DRIVEN BY THE ZEAL FOR YOUR EVERYDAY MEAL

ANNUAL REPORT 2013







terbeke

HEADLINES AND KEY FIGURES 2013

EAT
6.2
million EUR

TURNOVER
407.2
million EUR

INVESTMENTS
10.6
million EUR

Processed meats division 2013:

- Slight increase in turnover due to slicing and packaging activities.
- Consolidation of operating result, also due to far-reaching cost reductions.
- Industrial production of dried and cured meat products ceased at the Herstal location as per 31 December 2013.

EBITDA

28.6

million EUR

Ready meals division 2013:

- Drop in turnover in lasagne and pasta meals as a result of the horsemeat crisis, despite Ter Beke products not being involved. Consumer confidence is recovering more slowly than expected.
- Specific promotional campaigns and far-reaching cost reduction and control measures have enabled the division's operating result to gradually return to the expected level.

CONSOLIDATED KEY FIGURES 2005-2013

Consolidated income statement	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	407,202	421,078	403,715	402,180	392,374	393,206	366,669	326, 718	236,238
EBITDA (1)	28,602	31,130	33,233	37,501	35,155	29,866	29,274	23,981	21,632
Recurring operating result	12,757	13,948	15,333	17,801	15,087	11,378	12,192	8,606	10,700
Non-recurring operating activities	-2,159	-380	0	0	0	-3,425	-1,950	1,500	0
Result of operating activities	10,598	13,568	15,333	17,801	15,087	7,953	10,242	10,106	10,700
Result after tax before share in the result of enterprises is accounted for using the equity method	6,313	8,024	9,206	10,458	8,256	7,604	6,069	5,973	5,949
Result after taxes	6,202	8,207	9,006	10,458	8,256	7,604	6,069	5,973	5,949
Net cash flow (2)	24,317	25,586	27,106	30,158	28,324	29,517	25,101	19,848	16,881

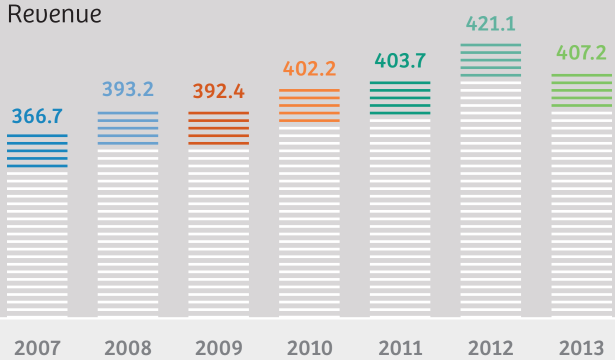
Consolidated balance sheet and financial structure	2013	2012	2011	2010	2009	2008	2007	2006	2005
Non-current assets	144,493	154,380	153,192	149,323	146,266	150,361	161,173	134,537	83,828
Current assets	96,183	95,177	99,744	93,290	83,750	89,075	86,597	73,621	50,597
Equity	99,489	98,036	93,879	89,116	82,808	78,146	74,421	71,715	45,359
Balance sheet total	240,676	249,557	252,936	242,613	230,016	239,436	247,770	208,158	134,425
Net financial debt (3)	40,823	51,476	59,619	57,168	65,464	69,853	71,681	56,458	28,863
Net financial debt / Equity	41.0%	52.5%	63.5%	64.2%	79.1%	89.4%	96.3%	78.7%	63.6%
Equity / Balance sheet total	41.3%	39.3%	37.1%	36.7%	36.0%	32.6%	30.0%	34.5%	33.7%

Stock and dividend information	2013	2012	2011	2010	2009	2008	2007	2006	2005
Number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,730,171	1,722,971	1,369,017
Average number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,731,641	1,727,118	1,588,088	1,366,698
Average stock price (December)	56.94	47.81	49.67	60.09	54.38	41.91	56.85	65.10	66.10
Profit per share	3.58	4.74	5.20	6.04	4.77	4.39	3.51	3.76	4.35
Diluted profit per share	3.58	4.74	5.20	6.04	4.76	4.38	3.49	3.70	4.24
EBITDA per share	16.51	17.97	19.18	21.64	20.29	17.25	16.95	15.10	15.83
Net cash flow per share	14.03	14.77	15.64	17.41	16.35	17.05	14.53	12.50	12.35
Dividend per share	2.50	2.50	2.50	2.50	2.35	2.10	2.10	2.10	2.10
Payout ratio	69.84%	52.7%	48.1%	41.4%	49.3%	47.8%	59.9%	60.6%	48.3%
Dividend return (December)	4.4%	5.2%	5.0%	4.2%	4.3%	5.0%	3.7%	3.2%	3.2%

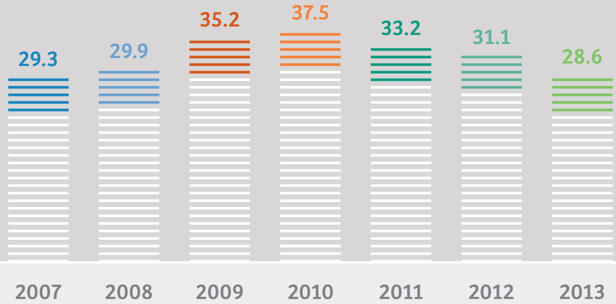
Valuation	2013	2012	2011	2010	2009	2008	2007	2006	2005
Market capitalisation (December)	98,655	82,837	86,059	104,113	94,220	72,614	98,360	112,165	90,492
Net financial debt	40,823	51,476	59,619	57,168	65,464	69,853	71,681	56,458	28,863
Market value of the company	139,478	134,313	145,678	161,281	159,684	142,467	170,041	168,623	119,355
Market value / Result	22.5	16.4	16.2	15.4	19.3	18.7	16.2	18.8	15.2
Market value / EBITDA	4.9	4.3	4.4	4.3	4.5	4.8	5.8	7.0	5.5
Market value / Net cash flow	5.7	5.2	5.4	5.3	5.6	4.8	6.8	8.5	7.1

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

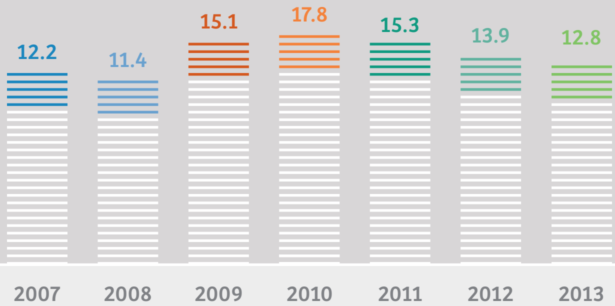
Revenue



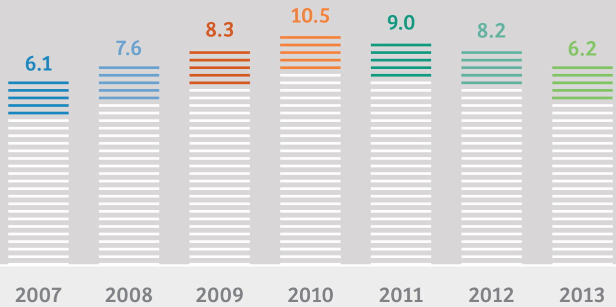
EBITDA



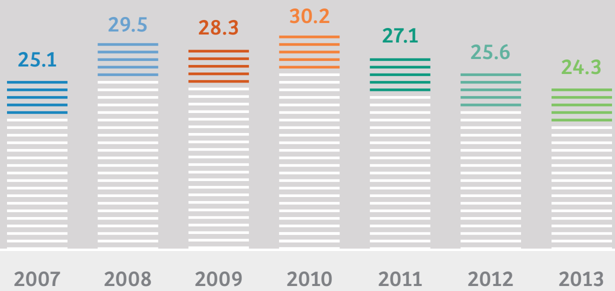
Recurring operating result (REBIT)



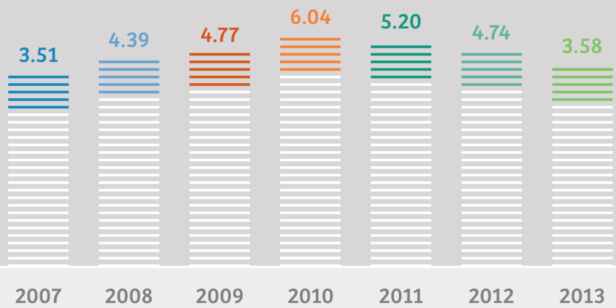
Result after taxes (EAT)



Netto cash flow



Profit per share



CONSOLIDATED FINANCIAL ACCOUNTS 2013 TER BEKE: all amounts in million EUR. Profit per share in EUR.

TER BEKE IN BRIEF

Ter Beke is an innovative Belgian fresh food group with a wide range of high-quality fresh food products and associated services operating commercially in many European countries.

We currently mainly specialise in the production and sale of fine meat products and chilled ready meals, prepared at one of our seven industrial locations in Belgium and the Netherlands.

Ter Beke has some 1,700 employees.

Ter Beke has been listed on Euronext Brussels since 1986 and in 2013 realised a turnover of EUR 407 million.

OUR PROCESSED MEATS DIVISION:

- Produces fine meat products for the Benelux, the United Kingdom and Germany at two production locations in Belgium (Wommelgem and Waarschoot).
- Is the largest slicer and pre-packager of meat products in the Benelux with four centres for slicing and packaging meat products: two in Belgium (Wommelgem and Veurne) and two in the Netherlands (Wijchen and Ridderkerk).
- Is the inventor of the freshpack packaging and is a constant innovator in the segment for pre-packaged meat products.
- Distributes our products under private labels as well as our own brands, including l'Ardennaise®, Pluma® and Daniël Coopman®.
- Supplies fine meat products under the brands Plop, Samson and Maya the Bee (under license from Studio 100®).

OUR READY MEALS DIVISION:

- Produces fresh ready meals for the entire European market with two production sites in Belgium (Wanze and Marche-en-Famenne).
- Is market leader in chilled lasagne in many European countries.
- Sells under our own brands Come a casa® and Vamos® and under numerous private labels.
- Founder of the joint venture *The Pasta Food Company*, which produces and sells ready meals in Central & Eastern Europe.

For further information, please visit **www.terbeke.com**.

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MESSAGE FROM THE CHAIRMAN

Dear shareholders,

We would very much have liked to have shown you better results from this first, almost full, year with the new management team. That would have been the case, had it not been for the unprofessional (and unethical) use of horsemeat by some market players which affected consumer confidence in fresh ready meals in certain countries somewhat harder than originally estimated. Even though Ter Beke had nothing to do with these practices it was many months before consumer confidence was restored. This and a number of non-recurring expenses gave us reason to issue a profit warning after the third quarter reporting was complete.

We would like to draw your attention to our press release dated 28 February 2014, showing that we face the current year with confidence. The full management team led by Dirk Goeminne will be present at the General Meeting of the Shareholders to answer your questions as transparently as is possible.

There is a noticeable gradual recovery of general consumer confidence and once again there is small but noticeable improvement in the economy in almost all markets in which Ter Beke is active. This supports our confidence in a substantial improvement of our results. Furthermore, I consider that interim CEO Dirk Goeminne, supported by his team and a very constructive and critical Board of Directors, has done excellent work to improve the focus on strategy and systems. In addition, the first results of the renewed innovation efforts have been marketed, the structural costs have been substantially reduced and the difficult but essential investment in a new, high-performance ERP system has been initiated. This new system will enable us to provide a better and more flexible response to clients' needs and to make better use of the internal synergies.

Our new location in Poland will open in the third quarter of 2014 and from this we will be servicing new Central European markets.

Dirk Goeminne and his team have done an excellent job in instilling new enthusiasm at Ter Beke which is also noticeable to customers and consumers. We would also like to take this opportunity to thank all who have worked so hard to determine a sharper course for Ter Beke, particularly in such a difficult year. We can be confident about Ter Beke's future.

That confidence is also supported by our strong financial structure that enables us to invest in market opportunities that meet our performance standards.

I would like to thank you for your confidence and my thanks go also to Mr Delvaux who is retiring from the Board as independent director now that his (maximum) term as independent director has expired. The Board proposes to appoint Prof. Ann Vereecke as Mr Delvaux's replacement. You will be able to meet her at the General Meeting of the Shareholders.

Yours sincerely,

Louis-H. Verbeke,
Chairman

driven by
the zeal for your everyday meal

OUR MISSION

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

We use this zeal to accomplish our mission: putting delicious quality products on every dining table.

And for this reason, we endorse our name Ter Beke with: ***driven by the zeal for your everyday meal.***

STRATEGIC OBJECTIVES

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

- **CUSTOMER SATISFACTION:** Satisfied clients and consumers are our primary objective. They are our term of existence.
- **OPERATIONAL EXCELLENCE:** Every day we strive to excel in what we do by doing the right things and doing them in the right manner. We do not compromise on the quality of our products and services.
- **COST LEADERSHIP:** We endeavour to keep the direct and indirect costs of our operations under control and reduce these wherever possible. Every day we endeavour to organise our activities as efficiently as possible; and to do this without compromising on the quality of our products and the service to our clients.
- **INNOVATION:** We endeavour to incorporate innovation and creativity in all aspects of our business operations. We consider innovation in products, processes and services to be the motor that drives our strategy and our organisation. The development of new products, services and production processes is an absolute prerequisite for our future growth.

OUR VALUES

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

- **TEAMWORK:** Professional relationships based on mutual respect, confidence, willingness to listen and support. Commitment to achieve the Ter Beke objectives together.
- **FOCUS ON RESULTS:** Achieve common and agreed objectives by working efficiently.
- **INNOVATION:** Encourage entrepreneurial spirit to create future-focused solutions which have added value and differentiate us from our competitors.
- **CUSTOMER FOCUS:** Offer solutions for existing and future demands from clients and consumers.
- **INTEGRITY:** Communicate honestly and openly and work together with business partners and society.

FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

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

1. SOCIETY

Ter Beke plays an **active role** in society. We make a special effort for relevant social themes at a national as well as international level. At a local level our companies are committed to the communities of which we are part.

Membership of professional associations.

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

- FEVIA (Food Industry Federation),
- Belgian sector federations FENAVIAN (National Federation for Manufacturers of Meat Products and Canned Meat) and BReMA (Belgian Ready Meals Association),
- the overarching sector federation CLITRAVI (Liaison Centre for the Meat Processing Industry in the European Union),
- ECFF (European Chilled Food Federation),
- In addition we also maintain close contacts with the Dutch sector organisations.

Ter Beke is not a passive member of these organisations. We actively **contribute to policy preparation within the food chain**. Our R&D QA Director, Mr Guido Bresseleers represents Ter Beke in the primary consultative bodies with other stakeholders in the chain. And we hold the chair of FENAVIAN

and of the technical-scientific committees within FENAVIAN and BReMA, and of the CLITRAVI *Technical, Legal and Food Safety Committee*.

National Food and Health plan for Belgium.

We contribute to the implementation and realisation of the National Food and Health Plan for Belgium. More specifically: we incorporate a number of objectives from this plan, such as

- fat and salt reduction,
- a balanced calorie intake,
- an increased percentage of vegetables in the recipes,

in new products or in modifications to existing products. And we do this for products sold under our own brands as well as our clients' private labels.

Chain consultations.

We participate in the chain consultations chaired by Piet Vanthemsche, Boerenbond (Belgian farmers association) chair. The chain consultations regularly bring the Agrofront, Unizo, BEMEFA/APFACA, COMEOS, UCM and FEVIA together and is designed to promote cooperation between the various actors in the Belgian agri-food chain. In this respect, Ter Beke signed the 'Code of Conduct for fair relationships between suppliers and buyers in the agri-food chain'.

Fundamental research.

We encourage, finance and assist numerous research projects.

Sharing knowledge.

We work together with training centres and support various training initiatives. As preferred partner of the Vlerick Business School we promote research into sustainable business practices and corporate governance.

2. CLIENTS AND CONSUMERS

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

Transparent product composition that meets consumer expectations.

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

Product composition.
The packaging bears transparent labelling regarding the product composition and nutritional values per 100 gram and per serving, expressed as % of the recommended daily intake of nutrients.

We endeavour to create **nutritionally balanced products**. More specifically, we have reduced the salt content in meat products by an average of 10% and in ready meals by an average of 15%. In addition we are gradually reducing the use of saturated fats and palm oil for overall **fat reduction and improving the fatty acid composition**. The production of our own brands is **free of palm oil**.

To achieve nutritional balance, we use **wholemeal** and **ingredients high in fibre** such as vegetables. For example, in 2012, Come a casa® introduced the first fresh ready meals with 100% wholemeal pasta to the Belgian market: wholemeal lasagnes Bolognese and wholemeal vegetable lasagne (with fresh Mediterranean vegetables and without meat).
In general we endeavour **not to use** artificial additives. Where this is unavoidable, the use is subject to strict conditions and statutory limitations. For us it goes without saying that **we do not use ingredients from Genetically Modified Organisms (GMOs) or irradiated ingredients** in our products.

We increasingly use meat from animals which have been raised under specific conditions, in which suppliers endorse **animal welfare principles**. Examples include the AWF (*Animal Welfare Foundation*) rules in the United Kingdom and the 'Beter Leven' (*better life*) standard in the Netherlands. In recognition of our consistent choice for **free range eggs** in our Come a casa® products we have received **the Good Egg Award**® from GAIA (Global Action in the Interest of Animals). In addition to our own brands, we also conform meticulously to the agreements for private labels and we make proactive suggestions for improvement.

3. SUPPLIERS

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

Long-term collaboration, local sourcing and sustainability.

We have an **open relationship** with suppliers, in which everything can be discussed. We translate the extent to which a supplier meets our requirements for quality, innovation, continuity of supply and service, into a **long-term relationship and fair remuneration** for their added-value.

We prefer **local suppliers**. For the production activities in Belgium and Netherlands the majority of meat is purchased in those two countries. Guarantees for authenticity, origin and traceability of our ingredients is paramount.

