

demanding by nature

ANNUAL REPORT 2011



Consolidated key figures 2004-2011

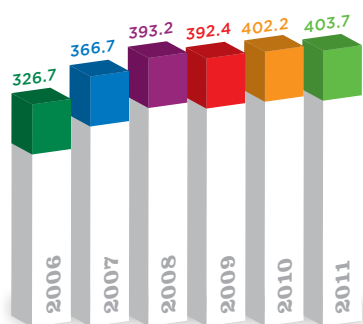
Consolidated income statement	2011	2010	2009	2008	2007	2006	2005	2004
Revenue	403,715	402,180	392,374	393,206	366,669	326,718	236,238	200,035
EBITDA (1)	33,233	37,501	35,155	29,866	29,274	23,981	21,632	20,855
Recurring Operating result	15,333	17,801	15,087	11,378	12,192	8,606	10,700	11,922
Non-recurring operating activities	0	0	0	-3,425	-1,950	1,500	0	-1,750
Result of operating activities	15,333	17,801	15,087	7,953	10,242	10,106	10,700	10,172
Result after tax before share in the result of enterprises accounted for using the equity method	9,206	10,458	8,256	7,604	6,069	5,973	5,949	5,030
Result after taxes	9,006	10,458	8,256	7,604	6,069	5,973	5,949	5,030
Net cash flow (2)	27,106	30,158	28,324	29,517	25,101	19,848	16,881	15,713
Consolidated balance sheet and financial structure	2011	2010	2009	2008	2007	2006	2005	2004
Non-current assets	153,192	149,323	146,266	150,361	161,173	134,537	83,828	66,541
Current assets	99,744	93,290	83,750	89,075	86,597	73,621	50,597	45,374
Equity	93,879	89,116	82,808	78,146	74,421	71,715	45,359	41,101
Balance sheet total	252,936	242,613	230,016	239,436	247,770	208,158	134,425	111,915
Net financial debt (3)	59,619	57,168	65,464	69,853	71,681	56,458	28,863	13,666
Net financial debt / Equity	63.5%	64.2%	79.1%	89.4%	96.3%	78.7%	63.6%	33.2%
Equity / Balance sheet total	37.1%	36.7%	36.0%	32.6%	30.0%	34.5%	33.7%	36.7%
Stock and dividend information	2011	2010	2009	2008	2007	2006	2005	2004
Number of shares	1,732,621	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	1,732,621	1,731,641	1,727,118	1,588,088	1,366,698	946,196
Average stock price (December)	49.67	60.09	54.38	41.91	56.85	65.10	66.10	60.51
Profit per share	5.20	6.04	4.77	4.39	3.51	3.76	4.35	5.32
Diluted profit per share	5.20	6.04	4.76	4.38	3.49	3.7	4.24	3.59
EBITDA per share	19.18	21.64	20.29	17.25	16.95	15.10	15.83	22.04
Net cash flow per share	15.64	17.41	16.35	17.05	14.53	12.50	12.35	16.61
Dividend per share	2.50	2.50	2.35	2.10	2.10	2.10	2.10	2.00
Payout ratio	48.1%	41.4%	49.3%	47.8%	59.9%	60.6%	48.3%	36.3%
Dividend return (December)	5.0%	4.2%	4.3%	5.0%	3.7%	3.2%	3.2%	3.3%
Valuation	2011	2010	2009	2008	2007	2006	2005	2004
Market capitalisation (December)	86,059	104,113	94,220	72,614	98,360	112,165	90,492	82,485
Net financial debt	59,619	57,168	65,464	69,853	71,681	56,458	28,863	13,666
Market value of the company	145,678	161,281	159,684	142,467	170,041	168,623	119,355	96,151
Market value / Result	16.2	15.4	19.3	18.7	16.2	18.8	15.2	16.4
Market value / EBITDA	4.4	4.3	4.5	4.8	5.8	7.0	5.5	4.6
Market value / Net cash flow	5.4	5.3	5.6	4.8	6.8	8.5	7.1	6.1

(1) Operating result + depreciations + impairments and provisions

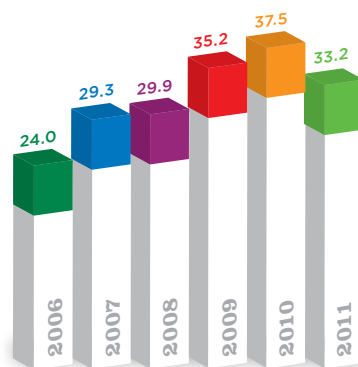
(2) Result after tax before share in the result of enterprises accounted for using the equity method + depreciation + impairments + changes in provisions

(3) Net financial debt = interest bearing liabilities - interest bearing receivables, cash and cash equivalents

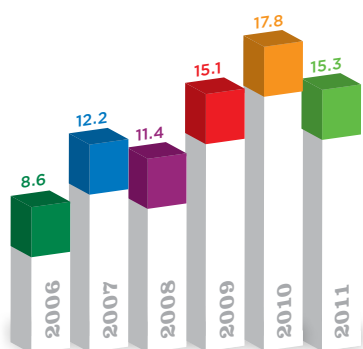
Turnover



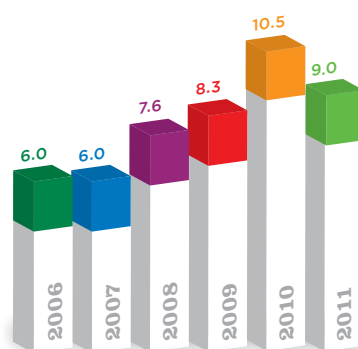
EBITDA



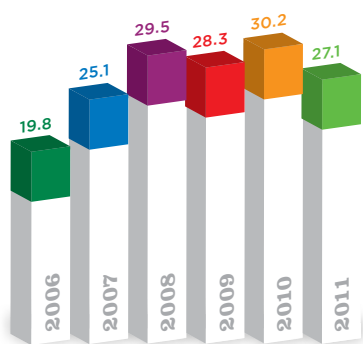
Recurring operating result (rebit)



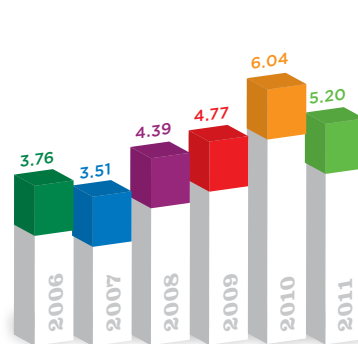
Result after taxes (eat)



Net cash flow



Profit per share



TER BEKE CONSOLIDATED FINANCIAL STATEMENTS: all amounts in million EUR, profit per share in EUR.

Headlines and key figures 2011

TURNOVER

403.7 million EUR

EBITDA

33.2 million EUR

EAT

9.0 million EUR

INVESTMENTS

14.6 million EUR

Processed Meats

- **Increased market share** in Belgium, The United Kingdom and Germany;
- **Changes in the product mix** explain slight decline in turnover while volume remains stable;
- **Increased raw material prices** put margins under pressure.

Ready Meals

- **Turnover and volume increase** for lasagne and pasta meals;
- **Increased raw material prices** put margins under pressure;
- **Come a casa**[®] continues to grow in Belgium.

Proposal to pay a gross dividend of 2.50 EUR per share.

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 1,800 persons. In 2011 Ter Beke realised a turnover of 403.7 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
- 3 production sites in Belgium (Wommelgem, Waarschoot 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[®], Oligusto[®] and Daniël Coopman[®]
- approximately 1,050 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 Marcheen-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

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Message from the Chairman

Ter Beke achieves satisfying results in a challenging market.

As everyone is fully aware, we are going through difficult economic times. In 2011 our group was faced with substantial increases in raw material prices, substantial increases in salary and gas and electricity costs and increasingly cautious consumers. The competition between the various actors in our market intensified further, among the suppliers as well as customers.

Under these circumstances we succeeded in realising what we had promised when we published our interim results, that is results for the second half of 2011 in line with those of 2010. As chairman, I can only be delighted about this.

The consolidated turnover rose in 2011 to 403.7 million EUR. The turnover of the Ready Meals Division rose by 3.9%, mainly as a result of a marked growth in volume for lasagne and pasta meals. The turnover in the Processed Meats Division dropped by approximately 1.1% with a stable total volume. The drop in turnover is mainly attributable to changes in the product mix, where the volume of sales of the cheaper products increased at the expense of the volume of the more expensive products. Nevertheless, our market share increased in Belgium, the United Kingdom and Germany.

The drop in our operating income in 2011 is mainly due to sharp increases in raw material prices since the second half of 2010. The nature of the contracts that we agree with our large retail customers means that there is an unavoidable delay in including these price increases in the sales prices.

In 2011 we also invested in the quality of our products, in innovation and in the support of our Come a casa® brand in Belgium. Thanks to this, the Come a casa® market share continued to grow and our brand encouraged growth throughout the whole category.

In 2011, we invested 14.6 million EUR in material fixed assets. The investments mainly concern the automation of the paté production in Wommelgem and further efficiency investments and modifications to the infrastructure at our other sites.

At the same time we continued to work on our programme of cost management and cost reduction in all our locations, with the aim of limiting the impact of increases in the price of raw materials, personnel, and gas and electricity on the results. Regrettably, the results of some major efficiency investments were realised with some delay.

As previously announced, we signed the definitive contracts on 25 May 2011 to establish a joint venture for manufacturing and distributing lasagne and pasta meals in Central and Eastern Europe; the joint venture is now operating in Poland as "The Pasta Food Company".

The joint venture's business plan includes building a factory that will produce for the Central and Eastern European markets. After conducting an extensive study, we have selected a location for this factory in Opole, a city in southern Poland. In the meantime, the joint venture has acquired the land and work has commenced on preparing the construction dossier.

It goes without saying that our share in The Pasta Food Company's results over 2011 is slightly negative. We have contributed 50% of the start-up costs of the joint venture and the initial costs relating to the factory construction in Opole.

Because of the weak first six-months and taking account of our share in the start-up costs of the joint venture, our net profit after taxes this year amounts to 9 million EUR compared to 10.5 million EUR in 2010.

The Board of Directors will make a proposal to the General Meeting of Shareholders to distribute a gross dividend of 2.50 EUR per share. This corresponds to the dividend that was distributed over 2010.

In 2012 we will continue to work on improving our profitability in both divisions, for example by launching new products and concepts, by investing in a better product mix and making the necessary increases in our sales prices.

In addition, in 2012 we will continue investing in the Come a casa® brand and in the efficiency improvements in the total supply chain. We will strictly monitor our fixed costs to ensure that these remain under control.

All this should lead to an improvement in the results again in 2012. Given the uncertain economic climate, at this point in time we prefer not to state any firm expectations.

Recently, I announced that I will soon start preparing for my succession as chairman of Ter Beke. An ad hoc committee under the auspices of the Board of Directors has drawn up a profile for my successor and has searched for the most suitable candidate. This person will be introduced at the General Meeting of Shareholders to be held on 31 May 2012, after which I will work together with my successor during a transitional period.

This means the end of an era and Ter Beke will enter a new phase in its successful history.

It is with pride and satisfaction that I look back on 41 years of fruitful collaboration with Mr and Mrs Coopman, the reference shareholders, who gave me the space and confidence to expand Ter Beke into a respected listed family business.

I have had the privilege of working together with many people, in good and in difficult times. A company is a group of people who work together towards a common goal and who work with ambition and dedication for satisfied customers, day after day.

Under Marc Hofman's competent leadership and management, Ter Beke is now a strong high-quality and financially sound company that can look forward to an extensive international future.

I would also like to thank our shareholders who have constantly supported our growth; I thank our customers for the confidence they have shown in us; I thank our suppliers for their punctual collaboration. But today I particularly want to thank all Ter Beke employees, at all levels, for the many years of working together based on respect and trust.

I wish you all, together with my successor, good speed, happiness and prosperity and last but not least, enjoyment in your work.

Luc De Bruyckere,
Chairman



Group Charter

Mission

“We create value for our customers and ourselves 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 commit ourselves to work together in order to realise the objectives of Ter Beke. Working relationships are based on mutual respect, trust, willingness to listen and support.
- **Result driven:** 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 forward looking 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.



