred tax liabilities		
Effect of temporary differences	-862	-952
Total tax in the income statement	**3,637**	**2,743**

The tax rate in Belgium amounts to 33.99% (2013: 33.99%).
For the other countries, the tax rates applicable in those countries are used.

RELATIONSHIP BETWEEN TAX BURDEN AND THE ACCOUNTING PROFIT

	2014	2013
Accounting profit before tax	12,442	9,056
Tax at Belgian tax rate	4,229	3,078
(2014 : 33.99% and 2013 : 33.99%)		
Effect of the different tax rates of the foreign companies	-637	107
Effect of the expenses not deductible for tax purposes	462	526
Deferred tax assets and liabilities in result	0	-13
Realisation of previously unrecognised deferred tax assets	-194	-361
Notional interest deduction	-372	-393
Other effects	149	-201
Actual tax burden	**3,637**	**2,743**
Effective tax percentage	29.2%	30.3%

14. GOODWILL

	2014	2013
Goodwill		
Start of the financial year	36,944	36,944
Acquisitions	0	0
Transfers and decommissioning	0	0
Translation differences	0	0
End of the financial year	**36,944**	**36,944**
Impairments		
Start of the financial year	1,740	1,740
Impairment losses	0	0
Transfers and decommissioning	0	0
End of the financial year	**1,740**	**1,740**
Net book value	**35,204**	**35,204**

Goodwill arises when the cost price of a business combination at acquisition date exceeds the interest of the group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

The group has elected to allocate the goodwill to its segments. This choice is based on the fact that to date, the acquired business combinations had a risk profile which was almost identical to the previous business and/or that cash flows were fully aligned. Furthermore, these business combinations were fully integrated in the segment right from the acquisition date, whereby it was impossible to recognise, let alone monitor, any individual cash flows at a lower level. Management reporting is therefore at segment level.

Each year the group conducts an impairment analysis on this goodwill based on the discounted cash flow method. If the realisable value of the segment is lower than the book value, the impairment losses will first be allocated to the book value of the goodwill allocated to the unit and then to the other assets of the unit in proportion to the book value of each asset in the segment.

In 2014 the goodwill amounted to EUR 29,096,000 (2013: EUR 29,096,000) for processed meat products and EUR 6,108,000 (2013: EUR 6,108,000) for ready meals.

The above-mentioned impairment analysis is based on:

- the budget estimate for the following year of the own operational cash flows for each segment individually. This budget estimate is the result of a detailed analysis of all known and estimated developments in turnover, margin and costs adjusted to the commercial environment for each segment. Here, equilibrium is sought between challenge and realism.
- These cash flows are extrapolated over five years bearing in mind:
  > Average turnover growth of the Ter Beke Group over the previous ten years. Furthermore, senior management considers this percentage (+1.9%) (2013: 2.2%) to be a realistic estimate for the coming years for both segments.
  > Estimated EBITDA margin. This margin is in line with the projections for the coming year and with the longer term targets for each segment.
  > Estimated tax burden on the operational cash flow. Estimates are based on the average of the Belgian and Dutch tax rates for processed meat products and the higher Belgian rate for ready meals. This takes account of where the cash flows are taxed.
  > For each year the cash flows calculated in this manner are adjusted with the estimated replacement investment required to maintain the current production facilities in an operational status and with the movement in working capital. This is different for each segment.
  > As residual value the cash flow as calculated above is extrapolated from the 5th year onwards without further growth.
  > All these cash flows are capitalised at the weighted average cost of capital (WACC) of 6.73% (2013: 7.23%) after tax, as estimated by Bank Degroof. The calculation is based on a desired equity/debt ratio of 35/65 (2013: 35/65), an average tax rate of 29% (2013: 29%), a return on investment of 8.6% (2013: 9.5%) and a gross cost of loan capital of 4.7% (2013: 4.3%). The risks in both segments are sufficiently related to justify using one and the same WACC.

In both divisions, the realisable value exceeds the book value significantly (by more than 150%). This impairment analysis does not result in impairments in any segment.

If the discount rate is increased by 1%, the difference between the estimated realisable value and the book value decreases by 25% in Processed Meats and 17% in Ready Meals. Each time the ratio of EBITDA to sales decreases by 1% for both divisions, these differences decrease by 24% and 11% respectively. Each time the drop in the turnover growth after 2014 decreases by 1%, the difference between the estimated realisable value and the book value decreases by 21% in Processed Meats and 17% in Ready Meals.
If the 3 parameters described above simultaneously decrease by 1%, the difference between the estimated realisable value and the book value decreases by 58% in Processed Meats and 38% in Ready Meals. If the 3 parameters described above simultaneously increase by 1%, the difference between the estimated realisable value and the book value increases by 131% in Processed Meats and 76% in Ready Meals.

15. INTANGIBLE NON-CURRENT ASSETS

	2014			2013		
	Software	**R&D**	**Total**	**Software**	**R&D**	**Total**
Acquisition value						
Start of the financial year	15,096	156	15,252	15,528	156	15,684
Group consolidation extension			0			0
Acquisitions	2,261		2,261	671		671
Transfers and decommissioning			0	-1,103		-1,103
Transfer from / to other entries			0			0
End of the financial year	**17,357**	**156**	**17,513**	**15,096**	**156**	**15,252**
Depreciation						
Start of the financial year	13,003	104	13,107	13,319	52	13,371
Group consolidation extension			0			0
Depreciation*	939	52	991	787	52	839
Transfers and decommissioning			0	-1,103		-1,103
End of the financial year	**13,942**	**156**	**14,098**	**13,003**	**104**	**13,107**
Net book value	**3,415**	**0**	**3,415**	**2,093**	**52**	**2,145**

In 2014 and 2013 no additional costs for development activities were capitalised.
The increase in 2014 can be put down to the investments in a new ERP package.