As far as **sustainability** is concerned, we work together **with preferred suppliers** who can provide proven efforts and innovations that meet our requirements. For animal ingredients this means that we are increasingly buying meat and eggs from animals raised in accordance with standards that endorse the principles of **animal welfare**.

For vegetable ingredients such as palm oil this implies a use of palm oil harvested according to the RSPO (*Roundtable on Sustainable Palm Oil*) standards. We no longer use palm oil in recipes for our own brands.

For our packaging, we prefer to work with **recycled materials** and **renewable raw materials** or packaging which can be recycled after use or which do not damage the environment.

4. SHAREHOLDERS

We offer our shareholders an **attractive return** and high shareholder value. We take initiatives to realise their corporate social responsibility expectations.

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

Since its listing on the Brussels Stock Exchange in November 1986 Ter Beke, as one of the smaller listed companies, pursues an active policy on good governance. Even in 1978, the family directors of Ter Beke invited non-executive, independent entrepreneurs to help and coach them. This administrative structure ensures the development of the business strategy and exercises proper control on this.

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

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

5. LIVING ENVIRONMENT

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

Paying attention to energy consumption, waste flows and packaging.
By continually raising the awareness of employees, and with some specific investments, **water consumption** in the processed meat factories has decreased by 30% of since 2008. **The primary energy consumption** has decreased by 10%. At all our locations we use green electricity.

Due to the integrated Sales & Operations Planning Process we have reduced **waste flows** since 2008 by 70%, despite the increased volume. For this we adhere to the five Rs: Remove, Reduce, Reuse, Renew and Recycle.

For meat ingredients, we elect to use **pork and poultry** in preference to beef because it is **less harmful to the environment**. All our packaging contributes to the systems of **waste prevention and recycling** in the countries where they are marketed. For Belgium this means affiliation and contributing to FostPlus® for consumer packaging and Val-i-Pack® for industrial waste flows. With this, we also adhere to the covenants agreed within the sector and commitments to individual companies.

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

6. COLLEAGUES

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

Motivation, dedication and commitment.

Ter Beke creates a working environment that attracts talented people and gives them the opportunity to develop themselves professionally and personally. After all, this also leads to a successful and sustainable development of the company. Periodic moments for consultation and exchanging information where employees from different departments and disciplines come together, increases commitment. Better informed employees see things in perspective and have a better understanding of the business objectives.

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

Quality and Food Safety

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

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

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

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

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

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

- **Independent verification audits:** Our automatic control system is not only subjected to our own internal checks, it is also regularly checked by independent certification institutions based on the quality standards set by our clients.

  - All our factories have at least certification according to IFS (International Food Standard) or BRC (British Retail Consortium).
  - All our Belgian production sites are under permanent supervision from the Federal Agency for Food Chain Safety (FAFCS).
  - They are certified annually according to the Belgian automatic control model ACS sector guide no. 19 (automatic control system for meat products and ready meals).
  - Our production sites abroad are also monitored by the local national government bodies (in the Netherlands, NVWA and in France, DGCCRF).

- **Comprehensive chain approach:** Quality and Food Safety do not commence when we take delivery of the raw materials, and do not cease when we deliver the finished products. For this reason we place the same demands on the automatic control systems used by our suppliers and logistics partners, including the verification and certification of these systems. For example, in 2013 we made the checks on the authenticity and origin of critical raw materials even stricter.

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

REPORT FROM THE BOARD OF DIRECTORS

OVERVIEW OF ACTIVITIES AND RESULTS OF THE TER BEKE GROUP IN 2013

Key events and evolution of the results in 2013

OVERVIEW OF THE CONSOLIDATED ANNUAL ACCOUNTS OF THE TER BEKE GROUP IN THE FINANCIAL YEAR 2013.

Turnover growth.
The total turnover of the group decreased in 2013 by EUR 13.9 million (-3.3%) from EUR 421.1 million to EUR 407.2 million.
The turnover of the ready meals division decreased by EUR 15.2 million (-11.4%). This decrease is mainly due to reduced European consumer confidence in ready meals in general and in lasagne in particular. Confidence in the ready meals category is recovering more slowly than expected.
In a slightly declining market, the Processed Meats Division turnover increased by EUR 1.3 million (+0.4%). This increase in turnover is mainly due to growth in the slicing and packaging activities in the Netherlands.

Result growth.
The REBITDA decreased by EUR 2.3 million (-7.1%) from EUR 33.1 million in 2012 to EUR 30.8 million in 2013.

This is mainly due to the reduced volume of sales and higher prices for raw materials in the ready meals division. In the second half of 2013, specific promotional campaigns, conducted in collaboration with clients and suppliers, resulted in a substantial improvement in the division's operating result during that period.

Aided by specific initiatives to regain consumer confidence, Come a casa® brand products performed better than private labels. The brand retains its leading position as prime brand among the fresh Mediterranean meals in Belgium.
However, the Processed Meats Division's improved results and the cost management measures were not sufficient to maintain the Group recurring operating result at 2012 levels.

The recurring non-cash costs in 2013 (EUR 18.0 million) decreased by EUR 1.1 million compared to 2012.

This led to a decrease of the recurrent operating result (REBIT) by 8.5% from EUR 13.9 million in 2012 to EUR 12.8 million in 2013.
At the end of 2013 the Group ceased manufacturing dried and cured meat products in the business location in Herstal. A large proportion of our employees were transferred to other Group locations. The costs of this termination, amounting to EUR -0.7 million, together with some other dismissal expenses (EUR -0.8 million), a negative result of the Alby-sur-Chéran site sale (EUR -0.3 million) and several once-only expenses at the outbreak of the horsemeat crisis (EUR -0.4 million), resulted in a non-recurrent EBITDA of EUR -2.2 million in 2013.

This explains the EBITDA decrease of EUR 2.5 million (-8.1%) from EUR 31.1 million in 2012 to EUR 28.6 million in 2013.
In 2012, the non-cash costs amounted to EUR 1.6 million due to a once-only reduction of the write-downs on tangible non current assets in Alby-sur-Chéran. There were no non-recurring non-cash costs in 2013. This explains the decrease in the operating result (EBIT) of EUR 3.0 million (-21.9%) from EUR 13.6 million in 2012 to EUR 10.6 million in 2012.

Investments.
The investments of EUR 10.6 million made during 2013 relate primarily to the continuation of efficiency and infrastructure investments in the various sites. In 2013, investments amounted to EUR 12.1 million.

Joint venture Central and Eastern Europe.
As previously mentioned, Ter Beke and the shareholders of the French Stefano Toselli established a joint venture in 2011 for the production and sale of lasagne and pasta meals in Central and Eastern Europe. The joint venture is known as the 'The Pasta Food Company'. The foundation stone of the new ready meals factory was laid on 26 June 2013 in Opole (Poland). From the third quarter of 2014, this factory will produce ready meals for the Central and Eastern European market.

The Group's share in the results of The Pasta Food Company amounted to EUR -111,000 in 2013. This result in the joint venture is incorporated via the equity method.

Balance sheet position.
In 2013, non-current assets decreased by EUR 9.7 million because the depreciation and write-downs amounting to EUR 18.1 million and the sale of non-current assets amounting to EUR 2.2 million (primarily the sale of the Alby-sur-Chéran site) were greater than the investments amounting to EUR 10.6 million made in 2013.

The net debt decreased by EUR 10.7 million. This is the result of the incoming cash flow from operations (EUR 26.0 million) and financial movements (EUR 0.3 million), compared to an outgoing cash flow from net paid investments (EUR 9.5 million) and dividend and interest payments (amounting to EUR 6.1 million).

The slight increase in the shareholders' equity between 2012 and 2013 is mainly the result of the earnings after taxes less the dividend that was granted over the previous financial year.

This resulted in a further improvement of the Group's financial ratios.

"An innovative response to trends identified enables us to offer our customers relevant solutions."

Markets, marketing & product development

OUR INSPIRATION

Innovation is the driving force for further growth at Ter Beke. This is why we continually invest in market, shopper and consumer research. This enables us to identify trends and gives us better insight into our consumers. And why do we do this? So that we can continually offer our clients relevant solutions. Products which meet their expectations with regard to taste and quality. The following trends inspired our developments in 2013 and will continue to do so in the future:

Living better for less.
The 'hybrid consumer' creates more and more polarisation. Shoppers spend less money on basic commodities. They spend the money they save in this way on premium high-quality products. Reducing food waste is also a priority for Ter Beke: we endeavour to avoid excess wherever possible.

More older consumers and smaller households.
The older population is growing worldwide. These people thrive on their traditional shopping habits. In addition, the number of smaller households (singles and couples) is increasing. This latter group is always pressed for time due to their active professional and social lives. And not to forget: the mix of multicultural influences with local customs.

Health and wellbeing.
Your wellbeing is based on your intake of the good things in nature. They give you energy and emotional balance. So: less sugar, salt and fat; more natural ingredients and 'back to basics' when it comes to nutrition. And what is the consequence of this trend? The emergence of the 'flexivores'.

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

Social responsibility and transparency.
Shoppers are becoming increasingly interested in what happens at companies 'behind the screens'. They want honest brands and sound companies. Consumers are demanding greater transparency and traceability of the ingredients. How can we incorporate this responsibility in our business practices? By purchasing our raw materials locally and showing respect for our heritage, animal welfare and the environment.

Digitalisation.
Digitalisation is turning the world upside down and permanently changing the rules for communication and behaviour. Online shopping is growing rapidly and is influencing the retail landscape. Social media are creating communities that spread opinions worldwide with a simple mouse click.

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

PROCESSED MEATS DIVISION

In 2013, the Processed Meats Division marketed a varied and innovative range of qualitative processed meat products such as salami, processed poultry, cooked meats, paté, cooked hams and dried and cured meats, in bulk as well as in pre-packed and sliced formats.

In 2013 we recorded a slight increase in revenue at stable volumes. The division further improved its position as the largest slicer and pre-packager of fine meat products in the Benelux in 2013. After all, sales of pre-packed processed meats continue to rise at the expense of sales of over-the-counter products.

The **Benelux market** remains the key market for our Processed Meats Division. The group also successfully sells a number of its processed meat products in the **German market** and retains its strong position in the paté market in the **United Kingdom**.

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.

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 for our own Daniël Coopman® brand, which was fully relaunched in 2013, as well as for the private labels carried by various wholesalers.

The key achievements for the Processed Meats Division in 2013 include:

- **Limited Edition Daniel Coopman®**: Market research shows that consumers occasionally opt for variety within fine meat products. As market leader in Belgium, Ter Beke considers introducing new products as one of its tasks and so we can create dynamism in the current offering of fine meat products. After launching Limited Edition in 2012, in 2013, we continued to work on the in&out product range. With Limited Edition Daniel Coopman® we are responding to consumer demands and one by one we are developing surprising but accessible seasonable products. These products are available to butchers and their customers for a limited period. We provide the necessary support with posters and campaigns which the butcher can always find on our professional **www.terbeke-professional.be**

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

After the successful launch of Maya the Bee® in 2012, cooked sausage and 50g sausage at the butcher and the 2x50g flow pack in the retail channel, Maya the Bee was also introduced in the **German and Dutch markets**. The German range consists of 4x25g Salami sticks, 90g cooked sausage and a 125g spreadable paté tub for the self-service and a 900g cooked sausage for fresh slicing. The introduction in the Netherlands consists of a 100g cooked sausage and a 125g spreadable paté tub with Maya the Bee®, and 100g Plop is also available in the Netherlands.

In addition **Plopworst**® and **Samsonworst**® are still successful in the retail and traditional channels.

- **Category management & slicing and packaging activities**: as the processed meats market in the retail segment is characterised by the dominant position of our clients' private labels, again in 2013 we continued to actively contribute to the management of meat products with our retail partners. In this respect we have developed a range of new products, new packaging and new services which we have introduced at a number of major retailers.

READY MEALS DIVISION

In 2013, 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 clients' private labels and under our own brands Come a casa® and Vamos®.

In 2013 the division again confirmed its position as one of the leading manufacturers of chilled lasagne and hot pasta meals in Europe.

The **Benelux** is our home market. It remains the primary geographic market for ready meals; for our clients' private labels as well as for our own brand Come a casa®. In Belgium we introduced the *Regionale* range to the shelves, four new recipes including a stuffed pasta. In addition to Belgium, the international markets also offer considerable opportunities for growth. In **Germany**, ready meals got off to a very good start in 2013. Until the horsemeat crisis, which brought sales to an abrupt halt. Due to a considerable drop in consumer confidence, week by week our volumes were eroded; lasagne was the worst hit product.

Some leading retailers even temporarily withdrew lasagne from their product range. Consumer confidence only recovered towards the end of 2013, only then were we able to return to pre-crisis distribution levels.

Due to the horsemeat crisis we will only start to roll-out the planned pasta meal introductions in 2014. By that time, consumer confidence should be fully recovered. Under the Bella Riviera® brand we are launching a mix of three pasta meals. Such high-quality chilled ready meals are relatively new for the German market.

In 2013 we marketed our ready meals via local distributors in **Switzerland, Ireland** and **Denmark**. We are also continuing to grow in **Sweden**. We have successfully introduced lasagne bolognese and we created new openings with alternative pasta meals. However, the Swedish chilled ready meals market is still in its infancy. More time and support are required to familiarise the Swedish consumer with our products.

In **Ireland** we have established a co-branding between Come a casa® and Carroll Cuisine®, our local distributor's own brand. Local market research shows that Carroll Cuisine® is a strong brand in Ireland and that the envisaged premium positioning matches consumers' expectations perfectly. However, confidence among Irish consumers was also considerably damaged by the horsemeat crisis.

In 2013, our efforts in the ready meals division focused primarily on restoring consumer confidence in this category. For this reason we were obliged to delay introducing a number of new product varieties until the beginning of 2014. We will then launch several **new pasta meals**, all inspired by authentic Italian dishes with a real organic look and feel.
In the ready meals division, besides following a multi-country policy we also consciously follow a multi-channel policy: a different commercial approach for the discount channel, the retail channel and the traditional wholesale channel.

In the **growing discount channel**, Ter Beke is consolidating its position as recognised international supplier of fresh ready meals. Why? Because our many years' commercial experience and an approach with a different product range per country. In all countries we agree intensive partnerships with the most important **retail customers**, focusing on sales. But we also strive to provide comprehensive services, covering product development across the entire logistics chain to after-sales service.
Together with the wholesalers we are continuing to build on our position in the **traditional butchers' channel**. Butchers also suffered from the consequences of the horsemeat crisis but the impact remained limited because ultimately, consumers have greater confidence in their local butcher.

In true tradition, the **Benelux** is the main market for the butchers' channel. We continue to build intensive partnerships with our clients. Even in **Spain** and **France** have we built a strong market position in this segment through our own efforts. Via a network of wholesalers we are able to distribute our range nationally.

In 2012, we started analysing growth opportunities in the Portuguese market. The combination of the general economic climate and the horsemeat crisis have forced us to delay our entry into this market.

VAMOS FOR PROFESSIONALS

Vamos® is our own brand under which we offer a wide range of ready meals to our professional clients. Vamos® particularly wants to be a partner to butchers and caterers. With a modified product offering and commercial support, we respond to their wish to better service their own customers.
The agenda at Vamos® is **creativity and further expansion of the product range**. In 2013 our NPD department developed a number of new recipes. With the aim of continuing to surprise the butcher's consumers in 2014.

WeightWatchers

Weight Watchers®

We also market a range of products under the **Weight Watchers**® brand. For the first time, however, we noticed a slight decline in the volume of sales (under license) in 2013.

We have therefore revised the Weight Watchers® range based on a number of insights. For example, consumers like to have portions that are large enough for a main meal, and that was not always the case with the Weight Watchers® portions. So we have increased the size of the portions.
In 2013 we expanded the product range with the following product varieties: wholemeal lasagne and Pizza Pollo.
With this we want to continue to surprise the public. In combination with striking campaigns in shops, a motivated field team and constructive collaboration with our retail partners we must reverse the declining trend in fresh ready meals.

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

An eventful year for Come a casa®

The horsemeat crisis affected our brand at its heart. Lasagne Bolognese, our leading benchmark product, suffered most. Consumers lost their product varieties. Their confidence was damaged. Particularly because they "no longer know exactly what it contains". What is the key to rebuilding consumer confidence and trust in the brand & category?

Transparency and focus on fresh ingredients.
As market leader, Come a casa® wants to do everything it can to defend its position within the Mediterranean market. Come a casa® maintains **open and transparent** communication about its products. With the emphasis on freshness and natural ingredients.

Come a casa® has taken numerous initiatives to restore consumer confidence.

- At the **point of sale**: the POS material focuses on our quality assurance "only the best quality ingredients".
- Via a targeted **'Word of mouth' campaign**. This encourages brand ambassadors to talk about Come a casa®. 5,000 Insiders shared the message about the freshness of our products with their relatives and friends, for example via product tasting. This had a snowball effect: via the 5,000 Insiders we reached **one million people with the same message**.

Thanks to these initiatives, confidence in the brand has gradually begun to **return** after six months. This is therefore the way forward: focus on functional benefits to restore consumer confidence.

Make it delicious and enjoyable!

Come a casa® brings people together for spontaneous, enjoyable meal times. In 2012, Come a casa® fulfilled this promise via **'Ristorante del Grano'**: the largest open air restaurant in the middle of a wheat field. Thanks to this unique teasing campaign consumers tasted our wholemeal lasagnes even before they entered the shops.

This brand Assetstion did not go unnoticed. It received **several awards**: Come a casa® received two Silver Awards for best brand Assetstion campaign at the BOA award ceremony. And a bronze IMC award for the best integrated marketing communication.