Report from the Board of Directors

Overview of activities and results of the Ter Beke group in 2011

This overview concerns the consolidated annual accounts of the Ter Beke group for the 2011 financial year.

Key events and evolution of the results in 2011

The total turnover of the group rose in 2011 from 402.2 million EUR to 403.7 million EUR.

Turnover in the Ready Meals Division increased by 4.8 million EUR (+3.9%). This increase is mainly due to growth in volume for lasagne and pasta meals.

The turnover in the Processed Meats Division decreased by 3.3 million EUR (-1.1%) with a stable total volume. The drop in turnover is mainly attributable to changes in the product mix, where the volume of sales of the cheaper products has increased at the expense of the volume of the more expensive products. The market share of the

group increased in Belgium, the United Kingdom and Germany.

The group EBITDA decreased by 4.3 million EUR (-11.4%) from 37.5 million EUR in 2010 to 33.2 million EUR in 2011.

This decrease is mainly due to sharply increased raw material prices since the second semester of 2010. The nature of the group's contracts with its large retail customers means that there is an unavoidable delay in including these price increases in the sales prices.

In 2011 Ter Beke invested in the quality of its products, in innovation and in supporting the Come a casa® brand in Belgium. This has resulted in further growth of the Come a casa® market share and has even encouraged growth throughout the whole category.



For more information see www.terbeke.com



At the same time the group continued its extensive cost management and cost reduction programme in all its locations in order to limit the impact of increases in the price of raw materials, wages, and gas and electricity on the results. The results of some major efficiency investments were realised with delay.

The EBIT result amounted to 15.3 million EUR compared to 17.8 million EUR in 2010 (-13.9%).

As previously announced, Ter Beke and the shareholders of the French company Stefano Toselli signed the definitive contracts on 25 May 2011 to establish a joint venture for manufacturing and distributing lasagne and pasta meals in Central and Eastern Europe.

The joint venture is now incorporated as 'The Pasta Food Company'.

The joint venture's business plan includes building a factory that will

produce for the Central and Eastern European markets. After conducting an extensive study, a location has been chosen for this factory in Opole, a city in southern Poland. In the meantime work has commenced on preparing the construction dossier.

Ter Beke's share in the results of The Pasta Food Company for 2011 amounts to -0.2 million EUR. This concerns 50% of the start-up costs of the joint venture and of the initial costs relating to the factory construction in Opole. This result in the joint venture is incorporated via the equity accounting method.



Design of the plant in Opole



Markets, marketing & product development

Processed Meats Division

In 2011, the Processed Meats Division marketed a varied and innovative range of qualitative processed meat products such as salami, processed poultry, cooked meats, paté, cooked hams and dried and cured meats, in bulk as well as in pre-packed and sliced formats.

Despite a slight drop in turnover while volumes remained stable, in 2011 the division reinforced its position as largest slicer and pre-packager of fine meat products in the Benelux.

In 2011, sales of paté and cooked sausages, in particular, showed a marked growth in volume. Our industrial slicing and packaging activities also continued to grow in 2011. After all, sales of pre-packed processed meats continue to rise at the expense of sales of over-the-counter products.

In 2011, the division grew in all geographic markets where it is active. Naturally, the **Benelux** market is still the primary market, partly due to the significant position of the slicing activities in the Netherlands. The group also reinforced its position in the **German** market. Above all, the largest growth in volume in 2011 was in the **United Kingdom**, thanks to winning a key paté contract.

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.

In addition to the increasing sales of pre-packed meat products in the retail segment, we are also investing in our customers in the **traditional segment** (wholesaler, butcher, caterer). Our customers in this segment continue to adjust flexibly to the changing market conditions and we continue to support our customers by responding to their specific needs with an adapted product range and commercial support. We do this under our brand Daniël Coopman® as well as under our customers' own brands. In 2011, this undoubtedly contributed to our continued growth in market share in the traditional market segment and in the Belgian market in its entirety.

The key achievements for the Processed Meats Division in 2011 include:

- **New paté packaging:** the investments made in 2010 in a completely new packaging (tub) for paté, together with the investment in an automated filling and packaging line, meant that in 2011 we enjoyed marked growth in volume in this specific market segment. The attractive design of the packaging not only charmed the European consumer, it also convinced English and German retailers.
- **Product quality:** naturally in 2011 much attention was paid to further optimising the quality of a number of product categories. While in 2010 all attention went to dry sausage and cooked ham in the over-the-counter sector, in 2011 we worked on optimising the quality of the cooked sausages and the cooked hams intended for slicing.
- **Category management:** as the processed meats market in the retail segment is characterised by the

dominant position of our customers' own brands, in 2011 we continued to actively contribute to the management of meat product categories 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 2011 the group continued to sell and support these products with great success under licence from Studio 100®.
- **L'Ardennaise®**: thanks to a strong promotion plan for the existing product range of individually packed products and the introduction of Le Fagnon, the L'Ardennaise® brand demonstrated handsome growth in the Belgian market in 2011.

Through all these initiatives we strengthened our position in the markets where we are active. As a result, in 2011 the division's market share grew further in Belgium, the United Kingdom and Germany.

Ready Meals Division

In 2011, the Ready Meals Division marketed a wide range of chilled Mediterranean ready meals, including lasagne, pizza, moussaka, and other pasta meals such as spaghetti, penne and tagliatelle. We market these products under our customers' brands and under our own brands Come a casa® and Vamos®.

In 2011 the division again confirmed its position as one of the leading manufacturers of chilled lasagne and pasta meals in Europe.

Turnover in the division rose in 2011 by 4.8 million EUR (3.9%). 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

invested in this brand by (1) continually adjusting the recipes, (2) developing innovative recipes and (3) conducting an extensive promotional campaign including two intensive television advertising campaigns.

Our home market the **Benelux** remains our primary geographic market for ready meals. It goes without saying that the greatest opportunities for growth lie in the international markets. For a few years now, our focus in **Spain** lies in the wholesale segment, where we have built up a strong market position for ourselves over the years. We are consolidating this position through a network of wholesalers who ensure efficient distribution of the product range throughout the country. In 2011 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. Thanks to a number of product developments based on consumer market tests in Germany we could further tune our lasagnes to local tastes and agree a significant private label lasagne contract. This business therefore demonstrates steady growth. In 2011, we continued to distribute our ready meals via local distributors in Switzerland, Ireland and Denmark. In 2011 we expanded our distributor network into Sweden. An opening arose there with lasagne bolognese for a large retailer. Again we have handsome growth here in a market that is relatively unfamiliar with fresh lasagne. Further expanding this market towards pasta meals is a focal point for 2012. 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 nec-



essary additional insights so that together with our customers we can opt for further growth in 2012. For example, in Ireland a number of pasta meals are being relaunched to better meet consumer expectations.

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

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 segment**. Sales of lasagne and pasta meals in particular were responsible for further growth in volume in 2011.

In each of the countries where we are active, we endeavour to create intensive partnerships with our 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.

Together with the wholesalers we are continuing to build on our position in the **traditional segment**.

In 2011 we continued to work on producing high quality pasta meals. The pasta quality project initiated in 2010 was rolled out further. The recipe program was adjusted and today comprises of products that meet consumer needs for quality convenience meals.

For example, the ready meals we market under the **Weight Watchers**** brand. The familiarity of this brand in

Belgium is increasing overall. However, sales (under licence) of Ready Meals in the Weight Watchers® range showed slightly slower growth in 2011. To counter this slower growth a new dynamism is needed which will encourage growth of the five products we market under this brand. In 2011 we therefore worked hard in our NPD department to further improve these recipes and to prepare for the relaunch in 2012. Consumers want fewer ProPoints without loss of flavour, which is why we have increased the percentage of vegetables in the recipes. These plans have already been positively received by our customers. This collaboration has a positive impact on consumer behaviour in the fresh ready meals category.

In 2011 Ter Beke was able to further consolidate its general position in the market for fresh ready meals, with its own Come a casa® brand and the meals sold under the Weight Watchers® licence.



WeightWatchers®

* Weight Watchers® is the registered trademark of WW Foods LLC.

Come a casa®

In 2011, Come a casa®, Ter Beke's Ready Meals Division's consumer brand, achieved excellent results in various areas.

Come a casa® succeeded in further strengthening its position within the Mediterranean market and in confirming its role as growth engine in the category.

In 2011, Come a casa® continued to build on the momentum generated in 2010. As facilitator of spontaneous, enjoyable meal times, Come a casa® wants to bring people together. 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.

In 2011, Come a casa® advertised with an innovative TV campaign "Supper's ready" (Etenstijd), where the parents could call their children to the table with their own personal TV spot. This campaign was founded on a substantial online platform where 70,000 unique visitors were addressed. This brand activation did not go unnoticed and was rewarded by various external organisations. A Silver Award at the Eurobest festival and a short listing at the Cannes festival were the most striking results.

As market leader in the fresh ready meals category it is our absolute responsibility to continually align our products to the highest consumer expectations. The results of our market research in 2011 were, amongst others, translated into an "extremely tasty" optimisation of our top reference product, lasagne bolognese.

In the second quarter our pasta meals were placed in the limelight.

A surprising campaign in bus shelters and a high-profile tasting stunt in key train stations gave tens of thousands of people the opportunity to actually taste our revised product line based on salmon. In addition to extra market growth, this campaign made a particularly positive contribution to improving awareness of our brand. We continued with consistent communication at the point of sale. Here, our enthusiastic support team, in close cooperation with our customers, ensured a strong visual presence, on the traditional shelf as well as via appealing extra promotional stands. In 2011 we focussed on renewed and value-adding promotional campaigns. We gained much acclaim with promotional campaigns such as: Win your dream table, Collect the pasta plates, Back to school, and the Martini Brut December campaign.

The entire support programme was decisive in strengthening the brand both functionally as well as emotionally, and it contributed to further deepening the relationship between our users and the Come a casa® brand.

The results of the Brand Health survey confirm our positive evolution.



Product and process development

In 2011, 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.

In 2011, our product development programmes were further inspired by the following general objectives:

- **Consumer focus:** we produce for consumers and tune our development projects to consumer needs. We continued to build on our knowledge of consumers in 2011 based on extensive market research. Each development project is therefore led by marketing whereby the knowledge of the target group and its specific needs as well as general food trends are of overriding importance.
- **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. We also conduct intensive research into alternatives for ingredients containing palm fat or palm oil. In this our requirement is that the alternatives investigated may not have an impact on the nutritional

or organoleptic quality of our products. 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 2012 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 continue to investigate 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 unnatural additives in our products. This remains a continuous challenge in 2012.

“We are constantly researching the relationship between our consumers and our Come a casa® brand.”

Senior Brand Manager
Nathalie Vlaeminck





We can summarise our key development projects in 2011 as follows:

- Continuous sensory research at home and abroad contributes to regularly **reformulating our products** with the aim of maintaining our role as leader in the fresh Ready Meals products and strengthening our position in each of our geographic markets. External partners regularly compare our products to those of competitors. 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.
- Building on 2010, in 2011 we initiated various projects to add differentiation and value to the existing ready meals portfolio. Not only in the retail channel but also in the key wholesale markets in the Benelux.
- Through an integrated approach with the quality, production, specification management, and sales and marketing departments, in 2011 we once again succeeded in winning several major **private label contracts** for processed meat products as well as ready meals, national and international. For this kind of projects, 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.
- In 2011 we continued to 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.
- Alternatives for existing ingredients: we conduct targeted research 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.

Regarding **packaging development** 2011 was above all a year for consolidation of what had already been realised in the previous years. After all, we have launched many new packaging concepts during the last few years: completely new tubs for paté, packaging that meets the Bio-based-certificate requirements, laminated paper for our Freshpack packaging, new trays for our meals, and so on. The various projects started in 2010 were brought to a successful conclusion. In 2011 we focussed on aftercare: improving and optimising where possible, modifying where necessary. In this area we can count on excellent collaboration between the packaging development department, the engineering department and our suppliers.

2011 was also the year of new designs: a whole range of products were given a new, more modern look which was very

visible in the shops. This trend will be continued in 2012.

