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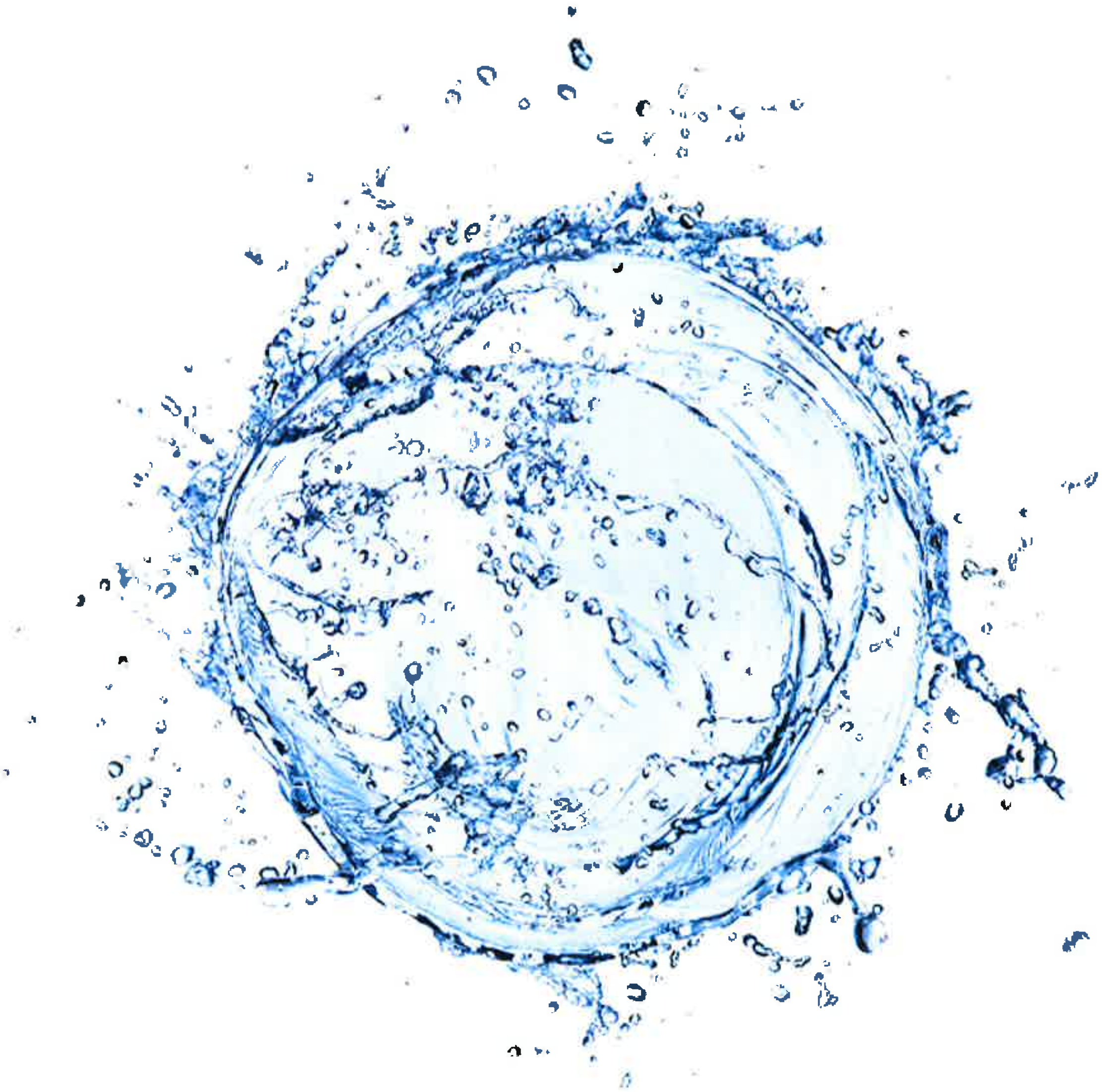

Ter Beke NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2017

The original text of this report is in Dutch

Statutory auditor's report to the shareholders' meeting of Ter Beke NV for the year ended 31 December 2017

(Consolidated financial statements)

In the context of the statutory audit of the consolidated financial statements of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 26 May 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Ter Beke NV for at least 21 consecutive periods.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated overview of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 399 736 (000) EUR and the consolidated income statement shows a consolidated net profit for the year then ended of 17 139 (000) EUR.