In addition, Come a casa® received the **golden trophy** at the Benelux Event Awards (BEA). Each year, this award places the most striking and original events in the limelight. Naturally, this generated the necessary response abroad. We were nominated at the European Best Event Awards (EuBEA) in Milan. And at the European BEAs in Milan we received no less than four prizes: bronze in the Best Insight and Best Product Launch categories; silver in the Best Public Event category; and gold in the Best Use of Space category. **A unique performance**, because the last time a Belgian event was praised by the competition at such a European level was back in 2009. From now on, Milan is not only the epicentre of haute couture, but also the place where Belgian event history was written in November 2013.

"At the European BEAs in Milan we received no less than four prizes. A unique performance, because the last time a Belgian event was praised by the competition at such a European level was back in 2009."

"Come a casa® maintains open & transparent communication about its products. With the emphasis on freshness and natural ingredients."

Energising the category.
Ter Beke is market leader in fresh ready meals. And for this reason we take our responsibility to continually energise the category seriously. In 2013, Come a casa® expanded on the innovation of 2012: **wholemeal**. In addition to wholemeal lasagnes we also launched a wholemeal Spaghetti Bolognese. Incidentally, our Wholemeal Lasagne was voted **'innovation of the year'** and we collected two awards for this: the INN award presented by Gondola magazine (laureate in the food category) and the Golden Archer Award from Distribution Today.

As expert in Mediterranean meals Come a casa® seeks its inspiration in traditional Italian cooking. We launched **a new range of oven products**. With authentic Italian recipes from Italian regions such as Abruzzo, Toscane, Emilia Romagna - the result? A new **Ricetta Regionale** range consisting of two lasagnes and two pasta meals (Roulade Aubergine & stuffed pastas under the name Cappelletti Pomodoro).

Even more vitality.
For the end-of-year festivities, Come a casa® created a sense of meal magic with the title **Lasagne Festivo:** two festive and surprisingly delicious lasagnes which were only available for a short period of time: one with game (wild boar) and one with turkey.

Integrated support plan.
The full support plan has strengthened the brand **functionally as well as emotionally**. The result? A deeper relationship between our users and the Come a casa® brand.

Throughout the year we ensure **consistent communication** at the point of sale. Visually we were clearly making our presence felt, on the traditional shelf as well as via attractive and appealing additional displays. In 2013, our field team realised 2,310 promotions. The key events were:

- campaigns with free ovenproof dishes,
- summer campaign with wine coolers,
- the 'back to school' campaign with note books,
- the Martini Brut® campaign in December.

PRODUCT AND PROCESS DEVELOPMENT

In 2013, the Ter Beke product development department (New Product Development or NPD) focused on the following three points:
- culinary expertise in meats products and ready meals,
- customer focus and market knowledge,
- technical knowledge.

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

Client focus.
We maintain our focus on the client and the consumer. We endeavour to respond to their needs with new meat products and ready meals. Together with them we seek out the ideal recipe. Because we are flexible, we always try to find a solution.

Trends.
With assistance from our research and marketing department we keep an eye on the latest trends (see above) and we regularly test new ingredients.

Trials and testing.
The NPD teams are distributed across three centres and are in direct contact with our production departments. At each NPD centre we have a professional test kitchen and lab for testing. We also have new products evaluated by a larger group of consumers.

"Our Wholemeal Lasagne was voted 'innovation of the year'."




Packaging

In recent years Ter Beke has increasingly developed from a production company towards a production and packaging company. This is particularly noticeable in the meat products division: these days we slice and package a large proportion of the meat products we produce ourselves. Naturally, this means that we have to conform to additional requirements concerning the environment, food safety and innovation.

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

The five Rs.
Remove, Reduce, Reuse, Renew and Recycle. Incidentally, we keep these five Rs constantly in mind for the whole Group.

Technical requirements.
Naturally, when developing new packaging we pay attention to the technical requirements. In the first place, it must meet our internal requirements: act as gas barrier, protect the product, attractive design, efficient deployment on the machines, and the like, but the packaging must also comply with the European Directives in this regard (Direct Food Contact, Migration limits, etc.). We usually go much further than the statutory minimum. That is an essential part of our strategy regarding food safety.

Reduce.
In 2013 we applied one of the five Rs (Reduce) to a revised meal packaging. We invested in a packaging machine and bespoke trays. This enables us to place the protective film on the container directly and so eliminate one step in the packaging process.

Packaging innovations.
In our company we are constantly on the look out for packaging innovations. For this we have initiated various successful renewal projects. Examples are: Snacking for meat products, new methods for ready meals and projects to make protective film thinner.

Environmentally friendly packaging.
As stated in the 2012 annual report, Ter Beke has been working on environmentally friendly packaging for several years. The result? A new packaging which scores exceptionally well on three points.
- Bio based - 4 stars (the highest score): at least 80% of the material is made from sustainable and renewable raw materials.
- OK Compost: the packaging is industrially compostable.
- OK Compost Home (realised in 2013): consumers can compost this packaging in their compost bin themselves.

Onderzoek.
We contribute to research via organisations such as Pack4food (Ugent), Flanders Food, etc. and via seminars organised by suppliers. We participate in various VIS projects, as part of the Flemish government's innovation policy. And our involvement in organisations such as Fost Plus, Val-I-Pac® and similar organisations abroad shows that we take our responsibility towards the environment very seriously.

Operations & supply chain

LOGISTICS

Transitional year.
After the difficulties of recent years, 2013 was a transitional year for our logistics partners. We had better control over the deployable capacity. And with regard to fuel costs: prices fluctuated less radically but remained predictably high. Thanks to various improvement projects with our logistics partners we were able to keep the relative transport cost per kilogram sold under control.

Managing costs.
There are various factors which increase costs: more deliveries within time schedules that change daily, increasing volumes of deliveries during weekends, to name a few. We endeavour to compensate for these increases by adjusting delivery frequencies in consultation with clients, reviewing the drop size, and where possible increasing the number of night time deliveries (less traffic congestion, less waiting time, etc.).

Partnerships.
In 2013 we successfully adapted and extended our contract with our **Dutch logistics partner**. In Germany we also work closely together with our local logistics partner. We have laid the foundations to build a comprehensive combination for storage and transport.

In 2013 we changed the whole layout of the warehouse in **Wommelgem**. We successfully implemented the WMS tools (as in all our other locations). And at the same, we wrote and implemented a complete relocation plan. The result? Wommelgem has a maximum of products in stock. What's more, these products are located closer to the end client.

Our **German logistics partner** is also establishing warehouse operations. And our products for the Belgian clients are held in stock at our Belgian logistics partner's locations.

The relocation also had consequences for our **supply chain management**. In fact, we succeeded in reducing the number of SKUs (stock keeping units). Our **overall service level** (kg delivered compared to kg ordered) remains very high. However, we observe that the perception about service differs from client to client. For this reason we have initiated a **customer specific service approach**, without losing sight of the daily monitoring of our global service level. In 2013, we introduced the term **'service on time and in full'**. In the meantime we have gained the necessary experience, and in 2014 we will pay more attention to this theme.

Our service experience is certainly positive. This does not alter the fact that in 2013 we had to write-down a large volume of **obsolete finished products**. This was mainly attributable to the horsemeat crisis in the first half-year of the year. And we cannot simply ignore the phenomenon of **increasingly erratic demand patterns during promotions**. This requires even better cooperation with our customers for these projects.

"Our warehouse in Wommelgem has a maximum of products in stock. What's more, these products are located closer to the end client."

"The price of fresh pork in particular, a key market for us, was particularly high."

PURCHASING

In 2013 the markets for almost all our raw materials were under pressure. The prices of the most widely used cuts were at record levels for the entire spring period. The price of **fresh pork** in particular, a key market for us, was particularly high. Only in the last quarter could we detect some relaxation.

We had previously concluded long-term contracts for the other raw materials for our ready meals **(flour, semolina, tomatoes)**, which meant that we could protect ourselves against major price fluctuations. Nevertheless, these prices were exceptionally high, just as the prices for **milk powder, proteins, and cheese**, which had a major impact on the cost prices of our products in 2013.

For several years we have been working with specialist firms for the procurement of energy. They analyse the energy market and guide us when defining our negotiation strategy towards the energy providers. Ter Beke has agreed **long-term contracts** until 2015 for the supply of gas and electricity with one supplier.

PROCESSED MEATS DIVISION PRODUCTION SITES

In the Processed Meats Division we invested approximately EUR 6 million in material fixed assets during 2013. As in previous years the focus lay on

- extensive efficiency improvements,
- additional capacity for our production process,
- new packaging concepts.

Efficiency improvements.
We want to further improve the efficiency of our slicing activities. We have therefore developed a pilot installation at our largest slicing location in Wijchen (Netherlands). And why do we do this? To fully automate packaging sliced meat products. If this pilot is successful, we will roll out the concept across all of the Group's slicing units. We also want to further reduce the losses that arise during the slicing and packaging of meat products. For this reason we have invested in a new paté slicer (Wommelgem) and in various smaller slicing machines (all locations).

Extra capacity.
Salami snacks are becoming smaller. As a result, we needed to expand our maturing capacity within the salami production at Waarschoot. After the summer we commissioned a completely new computer-controlled maturing room to meet this requirement. And in addition some new slicing machines increased our slicing capacity.

New packaging.
As planned, we completed the conversion to the new resealable packaging at our locations in the Netherlands in 2013. Now we can offer our clients a total of three different resealable packaging options for sliced meat products. In Wommelgem we installed a completely new packaging line. This means that we can also offer clients the new resealable packaging for our paté products. To meet the demand for smaller and divisible packing units we have equipped two packaging lines in Wommelgem with this new concept, and successfully launched this in the English, Dutch and Belgian market.

Sustainability.
Corporate social responsibility is an important pillar of Ter Beke's policy. This applies to all business locations. The two large production sites at Waarschoot and Wommelgem are members of the Audit Covenant. They are committed to continuously reducing CO2 emissions. Thanks to these efforts we have succeeded in realising a substantial reduction in energy consumption.

Reducing waste flows.
The integrated Sales & Operations Planning Process works well. However, in 2013 we had to contend with very varying and unpredictable sales during promotional periods. As a consequence, we were unable to further reduce the waste flows within our overall supply chain. On the contrary, we even recorded a slight increase. Although we still perform better than the industry average, we will pay extra attention to this in 2014.

Sustainability certification.
All Processed Meats Division locations were awarded certificates at the highest level from IFS (International Food Standard) and BRC (British Retail Consortium) in 2013). Both standards assess quality and sustainability.

""All Processed Meats Division locations were awarded certificates at the highest level from IFS (International Food Standard) and BRC (British Retail Consortium) in 2013."

"We make improvements everywhere, every day and with everyone."

READY MEALS DIVISION PRODUCTION SITES

Crisis.
2013 got off to a flying start until the horsemeat crisis broke out. We were dragged into this unjustly and against our will. This crisis has damaged consumer confidence in our products and diminished our activities. Gradually we have overcome this crisis, but nevertheless it has had an impact on our financial results.

Performance indicators.
We have attained the majority of the other industrial performance indicators.

- We have maintained and even improved our high service level.
- We have substantially reduced non-compliance costs.
- We have made considerable improvements on social indicators such as absence due to illness and work-related accidents.
- And as in previous years, we continue to reduce our energy consumption per kilo.

Continuous improvement.
The crisis has given an extra stimulus to our systematic search for performance improvements. Once again, we based these on the continuous improvement approach we initiated last year. We have made more intensive use of the various TPM tools: hunt for losses, 5S workstations, autonomous and preventive maintenance, to name a few. And to accelerate the process we have opened up more to the outside world, for example, by intensifying contacts with businesses who advocate a similar approach. With the aim of exchanging knowledge and experiences so we can make progress faster. Moreover, we have renewed the IFS certifications for the Marche-en-Famenne and Wanze sites.

The environment.
The search for greater efficiency has not affected our ambitions concerning the environment. For example, we have successfully concluded the first sector agreement, and we are resolutely working on the second version which we want to put into practice in 2014. Efforts focus primarily on energy consumption and will enable us to kill two birds with one stone: we make savings and at the same time reduce our impact on the environment. Examples of substantial improvements include:

- the insulation of all steam pipes,
- the recovery of used water from the water treatment plant,
- the hunt for compressed air leaks,
- the replacement of equipment that has high energy and water consumption,
- ....

Waste reduction.
Our more intensive waste processing has done more than just reduce waste. We have also reduced the proportion of non-recyclable waste in favour of waste that can be reused.

Preparation for recovery.
The crisis has temporarily put our operations on the back burner. We have taken advantage of this to enter the recovery phase in the best possible condition. For example by

- further specialising our sites;
- adapting our production tools to what the developing market demands (new packaging, further product development, etc.);
- studying new technologies and how to apply these in our production process;
- adjusting our organisation to improve its performance (online, strengthening of production structures, etc.);
- strengthening our employees' competences.

Sustainable results.
Now that the markets are beginning to recover we are ready to tackle the new challenges our customers present. It is therefore important that we focus even more on sustainable results. We can achieve this through an intensive improvement policy to which everyone is committed even more than before. Because we make improvements everywhere, every day and with everyone.

"The crisis has given an extra stimulus to our systematic search for performance improvements."

Research and Development

Primary research.
The expertise arising from our primary research supports our operational activities in the short term. And our innovation projects in the medium and long-term.

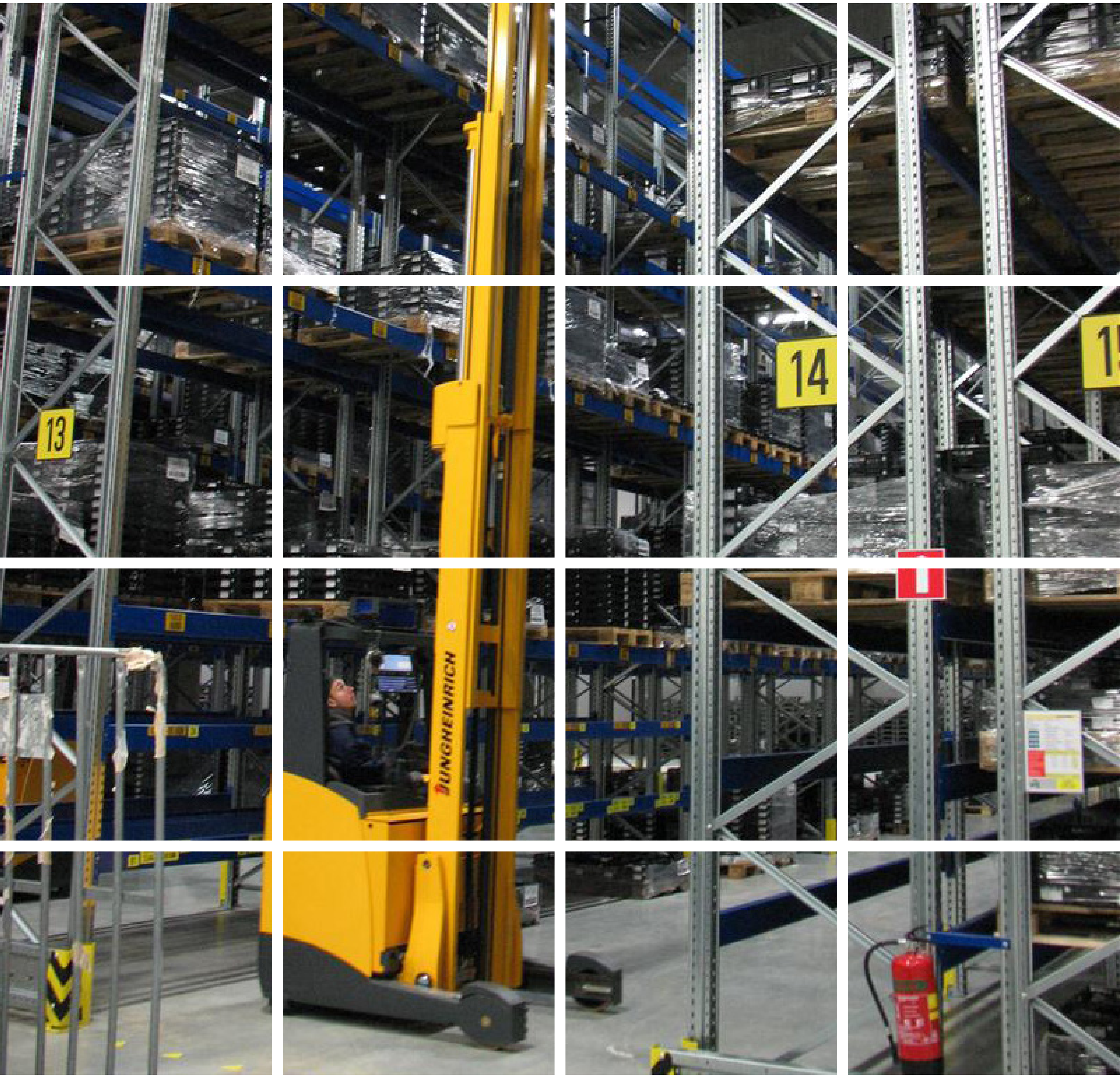
Our knowledge accumulation covers the following areas:
- how to optimise the quality and functionality of raw materials and ingredients?
- how to innovate in processing and packaging while maintaining the flavour and nutritional value of our products?
- how to guarantee the quality and food safety of our products?
- what is the role of our products in the diet and health of our consumers?
- how can we protect and/or improve animal welfare?
- how can we increase the user friendliness (convenience) of our products?
- what is the impact of our raw materials, ingredients and packaging on the environment?

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

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

A first.
In 2013 we achieved a first. We developed a new packaging made from renewable raw materials which is also fully biodegradable. This development was rewarded with a certification from OK Bio-based and OK Compost Home.

