ANNUAL REPORT 2010

terbeke
Fresh Food Group

demanding by nature

HEADLINES AND KEY FIGURES 2010

KEY FIGURES 2010

TURNOVER **402.2 MILLION EUR (+2.5%)**

Turnover growth in both divisions slowed down by the evolution of raw material prices and the general price pressure in the market.

EBITDA **37.5 MILLION EUR (+6.7%)**

Increase due to volume growth, further efficiency improvements throughout the entire supply chain and continued efforts in the area of cost control and cost reductions.

EAT **10.5 MILLION EUR (+26.7%)**

INVESTMENTS **24 MILLION EUR**

HEADLINES 2010

Processed Meats Division:

- Turnover growth of 1.5%;
- Growing market share in Belgium;
- Further growth of slicing activities in The Netherlands;
- Start of activities at the new slicing plant and value added logistics platform in Wijchen (The Netherlands).

Ready Meals Division:

- Turnover growth of 4.7%;
- Successful increased investment in the Come a casa® brand in Belgium;
- Preparation of joint venture for Central & Eastern Europe.

Proposal to increase the gross **dividend** from 2.35 EUR per share to **2.50 EUR** per share.

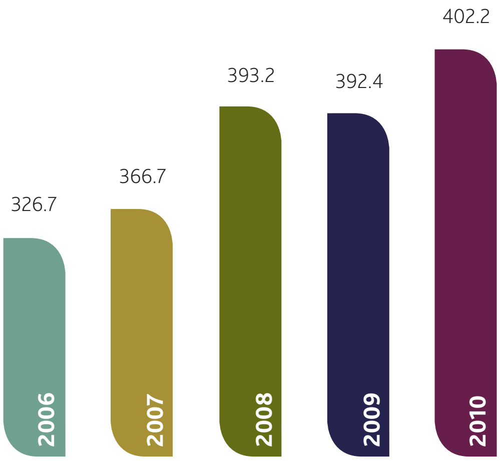
CONSOLIDATED KEY FIGURES 2004-2010

CONSOLIDATED INCOME STATEMENT	2010	2009	2008	2007	2006	2005	2004
Revenue	402,180	392,374	393,206	366,669	326,718	236,238	200,035
EBITDA (1)	37,501	35,155	29,866	29,274	23,981	21,632	20,855
Recurring Operating result	17,801	15,087	11,378	12,192	8,606	10,700	11,922
Non-recurring operating activities	0	0	-3,425	-1,950	1,500	0	-1,750
Result of operating activities	17,801	15,087	7,953	10,242	10,106	10,700	10,172
Result after taxes	10,458	8,256	7,604	6,069	5,973	5,949	5,030
Net cash flow (2)	30,158	28,324	29,517	25,101	19,848	16,881	15,713
CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Non-current assets	149,323	146,266	150,361	161,173	134,537	83,828	66,541
Current assets	93,290	83,750	89,075	86,597	73,621	50,597	45,374
Equity	89,116	82,808	78,146	74,421	71,715	45,359	41,101
Balance sheet total	242,613	230,016	239,436	247,770	208,158	134,425	111,915
Net financial debt	57,168	65,464	69,853	71,681	56,458	28,863	13,666
Net financial debt / Equity	64.2%	79.1%	89.4%	96.3%	78.7%	63.6%	33.2%
Equity / Balance sheet total	36.7%	36.0%	32.6%	30.0%	34.5%	33.7%	36.7%
STOCK AND DIVIDEND INFORMATION	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Number of shares	1,732,621	1,732,621	1,732,621	1,730,171	1,722,971	1,369,017	1,363,167
Average number of shares	1,732,621	1,732,621	1,731,641	1,727,118	1,588,088	1,366,698	946,196
Average stock price (December)	60.09	54.38	41.91	56.85	65.10	66.10	60.51
Profit per share	6.04	4.77	4.39	3.51	3.76	4.35	5.32
Diluted profit per share	6.04	4.76	4.38	3.49	3.7	4.24	3.59
EBITDA per share	21.64	20.29	17.25	16.95	15.10	15.83	22.04
Net cash flow per share	17.41	16.35	17.05	14.53	12.50	12.35	16.61
Dividend per share	2.50	2.35	2.10	2.10	2.10	2.10	2.00
Payout ratio	41.4%	49.3%	47.8%	59.9%	60.6%	48.3%	36.3%
Dividend return (December)	4.2%	4.3%	5.0%	3.7%	3.2%	3.2%	3.3%
VALUATION	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Market capitalisation (December)	104,113	94,220	72,614	98,360	112,165	90,492	82,485
Net financial debt	57,168	65,464	69,853	71,681	56,458	28,863	13,666
Market value of the company	161,281	159,684	142,467	170,041	168,623	119,355	96,151
Market value / Result	15.4	19.3	18.7	16.2	18.8	15.2	16.4
Market value / EBITDA	4.3	4.5	4.8	5.8	7.0	5.5	4.6
Market value / Net cash flow	5.3	5.6	4.8	6.8	8.5	7.1	6.1

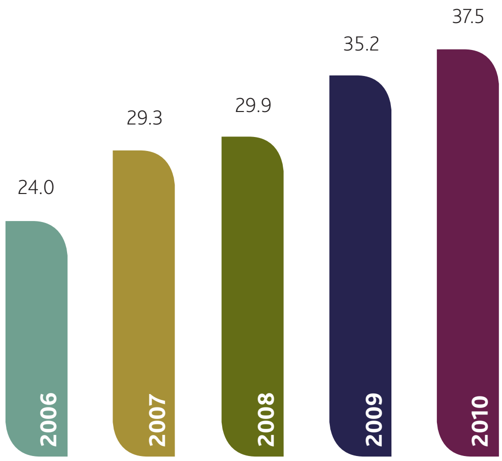
(1) Operating result + depreciations + impairments and provisions

(2) Result after taxes + depreciations + impairments and provisions

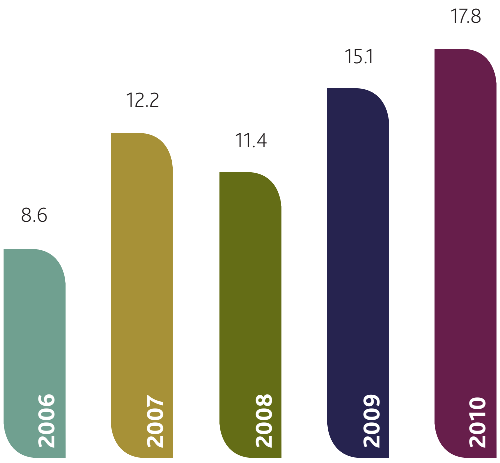
For the statement by the responsible persons, the consolidated accounts of the Ter Beke group, the abbreviated accounts of Ter Beke NV and the respective opinions of the statutory auditor, we refer to the financial annex that has been included at the end of this Annual Report or the website www.terbeke.com, under the investor relations module.



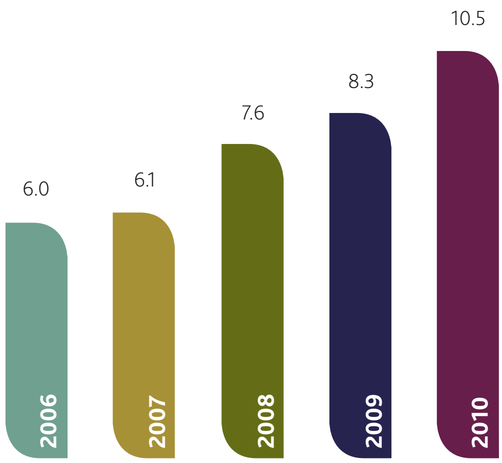
REVENUE



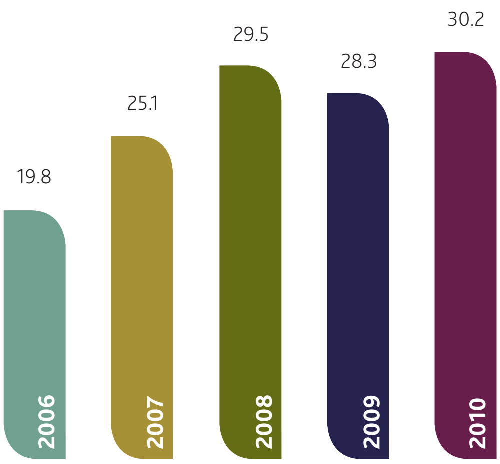
EBITDA



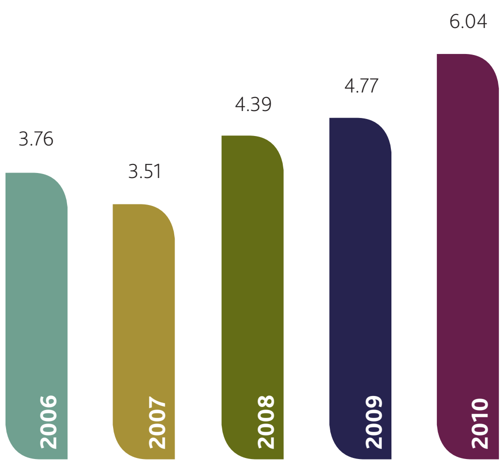
RECURRING OPERATING RESULT (REBIT)



RESULT AFTER TAXES (EAT)



NET CASH FLOW



PROFIT PER SHARE

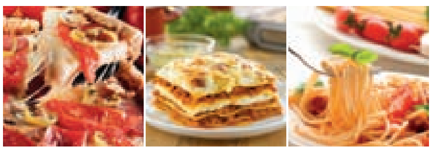
TER BEKE GROUP CONSOLIDATED FINANCIAL STATEMENTS (all amounts in million EUR, profit per share in EUR)

PROFILE OF THE GROUP

Ter Beke is an innovating Belgian fresh food group that commercialises its assortment in 10 European countries. The group has 2 core activities: processed meats and fresh ready meals. It has 9 plants in Belgium, the Netherlands and France and employs approximately 1,850 persons. In 2010 Ter Beke realised a turnover of 402.2 million EUR. Ter Beke is listed on Euronext Brussels.

PROCESSED MEATS DIVISION

- producer and slicer of processed meats for the Benelux area, the United Kingdom and Germany
- 4 production sites in Belgium (Wommelgem, Waarschoot, Marche-en-Famenne and Herstal) and 4 centres for slicing and packaging of processed meats of which two are located in Belgium (Wommelgem and Veurne) and two 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®
- approximately 1.100 employees



READY MEALS DIVISION

- produces fresh ready meals for the European market
- market leader in chilled lasagne in Europe
- 3 production sites of which 2 are in Belgium (Wanze and Marche-en-Famenne) and 1 in France (Alby-sur-Chéran)
- own brands Come a casa® and Vamos®, in addition to distribution brands
- approximately 750 employees

For more information see www.terbeke.com

1 Message from the Chairman

"Ter Beke confirms excellent results."

2010 had to be the confirmation year for our group. After we had achieved first-rate results in 2009, a year that was generally recognised as an economic 'annus horribilis', we did everything in our power to make 2010 an even better year.

I am delighted to be able to announce that the expected confirmation has indeed taken place. Once again, Ter Beke achieved excellent results in 2010.
Thanks to a consolidated net turnover growth of 2.5% the group reached and surpassed the symbolic summit of EUR 400 million turnover to end the year at EUR 402.2 million. Turnover growth was slowed down to a certain extent by developments of raw material prices and the general pressure on prices in the market.
The Processed Meats Division turnover grew by 1.5% to EUR 277.3 million. This positive development was the result of both growth in the service slicing activities in the Netherlands and growth in the traditional processed meat activities in our home markets. This resulted in an increased market share in the Belgian market.
In the Ready Meals Division turnover rose by 4.7% to EUR 124.9 million, despite a weak third quarter. Turnover growth in this division was due to an increase in volume in the international markets and a rise in sales of products under the Come a casa® brand in Belgium. In 2010 we invested substantially in our brand by revising our recipes, developing new packaging and conducting an extensive promotional campaign which included three intensive television advertising campaigns.
Later on in this annual report you can read more about the positive developments in the activities of our two business units.
In 2010 the EBITDA rose by 6.7% from EUR 35.2 million to EUR 37.5 million. The results from business activities (EBIT) increased by no less than 18.0% from EUR 15.1 million to EUR 17.8 million. The increase in these results is mainly attributable to growth in volume, further efficiency improvements throughout the supply chain and our continued efforts in the areas of cost control and cost reductions.

Our group consolidated net result after tax comes out at EUR 10.5 million, which is an increase of 26.7% compared to the previous year.

At the same time in 2010 we invested more than EUR 24 million in material fixed assets. The primary investment project in the Processed Meats Division concerned extensive automation of the paté production in Wommelgem. You will read more about it in this report. In the Ready Meals Division we continued to invest in production and the optimisation of the manufacturing facilities at Wanze and Marche-en-Famenne and in further improvements in the supply chain.

At the same time we have invested in more efficient energy use and in sustainable production at all our locations. We are fully aware of the importance of sustainability, and we have put a great deal of effort into the quality of our products and processes, food safety, health and a balanced diet, sustainable energy management and the prevention and reduction of waste. Our group works closely with universities and research institutes and conducts much applied fundamental research and product development in its own research centres. In 2010 we also worked closely with Flanders' Food, the Flemish Government's innovation arm, which is chaired by Mr Eddy Van der Pluym, director of our group.

Two significant events occurred in 2010 that I would like to mention here:

On 14 October 2010 our new slicing plant and value-added logistics platform in Wijchen (Netherlands) became operational. From the end of 2010, we have centralised all slicing activities that were previously carried out in Milsbeek to that location. In 2011 we will gradually transfer all logistics activities for the Netherlands to this platform. This will make our services and logistics activities in the Netherlands more efficient.

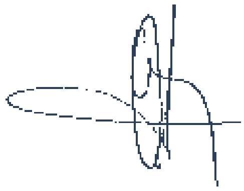
The signing of an agreement with the shareholders of the French Stefano Toselli® on 30 September 2010 with a view to establishing a joint venture was strategically very significant. The main objective of this joint venture would be to commercialise lasagne and pasta meals in Central and Eastern Europe. In the business plan we are also evaluating constructing a production site in Central Europe, which would manufacture exclusively for the Central and Eastern European markets. Market and location studies were performed and the actual collaboration should be able to start on short term.

On behalf of the Board of Directors, I would like to thank the entire Ter Beke team for the excellent quantitative and qualitative results achieved in 2010.

Given the positive development of the results, the Board of Directors will put forward a proposal to the General Meeting of Shareholders to increase the gross dividend from EUR 2.35 per share to EUR 2.50 per share for 2010. With this we wish to maintain a proper balance between the needs of the company and a competitive remuneration for our shareholders.

In 2011 we will continue to work on growth and on improving the profitability of our activities in both divisions. We will continue to optimise our logistics in the Netherlands and we hope to achieve the first successes in Central and Eastern Europe with our joint venture. We will also continue to invest in our brand Come a casa® and we will continue to work on our mutually trusting relationship with our customers and with the consumer.

We are confident that we can consolidate growth in both divisions and that a further improvement in results can be realised in 2011, save for any unforeseen circumstances.



Luc De Bruyckere, Chairman

“We are confident that we can consolidate growth in both divisions and that a further improvement in results can be realised in 2011, save for any unforeseen circumstances.”

2 Ter Beke Group Charter

“We create value for ourselves and our customers through leadership in high quality fresh ready meals and fine processed meats.”

OBJECTIVES

We wish to achieve leadership through the distribution of high quality products, through innovation in our products and services, through reliability of our service provision, through efficiency in our organisation and infrastructure, and as a result of the knowledge, expertise, skills and craftsmanship with which we pursue our activities.

We want to inspire our customers with pioneering products and innovations and by delivering added-value service. In this way, we wish to become their preferred partner.

We regard total quality and efficiency as essential prerequisites for achieving our strategic aims.

We wish to be a profitable, open company and we regard profit as a means to achieve continuity, as a method to provide our shareholders with an appropriate reward and as a means to offer our employees a remuneration that is both fair and competitive.

We view growth as a means, a condition and a challenge - and certainly as a goal to be pursued.

It is our aim to fully assume our responsibility:

- towards our **shareholders**, by offering them a yield that is competitive in the market and by building appropriate levels of shareholder value
- towards our **consumers**, by giving them value for money and delivering products that are guaranteed to be safe and to comply with all applicable legal requirements (HACCP, FASFC Auto control,...)
- towards our **employees**, whom we wish to motivate through recognition and fair remuneration, through teamwork, by providing a pleasant working atmosphere and by giving them opportunities for continuous learning. We wish to stimulate their personal growth and development, and to acknowledge and respect their dignity and their rights
- towards the **community**, through corporate social responsibility and acting as a corporation with a sense of public responsibility, through ethical corporate conduct in relation to the authorities, our suppliers and our socio-economic environment, by ensuring a healthy and safe working environment and by treating the natural environment with respect.

MAIN STRATEGIC LINES

We wish to be a leading European supplier for a number of selected retailers and specialist wholesalers.
In our priority product groups, fresh ready meals and processed meats, we wish to gain or retain our leadership position in our selected markets.
We wish to **grow** through product development and **innovation**, via partnerships with key accounts, strategic cooperation, alliances and acquisitions.
We wish to achieve a high standard of service in consultation with our customers.
In our domestic markets we are opting for a differentiated, multi-channel approach based on consumer brands such as Come a casa® (fresh ready meals), l'Ardennaise® (processed meats), and on the Vamos® (fresh ready meals) and Daniël Coopman® (processed meats) brands for professionals. In our international markets we opt mainly for a retail-oriented approach.
Our product and service strategy is based on constantly striving to achieve greater **efficiency**, **quality** and **product safety**. Our production infrastructure is designed to enable us to manufacture flexibly and at a **low cost**.
The structure of our organisation is an expression of the aforementioned strategy, is adapted to the specifics of each of our two core activities, through the contribution of the activities into two separate legal entities, and is supported by skilled, highly-motivated employees.