The focus for new packaging developments is always the ease of use for the customer, but we never lose sight of the sustainability. In cooperation with our machine supplier we developed a new resealable freshpack packaging for which we have patented the concept. This innovative development means that the pack can be opened easily without tearing the cover, and this means that the same packaging can simply be reused to store our products in the fridge.

Our company takes its responsibility towards people and the environment seriously; new packaging is developed according to the five Rs (remove, reduce, reuse, renew, recycle). Because we market fresh foods and we want to offer our customers good and safe products, which remain fresh until the end of their shelf life, this makes considerable demands on our packaging. This is an essential part of our food safety strategy.

We are also prominent in several research groups such as Pack4food

(University of Ghent) and Flanders Food, where we contribute actively to various projects. Via organisations such as Fost Plus, Valipac and similar organisations abroad we take our responsibility regarding the environment very seriously.



“It is a daily challenge to deliver our products on time and in perfect condition to our customers.”

Transport and Warehouse Manager
Alex Criel



Operations & supply chain

Logistics

The upward trend in fuel costs that commenced towards the end of 2009 continued in 2011.

Despite contractual agreements with our suppliers, our average transport costs continue to rise (due to the combination of rising personnel and fuel costs); however, the relative cost per unit sold remains relatively under control, particularly as a result of intensive improvement campaigns together with these same logistics partners. Critical examination of delivery frequencies, increasing the number of night time deliveries, delivering directly from the factory to the customer as well as increasing the quantities delivered by consolidating orders enables us to keep our total transport costs within acceptable limits and at the same time make positive steps towards reducing the CO₂ emissions.

In 2011, our own logistics platform in Wijchen which we opened in October 2010, succeeded in incorporating the products manufactured in Belgium intended for the Dutch market. The ready meals and the processed meat products, both coming from our Belgian factories, were incorporated in the Wijchen inventory in two phases.

The advantages of this operation are twofold. On the one hand, it brings the finished products closer to the market (faster response, flexibility). On the other hand, such operations enable us, in cooperation with the end customer, to deliver a comprehensive range of products (processed meat products, ready meals, pre-packed meat products) to the customer on the same day at the same time. This reduces the number of deliveries and the number of lorries, and thus also the number of kil-

ometres driven and together we contribute to a further reduction of our total CO₂ emissions.

Now that our own distribution platform is running according to plan, we have initiated a study to investigate further automation and mechanisation of all work flows in the distribution centre.

By moving products around within our factories in the Ready Meals Division, and by moving the paté production from Marche-en-Famenne to Wommelgem, we have been able to drastically reorganise the warehouse layout at our plants in Marche-en-Famenne and Wanze. All modifications, both in the warehouse (location management) and the associated transport, will result in additional efficiency improvements.

The current utilisation of capacity will support further growth, without extensive additional investments.

We have initiated a number of Value Added Logistics (VAL) projects within our own storage location in the Netherlands, as well as at our external Belgian partner's location. Through these projects we wish to respond fully to the constantly changing and increasingly complex market environment which demands a more customer-focused finish and supply of our products. The first implementations are completed; in the coming years we want to automate and roll this out further.

In 2011 we also received confirmation of the effectiveness of internal actions previously started to increase service levels and reduce obsolete inventories of finished products. The results achieved in 2011, with very high service levels and very low loss within our inventory, can certainly be classified as "best in class" for the FMCG world.

Purchasing

The markets for almost all our raw materials and packaging were under great pressure in 2011.

In particular, the markets for pork, milk and wheat products and for packaging foil which are so crucial to our business, experienced sharp price increases in 2011.

For pork products, it was mainly the fatty cuts for which unprecedented high prices were paid in the second half of the year.

Thanks to previously agreed contracts, Ter Beke was temporarily protected from some of these price fluctuations, however the extreme price increases in the second half of the year had a direct impact on our production cost prices.

Processed Meats Division production sites

In the Processed Meats Division we invested approximately 9 million EUR in material fixed assets during 2011.

Here, we focused on greater efficiency improvements, additional production capacity and sustainability.

Efficiency improvements:

The automation systems for paté production in Wommelgem were further expanded and completed in 2011. Both the new line for packing paté tubs as well as the fully automated cooking and cooling installation ran at full capacity in the second half of 2011.

With the completion of all the necessary infrastructure, the last remaining part of the paté production at Marche-en-Famenne was transferred to Wommelgem just before the summer.

This means that the programme which was started in 2008 and which

was designed to fully specialise each of our production sites in the Processed Meats Division to a single product group, is now complete, according to plan.

All poultry and salami production takes place in Waarschoot, dried and cured meat production is centralised in Herstal and all others cooked meats (cooked ham, paté, cooked sausages) are now produced in Wommelgem.

Additional capacity:

In order to meet increased market demand, the capacity of the drying chambers for salami production was increased in 2011. We also invested in the paté production capacity so that we were once again able to successfully meet demand in the peak period (Christmas paté products) and maintain delivery rates and quality to our customers.

An additional slicing line was installed in the new factory in Wijchen; this slicing line is specially set up for the innovative resealable packaging concept described elsewhere in this report.

Sustainability:

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

In accordance with group strategy, the acquisition of "green electricity" was expanded to our locations in the Netherlands in 2011, so that all Ter Beke locations now use electricity generated exclusively from renewable and non-polluting sources.

In 2011, the factory in Veurne served as pilot for Ter Beke and in cooperation with the Katholieke Universiteit Leuven, was subject to a full screening and detailed analysis to study to what extent the newest, and sometimes still



“In our operations we are constantly seeking technical improvements, reliable procedures and the opportunity to further deploy our competences to serve our customers.”

Operations
Olivier Houlmont



experimental, energy saving techniques can be applied and are economically sound in a production company of our type. The results of this study will be closely examined in 2012.

Also in 2011, all the division’s business locations were awarded the highest certification under the IFS (International Food Standard) and BRC (British Retail Consortium) quality standards. These standards also focus on quality and sustainability.

Ready Meals Division production sites

The Ready Meals Division confirmed the good operating results achieved in 2010. To further improve the performance at the three production sites we continued our investment efforts, amounting to approximately 3 million EUR. In 2011, the financial benefits of several investments in efficiency measures, particularly in Wanze, were not fully realised.

However, the operational objectives were achieved and once again progress was booked in efficiency and sustainability but also in a number of new domains.

The service level was further increased, targets regarding further reduction of overstocks were realised, costs relating to non-conforming products were again substantially reduced, and energy consumption also declined even further. With regard to safety on the work floor the implementation of a project to reduce the number of work-related accidents resulted in a reduction of more than 35% of the number of accidents at the three production sites.

In addition, the certification of the sites in accordance with the highest IFS-quality standards (International Food Standard) was extended for the sites in Wanze and in Marche-en-Famenne and in 2011 this certification

was awarded for the first time to the site in Alby-sur-Chéran.

On top of the results, the division paid special attention to the sustainability of its production activities through an integrated approach for the three production sites. The specialisation of these three sites according to the size of the production runs was continued and transferring paté production from the site in Marche-en-Famenne to the production site in Wommelgem was completed.

The continuous improvement of the performance is the result of an overall plan. The Total Productive Maintenance (TPM) project was launched during the year. The first phase entails eliminating all potential losses in production; the second phase comprises securing results by implementing technical improvements, increasing the reliability of the working procedures and by investing in developing skills among our employees. The involvement of employees in this process triggers changes in the company culture, which in turn contribute to the sustainability of the results achieved.

However, the operational results are not a consequence of the TPM project alone. Efforts were also made in the area of sustainable entrepreneurship:

Progress was booked in the following areas relating to the environment:

- A project to transform organic waste into a valuable resource was established: this “biomethanisation” has replaced waste incineration. This process was subcontracted and implemented for the Wanze and Marche-en-Famenne sites; in addition to gas production, it has also resulted in a considerable reduction in CO₂ emissions;
- The procedure for sorting the various types of waste at the source

was also developed further. The amount of plastic and cardboard/paper that was separated in this manner doubled in comparison to the previous year;

- The last changes to the purification installation at Marche-en-Famenne will make a significant improvement to the quality of our waste flows, whereby their quality will far exceed the common standards.

Progress was also booked in a number of areas relating to energy consumption:

- Our factories' participation in a project designed to reduce water consumption (set up by Fevia) should allow us to aim towards a structural reduction of 15% in our usage. Several initiatives, modifications and technical measures, but also changes in behaviour, should make this possible.
- The implementation of the combined heat and power system at our Marche-en-Famenne site enables us to considerably reduce our dependence on gas and electricity and also means a substantial reduction in our CO₂ emissions.

The following key projects were initiated regarding the development of our competences:

- The approach to the investment project for the installation of a new packaging line in Wanze enabled us to develop a training programme in cascade; several carefully selected operators received training from the constructor and these people subsequently trained our other operators on site in how to work with the new equipment.
- Thanks to the TPM project we now have the functions and competences required among the operators as well as maintenance teams. These new competences have enabled us to put together new training programmes

which are tuned to the needs of our employees and designed to improve their performance.

In short, 2011 was characterised by a large number of improvements and considerable progress in the division. These arise from a well-thought out industrial policy that aims for permanent but above all overall improvement. However, this improvement is only worthwhile if it is also sustainable and therefore multi-dimensional.



Research and Development

Ter Beke's social commitment

In 2011, Ter Beke again demonstrated its strong social commitment with its active membership of organisations such as VBO and UWE and with the chairmanship of VOKA in the person of Luc De Bruyckere. We are also an active member of the professional association FEVIA (food industry), the Belgian sector federations FENAVIAN (National Federation of Manufacturers of Meat products and Canned products) and BReMA (Belgium Ready Meals Association), as well as the overarching CLITRAVI (Liaison Centre for the Meat Processing Industry in the European Union). Furthermore we are an active member of ECFF (European Chilled Food Federation) and we maintain close contact with the Dutch branch organisations.

In addition, we are a preferred partner of the Vlerick Leuven Gent Management School and in this way we encourage research towards corporate social responsibility and good Corporate Governance.

Ter Beke plays, especially in the person of our R&D-QA Manager, Dr Guido Bresseleers, an active and intensive role in policy preparation and consultation within the food chain. Ter Beke is directly represented in the most important consultative bodies with other stakeholders in the chain. We do not hesitate to take our responsibility within these structures. For example, in 2011 we fulfilled the chairmanship of the technical committees within FENAVIAN and BReMA, as well as the Technical, Legal and Food Safety Committee of our European branch federation CLITRAVI. The pioneering role that we fulfil in this respect is recognised across the borders and praised in our numerous contacts with customers, suppliers and other stakeholders such as colleagues in the food

industry (FEVIA, FDE), distribution (COMEOS), the Belgian government's regulating (FOD) and controlling (FASFC) bodies and consumer organisations (Testaankoop, Oivo, and so on).

In 2011, Ter Beke also participated in the chain consultations that took place regularly under the chairmanship of Mr Piet Vanthemsche (chairman of Boerenbond, the Belgian farmers association) with the Agrofront, Unizo, BEMEFA/APFACA, Comeos, UCM and Fevia to promote cooperation between the various actors in the Belgian agro-food chain. In this context, Ter Beke has also signed the Code of Conduct for fair relationships between suppliers and purchasers in the agro-food chain. At the same time, we actively contribute to the implementation and realisation of the National Food and Health Plan for Belgium. A number of objectives of this plan, primarily concerning the reduction of salt and fat, a balanced calorie intake and an increase in the percentage of vegetables, were translated into concrete adjustments to existing products and the development of new products, both under our own brands as under the brands of our customers (see above). In this way we more than amply fulfil the branch commitments that were made in this area with other stakeholders.

Fundamental research

By conducting basic research, Ter Beke is continually acquiring the knowledge it needs to support operational activities in the short term and to continue its innovations in the medium and long term. The pillars of our knowledge structure encompass:

- the optimal quality and functionality of raw materials and ingredients;
- innovation in processing and packaging, while retaining the taste and nutritional value of our products;

“Quality and food safety are extremely important at Ter Beke.”

QA-Manager Group
Nele Beirinckx



- guaranteeing the food safety of the products produced and maintaining the quality;
- the role of our products in the diet and health of our consumers;
- the convenience or user friendliness of our products;
- the impact of our raw materials, ingredients and packaging on the environment.