"In 2013 we achieved a first: we developed a new packaging made from renewable raw materials which is also fully biodegradable."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Social policy

GENERAL

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

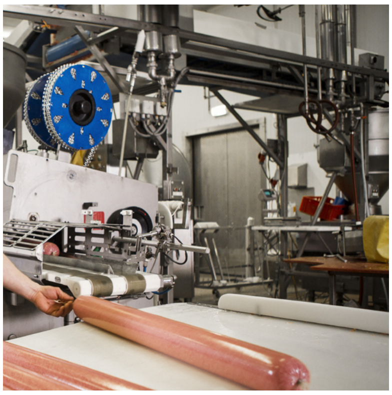
High-performance organisation.
In 2013 we continued to build a high-performance organisation. A stable company in a fast-moving society that responds rapidly and flexibly to a highly demanding environment.

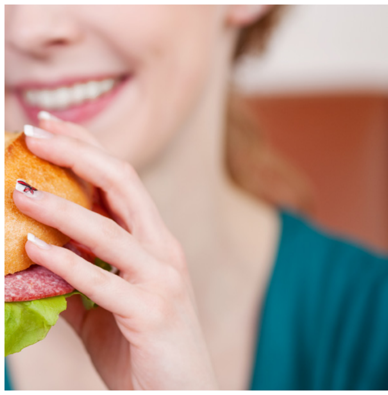
Consultation > involvement.
We hold regular consultations during which employees from different departments and disciplines share their knowledge and experience with each other. In addition, during the autumn of 2013 we organised an information meeting at each production site, including Marketing & Sales and Group departments. Because better informed employees see things in perspective and have a better understanding of the business objectives. And greater consultation and knowledge exchange increases commitment at all levels.

Project-driven organisation.
Ter Beke wants to evolve further towards a project-driven organisation. For this we have developed a **project management approach** together with **Stanwick**. We deploy this approach, which is fully based on existing practices at Ter Beke, in strategic projects within our organisation. In this way we create a common language and framework for projects.
Some thirty employees have already followed the training course. What makes the training course so useful is that employees participate in a strategic project - as sponsor, project manager or project team member. And at the same time they are working on a **specific project**. This enables them to put theory into practice straight away.
The **Executive Committee is closely involved** in this process. The progress of these projects is regularly discussed with the project team at senior management meeting. We want to roll out this methodology further into the organisation

"Teamwork, focus on results, innovation, customer focus and integrity: these are the values we consider to be of key importance."

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



COMPETENCES

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

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

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

RECRUITMENT

In 2013 we attracted 60 new employees. The total workforce declined in 2013 from 1,742 to 1,664 full-time equivalents. This was partly a result of optimising a number of internal processes, and also due to the lower proportion of temporary employees. The total number of full-time equivalents as at 31 December 2013 was:
(including the average number of temporary employees).

Workforce

	2008	2009	2010	2011	2012	2013
Blue collar	1,412	1,411	1,448	1,435	1,389	1,322
White collar	372	359	370	355	353	342
Total	1,784	1,770	1,818	1,790	1,742	1,664




EDUCATION, TRAINING AND DEVELOPMENT

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

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

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

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

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

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

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


Diversity

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

BALANCE AND DEVELOPMENT OF PERSONNEL

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

Part-time working.
Among the permanent staff, 18% of the blue collar workers and 26% of the white collar employees work on a part-time basis. Part-time employment runs both through voluntary part-time employment schemes as well as time credit and leave systems such as the Belgian basic system for time credit and leave, the parental leave system, medical aid, palliative leave etc.

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

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

SOCIAL PARTNERS

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

"In our multicultural and ageing society Ter Beke takes its corporate social responsibility regarding diversity."

Description of the key business risks

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

Raw materials and packaging price:
the most important business risk for our group, which is active in the food industry and above all works with natural raw materials, is the risk associated with the quality and the price fluctuations of raw materials and packaging materials.
We strive to limit this risk by concluding term contracts when possible and by working with volume agreements on an annual basis and in relation to the customer contracts.

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

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

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

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

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

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

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

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

Risks related to electronics and information systems:
just as many companies, we too are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications. This dependence involves 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 private labels belonging to large discount and retail customers. The market for ready meals is still growing, but the competition in this market is very tough, which allows the customers to increase pressure on the manufacturers' margins. We endeavour to distinguish ourselves through product and concept differentiation, through extensive and perfect service, and by working continually on internal efficiency improvements and cost management.

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

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

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

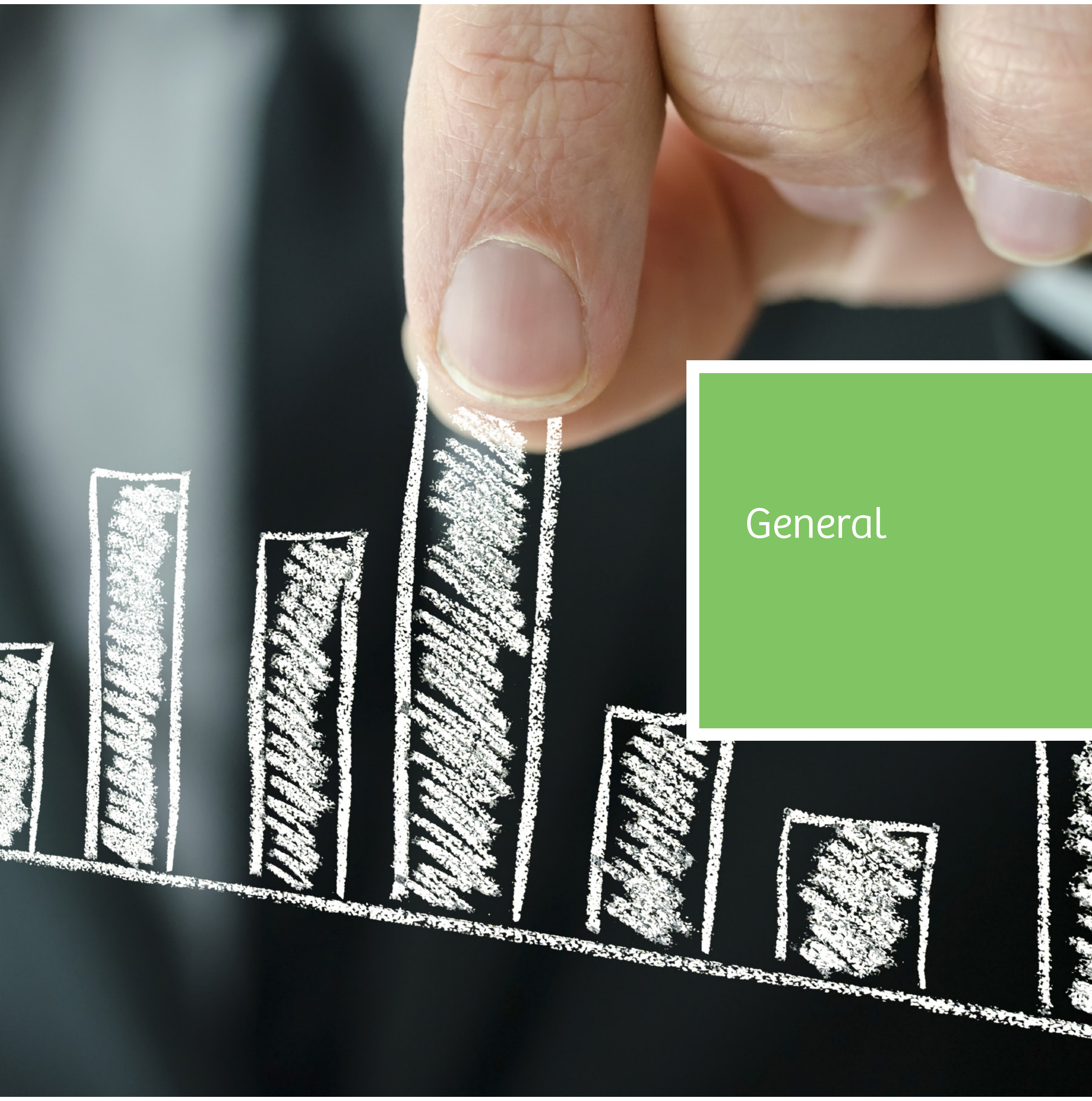
Significant events after the balance sheet date

On 7 February 2014 Ter Beke was summoned by the Greek company Creta Farms because of an alleged breach of a confidentiality agreement from 2010. Creta Farms asked the District Court in Athens to order Ter Beke to pay damages amounting to approximately EUR 2 million. The Group considers this demand from Creta Farms completely unfounded and will use all means necessary to defend itself.

Prospects for 2014

Consumer confidence in the ready meals category is recovering steadily. We are working on numerous new products and concepts which we will launch in 2014. The group is confident that, barring unforeseen market circumstances, the results for 2014 will surpass that of 2013.

CORPORATE GOVERNANCE STATEMENT 2013



General

This Corporate Governance Statement is based on Article 96 §2 and §3, on Article 119 Belgian Company Code and on the Corporate Governance Code 2009. It contains factual information about the Ter Beke's corporate governance policy in 2013, including:

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

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

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

We respect the legal provisions on corporate governance as set out in the Belgian Company Code and other specific legislation on this matter. In principle there are no provisions of the Corporate Governance Code 2009 which we have not applied in 2013.

Composition and operation of the governing bodies and committees

BOARD OF DIRECTORS

Composition.
The table below shows the composition of the Board of Directors on 31 December 2013, the meetings and the attendance in 2013.

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

Assessment.
The Board of Directors continuously evaluates its own composition and operation, as well as the composition and operation of the committees. The Board regularly organises a more formal assessment, under the guidance of the chair. In November 2010, the Board conducted such a comprehensive formal assessment, the findings of which are being implemented. No further formal evaluation took place in 2013.

Name	Type**	End mandate	Committees*	7 Jan	28 Feb	6 May	12 Jun	28 Aug	15 Nov	5 Dec
Louis-H. Verbeke Chairman (1)	NE	2016	RNC	x	x	x	x	x	x	x
Frank Coopman (2)	NE	2018°		x	x	x	x	x	x	x
Dominique Coopman	NE	2018°		x	x	-	x	x	x	x
Eddy Van der Pluym	E	2016		x	x	x	x	x	x	x
Willy Delvaux (3)	I	2014	RNC	x	x	x	x	x	x	x
Thierry Balot (4)	I	2017	AC	x	x	x	x	-	x	x
Jules Noten (5)	I	2018°	AC - RNC	x	x	x	x	x	x	x
Dirk Goeminne (6)	I	2013	AC	x	x	x	-	-	-	-
Guido Vanherpe (7)	I	2015	AC	x	x	x	x	-	x	x
Dirk Goeminne (8), Managing Director	E	2018°		-	-	-	x	x	x	x

As permanent representative of: (1) BVBA Louis Verbeke (2) NV Holbigenetics (3) BVBA Delvaux Transfer (4) NV Sparaxis (5) Comm. V. Lemon (6) BVBA Dirk Goeminne till 31 May 2013 (7) BVBA Guido Vanherpe (8) NV Fidigo as of 1 June 2013
* AC = Audit Committee • RNC = Remuneration and Nomination Committee ** E=Executive • NE=Non-executive • I=Independent.
° Subject to reappointment by the Shareholders' Meeting
Honorary mandates: Daniël Coopman Honorary Chairman, Prof. Dr. L. Kympers† Honorary Director.




Appointments/reappointments.

- On 7 January 2013 Marc Hofman relinquished his position as Managing Director.

- On 30 May 2013 the General Meeting of Shareholders reappointed NV Sparaxis, represented by Thierry Balot, as independent director (in the sense of Articles 524 and 526 and following of the Belgian Company Code). The reappointment is for four years and will terminate at the 2017 General Meeting of Shareholders. The reappointment was by recommendation of the Renumeration and Nomination Committee. It corresponds to the procedure for the reappointment of directors as provided for in the Group Corporate Governance Charter.

- The Board of Directors acknowledged the resignation of BVBA Dirk Goeminne, represented by Dirk Goeminne, as independent director (in the sense of Articles 524 and 526 and following of the Belgian Company Code). Based on Article 15 of the Articles of Association, the Board of Directors appointed Fidigo NV, represented by Dirk Goeminne, as interim director. The Board of Directors will propose to confirm this temporary appointment and the reappointment of NV Fidigo to the General Meeting of Shareholders held on 28 May 2014. The reappointment is for four years and will terminate at the 2018 General Meeting of Shareholders. The Board of Directors appointed NV Fidigo, represented by Dirk Goeminne, as CEO from 1 June 2013.

- The Board of Directors will propose the reappointment of Dominique Coopman and NV Holbigenetics, represented by Frank Coopman as director to the General Meeting of Shareholders to be held on 28 May 2014. The proposed reappointments are for four years and will terminate at the 2018 General Meeting of Shareholders. These reappointments are proposed following the assessment by and on the recommendation of the Renumeration and Nomination Committee.

- The Board of Directors will propose the reappointment of Comm. V. Lemon, represented by Jules Noten, as independent director (in the sense of Articles 524 and 526 and following of the Belgian Company Code) to the General Meeting of Shareholders to be held on 28 May 2014 The proposed reappointment is for four years and will terminate at the 2018 General Meeting of Shareholders. This reappointment is proposed following the assessment by and on the recommendation of the Renumeration and Nomination Committee.

- The mandate of independent director of BVBA Delvaux Transfer, represented by Willy Delvaux, expires at the General Meeting of Shareholders to be held on 28 May 2014. As the mandate of BVBA Delvaux Transfer has already been extended twice, he can no longer act as an independent director. This mandate will therefore not be extended.

- The Board of Directors will propose the appointment of BVBA Ann Vereecke, represented by Ann Vereecke, as independent director (in the sense of Articles 524 and 526 and following of the Belgian Company Code) to the General Meeting of Shareholders of 28 May 2014. The proposed appointment is for four years and will terminate at the 2018 General Meeting of Shareholders. This appointment is proposed following the assessment by and on the recommendation of the Renumeration and Nomination Committee.

Ter Beke will make timely adaptations to conform to the Law of 28 July 2011 regarding the presence of women in the Board of Directors.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2013 the Board of Directors had two active committees: the Audit Committee and the Renumeration and Nomination Committee. The committees are composed in accordance with legislation and the regulations of the Corporate Governance Code. The committees work within a mandate issued by the Board of Directors. A description of that mandate can be found in the detailed regulations stated in the Corporate Governance Charter.

Audit Committee.
The table below shows the composition of the Audit Committee on 31 December 2013, the meetings and the attendance in 2013. *(table AC)*

All members of the Audit Committee are independent directors and have expert knowledge of financial management. The committee met regularly together with the Statutory Auditor.

The Audit Committee advised the Board of Directors on

- the 2012 annual results,
- the 2013 interim results,
- the internal control,
- the risk management of the group,
- supervision of the statutory auditor's independence.

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

Compensation and Nomination committee.
The table below shows the composition of the Renumeration and Nomination Committee on 31 December 2013, the meetings and the attendance in 2013. *(table RNC)*

All members are non-executive directors and have expert knowledge of human resources management. The majority is independent. The Renumeration and Nomination Committee advised the Board of Directors on

- the remuneration of the senior executives,
- the new CEO,
- the remuneration of the chairman and the directors,
- the general remuneration policy for the directors and executive management,
- the principles of the variable remuneration system,
- the appointment and reappointment of directors,
- the composition of the committees within the Board of Directors,
- the members and the chairman of the executive committee,
- the managing director.

The committee prepares the remuneration report and explains the report to the General Meeting of the Shareholders.

The committee regularly assesses its own regulations and its operation.

AC	Meetings 2013				
Name	26 Feb	23 May	27 Aug	18 Oct	05 Dec
Thierry Balot*	x	x	x	-	x
Jules Noten	x	x	x	x	-
Dirk Goeminne**	x	x	-	-	-
Guido Vanherpe	x	x	-	x	x

* Chairman • **till 31 May 2013 • X = present

RNC	Meetings 2013		
Name	26 Feb	23 May	28 Nov
Louis-H. Verbeke*	x	x	x
Willy Delvaux	x	x	x
Jules Noten	x	x	x

* Chairman • X = present

SECRETARY

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

EXECUTIVE COMMITTEE AND DAY-TO-DAY MANAGEMENT

Composition of executive committee in 2013:

- NV Fidigo, represented by Dirk Goeminne, 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 VOF, represented by Gunter Lemmens, commercial director

On 6 January 2014 the collaboration with Annie Vanhoutte and Asadelta Consulting VOF was terminated.

Operation.
In 2013, the executive committee met once every two weeks, and whenever there was an operational reason to meet. The executive committee was responsible for reporting to the Board of Directors. The detailed operation of the executive committee is described in the executive committee's internal regulations. These regulations form an integral part of the Group Corporate Governance Charter.

Assessment.
Once a year, the board of directors assesses the performance of the CEO (without the CEO). And once a year the other members of the executive committee (with the CEO). This assessment took place in 2013. For this, the board uses both qualitative and quantitative criteria.

"The committees are composed in accordance with legislation and the regulations of the Corporate Governance Code."

Conflicts of interest

Board of Directors.

In 2013, two conflicts of interest (in the sense of Article 523 of the Belgian Company Code) were reported to the Board of Directors. One conflict of interest concerned the appointment of NV Fidigo, represented by Dirk Goeminne, as CEO ad interim and the determination of the remuneration for this mandate. The second conflict concerned the appointment of NV Fidigo, represented by Dirk Goeminne, as CEO and the determination of the remuneration for this mandate.