VALUES

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

- **Teamwork:** we undertake to work together in order to realise the objectives of Ter Beke. Professional relationships are based on mutual respect, confidence, willingness to listen and support.
- **Efficiency:** we contribute efficiently to implementing the strategy. Realising common and agreed objectives is our driving force.
- **Innovation:** we encourage an enterprising attitude to create and launch future-focused solutions that create added value and distinguish us from our competitors.
- **Customer focus:** we are driven by the desire to offer solutions to our customers and consumers to meet their current and future demands.
- **Integrity:** we are honest and open in all our relationships.

3 Overview of activities and results of the Ter Beke group in 2010

THIS OVERVIEW RELATES TO THE CONSOLIDATED FINANCIAL ACCOUNTS OF THE TER BEKE GROUP ON THE FINANCIAL YEAR 2010

KEY EVENTS IN 2010

START OF ACTIVITIES AT THE NEW SLICING PLANT AND VALUE-ADDED LOGISTICS PLATFORM IN THE NETHERLANDS

On October 14th, 2010, the new slicing site and value added logistics platform in Wijchen (The Netherlands) was started up. As of the end of 2010, all slicing activities that were previously carried out in Milsbeek were transferred to this new site. In 2011, all Dutch logistic activities will also be gradually transferred to the new site. This will give rise to an increased efficiency of our service and our logistic activities in The Netherlands.

PREPARATION OF JOINT VENTURE FOR CENTRAL & EASTERN EUROPE

On 30 September 2010, we signed an agreement with the shareholders of the French Stefano Toselli® for the incorporation of a joint venture. This joint venture will commercialise lasagne and pasta meals throughout Central and Eastern Europe. The business plan also assesses the construction of a production site in Central Europe, exclusively dedicated to production for the Central and Eastern European market. The joint venture agreement shall grant Ter Beke a call option both on YHS' (shareholder of Stefano Toselli®) share in the joint venture and on the shares of Stefano Toselli®. The valuation formulas of the call options, which are scheduled to be executed in 2018, are based on cash flow and generally applied market multiples. The market and location studies have been executed and the actual collaboration should be able to start on short term.

SUCCESSFUL INCREASED INVESTMENT IN THE COME A CASA® BRAND IN BELGIUM

In 2010, we increased our investment in the Come a casa® brand through (1) upgrading of recipes, (2) development of new packaging and (3) through an extensive promotion campaign including three intensive television campaigns. This support of the Come a casa® brand added considerably to the growth of the ready meals category in the Belgian market. The brand increasingly brings about positive associations with the consumer. 2010 IPSOS research shows a strong increase in the Come a casa® brand equity. The further improvement of the quality of the Come a casa® products as well as the increasing relevance of the brand for the consumer, were key elements in this respect.

EVOLUTION OF THE RESULTS

In 2010, the group's turnover increased from 392.4 million EUR to 402.2 million EUR. At the same time, a considerable volume increase was realised in both divisions. The turnover growth in both divisions was slowed down by the evolution of raw material prices and the overall price pressure in the market.

EBITDA increased by 6.7% from 35.2 million EUR to 37.5 million EUR. The operating result (EBIT) increased by 18.0% in 2010, going from 15.1 million EUR to 17.8 million EUR.

The increase of the operating result was mainly caused by an increase in volume, further efficiency improvements in the entire supply chain and increased cost control and cost reduction efforts. Internationally, the large retailers continue to increase the pressure on the prices and hence on the margins of the producers.

The increased investments in Come a casa® were entirely expensed in 2010.

The non-cash costs (depreciations and amortisations) were maintained at the same level in 2010 as in 2009 and amount to approximately 20 million EUR.

Net financing costs increase from 2.7 million EUR to 3.5 million EUR. The net interest charges remain almost at the same level as in 2009. The increase in net financing costs is primarily explained by the difference in exchange rate result on the British Pound and the costs relating to the hedging contracts.

In 2010, the tax rate amounted to 26.8% compared to 33.6% in 2009. In 2009, the tax rate was higher than average because of a number of adjustments from previous years and because no deferred tax assets were set up.

In 2010, the net profit after taxes amounted to 10.5 million EUR compared to 8.3 million EUR in 2009 (+26.7%).

For further details on the financial results, we refer to the consolidated financial accounts section further on in this annual report.

MARKETS, MARKETING AND PRODUCT DEVELOPMENT

PROCESSED MEATS DIVISION

In 2010, the Processed Meats Division commercialised a varied and innovative range of qualitative processed meat products such as salami, poultry, cooked meats, paté, cooked hams and dried and cured meats, and this both in bulk as well as in pre-packed and sliced formats.

The division reinforced its position as largest slicer and pre-packager of processed meat products in the Benelux.

The volume and turnover growth realised by the division in 2009 was reinforced in 2010. The division's turnover grew by 1.5% from EUR 273.2 million to EUR 277.3 million, while the division's results increased by 29% from EUR 7.8 million to EUR 10.1 million.

In particular, sales of cooked ham, cooked sausages and poultry showed a marked growth in volume. Our industrial slicing and packaging activities also continued to grow in 2010. Sales of pre-packed processed meats still continue to rise at the expense of sales of over-the-counter products.

In 2010, the division grew in all geographic markets where it is active. Naturally, the **Benelux** market is the most important, partly due to the importance of its Dutch position in slicing activities. The **German** market also further strengthened its position within the group. While in 2009 the **United Kingdom** still showed a slight drop in sales, in 2010 this market once again recorded a growth in volume.

This growth in the Processed Meats Division was mainly due to the introduction of a number of new products and packaging concepts (see below) and a well-balanced promotion policy for the existing product ranges, to discount and retail customers as well as in the traditional segment.

By regularly translating research into product and package development, Ter Beke succeeded, together with its discount and retail customers, in booking growth in almost all product categories.

Despite increasing sales of pre-packed meat products, we continue to invest in our customers in the traditional segment (wholesaler, butcher, caterer). Our customers in this channel continue to adjust flexibly to changing market conditions and we continue to support our customers by responding to their specific needs with a modified product offering and realigned commercial support, both under our own brand (Daniël Coopman®) as well as under the wholesalers' own brands. This undoubtedly contributed to the growth of our partners and our further growth in this traditional market segment in 2010.

The key achievements for the Processed Meats Division in 2010 include:

- **The new fresh-pack concept:** this concept, which was launched in the Belgian market mid-2009, grew considerably in 2010. The new packaging with its traditional image has clearly won the favour of consumers.
- **Snacking:** this is a fast growing segment within the meat products. Again in this segment the Processed Meats Division responded with appropriate products, in the form of salami dices and slices. In the meantime, this concept has been introduced in the Netherlands, Belgium and Germany.
- **New paté packaging**: the Processed Meats Division is continental paté market leader in several European countries and invests not only in the product itself, but also in the packaging. In 2010 a completely new paté tub was developed, and investments were made for a packaging line for this tub. All these changes were designed to meet the changing consumer behaviour and increasing demand from international retailers. This innovation was an instant success and had a favourable influence on the division's turnover in 2010.
- **Product quality:** naturally in 2010 much attention was paid to further optimising the quality of a number of product categories, particularly in the over-the-counter products market. For example, in 2010 the product categories cooked ham and dry sausage were analysed in detail and the quality of both product groups was further improved.
- **Category management:** as the processed meats market in the retail segment is characterised by the dominant position of our customers' own brands, in 2010 we actively contributed to the management of the processed meats category with our retail partners. In this respect we developed a series of new products and agreed significant contracts with several European retailers.
- **Plopworst® and Samsonworst®:** in 2010 the group continued to sell and support these products with great success under licence from Studio 100®.
- **Animal Welfare:** in addition to further developments in the area of health (see below), in 2010 we paid extra attention to animal welfare, by using more meat materials that satisfy the appropriate animal welfare requirements.

Through all these initiatives we strengthened our position in the markets where we are active. In Belgium the division's market share grew in 2010.

“Quality and food safety are essential for Ter Beke.”

READY MEALS DIVISION

In 2010 the Ready Meals Division commercialised a wide range of chilled Mediterranean ready meals, including lasagne, pizza, moussaka, macaroni, tagliatelli, and several other pasta based ready meals. We marketed these products under our customers' brands and under our own brands Come a casa® and Vamos®.

In 2010 the division also confirmed its position as one of the leading manufacturers of chilled lasagne.

The division's turnover rose by 4.7% from EUR 119.2 million to EUR 124.9 million in 2010, despite a weaker third quarter. This turnover growth is mainly attributable to the increase in volume in the international markets and a rise in sales of products under the Come a casa® brand in Belgium (see separate insert). We increased our investment in this brand by (1) renewing the recipes, (2) developing new packaging and (3) conducting an extensive promotional campaign including three intensive television advertising campaigns. These investments were charged fully to the division results in 2010.

The **Benelux** remains the primary geographic market for ready meals. Obviously, the main growth opportunities are to be found in the international markets. Since a few years, our focus in **Spain** lies in the wholesale segment, where we have built up a strong market position independently. We are consolidating this position through a network of wholesalers who ensure efficient distribution of the product range throughout the country. In 2010 the general economic crisis again hindered further growth in the Spanish market. In the **German** market for fresh ready meals, efforts to increase the volume of products sold reaped benefits in 2010. In Switzerland, Ireland, Denmark and in a number of other European countries we distribute our ready meals via local distributors. In Switzerland our products are also sold under our Come a casa® brand and in Ireland we have a co-branding agreement for Come a casa® and the brand Carroll Cuisine® which belongs to our local distributor. Local market research in all these international markets has now given us the necessary additional insights so that together with our customers we can opt for further growth again in 2011.

In the Ready Meals Division we follow not only a conscious multi-country approach, but also a multi-channel approach, whereby we can operate a differentiated commercial approach for the discount channel, the retail channel and the traditional wholesaler channel.

Thanks to many years of commercial experience and a specific approach with an adapted product range in the different countries, we have once again succeeded in further consolidating our position as a recognised supplier of fresh ready meals in the growing **discount channel**. Sales of lasagne and pasta meals in particular were responsible for further growth in volume in 2010.

In each of the countries where we are active, we endeavour to create intensive partnerships with the primary **retail customers**. In this partnership we do not singularly concentrate on selling our products, we also focus on providing a comprehensive service throughout the entire logistics chain.

COME A CASA®

In 2010, Come a casa®, Ter Beke's Ready Meals Division's consumer brand, achieved excellent results in various areas.
Come a casa® has proven to be the locomotive within the lasagne and pasta meals category, which made the brand's market share within the total market increase yet again.
The route we began with Come a casa® in 2009, with the relaunch of the brand with constant consumer recipe monitoring, meant that in 2010 Come a casa® was chosen as the tastiest lasagne in many consumer surveys, including in a study conducted by the newspaper Het Nieuwsblad in January 2010. Consumer research also showed that Come a casa® is indisputably the market leader in the fresh lasagne segment (Columbus - September 2010).
After the relaunch in 2009, 2010 was the year to really place the brand in the living room, the dining room and kitchen in every Belgian home. Come a casa® wanted to make 2010 'delicious and enjoyable' and to be the facilitator of every enjoyable meal, all this based on outstanding fresh product quality. Fulfilling this promise meant that Come a casa® consciously opted for a multi-media approach to create intensive interaction with its target group, families with children living at home in particular.
The three TV campaigns were an important carrier of the message in 2010.
We also focused on the consumer's appreciation of the brand. In 2010 interactive campaigns (e.g. face-2-face) were deliberately used with a multi-media approach: at the point of sale, via Facebook®, in car parks, on packaging etc.
We also experienced the strength of our active and convincing support team every day at the point of sale. The Point of Sale promotion material and the displays in shops were crucial for the further expansion of Come a casa® as a real premium brand. In 2010, no less than 1867 displays were placed.
This brand activation did not go unnoticed and was rewarded by various external organisations. In May 2010, we won a Silver Award (Activation Award) with the campaign "The Largest Family in Belgium" for the best national trade, merchandise and activation programme in Belgium. Furthermore, Come a casa® won a European bronze IMC award in the category innovative idea/concept (IMC: Integrated Marketing Communication Award).
All these campaigns and support also resulted in improved brand appreciation and a better functional and emotional value interpretation, such that consumer loyalty can be guaranteed in the longer term. Twice a year we explore how consumers appreciate the positioning of our brand. The results of this study in 2010 show that the route we have chosen is highly appreciated, that it is correct and that we should follow it consistently. In 2011 the group will therefore continue its intensive support for the brand.

Together with the wholesalers we are continuing to build on our position in the **traditional channel**. In 2010 we launched new products and recipes specifically for distribution via butchers and caterers.

The key achievements for the Ready Meals Division in 2010 include:

- **Pasta Quality:** in 2010 we relaunched our range of **pasta meals** in Belgium. At the relaunch of these products in 2010, the product development efforts of 2009 were clearly recognised by retailers and consumers alike. We continue to work actively on rolling out this concept within Belgium and elsewhere. We are using sensory research to guide product development to adapt these products to the right organoleptic profile for each relevant market.
- **Weight Watchers®*:** for the 4th successive year we have booked positive results with the sale (under licence) of ready meals under the Weight Watchers® brand. In Belgium, familiarity with the brand and its use is increasing and this is encouraging growth of the five products we market under this brand. Our retail customers are becoming more open towards contributing constructively to building up this concept, and the professional support that we as licence-partner can provide for this brand is increasing year after year. This collaboration has a positive impact on consumer behaviour in the fresh ready meals category.

* Weight Watchers is the registered trademark of WW Foods LLC

PRODUCT AND PROCESS DEVELOPMENT

In 2010, the focus of our product development departments, in the Processed Meats Division as well as in the Ready Meals Division, lay primarily on the following two areas:

- improving existing products and developing new ones, for our own brands as well as for our customers' own brands;
- supporting innovations and production process optimisation as well as introducing new technologies in cooperation with the operations departments of both divisions in the various production sites.

Virtually all our product development projects in 2010 were motivated by the following general objectives:

- **Sustainability:** we are aware of our environmental responsibilities to society and the living environment. In all development projects, particularly concerning packaging materials, we also evaluate the impact on the environment and we endeavour to minimise this. We use raw materials rationally and exclude all GMO ingredients (genetically modified organisms) from our products. We do not use irradiated ingredients and whenever possible we procure our palm oil from sustainable sources. Regarding the possible negative impact of the manufacture of meat products on the environment, Ter Beke prefers to use pork and poultry, which is less harmful to the environment, rather than beef.
- **Salt reduction and salt substitutes:** under this heading we took a number of initiatives to structurally improve the quality of our products and their impact on health. In 2010 we have already achieved the targets set by BREMA and FSA for 2012 for the products we sell under our own brands. These targets include a reduction of salt in ready meals by an average of 15% and in processed meat products by 10%. In 2011 we will be working together with our customers to further reduce salt levels in the products sold under our customers' own brands.

- **Fat reduction:** we continued to work on our technologies for fat reduction in order to further reduce fat levels – saturated fats in particular – in our products, without this having a detrimental effect on the products' current organoleptic qualities and taste.
- **'Clean label':** we endeavour to systematically reduce the use of additives in our products. This was a continuous challenge in 2010.

We can summarise our key development projects in 2010 as follows:

- Continuous sensory research at home and abroad contributes regularly to **reformulating our brand products** with the aim of maintaining our role as leader in the fresh ready meals sector and to strengthen our position in each of our geographic markets. Our products are regularly compared to the products of competitors via external partners. Based on this information our product development department gains a clear understanding of the preferences in the various markets and the recipes can be reformulated as necessary. This information is also regularly used in open collaboration with our customers for the continual **development of their own brands**.
- In 2010 we also initiated various projects to add differentiation and additional value to the existing ready meals portfolio.
- In our efforts towards sustainability in 2010 we conducted intensive research into alternatives for ingredients containing palm fat or palm oil.
- Through an integrated approach with the quality, production, specification management, and sales and marketing departments in 2010 we succeeded in winning several major **private label contracts** for processed meats as well as ready meals, both national and international. For this kind of project, a professional approach is essential in order to develop products with a good price/quality ratio. Because we have a thorough knowledge of our customers' specific guidelines regarding quality and product content, we are able to react fast and flexibly to their enquiries. Furthermore it is also essential for us to know the local organoleptic preferences in the various markets. For this we often work together with local suppliers who know their region's typical taste patterns.
- We critically evaluate every aspect or element of the cost price of a product in the development process. However, one aspect of the product is left untouched: the **intrinsic quality of the product**. The initiatives we took in the past year focussed mainly on the following aspects:

- Alternative suppliers for existing ingredients: together with the procurement and quality departments we thoroughly evaluate every new proposal on price, quality, availability, and so on.
- Alternative ingredients for existing ingredients: we put a great deal of effort into improving the functionality of ingredients. Our product development department evaluates new suggestions from our suppliers for potential relevant applications. With this we endeavour to reach a win-win situation for ourselves and our customers.
- Alternative and innovative production methods: we evaluate these on their usability and work them out with our production and engineering departments.

SUSTAINABLE PACKAGING

Through intensive collaboration with our packaging foil supplier we were the first in Europe to launch fully sustainable packaging for sliced and pre-packed processed meat products.

The packaging developed meets the 'OK Compost' and 'BioBased 4*' criteria, certified by AIB Vinçotte.

'OK Compost' = industrially compostable

'BioBased 4*' = fully based on renewable raw material sources

We can process this new packaging in our plants at Veurne, Wommelgem, Waarschoot, Ridderkerk (Netherlands) and Wijchen (Netherlands).

The various packaging forms in this series fully guarantee the identical quality and shelf life of our processed meats as with the previous standard packaging.

- Finally, we established a number of development projects focussing on new **packaging technologies**. After all, intelligent use of packaging is an important aspect of corporate social responsibility. From the very start of developing new packaging we take account of the 5 Rs: Remove, Reduce, Re-use, Renew and Recycle. Because we market fresh foods and we want to present these to our customers in the best possible condition, we make high demands of our packaging:
  - The **primary packaging** that is in direct contact with the food must keep the products in optimal condition until the product expiry date. Furthermore, the packaging is an important part of our brand identity, and it has to contain a great deal of information, such as preparation instructions and the list of ingredients. Thanks to our advanced packaging development, which commenced many years ago in all layers of the organisation, from procurement to production and logistics, we succeed here with a minimum of materials.
  - The **secondary packaging**, usually cardboard, must ensure that our products are delivered to our customers safely and efficiently. Here we endeavour to use as much recycled material as possible, and where technically feasible, to replace boxes manufactured from Kraft paper with recycled materials.
  - Where possible, no **tertiary packaging** is used, and all pallets are reusable and are recycled using a return system.