We complement our own knowledge available at our production sites with external research, by means of collaboration agreements within Flanders' Food, Pack4Food, VLAV (Flemish advisory centre for the meat industry) and other research initiatives, as well as by agreeing confidential bilateral collaboration agreements with external knowledge centres and selected suppliers.

The fundamental scientific insights acquired in this way are transformed via further research into generic building blocks, which in turn are used to support product development and quality assurance. Throughout this process, the quality of the basic research, the smooth flow of knowledge throughout the organisation and its valorisation are monitored by the R&D-QA department. Research and development is a group activity where maximum synergy between the various knowledge domains and maximum use thereof, and monitoring the knowledge acquired and its application act as the guiding principle.

Quality and Food Safety

Quality and food safety play a key role in the continuous improvement of our products, our service and our internal functioning. The foundation for our quality assurance and food safety policy is Ter Beke's internal quality charter. This charter forms the basis of an integrated auto control system that deploys clear guidelines and regulations for the various aspects of the quality and safety policy such as:

- Selection and follow-up of suppliers: Ter Beke only works with suppliers with proven ability to comply persistently with Ter Beke's requirements. We base our selection on a structured procedure which focusses on quality assurance.
- Specification management: all raw materials and packaging materials are thoroughly inspected for compliance with legal and other quality standards and critical parameters are defined that are a determining factor in the safety and quality of the end product in which they are processed.
- Traceability: upon receipt, a unique code is assigned to raw materials and packaging materials. It is used throughout the entire production process and is subsequently carried through as a unique lot number for finished products. This results in full traceability of all products, towards our customers as well as our suppliers.
- Process management and safety: when products are developed, their composition and the production process are subjected to a risk analysis in accordance with the principles of HACCP (Hazard Analyses and Critical Control Points). As a result, critical control points for the safety and quality of the production process are identified. Perfect control of ingredients that may cause allergic reactions such as nuts, milk, eggs and shellfish is an inherent part of product safety control at Ter Beke.
- Quality of finished products: the quality of our finished products is verified systematically. Ter Beke has its own verification laboratory for this purpose which operates independently of the production units.
- Independent verification audits: the correct implementation of the auto control system is verified internally and certified externally on a regular basis by different independent certification institutions. These audits are conducted according to the quality standards imposed on us by our customers. All our factories have at least certification according to IFS (International Food Standard) or BRC (British Retail Consortium). In addition, all our Belgian production sites are under permanent supervision by the FAVV (Federal Agency for the safety in the Food chain) and are certified annually according to the Belgian auto control model according to the ACS branch guide number 19 (auto control system for meat products and ready meals). Finally, our production sites abroad are also monitored by the local national government bodies (in the Netherlands, nVWA and in France, DGCCRF).
- Integral chain approach: because quality and food safety is not restricted to supplying raw materials to and delivering finished products from Ter Beke companies, our suppliers and logistics partners are subject to the same requirements for their auto control system, including the verification and certification.

All these systems enable Ter Beke to fully guarantee the quality and food safety of its products and services at all times.



Come a casa® display

“Team work, result driven, innovation, customer focus and integrity are vitally important values to us.”

HR-Manager,
the Netherlands
Marianna Aquarius



Social policy

General

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.

In 2011 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.

The emphasis here lay on transferring the paté from Marche-en-Famenne to the production site in Wommelgem. With the new investment (PateNT) in the production department and the expansion of the slicing lines we have been able to cope with the increased volume in the factory. The higher volume has also lead to more employees. When recruiting we focussed on attracting and training operator profiles and workers with the potential to become skilled workers in the meat processing industry in the coming years.

The paté transfer meant that we could continue with the transformation of the Marche-en-Famenne site into a specialised fresh ready meals factory. We have invested in new production equipment which can respond quickly and flexibly to the demand for a varied range of ready meals. Within the organisation we have developed an extensive and intensive training programme to teach the former paté workers new skills.

In our lasagne factory in Wanze we mainly invested in automation; an original training programme for operators was developed in close cooperation with the supplier. A number of volunteers from our factory followed an extensive training at the supplier, after which they have been able to share their knowledge and train their colleagues in the factory at Wanze.

In 2011, we continued our work within the organisation 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.

In addition to the periodic information and consultation moments where employees from various departments and disciplines are invited to share their knowledge and experience, to train colleagues, we also conducted the “Come and help fill the shelves” (Kom mee de rekken vullen) project. In this project we invited all employees, in a jovial manner, to spend one day in the field accompanying a sales team; the objective being to create the most original shop display for the Come a casa® range. This provided a unique opportunity to experience the retail end of the chain and at the same time to personally experience and disseminate our values Teamwork, Result driven, Innovation and Customer focus.

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 the context of our Employer Branding, at the beginning of 2011 we started a media campaign in the internal and external labour market.

Under the motto: "We've got a taste for this!" (Wij hebben de smaak te pakken!), with ingredients for growth such as: Team, Result driven, Innovation, Customer focus and Integrity, we inform our internal employees as well as external candidates about the broad spectrum of career opportunities in the diverse disciplines and we call up on everyone who wants to think along with us and grow with our organisation.

In 2011 we attracted 144 new employees.

Taking the still unfilled vacancies into consideration the number of employees remained stable compared to last year, but due to the further specialisation of our production sites we have reinforced our permanent pool of employees with about 30 new people and reduced the share of temporary staff.

The increase is mainly at the production sites in Wommelgem and Wijchen (Netherlands), in response to the product transfers already mentioned and the expansion of the new logistics activities in the Netherlands.

Total employment in full-time equivalents as at 31 December: (including the average number of temporary employees)

	2008	2009	2010	2011
Blue collar	1,412	1,411	1,448	1,435
White collar	372	359	370	355
Total	1,784	1,770	1,818	1,790

Wij hebben de smaak te pakken!

ONZE INGREDIËNTEN VOOR GROEI: TEAM, RESULTAAT, INNOVATIE, KLANT EN INTEGRITEIT



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 and honest 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.

In this context we have launched an extensive programme on the Total Productive Maintenance (TPM) theme, which, in addition to improving performance also focuses on increasing the commitment of employees to seeking solutions and formulating improvements, and on drawing up and accurately monitoring operating procedures.

All this is designed to guarantee the sustainability of the improvements realised.

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 2011, we filled about 25 vacancies through our own employees' career growth.

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.



Among the permanent staff, 17% of the blue collar workers and 21% 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 form one of the keys to a company's success. The main changes that the organisation has gone through were partly conceived through an open and constructive dialogue with our social partners. We keep them continually informed of our activities and decisions, and we also invite them from the outset of a project to think along with us towards solutions that are agreeable to everyone.

Last year at our Wommelgem site we introduced a new job grading system for workers that will form the basis for a detailed training and assessment policy. This will enable us to offer additional opportunities and career development openings to our people.

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.

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 relates to major European retailers, which in principle limits the risk.

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

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

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

Risks related to changing legislation: we endeavour to fully comply with the legislation applicable to our activities. In recent years we have made substantial investments to comply with new legislation, particularly with respect to the



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

Risks related to electronics and information systems: just as many companies, we too are becoming 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 manufacturers' margins. We endeavour to distinguish ourselves through product and concept differentiation, through extensive and perfect service, and by working continually on internal efficiency improvements and cost management.

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

Important events after balance sheet date

There were no significant events after the balance sheet date.

Prospects for 2012

In 2012 the group will continue to work on improving profitability in both divisions, for example by launching new products and concepts, by investing in a better product mix and making the necessary increases in sales prices.

In addition, the investments in the Come a casa® brand and the efficiency improvements in the total supply chain will be continued in 2012.

The group will strictly monitor the fixed costs to ensure that these remain under control.

This should lead to an improvement in the results again in 2012. Given the uncertain economic climate, at this point in time we prefer not to give any firm guidance.



Corporate governance statement for 2011



General

This corporate governance statement is the statement as referred to in Article 96 §2 and 3 and in Article 119 of the Belgian Company Code and the Corporate Governance Code 2009 and contains factual information on the Corporate Governance policy at Ter Beke in 2011, including a description of the key features of the internal control and risk management systems, the legal information required, the composition and operation of the governing bodies and their committees 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.

In principle, there are no provisions of the Corporate Governance Code 2009 that we did not apply in 2011, with the exception of provision 5.2./28 which prescribes that the Audit Committee must meet at least four times a year. The fourth meeting of the committee

was cancelled because the internal auditor was absent.

Composition and operation of the governing bodies and committees

Board of Directors

Composition: The composition of the board as per 31 December 2011, as well as the meetings and those present in 2011 are summarised in the table on the next page.

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. A comprehensive evaluation was conducted in November 2010 and the findings of this evaluation were implemented. No further evaluation took place in 2011.

Appointments/Reappointments:

Compagnie du Bois Sauvage NV stepped down as director as per 25 February 2011. The directorship held by LMCL CVA expired on 26 May 2011.

The General Meeting of Shareholders held on 26 May 2011 appointed, on the recommendation of the Remuneration and Nomination Committee and in accordance with the procedure defined in the group Corporate Governance

Name	Type**	End mandate	Committees*	24 Feb	10 May	25 Aug	20 Oct	21 Oct	8 Dec
Luc De Bruyckere Chairman	E	2014		x	x	x	x	x	x
Marc Hofman Managing Director	E	2016°		x	x	x	x	x	x
Frank Coopman (1)	NE	2014		x	x	x	x	x	x
Dominique Coopman	NE	2014		x	x	x	x	x	x
Louis-H. Verbeke (2)	NE	2016°	RNC	x	x	-	x	x	x
Eddy Van der Pluym	E	2016°		x	x	x	x	x	x
Willy Delvaux (3)	I	2014	RNC	-	x	x	x	x	x
Thierry Balot (4)	I	2013	AC	x	x	x	x	-	x
Jules Noten (5)	I	2014	AC - RNC	x	x	x	x	x	x
Dirk Goeminne (6)	I	2014	AC	-	-	-	x	x	x
Guido Vanherpe (7)	I	2015	AC	-	-	-	-	-	-

As permanent representative of: (1) NV Holbigenetics, (2) BVBA Louis Verbeke, (3) BVBA Delvaux Transfer, (4) SA Sparaxis, (5) BVBA Lemon, (6) BVBA Dirk Goeminne (nomination May 26th 2011), (7) BVBA Guido Vanherpe (nomination December 14th 2011), * 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. Kymperst - Honorary Director.

Charter for the appointment of new directors, BVBA Dirk Goeminne (represented by Dirk Goeminne) as independent director in the sense of Article 524 and 526ter of the Belgian Company Code, for a period of three years, expiring at the General Meeting of Shareholders to be held in 2014.

The Extraordinary General Meeting of Shareholders held on 14 December 2011 appointed, on the recommendation of the Remuneration and Nomination Committee and in accordance with the procedure defined in the group Corporate Governance Charter for the appointment of new directors, BVBA Guido Vanherpe (represented by Guido Vanherpe) as independent director in the sense of Article 524 and 526ter of the Belgian Company Code for a term expiring at the General Meeting of Shareholders to be held in 2015.

The Board of Directors will propose to the General Meeting of Shareholders of 31 May 2012 to reappoint as Director, for a period of four years expiring at the General Meeting of Shareholders in

2016, Marc Hofman, Eddy Van der Pluym and BVBA Louis Verbeke (represented by Louis-H. Verbeke). These reappointments will be proposed after appraisal by and on the recommendation of the Remuneration and Nomination Committee.

Committees within the Board of Directors

Two committees were active within the Board of Directors in 2011: 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 2011, as well as the meetings and those present in 2011 are summarised in the table below:

Name	Meetings 2011		
	22 Feb	5 May	23 Aug
Thierry Balot*	x	x	x
Jules Noten	x	x	x
Vincent Doumier ^o	x	-	-
Dirk Goeminne**	-	-	-
Guido Vanherpe**	-	-	-

X = present, * Chairman, ** Member of the audit committee as from 2012 on, ^o Resigned on February 25th 2011

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 2010 and the first semester results of 2011, and with respect to the group's internal control and risk management. It supervises the internal audit function which it put in place. The committee regularly assesses its own regulations and its operation.