16. TANGIBLE NON-CURRENT ASSETS

2014	Land and buildings	Installations, machines and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	93,775	217,473	2,791	280	81	576	314,976
Group consolidation extension							0
Acquisitions	1,408	10,772	13			22	12,215
Transfers and decommissioning		-1,469	-82				-1,551
Transfer from / to other entries	2	481				-483	0
Translation differences							0
End of the financial year	**95,185**	**227,257**	**2,722**	**280**	**81**	**115**	**325,640**
Depreciation							
Start of the financial year	55,497	163,414	2,477	276	81	0	221,745
Group consolidation extension							0
Depreciation*	2,567	14,050	116	4			16,737
Transfers and decommissioning		-1,447	-81				-1,528
Translation differences							0
End of the financial year	**58,064**	**176,017**	**2,512**	**280**	**81**	**0**	**236,954**
Impairment							
Start of the financial year	0	0	0	0	0	0	0
Group consolidation extension							0
Addition*							0
Reduction*							0
Transfers and decommissioning							0
End of the financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net capital grants							
Start of the financial year	368	514	8	0	0	0	890
Group consolidation extension							0
New allocations							0
Other							0
Depreciation*	-39	-186					-225
End of the financial year	**329**	**328**	**8**	**0**	**0**	**0**	**665**
Net book value as per 31 December 2014	**36,792**	**50,912**	**202**	**0**	**0**	**115**	**88,021**

2013	Land and buildings	Installations, machines and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	97,326	213,006	2,848	280	81	1,221	314,762
Group consolidation extension							0
Acquisitions	729	8,671	25	0	0	555	9,980
Transfers and decommissioning	-4,280	-5,404	-82				-9,766
Transfer from / to other entries		1,200				-1,200	0
Translation differences							0
End of the financial year	**93,775**	**217,473**	**2,791**	**280**	**81**	**576**	**314,976**
Depreciation							
Start of the financial year	54,438	153,979	2,425	249	81	0	211,172
Group consolidation extension							0
Depreciation*	2,613	14,664	134	27			17,438
Transfers and decommissioning	-1,554	-5,229	-82				-6,865
Translation differences							0
End of the financial year	**55,497**	**163,414**	**2,477**	**276**	**81**	**0**	**221,745**
Impairment							
Start of the financial year	500	153	0	0	0	0	653
Group consolidation extension							0
Addition*							0
Reduction*							0
Transfers and decommissioning	-500	-153					-653
End of the financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net capital grants							
Start of the financial year	387	707	8	0	0	0	1,102
Group consolidation extension							0
New allocations							0
Other							0
Depreciation*	-19	-193					-212
End of the financial year	**368**	**514**	**8**	**0**	**0**	**0**	**890**
Net book value as per 31 December 2013	**37,910**	**53,545**	**306**	**4**	**0**	**576**	**92,341**

With respect to the takeover contract for the business units Pronto, Les Nutons and l'Ardennaise from Unilever Belgium NV, a 99-year ground lease contract was signed in July 1996 for the use of the land and buildings. The part for the buildings is recognised as financial leasing, the part for the land under operational leasing.

The lines selected with * in notes 15 and 16 are recognised in the amount of depreciations and impairments of non-current assets in the income statement.

The group invested EUR 14.5 million in 2014. These investments relate primarily to the continuation of various efficiency and infrastructure investments in all sites of the group.

The buildings and properties of Binet SA, worth EUR 4.5 million, are no longer used for the business activities.

17. JOINT VENTURE USING EQUITY METHOD

The French company Stefano Toselli (Caen, Normandy) and the Belgian listed company Ter Beke have agreed a joint venture to commercialise chilled lasagne and pasta meals in Central and Eastern Europe. The business plan also includes the construction of an automated production site in Central Europe which will manufacture exclusively for the Central and Eastern European markets. For this purpose, a joint holding company (50/50) was established by Ter Beke and YHS Holdings (YHS), the holding company that controls Stefano Toselli. For Ter Beke, the agreements include a call option on the share of YHS in the joint venture as well as on the shares of Stefano Toselli. The valuation formulas for these call options, which may be exercised in 2018, are based on cash flows and on generally accepted market multiples. Within the framework of the long-term collaboration between the partners, in 2011 Ter Beke issued a EUR 5 million loan to YHS and in 2012 to DH & GS Holdings. These are interest-bearing loans and are guaranteed by a pledge on the shares in the joint venture structure.

On 22 June 2011, this joint venture was established in Opole (Poland) as the Pasta Food Company. The group recognises this joint venture according to the equity method. This means that the investments are recognised in the balance sheet under the group's share (50%) in the equity of the joint venture. The joint venture's non-audited balance sheet and income statement are as follows (in Zloty x 1000):

Abbreviated income statement	2014	2013
Operating income	19,586	80
Operating expenses	-25,068	-1,076
Financial result	-117	44
Results before tax	-5,599	-952
Net result	**-5,599**	**-952**

Abbreviated balance sheet	2014	2013
Tangible non-currents assets	90,009	45,329
Other receivables	5,603	4,279
Cash and cash equivalents	603	14,419
Total assets	**96,215**	**64,027**
Shareholders' equity	33,315	38,920
Long-term interest-bearing liabilities	45,889	16,720
Short-term interest-bearing liabilities	17,011	8,387
Total equity and liabilities	**96,215**	**64,027**

There were no outstanding debt and receivables on 31 December 2013 between the Ter Beke Group and the Pasta Food Company. As at 31 December 2014, Ter Beke had a subordinated loan of EUR 500,000 for financing the investments in the Pasta Food Company.

Within the framework of bank financing for the Pasta Food Company amounting to EUR 10 million, Ter Beke NV has guaranteed the loan for its share (50%) in the Pasta Food Company. Should the bank invoke this guarantee, the Group has privileged rights on the purchase of the Pasta Food Company production line in proportion to its share. There are no restrictions on the transfer of funds from the joint venture to the joint venture partners.

18. OTHER LONG-TERM RECEIVABLES

	2014	2013
Receivable Pasta Food Company	500	0
Receivables and securities in cash	111	115
Total	**611**	**115**

As at 31 December 2014, Ter Beke had a subordinated loan of EUR 500,000 for financing the investments in the Pasta Food Company. The loan carries a market-based interest.