The minutes of the meeting of the Board of Directors dated 7 January 2013 are included in full in the statutory annual report of Ter Beke NV. The decision taken (application of Article 523 Belgian Company Code) is as follows:

"Following deliberations, the Board of Directors unanimously took the following decision in writing:

- *In application of article 22 of the Articles of Association, the Board of Directors appointed NV Fidigo, represented by Mr Dirk Goeminne, as CEO as from 8 January 2013 until this mandate is revoked.*
- *In application of article 23 of the Articles of Association, the Board of Directors appointed NV Fidigo, represented by Mr Dirk Goeminne, as member of the executive committee as from 8 January 2013 until this mandate is revoked.*
- *The Board of Directors has determined that NV Fidigo will receive remuneration amounting to EUR 30,000 per month, increased with expenses, for the performance of the mandate of CEO and member of the executive committee. This remuneration is due as from 8 January 2013.*
- *The Board mandated the Chair to sign an agreement with NV Fidigo in accordance with the above-mentioned decisions on behalf of the company.*
- *The Board instructed the secretary to have this appointment published in the Belgian Official Gazette."*

The minutes of the meeting of the Board of Directors dated 6 May 2013 are included in full in the statutory annual report of Ter Beke NV. The decision taken (application of Article 523 Belgian Company Code) is as follows:

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

- *In application of article 22 of the Articles of Association, the Board of Directors appointed NV Fidigo, represented by Mr Dirk Goeminne, as CEO as from 1 June 2013 for a period of five years.*
- *The Board has determined the remuneration for this mandate to be EUR 500,000 and the basis for the variable allowance to be 25% of the total annual remuneration. The variable remuneration will be granted in accordance with the variable remuneration system that applies to the other members of the Group executive management.*
- *The CEO will also be granted a long-term incentive, i.e. a financial remuneration on termination of the agreement according to the realisation of exceptional growth of the equity value, a successful integration of acquisitions and a successful succession.*
- *The Board mandates the Chair to conclude an agreement with NV Fidigo in line with the above."*

No transactions with related parties were notified as referred to in annex 2 of the Group Corporate Governance Charter.

Executive Committee.

No conflicts of interest (in the sense of Article 524ter Belgian Company Code) arose within the executive committee in 2013. Neither were any transactions with related parties notified as in the sense of annex 2 of the Group Corporate Governance Charter.

External control

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

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

The statutory auditor does not maintain any relationships with Ter Beke that could influence his judgment. Incidentally, he has confirmed his independence from the Group.
In 2013 we paid EUR 172,000 to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA for the audit services and to the persons affiliated to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA. For non-audit services we paid EUR 40,000 in 2013.

Dealing Code for transactions in Ter Beke shares

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

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

Remuneration report

PROCEDURES ADOPTED TO DEVELOP THE REMUNERATION POLICY AND DETERMINE THE REMUNERATION AND THE REMUNERATION POLICY APPLIED IN 2013

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

Remuneration policy for the members of the Board of Directors, the CEO and the members of the Executive Committee is an integral part of the Corporate Governance Charter and is an annex to the Renumeration and Nomination Committee's internal regulations. The Renumeration and Nomination Committee monitors the application of this policy and advises the Board of Directors in these matters.
The level of remuneration for the members of the Board of Directors in the financial year 2013 was presented by the Board of Directors to the General Meeting of Shareholders for approval.

The level of remuneration for the CEO and the members of the Executive Committee in the financial year 2013 was confirmed by the Board of Directors based on recommendations from the Renumeration and Nomination Committee.

Remuneration policy.
We can summarise our key elements of the policy as follows:
All members of the Board of Directors are entitled to an annual fixed remuneration. For 2013 this remuneration amounted to EUR 16,000. The Chair receives an additional fixed remuneration of EUR 54,000. The members of the committees within the Board of Directors are also entitled to an additional annual fixed remuneration for their membership of one or more committees. For example, a member of the Audit Committee receives an annual remuneration of EUR 4,000, a member of the Renumeration and Nomination Committee receives an annual remuneration EUR 3,000, the chair of the Audit Committee receives an annual remuneration of EUR 8,000 and the chair of the Renumeration and Nomination Committee receives an annual remuneration of EUR 5,000, in so far as he is not also chair of the Board of Directors.

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

In principle, the remuneration of the CEO and members of the executive management consists of a basic allowance, an annual variable allowance, 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 any given year and what the targets are relating to these parameters is evaluated annually by the Renumeration and Nomination Committee and presented to the Board of Directors for approval.

The basis of the variable remuneration is no higher than 25% of the annual remuneration. In a given year, if less than 75% of a target is achieved, the right to the variable remuneration linked to that target lapses. On the other hand, if the target is exceeded, up to 150% of the variable allowance linked to that target is payable.

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

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

Only the CEO will be paid a cash allowance on termination of his/her contract, if at that time an exceptional growth of the Group equity value has been realised. This remuneration will be equal to an agreed percentage of the exceptional growth of the Group equity value realised. Each year the Board of Directors evaluates whether a provision should be created for the application of the prevailing rules.

For 2013 the Board decided that this was not the case.

In principle the Group remuneration policy will not be changed significantly in 2014 nor in the following two years, except that 20% of the variable remuneration for members of the executive management, excluding the CEO, will be allocated from 2014 based on the achievement of individual objectives.

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

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview above) for the performance of their responsibilities in 2013 can be summarised as follows:

	Mandate Director	Mandate RNC	Mandate AC		Total
BVBA Delvaux Transfer (Willy Delvaux)	16,000	3,000	-		19,000
NV Sparaxis (Thierry Balot)	16,000	-	8,000		24,000
BVBA Louis Verbeke	65,000	5,000	-		70,000
Comm. V. Lemon (Jules Noten)	16,000	3,000	4,000		23,000
NV Holbigenetics (Frank Coopman)	16,000	-	-		16,000
Dominique Coopman	16,000	-	-		16,000
BVBA Dirk Goeminne	6,667	-	1,667	(1)	8,334
NV Fidigo	9,333	-	-	(2)	9,333
Marc Hofman	4,000	-	-	(3)	4,000
Eddy Van der Pluym	16,000	-	-		16,000
BVBA Guido Vanherpe	16,000	-	4,000		20,000
Total	**197,000**	**11,000**	**17,667**		**225,667**

(1) till 31 May 2013 • (2) till 1 June 2013 • (3) till 31 March 2013

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

The individual remuneration of the Managing Director/Chairman of the Executive Committee (NV Fidigo, represented by Dirk Goeminne) and the joint remuneration of the other members of the Executive Committee and the executive directors (Annie Vanhoutte, René Stevens, Wim De Cock, Marc Lambert, Asadelta Consulting VOF, Eddy Van der Pluym and Marc Hofman (until 31 March 2013) in 2013 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	437,333.38	1,604,98.43
Variable pay (cash - on a yearly base)	0.00	0.00
Pensions*	NA **	98,423.88
Other insurances	NA **	13,335.91
Company car	NA **	69,262.08

* The pension arrangement is a defined contribution arrangement
** NA: Non applicable

SHARE-RELATED REMUNERATION

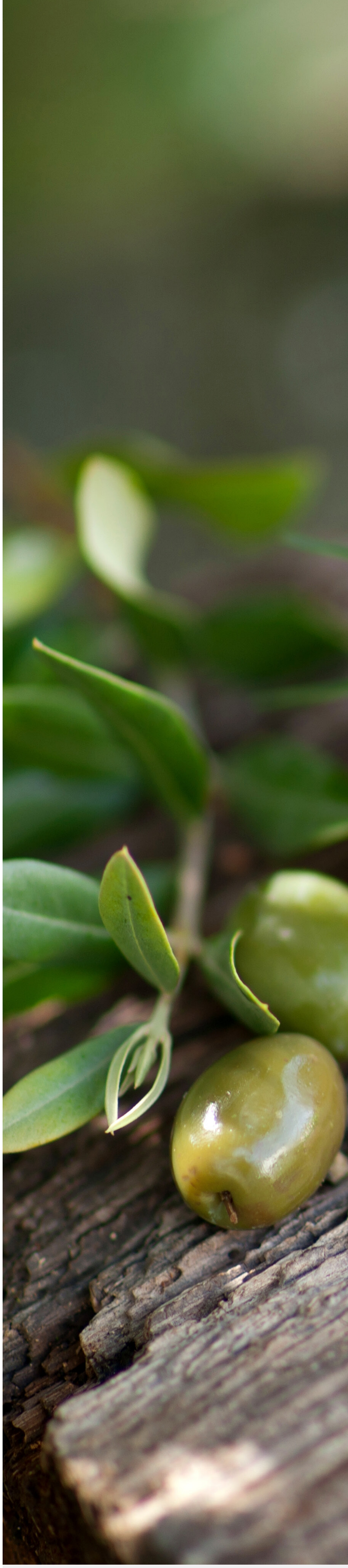
Members of the Board of Directors and Executive Committee do not have access to stock options, warrants or any other rights to acquire shares.

In 2013 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 2013 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 maximum contractual notice period for NV Fidigo, Eddy Van der Pluym, Wim De Cock en Asadelta Consulting VOF is 12 months, whereas in principle the notice period for Annie Vanhoutte, Marc Lambert and René Stevens is calculated based on the legal provisions that apply to their employment contract.

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



Key features of the internal control and risk management systems

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The financial results of the Group and the divisions are reported on monthly by the financial department and are discussed within the Executive Committee. The Executive Committee reports on the results of the Group and the divisions to the Board of Directors quarterly. The Executive Committee reports the results of the first six months and the annual results to the Audit Committee in advance. These results are discussed in the Audit Committee with the internal and external auditor and subsequently presented to the Board of Directors for approval and published in the format required by law.

- We publish a schedule internally and externally that gives an overview of our periodic reporting obligations regarding the financial market.

- We have implemented clear timings for the financial reporting at all levels of the company so that we can meet all statutory requirements in this regard correctly and timely.

- We have a clear policy with respect to security of and access to financial data, as well as a system for backup and safe custody of this data.

- The finance department has a detailed manual in which all relevant accounting principles and procedures are described for those involved.

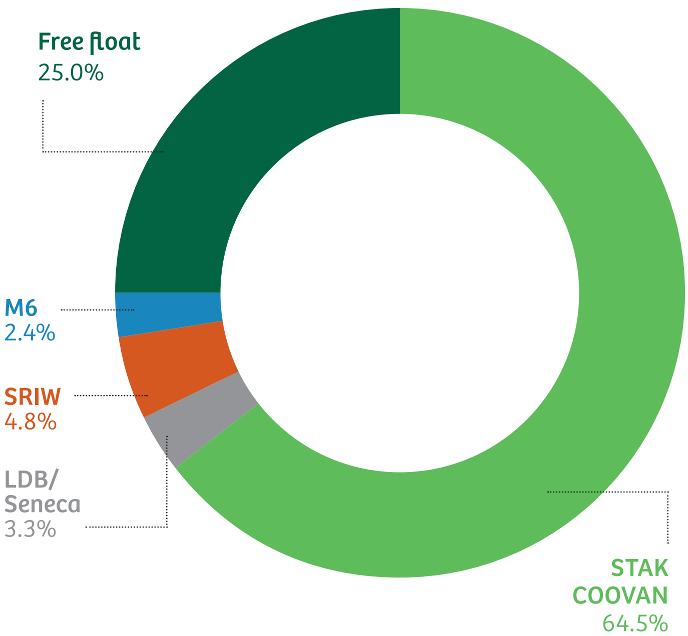
- We have implemented the key internal controls from the COSO II framework regarding financial affairs.

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

Other statutory information

SHAREHOLDING STRUCTURE AS PER 31 DECEMBER 2013

On 31 December 2013 Ter Beke NV did not hold any treasury shares (on 31 December 2012, Ter Beke NV held 2000 treasury shares).



TRANSPARENCY

In 2013 we did not receive any notification of holdings in Ter Beke NV capital (application of the statutory provisions on transparency of holdings in listed companies).

The group was informed that STAK Coovan and Mr and Mrs Coopman-De Baedts filed a notification on the basis of article 74§6 of the 1 April 2007 Statute.
Mr and Mrs Coopman-De Baedts have an agreement with Luc De Bruyckere on the possession, acquisition or sale of shares. This agreement grants to Mr and Mrs Coopman-De Baedts a right of pre-emption on some shares of Luc De Bruyckere in Ter Beke.
STAK Coovan has an agreement with NV M6 with regard to the possession, the acquisition or the sale of shares. This agreement grants a put option to NV M6 on a number of Ter Beke shares under specific conditions and grants a purchase option to STAK Coovan on a number of shares NV M6 holds in Ter Beke under specific conditions.

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

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

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

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

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

- The General Meeting of Shareholders authorises the Ter Beke NV Board of Directors to increase the share capital of the company within the authorised capital. That must take place under the conditions stated in Article 607 Belgian Companies Code. This authorisation is valid for a period of three years from 16 January 2012. The renewal of this authorisation will be submitted to the Extraordinary General Meeting of Shareholders of 28 May 2014.

- The Extraordinary General Meeting of Shareholders held on 14 December 2011 authorised the Board of Directors, in accordance with Article 620 Belgian Company Code, to acquire shares in the company on behalf of the company. Such acquisition of shares is only permitted as a necessary means to avert an imminent and serious threat to the company. This authorisation is valid for a period of three years starting on 16 January 2012. The renewal of this authorisation will be submitted to the Extraordinary General Meeting of Shareholders of 28 May 2014.

CONSOLIDATED FINANCIAL STATEMENTS 2013*

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

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2013 AND 2012

	Note	2013	2012
Revenue	**4**	**407,202**	**421,078**
Trade goods. raw and auxiliary items	5	-227,339	-226,969
Services and miscellaneous goods	6	-76,448	-86,132
Wages and salaries	7	-75,258	-77,764
Depreciation costs	15-16	-18,065	-17,311
Impairments, write-offs and provisions	8	61	-251
Other operating income and expenses	9	445	917
Result of operating activities	**10**	**10,598**	**13,568**
Financial income	11	441	372
Financial expenses	12	-1,983	-2,796
Results of operating activities after net financing expenses		**9,056**	**11,144**
Tax	13	-2,743	-3,120
Result after tax before share in the result of enterprises accounted for using the equity method		**6,313**	**8,024**
Share in the result of enterprises accounted for using the equity method		-111	183
Profit of the year		**6,202**	**8,207**
Basic profit per share	32	3.58	4.81
Diluted profit per share	32	3.58	4.81

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2013 AND 2012

	2013	2012
Profit in the financial year	6,202	8,207
Other elements of the result (recognised in the shareholders' equity)		
Other elements of the result that may subsequently be reclassified to the results		
Translation differences	-114	398
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	-384	0
Comprehensive income	**5,704**	**8,605**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 AND 2012

	Note	2013	2012
Assets			
Non-current assets		**144,493**	**154,380**
Goodwill	14	35,204	35,204
Intangible non-current assets	15	2,145	2,313
Tangible non-current assets	16	92,341	101,835
Joint venture using equity method	17	4,688	4,897
Deferred tax assets	20	0	0
Other long-term receivables	18	115	131
Long-term interest-bearing receivables	19	10,000	10,000
Current assets		**96,183**	**95,177**
Stocks	21	24,306	25,316
Trade and other receivables	22	64,966	65,515
Cash and cash equivalents	23	6,911	4,346
Total assets		**240,676**	**249,557**

	Note	2013	2012
Liabilities			
Shareholders' equity	24	**99,489**	**98,036**
Capital and share premiums		53,025	53,095
Reserves		46,464	44,941
Non-controlling interest		0	0
Deferred tax liabilities	20	**7,532**	**8,484**
Long-term liabilities		**41,353**	**41,637**
Provisions	25	1,962	2,006
Long-term interest-bearing liabilities	26	39,391	39,631
Other long-term liabilities		0	0
Short-term liabilities		**92,302**	**101,400**
Short-term interest-bearing liabilities	26	18,343	26,191
Trade liabilities and other debts	27	60,540	62,856
Social liabilities		10,372	10,499
Tax liabilities		3,047	1,854
Total liabilities		**240,676**	**249,557**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013 AND 2012

	Capital	Capital reserves	Share premiums	Reserved profits	Translation differences	Total	Number of Shares
Balance on 1 January 2012	**4,903**	**0**	**48,288**	**41,094**	**-406**	**93,879**	**1,732,621**
Capital increase						0	
Treasury shares reserve		-96				-96	
Dividend				-4,332		-4,332	
Results in the financial year				8,207		8,207	
Other elements of the comprehensive income for the period					398	398	
Comprehensive income for the period				**8,207**	**398**	**8,605**	
Movements via reserves							
• Result from treasury shares				-20		-20	
Balance on 31 December 2012	**4,903**	**-96**	**48,288**	**44,949**	**-8**	**98,036**	**1,732,621**
Capital increase						0	
Treasury shares reserve		96				96	
Dividend				-4,332		-4,332	
Results in the financial year				6,202		6,202	
Other elements of the comprehensive income for the period				-384	-114	-498	
Comprehensive income for the period				**5,818**	**-114**	**5,704**	
Movements via reserves							
• Result from treasury shares				-15		-15	
Balance on 31 December 2013	**4,903**	**0**	**48,288**	**46,420**	**-122**	**99,489**	**1,732,621**

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2013 AND 2012

	2013	2012
Operating activities		
Result of operating activities	10,598	13,567
Adjustments for:		
• Depreciation and impairments on fixed assets	18,065	17,311
• Change in impairments and write-offs	1	34
• Change in provisions	-62	218
• Proceeds from the sales of fixed assets	303	-22
Changes in net operating capital		
• Changes in stock	1,010	-913
• Change in trade and other receivables	573	978
• Change in trade and other liabilities	-1,992	-2,198
• Change in other items	-15	15
Cash from operating activities	**28,481**	**28,990**
Tax paid	-2,512	-3,395
Net cash from operating activities	**25,969**	**25,595**
Investing activities		
Proceeds from the sale of tangible fixed assets	1,944	1,502
Investments in intangible fixed assets	-671	-1,052
Investments in tangible fixed assets	-10,807	-11,015
Net investments in financial fixed assets	16	0
Net investment in joint venture	-1	2
Investment in third party loans	0	-5,000
Takeover of subsidiaries	0	0
Net cash used in investing activities	**-9,519**	**-15,563**
Financing activities		
Proceeds from repurchase of treasury shares	80	-118
Proceeds from take-up of new loans	18,250	25,925
Dividend payments to shareholders	-4,334	-4,348
Interest paid (through P&L account)	-1,729	-2,275
Loan settlement	-26,318	-30,429
Repayment of financial leasing liabilities	-20	-35
Other financial resources / (expenses)	186	-149
Net cash from financing activities	**-13,885**	**-11,429**
Net change in cash and cash equivalents	**2,565**	**-1,397**
Cash funds at the beginning of the year	4,346	5,742
Cash funds at the end of the year	**6,911**	**4,345**

ACCOUNTING POLICIES FOR FINANCIAL REPORTING AND EXPLANATORY NOTES

1. Summary of the key accounting principles

DECLARATION OF CONFORMITY

Ter Beke NV ('the Entity') is an entity domiciled in Belgium. The Entity's consolidated financial statements cover the Entity Ter Beke NV and its subsidiaries (hereafter jointly referred to as the 'Group'). The consolidated financial statements were issued for publication by the Board of Directors on 25 February 2014. The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as accepted within the European Union.
The consolidated statements are set out in EUR x 000. The consolidated financial statements have been drawn up based on the historical cost method, with the exception of the derivatives and the financial assets available for sale, which are valued at fair value. However, if no reliable market price or estimate of the fair value is readily available, these financial assets will be valued on the historical cost basis.
Assets included in the balance sheet and obligations that are covered are valued at 'fair value' up to the amount of the hedged risk. The accounting principles are applied uniformly to the entire Group and are consistent with the previous financial year. The comparative information has been restated in accordance with IFRS.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2013

- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- 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 2013)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013). The impact on the financial figures is explained in section 25.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2013

- IFRS 9 Financial Instruments and subsequent amendments (not yet endorsed in EU)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU). This might lead to an impact on the half year result.