Via research groups and development programmes we maintain in close contact with all technological developments. If new technology can be deployed at acceptable costs we will do everything we can to implement it.

Through organisations such as Fost Plus for Belgium and similar systems in other countries, we take our responsibility regarding packaging returns seriously. For example, in 2010 in Germany, via our collaboration with the Interseroh organisation, an equivalent in packaging of 85 ton CO_2 was recycled instead of incinerated.

We received a 'VERY GOOD' BREEAM certificate for our building in Wijchen (the Netherlands).

OPERATIONS & SUPPLY CHAIN

PURCHASING – RAW MATERIALS

The market of some raw materials which are very important to us, such as pork and dairy products, was under pressure in the second half of 2010.

After the very sharp price increases in 2008 and the stabilisation in 2009, the prices of a number of our basic raw materials and packaging started to rise again during 2010.

We endeavour to pass on these raw material price increases in our sales prices to our customers, with varying success. The general pressure not to increase food prices causes us to be unable to pass on part of the raw material price increases in our sales prices.

PRODUCTION AND INVESTMENTS

In 2010, Ter Beke invested 24 million EUR in material fixed assets for both its divisions. In 2009, we had invested 17 million EUR.

PROCESSED MEATS DIVISION

In the processed meats division we invested approximately 12.5 million EUR in material fixed assets during 2010.

With this investment we placed the emphasis on improving efficiency, on sustainability and on the further specialisation of the production sites.

Extensive efficiency improvements: The most important event of 2010 was undoubtedly the construction and commissioning of the new value-added logistics platform and slicing plant in Wijchen (Nijmegen, Netherlands). The foundation stone for this project was laid on 23 February 2010. The new building that houses a 8000 m² logistics centre and a 5000 m² slicing plant, was built in less than 8 months and commissioned in October 2010. The entire production and all logistics activities of the four Langeveld-Sleegers locations near Nijmegen were transferred to the new premises at the end of 2010. At the same time a new WMS (Warehouse Management System) was implemented and the factory is managed with a completely new ERP system. Since mid-November 2010 all customers are serviced from this new logistics centre and all slicing and packing activities are fully operational in the new slicing plant. This transfer was managed by the team from Langeveld-Sleegers in collaboration with our own engineering department without loss of service to our customers and without compromising the high quality of the finished product.

A second important project was the automation of the paté production at Wommelgem. Here we installed a completely new line for packaging paté tubs and we started using a new fully automated cooking and cooling installation for all paté products.

Sustainability: Corporate social responsibility and sustainable entrepreneurship are important cornerstones in Ter Beke's global policy at all locations.

The logistics platform in Wijchen is a particular example of a sustainable purpose-built logistics centre. Together with the owner of the building we decided to take this a step further here in terms of sustainability: we received a 'VERY GOOD' BREEAM certificate from the Dutch Green Building Council (DGBC) as a reward for our efforts. This is the first time that an industrial building in Western Europe has

attained this high qualification 'VERY GOOD' (3 stars). BREEAM pays attention to reducing energy consumption (state-of-the-art cooling installation based on ammonia and CO_2, extra insulation in the floor and roof), sound use of materials (FSC certified wood), sun shades, solar warm water panels on the roof, reuse of rain water for sanitary applications, energy measurements, air tightness tests, etc. Furthermore, in the context of the BREEAM certification, we also paid special attention to the comfort (under floor heating in the production area) and the security of the personnel, the proximity of public transport, and respect for local fauna and flora.

Also in the context of our sustainability policy we only bought 'green electricity' in 2010. This electricity is generated from fully renewable non-polluting resources.

Thanks to the various measures we succeeded once again in considerably reducing our energy consumption (-10% since 2008) and water consumption (-25% since 2008) in 2010.

Thanks to a further strict implementation of the integrated Sales & Operations Planning, we were also able to reduce the flow of waste generated from within our supply chain by more than 60%. With this we have achieved a level that is well below the industry average.
Also in 2010, all the division's business locations were awarded the highest level certification under the IFS (International Food Standard) and BRC (British Retail Consortium) quality standards. These standards also focus on quality and sustainability.

Specialisation of our production sites: In recent years we have taken significant steps towards the specialisation of our production sites in the Processed Meats Division. Poultry and salami products have already been grouped together in Waarschoot, the production of dried and cured meats was centralised in Herstal, and the production of all other cooked meats (cooked ham, paté, ring bologna) were grouped together in Wommelgem.

In 2010 we entered the last phase of this specialisation. We started by transferring the paté production from Marche-en-Famenne to the factory in Wommelgem. During the summer of 2010 we transferred the first part of the production to Wommelgem. In the meantime, the necessary infrastructure work is commenced so that the last part of the paté production can be transferred from Marche-en-Famenne to Wommelgem by the third quarter of 2011.

“ Ter Beke reduced its CO_2 emissions by 30% in 2010. ”

READY MEALS DIVISION

In the Ready Meals Division we invested approximately 11.3 million EUR in material fixed assets during 2010.
The division succeeded in making further progress in various areas and the operating results for 2010 are positive.
For example, we achieved outstanding service levels for customers, we limited our overstocks to a minimum and we worked consequently on reducing costs related to non-conforming products.
Another important achievement is the continued reduction in energy consumption and the related costs in all the division's manufacturing units.
Again in 2010, the Belgian Ready Meals Division production sites were inspected on request of our customers by external organisations and received the highest certification for food safety under the

IFS (International Food standard) and BRC (British Retail Consortium) quality standards.

While maintaining the uniqueness of each production site, we succeeded in linking steady efficiency improvements to increased sustainability of the production activities at all our locations.

The main theme in 2010 was the continued streamlining of the production in and between our productions facilities in Wanze and Marche-en-Famenne. This has resulted in considerable improvements in several areas:

Social aspects:

- Each of our sites operates on people orientated principles, which not only benefits communications, it also ensures a joint effort to achieve goals. This enables us to mobilise and involve everyone in the organisation for our objectives.
- The level of employment rose and new employees were recruited, and all this was done to further the local commitment of our companies.
- We agreed partnerships with local governments regarding training. This has enabled us to successfully retrain our employees following the transfer of production between our locations. This has expanded our employees' skills and increased their value in the job market.

Environment and sustainability aspects:

- Investments in new installations, combined with our constant efforts to optimise our existing production equipment have enabled us to achieve significant savings in energy consumption (-8% since 2008) and water consumption (-20% since 2008).
- The full replacement of Freon R 22 as cooling agent in all the Ready Meals Division's factories is a fact. This means that the group already meets the statutory requirements in these areas, even before they become mandatory.
- Again in 2010, we significantly reduced the number of non-conforming products which enabled us to make significant reductions in waste.
- Suitable waste processing means that we can reduce the amount of waste that cannot be recycled or composted in any way to zero. The aim of our selective waste processing is to minimise the impact of our waste on the environment. The management of waste throughout the division has benefited considerably from the exchange of knowledge and experience in this area between the locations.

Nutritional quality aspects:

- In 2010, far-reaching collaboration between our various departments, managed by the product development department, has enabled us to make significant progress towards reducing the sugar, salt and fat content and the use of additives and preservatives in our products (see above).
- A range of nutritionally balanced meals was developed in 2010 and successfully introduced to consumers. This motivates us to pursue these developments further.

As mentioned above, in 2010 we transferred the first part of the paté production from the Marche-en-Famenne location to the factory in Wommelgem. In 2011 we will transfer the remaining paté production to Wommelgem.

To sum up: in 2010 the Ready Meals Division invested consequently and with success in significant efficiency improvements, and at the same time production activities were reorganised so that we work in a more sustainable manner. This same approach will guide us when making our investment plans for the coming years, and will enable the division to continue its positive developments in production and the supply chain.

LOGISTICS

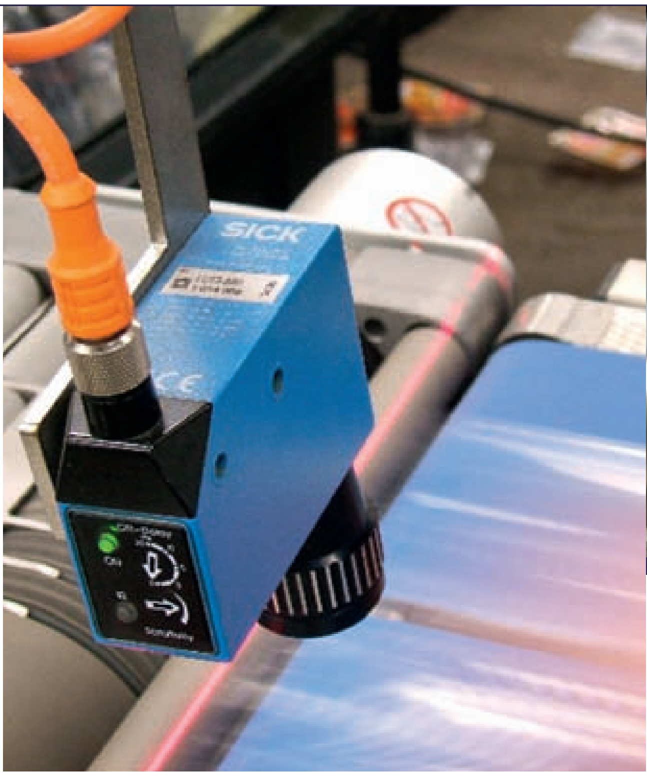
The complexity of our logistics operations increased in 2010. As a result of the economic recession the available capacity of 'chilled' transport was significantly reduced. Furthermore, fuel prices continued to rise as in 2009. Our long-term agreements in the critical countries meant that we could cope effectively with these temporary problems. In the end, it was only the heavy snow fall in 2010 that had a somewhat negative influence on our delivery service level.

Following the long-term contract concluded several years ago with a single logistics partner in Belgium (Norbert Dentressangle, formerly Christian Salvesen), at the end of 2010 we also agreed a long-term contract with a logistics partner for the Dutch market.

In 2010 we fully implemented the plans we had previously announced and initiated to reduce the carbon footprint of the group's logistics activities. Besides working on transport we have also begun work on reducing the energy consumption at our external and internal storage locations. The construction and commissioning of our logistics platform in Wijchen (Netherlands) can be considered an example of ecological thinking (see above). In the Netherlands we are working out detailed plans for deploying LHVs (longer and heavier goods vehicles) from 2011. This would mean that the tonnage of goods transported per kilometre driven will increase, with a positive impact on the CO_2 emissions.

The new value-added logistics platform in Wijchen (Netherlands) has been operational since the end of October 2010. In the first phase we have transferred locally produced products. In the second quarter of 2011 this platform should be fully operational for all freight flows to and from the Dutch market.

Despite increasing fuel costs, the transport costs have remained fully in line with expectations. The ever increasing customer demands regarding delivery times have forced us to revise and renegotiate multiple haulage plans in 2010. We have worked out action plans in detail and these are already partially implemented, enabling us to continue to meet the end customer's expectations, and at the same time keep the total cost of delivery under control.



RESEARCH AND DEVELOPMENT

SOCIAL COMMITMENT OF TER BEKE REGARDING RESEARCH

Ter Beke also expressed its strong social engagement in 2010 through an active membership in organisations such as VBO and UWE, and the presidency of VOKA by Luc De Bruyckere. We are also an active member of the professional associations FEVIA (food industry), the Belgian sector federations FENAVIAN ('Fédération Nationale des Fabricants de Produits et Conserves de Viandes') and BReMA ('Belgian Ready Meals Association') as well as the umbrella organisation CLITRAVI ('Centre de Liaison des Industries Transformatrices de Viandes de l'U.E.'). We are also an active member of the ECFF ('European Chilled Food Federation') and we have good contacts with the Dutch professional food organisations.

In addition, we are a loyal partner of the Vlerick Leuven Gent Management School and in this way stimulate research towards sustainable development and good corporate governance.

Especially in the person of our R&D-QA Manager, Dr. ir. Guido Bresseleers, we assume an active and intensive role in the policy preparation and consultation within the food chain. In this way, Ter Beke is directly represented in the most important consultative bodies with other stakeholders in this chain. Ter Beke does not hesitate to take responsibility within these structures. In 2010 Ter Beke chaired technical committees within FENAVIAN and BReMA as well as the European 'Technical, Legal and Food Safety Committee' of CLITRAVI. The pioneering role we fulfilled in this respect is recognised across borders and praised in its countless contacts with customers, suppliers and other stakeholders such as colleagues in the food industry (FEVIA, CIAA), distribution (COMEOS), Belgian regulating (FOD) and controlling authorities (FASFC) and consumer-organisations (Testaankoop, Oivo, etc.). At the same time, we are actively collaborating on the implementation of the National Food and Health Plan for Belgium. The objectives of this plan, primarily the reduction of salt and fat and an increase in the percentage of vegetables, were translated into concrete adjustments of existing products and the development of new products, both under our own brand as under the brands of our customers. Accordingly we are amply meeting the sector agreement that was agreed with other stakeholders in this respect.

FUNDAMENTAL RESEARCH

By conducting fundamental research, Ter Beke is continually acquiring the knowledge it needs to support operational activities in the short term and, in the medium and long term, to continue its various innovations. These pillars of our knowledge comprise:

- the optimal quality and functionality of raw materials and ingredients;
- innovation in processing techniques, whilst retaining the taste and nutritional value of our products;
- retention of quality of the produced products and monitoring of their food safety;
- the role of our products in the diet and health of our consumers;
- the impact of our raw materials, ingredients and packaging on the environment.

We add external research to our own knowledge available at our production sites, both in the precompetitive field through collaboration with Flanders' Food, IWT and other research initiatives, and through the conclusion of confidential bilateral collaboration agreements with external knowledge centres and selected suppliers.
The fundamental scientific insights thus acquired are transformed into generic components through further applied research that, in turn, are used to support product development. Throughout this

process, the quality of the fundamental research, the smooth flow of knowledge throughout the organisation and its valorisation are monitored by the manager of the R&D-QA department. Research and development is a group discipline in which maximum synergy between the various areas of knowledge and an optimal use of these, and monitoring the knowledge acquired and its application act as the guiding principle.

SOCIAL POLICY

ORGANISATION

In 2010 we continued to work on constructing a performance organisation that can react fast and flexibly to the ever more rapidly evolving and demanding environment in which we operate, and at the same time maintain our stability.

In Belgium we invested further in optimising the production activities, the objective being to maximise product specialisation per location (see above).

For the further expansion of the Dutch organisation the emphasis in 2010 lay on transferring the slicing and logistics activities from Milsbeek to the new slicing plant and value-added logistics centre in Wijchen. This transfer was a complex operation, at a technical and social level. However, thanks to the commitment, enthusiasm and dedication of all employees involved, the Dutch team succeeded in realising this move without loss of service to our customers and without compromising the high quality of our finished products.

Ter Beke develops and manufactures from nine specialised production sites which still have 'human dimensions', whereby employees are highly committed to 'their' activity, and where communication lines are short, open and direct.
Through regular and structured information, interactive communication, a permanent dialogue, and the active involvement of our employees in various project groups, we are continuously working to achieve a dynamic organisation that dares to question itself and has the flexibility to respond promptly to the demands and requirements of our environment.

The monthly result meetings at the various sites, the quarterly meetings with members of the management team, and the six-monthly informative meetings with employees are part of this employee involvement.

In 2010, the management team pursued its work around the project 'Together is Better', in which we aim to further communicate our common vision and values and to bring these to life throughout the Ter Beke group.

COMPETENCIES

Achieving our business objectives strongly depends on the motivation, efforts and dedication of our employees. Ter Beke aims to create a working environment that attracts talented people, enables them to develop themselves to their full potential and offers plenty of further opportunities for professional and personal development. The optimal employment and development of competencies leads to a successful and sustainable development of the company. The most important pillars towards this are the recruitment of talented employees, a suitable evaluation policy and permanent development.

Our starting point here is a competence model that, in addition to generic competencies such as commitment to the organisation, customer focus and flexibility, also comprises a number of job specific competencies.

We use this competence model as the foundation for strengthening the organisation via external and internal recruitment, as well as for developing the competencies already present via the annual review cycle and the training and development plans linked to this for the employees concerned.

RECRUITMENT

In 2010, 151 new employees signed contracts at Ter Beke and the number of FTE's increased for the first time in 3 years.
The increase is primarily situated at the Wommelgem and Wijchen (the Netherlands) production sites, and relates to the abovementioned product transfers and the start up of new logistic activities in the Netherlands.
Total employment in full-time equivalents as at 31 December:
(Including the average number of interim workers in 2010)

	2007	2008	2009	2010
Blue collar	1,439	1,412	1,411	1,448
White collar	399	372	359	370
Total	**1,838**	**1,784**	**1,770**	**1,818**

EDUCATION, TRAINING AND DEVELOPMENT

Many factors, such as continuous changes regarding the situation on the market and consumer demand, increasingly more stringent food safety requirements and our unwavering concern when it comes to offering our consumers safe, high quality food, serve to make continuous training essential so that our employees will permanently be able to satisfy requirements with respect to flexibility, competency and expertise.

Through internal 'on the job' company training, introduction sessions, company visits, regular product training sessions and more, we ensure, in the first instance, that our employees permanently have sound and up-to-date knowledge of operations and products at their disposal.

Basic and advanced training programmes on food safety, quality, hygiene, safety, and ergonomics as well as the continuously changing

legislation and regulations with respect to all these mean these basic issues receive our constant attention and that there is a permanent awareness among employees throughout the entire organisation.
In addition to general training programmes, more job specific training needs and the individual development potential of employees are also mapped out through annual performance interviews or periodic evaluation moments. These are then translated into customised coaching or training programmes.

Rapid developments in our environment and the evolution of our organisation mean that a number of production-related functions must evolve too. Our key response here is to encourage multi-skilling by developing new competencies and investing in training.
For this we often enlist the professional assistance of external organisations such as IPV/IFP, who, using specialised tools and programmes, help our employees in their continual development and in preparing for the future.