Remuneration and Nomination Committee: the composition of the Remuneration and Nomination Committee as per 31 December 2011, as well as the meetings and those present in 2011 are summarised in the table below:

Name	Meetings 2011	
	24 Feb	5 May
Louis-H. Verbeke*	x	x
Willy Delvaux	-	x
Jules Noten	x	x

* Chairman

All members have expert knowledge of human resources management. 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. The committee regularly assesses its own regulations and its operation.

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 2011 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
- Asadelta Consulting CV, represented by Gunter Lemmens, Commercial Director

Operation: in 2011, 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 2011, this assessment took place. The board uses both qualitative and quantitative criteria in this respect.

Conflicts of interest and related party transactions

Board of Directors: in 2011 there were no 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 2011 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 2011 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 209 thousand EUR. The remuneration paid for non-audit services amounted to 26 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 annexe 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

Procedures adopted to develop the remuneration policy and determine the remuneration and the remuneration policy applied in 2011

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

The remuneration 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 the members of the Board of Directors in the 2011 financial year was presented by the Board of Directors to the General Meeting of Shareholders for approval.

The level of remuneration for the CEO and the members of the Executive Committee in the 2011 financial year was confirmed by the Board of Directors based on recommendations from the Remuneration and Nomination Committee.

Remuneration policy: we can summarise the key elements of the policy as follows: all members of the Board of Directors are entitled to an annual fixed remuneration. For 2011 this remuneration amounted to 16,000 EUR. The members of the committees within the Board of Directors are also entitled to an additional annual fixed remuner-

ation for their membership of one or more committees. For example, a member of the Audit Committee receives an annual remuneration of 4,000 EUR, a member of the Remuneration and Nomination Committee receives an annual remuneration of 3,000 EUR, the chair of the Audit Committee receives an annual remuneration of 8,000 EUR and the chair of the Remuneration and Nomination Committee receives an annual remuneration of 5,000 EUR.

For the mere performance of their mandate of director, directors are not entitled to any variable, performance-related or share-based 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 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, EAT and ROCE. Which of these parameters are used in a 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 higher than 25% of the annual gross fixed remuneration (fixed+variable).

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

The CEO's variable remuneration for the 2011 financial year is 50% dependent 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 power, following a proposal from the Remuneration and Nomination Committee, to allocate an (additional) bonus for specific performance or merit to the CEO and/or to the members of the executive management or a number of their staff.

There are no specific agreements or systems that give the company the right to recover the variable remuneration paid if this was allocated based on information that subsequently transpires to be incorrect. If necessary the company will rely on the facilities provided in common law.

In principle, the group's remuneration policy will not be subject to substantial changes in 2012 nor in the subsequent two financial years. In 2012 a benchmark exercise will be conducted regarding the remuneration of the executive management.



Remuneration and other allowances for non-executive directors and executive managers in their role as a member of the Board of Directors

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview above) for the performance of their responsibilities in 2011 can be summarised as follows:

	Mandate Director	Mandate RNC	Mandate AC		Total
BVBA Delvaux Transfer (Willy Delvaux)	16,000.00	3,000.00	-		19,000.00
LMCL CVA (Luc Vansteenkiste)	8,000.00			(1)	8,000.00
SA Sparaxis (Thierry Balot)	16,000.00	-	8,000.00		24,000.00
SA Bois Sauvage (Vincent Doumier)	4,000.00	-	1,000.00	(2)	5,000.00
BVBA Louis Verbeke	16,000.00	5,000.00	-		21,000.00
BVBA Lemon (Jules Noten)	16,000.00	3,000.00	4,000.00		23,000.00
NV Holbigenetics (Frank Coopman)	16,000.00	-	-		16,000.00
Dominique Coopman	16,000.00	-	-		16,000.00
BVBA Dirk Goeminne	8,000.00	-	-	(3)	8,000.00
Luc De Bruyckere	16,000.00	-	-		16,000.00
Marc Hofman	16,000.00	-	-		16,000.00
Eddy Van der Pluym	16,000.00	-	-		16,000.00
BVBA Guido Vanherpe	0	-	-	(4)	0
Total	164,000.00	11,000.00	13,000.00		188,000.00

(1) end of term on May 26th 2011, (2) resigned on February 25th 2011, (3) nomination May 26th 2011, (4) nomination December 14th 2011



Remuneration of the CEO and other executive managers

The individual remuneration of the Managing Director/Chairman of the Executive Committee (Marc Hofman) and the joint 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 2011 amounted to (total cost to the group, excluding the allowance for mandate of director of Ter Beke NV):

	CEO	Other members of the executive management
Base pay	361,010.46	1,743,780.78
Variable pay (cash)	15,665.35	61,429.29
Pensions*	12,924.60	123,823.45
Other insurances	4,815.26	7,675.29
Company car	8,374.04	99,865.45

* The pension arrangement is a defined contribution arrangement

Share-related remuneration

Members of the Board of Directors and Executive Committee do not have access to stock options, warrants or any other rights to acquire shares.

In 2011 no shares, stock options, or any other rights to acquire shares in the group were awarded to any of the members of the Board of Directors or Executive Committee.

Contractual arrangements on hiring and termination fees

In 2011 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 Corporate Governance Statement, defines clearly distinguishable duties and responsibilities for each of our management bodies, more specifically the Board of Directors, the Audit Committee, the Remuneration and Nomination committee, the Executive Committee and the Managing Director/CEO. These duties and responsibilities are in line with the statutory provisions and the provisions of the Corporate Governance Code 2009 in this respect. Coherent regulations have been drawn up for each of the bodies mentioned above which are evaluated regularly and adapted if

necessary so that authorisations and responsibilities are always at the right level and so that the higher level can exercise appropriate control on the performance of the authorisations that are delegated to the lower level.

- We organise and monitor our human resources via a job grading system in which all group employees are classified and in which detailed job descriptions have been drawn up. These not only describe the educational and competency requirements for the job but also the tasks, responsibilities and the reporting lines for the position. These **job descriptions** are adapted as the 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 risks.
- 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, the Audit Committee and the Executive Committee clearly describe the responsibilities concerning preparing and approving our group's financial statements.
- The financial results of the group and the divisions are reported on a monthly base 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 calendar 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.

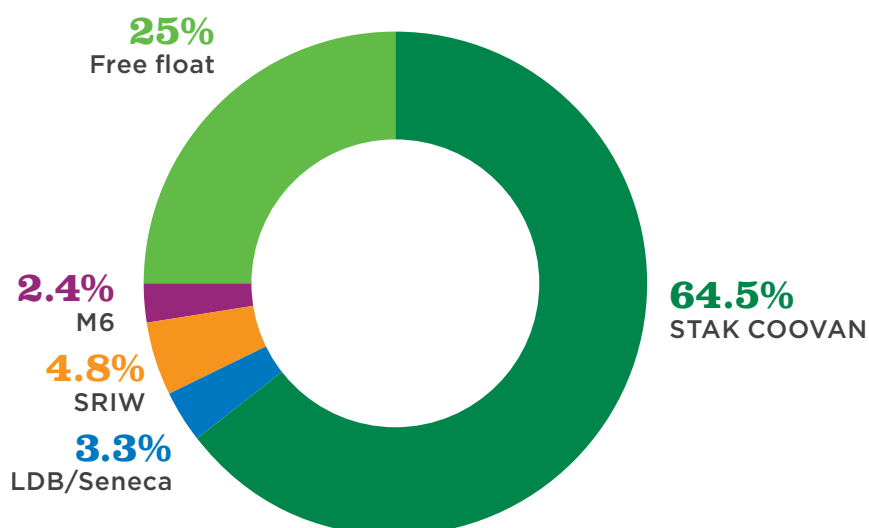
These systems and controls are designed to help guarantee that the published financial results give a true and fair picture of the group's financial position.



Other legal information

Shareholding structure as per 31 December 2011

Ter Beke NV held none (zero) of its own shares on 31 December 2011 (Ter Beke NV held 1,623 own shares on 31 December 2010).



The group was informed on 24 August 2011 that STAK Coovan and Mr and Ms Coopman-De Baedts filed a notification on the basis of article 74§6 of the 1 April 2007 Statute. Mr and Ms Coopman-De Baedts have an agreement with Luc De Bruyckere on the possession, acquisition or sale of shares. This agreement grants to Mr and Ms 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 statutory provisions regarding transparency with respect to shareholdings in listed companies, in 2011 the following notifications were received with respect to shareholdings in the capital of Ter Beke NV:

Date notification October 5th 2011

Shareholder	% shares on notification date
STAK Coovan	64.50%
NV Seneca	2.73%
Luc De Bruyckere	0.54%
SA M6	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 at an Extraordinary Shareholders' Meeting, provided that the shareholders present represent at least 50% of the capital in accordance with article 558 of the Belgian Companies Code. The statutory purpose 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 16 January 2012 and is extendible.

Due to a resolution of the Extraordinary Shareholders' Meeting of 14 December 2011, 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 16 January 2012 and is extendible.





Consolidated financial statements 2011*

Consolidated income statements as at 31 December 2011 and 2010

Comprehensive result as at 31 December 2011 and 2010

Consolidated balance sheets as at 31 December 2011 and 2010

Consolidated statement of changes in equity as at
31 December 2011 and 2010

Consolidated cash flow statement as at 31 December 2011
and 2010

Accounting policies for financial reporting & explanatory notes

Abbreviated financial statements of Ter Beke NV

* All amounts in '000 EUR, unless stated otherwise



Consolidated income statements as at 31 December 2011 and 2010

	Note	2011	2010
Revenu	4	403,715	402,180
Trade goods, raw and auxiliary materials	5	-213,713	-206,474
Services and miscellaneous goods	6	-84,627	-86,515
Wages and salaries	7	-72,742	-72,138
Depreciation costs	16	-18,048	-19,748
Impairments, write-offs and provisions	8	148	48
Other operating income and expenses	9	600	448
Result of operating activities	10	15,333	17,801
Financial income	11	180	209
Financial expenses	12	-2,893	-3,720
Result of operating activities after net financing expenses		12,620	14,290
Tax	13	-3,414	-3,832
Result after tax before share in the result of enterprises accounted for using the equity method		9,206	10,458
Share in the result of enterprises accounted for using the equity method		-200	0
Profit of the year		9,006	10,458
Basic profit per share	32	5.20	6.04
Diluted profit per share	32	5.20	6.04

Ter Beke NV is directly and indirectly 100% owner of all fully subsidiaries (see Note 34). The group's share of the result is therefore also 100%.