19. LONG-TERM INTEREST-BEARING RECEIVABLES

Within the framework of the long-term collaboration between the partners in the joint venture (see Note 17) Ter Beke issued a EUR 5 million loan to YHS in 2011 and to DH & GS Holdings in 2012. These are interest-bearing loans and are guaranteed by a pledge on the shares in the joint venture structure. The loans mature on 31 March 2018.

	2014	2013
Long-term interest-bearing receivables	10,000	10,000
Total	**10,000**	**10,000**

20. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities are attributable to the following categories:

	2014	2013
Debts	-55	-40
Tangible non-current assets	6,910	7,590
Receivables	801	817
Provisions	-570	-419
Transferred losses less other items	-416	-416
Deferred tax assets and liabilities	**6,670**	**7,532**

In 2014, the group did not acknowledge EUR 9,003,000 (EUR 9,098,000 in 2013) in deferred tax assets on tax deductible losses and EUR 252,000 (EUR 252,000 in 2013) of transferable notional interest deduction because it is insufficiently certain that these will be realised in the near future. These transferable losses are transferable with no time limitation, the transferable notional interest deduction is transferable for 7 years only. From 2011, the unused portion of the notional interest of the year is no longer transferable.

21. STOCKS

	2014	2013
Raw and auxiliary materials	13,092	16,369
Work in progress	3,039	2,796
Finished products	3,985	5,026
Goods for resale	181	115
Total	**20,297**	**24,306**

22. TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	52,713	56,999
VAT to be reclaimed	1,953	1,880
Tax to be reclaimed	484	288
Adjustment accounts	1,287	1,550
Receivable interest	12	11
Empties	4,291	4,138
Other	37	100
Total	**60,777**	**64,966**

Our trade receivables are not interest-bearing.
The average number of days of customer credit for the Group is 48 days (2013: 51 days). This number of days is distorted because of the strong sales in the fourth quarter of both years.
In 2014 no impairments on trade receivables were processed as a cost in the income statement (EUR 1,000 in 2013).

23. CASH AND CASH EQUIVALENTS

	2014	2013
Current accounts	10,718	6,903
Cash	7	8
Total	**10,725**	**6,911**

24. SHAREHOLDERS' EQUITY

The various components of the shareholders' equity, together with the changes between 31 December 2014 and 31 December 2013 are shown in the consolidated statement of changes in shareholders' equity.

CAPITAL

The Entity's issued capital amounted to EUR 4,903,000 on 31 December 2014, divided into 1,732,621 fully paid-up ordinary shares without nominal value. Dividends are payable on all these shares, which have the same voting rights.

TREASURY SHARES RESERVE

The treasury shares reserve includes the acquisition value of the treasury shares held by the Group. On 31 December 2014 the group held 0 treasury shares compared to no treasury shares on 31 December 2013.

EXCHANGE RATE DIFFERENCES

The exchange rate differences include both the exchange rate differences arising from the conversion of the annual income statements of foreign activities that are not considered as being activities of the Entity itself, and the exchange rate differences arising from the conversion of the liability that covers the net investment of the Entity in a foreign entity.

DIVIDENDS

On 26 February 2015, the Board of Directors proposed paying out EUR 4,331,552.50 or EUR 2.50 per share. This dividend has not yet been approved by the Ter Beke General Meeting of Shareholders and has therefore not yet been recognised in the accounts.

25. EMPLOYEE BENEFITS

PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

The Group and its subsidiaries provide for pension schemes and other employee benefits. On 31 December 2014 the total net debt for pension schemes and similar liabilities was EUR 2,288,000. This was EUR 1,931,000 on 31 December 2013.

	Obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2013	**1,656**	**350**	**2,006**
Group consolidation extension			0
Service costs	113		113
Interest costs	48		48
Actuarial effect	218		218
Payments			0
Allocations and redemptions		-319	-319
Other	-104		-104
31 December 2013	**1,931**	**31**	**1,962**
Group consolidation extension			0
Service costs	129		129
Interest costs	55		55
Actuarial effect by OCI	281		281
Payments			0
Allocations and redemptions		-31	-31
Other	-108		-108
31 December 2014	**2,288**	**0**	**2,288**

IAS 19	2014	2013
Defined benefit pension schemes		
Net liability / (asset)	**2,288**	**1,931**
Of which liabilities	2,647	2,346
Of which investments in investment funds	**-359**	**-415**
Amounts recognised in the income statement		
Pension costs allocated to the year of employment	129	113
Interest charges	55	48
Expected return on investments in investment funds	0	0
Recognised actuarial (profits) / losses	5	-2
Past service pension costs	0	0
Losses/ (profits) from curtailments or settlements	0	0
Administrative and other expenses	2	2
Cost recognised in the income statement regarding defined benefit pension schemes	**191**	**161**
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	**665**	**384**
Recognised actuarial (profits)/losses	281	218
Cumulative of via OCI recognised actuarial results at the beginning of the period	384	166
Present value of the gross liability at the beginning of the year	**2,346**	**2,034**
Employer's contributions	-68	-60
Pension costs allocated to the year of employment	125	110
DBO profit (loss) for the period	294	226
Others	-50	36
Present value of the gross liability at the end of the year	**2,647**	**2,346**
Fair value of the investments in investment funds at the beginning of the year	**-415**	**-370**
Expected employer's contributions	-170	-109
Expected benefits paid (excl. interest)	140	81
Expected return on investments in investment funds	0	0
Expected tax on contributions paid	4	4
Expected administrative expenses	2	1
Expected value of the investments in investment funds at the end of the year	**-439**	**-393**
Fair value of the investments in investment funds at the beginning of the year	**-415**	**-370**
Actual employer's contributions	-116	-112
Actual benefits paid	188	83
Interest revenue	-13	-11
Actual tax on contributions paid	3	4
Actual administrative expenses	2	1
Actuarial profit (losses) on the investments in investment funds	-8	-10
Fair value of the investments in investment funds at the end of the year	**-359**	**-415**

The primary actuarial assumptions are:

		2014		2013
	Belgium	France	Belgium	France
Discount rate	1.40%	2.30%	3.00%	3.00%
Future salary increases including inflation	2.50%	4.00%	2.50%	4.00%
Inflation	2.00%	2.00%	2.00%	2.00%

DEFINED CONTRIBUTION SCHEMES

The Ter Beke companies contribute to public or privately managed pension or insurance funds under the fixed contribution schemes relating to employee benefits. Once the contributions have been paid, the Group's companies will have no further payment obligations, because the minimum guaranteed reserves are covered by the value of the fund investments. This may change in the future, because since 2013, the pension or insurance funds can no longer guarantee the mandatory return of 3.25% in light of the current economic conditions. The periodic contributions constitute a cost for the year in which they are owed. In 2014 this cost amounted to EUR 1,712,000 and in 2013 this was EUR 1,572,000.