The non-technical competencies are mapped out with the aid of assessment centres for new employees and development centres for promising and ambitious employees, all of this with a view to career counselling and development.

In the context of career opportunities, the organisation also provides its own employees with the opportunity to apply for job openings in the organisation with precedence. All job openings are advertised through the Ter Beke job site and by e-mail and are posted on the bulletin boards at the production sites.

In 2010, approximately 20 vacancies were filled by our own employees in this way.

DIVERSITY

In our current multi-cultural society, where population aging is a fact, as company we take our responsibility towards society regarding diversity seriously.
Ter Beke is convinced that a policy aimed at diversity will have a positive effect on the quality of its employment and the company's image. We opted to develop a sustainable diversity policy, step by step, with pillars such as respectfully dealing with the diversity among employees in terms of age, education, background, culture, nationality, etc. within an organisation which is gradually working more and more internationally.

BALANCE AND DEVELOPMENT OF PERSONNEL

Ter Beke is aware that achieving a proper balance between work and personal life is essential to its employees. Solutions are always sought to improve this permanently and to achieve a balance that is satisfying for both the organisation (the department, the colleagues) and the employee involved.

Amongst the permanent staff, 17% of the blue collar workers and 22% of the white collar workers 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 maternity leave system, medical aid, palliative leave etc.

SOCIAL PARTNERS

Social dialogue and consultation constitute the keys to a company's success. The most important changes experienced by the organisation were realised in part via an open and constructive dialogue with our social partners, who are permanently kept up to date with respect to our activities and decisions and who are also involved in every project from the onset and invited to think along with us when solutions are required to the benefit of all parties involved.

DESCRIPTION OF THE MOST IMPORTANT BUSINESS RISKS

The most important risks which we face now and again are the following:

Raw materials and packaging prices: the most important business risk for our group, which is active in the food industry and that 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: both in the Processed Meats and Ready Meals divisions, we sell our products to a large customer basis, amongst which most large European discount and retail customers. Turnover with these customers is realised through a diversified number of contracts and products with various terms, both under our own brand as under the customers' brands and in different countries. While our customer portfolio is diversified, the complete termination of a relationship with a large customer group 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 chapter on corporate social responsibility, we set high demands on our product safety and quality. Insurance was taken out to cover this product liability. It cannot be excluded that food safety problems occur that can also negatively affect our business, even when our own products do not pose any food safety risk.

Credit risk: we follow customers and outstanding receivables closely in order to control potential risks and to reduce these to a minimum. The greatest part by far of the receivables is from major European retailers, which in principle limits the risk.

Exchange rate risk: the exchange rate risk relates to possible changes in the value of financial instruments through changes in exchange rates. The group is exposed to an exchange rate risk on the sales, purchases and interest bearing loans in other currencies than the local currency of the company (British Pound, etc.). We try to limit this risk through the implementation of a consistent hedging policy. We do not deploy financial instruments for commercial purposes.

Liquidity and cash flow risks: due to the important net cash flow compared to the net financial debt position, the liquidity risk is likely to be limited. To limit the liquidity risk even more, the treasury policy is pursued centrally.

Risks related to technological developments: our activities are subject to changes in product and production technologies. Each year we invest considerable amounts in material fixed assets to ensure that our technology does not become obsolete. 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 more and more dependent on information systems and integrated control systems which are managed by a complex set of software applications. This dependence involves risk, the risk that these systems do not function properly or that they 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 own brands 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 manufactures' 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. However, the unexpected outcome of one or another dispute may have a negative influence on our results.

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 the consumer changes its pattern of consumption and no longer chooses 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 a negative impact on our activities.

MOST IMPORTANT EVENTS AFTER BALANCE SHEET DATE

There are no important events after balance sheet date.

PROSPECTS FOR 2011

The group is confident that it can consolidate growth in both divisions and that a further improvement in results can be realised in 2011, save for any unforeseen circumstances.

4 Corporate Governance declaration 2010

TER BEKE HAS ALWAYS ATTACHED GREAT IMPORTANCE TO INTEGRITY AND GOOD GOVERNANCE

GENERAL

This declaration on corporate governance is the declaration as meant in article 96§2 and 3 and article 119 of the Belgian Company Code and contains the factual information regarding corporate governance policy at Ter Beke in 2010, including a description of the key features of the internal control and risk management systems, the required legal information, the composition and operation of the governing bodies and the remuneration report.

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

The group's Corporate Governance Charter is published on the company website (www.terbeke.com). We clarify therein our position with regard to the provisions of the Corporate Governance Code 2009 and describe the other corporate governance practices we apply next to the Corporate Governance Code 2009.

We also respect the legal provisions on corporate governance, as set out in the Belgian Company Code and other specific laws on this matter.

There are in principle no provisions of the Corporate Governance Code 2009 which we do not comply with.

COMPOSITION AND OPERATION OF THE GOVERNING BODIES AND COMMITTEES

BOARD OF DIRECTORS

Composition: The composition of the board as per 31 December 2010, as well as the meetings and those present in 2010 are summarised in the table below:

NAME	TYPE **	END MANDATE	COMMITTEES*							
				25/FEB	6/MAY	26/AUG	27/SEP	21/OCT	22/OCT	9/DEC
Luc De Bruyckere Chairman	E	2014°		x	x	x	x	x	x	x
Marc Hofman Managing Director	E	2012		x	x	x		x	x	x
Frank Coopman (1)	NE	2014°		x	x	x	x	x	x	x
Dominique Coopman	NE	2014°		x	x	x	x	x	x	x
Louis-H. Verbeke (2)	NE	2012	RNC	x	x	x	x	x	x	x
Eddy Van der Pluym	E	2012		x	x	x	x	x	x	x
Luc Vansteenkiste (3)	NE	2011	AC	x	x	x	x	x	x	x
Vincent Doumier (4)	NE	2013	AC	x		x	x		x	
Willy Delvaux (5)	I	2014°	RNC		x	x	x	x	x	x
Thierry Balot (6)	I	2013	AC	x	x	x	x	x	x	x
Jules Noten (7)	I	2014°	AC - RNC	x	x	x		x	x	x

As permanent representative of:
(1) NV Holbigenetics
(2) BVBA Louis Verbeke
(3) LMCL CVA
(4) Compagnie du Bois Sauvage SA
(5) BVBA Delvaux Transfer
(6) Sparaxis SA
(7) BVBA Lemon

* AC = Audit Committee
RNC = Remuneration and Nomination Committee

** E = Executive
NE = Non-executive
I = Independent

° Subject to reappointment by the Shareholders' Meeting

Honorary mandates

Daniël Coopman	Honorary Chairman
Prof. Dr. L. Kympers†	Honorary Director




Operation: The operation of the Board of Directors is described in detail in the Internal Regulations of the Board of Directors, which form an integral part of the group's Corporate Governance Charter.

Assessment: The Board of Directors continuously evaluates its own composition and functioning as well as the composition and functioning of the committees. A formal evaluation is organised regularly, led by the chairman of the Board of Directors. In November 2010, a comprehensive evaluation took place and the findings of this evaluation were implemented. This evaluation addressed the following questions:

- Overall structure of the group;
- Selection and appointment of directors;
- Composition of the board;
- Operation of the board;
- Information to the board;
- Tasks of the board;
- Operation of the board committees;
- Remuneration of the board;
- Follow up by the board of its decisions;
- Relationship between the board and the executive management.

Appointments/reappointments: The Board of Directors will propose to the Shareholders' Meeting of 26 May 2011 the reappointment for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of Luc De Bruyckere, NV Holbigenetics, represented by Frank Coopman, and Dominique Coopman. These reappointments are proposed pursuant to an assessment by and an advice from the Remuneration and Nomination Committee.

The Board of Directors will propose to the Shareholders' Meeting of 26 May 2011 the reappointment as independent director within the meaning of Articles 524 and 526ter of the Belgian Company Code for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of BVBA Willy delvaux, represented by Willy Delvaux, and BVBA Lemon, represented by Jules Noten. These reappointments are proposed pursuant to an assessment by and an advice from the Remuneration and Nomination Committee.

Compagnie du Bois Sauvage, represented by Vincent Doumier, resigned as board member per 25 February 2011.

At the advice of the Remuneration and Nomination Committee and according to the procedure for the appointment of new directors provided in the group's Corporate Governance Charter, the Board of Directors will propose to the Shareholders' Meeting of 26 May 2011 the appointment as independent director within the meaning of

Articles 524 and 526ter of the Belgian Company Code for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of BVBA Dirk Goeminne, represented by Dirk Goeminne. In accordance with the applicable legal provisions, this appointment will be submitted to the group's works council.

Dirk Goeminne is 56 years old, married and father of three. He studied Applied Economic Science and Commercial Engineering at Antwerp and commenced his career as an auditor at Price Waterhouse. From 1979 onwards he has held the position of managing director at various companies in different sectors. Between 1997 and 2003 he was CEO and then Chairman of the Dutch retail chain Hema. Until 2007 he was Chairman of Vroom&Dreesmann, the largest retail chain in the Netherlands and of La Place, the largest restaurant chain in the Netherlands. Today he holds directorships at Uitgeverij Lannoo, Van de Velde Groep, Stern Group, Beter Bed Holding and several former subsidiaries of Mitiska. His proven entrepreneurship, combined with his financial experience, experience in the retail sector and his international experience mean that he more than fulfills the profile requirements of new director prepared by the Board of Directors.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

Two committees were active within the Board of Directors in 2010: the Audit Committee and the Remuneration and Nomination Committee. The composition of the committees is in accordance with the legislation and adheres to the regulations of the Corporate Governance Code. The committees work within the mandate given by the Board of Directors as described in the comprehensive regulations in the annexes to the Corporate Governance Charter.

Audit Committee: The composition of the Audit Committee as per 31 December 2010, as well as the meetings and those present in 2010 are summarised in the table below:

NAME	MEETINGS 2010 (X = PRESENT)			
	23/FEB	18/JUN	23/AUG	9/DEC
Luc Vansteenkiste *				
Vincent Doumier **		x	x	x
Thierry Balot ***	x	x	x	x
Jules Noten	x	x	x	x

* Member Audit Committee until 27 May 2010
** Chairman until 27 May 2010
*** Chairman as of 28 May 2010

In order to respect the composition requirements of the Corporate Governance Code 2009, the composition of the committee was adjusted following the 2010 Shareholders' Meeting so that a majority of independent directors is maintained.
All members of the Audit Committee have expert knowledge of financial management. If necessary, the committee met together with the Statutory Auditor. The Audit Committee advised the Board of Directors on the annual results of 2009 and the semi-annual results of 2010, and with respect to the group's internal control and risk management. It supervises the internal audit function.

Remuneration and Nomination Committee: The composition of the Remuneration and Nomination Committee as per 31 December 2010, as well as the meetings and those present in 2010 are summarised in the table below:

NAME	MEETINGS 2010 (X = PRESENT)		
	30/MAR	26/AUG	9/DEC
Louis-H. Verbeke *	x	x	x
Willy Delvaux	x	x	x
Jules Noten	x	x	x

* Chairman

The Remuneration and Nomination Committee advises the Board of Directors on the remuneration of group executives, the Chairman and the director's remunerations. The committee also advises on the general remuneration policy for directors and the executive management as well as on the principles of the variable remuneration system. Furthermore the committee advises the Board of Directors on 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 and the Managing Director.

SECRETARY

Dirk De Backer is appointed as secretary of the Board of Directors and as secretary of the committees within the board.

EXECUTIVE COMMITTEE AND DAY-TO-DAY MANAGEMENT

Composition: The composition of the Executive Committee in 2010 was as follows:

- Marc Hofman, Chairman/Managing Director
- Wim De Cock, Operations Director Processed Meats
- Marc Lambert, Operations Director Ready Meals
- Annie Vanhoutte, Human Resources Director
- René Stevens, Group CFO
- Gunter Lemmens, representing Asadelta Consulting CV, Commercial Director (as of 1 April 2010)

Operation: In 2010, the Executive Committee met every two weeks and whenever the operational situation so required, and was responsible for reporting to the Board of Directors. The operation of the Executive Committee is described in detail in the Internal Regulations of the Executive Committee, which forms an integral part of the group's Corporate Governance Charter.

Assessment: The Board of Directors assesses the performance of the CEO once a year outside the presence of the CEO and also assesses once a year with the CEO the performance of the other members of the Executive Committee. In 2010, this assessment took place. The board uses both qualitative and quantitative criteria in this respect.

GUNTER LEMMENS

Gunter is 48 years old, married and father of three. After studying Applied Economics at UFSIA in Antwerp he gained extensive experience in various Sales and Marketing positions at Unilever, working in Belgium and abroad. His various responsibilities included: Customer Service Manager, National Account and Field Manager, Brand Manager Solo, Marketing Manager Kitchen & Taste, Customer Development & Trade Marketing Manager, Customer Development & Logistics Operations Director, Managing Director Unilever Food Solutions. Since 2007 Gunter worked for CSM Bakery Supplies as European Customer Intimacy Director, initially in combination with the position of Benelux Country Manager. In this period he made a major contribution to expanding the traditional segment.
Since 1 April 2010, Gunter is Commercial Director at Ter Beke and member of the Executive Committee.

CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

Board of Directors: In 2010, the Board of Directors applied the procedure of article 523 of the Belgian Company Code pursuant to the reporting by the Managing Director of a conflicting interest relating to the board's decision on the remuneration of the Managing Director. The minutes of the 6 May 2010 meeting of the Board of directors are entirely published in the annual report of Ter Beke SA. The decision of the board reads as follows (free translation):

"...

Following deliberations the Board of Directors unanimously took the following decision:

The remuneration of the Managing Director (excluding the remuneration for the mandate of director of Ter Beke NV) for the 2010 financial year will be determined as follows (amounts stated below represent the total cost to the group):

Fixed remuneration:	354,000 EUR
Basis for variable remuneration:	100,000 EUR

The allocation of the variable remuneration will be 50% according to the group's variable remuneration policy and 50% based on a qualitative assessment conducted by the Remuneration and Nomination Committee.

The other remunerations and benefits for the CEO remain unchanged.

..."

In 2010 there were no other conflicts of interest in the sense of Article 523 of the Belgian Company Code within the Board of Directors, neither were any conflicts reported in accordance with annex 2 of the group's Corporate Governance Charter with respect to transactions with related parties.

Executive Committee: In 2010 there were no conflicts of interest in the sense of Article 523 of the Belgian Company Code within the Executive Committee, neither were any conflicts reported in accordance with annex 2 of the group's Corporate Governance Charter with respect to transactions with related parties.

EXTERNAL CONTROL

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Dirk Van Vlaenderen and Kurt Dehoorne, was appointed by the General Meeting of 27 May 2010 as Statutory Auditor for a period of three years. We consult regularly with the Statutory Auditor and prior to the semi-annual and annual reporting he is invited to attend the meeting of the Audit Committee. The Statutory Auditor has no relationships with Ter Beke that might influence his judgment and he confirmed his independence towards the group. The remuneration that was paid in 2010 for audit services to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA and to the persons affiliated to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA was 207 thousand EUR. The remuneration paid for non-audit services amounted to 78 thousand EUR.

PROTOCOL CONCERNING TRANSACTIONS IN THE TER BEKE SHARE

Ter Beke employs a Protocol applicable to the rules concerning transactions in Ter Beke securities. This Protocol is enclosed as annex 3 to the Corporate Governance Charter of the group. The protocol provides that information that may have an impact on the stock price must be communicated immediately. Directors, executives and insiders are required to submit intended share transactions to the Compliance Officer for approval. If the approval is refused, the party involved must renounce the transaction or submit the intended transaction to the Board of Directors. The protocol also includes guidelines designed to protect the confidential nature of privileged information and provides for closed periods within which transactions in Ter Beke securities are not allowed for the directors and relevant persons. The protocol is submitted for signature to all new members of the Board of Directors, the Executive Committee and other persons who have access to privileged information on a regular basis. The company also maintains a list of the persons who have access to privileged information on a regular basis.

REMUNERATION REPORT

2010 PROCEDURE TO DEVELOP THE REMUNERATION POLICY AND TO DETERMINE THE LEVEL OF REMUNERATION AND THE APPLIED REMUNERATION POLICY

Remuneration procedure: 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.

Remuneration policy for 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 members of the Board of Directors in the 2010 financial year was presented to the General Meeting of Shareholders for approval by the Board of Directors.
The level of remuneration for the CEO and the members of the Executive Committee in the 2010 financial year were determined by the Board of Directors based on recommendations from the Remuneration and Nomination Committee.

Remuneration policy: All members of the Board of Directors are entitled to an annual fixed remuneration. For 2010 this remuneration amounted to EUR 13,500. 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 a committee receives an annual remuneration of EUR 3,000 and the chair of a 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, or any other remuneration.

In principle, the remuneration of the CEO and members of the executive management consists of a fixed remuneration, an annual variable remuneration, a company car and fuel card and possible 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, EBIT and EAT. 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.

The basis of the variable remuneration is not greater than 25% of the annual gross fixed remuneration (fixed+variable).

In a given year, as soon as 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 remuneration linked to that target can be earned.

The CEO's variable remuneration for the 2010 financial year is 50% dependant on a qualitative assessment conducted by the Remuneration and Nomination Committee.

In addition to the system of variable remunerations the Board of Directors retains the discretionary power, following a proposal from the Remuneration and Nomination Committee, to allocate an (addi-

tional) 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 common law.

The group's remuneration policy will not be subject to substantial changes in 2011 or in the subsequent two financial years. The Board of Directors will put forward a motion to the General Meeting of Shareholders to increase the remuneration paid to the Board of Directors by a small percentage in 2011 as this is unchanged since 2005. Further the ROCE (return on capital employed) will be introduced as parameter in 2011, in addition to other parameters, for calculating the variable remuneration of the members of the Executive Committee.