Comprehensive result as at 31 December 2011 and 2010

	2011	2010
Profit of the year	9,006	10,458
Calculation differences	23	36
Comprehensive result	9,029	10,494

Consolidated balance sheets as at 31 December 2011 and 2010

	Note	2011	2010
Assets			
Non-current assets			
Goodwill	14	35,204	35,204
Intangible non-current assets	15	2,121	2,009
Tangible non-current assets	16	106,403	111,974
Joint venture using the equity method	17	4,331	0
Other long term receivables	18	133	136
Long term interest bearing receivables	19	5,000	0
Deferred tax assets	20	0	0
Current assets			
Stocks	21	24,404	23,812
Trade and other receivables	22	69,598	64,692
Cash and cash equivalents	23	5,742	4,786
Total assets		252,936	242,613
Liabilities			
Shareholder equity			
Capital and share premiums	24	93,879	89,116
Reserves		53,191	53,097
Non-controlling interest		40,688	36,019
		0	0
Deferred tax liabilities			
	20	8,370	8,121
Long-term liabilities			
Provisions	25	41,665	42,249
Long-term interest-bearing liabilities	26	1,668	1,791
Other long-term liabilities		39,997	40,458
		0	0
Short-term liabilities			
Short-term interest-bearing liabilities	26	109,022	103,127
Trade liabilities and other debts	27	30,364	21,496
Social liabilities		62,873	65,539
Tax liabilities		12,761	13,916
		3,024	2,176
Total liabilities		252,936	242,613

Consolidated statement of changes in equity as at 31 December 2011 and 2010

	Capital	Capital reserves	Issue premiums	Reserved profits	Exchange rate deviation	Total	Number of shares
Balance on 1 January 2010	4,903	0	48,288	30,082	-465	82,808	1,732,621
Capital increase						0	
Own share reserve		-94				-94	
Dividend				-4,072		-4,072	
Result for the year				10,458		10,458	
Other elements of the comprehensive result for the period					36	36	
Comprehensive result for the period				10,458	36	10,494	
Movements via reserves							
- Result from own shares				-20		-20	
- Calculation differences							
Balance on 31 December 2010	4,903	-94	48,288	36,448	-429	89,116	1,732,621
Capital increase						0	
Own share reserve		94				94	
Dividend				-4,332		-4,332	
Result for the year				9,006		9,006	
Other elements of the comprehensive result for the period					23	23	
Comprehensive result for the period				9,006	23	9,029	
Movements via reserves							
- Result from own shares				-28		-28	
- Calculation differences						0	
Balance on 31 December 2011	4,903	0	48,288	41,094	-406	93,879	1,732,621

Consolidated cash flow statement as at 31 December 2011 and 2010

	2011	2010
Operating activities		
Result of operating activities	15,333	17,801
Adjustments for:		
- Depreciation	18,048	19,748
- Change in impairments and write-offs	94	36
- Change in provisions	-242	-84
- Proceeds from the sales of fixed assets	-33	158
Changes in net operating capital		
- Changes in stock	-592	-689
- Change in trade and other receivables	-3,385	-7,605
- Change in trade and other liabilities	-1,575	11,490
- Change in other items	23	37
Cash from operating activities	27,671	40,892
Tax paid	-2,955	-3,885
Net cash from operating activities	24,716	37,007
Investing activities		
Proceeds from the sale of tangible fixed assets	1,105	1,355
Investments in intangible fixed assets	-789	-702
Investments in tangible fixed assets	-15,871	-21,588
Net investments in financial fixed assets	4	23
Net investment in joint venture	-4,531	0
Investment in third party loans	-5,000	0
Takeover of subsidiaries	0	0
Net cash used in investing activities	-25,082	-20,912
Financing activities		
Proceeds from share issues	66	-114
Proceeds from take-up of new loans	29,600	15,649
Dividend payments to shareholders	-4,437	-4,175
Interest paid (through P&L account)	-2,558	-2,839
Loan settlement	-21,042	-21,347
Repayment of financial leasing liabilities	-152	-494
Other financial resources / (expenses)	-155	-673
Net cash from financing activities	1,322	-13,993
Net change in cash and cash equivalents	956	2,102
Cash funds at the beginning of the year	4,786	2,684
Cash funds at the end of the year	5,742	4,786

Accounting policies for financial reporting & explanatory 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 28 February 2012. 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 2011

- 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 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)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2011

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2015)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments 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)

- Amendments to IFRS 7 *Financial Instruments: Disclosures - Derecognition* (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2012)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (applicable for annual periods beginning on or after 1 January 2013)

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 34.

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 34.

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. The company eliminates the net results between the joint venture and the Ter Beke group. In 2010 the group had no interests in joint ventures. On 22 June 2011 Ter Beke and the shareholders of Stefano Toselli established a 50/50 joint venture in Opole (Poland). This joint venture bears the name 'Pasta Food Company' and will produce and commercialise lasagne and pasta meals in Central and Eastern Europe. As Pasta Food Company is booked via the equity method only 50% of the equity is recognised in the balance sheet and 50% of the net result is recognised in the group consolidated figures.

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, Non-current 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 2011 and 2010 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 2011 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 (liquidated in 2011) and TerBeke-Pluma UK Ltd which conducts its business in British Pounds and Pasta Food Company Sp. Z.o.o. in Polish Zloty. 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	2011	2010
Pound Sterling		
Closing rate	0.8355	0.8607
Average rate	0.8679	0.8599
Polish zloty		
Closing rate	4.4580	-
Average rate	4.2365	-

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 did not fulfil the criteria for activation until 2010, these expenses were included as a debit in the income statement. In 2011 the group activated EUR 156 (000) of costs for development activities on innovative products which will be launched during 2012 and 2013.

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 2011 and 2010 the Ter Beke other consolidated 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:

Research and development	33.3%
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 non-current 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 non-current 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 non-current 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 non-current 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.

Operational 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 non-current assets (except for goodwill): On every

reporting date, the group investigates its balance-sheet values for tangible and intangible non-current 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-generating 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-realizable 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.

Non-current assets held for sale

Non-current 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:

- the group has an existing obligation (legally enforceable or effective) as the result of an event in the past;
- it is likely that an outflow of funds that contains economic advantages within it will be required to settle the obligation, and
- 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 provi-

sions 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 group consolidated annual income statement for 2011 includes the Entity and 20 consolidated subsidiaries over which the Entity exercises control (Note 34). Furthermore, in 2011 the group, together with the shareholders of Stefano Toselli, established a 50/50 joint venture Pasta Food Company Sp. z.o.o. In 2010 SDF Foods Ltd., Ter Beke International BV and Ter Beke Holding BV were set into liquidation and liquidated in the course of 2011.

The consolidated financial statement for 2010 includes 23 consolidated subsidiaries.

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 2011 the Ter Beke group had a workforce of 1,790 (2010: 1,819) (full-time equivalents on December 31 2011 and the average number of temporary workers in 2011). 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 non-current assets, goodwill, tangible non-current assets and the

elements of the operational working capital. All other assets and liabilities have not been allocated to the business segments and are 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 five geographical regions in which the group is active - Belgium, the Netherlands, Great Britain, Germany and the rest of Europe. The rest of Europe includes France, Switzerland, Spain, Portugal, Ireland, Austria, Denmark, the Czech Republic and Poland.

The 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

	2011			2010		
	Processed meats	Ready meals	Total	Processed meats	Ready meals	Total
Segment income statement						
Segment income	274,011	129,704	403,715	277,295	124,885	402,180
Segment results	7,195	10,451	17,646	10,078	10,410	20,488
Non-allocated results			-2,313			-2,687
Net financing cost			-2,713			-3,511
Tax			-3,414			-3,832
Share in enterprises accounted for using the equity method			-200			0
Consolidated result			9,006			10,458
Segment balance sheet						
Segment assets	160,123	64,780	224,903	158,906	66,719	225,625
Non-allocated assets			28,033			16,988
Total consolidated assets			252,936			242,613
Segment liabilities	59,454	26,023	85,477	57,386	31,200	88,586
Non-allocated liabilities			167,459			154,027
Total consolidated liabilities			252,936			242,613
Other segment information						
Segment investments	9,486	4,217	13,703	12,464	11,319	23,783
Non-allocated investments			872			560
Total investments			14,575			24,343
Segment depreciations and non-cash costs	10,821	6,382	17,203	11,276	7,752	19,028
Non-allocated depreciations and non-cash costs			697			672
Total depreciations and non-cash costs			17,900			19,700

Key data per geographical region

Third party turnover	2011	2010
Belgium	171,055	171,584
The Netherlands	146,618	150,633
UK	24,732	24,470
Germany	28,260	22,693
Other	33,050	32,800
	403,715	402,180

Assets per region	2011	2010
Belgium	181,989	168,737
The Netherlands	46,669	50,808
Other	24,278	23,068
	252,936	242,613

Investments per region	2011	2010
Belgium	12,946	20,877
The Netherlands	1,623	3,366
Other	6	100
	14,575	24,343

4. Operating revenues

	2011	2010	%
Revenues from the sale of goods	403,715	402,180	0.4%

In 2011, the total group turnover increased by 0.4% from EUR 402.2 million to EUR 403.7 million.

In the Ready Meals division, the turnover increased by EUR 4.8 million (+3.9%). This increase is mainly due to a strong volume increase in lasagne and pasta meals.

In the Processed Meats division, the turnover decreased by EUR 3.3 million (-1.1%) with stable total volumes. The turnover decrease is mainly due to a changed product-mix, whereby sales volumes of cheaper products go up to the detriment of sales volumes of more expensive products. The group's market share grew in most markets.

5. Trade goods, raw and auxiliary materials

	2011	2010
Purchases	214,248	207,204
Stock changes	-535	-730
Total	213,713	206,474

6. Impairments, write-offs and provisions

	2011	2010
Fee for third parties	19,970	22,087
Maintenance and repairs	14,825	15,749
Costs of marketing and sales	17,099	17,447
Transport costs	14,522	14,377
Energy	9,195	8,344
Rent	5,878	5,145
Other	3,138	3,366
Total	84,627	86,515

The fee for third parties includes mainly costs of temporary work, counsellors and Directors.

The account "others" includes a.o. office expenses and costs of insurances.

7. Wages and salaries

Wages and salaries in 2011 amounted to EUR 72,742 (000) compared to EUR 72,138 (000) in 2010. Wages and salaries can be split up as follows:

	2011	2010
Wages and salaries	47,996	47,785
Social security contributions	17,237	17,137
Other personnel costs	7,509	7,216
Total	72,742	72,138
Total employment in full-time equivalents (excl. interim workers)	1,494	1,475

8. Impairments, write-offs and provisions

	2011	2010
Impairments	94	36
Provisions	-242	-84
Total	-148	-48

9. Other operating income and expenses

	2011	2010
Recovery of wage-related costs	768	795
Recovery of logistic costs	168	114
Government grants	0	13
Profits from the sale of assets	85	105
Insurance recoveries	459	376
Losses in value	-53	-263
Local tax	-1,411	-1,467
Indemnities	83	372
Other	501	403
Total	600	448

10. Profits/losses of operating activities

	2011	2010	%
Profit of operating activities	15,333	17,801	-13.9%
Non current operating activities	0	0	
Current profit of operating activities (REBIT)	15,333	17,801	-13.9%

EBITDA decreases by EUR 4.3 million (-11.4%) going from EUR 37.5 million in 2010 to EUR 33.2 million in 2011.

This decrease is mainly due to raw material prices, which have been rising since the second semester of 2010. Because of the nature of the contracts the group enters into with its major retail customers, there is an inevitable delay in charging these price increases on in the sales prices.

Ter Beke invests further in the quality of its produce, in innovation and in the support of its Come a casa® brand in Belgium. This leads to a further growth of the market share of Come a casa® and even stimulates sales in the entire category.

At the same time, the group continues to work on a strict cost control and cost reduction on all its sites in an attempt to limit the impact of the raw material price increase and the increase of wages and energy costs on the results of the group. The results of a number of important efficiency investments were realised with a delay.

Total non-cash costs decreased to EUR 17.9 million. This is primarily due to lower impairments on non-current assets compared to 2010.

This results in and EBIT of EUR 15.3 million compared to EUR 17.8 million in 2010 (-13.9%).

11. Financial income

	2011	2010
Interest income	44	13
Positive exchange rate differences	0	0
Other	136	196
Total	180	209

12. Financing expenses

	2011	2010
Interest costs on loans	2,302	2,490
Interest costs on leasing	165	177
Negative exchange rate differences	96	396
Bank costs	91	172
Revaluation of financial instruments	0	0
Other	239	485
Total	2,893	3,720

13. Tax

	2011	2010
Tax on profits		
Financial year	3,285	3,797
Previous financial years	-119	135
Deferred tax liabilities		
Effect of temporary differences	248	-100
Total tax in the income statement	3,414	3,832

The tax rate in Belgium amounts to 33.99 % (2010: 33.99 %). For the other countries, the tax rates applicable in those countries are used.

Relationship between the tax burden and the accounting profit	2011	2010
Accounting profit before tax	12,620	14,291
Tax at the Belgian tax rate (2011: 33.99% and 2010: 33.99%)	4,290	4,858
Effect of the different tax rates of the foreign companies	-654	-344
Effect of the expenses non deductible against tax	524	430
Deferred tax assets and liabilities into result	0	-13
Realisation of previously not-acknowledged tax receivables	-251	-715
Notional interest deduction	-257	-466
Other effects	-238	82
Actual tax burden	3,414	3,831
Actual tax percentage	27.0%	26.8%

14. Goodwill

	2011	2010
Goodwill		
Start of the financial year	36,944	38,439
Acquisitions		
Transfer and discontinuations		-1,495
Calculation differences		
End of the financial year	36,944	36,944
Exceptional value reductions		
Start of the financial year	1,740	3,235
Exceptional impairment losses		
Transfer and discontinuations		-1,495
End of the financial year	1,740	1,740
Net balance sheet value	35,204	35,204

Goodwill arises when the cost price of a business combination at acquisition date exceeds the interest of the group in the net fair value of the identifiable

assets, liabilities and contingent liabilities of the acquiree. The group has elected to allocate the goodwill to its segments.