The other provisions consist of restructuring provisions and redundancy payments. Costs regarding IAS 19 are booked under personnel costs. The interest component is recognised in the financial result.

26. INTEREST-BEARING LIABILITIES

2014	within the year	Maturity period between 1 and 5 years	after 5 years	Total
Interest-bearing obligations				
Credit institutions	14,032	34,717	1,542	50,291
Lease liabilities	0	0	0	0
Total	**14,032**	**34,717**	**1,542**	**50,291**

2013	within the year	Maturity period between 1 and 5 years	after 5 years	Total
Interest-bearing obligations				
Credit institutions	18,342	37,641	1,750	57,733
Lease liabilities	1	0	0	1
Total	**18,343**	**37,641**	**1,750**	**57,734**

Loans from credit institutions include:

- long-term loans with a fixed interest rate for EUR 31,739,000;
- long-term loans for which the interest rates are regularly reviewed for agreed periods of less than one year for EUR 18,552,000;
- no short-term loans for agreed periods of less than 1 year.

	2014	**2013**
Loans with fixed interest rate	2.22%	2.86%
Loans with variable interest rate	1.68%	1.78%

Minimum payments to credit institutions (including interest) in 2014:

	2014	2013
less than 1 year	15,028	19,450
more than 1 year and less than 5 years	36,065	39,441
more than 5 years	1,811	1,844

The Group has sufficient short-term credit lines to fulfil its short-term requirements. The Group did not pledge any assets, nor were any guarantees given by third parties to obtain the credit lines with the institutions mentioned above. The financial covenants are based on the net debt to EBITDA ratio and the consolidated equity to total consolidated assets ratio. The Group conforms to these covenants in 2014 and 2013.

27. TRADE LIABILITIES AND OTHER DEBTS

	2014	2013
Trade liabilities	53,828	56,535
Dividends	88	87
Other	3,662	3,918
Total	**57,578**	**60,540**
Of which empties	2,620	2,938

Most trade liabilities have a due date of 60 days or 45 days from invoice date.

28. RISKS ARISING FROM FINANCIAL INSTRUMENTS

Exposure to risks associated with interest rates and exchange rates are a consequence of the normal conduct of the group's business activities. Derived financial instruments are used to limit these risks. The group's policy forbids the use of derivative financial instruments for trading purposes.

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rates. In 2011 the company agreed a CAP without repayments for EUR 5 million for which interest rate increases have been limited to a pre-determined rate until the 31 March 2016. The market value at 31 December 2014 amounted to EUR 0 (EUR 1,000 in 2013).

EXCHANGE RATE RISK

The exchange rate risk consists of the potential fluctuations in the value of financial instruments due to fluctuation in exchange rates. The group is exposed to an exchange rate risk on the sales, procurement and interest-bearing loans and borrowings expressed in a currency other than the company's local currency, for example, the British pound. On 31 December 2014, the group had a net position in Pound Sterling of GBP 2,061,000, on 31 December 2013 this position was GBP 1,870,000 for EUR. As hedge against exchange rate risk, on 31 December 2013 the group had option contracts for the sale of GBP 3,634,000 for EUR and forward contracts for the sale of GBP 2,750,000 for EUR. On 31 December 2014 the group had no outstanding option contracts for the sale of GBP for EUR and forward contracts for the sale of GBP 4,080,000 for EUR.

CREDIT RISK

The credit risk is the risk that one of the contracting parties fails to honour its obligations with regard to the financial instrument, giving rise to a loss for the other party. Both the Processed Meats and Ready Meals divisions sell our products to a large customer base which includes most large European discount and retail customers. Turnover with these customers is realised through a diversified number of contracts and products with various durations, under our own brand as well as under the customers' private labels, and in different countries. The 10 largest customer groups represent 65% of the turnover (2013: 64%). The management has worked out a credit policy and exposure to the credit risk is monitored continually.

- Credit risks on trade receivables: credit risks on all customers are monitored constantly.
- Credit risks on cash and cash equivalents and short-term investments: short-term investments are made in easily-tradable securities or in fixed-term deposits in reputable banks.
- Transactions with derivative financial instruments: transactions with derivative financial instruments are only permitted with counter-parties who have a high degree of creditworthiness.

The maximum credit risk for all these exposures equals the balance sheet amount.
Trade receivables are subject to standard terms of payment. There are no significant outstanding and due amounts per closing date.

LIQUIDITY RISK

The liquidity risk is the risk that the group cannot honour its financial obligations. The group limits this risk by monitoring the cash flows on a continuous basis and ensuring that sufficient credit lines are available.
See also Note 26.

29. OPERATIONAL LEASING

The Group leases its cars and several freight vehicles under a number of leasing contracts. At the end of 2010 the group signed an operational agreement for a new state of the art value added logistics platform in Wijchen, where Ter Beke has now centralised the slicing activities of Langeveld/Sleegers and all the Dutch logistic activities. Future payments under this non-terminable operational leasing contracts amount to:

	2014	2013
less than 1 year	2,141	2,192
more than 1 year and less than 5 years	7,195	7,286
more than 5 years	9,598	11,115
Total	**18,934**	**20,593**

30. OUTSTANDING LEGAL DISPUTE

On 7 February 2014 Ter Beke was summoned by the Greek company Creta Farms because of an alleged breach of a confidentiality agreement dating from 2010. Creta Farms asked the District Court in Athens to order Ter Beke to pay damages amounting to approximately EUR 2 million. The Group considers this demand from Creta Farms completely unfounded and will use all means necessary to defend itself. Therefore, no provision was included in the consolidated figures. In early 2015, Creta Farms reduced its claim to EUR 1.1 million.

31. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

The Group has not set up any sureties as a guarantee for debts or obligations to third parties.

The total purchase obligations concerning major investment projects for which the respective contracts had already been assigned or orders placed amounted on 31 December 2014 to EUR 1,775,000 (2013: EUR 1,666,000).

32. TRANSACTIONS WITH AFFILIATED PARTIES

TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The compensation policy was prepared by the Remuneration and Nomination Committee and approved by the Board of Directors. The compensation paid to the executive directors and members of the Executive Committee is structured in a fixed part, a variable part that is defined as a function of an evaluation by the Remuneration and Nomination Committee, and long-term incentives such as a pension plan. As from 1 January 2006, the compensation policy was included as an integral part of the Group Corporate Governance Charter.

Only the CEO is paid a cash allowance on termination of his contract, if at that time an exceptional growth of the Group equity value has been realised. This remuneration will be equal to an agreed percentage of the exceptional growth of the group equity value realised. Each year the Board of Directors evaluates whether a provision should be created for the application of the prevailing rules. The assessment will take account of the exceptional added value at the end of the previous financial year and the extent to which it is more than probable that this extraordinary added value will still exist on the expiry date. This probability is influenced by both market expectations and the proximity of the end date. At the close of 2014 no provision for added value was made.
The remunerations of the members of the Board of Directors and the Executive Committee in relation to the financial year 2014 are summarised in the table below.

We also refer to the remuneration report in the Corporate Governance Statement (see above).

in EUR million	2014	2013
Remuneration Board members Ter Beke NV for the execution of their mandate	0.2	0.2
Total cost for the CEO, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV	0.6	0.4
Total cost to the group for members of the Executive Committee, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV (amount 2014 includes the redundancy fees for Annie Vanhoutte and Asadelta Consulting VOF)	1.9	1.8

TRANSACTIONS WITH OTHER PARTIES

Transactions with affiliated parties primarily concern commercial transactions and are based on the 'at arms length' principle. The costs and revenues relating to these transactions are immaterial within the framework of the consolidated income statement.

For 2014 and 2013 no reports were received from directors or management within the framework of the provisions concerning related transactions, as included in the Corporate Governance Charter. For the application of the conflict of interest rules (articles 523 and 524 of the Belgian Company Code) we refer to the annual report chapter on Corporate Governance (see above).

33. PROFIT PER SHARE

BASIC EARNINGS PER SHARE

The calculation of the basic profit per share is based on assigning a net profit to the ordinary shareholders of EUR 8,132,000 (2013: EUR 6,202,000) and a weighted average number of outstanding ordinary shares during the year of 1,732,621 (2013: 1,732,621).

The weighted average number of outstanding ordinary shares was calculated as follows:

	2014	2013
Number of outstanding ordinary shares on 1 January financial year	1,732,621	1,732,621
Effect of issued ordinary shares	0	0
Weighted average number of outstanding ordinary shares on 31 December financial year	1,732,621	1,732,621
Net profit	8,132	6,202
Average number of shares	1,732,621	1,732,621
Profit per share	**4.69**	**3.58**

DILUTED PROFIT PER SHARE

When calculating the earnings per share after dilution, the weighted average number of shares is adjusted by taking account of all the potential ordinary shares that could give rise to dilution. In 2014 and 2013 there were no potential ordinary shares that could give rise to dilution.

	2014	2013
Net profit	8,132	6,202
Average number of shares	1,732,621	1,732,621
Dilution effect warrant plans	0	0
Adjusted number of shares	1,732,621	1,732,621
Diluted profit per share	**4.69**	**3.58**

34. IMPACT OF BUSINESS COMBINATIONS

No business combinations were conducted in 2014 and 2013.

35. GROUP COMPANIES

The parent company of the Group, Ter Beke NV, Beke 1, B-9950 Waarschoot, Belgium, was directly or indirectly the parent company of the following companies as per 31 December 2014:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproduktie NV - Beke 1, 9950 Waarschoot - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Waarschoot - Belgium	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spain	100
Ter Beke Luxembourg SA - 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - Parc d' Activités Annecy - La Ravoire - Metz-Tessy, 74371 Pringy Cedex - France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Binet SA - Route de Hermée 2, 4040 Herstal - Belgium	100
TerBeke-Pluma UK Ltd - Hillbrow Road, Esher, Surrey KT10 9NW - UK	100
Pluma Fleischwarenvertrieb GmbH - Ostwall 175, 47798 Krefeld - Germany	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals NV - Beke 1, 9950 Waarschoot - Belgium	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk - Netherlands	100
FreshMeals Deutschland GmbH - Nordstrasse 30, 47798 Krefeld - Germany	100
Pasta Food Company Sp. z.o.o. - Ul. Północna 12 - 45-805 Opole - Poland	50

36. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date that have had a relevant impact on the results as represented in this annual report.

37. STATUTORY AUDITOR'S FEES

In relation to the financial year 2014, the Statutory Auditor and the companies with whom the Statutory Auditor has a working relationship, invoiced to the Group additional fees for a total amount of EUR 153,000. These fees concern tax consultancy assignments, among others. The Statutory Auditor invoiced the Ter Beke Group a fee of EUR 181,000 with regard to the statutory audit.