REMUNERATION OF THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AS MEMBER OF THE BOARD

The remuneration of the members of the Board of Directors (both of the executive directors, the non-executive directors and of the independent directors) for the performance of their director mandate in 2010 can be summarized as follows:

	MANDATE DIRECTOR	MANDATE RNC	MANDATE AC		TOTAL
BVBA Delvaux Transfer (Willy Delvaux)	13,500.00	3,000.00	-		16,500.00
LMCL CVA (Luc Vansteenkiste)	13,500.00		1,500.00	(1)	15,000.00
NV Sparaxis (Thierry Balot)	13,500.00	-	4,000.00	(2)	17,500.00
NV Bois Sauvage (Vincent Doumier)	13,500.00	-	4,000.00	(3)	17,500.00
BVBA Louis Verbeke	13,500.00	5,000.00	-		18,500.00
BVBA Lemon (Jules Noten)	13,500.00	3,000.00	3,000.00		19,500.00
NV Holbigenetics (Frank Coopman)	13,500.00	-	-		13,500.00
Dominique Coopman	13,500.00	-	-		13,500.00
Luc De Bruyckere	13,500.00	-	-		13,500.00
Marc Hofman	13,500.00	-	-		13,500.00
Eddy Van der Pluym	13,500.00	-	-		13,500.00
TOTAL	148,500.00	11,000.00	12,500.00		172,000.00

(1) Only first semester member of the AC
(2) First semester: member of the committee: 1,500 EUR + Second semester: Chairman of the committee: 2,500 EUR
(3) First semester: Chairman of the committee: 2,500 EUR + Second semester: member of the committee: 1,500 EUR

BVBA Delvaux Transfer received in 2010 a one time additional remuneration of 5,395.25 EUR for specific consultancy services that were rendered at the explicit request of the Board of Directors.
Apart from the above remuneration, the non-executive directors did not receive any other fixed fees, nor any variable fees, nor any remuneration that is directly or indirectly linked to the evolution of the stock price of the Ter Beke share.

REMUNERATION OF THE CEO

The individual remuneration of the Managing Director/Chairman of the Executive Committee (Marc Hofman) in 2010 amounted to (total cost for the group excluding the remuneration for the mandate of director of Ter Beke NV):

Base pay	352,631.67
Variable pay (cash)	120,356.05
Pension*	12,629.28
Other insurances	4,881.15
Company car	21,412.18

* The pension arrangement is a defined contribution arrangement

REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT

The combined remuneration of the other members of the Executive Committee and the executive directors (Annie Vanhoutte, René Stevens, Wim De Cock, Marc Lambert, Asadelta Consulting CV, Luc De Bruyckere and Eddy Van der Pluym) in 2010 amounted to (total cost for the group excluding the remuneration for the mandate of director of Ter Beke NV):

Base pay	1,612,558.64
Variable pay (cash)	228,316.65
Pensions*	127,263.39
Other insurances	11,004.05
Company car	110,455.59

* The pension arrangements are defined contribution arrangements

SHARE RELATED REMUNERATION

The members neither of the Board of Directors, nor of the Executive Committee possess stock options or warrants or other rights to acquire shares.
In 2010, none of the members of the Board of Directors or of the Executive Committee were granted shares, stock options or any other rights to acquire shares.

CONTRACTUAL ARRANGEMENTS ON HIRING AND TERMINATION FEES

In 2010 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 Marc Hofman, Luc De Bruyckere, Eddy Van der Pluym, Wim De Cock and Asadelta Consulting CV is in principle maximum 12 months, whereas the notice period for Annie Vanhoutte, Marc Lambert and René Stevens is in principle calculated on the basis of the legal provisions that apply to their employment contract.

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. The value **integrity** is the most important 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 Declaration concerning sound management, defines clearly distinguishable duties and responsibilities for each of our management bodies, more specifically the Board of Directors, the

Audit 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 classification 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 contents 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 protocol 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, transfers etc.).
- For our most important risks we have agreed appropriate **insurance contracts**.
- We have a **hedging-policy** in place to manage exchange rate risk.
- A number of other risk management practices that we apply are mentioned in the description of the main risks we are exposed to (see above).

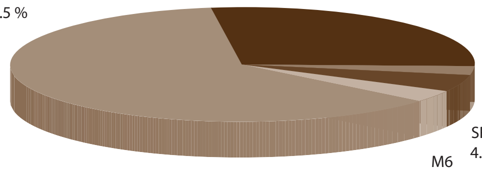
The following control and risk management systems have been established with respect to the **financial reporting** process:

- The internal regulations of the Board of Directors 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 a monthly basis 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 LEGAL INFORMATION

SHAREHOLDER STRUCTURE PER 31 DECEMBER 2010



Ter Beke NV held 1,623 own shares on 31 December 2010 (Ter Beke NV did not hold any own shares on 31 December 2009).

The group was informed on 24 August 2010 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.

Mr and Mrs Coopman-De Baedts have an agreement with Luc De Bruyckere on the possession, acquisition or sale of shares. This agreement grants to Mr and Mrs Coopman-De Baedts a right of pre-emption on some shares of Luc De Bruyckere in Ter Beke.

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.

TRANSPARENCY

In application of the applicable legal rules on transparency with regard to shareholdings in listed companies, the following declarations were received in 2009 with respect to holdings in the capital of Ter Beke NV:

DATE NOTIFICATION	SHAREHOLDER	%SHARES ON NOTIFICATION DATE
30 November 2010	Compagnie du Bois Sauvage SA	Less than 5%
27 December 2010	STAK Coovan	61.48%
	Seneca NV	2.73%
	Luc De Bruyckere	0.54%
	M6 NV	2.40%

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

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

In line with the applicable legal rules, the voting rights of own shares which the group holds are suspended.

The company's by-laws can be changed with a 75% majority of votes cast, provided that the shareholders present represent at least 50% of the capital in accordance with article 558 of the Belgian Companies Code. The social aim of the company can be altered with an 80% majority of casted votes (article 559 Companies Code).

The procedure for the appointment and reappointment of directors, as followed with regard to the abovementioned appointments and reappointments, is set out in article 4 of the internal rules of the Remuneration and Nomination Committee, annexed to the group's Corporate Governance Charter.

The Board of Directors of Ter Beke NV is authorised by the Shareholders' Meeting, within the limits of the authorised capital, to increase the capital by issuing ordinary shares of the company subject to the provisions laid down in Article 607 of the Belgian Company Code. This authorisation was granted for a period of three years as from 23 June 2009 and is extendible.

Due to a resolution of the Extraordinary Shareholders' Meeting of 28 May 2009, the Board of Directors is authorised, subject to the provisions laid down in article 620 of the Belgian Company Code to obtain shares in the company to the account of the latter, if the acquisition is necessary to prevent the company from suffering acute and threatening losses. This authorisation is valid for a period of three years as from 23 June 2009 and is extendible.

5 Stock and shareholder information

FOR MORE INFORMATION PLEASE VISIT WWW.TERBEKE.COM/ INVESTOR RELATIONS

SHARE QUOTATION

On 31 December 2010, 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, Ter Beke concluded a liquidity provider agreement with Bank Degroof in 2001. The shareholder structure is inserted in the corporate governance declaration (see above).

SHARE RELATED INSTRUMENTS

As at 31 December 2010 there are no share related instruments, such as stock options or warrants.

DIVIDEND

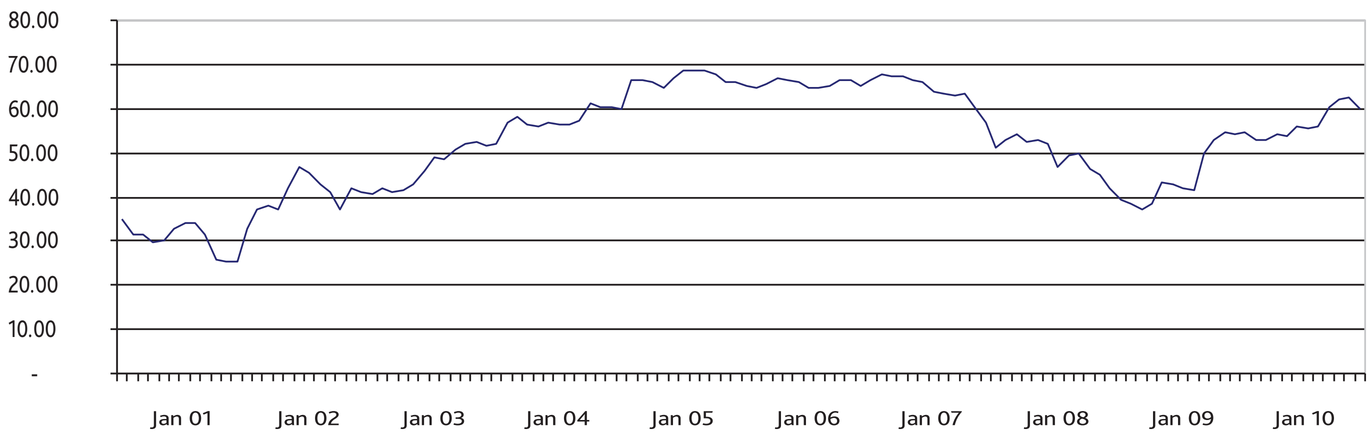
Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. For 2010, the Board of Directors proposes to the 26 May 2011 Shareholders' Meeting to pay out a gross dividend of 2.50 EUR per share (for 2009, the dividend amounted to 2.35 EUR per share).

With this dividend, the Board of Directors wishes to maintain a proper balance between the company's needs and a competitive yield for the shareholders.

If approved by the Shareholders' Meeting on 26 May 2011, the net dividend per share will be made available for payment as of 15 June 2011 on presentation of coupon N° 23 at counters of BNP Paribas Fortis, KBC, ING, Bank Degroof and Petercam NV.

STOCK PRICE EVOLUTION

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



FINANCIAL CALENDAR

Trading update Q1 2011	13 May 2011 before market opening
Shareholders' Meeting	26 May 2011 at 11 a.m.
Share quoted ex-coupon	9 June 2011
Dividend payment	15 June 2011
Results first semester 2011	26 August 2011 before market opening
Trading update Q3 2011	4 November 2011 before market opening
Annual results 2011	At the latest 30 April 2012

FOLLOW-UP BY FINANCIAL ANALYSTS

The share of Ter Beke was followed in 2010 by the analysts of Bank Degroof, Petercam and KBC Securities.
The analyst's reports were published on the website of Ter Beke www.terbeke.com, in the Investor Relations section.

PROPOSALS TO THE SHAREHOLDERS' MEETING

The Board of Directors proposes the following to the Shareholders' Meeting of 26 May 2011:

- approval of the financial statements as per 31 December 2010 and the allocation of the results. The non-consolidated result of the financial year is 23,405,078.16 EUR;
- the payment of a gross dividend of 2.50 EUR per share, payable as of 15 June 2011 (listing ex-coupon on 9 June 2011);
- the reappointment as director for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of Luc De Bruyckere, NV Holbigenetics, represented by Frank Coopman, and Dominique Coopman;
- the reappointment as independent director within the meaning of Articles 524 and 526ter of the Belgian Company Code for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of BVBA Delvaux Transfer, represented by Willy Delvaux, and of BVBA Lemon, represented by Jules Noten;
- the appointment as independent director within the meaning of Articles 524 and 526ter of the Belgian Company Code for a period of three years, starting from the end of the Shareholders' Meeting of 26 May 2011 and expiring at the Shareholders' Meeting of 2014, of BVBA Dirk Goeminne, represented by Dirk Goeminne;
- to acknowledge the resignation as director of Compagnie du Bois Sauvage, represented by Vincent Doumier, as of 25 February 2011;
- to grant discharge to the members of the Board of Directors and to the statutory auditor for the execution of their mandate in 2010;
- to approve of the fixed annual fee of the directors for the exercise of their office in 2011, amounting to 205 thousand EUR.

6 Consolidated financial statements 2010*

DECLARATION OF THE RESPONSIBLE PERSONS

The undersigned, Marc Hofman, Managing Director and René Stevens, Chief Financial Officer, declare that, to their knowledge:

- the financial statements for the accounting years 2010 and 2009, that have been drawn up in accordance with the International Financial Accounting Standards (“IFRS”), give a true and fair view of the equity capital, of the financial situation and of the results of Ter Beke NV and of the companies that are included in the consolidation;
- the annual report gives a true overview of the development and results of the company and the position of Ter Beke NV and the companies included in the consolidation, as well as a description of the most important risks and uncertainties with which they are confronted.

René Stevens
Chief Financial Officer

Marc Hofman
Managing Director

*ALL AMOUNTS IN '000 EUR, UNLESS STATED OTHERWISE

CONSOLIDATED INCOME STATEMENTS AT 31 DECEMBER 2010 AND 2009

	NOTE	2010	2009
Revenue	**4**	**402,180**	**392,374**
Trade goods, raw and auxiliary materials	5	-206,474	-204,039
Services and miscellaneous goods	6	-86,515	-80,904
Wages and salaries	7	-72,138	-72,877
Depreciation costs	16	-19,748	-19,433
Impairments, write-offs and provisions	8	48	-635
Other operating income and expenses	9	448	601
Result of operating activities	**10**	**17,801**	**15,087**
Financial income	11	209	986
Financial expenses	12	-3,720	-3,646
Result of operating activities after net financing expenses		**14,290**	**12,427**
Tax	13	-3,832	-4,171
Profit of the year		**10,458**	**8,256**
Basic profit per share	30	6.04	4.77
Diluted profit per share	30	6.04	4.76

Ter Beke NV is directly and indirectly 100 % owner of all subsidiaries (see Note 32). The group's share of the result is therefore also 100 %.

COMPREHENSIVE RESULT AT 31 DECEMBER 2010 AND 2009

	2010	2009
Profit of the year	10,458	8,256
Calculation differences	36	-23
Comprehensive result	**10,494**	**8,233**

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

	NOTE	2010	2009
Assets			
Non-current assets		**149,323**	**146,266**
Goodwill	14	35,204	35,204
Intangible fixed assets	15	2,009	2,145
Tangible fixed assets	16	111,974	108,758
Financial fixed assets	17	136	159
Current assets		**93,290**	**83,750**
Stocks	19	23,812	23,123
Trade and other receivables	20	64,692	57,944
Cash and cash equivalents	21	4,786	2,683
Total assets		**242,613**	**230,016**
Liabilities			
Shareholder equity	**22**	**89,116**	**82,808**
Capital and issue premiums		53,097	53,191
Reserves		36,019	29,617
Minority interests		0	0
Deferred tax liabilities	**18**	**8,121**	**8,463**
Long-term obligations		**42,249**	**48,861**
Provisions	23	1,791	1,692
Long-term interest-bearing obligations	24	40,458	47,169
Short-term obligations		**103,127**	**89,884**
Short-term interest-bearing obligations	24	21,496	20,978
Trade liabilities and other debts	25	65,539	51,728
Staff wage liabilities		13,916	14,155
Tax liabilities		2,176	3,023
Total liabilities		**242,613**	**230,016**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2010 AND 2009

	CAPITAL	CAPITAL RESERVES	ISSUE PREMIUMS	RESERVED PROFITS	EXCHANGE RATE DEVIATION	TOTAL	NUMBER OF SHARES
Balance on 1 January 2009	**4,903**	**-41**	**48,288**	**25,438**	**-442**	**78,146**	**1,732.621**
Own share reserve		41				41	
Dividend				-3,639		-3,639	
Comprehensive result for the period				8,256	-23	8,233	
Movements via reserves							
- Result from own shares				23		23	
- Share based payments				4		4	
Balance on 31 December 2009	**4,903**	**0**	**48,288**	**30,082**	**-465**	**82,808**	**1,732.621**
Own share reserve		-94				-94	
Dividend				-4,072		-4,072	
Comprehensive result for the period				10,458	36	10,494	
Movements via reserves							
- Result from own shares				-20		-20	
Balance on 31 December 2010	**4,903**	**-94**	**48,288**	**36,448**	**-429**	**89,116**	**1,732,621**

CONSOLIDATED CASH FLOW OVERVIEW AT 31 DECEMBER 2010 AND 2009

	NOTE	2010	2009
Operating activities			
Result of operating activities	10	17,801	15,087
Adjustments for:			
- Depreciation	16	19,748	19,433
- Change in impairments and write-offs	8	36	872
- Change in provisions	8	-84	-236
- Proceeds from the sales of fixed assets		158	-124
- Proceeds from share-based payment transactions		-20	-7
Changes in net operating capital			
- Changes in stock		-689	1,310
- Change in trade and other receivables		-7,605	-36
- Change in trade and other liabilities		11,490	-7,399
- Change in other items		38	9
Cash from operating activities		**40,873**	**28,909**
Tax paid		-3,885	-859
Net cash from operating activities		**36,988**	**28,050**
Investing activities			
Proceeds from the sale of tangible fixed assets		1,355	611
Investments in intangible fixed assets		-702	-517
Investments in tangible fixed assets		-21,588	-17,485
Net investments in financial fixed assets		23	-10
Net cash used in investing activities		**-20,912**	**-17,401**
Financing activities			
Proceeds from share issues		-94	41
Proceeds from take-up of new loans		15,649	11,617
Dividend payments to shareholders		-4,175	-3,640
Interest paid (through P&L account)		-2,839	-3,567
Loan settlement		-21,347	-18,449
Repayment of financial leasing liabilities		-494	-454
Other financial resources / (expenses)		-673	907
Net cash from financing activities		**-13,973**	**-13,545**
Net change in cash and cash equivalents		**2,103**	**-2,896**
Cash funds at the beginning of the year		2,683	5,580
Cash funds at the end of the year		**4,786**	**2,684**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

1. SUMMARY OF THE MOST IMPORTANT VALUATION RULES

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 (hereinafter jointly referred to as the "group"). The consolidated financial statements were issued for publication by the Board of Directors on 24 February 2011. 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 1000's. The consolidated financial statements have been drawn up on the basis of the historical cost method, with the exception of the derivatives and the financial assets available for sale, which are valued at "current value". However, if no reliable market price or estimate of the current value is to hand, 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 "current value" up to the amount of the covered risk. The valuation rules applied uniformly to the entire group and are consistent with the previous financial year. The comparative information has been reworked in accordance with the IFRS.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2010

- IFRS 3 Business Combinations (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS 3 Business Combinations as issued in 2004.
- Improvements to IFRS (2008-2009) (normally applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional exemptions (applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2010).
- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 12 Service Concession Arrangements (applicable for annual periods beginning on or after 1 April 2009).
- IFRIC 15 Agreements for the construction of real estate (applicable for annual periods beginning on or after 1 January 2010).
- IFRIC 16 Hedges of a net investment in a foreign operation (applicable for accounting years beginning on or after 1 July 2009).
- IFRIC 17 Distributions of Non-cash Assets to Owners (applicable for annual periods beginning on or after 1 November 2009).
- IFRIC 18 Transfers of Assets from Customers (applicable for annual periods beginning on or after 1 november 2009).