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

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

In 2011 the goodwill amounted to EUR 29,096 (000) (2010: EUR 29,096 (000)) for processed meat products and EUR 6,108 (000) (2010: EUR 6,108 (000)) for Ready Meals.

The above-mentioned 'impairment' analysis is based on:

- The budget estimate for the following year of the own operational cash flows for each segment individually. This budget estimate is the result of a detailed analysis of all known and estimated developments in turnover, margin and costs adjusted to the commercial environment for each segment. Here, equilibrium is sought between challenge and realism.
- These cash flows are extrapolated over five years bearing in mind:
 - Average turnover growth of the Ter Beke group over the previous ten years. Furthermore, senior management considers this percentage

(+2.6%) to be a realistic estimate for the coming years for both segments.

- Estimated EBITDA margin. This margin is in line with the projections for the coming year and with the longer term targets for each segment.
- Estimated tax burden on the operational cash flow. Estimates are based on the average of the Belgian and Dutch and tax rates for processed meat products and the higher Belgian rate for Ready Meals. This takes the tax flow taxation location into consideration.
- For each year the cash flows calculated in this manner are adjusted with the estimated replacement investment required to maintain the current production facilities in an operational status and with the movement in working capital. This is different for each segment.
- The cash flow as calculated above for the 5th year is extrapolated to the future without growth to give the residual value.
- All these cash flows are capitalised at the weighted average cost of capital (WACC) of 8.56% after tax, as estimated by Bank Degroof. The calculation is based on a desired equity/debt ratio of 35/65, an average tax rate of 29%, a return on investment of 11.38% and gross cost of loan capital of 4.7%. The risks in both segments are sufficiently related to justify using one and the same WACC.

In both divisions, the realisable value exceeds the book value significantly (by more than 50%). 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 29% in processed meat products and 17% in ready meals. If the EBITDA/sales-margin decreases by 1% this difference decreases by 27% and 12% respectively.

15. Intangible non-current assets

	2011 Software	2011 Development	2011 Total	2010 Software
Acquisition value				
Start of the financial year	14,162	0	14,162	13,491
Extension consolidation circle			0	0
Acquisitions	791	156	947	702
Transfer and discontinuations	-426	0	-426	-50
Transfer from / to other entries			0	19
End of the financial year	14,527	156	14,683	14,162
Depreciations				
Start of the financial year	12,153	0	12,153	11,346
Extension consolidation circle			0	0
Depreciations *	840	0	840	808
Transfer and discontinuations	-431	0	-431	-1
End of the financial year	12,562	0	12,562	12,153
Net balance sheet value	1,965	156	2,121	2,009

In 2011 the group activated EUR 156 (000) of costs for development activities on innovative products which will be launched during 2012 and 2013.

16. Tangible non-current assets

2011	Land and assets	Installations, machines and equipment	Furniture and rolling stock	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	101,173	218,978	2,816	3,259	81	86	326,393
Extension consolidation circle							0
Acquisitions	989	11,790	168			680	13,627
Transfer and discontinuations	-5,687	-7,019	-215	-1,295			-14,216
Transfer from / to other entries		46	5			-51	0
Calculation differences							0
End of the financial year	96,475	223,795	2,774	1,964	81	715	325,804
Depreciations							
Start of the financial year	50,810	151,620	2,455	2,977	81	0	207,943
Extension consolidation circle							0
Depreciations *	3,248	14,383	128	133			17,892
Transfer and discontinuations	-2,624	-6,994	-215	-1,208			-11,041
Calculation differences							0
End of the financial year	51,434	159,009	2,368	1,902	81	0	214,794
Impairment							
Start of the financial year	2,997	445	2	0	0	0	3,444
Extension consolidation circle							0
Addition *							0
Reduction *							0
Transfer and discontinuations	-1,200						-1,200
End of the financial year	1,797	445	2	0	0	0	2,244
Net capital grants							
Start of the financial year	478	2,521	33	0	0	0	3,032
Extension consolidation circle							0
New allocations							0
Other		16					16
Depreciations *	-80	-597	-8				-685
End of the financial year	398	1,940	25	0	0	0	2,363
Net balance sheet value on 31 December 2011	42,846	62,401	379	62	0	715	106,403

2010	Land and assets	Installations, machines and equipment	Furniture 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
Extension consolidation circle							0
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
Calculation differences							0
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
Calculation differences							0
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
Extension consolidation circle							0
Addition *	700						700
Reduction *	270	-270					0
Transfer and discontinuations							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
Extension consolidation circle							0
New allocations							0
Other		65					65
Depreciations *	-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

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 non-current assets in the income statement.

The group invested EUR 14.6 million in 2011. These investments were mainly related to the next automation phase for paté production in Wommelgem and to the continued efficiency investments and infrastructure modifications at the various group locations.

17. Joint venture according to equity method

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

This joint venture was established on 22 June 2011 in Opole (Poland) under the name Pasta Food Company. The group recognises this joint venture according to the equity accounting method. This means that the investments are recognised in the balance sheet under the group's share (50%) in the equity of the joint venture. The joint venture's non-audited balance sheet and income statement are as follows (in '000 EUR):

	2011
Services and miscellaneous goods	-404
Interests	4
Result after taxes	-400
Balance sheet	2011
Non-currents assets	936
Other receivables	176
Cash and cash equivalents	8,036
Total assets	9,148
Shareholder equity	8,662
Trade liabilities	486
Total liabilities	9,148

In 2010, the group had no interests in joint ventures.

18. Other long term receivables

	2011	2010
Receivables and securities in cash	133	136
Total	133	136

19. Long term interest-bearing receivables

Within the framework of the long-term collaboration between the partners of the joint venture (see note 17), the group has issued a EUR 5 million loan to YHS. This is an interest-bearing loan and is guaranteed by a pledge on the shares that YHS holds in the joint venture. This loan matures on 31 March 2018.

	2011	2010
Interest-bearing long term receivables	5,000	0
Total	5,000	0

20. Deferred tax assets and liabilities

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

	2011	2010
Debts	-40	306
Tangible fixed assets	8,250	8,121
Receivables	561	43
Provisions	-270	-218
Tax loss carry forwards deducted from other entries	-131	-131
Deferred tax assets and liabilities	8,370	8,121

In 2011, the group did not acknowledge EUR 8,068 (000) (EUR 7,598 (000) in 2010) in deferred tax assets on tax-deductible losses EUR 416 (000) (EUR 256 (000) in 2010) 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 transferable notional interest deduction is transferable for 7 years only. From 2011, the unused portion of the notional interest of the year is no longer transferable.

21. Stocks

	2011	2010
Raw and auxiliary materials	15,426	14,618
Work in progress	3,726	3,756
Finished goods	5,106	5,234
Trade goods	146	204
Total	24,404	23,812

22. Trade and other receivables

	2011	2010
Trade receivables	57,441	56,432
Grants to receive	1,396	1,400
VAT to be reclaimed	2,178	2,222
Tax to be reclaimed	790	63
Receivable building sale The Netherlands	916	0
Accrued and deferred accounts	1,990	1,928
Interest receivable	20	0
Indemnities receivable	40	0
Empties	4,090	2,284
Other	737	363
Total	69,598	64,692

Our trade receivables are not interestbearing.

The average number of days of customer credit for the group is 52 (2010: 51). This number of days is distorted because of the strong sales in the fourth quarter of both years. In 2011, impairments on trade receivables to the value of EUR 102 (000) were recognised as a cost in the income statement (EUR 48 (000) in 2010).

23. Cash and cash equivalents

	2011	2010
Short-term financial assets	0	1,170
Sight accounts	5,730	3,609
Cash	12	7
Total	5,742	4,786

24. Equity capital

The various components of the equity capital, together with the changes between 31 December 2010 and 31 December 2011 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 2011, 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.

Own share reserve

The reserve for own shares contains the acquisition value of the own shares held by the group. On 31 December 2011 the group held no own shares compared to 1,623 own shares on 31 December 2010.

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 28 February 2012, 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.

25. 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 1,510 (000) as at 31 December 2011.

	Obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2010	1,377	315	1,692
Extension consolidation circle			0
Service cost	80		80
Interest cost	88		88
Actuarial effect			0
Payments		-125	-125
Reversals	-119	35	-84
Other	140		140
31 December 2010	1,566	225	1,791
Extension consolidation circle			0
Service cost	92		92
Interest cost	80		80
Actuarial effect			0
Payments			0
Reversals	-175	-67	-242
Other	-53		-53
31 December 2011	1,510	158	1,668

IAS 19	2011	2010
Liability included in the balance sheet regarding defined benefit pension liabilities	1510	1,566
Not recognised in the balance sheet		
Past service pension costs	-24	-28
Defined benefit pension schemes	1,534	1,593
Net liability / (asset)	1,510	1,566
Of which liabilities	1840	1,861
Of which investments in investment funds	-330	-295
Amounts recognised in the profit and loss account:		
Pension cost allocated to the year of employment	111	92
Interest charges	80	88
Expected return from investments in investment funds	-13	-12
Recognised actuarial (profits) / losses	39	293
Past service pension costs	-19	-19
Losses / (profits) from curtailments or settlements	0	0
Cost recognised in the profit and loss account regarding defined benefit pension schemes	198	442
Present value of the gross liability at the beginning of the year	1,861	1,652
Employer's contributions	-153	-204
Pension cost allocated to the year of employment	198	442
Other	-66	-29
Present value of the gross liability at the end of the year	1,840	1,861
Fair value of the investments in investment funds at the beginning of the year	-295	-275
Expected employer's contributions	-131	-198
Expected benefits paid (excl. interest)	130	204
Expected return from investments in investment funds	-14	-12
Expected value of the investment in investments funds at the end of the year	-310	-281
Fair value of the investments in investment funds at the end of the year	-330	-295
Actual employer's contributions	-153	-204
Actual benefits paid	127	194
Actuarial profit (losses) from investments in investment funds	4	1

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 2011 this cost amounted to EUR 1,846 (000). In 2010 this was EUR 1,961 (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.

26. Interest-bearing obligations

2011	within the year	Maturity period between 1 and 5 years	After 5 years	Total
Interest-bearing obligations				
Credit institutions	30,329	32,559	7,417	70,305
Leasing debts	35	21	0	56
Total	30,364	32,580	7,417	70,361

2010	within the year	Maturity period 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	0	208
Total	21,496	36,246	4,212	61,954

The loans from credit institutions consist of:

- long-term credits with a fixed interest rate for EUR 32,605 (000);
- long-term credits whereby the interest rates are regularly reviewed for agreed periods of less than one year for EUR 26,100 (000);
- short term credits for agreed periods of less than one year for EUR 11,600 (000) EUR.

	2011	2010
Loans with fixed interest rate	4.07%	4.43%
Loans with variable interest rate	2.79%	2.10%

Minimum payments credit institutions (including interests):

	2011	2010
- less than 1 year	32,148	23,265
- more than 1 and less than 5 years	35,090	38,432
- more than 5 years	8,017	4,421

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 2011 and 2010 the group meets the covenants.

The minimum financial lease payments (including interests) are:

	2011	2010
- less than 1 year	37	159
- more than 1 and less than 5 years	21	59
- 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.

27. Trade liabilities and other debts

	2011	2010
Trade debts	57,372	60,269
Dividends	106	103
Other	5,395	5,167
Total	62,873	65,539

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

28. 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.

In 2011 the company agreed a Cap for EUR 5,000 (000) for which interest rate increases have been limited to a pre-paid rate until the end of 2015. The market value at 31 December 2011 amounted to EUR 34 (000).