CONSOLIDATION PRINCIPLES

The consolidated financial statements cover financial information of Ter Beke NV, its subsidiaries and joint ventures and the Group's share in the profits or losses of affiliated companies. A list of these entities is included in Note 34.

Subsidiaries included in the consolidation in accordance with the integral method.
Subsidiaries are those over which Ter Beke NV exercises control. Control is understood to mean that the Entity can determine the financial and operational policies of an entity either directly or indirectly, in order to gain benefits from its activities. The financial statements of the subsidiaries are recognised in the consolidated financial statements from the date on which such control begins till the date on which it ends. A list of the Group's subsidiaries is included in Note 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 recognised according to the equity method. The company eliminates the net results between the joint venture and the Ter Beke Group. On 22 June 2011 Ter Beke and the shareholders of Stefano Toselli established a 50/50 joint venture in Opole (Poland). This joint venture bears the name 'The Pasta Food Company' and will produce and commercialise lasagne and pasta meals in Central and Eastern Europe. As The Pasta Food Company is booked via the equity method, only 50% of the equity is recognised in the balance sheet and 50% of the net result is recognised in the Ter Beke Group consolidated figures.

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

Investments in affiliated companies.
Affiliated companies are those in which the Group has significant influence, directly or indirectly, but not control over the financial and operational policy of the entity. This is assumed when the Group has 20% or more of the voting

rights in the company. An investment in an affiliated company is processed in the consolidated financial statements in accordance with the equity method.

The results, assets and liabilities of affiliated companies are recognised in the financial statements in accordance with the equity method, unless the investment is classified as being held for sale and therefore must be processed in accordance with IFRS 5, Non-current assets held for sale and discontinued business activities. Investments in affiliated companies are initially recognised at cost price under the equity method, and then adapted to take account of the change in the investor's share of the net assets of the participation after takeover, minus any exceptional depreciation in the value of individual investments.

Any losses of an affiliated company that exceed the Group's interests in that affiliated company (also taking account of all long-term interests that, in essence, form part of the Group's net investments in that affiliated company) are not recognised.
The difference between the cost price of the investment and the investor's share in the net fair value of the identifiable assets, obligations and conditional obligations of the affiliated company, which were recognised on the takeover date, are recognised as goodwill. This goodwill is recognised in the book value of the investment and is tested for impairment as part of the investment. The difference after re-assessment between the fair value of the group share in the identifiable assets, liabilities and contingent liabilities of the affiliated company and the cost price of the affiliated company are recognised immediately in the Income statement.

If a group member carries out transactions with an affiliated company, profits and losses are eliminated up to the interests of the group in the affiliated company concerned. In 2013 and 2012 there were no affiliated companies.

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the previously held minority interests are revalued at fair value on acquisition date and any profit or loss is recognised immediately in the income statement.

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

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

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

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

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

No business combinations were conducted in 2012 and 2013.

FOREIGN CURRENCIES

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

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

The following exchange rates were used when drawing up the financial statements:

1 euro is equal to	2013	2012
Pound Sterling		
Closing rate	0.8366	0.8199
Average rate	0.8492	0.8112
Polish zloty		
Closing rate	4.1515	4.0688
Average rate	4.1978	4.1872

SEGMENT REPORTING

IFRS 8 defines an operational segment as a part of an entity of which the operational results are regularly assessed by a high ranking officer of the entity who takes important operational decisions, in order to be able to take decisions on the resources to be allocated to the segment and to assess the financial performance of the segment and on which separate financial information is available.

IFRS 8 replaces the earlier IAS 14 standard from 1 January 2009 but does not alter segment reporting.
In view of its mission, main strategic lines and management structure, for segment reporting Ter Beke has opted to split the Group's activities into two operational segments, according to the two business activities (business segments) of the group: 'Processed Meats' and 'Ready Meals'. In addition, it provides geographical information for the regions in which the group is active.

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

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

DISCONTINUED ACTIVITY

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

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

INTANGIBLE ASSETS

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

Research and development.
Expenses incurred for research activities, undertaken with a view to gaining new scientific or technological knowledge, are recognised as an expense in the income statement as they occur. Expenses incurred for development activities, in which the findings of research are applied in a plan or design for the production of new or substantially improved products and processes, are recognised in the balance sheet if the product or process is technically and commercially viable and the group has sufficient resources at its disposal to implement them. The capitalised expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Capitalised expenses for development are valued at cost price less the accumulated depreciation and impairments.

All other expenses for development are recognised as expense in the income statement as a debit in the income statement as they occur. As Ter Beke's development expenses in 2012 and 2013 did not fulfil the criteria for capitalisation, these were recognised as expenditure in the income statement.

Other intangible assets.
Other costs for internally generated intangible assets, such as brand names, are recognised in the income statement as they occur. Other intangible assets, such as brand patents or computer software, acquired by the group are valued at cost price less the accumulated depreciation and impairments. In 2012 and 2013 Ter Beke's consolidated other intangible fixed assets consisted only of computer software.

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

The depreciation percentages applied are:

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

GOODWILL

We talk of goodwill when the cost price of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost price and is subsequently valued at cost price less any accumulated impairment losses.

The cash flow generating unit to which goodwill is attributed is tested each year for impairment. This test is also performed every time there is an indication that the unit might be impaired by comparing the book value of the unit with its realisable value. If the realisable value of the unit is lower than the book value, the impairment losses will first be allocated to the book value of the goodwill allocated to the unit and then to the unit's other assets in proportion to the book value of each asset in the unit. An impairment loss recognised for goodwill cannot be reversed in a subsequent period. When a subsidiary or joint venture is sold, the goodwill allocated is recognised when determining the profit or loss on the sale.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the remaining surplus after reassessment is recognised immediately in the income statement.

TANGIBLE NON-CURRENT ASSETS

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

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

After initial recognition costs are only recognised in the balance sheet as part of the book value of an asset, or for an exceptional asset, if it is likely that the future economic benefits associated with the asset will flow to the Group and these costs can be determined reliably. All other repair and maintenance costs are recognised in the income statement in the period in which they were incurred.

Tangible non-current assets are depreciated in accordance with the linear method from the date they are first used and over the expected useful economic life.
The primary depreciation percentages currently applied are mentioned in underneath table.

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

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

GOVERNMENT SUBSIDIES

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

- the Group will meet to the conditions pertaining to the subsidy

and

- the subsidies will be received.

Government subsidies are systematically recognised as revenues over the periods necessary to attribute these subsidies to the related costs which they are intended to compensate. A government subsidy that is received in compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group without future related costs is recognised as income in the period in which it is received.

Investment subsidies are deducted from the book value of the asset concerned.

Operating subsidies are recognised if they are received and reported under Other Operating Revenues.

LEASING

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

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

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

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

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

STOCKS

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

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

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

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

FINANCIAL INSTRUMENTS

Trade receivables.
Trade receivables are initially booked at fair value and are then valued at the amortised cost price calculated based on the effective interest method. Appropriate impairment losses are recognised in the income statement for estimated non-realisable amounts if there are objective indications that an impairment loss has occurred.

The amount of loss is specified as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the originally effective interest rate on initial recognition. Considering the short term nature of the trade receivables in the Group, the trade receivables are in fact booked at fair value.

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

Held-to-maturity investments.
Debt securities which the Group definitely intends to hold till their maturity date (held-to-maturity debt securities) are valued at the amortised cost price calculated by means of the effective interest method, less any impairment losses for the purpose of taking non-realisable amounts into consideration.

Such impairment losses are recognised in the income statement if, and only if, there are objective indications for impairment losses. Impairment losses are reversed in subsequent periods if the rise in the realisable value can be objectively related to an event that took place after the write-down. The reversal may not exceed the amortised cost price as it would have been if the impairment had not been recognised.

Other investments.
Investments other than those held till maturity are classified as financial assets available for sale which are valued at fair value after initial recognition. If no fair value can be determined, they are valued at cost price. The profits and losses following changes in the fair value are recognised directly in the shareholders' equity until the financial asset is sold, or on determining the impairment losses. In this case the cumulative loss or profit that was recognised immediately in the shareholders' equity is transferred from the shareholders' equity to the income statement. Impairment losses recognised in the income statement on an investment in an equity capital instrument classified as available for sale are not reversed via the income statement.

Impairment losses recognised in the income statement on a debt instrument classified as available for sale are later reversed in the income statement if the rise in the fair value of the instrument can be objectively related to an event that took place after the impairments loss was recognised. With the exception of equity capital instruments, changes in the fair value due to exchange rate results are recognised in the income statement.

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

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

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

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

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

Derivatives.
The group uses derivatives to limit risks with regard to unfavourable swings in exchange rates and interest rates arising from operational, financial and investment activities.

The group does not use these instruments for speculative purposes and does not hold any derivatives and does not issue derivatives for trading purposes. Derivatives are initially valued at cost price and after initial recognition are valued at fair value.

There are three sorts of hedging relationships:

(a) Cash flow hedges:
changes in the fair value of derivatives indicated as cash flow hedges are recognised in the shareholders' equity. The non-effective part is recognised in the income statement.

If the cash flow hedges of a firm commitment or an expected future transaction leads to the recognition of a non-financial asset or a non-financial liability, at the time the asset or liability is booked, the profits or losses on the derivative financial instrument previously incorporated in the shareholders' equity are recognised in the initial valuation of the asset or liability when it is booked.

If the hedge of an expected future transaction leads to the inclusion of a financial asset or a financial liability, the related profits or losses on the derivative financial instrument recognised directly in the shareholders' equity are transferred to the income statement in the same period or periods in which the acquired asset or the commitment affects the income statement. If it is expected that (part of) the loss incorporated directly into the shareholders' equity will not be realisable in one or more future periods, the expected non-realisable part is transferred to the income statement. For hedges that do not lead to the recognition of an asset or a liability, the amounts directly included in the shareholders' equity are transferred to the income statement in the same period or periods in which the hedged expected future transaction affects the profit or loss.

(b) Fair value hedges:
changes in the fair value of derivatives which were indicated and qualify as fair value hedges are recognised in the income statement, together with any change in the fair value of the hedged asset or the hedged liability which is to be attributed to the hedged risk.

(c) Hedges of net investments in foreign entities:
hedges of net investments in foreign entities are processed in a similar manner as cash flow hedges. The part of the profit or loss on the hedging instrument for which it is determined that it is an effective hedge, is recognised directly in the shareholders' equity; the profit or loss on the non-effective part is recognised immediately in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge which is directly recognised in the shareholders' equity is recognised in the income statement when the foreign entity is divested. The changes in the fair value of derivatives that are not classified can be recognised immediately in the income statement as cash flow hedging (on the basis of IAS 39).

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

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

PROVISIONS

A provision will be recognised if:

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

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

If the impact is important, provisions are determined by discounting the expected future cash flows, using a discount rate before tax. This discount rate reflects the present time value of the money and the specific risks pertaining to the obligation.
A provision for restructuring is laid down when the group has approved a detailed and formalised plan for the restructuring and when the restructuring has either commenced or has been announced publicly. No provisions are laid down for costs relating to the Group's normal activities. A provision for loss-making contracts will be laid down when the receivable economic benefits for the group are lower than the unavoidable cost related to the obligatory quid pro quo.

EMPLOYEE BENEFITS

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

Employee benefits include:

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

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

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

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

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

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

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

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

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

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

TAX ON PROFITS

The tax on profits includes the tax on profits and deferred taxes. Both taxes are recognised in the income statement, except in those cases where it concerns components that are part of the shareholders' equity. In this latter case, this is recognised via the shareholders' equity. The term 'tax on profits' is taken to mean that which is levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance sheet date, as wells as the adjustments to the tax due over previous reporting periods.
Deferred taxes are calculated according to the balance sheet method and arise mainly from the differences between the book value of assets and liabilities in the balance sheet and the tax basis of those assets and liabilities. The amount of deferred tax is based on the expectations regarding the realisation of the book value of the assets and liabilities, whereby use is made of the tax assessment rates known on the balance sheet date.
A deferred tax liability is only recognised if it is sufficiently certain that the tax credit and the unused fiscal losses can be set off against taxable profits in the future. Deferred tax assets are reduced to the extent that it is no longer likely that the tax saving can be realised. Deferred taxes are also calculated on temporary differences arising from participations in subsidiaries, unless the group can decide on the time when the temporary difference is reversed and it is unlikely that the temporary difference will be reversed in the near future.

INCOME

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

Sale of goods.
Income from the sale of goods is recognised if all the following conditions are met:
(a) the group has transferred the essential risks and benefits of owning the goods to the buyer;
(b) the group does not maintain actual control over the goods sold or the involvement that usually accrues to the owner;
(c) the amount of the revenue can be reliably determined;
(d) it is likely that the economic benefits relating to the transaction will accrue to the group;
(e) the costs incurred or that will be incurred in relation to the transaction can be reliably valued.

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

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

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

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

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

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

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

EXPENSES

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

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

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

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

2. Group consolidation

The group consolidated statement for 2013 includes the Entity and 20 consolidated subsidiaries over which the Entity exercises control (Note 34). The consolidated financial statement for 2012 includes 19 consolidated subsidiaries. FreshMeals Deutschland GmbH was established in 2013.

3. Reporting per segment and geographical region

Ter Beke is a food group, specialising in the development, production and sale of processed meats and fresh ready meals in Europe. At the end of 2013 the Ter Beke group had a workforce of 1,664 (2012: 1,742) (full-time equivalents on 31 December 2013 and the average number of temporary workers in 2013). The group's management structure and the internal and external reporting systems have been set up in accordance with these business activities.

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

- The Processed Meats business segment develops, produces and sells a range of processed meats including, salami, cooked ham, poultry, other cooked meats, patés and preserved meats.
- The Ready Meals business segment develops, produces and sells fresh ready meals including lasagne, pizza, pasta dishes and sauces.

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

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

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

As the turnover between both segments is non-material, Ter Beke has opted to report only the extra-group turnover.
Ter Beke's geographical information shows the five geographical regions in which the Group is active - Belgium, the Netherlands, Great Britain, Germany and the rest of Europe. The rest of Europe includes France, Switzerland, Spain, Portugal, Ireland, Austria, Denmark, the Czech Republic and Poland.

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

KEY DATA PER BUSINESS SEGMENT

	2013			2012		
	Processed Meats	Ready Meals	Total	Processed Meats	Ready Meals	Total
Segment income statement						
Segment Net turnover	290,008	117,194	407,202	288,728	132,350	421,078
Segment Results	9,026	4,601	13,627	6,370	10,136	16,506
Non-allocated results			-3,029			-2,938
Net financing cost			-1,542			-2,424
Tax			-2,743			-3,120
Share in businesses accounted for using the equity method			-111			183
Consolidated result			6,202			8,207
Segment balance sheet						
Segment assets	152,148	54,249	206,397	157,497	59,234	216,731
Non-allocated assets			34,279			32,826
Total consolidated assets			240,676			249,557
Segment liabilities	55,940	24,825	80,765	57,237	26,733	83,970
Non-allocated liabilities			159,911			165,587
Total consolidated liabilities			240,676			249,557
Other segment information						
Segment investments	6,795	3,136	9,931	9,231	1,739	10,970
Non-allocated investments			720			1,129
Total investments			10,651			12,099
Segment depreciation and non-cash costs	11,636	5,590	17,226	11,212	5,539	16,751
Non-allocated depreciation and non-cash costs			778			811
Total depreciation and non-cash costs			18,004			17,562

KEY DATA PER GEOGRAPHICAL REGION

Third party turnover	2013	2012
Belgium	172,089	181,804
Netherlands	155,888	152,499
UK	25,244	26,490
Germany	29,545	31,497
Other	24,436	28,788
	407,202	**421,078**

Assets per region	2013	2012
Belgium	168,196	176,487
Netherlands	50,077	49,166
Other	22,403	23,904
	240,676	**249,557**

Investments per region	2013	2012
Belgium	8,984	8,825
Netherlands	1,664	3,270
Other	3	4
	10,651	**12,099**

Non-current assets	2013	2012
Belgium	100,049	106,673
Netherlands	23,585	24,891
Other	10,859	12,815
	134,493	**144,379**

4. Operating revenues

	2013	2012	%
Sale of goods	**407,202**	421,078	-3.3%

The total turnover of the group decreased in 2013 by EUR 13.9 million (-3.3%) from EUR 421.1 million to EUR 407.2 million.