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2010

- IFRS 9 Financial Instruments (applicable for annual periods beginning on or after 1 January 2013).
- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011).

- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 July 2010).
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 July 2011).
- Amendment to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 2011).
- Amendment to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2012).
- Amendment to IAS 24 Related Party Disclosures (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (applicable for annual periods beginning on or after 1 February 2010).
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual periods beginning on or after 1 July 2010).
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applicable for annual periods beginning on or after 1 January 2011).

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 32.

Subsidiaries included in the consolidation in accordance with the integral method

Subsidiaries are those over which Ter Beke NV exercises control. The term 'control' will be taken to mean that the Entity, directly or indirectly, can specify the financial and operational policy of an entity in order to gain benefits from its activities. The subsidiaries' financial statements are included 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 32.

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 included in accordance with the equity method. This method is described in detail in the following section. In 2010 and 2009 the group had no interests in joint ventures.

Investments in affiliated companies

Affiliated companies are those in which the group, directly or indirectly, has significant influence 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 included 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, Fixed assets held for sale and discontinued business activities. Investments in affiliated companies are initially included 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 included.

The difference between the cost price of the investment and the investor's share in the net current value of the identifiable assets, obligations and conditional obligations of the affiliated company, which were included on the takeover date, are included as goodwill. This goodwill is included in the balance-sheet value of the investment and is tested against exceptional depreciations as part of the investment. The difference after re-assessment between the current value of the group share in the identifiable assets, obligations and conditional obligations of the affiliated company and the cost price of the affiliated company are immediately included 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 2010 and 2009 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. Profits not realised from transactions with affiliated companies are eliminated up to the amount of the group's interest in the entity. Profits not realised from transactions with affiliated companies are eliminated against 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 exceptional depreciation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

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 acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net identifiable assets acquired and liabilities assumed. If, after reassessment, the net of acquisition-date amounts of the identifiable assets acquired and liabilities assumed, exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previously held interest in the acquire, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash-generating or business units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating or business unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.
In 2009 and 2010 no business combinations took place.

FOREIGN CURRENCY

Transactions in foreign currency

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

Annual income statement of activities abroad

All the group's activities abroad are conducted in the Euro zone, except for SDF Foods Ltd (in liquidation as at 2010), TerBeke-Pluma UK Ltd and FreshMeals UK Ltd (liquidated in 2009). The assets and obligations of these foreign entities are converted to Euros at the exchange rate in force on the balance-sheet date. The income statement of these entities is converted each month to Euros at average rates close to the exchange rate on the transaction date. Conversion differences arising here from are processed directly via the equity capital.
The following exchange rate was used when drawing up the financial statements:

1 EURO IS EQUAL TO	2010	2009
Pound Sterling		
Closing rate	0.8607	0.8881
Average rate	0.8599	0.8927

SEGMENTED INFORMATION

IFRS 8 defines an operational segment as a part of an entity 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 as of the 1st of January 2009 but does not alter the segment reporting.
In view of its mission, its strategic lines of force and its management structure, Ter Beke has opted as its operational segmentation basis to split up the group's activities into the group's two business activities (business segments): “Processed Meats and Fresh Ready Meals”.
In addition, it provides geographical information for the regions where the group is active.
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 attributed that can reasonably be attributed to the segment.
The assets and liabilities of a segment include the assets and liabilities pertaining directly 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 included if it is likely that the Entity will enjoy the future economic advantages that go with them and if the costs thereof can be determined reliably. After their initial inclusion, intangible assets are valued at cost price less the accumulated depreciation and any accumulated exceptional depreciation. Intangible assets are depreciated linearly over their best estimated period of use. The depreciation period and the depreciation method used are evaluated again each year at the closure of the reporting period.

Research and development

The expenses of research activities, included for the purpose of acquiring new scientific or technological knowledge, are included as expenses in the income statement as they arise. The expenses of 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 included 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 activated expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Activated expenses for development are valued at cost price less the accumulated depreciation and exceptional depreciation.

All other expenses for development are included as a debit in the income statement as they arise. Since Ter Beke's development expenses do not fulfil the criteria for activation, these expenses are included as a debit in the income statement.

Other intangible assets

Other debits for internally generated intangible assets - e.g. brand names - are included as a debit in the income statement as they arise. Other intangible assets - e.g. brand patents, computer software - acquired by the group are valued at cost price less the accumulated depreciation and exceptional depreciation. In 2010 and 2009 the Ter Beke consolidates intangibles assets consisted only of computer software.

Depreciation

Intangible assets are depreciated according to the linear method over their expected period of use, from the date on which they come into use.

The depreciation percentages applied are:

Computer software	20 %
Brand patents	10 %

GOODWILL

We speak of 'goodwill' when the cost of a merger on the takeover date exceeds the group's interest in the net current value of the identifiable assets, liabilities and conditional obligations of the party that has been taken over. Goodwill is initially included as an asset at cost price and is thereafter valued at cost price less any accumulated exceptional depreciation losses.

The cash-flow-generating unit to which goodwill is attributed is tested each year for an exceptional depreciation, and every time there is an indication that the unit might have undergone an exceptional depreciation by comparing the balance-sheet value of the unit with its saleable value. If the unit's saleable value is lower than the balance-sheet value, the exceptional depreciation loss will first be attributed at the balance-sheet value of the goodwill attributed to the unit and then to the other assets of the unit in proportion to the balance-sheet value of each of the unit's assets. An exceptional depreciation loss that is included for goodwill may not be reversed in a later period. When a subsidiary or joint venture is sold, the allocated goodwill will be included in the determination of the profit or loss upon sale.

If the group's interest in the net current value of the identifiable assets, liabilities and conditional obligations exceeds the cost of the merger, the remaining surplus is immediately included in the income statement after re-assessment.

TANGIBLE FIXED ASSETS

Tangible assets are included if it is likely that the Entity will enjoy the future economic advantages relating to the assets and if the costs thereof can be determined reliably.

Tangible fixed assets under ownership are valued at cost price or at manufacturing price less the accumulated depreciation and any accumulated exceptional depreciation. In addition to the purchase price, the cost price also includes, if applicable, taxes that cannot be reclaimed and all directly-attributable costs to make the asset ready for use. The manufacturing price of self-made tangible fixed assets includes the direct cost of materials, directing manufacturing costs, a proportional part of the fixed costs of materials and manufacturing, and a proportional part of the depreciation and reductions in value of assets used in the manufacturing.

Costs after first inclusion are only included in the balance-sheet in the balance-sheet value of an asset, or as a separate asset, if it is likely that the group will enjoy the future economic benefits thereof and these costs can be determined reliably. All other repair and maintenance costs are included in the income statement in the period in which they were incurred. The tangible fixed assets are depreciated in accordance with the linear method from the date they come into use and over the period of time they are expected to be used.

The main depreciation percentages currently applied are:

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

Land is not depreciated, since it is assumed that it has an unlimited period of use.

GOVERNMENT SUBSIDIES

Government subsidies may only be included if it can be postulated with reasonable certainty that:

- the group will meet the conditions pertaining to the subsidies, and
- the subsidies will be received.

Government subsidies are systematically included as revenues over the periods which are needed to attribute these subsidies to the related costs they are intended to compensate for. A government subsidy that is received in compensation for debits or losses already incurred or for the purpose of providing immediate financial support to the group without future related costs is included as income in the period in which it is to be received.
Investment subsidies are deducted from the balance-sheet value of that particular asset.
Operating subsidies are included if they are received and reported as Other Operating Revenues.

LEASING

A lease contract is included as a financial lease if it transfers to the lessee most of the risks and benefits relating to the property. All other forms of leases are considered as operational leases. The group only acts as lessee

Financial leases - Assets held under a financial lease are included as group assets for amounts equal to the current value of the leased asset or, if it is lower, at the cash value of the minimum lease payments less the accumulated depreciation or exceptional depreciation losses. The liability to the lessor pertaining hereto is included in the balance-sheet as a liability under financial leases.
The minimum lease payments are included partly as financing costs and partly as settlement of the outstanding obligation in such a way that this results in constantly recurrent interest over the remaining balance of the obligation. The financing costs are included directly as a debit in the P&L account.
The amount of a leased asset to be depreciated is systematically attributed to each reporting period during the period of its expected use, on a basis that is consistent with the depreciation rules that the lessee applies to assets in ownership to be depreciated. If it is reasonably certain that the lessee will acquire the property at the end of the lease period, the period of its expected use is the asset's period of use. Otherwise case, the asset is depreciated over the lease period or the period of use, if the latter is shorter.

Operationele leases - Lease payments for operational leases must be included on a time-proportional basis during the lease period, unless a different systematic method of attribution is more representative of the time-pattern of the benefits that the user enjoys. Benefits (to be) received as an 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 yield value. The cost price is determined by means of the FIFO method. The cost price for goods being processed and finished products includes all conversion costs and other costs of bringing the stocks to their current location and to their current state/condition. The conversion costs include the production costs and the attributed fixed and variable production overhead costs (including depreciation). The yield value is the estimated sale 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.
Exceptional depreciation losses from tangible and intangible fixed assets (except for goodwill): On every reporting date, the group investigates its balance-sheet values for tangible and intangible fixed assets for the purpose of determining whether there is an indication of a possible exceptional depreciation in an asset. If there is such an indication, the saleable value of the asset will be estimated so as to be able to determine the exceptional depreciation loss (if any). However, if it is not possible to determine the saleable value of an individual asset, the group will estimate the saleable value for the cash flow-generation unit to which the asset belongs.

The saleable value is the highest value of the current value minus the sale costs and its going-concern value. The going-concern value is determined by discounting the expected future cash flows, whereby a discount rate for taxes is used. This discount rate reflects the cash time-value of the money and the specific risks pertaining to the asset.
If the saleable value of an asset (or a cash flow-generating unit) is estimated to be lower than the balance-sheet value of the asset (or a cash flow-generating unit), the balance-sheet value is reduced to its saleable value. An exceptional depreciation loss is included immediately as a debit in the income statement. A previously-included exceptional depreciation loss is retracted if there is a change in the estimates used to determine the saleable value, but not for a higher amount than the net balance-sheet value that would have been determined if no loss through exceptional depreciation had been included in the previous years.

FINANCIAL INSTRUMENTS

Trade receivables

Trade receivables are initially booked at current value and are then valued at the amortised cost price calculated on the basis of the effective-interest method. Appropriate exceptional depreciation losses are included in the income statement for estimated non-realisable amounts if there are objective indications that an exceptional depreciation loss has occurred.
The amount of loss is specified as the difference between the balance-sheet value of the asset and the cash value of future, estimated cash flows made in cash at the original effective interest rate upon initial inclusion. Due to the short term nature of the trade receivables of the group, the trade receivables are de facto booked at real value.

Investments

Investments are no longer included 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 current value, plus the directly attributable transaction costs. For an investment that is not valued at current value, depreciations are incorporated in the income statement.

Investments held till maturity date

Promissory notes that the group definitely intends to hold till their maturity date (promissory notes held till maturity date), and is able to do so, are valued at the amortised cost price calculated by means of the effective-interest method, less any write-offs due to exceptional depreciation losses for the purpose of taking non-realisable amounts into consideration.
Such exceptional depreciation losses are included in the income statement if, and only if, there are objective indications of exceptional depreciation losses. Exceptional depreciation losses are retracted in subsequent periods when the rise in the saleable value can be objectively related to an event that took place after the write-off. The retraction may not exceed the amortised cost price as it would have been if the exceptional depreciation had not been included.

Other investments

Investments other than those held till maturity are classified as financial assets for sale which are valued after the first inclusion at current value. If no current value can be determined, they are valued at cost price. The profits and losses following changes in the current value are included directly in the equity capital until the financial asset is sold, or upon confirmation of exceptional depreciation losses. In this case the cumulative loss or profit that was directly included in the equity capital is transferred from the equity capital to the income statement. Exceptional depreciation losses included in the income statement on an investment in an equity capital instrument classified as available for sale are not retracted via the income statement.

An exceptional depreciation loss included in the income statement on a promissory note classified as available for sale is later retracted in the income statement if the rise in the current value of the instrument can be objectively related to an event that took place after the inclusion of the exceptional depreciation loss. With the exception of equity capital instruments, changes in the current value due to exchange-rate results are included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash values, directly redeemable deposits and other short-term, extremely liquid investments that can be immediately converted to cash, the amount of which is known and which bear no material risk of depreciation.

Financial obligations and equity capital instruments

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

Bank loans

Interest-bearing bank loans and credit excesses are initially valued at current 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 pay-off or instalment of a loan is included over the loan period, in accordance with the rules for financial reporting on financing costs, which are applied by the group.

Trade debits

Trade debits are initially booked at current value and are then valued at the amortised cost price calculated on the basis of the effective-interest method. Due to the short term nature of the trade debits of the group, the trade debits are de facto booked at real value.

Equity capital instruments

Equity capital instruments issued by the company are included 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 at current value after first inclusion.
There are three sorts of hedging relations:
(a) Cash flow hedging: Changes in the current value of derivatives indicated as cash flow hedges are included in the equity capital. The non-effective part is included in the income statement.
If the cash flow hedging of a fixed commitment or an expected future transaction leads to the inclusion of a non-financial asset or a non-financial obligation, then the profits or losses on the derived financial instrument incorporated earlier in the equity capital are included in the initial valuation of the asset or obligation when the asset or obligation is booked.

If the hedging of an expected future transaction leads to the inclusion of a financial asset or a financial obligation, the related profits or losses on the derived financial instrument incorporated directly in the equity capital 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 equity capital 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 inclusion of an asset or an obligation, the amounts directly included in the equity capital are transferred to the income statement in the same period(s) in which the hedged expected future transaction affects the profit or loss.
(b) Current-value hedging: Changes in the current value of derivatives which were indicated and qualify as current-value hedging are included in the income statement, together with any change in the current value of the hedged asset or the hedged obligation which is to be attributed to the hedged risk.
(c) Hedging of a net investment in a foreign entity: Hedges of net investments in foreign entities are comparably incorporated as a cash-flow hedge. The part of the profit or loss on the hedging instrument for which it is confirmed that it is an effective hedge is directly included in the equity capital; the profit or loss on the non-effective part is immediately included in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge which is directly included in the equity capital is included in the income statement when the foreign entity is divested. The changes in the current value of derivatives that are not classified can be immediately included 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 current value of each derivative that does not qualify as a hedging transaction are immediately included in the income statement.

Redeemed own shares

If the group redeems its own shares, the amount paid - including directly attributable direct costs - is incorporated as a reduction in the equity capital. The revenue from the sale of own shares is directly included in the equity capital and has no impact on the net results.

Dividends

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

FIXED ASSETS HELD FOR SALE

Fixed assets and groups of assets that are divested are classified as 'held for sale' if their balance-sheet value will mainly be realized 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 fixed asset (or group of assets being disposed of) classified as held for sale will be included at the lowest value of its balance-sheet value and its current value minus the costs of sale.

PROVISIONS

A provision will be included 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 that contains economic advantages within it will be required to settle the obligation, and
(c) the amount of the obligation can be reliably estimated.

The amount included 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, where-by a discount rate "for taxes" is used. This discount rate reflects the cash time-value of the money and the specific risks pertaining to the obligation.
A provision for reorganization is laid down when the group has approved a detailed and formalized plan for the reorganization and when the reorganization 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.

STAFF REMUNERATION

Staff remuneration comprises all forms of remuneration allocated by the Entity in exchange for the services provided by the staff.
Staff remuneration includes:

- short-term staff pay, including such things as the wages, salaries and social security contributions, holiday money, continued pay during illness, profit-sharing and bonuses and payments in kind for the current staff members;
- payments after staff leave, including such things as pensions and life insurance;
- other long-term staff remuneration;
- compensation for dismissal;
- and share-based payments.

Pension arrangements

The group provides for pension arrangements for its employees mainly via defined contribution obligations and has only a limited number of defined benefit obligations.

Defined contribution obligation

Contributions paid to these defined-contribution obligations are included immediately in the income statement.

Defined benefit obligation

The balance-sheet value of the defined benefit obligation is determined by the cash value of the payment obligations, taking account of the actuarial profits or losses not included, minus the pension costs for completed service not included, and of the current value of the pension fund investments. If this calculation results in a net surplus, then the value of the asset resulting here from is limited to the actuarial losses not included and pension costs for completed service and the cash value of the future payments from the pension scheme or the reductions in the future contributions to the pension scheme.
The inclusion of actuarial profits and losses is individually determined for each defined benefit obligation. If the net cumulative profits or losses not included come to more than 10 % of the cash value of the defined benefit obligation or, if higher, of the current value of the assets, then this surplus is included in the P&L account over the expected average remaining careers of the employees participating in the scheme. In all other cases, the actuarial profits or losses are not included. Pension costs for completed service are spread as a cost in accordance with the linear method over the average period until the benefits are allocated. If the benefits are already allocated upon the introduction of a new scheme or upon changes to an existing defined benefit obligation, pension costs for completed service are immediately included as a cost.
The cash value of the obligations under defined benefit obligations and the related pension costs are calculated by a qualified actuary in accordance with the projected unit credit method. The discount rate adopted 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 obligations. The amount included in the P&L account 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 profits and losses.

Redundancy pay

Redundancy payments are included as an obligation 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;
- or the allocation of redundancy pay in consequence of an offer to encourage voluntary retirement (early retirement pensions).

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 obligations.

Variable pay

The variable pay of clerical staff and management is calculated on the basis of financial core-figures and the balanced scorecards. The expected amount of the variable pay is included as a cost in the reporting period concerned.