In 2010, 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 2011, the group had a net position in Pound Sterling of £ 2,451 (000), on 31 December 2010 this position was £2,408 (000).

On 31 December 2011 the group had, as hedging against the exchange rate risk, an option contract for the sale of 3,100 (000) GBP for EUR and forward contracts for the sale of 2,235 (000) GBP for EUR. On 31 December 2010 the group had 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.

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. 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. 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 credit-worthiness.

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 26.

29. 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:

	2011	2010
- less than 1 year	2,182	2,099
- more than 1 and less than 5 years	7,281	7,183
- more than 5 years	14,083	15,536
Total	23,546	24,818

30. 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 2011 to EUR 885 (000) (2010: EUR 1,380 (000)).

31. 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 Nomination & 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 2011 can be summarized as follows:

in million eur	2011	2010
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	2.1	2.6

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 2011 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 appli-

cation of the conflict of interest rules (articles 523 and 524 of the Companies Code) we refer to the annual report chapter on Corporate Governance.

In 2011, EUR 237 (000) in costs was charged to Pasta Food Company (joint venture in Poland).

32. 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 9,006 (000) (2010: EUR 10,458 (000)) and a weighted average number of outstanding ordinary shares during the year of 1,732,621

(2010: 1,732,621). No own shares on 31 December 2011 were not taken into account (1,623 on 31 December 2010).

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

Calculation profit per share	2011	2010
Number of outstanding ordinary shares per 1 January financial year	1,732,621	1,732,621
Effect of issued ordinary shares	0	0
Weighted average number of outstanding shares per 31 December financial year	1,732,621	1,732,621
Net profit	9,006	10,458
Average number of shares	1,732,621	1,732,621
Profit per share	5.20	6.04

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. In 2011 and 2010 there were no potential ordinary shares that could give rise to dilution.

Calculation diluted profit per share	2011	2010
Net profit	9,006	10,458
Average number of shares	1,732,621	1,732,621
Dilution effect warrant plans	0	0
Adjusted average number of shares	1,732,621	1,732,621
Diluted profit per share	5.20	6.04

33. Impact of business combinations

There were no business combinations in 2011 and 2010.

34. 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 2011:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproductie NV Beke 1, 9950 Waarschoot - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Waarschoot - Belgium	100
FreshMeals Nederland BV Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
FreshMeals Ibérica SL - Via de las Dos Castillas , 33 Complejo Empresarial Atica, Edificio 6, Planta 3a, Oficina B1, 28224 Pozuelo de Alarcon, Madrid - Spain	100
Ter Beke Luxembourg SA 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
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 Espace Leaders, 428 allée de Marigny, 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
H.J. Berkhout Verssnijljin BV Scheepmakerstraat 5 , 2984 BE Ridderkerk - The Netherlands	100
Pasta Food Company Sp. z.o.o. Aleje Jerozolimskie 56C - 00-803 Warszawa - Polen	50

35. Events after year-end

There are no events after year end.

36. Fees of the statutory auditor

In relation to the financial year 2011, 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 26 (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 209 (000).

Abbreviated financial statements of Ter Beke NV

Balance sheet

	2011	2010
Fixed assets	91,579	86,888
I. Formation costs	0	0
II. Intangible fixed assets	0	0
III. Tangible fixed assets	1,887	1,727
IV. Financial fixed assets	89,692	85,161
Floating assets	92,224	86,903
V. Receivables on more than 1 year	5,020	20
VI. Stocks	0	0
VII. Receivables on no more than 1 year	86,491	84,709
VIII. Cash investments	0	1,264
IX. Liquidities	430	684
X. Accrued and deferred accounts	283	226
Total assets	183,803	173,791
Shareholders' equity	77,527	78,567
I. Capital	4,903	4,903
II. Issue premiums	48,288	48,288
IV. Reserves	3,360	3,360
<i>Legal reserves</i>	649	649
<i>Unavailable reserves</i>	1,551	1,551
<i>Tax-free reserves</i>	679	679
<i>Available reserves</i>	481	481
V. Transferred result	20,976	22,016
Provisions and deferred taxes	0	0
Debts	106,276	95,224
X. Debts, more than 1 year	9,000	0
XI. Debts, no more than 1 year	97,235	95,223
XII. Accrued and deferred accounts	41	1
Total liabilities	183,803	173,791

Income statement

	2011	2010
Operating revenues	11,859	11,465
Turnover	0	0
Stock changes	0	0
Produced fixed assets	0	0
Other operating revenues	11,859	11,465
Operating costs	11,353	10,974
Trade goods, raw and auxiliary materials	0	0
Services and miscellaneous goods	7,514	7,032
Salaries, social security and pensions	3,118	3,270
Write-offs and depreciation on intangible and tangible fixed assets	712	663
Depreciation on stocks and trade receivables	0	0
Provision for risks and costs	0	0
Other operating costs	9	9
Operating profit	506	491
Financial income	4,299	2,305
Financial expenses	-968	-327
Result of ordinary business operations before tax	3,837	2,469
Exceptional income	0	21,345
Exceptional expenses	-1	0
Profit before tax	3,836	23,814
Tax on profits	-545	-409
Result for the year after tax	3,291	23,405

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.



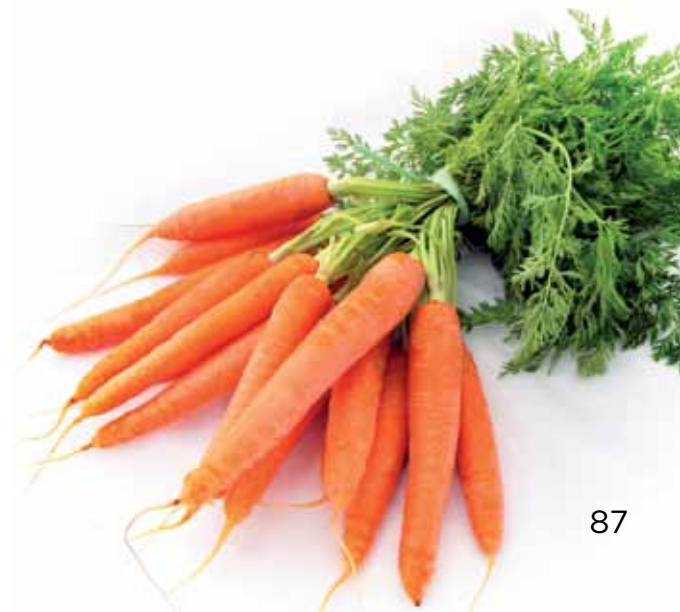
Declaration of the responsible persons

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

- the financial statements for the financial year 2011 and 2010, which have been prepared in accordance with the International Financial Accounting Standards (IFRS), give a true and fair view of the equity, of the financial status and of the results of Ter Beke NV and the companies included in the consolidated accounts;
- the annual report gives a true picture of the development and the results of the company and the position of Ter Beke NV and the companies included in the consolidated accounts, as well as a description of the main risks and uncertainties with which they are confronted.

René Stevens
Chief Financial Officer

Marc Hofman
Managing Director



Auditor's report on the consolidated financial statements*

Ter Beke NV

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2011 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 2011, 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 36. The consolidated balance sheet shows total assets of 252,936 (000) EUR and the consolidated income statement shows a consoli-

dated profit (group share) for the year then ended of 9,006 (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 2011, 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 comment

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, 13 April 2012

The statutory auditor

DELOITTE Bedrijfsrevisoren/ Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Dirk Van Vlaenderen
Kurt Dehoorne



Stock and shareholder information

Share Quotation

On 31 December 2011, 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, in 2001 Ter Beke concluded a liquidity provider agreement with Bank Degroof. The shareholder structure was included in the Corporate Governance Statement (see above).

Share related instruments

As at 31 December 2011 there were no share related instruments, such as stock options or warrants in circulation.

Dividend

Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. The Board of Directors will submit a proposal to the General Meeting of Shareholders to be held on 31 May 2012 to distribute a gross dividend of 2.50 EUR per share over 2011 (identical to the dividend distributed over 2010).

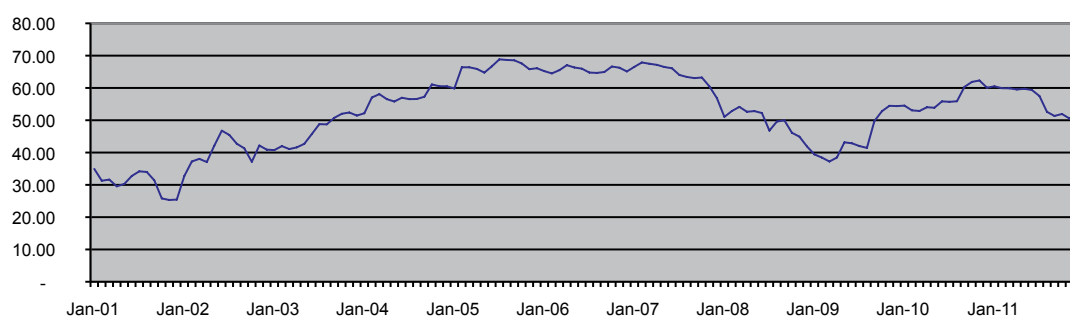
Subject to the approval of the General Meeting of Shareholders on 31 May 2012, the net dividend per share will be payable from 15 June 2012 on presentation of coupon no. 23 at the counters of BNP Paribas Fortis, KBC, ING, Bank Degroof and Petercam NV.

TERB
LISTED
NYSE
EURONEXT



Stock price evolution

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



Follow-up by financial analysts

The share of Ter Beke was followed in 2011 by the analysts of Bank Degroof and KBC Securities. The analyst reports were published on the Ter Beke company website www.terbeke.com, under Investor Relations.

Proposals to the General Meeting of Shareholders

The Board of Directors proposes the following to the General Meeting of Shareholders to be held on 31 May 2012:

- the approval of the financial statement as per 31 December 2011 and consent to the allocation of the result. The non-consolidated result for the financial year is 3,291,127.38 EUR;
- the payment of a gross dividend of 2.50 EUR per share, payable as of 15 June 2012 (Ex Coupon on 12 June 2012);
- the re-appointment as director for a period of four years, starting from the end of the General Meeting of Shareholders of 31 May 2012 and expiring at the General Meeting of Shareholders of 2016, of Marc Hofman, Eddy Van der Pluym and BVBA Louis Verbeke, represented by Louis-H. Verbeke;
- to grant discharge to the members of the Board of Directors and the Statutory Auditor for the execution of their mandate in 2011;
- to decide on the remuneration report in a separate vote;
- the approval of the fixed annual fee of the members of the Board of Directors for the performance of their duties in 2012, amounting to 207,000 EUR.

Financial calendar

Trading update Q1 2012	May 11 th 2012 before market opening
Shareholders' Meeting	May 31 st 2012 at 11 am
Share quoted ex-coupon	June 12 th 2012
Dividend payment	June 15 th 2012
Results first semester 2012	August 31 st 2012 before market opening
Trading update Q3 2012	November 9 th 2012 before market opening
Annual results 2012	At the latest 30 April 2013

Contact information

NV TER BEKE

Beke 1 - B-9950 Waarschoot
RPR Gent 0421.364.139
E-mail: info@terbeke.be
Website: www.terbeke.com

Ready Meals

NV FRESHMEALS

Beke 1 - B-9950 Waarschoot
RPR Gent 0884.649.304

LES NUTONS SA

Chaussée de Wavre 259a - B-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

Zone Espace Leaders
428 Allée de Marigny
F-74540 Alby-sur-Chéran
RCS Annecy 309 507 176

FRESHMEALS IBERICA S.L.

Complejo Empresarial Atica
Edificio 6, planta 3a, Oficina 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

PASTA FOOD COMPANY

Al. Jerozolimskie 56C
00-803 Warszawa
Poland
KRS 0000403908

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

The Dutch version of this annual report is regarded as the sole official version.

Ce rapport annuel est également disponible en français.
Dit jaarverslag is ook verkrijgbaar in het Nederlands.

Our thanks go out to all our employees, whose involvement in the achievement of the company's objectives and whose dynamism allow us to attain the reported results and to have confidence in the future.

Creation, lay-out and coordination:
www.thecrewcommunication.com

This Annual Report is printed
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