The turnover of the Ready Meals Division decreased by EUR 15.2 million (-11.4%). This decrease is mainly due to reduced European consumer confidence in ready meals in general and in lasagne in particular. Confidence in the ready meals category is recovering more slowly than expected. In a slightly declining market, the processed meats division turnover increased by EUR 1.3 million (+0.4%). This increase in turnover is mainly due to growth in the slicing and packaging activities in the Netherlands.

5. Trade goods, raw and auxiliary materials

	2013	2012
Purchases	226,334	227,864
Change in stocks	1,005	-895
Total	**227,339**	**226,969**

6. Services and miscellaneous goods

	2013	2012
Interim staff and consultants to the organisation	9,564	11,702
Maintenance and repairs	11,045	13,364
Cost of marketing and sales	17,895	20,769
Transport Costs	13,839	14,428
Gas and electricity	9,077	9,270
Rent	5,788	6,045
Other	9,240	10,554
Total	**76,448**	**86,132**

The account 'Other' includes items such as external advisors, office expenses and insurance costs.

7. Wages and salaries

Wages and salaries in 2013 amounted to EUR 75,258,000 compared to EUR 77,764,000 in 2012.
Wages and salaries can be analysed as follows:

	2013	2012
Wages and salaries	51,474	52,727
Social security contributions	16,933	17,330
Other wages and salaries	6,851	7,707
Total	**75,258**	**77,764**
Number of employees expressed in FTEs (excl. temporary employees)	1,434	1,474

The decrease from EUR 2.5 million in 2013 is mainly due to the decreasing number of employees.

8. Impairments, write-offs and provisions

	2013	2012
Impairments	1	34
Provisions	-62	217
Total	**-61**	**251**

9. Other operating income and expenses

	2013	2012
Recovery of wage-related costs	1,167	1,321
Recovery of logistics costs	119	110
Government grants	161	114
Profits from the disposal of assets	74	116
Insurance recoveries	123	150
Amortization	-378	-51
Local tax	-1,338	-1,126
Compensation	188	40
Other	329	243
Total	**445**	**917**

10. Results of operating activities

	2013	2012	%
Profit from operating activities	10,598	13,568	-21.9%
Non-current loss of operating activities	2,159	380	468.2%
Current net profit from operating activities	**12,757**	13,948	-8.5%

The REBITDA decreases by EUR 2.3 million (-7.1%) from EUR 33.1 million in 2012 to EUR 30.8 million in 2013.
This is mainly due to the reduced volume of sales and higher prices for raw materials in the ready meals division. In the second half of 2013, specific promotional campaigns, conducted in collaboration with clients and suppliers, resulted in a substantial improvement in the division's operating result during that period.

Aided by specific initiatives to regain consumer confidence, Come a casa® brand products performed better than private labels. The brand retains its leading position as prime brand among the fresh Mediterranean meals in Belgium.

However, the improved results and the cost management measures in the processed meats division were not sufficient to maintain the Group recurring operating result at 2012 levels.

The recurring non-cash costs in 2013 (EUR 18.0 million) decreased by EUR 1.1 million compared to 2012. This leads to an 8.5% decrease in the recurrent operating result (REBIT) from EUR 13.9 million in 2012 to EUR 12.8 million in 2013.
Costs relating to the termination of activities at the Alby-sur-Chéran (France) location on 30 June 2012 amounted to EUR 1.1 million in 2012. These costs, together with other dismissal expenses amounting to EUR 0.9 million, lead to a non-current EBITDA of EUR -2.0 million in 2012.

At the end of 2013 the Group ceased manufacturing dried and cured meat products at the business location in Herstal. A large proportion of our employees were transferred to other Group locations. The costs of this termination, amounting to EUR -0.7 million, together with some other dismissal expenses (EUR -0.8 million), a negative result of the Alby-sur-Chéran site sale (EUR -0.3 million), and several once-only expenses at the outbreak of the horse-meat crisis (EUR -0.4 million), resulted in a non-recurrent EBITDA of EUR -2.2 million in 2013.

This explains the EBITDA decrease of EUR 2.5 million (-8.1%) from EUR 31.1 million in 2012 to EUR 28.6 million in 2013.
In 2012, the non-cash costs amounted to EUR 1.6 million due to a once-only reduction of the write-downs on tangible fixed assets in Alby-sur-Chéran. There were no non-recurring non-cash costs in 2013. This explains the decrease in the operating result (EBIT) of EUR 3.0 million (-21.9%) from EUR 13.6 million in 2012 to EUR 10.6 million in 2013.

11. Financial income

	2013	2012
Interest income	191	189
Positive translation differences	164	41
Other	86	142
Total	**441**	**372**

12. Financing expenses

	2013	2012
Interest cost on loans	1,491	2,031
Interest cost on leasing	139	153
Negative translation differences	0	248
Bank charges	99	92
Other	254	272
Total	**1,983**	**2,796**

13. Taxes

	2013	2012
Tax on profits		
Financial year	3,668	2,999
Previous financial years	27	7
Deferred tax liabilities		
Effect of temporary differences	-952	114
Total tax in the income statement	**2,743**	**3,120**

The tax rate in Belgium amounts to 33.99% (2012: 33.99%).
For the other countries, the tax rates applicable in those countries are used.

Relationship between tax burden and the accounting profit

	2013	2012
Accounting profit before tax	9,056	11,144
Tax at Belgian tax rate	3,078	3,788
(2013 : 33.99% and 2012 : 33.99%)		
Effect of the different tax rates of the foreign companies	107	-513
Effect of the expenses not deductible for tax purposes	526	578
Deferred tax assets and liabilities in result	-13	0
Realisation of previously unrecognised deferred tax assets	-361	-19
Notional interest deduction	-393	-467
Other effects	-201	-247
Actual tax burden	**2,743**	**3,120**
Effective tax percentage	30.3%	28.0%

14. Goodwill

	2013	2012
Goodwill		
Start of the financial year	36,944	36,944
Acquisitions		
Transfers and decommissioning		
Translation differences		
End of the financial year	**36,944**	**36,944**
Impairments		
Start of the financial year	1,740	1,740
Impairment losses		
Transfers and decommissioning		
End of the financial year	**1,740**	**1,740**
Net book value	35,204	35,204

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

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

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

In 2013 the goodwill amounted to EUR 29,096,000 (2012: EUR 29,096,000) for processed meat products and EUR 6,108,000 (2012: 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 (+2.2%) (2012: 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 tax rates for processed meat products and the higher Belgian rate for ready meals. This takes account of where the cash flows are taxed.
- For each year the cash flows calculated in this manner are adjusted with the estimated replacement investment required to maintain the current production facilities in an operational status and with the movement in working capital. This is different for each segment.
- As residual value the cash flow as calculated above is extrapolated from the 5th year onwards without further growth.

- All these cash flows are capitalised at the weighted average cost of capital (WACC) of 7.23% (2012: 7.53%) after tax, as estimated by Bank Degroof. The calculation is based on a desired equity/debt ratio of 35/65 (2012: 35/65), an average tax rate of 29% (2012: 29%), a return on investment of 9.46% (2012: 10%) and a gross cost of loan capital of 4.3% (2012: 4.1%). 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 100%). 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 27% in Processed Meats and 19% in Ready Meals. Each time the ratio of EBITDA to sales decreases by 1% for both divisions, these differences decrease by 26% and 13% respectively. Each time the drop in the turnover growth after 2013 decreases by 1%, the difference between the estimated realisable value and the book value decreases by 27% in Processed Meats and 19% in Ready Meals.

15. Intangible non-current assets

	2013			2012		
	Software	R&D	Total	Software	R&D	Total
Acquisition value						
Start of the financial year	15,528	156	15,684	14,527	156	14,683
Group consolidation extension			0			0
Acquisitions	671	0	671	1,051	0	1,051
Transfers and decommissioning	-1,103	0	-1,103	-50	0	-50
Transfer from / to other entries			0			0
End of the financial year	**15,096**	**156**	**15,252**	**15,528**	**156**	**15,684**
Depreciation						
Start of the financial year	13,319	52	13,371	12,562	0	12,562
Group consolidation extension			0			0
Depreciation*	787	52	839	807	52	859
Transfers and decommissioning	-1,103	0	-1,103	-50	0	-50
End of the financial year	**13,003**	**104**	**13,107**	**13,319**	**52**	**13,371**
Net book value	2,093	52	2,145	2,209	104	2,313

In 2012 and 2013 no additional costs for development activities were capitalised.

16. Tangible non-current assets

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

2012	Land and buildings	Installations, machines and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	96,475	223,795	2,774	1,964	81	715	325,804
Group consolidation extension							0
Acquisitions	854	8,334	164			1,696	11,048
Transfers and decommissioning	-97	-20,219	-90	-1,684			-22,090
Transfer from / to other entries	94	1,096				-1,190	0
Translation differences							0
End of the financial year	**97,326**	**213,006**	**2,848**	**280**	**81**	**1,221**	**314,762**
Depreciation							
Start of the financial year	51,434	159,009	2,368	1,902	81	0	214,794
Group consolidation extension							0
Depreciation*	3,004	14,705	147	31			17,887
Transfers and decommissioning	0	-19,735	-90	-1,684			-21,509
Translation differences							0
End of the financial year	**54,438**	**153,979**	**2,425**	**249**	**81**	**0**	**211,172**
Impairment							
Start of the financial year	1,797	445	2	0	0	0	2,244
Group consolidation extension							0
Addition*							0
Reduction*	-1,251	-340					-1,591
Transfers and decommissioning	-46	48	-2				0
End of the financial year	**500**	**153**	**0**	**0**	**0**	**0**	**653**
Net capital grants							
Start of the financial year	398	1,940	25	0	0	0	2,363
Group consolidation extension							0
New allocations							0
Other	-39	-1,355	-23				-1,417
Depreciation*	28	122	6				156
End of the financial year	**387**	**707**	**8**	**0**	**0**	**0**	**1,102**
Net book value as per 31 December 2012	42,001	58,167	415	31	0	1,221	101,835

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

The lines selected with * in notes 15 and 16 are recognised in the amount of depreciations and impairments of non-current assets in the income statement. The reversal of the impairment in 2012 refers to the tangible non-current assets at the site in Alby-sur-Chéran.

The group invested EUR 10.7 million in 2013. These investments relate primarily to the continuation of various efficiency and infrastructure investments in all sites of the group.

17. Joint venture using 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, in 2011 Ter Beke issued a EUR 5 million loan to YHS and in 2012 to DH & GS Holdings. These are interest-bearing loans and are guaranteed by a pledge on the shares in the joint venture structure.

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 method. This means that the investments are recognised in the balance sheet under the group's share (50%) in the equity of the joint venture. The joint venture's non-audited balance sheet and income statement are as follows (in Zloty x 1000):

Abbreviated financial statements Pasta Food Company

In accordance with IAS guidelines
Per 31 December 2013 and 2012. Amounts in '000 Zloty.

Abbreviated income statement	2013	2012
Operating income	80	0
Operating expenses	-1,076	193
Financial result	44	1,340
Results before tax	-952	1,533
Net result	**-952**	**1,533**

Abbreviated balance sheet	2013	2012
Tangible non-currents assets	45,329	7,088
Other receivables	4,279	1,326
Cash and cash equivalents	14,419	32,428
Total assets	**64,027**	**40,842**
Shareholders' equity	38,920	39,853
Long-term interest-bearing liabilities	16,720	0
Short-term interest-bearing liabilities	8,387	989
Total equity and liabilities	**64,027**	**40,842**

There were no outstanding debt and receivables on 31 December 2013 between the Ter Beke Group and the Pasta Food Company.

Within the framework of bank financing for the Pasta Food Company amounting to EUR 10 million, Ter Beke NV has guaranteed the loan for its share (50%) in the Pasta Food Company. Should the bank invoke this guarantee, the Group has privileged rights on the purchase of the Pasta Food Company production line in proportion to its share.

18. Other long-term receivables

	2013	2012
Receivables and securities in cash	115	131
Total	**115**	**131**

19. Long-term interest-bearing receivables

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

	2013	2012
Long-term interest-bearing receivables	10,000	10,000
Total	**10,000**	**10,000**

20. Deferred tax assets and liabilities

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

	2013	2012
Debts	-40	-81
Tangible non-current assets	7,590	8,216
Receivables	817	813
Provisions	-419	-333
Transferred losses less other items	-416	-131
Deferred tax assets and liabilities	**7,532**	**8,484**

In 2013, the group did not acknowledge EUR 9,098,000 (EUR 9,412,000 in 2012) in deferred tax assets on tax deductible losses and EUR 252,000 (EUR 352,000 in 2012) of transferable notional interest deduction because it is insufficiently certain that these will be realised in the near future. These transferable losses are transferable with no time limitation, the transferable notional interest deduction is transferable for 7 years only. From 2011, the unused portion of the notional interest of the year is no longer transferable.

21. Stocks

	2013	2012
Raw and auxiliary materials	16,369	16,846
Work in progress	2,796	3,855
Finished products	5,026	4,476
Goods for resale	115	139
Total	**24,306**	**25,316**

22. Trade and other receivables

	2013	2012
Trade receivables	56,999	57,137
Receivable grants	0	0
VAT to be reclaimed	1,880	1,844
Tax to be reclaimed	288	6
Receivable from disposal of building in the Netherlands	0	0
Adjustment accounts	1,550	2,093
Receivable interest	11	11
Receivable compensation	0	0
Empties	4,138	3,765
Other	100	659
Total	**64,966**	**65,515**

Our trade receivables are not interest-bearing. The average number of days of customer credit for the Group is 51 days (2012: 50 days). This number of days is distorted because of the strong sales in the fourth quarter of both years.
In 2013, impairments on trade receivables to the value of EUR 1,000 were recognised as a cost in the income statement (EUR 41,000 in 2012).

23. Cash and cash equivalents

	2013	2012
Current accounts	6,903	4,338
Cash	8	8
Total	**6,911**	**4,346**

24. Shareholders' equity

The various components of the shareholders' equity, together with the changes between 31 December 2012 and 31 December 2013 are shown in the consolidated statement of changes in shareholders' equity.

CAPITAL

The Entity's issued capital amounted to EUR 4,903,000 on 31 December 2013, divided into 1,732,621 fully paid-up ordinary shares without nominal value. Dividends are payable on all these shares, which have the same voting rights.

TREASURY SHARES RESERVE

The treasury shares reserve includes the acquisition value of the treasury shares held by the Group. On 31 December 2012 the group held 2.000 treasury shares compared to no treasury shares on 31 December 2013.

EXCHANGE RATE DIFFERENCES

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

DIVIDENDS

On 25 February 2014, the Board of Directors proposed paying out EUR 4,331,552.50 or EUR 2.50 per share. This dividend has not yet been approved by the Ter Beke General Meeting of Shareholders and has therefore not yet been recognised in the accounts.

25. Employee benefits

PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

The group and its subsidiaries provide for pension schemes and other employee benefits. On 31 December 2012 the total net debt for pension schemes and similar liabilities was EUR 1,656,000. This was EUR 1,931,000 on 31 December 2013.

	Obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2012	**1,510**	**158**	**1,668**
Group consolidation extension			0
Service costs	12		12
Interest costs	86		86
Actuarial effect			0
Payments			0
Allocations and redemptions	25	192	217
Other	23		23
31 December 2012	**1,656**	**350**	**2,006**
Group consolidation extension			0
Service costs	113		113
Interest costs	48		48
Actuarial effect by OCI	218		218
Payments			0
Allocations and redemptions		-319	-319
Other	-104		-104
31 December 2013	**1,931**	**31**	**1,962**

IAS 19	2013	2012 revised
Defined benefit pension schemes		
Net liability / (asset)	**1,931**	**1,664**
Of which liabilities	2,346	2,034
Of which investments in investment funds	-415	-370
Amounts recognised in the income statement		
Pension costs allocated to the year of employment	113	105
Interest charges	48	69
Expected return on investments in investment funds	0	0
Past service pension costs	0	0
Losses/ (profits) from curtailments or settlements	0	-109
Administrative and other expenses	0	8
Cost recognised in the income statement regarding defined benefit pension schemes	**161**	**73**
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	**384**	**166**
Recognised actuarial (profits)/losses	218	166
Cumulative of via OCI recognised actuarial results at the beginning of the period	166	0
Present value of the gross liability at the beginning of the year	**2,034**	**1,840**
Employer's contributions	-60	-89
Pension costs allocated to the year of employment	110	106
DBO profit (loss) for the period	226	173
Others	36	4
Present value of the gross liability at the end of the year	**2,346**	**2,034**
Fair value of the investments in investment funds at the beginning of the year	**-370**	**0**
Expected employer's contributions	-109	-148
Expected benefits paid (excl. interest)	81	136
Expected return on investments in investment funds	0	0
Expected tax on contributions paid	4	3
Expected administrative expenses	1	1
Expected value of the investments in investment funds at the end of the year	-393	-8
Fair value of the investments in investment funds at the beginning of the year	**-370**	**-330**
Actual employer's contributions	-112	-93
Actual benefits paid	83	66
Interest revenue	-11	-17
Actual tax on contributions paid	4	4
Actual administrative expenses	1	1
Actuarial profit (losses) on the investments in investment funds	-10	-1
Fair value of the investments in investment funds at the end of the year	**-415**	**-370**

The amendments to IAS 19 in 2012 meant that the actuarial losses (EUR 169,000) and the historical service charges (EUR -15,000) had to be recognised in the shareholders' equity instead of in the income statement. Because the amounts concerned in the result as per 31 December 2012 are immaterial in relation to the comprehensive income, it was decided not to restate the balance sheet and income statement as per 31 December 2012.