Share-based payments

The cost of the group's obligation in relation to share-option schemes is the current value of these instruments. This current value is determined by means of the current value of the shares on the allocation date. The total amount included as an expense over the waiting period is determined taking account of the current value of the allocated options. 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. At the end of every accounting year, the group reviews the number of options that are expected to be exercisable. Any impact of this review is included in the P&L account, together with an adjustment to the equity capital over the remaining waiting period.

TAXES ON PROFITS

The taxes on profits include the taxes on profits and deferred taxes. Both taxes are included in the P&L account, except in those cases where it concerns components that are part of the equity capital. In this last case the inclusion proceeds via the equity capital. The term 'taxes on profits' is taken to mean those that are levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance-sheet date, in common with adjustments to the taxes due over the previous reporting periods. Deferred taxes are calculated according to the balance-sheet method and arise mainly from the differences between the balance-sheet value of assets and liabilities in the balance-sheet and the tax basis of those assets and liabilities. The amount of deferred taxes is based on the expectations regarding the realisation of the balance-sheet 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 included 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 liabilities 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.

REVENUES

Revenues are included if it is likely that the Entity will enjoy the economic advantages relating to the transaction and if the amount thereof can be determined reliably. Turnover is reported after taxes and discounts.
Sale of goods: Revenues from the sale of goods are included 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 sold goods 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 go to the group, and
(e) the costs incurred or to 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 included as a reduction in the revenue at the time of invoicing.
Royalties: Royalties are included according to the attribution principle in accordance with the economic reality of the contract concerned.
Rental revenues: Rental revenues are included directly in the income statements on a linear basis, spread over the rental period.
Financial revenues: Financial revenues comprise the interest received, the dividends received, the exchange-rate revenues and the revenues from hedging instruments that are included in the income statement.

Interest: Interest is included 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 included 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 revenues.

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 included in the income statement, regardless of when the expenses are paid. Expenses can only be transferred to a subsequent period if they fulfil the definition of an asset.
Purchases: Purchases of trade goods, raw materials and auxiliary materials and purchased services are included 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 included in the income statement in the period in which they were incurred. Development costs and system development costs are included in the income statement in the period in which they were incurred if they do not meet the criteria for activation.
Financing costs: Financing costs include such things as the interest on loans, exchange-rate losses and losses on hedging instruments that are included in the income statement. Exchange-rate differences from non-operating activities and losses from hedging instruments for non-operating activities are also presented under financing costs.

2. CONSOLIDATION CIRCLE

The consolidated annual income statement of the group for 2010 includes the Entity and 22 consolidated subsidiaries over which the Entity exercises control (Note 32). In 2010 SDF Foods Ltd., Ter Beke International BV and Ter Beke Holding BV were set into liquidation. They will be settled in 2011. The consolidated financial statement for 2009 includes 23 consolidated subsidiaries. In the course of 2009, FreshMeals UK Ltd. was liquidated.

3. REPORTING PER SEGMENT AND GEOGRAPHICAL REGION

Ter Beke is a food group, specializing in the development, production and sale of processed meats and fresh ready meals in Europe. At the end of 2010 the Ter Beke group had a workforce of 1,819 (2009: 1,770) (full-time equivalents on December 31 2010 and the average number of temporary workers in 2010). 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 organization 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, pâtés 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 include the assets and liabilities pertaining directly 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 fixed

assets, goodwill, tangible fixed assets and the elements of the operational working capital. All other assets and liabilities have not been allocated to the business segments and are mentioned as “not allocated”. Assets and liabilities per segment are presented before elimination of inter-segment positions. Arm’s length conditions are taken as a basis for inter-segment transfer pricing. The investment expenses per segment include the cost of the acquired assets with an expected period of use of more than one year. In this segment reporting the same valuation rules are used as in the consolidated financial statements.

Both in the Processed Meats and Ready Meals divisions, we sell our products to a large customer basis, amongst which most large European discount and retail customers. Turnover with these customers is realised through a diversified number of contracts and products with various terms, both under our own brand as under the customers’ brands and in different countries. While our customer portfolio is diversified, the complete termination of a relationship with a large customer group could have an impact on our operating activities.

As the turnover of the two segments is de facto intangible, Ter Beke has opted to report only the extra-group sales.

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

The division of the net turnover per region is based on the geographical location of the external clients. The division of the total assets and investment expenses per region is based on the geographical location of the assets. The investment expenses per segment include the cost of the acquired assets with an expected economic lifetime of more than one year.

KEY DATA PER BUSINESS SEGMENT

	2010			2009		
	PROCESSED MEATS	READY MEALS	TOTAL	PROCESSED MEATS	READY MEALS	TOTAL
Segment income statement						
Segment revenue	277,295	124,885	402,180	273,152	119,222	392,374
Segment results	10,078	10,410	20,488	7,794	10,773	18,567
Non-allocated results			-2,687			-3,480
Net financing cost			-3,511			-2,660
Tax			-3,832			-4,171
Consolidated result			10,458			8,256
Segment balance sheet						
Segment assets	158,906	66,719	225,625	153,451	62,642	216,093
Non-allocated assets			16,988			13,923
Total consolidated assets			242,613			230,016
Segment liabilities	57,386	31,200	88,586	47,824	29,626	77,450
Non-allocated liabilities			154,027			152,566
Total consolidated liabilities			242,613			230,016
Other segment information						
Segment investments	12,463	11,320	23,783	11,397	5,262	16,659
Non-allocated investments			560			389
Total investments			24,343			17,048
Segment depreciations and non-cash costs	11,276	7,752	19,028	11,978	7,452	19,430
Non-allocated depreciations and non-cash costs			672			638
Total depreciations and non-cash costs			19,700			20,068

KEY DATA PER GEOGRAPHICAL REGION

THIRD PARTY TURNOVER	2010	2009
Belgium	171,584	168,510
The Netherlands	150,633	148,937
France	15,908	16,664
UK	24,470	25,215
Germany	22,693	18,069
Other	16,892	14,979
	402,180	**392,374**
Assets per region	**2010**	**2009**
Belgium	168,737	160,430
The Netherlands	50,808	44,661
France	5,525	6,185
Other	17,543	18,740
	242,613	**230,016**
Investments per region	**2010**	**2009**
Belgium	20,877	13,296
The Netherlands	3,366	3,641
France	95	111
Other	5	0
	24,343	**17,048**

4. OPERATING REVENUES

	2010	**2009**	**%**
Revenues from the sale of goods	402,180	392,374	2.5%

In 2010, the group's turnover increased from 392.4 million EUR to 402.2 million EUR. At the same time, a considerable volume increase was realised in both divisions.
In the processed meats division, turnover increased by 1.5%. This positive evolution is the result both of a growth of the service slicing activities in the Netherlands and the growth in our traditional processed meats activities in our home markets. This resulted in an increase in market share on the Belgian market.
In the ready meals division, turnover increased by 4.7%, despite a slightly weaker third quarter. This turnover growth results from a volume increase in the international markets and an increase in sales in Belgium of products marketed under the Come a casa® brand. Ter Beke invested heavily in this brand in 2010, through (1) upgrading of recipes, (2) development of new packaging and (3) through an extensive promotion campaign including three intensive television campaigns.
The support of the Come a casa® brand added considerably to the growth of the ready meals category in the Belgian market. The brand increasingly brings about positive associations with the consumer. 2010 IPSOS research shows a strong increase in the Come a casa® brand equity. The further improvement of the quality of the products as well as the increasing relevance of the brand for the consumer, were key elements in this respect.
The turnover growth in both divisions was slowed down by the evolution of raw material prices and the overall price pressure in the market.

5. TRADE GOODS, RAW AND AUXILIARY MATERIALS

	2010	2009
Purchases	207,204	200,413
Stock changes	-730	3,626
Total	**206,474**	**204,039**

6. SERVICES AND MISCELLANEOUS GOODS

	2010	2009
Fee for third parties	22,087	21,146
Maintenance and repairs	15,749	13,581
Costs of marketing and sales	17,447	15,351
Transport costs	14,377	14,552
Energy	8,344	8,355
Other	8,511	7,919
Total	**86,515**	**80,904**

The fee for third parties includes mainly costs of temporary work, counsellors and Directors.
The account "others" includes a.o. costs of rent and office expenses.

7. WAGES AND SALARIES

Wages and salaries in 2010 amounted to EUR 72,138 (000) compared to EUR 72,877 (000) in 2009. Wages and salaries can be split up as follows:

	2010	2009
Wages and salaries	47,785	48,758
Social security contributions	17,137	17,432
Other personnel costs	7,216	6,687
Total	**72,138**	**72,877**
Total employment in full-time equivalents (excl. interim workers)	1,475	1,431

8. IMPAIRMENTS, WRITE-OFFS AND PROVISIONS

	2010	2009
Impairments	36	871
Provisions	-84	-236
Total	**-48**	**635**

The 2009 impairments mainly concern impairments on the technical spare parts stock.

9. OTHER OPERATING INCOME AND EXPENSES

	2010	2009
Recovery of wage-related costs	795	1,318
Recovery of logistic costs	114	122
Government grants	13	12
Profits from the sale of assets	105	202
Insurance recoveries	376	286
Losses in value	-263	-68
Local tax	-1,467	-1,701
Indemnities	372	299
Other	403	131
Total	**448**	**601**

10. PROFITS/LOSSES OF OPERATING ACTIVITIES

	2010	2009	%
Profit of operating activities	17,801	15,087	18.0%
Non current operating activities	0	0	
Current profit of operating activities (REBIT)	**17,801**	**15,087**	**18.0%**

The operating result (EBIT) increased by 18.0% in 2010, going from 15.1 million EUR to 17.8 million EUR. The increase of the operating result is mainly caused by an increase in volume, further efficiency improvements in the entire supply chain and increased cost control and cost reduction efforts.
The increased investments in Come a casa® were entirely expensed in 2010.
On October 14th, 2010, the new slicing site and value added logistics platform in Wijchen (The Netherlands) was started up. As of the end of 2010, all slicing activities that were previously carried out in Milsbeek were transferred to this new site.
The non-cash costs (depreciations and amortisations) are maintained at the same level in 2010 as in 2009 and amount to approximately 20 million EUR.

11. FINANCIAL INCOME

	2010	2009
Interest income	13	322
Positive exchange rate differences	0	499
Other	196	165
Total	**209**	**986**

12. FINANCING EXPENSES

	2010	2009
Interest costs on loans	2,490	3,074
Interest costs on leasing	177	247
Negative exchange rate differences	396	0
Bank costs	172	246
Other	485	79
Total	**3,720**	**3,646**

13. TAX

	2010	2009
Tax on profits		
Financial year	3,797	3,055
Previous financial years	135	195
Deferred tax liabilities		
Effect of temporary differences	-100	1,052
Deferred tax on the loss of the current financial year	0	-131
Total tax in the income statement	**3,832**	**4,171**

The tax rate in Belgium amounts to 33.99 % (2008: 33.99 %). For the other countries, the tax rates applicable in those countries are used.

RELATIONSHIP BETWEEN THE TAX BURDEN AND THE ACCOUNTING PROFIT	2010	2009
Accounting profit before tax	14,291	12,427
Tax at the Belgian tax rate (2010 : 33,99% and 2009 : 33,99%)	4,858	4,224
Effect of the different tax rates of the foreign companies	-344	-215
Effect of the expenses non deductible against tax	430	508
Deferred tax assets and liabilities into result	-13	-164
Realisation of previously not-acknowledged tax receivables	-715	-260
Notional interest deduction	-466	-362
Other effects	82	440
Actual tax burden	**3,832**	**4,171**
Actual tax percentage	26.8%	33.6%

14. GOODWILL

	2010	2009
Goodwill		
Net balance sheet value end of the financial year	**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. 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 until in proportion to the book value of each asset in the segment.

In 2010 the goodwill amounted to EUR 29,096 (000) (2009: EUR 29,096 (000)) for processed meat products and EUR 6,108 (000) (2009: EUR 6,108 (000)) for ready meals.

The above-mentioned impairment analysis is based on the budgeted estimates for the following year of the segment's own operating cash flows. These cash flows are extrapolated over seven years with growth percentages that were specified based on the sector information available (1.5%) and 0% growth in the perpetual values. For each year the cash flows calculated in this manner are reduced with the estimated replacement investment required to maintain the current production facilities in an operational status. All these cash flows are actualised to 8% (after taxes).

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 30% in processed meat products and 16% in ready meals. If the EBITDA/Sales-margin decreases by 1% this difference decreases by 28% and 10% respectively.

15. INTANGIBLE FIXED ASSETS

	2010 SOFTWARE	2009 SOFTWARE
Acquisition value		
Start of the financial year	13,491	13,006
Acquisitions	702	517
Transfer and discontinuations	-50	-32
Transfer from / to other entries	19	0
End of the financial year	**14,162**	**13,491**
Depreciations		
Start of the financial year	11,346	10,440
Depreciations*	808	931
Transfer and discontinuations	-1	-25
End of the financial year	**12,153**	**11,346**
Net balance sheet value end of the financial year	**2,009**	**2,145**

16. TANGIBLE FIXED ASSETS

	2010						
	LAND AND ASSETS	INSTALLATIONS, MACHINES AND EQUIPMENT	FURNITIRE AND ROLLING STOCK	LEASING	OTHER	ASSETS UNDER CONSTRUCTION	TOTAL
Acquisition value							
Start of the financial year	100,624	198,976	3,274	3,596	81	271	306,822
Acquisitions	657	22,734	164	0	0	86	23,641
Transfer and discontinuations	-829	-1,835	-522	-755	0	-110	-4,051
Transfer from / to other entries	721	-897	-100	418	0	-161	-19
End of the financial year	101,173	218,978	2,816	3,259	81	86	326,393
Depreciations							
Start of the financial year	47,261	138,970	2,824	2,845	80	0	191,980
Extension consolidation circle							0
Depreciations*	3,610	14,484	153	365	1		18,613
Transfer and discontinuations	-61	-1,834	-522	-233			-2,650
End of the financial year	50,810	151,620	2,455	2,977	81	0	207,943
Impairment							
Start of the financial year	2,027	715	2	0	0	0	2,744
Addition*	700						700
Reduction*	270	-270					0
End of the financial year	2,997	445	2	0	0	0	3,444
Net capital grants							
Start of the financial year	534	2,772	34	0	0	0	3,340
Other		65					65
Depreciation*	-56	-316	-1				-373
End of the financial year	478	2,521	33	0	0	0	3,032
Net balance sheet value on 31 december 2010	46,888	64,392	326	282	0	86	111,974

2009	LAND AND ASSETS	INSTALLATIONS, MACHINES AND EQUIPMENT	FURNITIRE AND ROLLING STOCK	LEASING	OTHER	ASSETS UNDER CON-STRUCTION	TOTAL
Acquisition value							
Start of the financial year	100,559	191,318	3,275	3,686	1,261	112	300,211
Acquisitions	1,597	14,498	77	55	0	304	16,531
Transfer and discontinuations	-1,532	-6,985	-78	-145	-1,180		-9,920
Transfer from / to other entries		145				-145	0
End of the financial year	100,624	198,976	3,274	3,596	81	271	306,822
Depreciations							
Start of the financial year	44,602	131,488	2,665	2,499	752	0	182,006
Depreciations*	3,577	14,125	236	488	8		18,434
Transfer and discontinuations	-918	-6,643	-77	-142	-680		-8,460
End of the financial year	47,261	138,970	2,824	2,845	80	0	191,980
Impairment							
Start of the financial year	2,060	1,163	2	0	0	0	3,225
Addition*	500						500
Reduction*	-533	-448					-981
End of the financial year	2,027	715	2	0	0	0	2,744
Net capital grants							
Start of the financial year	528	1,991	20	0	0	0	2,539
New allocations	114	1,264	22				1,400
Other	-27	-140					-167
Depreciation*	-81	-343	-8				-432
End of the financial year	534	2,772	34	0	0	0	3,340
Net balance sheet value on 31 december 2009	50,802	56,519	414	751	1	271	108,758

In relation to the takeover contract for the business units Pronto, Les Nutons and l'Ardennaise from Unilever Belgium NV, a 99-year ground lease contract had been concluded in July 1996 for the use of the land and buildings. The buildings are included as financial leasing, the land under operational leasing.
The lines selected with * of notes 15 and 16 are included in the amount of depreciations and impairments of fixed assets in the income statement.

The main investment project in the processed meats division concerned the full automation of the production of paté at the Wommelgem site. A new paté-tubs packaging line was installed at this site and a fully automated cooking and cooling installation for paté products was started up.
In the ready meals division, investments primarily concerned the production and optimisation of the production sites in Wanze and Marche-en-Famenne and the further improvement of the supply chain.

17. FINANCIAL ASSETS

	2010	2009
Receivables and securities in cash	136	159
Total	**136**	**159**

18. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities are attributable to the following headings

	2010	2009
Debts	306	-118
Tangible fixed assets	8,121	8,554
Stocks	0	-85
Receivables	43	369
Provisions	-218	-126
Tax loss carry forwards deducted from other entries	-131	-131
Deferred tax assets and liabilities	**8,121**	**8,463**

In 2010, the group did not acknowledge EUR 7,598 (000) (EUR 8,455 (000) in 2009) in deferred tax assets on tax-deductible losses EUR 256 (000) (EUR 82 (000) in 2009) of transferable notional interest deduction because it is insufficiently certain that these will be realized in the near future. These transferable losses are transferable without limitation, the notional interest deduction is transferable for 7 years only.

19. STOCKS

	2010	2009
Raw and auxiliary materials	14,618	14,553
Work in progress	3,756	3,672
Finished goods	5,234	4,759
Trade goods	204	139
Total	**23,812**	**23,123**

In 2009 an impairment of EUR 635 (000) of spare parts has been put in the above figures.

20. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables	56,432	50,944
Grants to receive	1,400	1,400
VAT to be reclaimed	2,222	2,103
Tax to be reclaimed	63	887
Accrued and deferred accounts	1,928	1,360
Other	2,647	1,250
Total	**64,692**	**57,944**

Our trade receivables are not intrestbearing.
The average number of days of customer credit for the group is 51 (2009 : 47). This number of days is distorted because of the strong sales in the fourth quarter of both years. There were no booked impairments on trade receivables incorporated as a cost in the income statement in 2010 and 2009.