Abbreviated financial statements of Ter Beke NV

BALANCE SHEET

	2014	2013
Fixed assets	**94,277**	**91,835**
I. Formation expenses	0	0
II. Intangible fixed assets	264	80
III. Tangible fixed assets	3,823	2,065
IV. Financial fixed assets	90,190	89,690
Current assets	**81,068**	**92,262**
V. Amounts receivables after more than 1 year	10,020	10,020
VI. Stocks	0	0
VII. Amounts receivables after within 1 year	66,122	80,228
VIII. Current investments	0	0
IX. Cash and cash equivalents	4,484	1,754
X. Accrued and deferred accounts	442	260
Total assets	**175,345**	**184,097**
Shareholders' equity	**80,645**	**72,287**
I. Capital	4,903	4,903
II. Share premiums	48,288	48,288
IV. Reserves	3,360	3,360
Legal reserves	*649*	*649*
Unavailable reserves	*1,457*	*1,457*
Tax-free reserves	*679*	*679*
Available reserves	*575*	*575*
V. Transferred result	24,094	15,736
Provisions and deferred taxes	0	0
Debts	**94,700**	**111,810**
X. Debts payable after 1 year	12,525	12,000
XI. Debts payable within 1 year	82,159	99,796
XII. Accrued and deferred accounts	16	14
Total liabilities	**175,345**	**184,097**

INCOME STATEMENT

	2014	2013
Operating income	**13,680**	**11,965**
Turnover	0	0
Change in stocks	0	0
Produced fixed assets	0	0
Other operating income	13,680	11,965
Operating costs	**12,894**	**11,454**
Trade goods, raw and auxiliary materials	0	0
Services and miscellaneous goods	8,237	7,454
Remuneration, social security costs and pensions	3,905	3,206
Depreciation and write-offs on intangible fixed assets and tangible fixed assets	742	783
Write-offs on stocks and trade receivables	0	0
Provisions for risks and costs	0	0
Other operating costs	10	11
Operating result	**786**	**511**
Financial income	12,963	1,004
Financial charges	-384	-516
Result from ordinary business operations before tax	**13,365**	**999**
Exceptional income	12	6
Exceptional charges	0	0
Profit before tax	**13,377**	**1,005**
Tax on profits	-687	-406
Result for the financial year after tax	**12,690**	**599**

The accounting principles and conversion rules for the statutory financial statements of the parent company meet the Belgian standards (BE GAAP). The consolidated financial statements were drawn up in accordance with the IFRS. These accounting principles differ widely from each other.

The statutory auditor has given an unqualified audit opinion on the financial statements of Ter Beke NV.

The comprehensive financial statements, the statutory auditor's unqualified audit opinion as well as the statutory annual report, which is not included in its entirety in this annual report, will be published in accordance with the statutory provisions and can be obtained free of charge upon request.

DECLARATION BY THE RESPONSIBLE PERSONS

The undersigned, Dirk Goeminne*, Managing Director, and René Stevens, Chief Financial Officer, declare that, to the best of their knowledge:

> the financial statements for the financial year 2014 and 2013, which have been prepared in accordance with the International Financial Accounting Standards (IFRS), give a true and fair view of the equity, of the financial status and of the results of Ter Beke NV and the companies included in the consolidated accounts;

> the annual report gives a true picture of the development, the results and the position of Ter Beke NV and of the companies included in the consolidated accounts. The annual report also faithfully describes the main risks and uncertainties with which they are confronted.

René Stevens
Chief Financial Officer

Dirk Goeminne*
Managing Director

* represented by NV Fidigo

REPORT BY THE STATUTORY AUDITOR ON THE CONSOLIDATED ANNUAL ACCOUNTS*

TER BEKE NV
STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 232,725 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 8,132 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion
In our opinion, the consolidated financial statements of Ter Beke NV give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

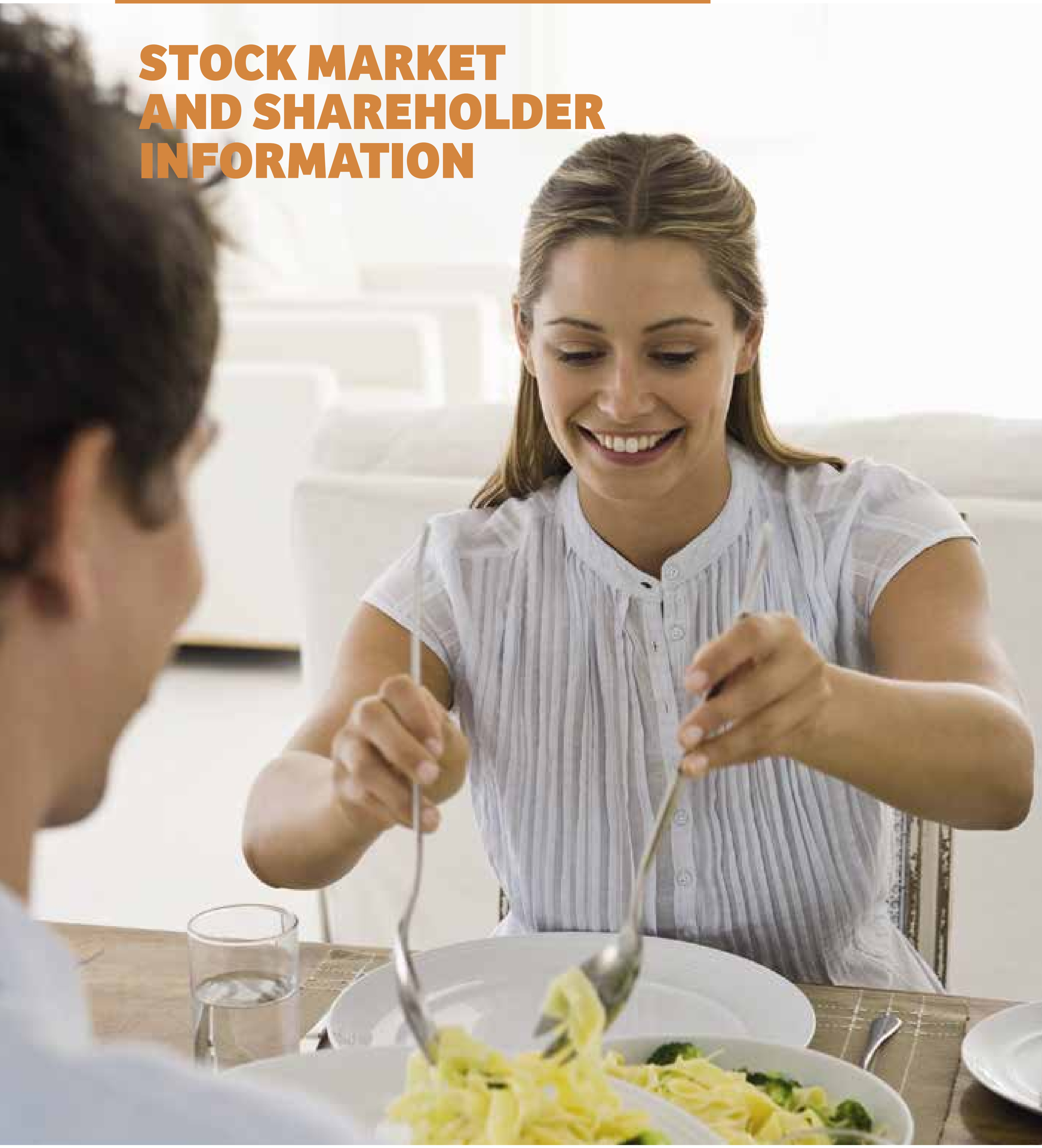
- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Kortrijk, 10 April 2015
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by
Kurt Dehoorne