The primary actuarial assumptions are:

	2013		2012	
	Belgium	France	Belgium	France
Discount rate	3.00%	3.00%	3.00%	3.40%
Future salary increases including inflation	2.50%	4.00%	2.50%	4.00%
Inflation	2.00%	2.00%	2.00%	2.00%

DEFINED CONTRIBUTION SCHEMES

The Ter Beke companies contribute to public or privately managed pension or insurance funds under the fixed contribution schemes relating to employee benefits. Once the contribution is paid, the group's companies have no further payment liabilities. The periodic contributions constitute a cost for the year in which they are owed. In 2012 this cost amounted to EUR 2,057,000 and in 2013 this was EUR 1,572,000.

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

26. Interest-bearing liabilities

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

		Maturity period		
2012	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing obligations				
Credit institutions	26,171	27,115	12,515	65,801
Lease liabilities	20	1	0	21
Total	**26,191**	**27,116**	**12,515**	**65,822**

Loans from credit institutions include:

- long-term loans with a fixed interest rate for EUR 30,772,000;
- long-term loans for which the interest rates are regularly reviewed for agreed periods of less than one year for EUR 22,960,000;
- short term loans for agreed periods of less than one year for EUR 4,000,000.

	2013	**2012**
Loans with fixed interest rate	2.86%	3.47%
Loans with variable interest rate	1.78%	1.72%

Minimum payments to credit institutions (including interest) in 2013:

	2013	2012
- less than 1 year	19,450	27,371
- more than 1 year and less than 5 years	39,441	28,826
- more than 5 years	1,844	12,655

The Group has sufficient short-term credit lines to fulfil its short-term requirements. The Group did not pledge any assets, nor were any guarantees given by third parties to obtain the credit lines with the institutions mentioned above. The financial covenants are based on the net debt to EBITDA ratio and the consolidated equity to total consolidated assets ratio. The Group conforms to these covenants in 2012 and 2013.

The minimum financial lease payments (including interest) are:

	2013	2012
- less than 1 year	1	21
- more than 1 year and less than 5 years	0	1
- more than 5 years	0	0

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

27. Trade liabilities and other debts

	2013	2012
Trade liabilities	56,535	58,959
Dividends	87	89
Other	3,918	3,808
Total	**60,540**	**62,856**
Of which empties	2,938	2,684

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

28. Risks arising from financial instruments

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

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rates. In 2011 the company agreed a CAP without repayments for EUR 5 million for which interest rate increases have been limited to a pre-determined rate until the 31 March 2016. The market value at 31 December 2013 amounted to EUR 1,000 (EUR 5,000 in 2012).

EXCHANGE RATE RISK

The exchange rate risk consists of the potential fluctuations in the value of financial instruments due to fluctuation in exchange rates. The group is exposed to an exchange rate risk on the sales, procurement and interest-bearing loans and borrowings expressed in a currency other than the company's local currency, for example, the British pound. On 31 December 2012, the group had a net position in Pound Sterling of GBP 2,069,000, on 31 December 2013 this position was GBP 1,870,000 for EUR. As hedge against exchange rate risk, on 31 December 2013 the group had option contracts for the sale of GBP 3,634,000 for EUR and forward contracts for the sale of GBP 2,750,000 for EUR. On 31 December 2012 the group had option contracts for the sale of GBP 2,000,000 for EUR and forward contracts for the sale of GBP 3,940,000 for EUR.

CREDIT RISK

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

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

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

Trade receivables are subject to standard terms of payment. There are no significant outstanding and due amounts per closing date.

LIQUIDITY RISK

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

29. Operational leasing

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

	2013	2012
- less than 1 year	2,192	2,199
- more than 1 year and less than 5 years	7,286	7,179
- more than 5 years	11,115	12,610
Total	**20,593**	**21,988**

30. Off-balance sheet rights and obligations

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

The total purchase obligations concerning major investment projects for which the respective contracts had already been assigned or orders placed amounted to EUR 1,666,000 on 31 December 2013 (EUR 1,712,000 in 2012).

31. Transactions with affiliated parties

TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

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

Only the CEO is paid a cash allowance on termination of his contract, if at that time an exceptional growth of the Group equity value has been realised. This remuneration will be equal to an agreed percentage of the exceptional growth of the Group equity value realised. Each year the Board of Directors evaluates whether a provision should be created for the application of the prevailing rules. The assessment will take account of the exceptional added value at the end of the previous financial year and the extent to which it is more than probable that this extraordinary added value will still exist on the expiry date. This probability is influenced by both market expectations and the proximity of the end date. At the close of 2013 no provision for added value was made.

The remunerations of the members of the Board of Directors and the Executive Committee in relation to the financial year 2013 is summarised in underneath table.

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

in EUR million	2013	2012
Remuneration Board members Ter Beke NV for the execution of their mandate	0.2	0.2
Total cost for the CEO, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV	0.4	0.4
Total cost to the group for members of the Executive Committee, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV	1.8	2.1

TRANSACTIONS WITH OTHER PARTIES

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

For 2012 and 2013 no reports were received from directors or management within the framework of the provisions concerning related transactions, as included in the Corporate Governance Charter. For the application of the conflict of interest rules (articles 523 and 524 of the Belgian Company Code) we refer to the annual report chapter on Corporate Governance (see above).

On 1 September 2012 an agreement was signed with Seneca NV, represented by Mr Luc De Bruyckere, former member of the Board of Directors, agreeing that this organisation will provide interim support regarding the transition of the office of Chairman of the Board of Directors. The impact this has on the 2012 results is EUR 140,000. No services were provided in 2013.

32. Profit per share

BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on assigning a net profit to the ordinary shareholders of EUR 6,202,000 (2012: EUR 8,207,000) and a weighted average number of outstanding ordinary shares during the year of 1,732,621 (2012: 1,732,621). This does not take account of the 2,000 treasury shares repurchased on 31 December 2012 (0 on 31 December 2013).

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

Calculation of profit per share	2013	2012
Number of outstanding ordinary shares on 1 January financial year	1,732,621	1,732,621
Effect of issued ordinary shares	0	0
Weighted average number of outstanding ordinary shares on 31 December financial year	1,732,621	1,732,621
Net profit	6,202	8,207
Average number of shares	1,732,621	1,732,621
Profit per share	**3.58**	**4.74**

DILUTED PROFIT PER SHARE

When calculating the earnings per share after dilution, the weighted average number of shares is adjusted by taking account of all the potential ordinary shares that could give rise to dilution. In 2012 and 2013 there were no potential ordinary shares that could give rise to dilution.

Calculation of diluted profit per share	2013	2012
Net profit	6,202	8,207
Average number of shares	1,732,621	1,732,621
Dilution effect warrant plans	0	0
Adjusted number of shares	1,732,621	1,732,621
Diluted profit per share	**3.58**	**4.74**

33. Impact of business combinations

No business combinations were conducted in 2012 and 2013.

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 2013:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproduktie NV - Beke 1, 9950 Waarschoot - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Waarschoot - Belgium	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spain	100
Ter Beke Luxembourg SA - 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - Parc d' Activités Annecy - La Ravoire - Metz-Tessy, 74371 Pringy Cedex - France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Binet SA - Route de Hermée 2, 4040 Herstal - Belgium	100
TerBeke-Pluma UK Ltd - Hillbrow Road, Esher, Surrey KT10 9NW - UK	100
Pluma Fleischwarenvertrieb GmbH - Nordstrasse 30, 47798 Krefeld - Germany	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals NV - Beke 1, 9950 Waarschoot - Belgium	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk - Netherlands	100
FreshMeals Deutschland GmbH - Nordstrasse 30, 47798 Krefeld - Germany	100
Pasta Food Company Sp. z.o.o. - Aleje Jerozolimskie 56C - 00-803 Warszawa - Poland	50

35. Events after year-end

On 7 February 2014 Ter Beke was summoned by the Greek company Creta Farms because of an alleged breach of a confidentiality agreement from 2010. Creta Farms asked the District Court in Athens to order Ter Beke to pay damages of amounting to approximately EUR 2 million. The Group considers this demand from Creta Farms completely unfounded and will use all means necessary to defend itself.

36. Statutory Auditor's fees

In relation to the financial year 2013, 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 40,000. These fees concern mainly tax consultancy assignments. The Statutory Auditor invoiced the Ter Beke Group a fee of EUR 172,000 with regard to the statutory audit.

ABBREVIATED FINANCIAL STATEMENTS OF TER BEKE NV

BALANCE SHEET

	2013	2012
Fixed assets	**91,835**	**91,902**
I. Formation expenses	0	0
II. Intangible fixed assets	80	100
III. Tangible fixed assets	2,065	2,112
IV. Financial fixed assets	89,690	89,690
Current assets	**92,262**	**100,669**
V. Amounts receivables after more than 1 year	10,020	10,020
VI. Stocks	0	0
VII. Amounts receivables after within 1 year	80,228	89,217
VIII. Current investments	0	96
IX. Cash and cash equivalents	1,754	1,033
X. Accrued and deferred accounts	260	303
Total assets	**184,097**	**192,571**
Shareholders' equity	**72,287**	**76,019**
I. Capital	4,903	4,903
II. Share premiums	48,288	48,288
IV. Reserves	3,360	3,360
Legal reserves	*649*	*649*
Unavailable reserves	*1,457*	*1,553*
Tax-free reserves	*679*	*679*
Available reserves	*575*	*479*
V. Transferred result	15,736	19,468
Provisions and deferred taxes	**0**	**0**
Debts	**111,810**	**116,552**
X. Debts payable after 1 year	12,000	13,000
XI. Debts payable within 1 year	99,796	103,539
XII. Accrued and deferred accounts	14	13
Total liabilities	**184,097**	**192,571**

INCOME STATEMENT

	2013	2012
Operating income	**11,965**	**12,158**
Turnover	0	0
Change in stocks	0	0
Produced fixed assets	0	0
Other operating income	11,965	12,158
Operating costs	**11,454**	**11,618**
Trade goods, raw and auxiliary materials	0	0
Services and miscellaneous goods	7,454	7,632
Remuneration, social security costs and pensions	3,206	3,172
Depreciation and write-offs on intangible fixed assets and tangible fixed assets	783	804
Write-offs on stocks and trade receivables	0	0
Provisions for risks and costs	0	0
Other operating costs	11	10
Operating result	**511**	**540**
Financial income	1,004	3,510
Financial charges	-516	-730
Result from ordinary business operations before tax	**999**	**3,320**
Exceptional income	6	0
Exceptional charges	0	0
Profit before tax	**1,005**	**3,320**
Tax on profits	-406	-497
Result for the financial year after tax	**599**	**2,823**

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

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

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

DECLARATION FROM THE RESPONSIBLE PERSONS

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

- the financial statements for the financial year 2013 and 2012, 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 is a fair review of the development, the results and the position of Ter Beke NV, and of the companies included in the consolidation; the annual report also gives a fair description of the principal risks and uncertainties they face.

René Stevens
Chief Financial Officer

Dirk Goeminne*
Managing Director

* as permanent representative of NV Fidigo

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS*

TER BEKE NV.
STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013.

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 240,676 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 6,202 (000) EUR.

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

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

Unqualified opinion.
In our opinion, the consolidated financial statements of Ter Beke NV give a true and fair view of the group's net equity and

financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Kortrijk, 15 April 2014
The statutory auditor

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

* The original text of this report is in Dutch

STOCK AND SHAREHOLDER INFORMATION

SHARE QUOTATION

On 31 December 2013, the capital of Ter Beke was represented by 1,732,621 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels (symbol: TERB). In order to promote the share's liquidity, we concluded in 2001 a liquidity provider agreement with Bank Degroof. The shareholder structure is described in the Corporate Governance Statement (see above).

SHARE RELATED INSTRUMENTS

On 31 December 2013 there were no share related instruments, such as stock options or warrants in circulation.

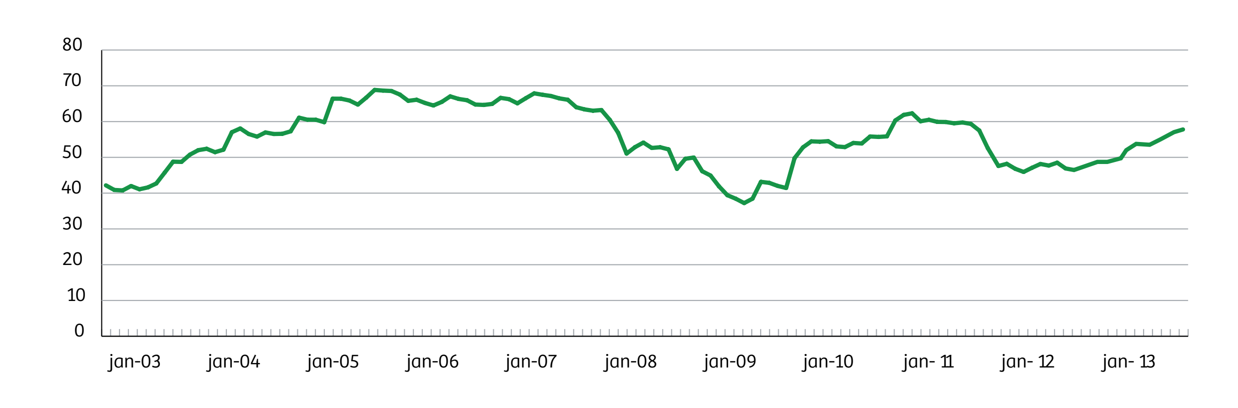
DIVIDEND

Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. The Board of Directors will submit a proposal to the General Meeting of Shareholders of 28 May 2014 to distribute a gross dividend of EUR 2.50 per share over 2013. If the General Meeting of Shareholders of 28 May 2014 approves this motion, we will make the net dividend per share payable from 16 June 2014.

STOCK PRICE EVOLUTION

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

TERB
LISTED
NYSE
EURONEXT



OBSERVATION BY FINANCIAL ANALYSTS

The Bank Degroof and KBC Securities analysts have monitored the Ter Beke share during 2013. We have published some analyst reports on the Ter Beke website: **www.terbeke.com**, under Investor Relations.

PROPOSALS TO THE GENERAL MEETING OF SHAREHOLDERS AND TO THE EXTRAORDINARY MEETING OF SHAREHOLDERS

The Board of Directors proposes the following to the General Meeting of Shareholders of 28 May 2014:

- to approve the annual accounts at 31 December 2013 and to consent to the processing of the result. The non-consolidated result for the financial year is EUR 599,485.22;

- the proposed gross dividend is EUR 2.50 per share. This will be payable on 16 June 2014 (quoted ex-coupon on 11 June 2014);

- to acknowledge the resignation of Marc Hofman as Director as from 7 January 2013;

- to acknowledge the resignation of BVBA Dirk Goeminne as independent director; and to approve the appointment and to reappoint NV Fidigo, represented by Dirk Goeminne, as Director.

  This reappointment is for 4 years and terminates at the General Meeting of Shareholders to be held in 2018;

- to reappoint as Director: Dominique Coopman and NV Holbigenetics, represented by Frank Coopman. These appointments are for four years. These appointments commence at the close of the General Meeting of Shareholders of 28 May 2014 and terminate at the General Meeting of Shareholders to be held in 2018;

- to appoint Comm.V. Lemon, represented by Jules Noten, as independent director in the sense of Article 524 and 526 and following of the Belgian Company Code. The appointment is for four years. This appointment commences at the close of the General Meeting of Shareholders of 28 May 2014 and terminates at the General Meeting of Shareholders to be held in 2018;

- to appoint BVBA Ann Vereecke, represented by Ann Vereecke, as independent director in the sense of Article 524 and 526 and following of the Belgian Company Code. The appointment is for four years. This appointment commences at the close of the General Meeting of Shareholders of 28 May 2014 and terminates at the General Meeting of Shareholders to be held in 2018;

- to grant discharge to the members of the Board of Directors and the Statutory Auditor for the execution of their mandate in 2013;

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

- to approve the annual remuneration of EUR 220,000 for the directors for the performance of their mandate in 2014.

The Board of Directors proposes the following to the Extraordinary General Meeting of Shareholders of 28 May 2014:

- To amend Articles 9, 13 and 31 of the Articles of Association Pursuant to the Law of 14 December 2005 concerning the abolition of securities made out to bearer.

- Renewal of the authorisation to the Board of Directors regarding the authorised capital.

- Renewal of the authorisation to the Board of Directors for the acquisition and disposal of treasury shares, profit-sharing certificates or related certificates to avert an imminent and serious threat to the Company.

- Renewal of the authorisation to the Board of Directors for the acquisition of treasury shares, profit-sharing certificates or related certificates.

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

FINANCIAL CALENDAR

Financial calendar

Trading update Q1 2014	**9 May 2014 before market opening**
Shareholders' Meeting	**28 May 2014 at 11 am**
Share quoted ex-coupon	**11 June 2014**
Dividend payment	**16 June 2014**
Results first semester 2014	**26 August 2014 before market opening**
Trading update Q3 2014	**7 November 2014 before market opening**
Annual results 2014	**30 April 2015 at the latest**

CONTACT INFORMATION

The Dutch version of this annual report is the sole official version.
Ce rapport annuel est également disponible en français.
Dit jaarverslag is ook verkrijgbaar in het Nederlands.

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

Creation, layout and coordination: www.thecrewcommunication.com

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

Ready Meals

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

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

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

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

FRESHMEALS IBERICA S.L.
Vía de las Dos Castillos 33
Complejo Empresarial Ática
Edificio 6, planta 3a, Officina B1
E-28224 Pozuelo de Alarcón (Madrid)
ES B 82656521

FRESHMEALS NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce no. Utrecht 200.53.817

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

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

Processed Meats

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

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

TERBEKE-PLUMA NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce no. Amsterdam 18024675

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

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

BERKHOUT LANGEVELD BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce no. Limburg Noord 12032497

LANGEVELD/SLEEGERS BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
Chamber of Commerce no. Limburg Noord 12036519

H.J. BERKHOUT VERSSNIJLIJN BV
Scheepmakerstraat 5 - NL-2984 BE Ridderkerk
Chamber of Commerce no. 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