21. CASH AND CASH EQUIVALENTS

	2010	2009
Short-term financial assets	1,170	0
Sight accounts	3,609	2,676
Cash	7	7
Total	**4,786**	**2,683**

22. EQUITY CAPITAL

The various components of the equity capital, together with the changes between 31 December 2010 and 31 December 2009 are shown in the Consolidated Transaction Summary of the Equity Capital.

CAPITAL

The Entity's issued capital amounted to EUR 4,903 (000) on 31 December 2010, 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.
On 31 December 2009, there was a total of 2,200 allocated warrants outstanding, giving entitlement to a total of 2,200 shares with an average exercise price of EUR 42.59 per share. The warrants were granted to key employees whom the shareholders wish to bind to the company in the long term. All of these warrants expired in the course of 2010.

SHARE-BASED PAYMENTS

During the period ending on 31 December 2009, the group had the outstanding warrant plan described below.

Plan	Offer	Outstanding on 31 Dec 10	Outstanding on 31 Dec 09	Exercise Price
2002	03 Jun 02	0	2,200	42.59

The share option plan was approved by the Extraordinary General Meeting. Warrants with a fixed exercise price each give entitlement to one Ter Beke NV share at an exercise price equal to the average of the closing prices for the share on Euronext Brussels during the thirty days preceding the offer date. The period of these warrants is 5 years.
In view of the developments in stock-market prices for Ter Beke shares and in view of the law of 24 December 2002, the exercise period for the existing plan was extended by the Extraordinary General Meeting of 28 May 2003 by three years. The warrants were granted to key employees whom the shareholders wish to bind to the company in the long term. Options allocated under this warrant plan are exercisable from the third anniversary of the date of receipt and if the employment conditions mentioned in the scheme are met.
The movements in options are as follows:

	2010	2009
Number of outstanding warrants		
Start of the financial year	2,200	2,200
Lapsed	-2,200	0
End of the financial year	**0**	**2,200**

In the income statement, EUR 0 was included as a cost in 2010 and EUR 4 (000) in 2009 for the share-based payments.

OWN SHARE RESERVE

The reserve for own shares contains the acquisition value of the own shares held by the group. On 31 December 2010 the group held 1,623 own shares compared to no own shares on 31 December 2009.

EXCHANGE-RATE DIFFERENCES

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

DIVIDENDS

On 24 February 2011, the Board of Directors proposed paying out EUR 4,331,552.50 or EUR 2.50 per share. This dividend has still not been approved by the Ter Beke General Shareholders Meeting and has therefore not yet been included in the accounts.

23. STAFF REMUNERATION

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The group and its subsidiaries provide for pension schemes and other staff benefits. On 31 December 2010 the total net debt for pension schemes and similar obligations was EUR 1,566 (000). This was EUR 1,377 (000) as at 31 December 2009.

	OBLIGATIONS UNDER IAS 19 DEFINED BENEFIT PLAN	OTHER PROVISIONS	TOTAL PROVISIONS
1 January 2009	1,363	264	1,627
Service cost	85	185	270
Interest cost	83		83
Payments	-52		-52
Reversals	-102	-134	-236
31 December 2009	**1,377**	**315**	**1,692**
Service cost	80		80
Interest cost	88		88
Payments		-125	-125
Reversals	-119	35	-84
Other	140		140
31 December 2010	**1,566**	**225**	**1,791**

IAS19	2010	2009
Liability included in the balance sheet regarding defined benefit pension liabilities	1,566	1,377
Not recognised in the balance sheet		
Past service pension costs	-28	22
Defined benefit pension schemes	**1,593**	**1,355**
Net liability/ (asset)	**1,566**	**1,377**
Of which liabilities	1,861	1,652
Of which investments in investment funds	-295	-275
Amounts recognised in the profit and loss account:		
Pension costs allocated to the year of employment	92	85
Interest charges	88	83
Expected return from investments in investment funds	-12	-11
Recognised actuarial (profits)/losses	293	54
Past service pension costs	-19	0
Losses/ (profits) from curtailments or settlements	0	-12
Costs recognised in the profit and loss account regarding defined benefit pension schemes	**442**	**199**
Present value of the gross liability at the beginning of the year	**1,652**	**1,605**
Employer's contributions	-204	-207
Pension costs allocated to the year of employment	442	199
Other	-29	55
Present value of the gross liability at the end of the year	**1,861**	**1,652**
Fair value of the investments in investment funds at the beginning of the year	**-275**	**-242**
Expected employer's contributions	-198	-243
Expected benefits paid (excl. interest)	204	228
Expected return from investments in investment funds	-12	-11
Expected value of the investments in investment funds at the end of the year	-281	-268
Fair value of the investments in investment funds at the end of the year	**-295**	**-275**
Actual employer's contributions	-204	-207
Actual benefits paid	194	198
Actuarial profit (losses) from investments in investment funds	1	-12

DEFINED CONTRIBUTION PLANS

The Ter Beke companies contribute to public or privately-managed pension or insurance funds under the fixed contribution schemes relating to staff remuneration. Once the contribution is paid, the group's companies have no further payment obligations. The periodical contributions constitute a cost for the year in which they are owed. In 2010 this cost amounted to EUR 1,961 (000). In 2009 this was EUR 1,474 (000). The other provisions consist of restructuring provisions and redundancy payments. Costs regarding IAS 19 are booked under personnel costs. The interest component is included in the financial result.

24. INTEREST-BEARING OBLIGATIONS

	MATURITY PERIOD			
2010	WITHIN THE YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	TOTAL
Interest-bearing obligations				
Credit institutions	21,344	36,190	4,212	61,746
Leasing debts	152	56		208
Total	**21,496**	**36,246**	**4,212**	**61,954**

	MATURITY PERIOD			
2009	WITHIN THE YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	TOTAL
Interest-bearing obligations				
Credit institutions	20,669	42,564	4,212	67,445
Leasing debts	309	393	0	702
Total	**20,978**	**42,957**	**4,212**	**68,147**

The loans from credit institutions consist of:

- long-term credits with a fixed interest rate for EUR 39,826 (000);
- long-term credits whereby the interest rates are regularly reviewed for agreed periods of less than one year for EUR 21,920 (000).

	2010	2009
Loans with fixed interest rate	4.43%	4.81%
Loans with variable interest rate	2.10%	2.04%

Minimum payments credit institutions (including interests):

	2010	2009
Less than 1 year	23,265	20,356
More than 1 and less than 5 years	38,432	45,630
More than 5 years	4,421	4,492

The group has sufficient short-term credit lines to fulfil its short-term requirements. In order to obtain the aforementioned obligations to credit institutions, the group did not pledge any assets, nor were guarantees given by third parties. The financial covenants are based on the ratio net debt / EBITDA and the ratio consolidated equity / total consolidated assets. In 2010 and 2009 the group meets the covenants.
The minimum financial lease payments (including interests) are:

	2010	2009
Less than 1 year	159	337
More than 1 and less than 5 years	59	413
More than 5 years	0	0

The group leases certain assets under financial leasing. The average duration is 3 years. The interest is established at the start of the contract. All leasing contain a fixed repayment scheme. In all cases the underlying asset is the legal property of the leasing company.

25. TRADE LIABILITIES AND OTHER DEBTS

	2010	2009
Trade debts	60,269	49,392
Dividends	103	104
Other	5,167	2,232
Total	**65,539**	**51,728**

Most trade liabilities have a due date of 60 days or 30 days from invoice date.

26. RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Exposure to risks relating to 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 derived 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.

Considering the decreasing short-term interest rates and the fact that only 34.80% of the long-term loans have been contracted at variable interests, the company did not contract a specific coverage for this risk.

EXCHANGE-RATE RISK

The exchange-rate risk consists of possible fluctuations in the value of financial instruments resulting from exchange-rate fluctuations. The group is exposed to an exchange-rate risk on the sales, purchases and interest-bearing loans expressed in a currency other than the local currency of the company (Pound Sterling, etc.). On 31 December 2010, the group had a net position in Pound Sterling of £ 2,408 (000), on 31 December 2009 this position was £2,280 (000).

On 31 December 2010 the group had, as hedging against the exchange rate risk, an option contract for the sale of 2,125 (000) GBP for EUR and forward contracts for the sale of 5,045 (000) GBP for EUR. On 31 December 2009 the group had an option contract for the sale of 5,000 (000) GBP for EUR and forward contracts for the sale of 2,000 (000) GBP for EUR.

CREDIT RISK

The credit risk is the risk that one of the contracting parties fails to honour his obligations with regard to the financial instrument, giving rise to a loss for the other party. 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 liquidities and short-term investments: short-term investments are made in easily-tradable securities or in fixed-term deposits in reputable banks.
- Transactions with derived financial instruments: transactions with derived financial instruments are only permitted with counter-parties that have a high degree of creditworthiness.

The maximum credit risk for all these exposures equals the balance sheet amount.

Trade receivables are subject to normal terms of payment. There are no important 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 to ensure that sufficient credit lines are available. See also note 24.

27. OPERATIONAL LEASING

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

	2010	2009
Less than 1 year	2,099	774
More than 1 and less than 5 years	7,183	1,230
More than 5 years	15,536	0
Total	**24,818**	**2,004**

28. LIABILITIES OFF BALANCE SHEET

The group has not set up any sureties as a guarantee for debts or obligations to third parties.
The total purchase obligations in relation to major investment projects for which the respective contracts had already been assigned or orders placed amounted on 31 December 2010 to EUR 1,380 (000) (2009: EUR 993 (000)).

29. TRANSACTIONS WITH AFFILIATED PARTIES, DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

REMUNERATION OF DIRECTORS

The compensation policy was prepared by the Nomination & Remuneration Committee and approved by the Board of Directors. The compensations of the executive directors and members of the Executive Committee are structured in a fixed part, a variable part that is defined as a function of an evaluation by the Remuneration Committee, and long-term incentives such as a pension plan. Effective 1 January 2006, the compensation policy was included as an integral part of the Corporate Governance Charter of the group. The remunerations of the members of the Board of Directors and the Executive Committee in relation to the financial year 2010 can be summarized as follows:

IN MILLION EUR	2010	2009
Compensation Board members Ter Beke NV for the execution of their mandate	0.2	0.2
Total cost for the group of members of the Executive Committee, exclusive of the compensation for the execution of their Board membership within Ter Beke NV	2.6	2.2

We also refer to the remuneration report in the declaration of corporate governance.

TRANSACTIONS WITH OTHER PARTIES

Transactions with related 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 2009 and 2010 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 Companies Code) we refer to the annual report chapter on Corporate Governance.

30. PROFIT PER SHARE

ORDINARY PROFIT PER SHARE

The calculation of the ordinary Profit Per Share is based on a net profit to be allocated to the ordinary shareholders of EUR 10,458 (000) (2009: EUR 8,526 (000) and a weighted average number of outstanding ordinary shares during the year of 1,732,621 (2009: 1,732,621). 1,623 own shares on 31 December 2010 were not taken into account (0 on 31 December 2009).
The weighted average number of outstanding ordinary shares was calculated as follows:

	2010	2009
Number of outstanding ordinary shares per 1 January financial year	1,732,621	1,732,621
Effect of issued ordinary shares		
Weighted average number of outstanding shares per		
31 December financial year	1,732,621	1,732,621
Net profit	10,458	8,256
Average number of shares	1,732,621	1,732,621
Profit per share	**6.04**	**4.77**

DILUTED PROFIT PER SHARE

In calculating the Profit 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. This concerns the warrant plans in 2010 and 2009. The warrant scheme plan consists of 2,200 outstanding warrants as per 31 December 2009. In December 2010 there were no outstanding warrants.

	2010	2009
Net profit	10,458	8,256
Average number of shares	1,732,621	1,732,621
Dilution effect warrant plans	0	2,200
Adjusted average number of shares	1,732,621	1,734,821
Diluted profit per share	**6.04**	**4.76**

31. IMPACT OF BUSINESS COMBINATIONS

There were no business combinations in 2010 and 2009.

32. 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 2010:

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
Ter Beke Holding BV in liquidation - Burgemeester De Manlaan 2, 4837 BN Breda - The Netherlands	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
Ter Beke International BV in liquidation - Burgemeester De Manlaan 2, 4837 BN Breda - The Netherlands	100
FreshMeals Ibérica SL - Via de las Dos Castillas , 33 Complejo Empresarial Atica, Edificio 6	100
Planta 3a- Oficina B1, 28224 Pozuelo de Alarcon, Madrid - Spain	
Ter Beke Luxembourg SA - 19, rue de Bitbourg - 1273 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
N.S. Vamos et Cie 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 - Zone Industrielle des Grands Vris, 74540 Alby-sur-Chéran - France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The 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 Fleishwarenvertrieb GmbH - Nordstrasse 30, 47798 Krefeld - Germany	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
FreshMeals NV - Beke 1, 9950 Waarschoot - Belgium	100
SDF Foods in liquidation - Hillbrow Road, Esher, Surrey KT10 9NW - UK	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk - The Netherlands	100

33. EVENTS AFTER YEAR-END

There are no events after year end.

34. FEES OF THE STATUTORY AUDITOR

In relation to the financial year 2010, 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 78 (000). These fees concern mainly tax consultancy assignments. In relation to the statutory audit of the Ter Beke Group, the Statutory Auditor invoiced a fee of EUR 207 (000).

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 TO THE SHAREHOLDERS' MEETING

To the shareholders
As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying 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. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, 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 1 to 34. The consolidated balance sheet shows total assets of 242.613 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 10.458 (000) EUR.
The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.
In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we have considered internal control relevant to the group's preparation and fair presentation of the 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. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.
Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:
The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Kortrijk, 25 February 2011
The statutory auditor
DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by

Dirk Van Vlaenderen

Kurt Dehoorne

ABBREVIATED FINANCIAL STATEMENTS OF TER BEKE NV

BALANCE SHEET

	2010	2009
Non-current assets	**86,888**	**68,670**
I. Formation costs	0	0
II. Intangible fixed assets	0	0
III. Tangible fixed assets	1,727	1,830
IV. Financial fixed assets	85,161	66,840
Current assets	**86,903**	**67,444**
V. Receivables on more than 1 year	20	20
VI. Stocks	0	0
VII. Receivables on no more than 1 year	84,709	66,788
VIII. Cash investments	1,264	0
IX. Liquidities	684	423
X. Accrued and deferred accounts	226	213
Total assets	**173,791**	**136,114**
Shareholders' equity	**78,567**	**59,494**
I. Capital	4,903	4,903
II. Issue premiums	48,288	48,288
IV. Reserves	3,360	3,360
Legal reserves	649	649
Unavailable reserves	1,551	1,457
Tax-free reserves	679	679
Available reserves	481	575
V. Transferred result	22,016	2,943
Provisions and deferred taxes	**0**	**0**
Debts	**95,224**	**76,620**
X. Debts, more than 1 year	0	0
XI. Debts, no more than 1 year	95,223	76,617
XII. Accrued and deferred accounts	1	3
Total liabilities	**173,791**	**136,114**

INCOME STATEMENT

	2010	2009
Operating revenues	**11,465**	**10,819**
Turnover	0	0
Stock changes	0	0
Produced fixed assets	0	0
Other operating revenues	11,465	10,819
Operating costs	**10,974**	**10,334**
Trade goods, raw and auxiliary materials	0	0
Services and miscellaneous goods	7,032	6,271
Salaries, social security and pensions	3,270	3,412
Write-offs and depreciation on intangible and tangible fixed assets	663	636
Depreciation on stocks and trade receivables	0	0
Provision for risks and costs	0	0
Other operating costs	9	15
Operating profit	**491**	**485**
Financial income	2,305	6,722
Financial expenses	-327	-482
Result of ordinary business operations before tax	**2,469**	**6,725**
Exceptional income	21,345	0
Exceptional expenses	0	0
Profit before tax	**23,814**	**6,725**
Tax on profits	-409	-925
Result for the year after tax	**23,405**	**5,800**

The valuation 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. Both valuation rules differ widely from each other.
The statutory auditor has delivered a unqualified audit opinion on the financial statements.
The entire version of the financial statements, the unqualified audit opinion of the statutory auditor as well as the statutory annual report, that has not been included entirely herein, will be published according to the statutory provisions and can be obtained free of charge upon request.

CONTACT INFORMATION

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RPR Gent 0.421.364.139
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-4500 Wanze
RPM Huy 0442.475.396
Working company : 5 Chemin Saint-Antoine,
6900 Marche-en-Famenne

N.S. VAMOS ET CIE SA
Chaussée de Wavre 259a - B-4500 Wanze
RPM Huy 0427.663.397

COME A CASA SA
Chaussée de Wavre 259a - B-4500 Wanze
RPM Huy 0446.434.778

TER BEKE FRANCE SA
ZI des Grands Vris
F-74540 Alby-sur-Cheran
RCS Annecy 309 507 176

FRESHMEALS IBERICA S.L.
Complejo Empresarial Atica
Edificio 6, planta 3a, Officina B1
E-28224 Pozuelo de Alarcón (Madrid)
ES B 82656521

FRESHMEALS NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
KvK Utrecht 200.53.817

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

BINET SA
Route de Hermée 2 - B-4040 Herstal
RPM Herstal 0454.335.528

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
KvK Limburg Noord 12032497

LANGEVELD/SLEEGERS BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
KvK Limburg Noord 12036519

H.J. BERKHOUT VERSSNIJLIJN BV
Scheepmakerstraat 5 - NL-2984 BE Ridderkerk
KvK Rotterdam 24140598

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

PLUMA FLEISCHWARENVERTRIEB GMBH
Nordstrasse 30 - D-47798 Krefeld
117 / 5830 / 1047 - DE 123 114 501

TERBEKE-PLUMA NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
KvK Amsterdam 18024675

COLOPHON

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RPR Gent 0421 364 139

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Ce rapport annuel est également disponible en Français.
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OUR THANKS GO OUT TO ALL OUR EMPLOYEES, WHOSE INVOLVEMENT IN THE ACHIEVEMENT OF THE COMPANY'S OBJECTIVES AND WHOSE DYNAMISM ALLOWS US TO ATTAIN THE REPORTED RESULTS AND TO HAVE CONFIDENCE IN THE FUTURE.

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