* The original text of this report is in Dutch

STOCK MARKET AND SHAREHOLDER INFORMATION



STOCK AND SHAREHOLDER INFORMATION

On 31 December 2014, the capital of Ter Beke was represented by 1,732,621 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels (symbol: TERB). In order to promote the share's liquidity, we concluded in 2001 a liquidity provider agreement with Bank Degroof. The shareholder structure is described in the Corporate Governance Statement (see above).

SHARE RELATED INSTRUMENTS

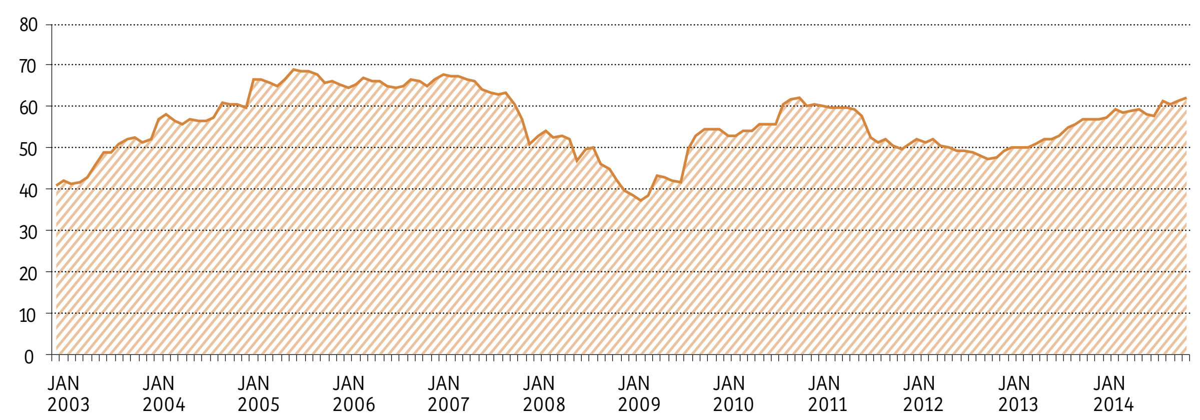
On 31 December 2014 there were no share related instruments, such as stock options or warrants in circulation.

DIVIDEND

Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. The Board of Directors will submit a proposal to the General Meeting of Shareholders of 28 May 2015 to distribute a gross dividend of EUR 2.50 per share over 2014. If the General Meeting of Shareholders of 28 May 2015 approves this motion, we will make the net dividend per share payable from 15 June 2015.

STOCK PRICE EVOLUTION

The actual price of the Ter Beke share can be consulted at all times on the www.terbeke.com and www.euronext.com websites.



MONITORING BY FINANCIAL ANALYSTS

The Bank Degroof and KBC Securities analysts have monitored the Ter Beke share during 2014. We have published a number of the analyst reports on the Ter Beke website: www.terbeke.com, under Investor Relations.

PROPOSALS TO THE GENERAL MEETING OF SHAREHOLDERS

The Board of Directors proposes the following to the General Meeting of Shareholders of 28 May 2015:

> to approve the annual accounts at 31 December 2014 and to consent to the processing of the result. The non-consolidated result for the financial year is EUR 12,690,211.91;

> the proposed gross dividend is EUR 2.50 per share. This will be payable on 15 June 2015 (quoted ex-coupon on 10 June 2015);

> to acknowledge the resignation of NV Holbigenetics, represented by Frank Coopman, as Director as of 1 December 2014;

> to appoint Ann Coopman as director for the remaining period of the mandate of NV Holbigenetics, which appointment shall terminate as of the General Meeting of Shareholders of 2018;

> to reappoint BVBA Guido Vanherpe, represented by Guido Vanherpe, as independent director in the sense of Article 524 and 526ter of the Belgian Company Code. The appointment is for four years. This appointment commences at the close of the General Meeting of Shareholders of 28 May 2015 and terminates at the General Meeting of Shareholders to be held in 2019;

> to grant discharge to the members of the Board of Directors and the Statutory Auditor for the execution of their mandate in 2014;

> to decide on the remuneration report in a separate vote;