In our opinion, the consolidated financial statements of Ter Beke NV give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of goodwill At 31 December 2017 the total recorded amount of goodwill amounts to 76 523 (000) EUR. The group has allocated its goodwill to its two cash-generating units (CGU) 'Processed Meat' (32 369 (000) EUR) and 'Ready Meals' (44 154 (000) EUR). The group defines annually the carrying amounts of non-current assets allocated to its two cash-generating units. Ter Beke assesses the recoverable amount by calculating the value in use of the assets within the cash-generating unit, using a discounted cash flow method ("DCF"). This method requires significant judgment in making estimates of cash flow projections, sales growth, EBITDA margin evolution and discount rate. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter. The group disclosed the nature and the value of the assumptions used in the impairment analyses in note 14 of the consolidated financial statements.	In our audit, we assessed and tested, with the assistance of our valuation experts, management's critical assumptions used in the discounted cash flow model. We challenged the key drivers of projected future cash flows, including estimated sales growth, estimated EBITDA margin and the applied discount rate. Our procedures performed furthermore include the evaluation of the design and implementation of controls over the preparation and approval of Ter Beke's budget, which serves as the basis in the DCF model. We critically assessed the budgets by taking into account the historical accuracy of the budgeting process. Moreover, we performed sensitivity analyses with respect to the available headroom of the two CGU's considering changes in discount rate, sales growth rates and EBITDA margin. We assessed the adequacy of the company's disclosure note to the consolidated financial statements.
Acquisition of Stefano Toselli, Pasta Food Company, KK Fine Foods and Offerman Group In the course of the year, the group gained control over Stefano Toselli and Pasta Food Company and acquired KK Fine Foods and Offerman Group. IFRS 3 requires the group to recognize the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with excess of the consideration over the identified fair values recognized as goodwill. This requires a significant amount of estimation, particularly in relation to the identification and valuation of tangible and intangible assets and goodwill recognized. The tangible and intangible assets and goodwill recognized at opening balance sheet date amounted to 83 936 (000) EUR and 41 025 (000) EUR respectively. We considered the measurement of tangible and intangible fixed assets at fair value and goodwill recognized at opening balance sheet date to be a key audit matter given the magnitude of the amounts, management's judgment applied in the identification and valuation of these assets at fair value and the technical expertise required to determine these amounts.	We performed audit procedures on all opening balances, challenged and tested management's key assumptions applied in the purchase price allocations in arriving at the fair value of the assets acquired, the liabilities and contingent liabilities assumed and the resulting goodwill. With respect to the intangible assets related to customer portfolios and brand name, we challenged, with the support of our own valuation expert, the expected future cash flows and the discount rate. We also critically assessed the appropriateness of the useful lives assigned to the identified assets in relation to the expected use of these assets. With respect to the determination of the fair value of the tangible fixed assets based on external valuation reports, we critically assessed the methodology used and expertise level as well as challenged the outcome to market data. We also assessed the adequacy of the company's disclosure note 14 and 35 of the consolidated financial statements.

Responsibilities of the board of directors for the consolidated financial statements

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

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the directors' report, i.e. chapter 1 to 4 of this annual report is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate chapter that is part of the annual report. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI Standards. We do however not express any opinion on the question whether this non-financial information has been established, in all material respects, in accordance with these GRI Standards. Furthermore, we do not express any form of assurance conclusion on individual elements that have been disclosed in this non-financial information.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 20 April 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Charlotte Vanrobaeys