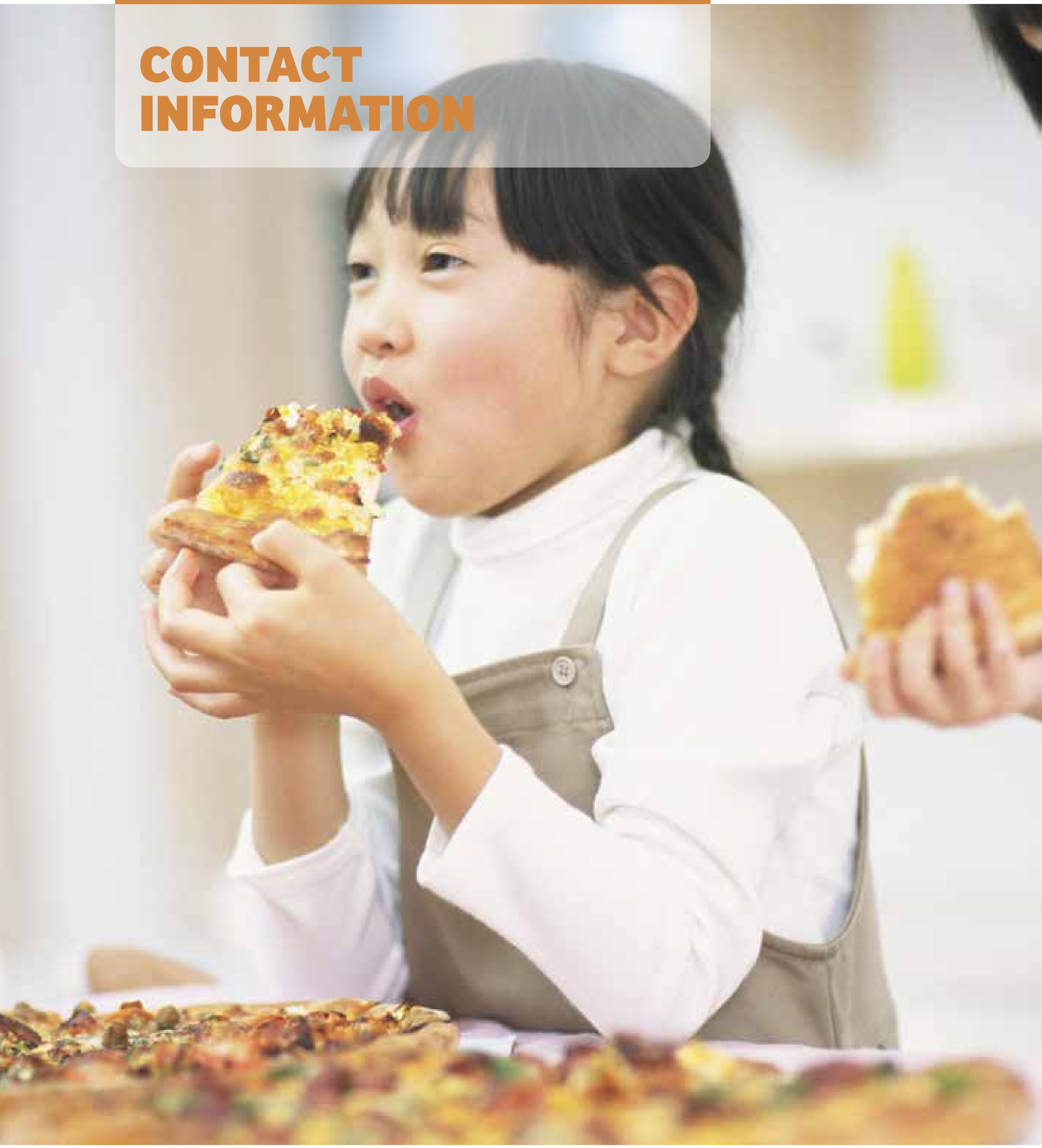
> to approve the annual remuneration of EUR 244,000 for the directors for the performance of their mandate in 2015.

For the actual agenda and proposals to vote on please refer to the convening notice for the General Meeting of Shareholders.

FINANCIAL CALENDAR

Shareholders' Meeting	28 May 2015 at 11 am
Share quoted ex-coupon	10 June 2015
Dividend payment	15 June 2015
Results first semester 2015	4 September 2015 before market opening
Annual results 2012	30 April 2016 at the latest

CONTACT INFORMATION



NV TER BEKE
BEKE 1
B-9950 WAARSCHOOT
RPR GENT 0421.364.139
E-MAIL: INFO@TERBEKE.BE
WEBSITE: WWW.TERBEKE.COM

READY MEALS

NV FRESHMEALS
Beke 1 - B-9950 Waarschoot
RPR Gent 0884.649.304

LES NUTONS SA
Chaussée de Wavre 259a - B-4520 Wanze
RPM Huy 0442.475.396
Working company: 5 Chemin Saint-Antoine,
6900 Marche-en-Famenne

COME A CASA SA
Chaussée de Wavre 259a - B-4520 Wanze
RPM Huy 0446.434.778

TER BEKE FRANCE SA
Parc d' Activités Annecy
La Ravoire
Metz-Tessy
F-74371 Pringy Cedex
RCS Annecy 309 507 176

FreshMeals Ibérica SL
Vía de las Dos Castillas , 33
Complejo Empresarial Ática,
Edificio 6, Planta 3a - Officina B1,
28224 Pozuelo de Alarcón, Madrid - Spain

FRESHMEALS NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce Utrecht 200.53.817

The Pasta Food Company
Ul. Północna 12
45-805 Opole
Poland
KRS 0000403908

FreshMeals Deutschland GmbH
Nordstrasse 30 - D-47798 Krefeld
117 / 5811 / 1427 - DE 289 867 57

PROCESSED MEATS

NV TERBEKE-PLUMA
Antoon Van der Pluymstraat 1 - B-2160 Wommelgem
RPR Antwerpen 0475.089.271

NV PLUMA
Antoon Van der Pluymstraat 1 - B-2160 Wommelgem
RPR Antwerpen 0404.057.854

TERBEKE-PLUMA NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce Amsterdam 18024675

NV TER BEKE VLEESWARENPRODUKTIE
Beke 1 - B-9950 Waarschoot
RPR Gent 0406.175.424

NV HEKU
Ondernemingenstraat 1 - B-8630 Veurne
RPR Veurne 0436.749.725

BERKHOUT LANGEVELD BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce Limburg Noord 12032497

LANGEVELD/SLEEGERS BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce Limburg Noord 12036519

H.J. BERKHOUT VERSSNIJLIJN BV
Scheepmakerstraat 5 - NL-2984 BE Ridderkerk
Chamber of Commerce Rotterdam 24140598

TERBEKE-PLUMA UK LTD
Hillbrow House - Hillbrow Road
Esher Surrey - UK-KT10-9NW
Company House n° 1935226

PLUMA FLEISCHWARENVERTRIEB GMBH
Ostwall 175 - D-47798 Krefeld
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The Dutch version of this annual report is the sole official version.
Ce rapport annuel est également disponible en français.
Dit jaarverslag is ook verkrijgbaar in het Nederlands.

**We thank all our employees for their commitment and dynamism.
It is thanks to them that we have achieved the results reported here.
And it is thanks to them that we have full confidence in the future.**

Creation, layout and coordination: www.thecrewcommunication.com

terbeke

driven by the zeal for your everyday meal