terbeke
driven by **the zeal for your everyday meal**

Annual report 2015

one team, one Ter Beke

Enthusiasm. Determination. Drive. Dedication. Eagerness. Passion. Sincerity.

This is what drives us.

terbeke
driven by the zeal for your everyday meal

Encompassed in a single word: **ZEAL**. We apply this zeal to accomplish our mission: to bring delicious high-quality products to every dining table. And for this reason, we endorse our name Ter Beke with:

DRIVEN BY THE ZEAL FOR YOUR EVERYDAY MEAL

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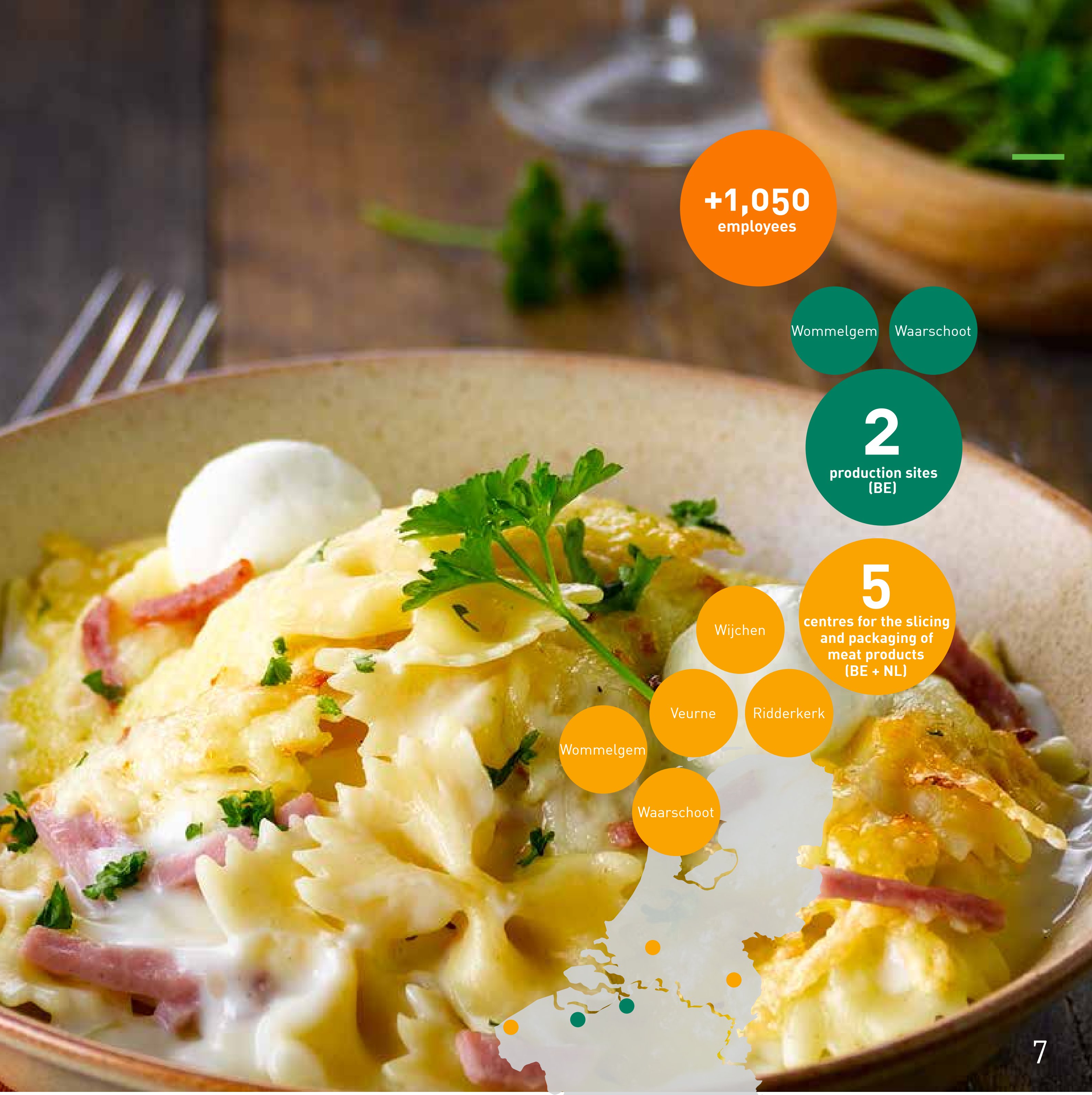
Ter Beke (Euronext Brussels: TERB) is an innovative Belgian fresh foods concern that markets its assortment in 10 European countries.

The group has two core products: processed meats and fresh ready meals. It has 7 production sites in Belgium and the Netherlands and employs approximately 1,650 employees. Ter Beke generated a turnover of EUR 396.3 million in 2015.

READY MEALS DIVISION

- Produces fresh ready meals for the European market.
- Market leader in chilled lasagne in Europe.
- Brand names Come a casa® and Vamos® in addition to private labels.
- Joint venture The Pasta Food Company established in Poland (2011).



PROCESSED MEATS DIVISION

- Producer and slicer of processed meat products for the Benelux, the UK and Germany.
- Innovating in the pre-packaged meat products segment.
- Private labels and own brands L'Ardennaise®, Pluma® and Daniël Coopman®.

Dear Shareholder,

As usual, I do not plan to talk about the figures in this letter. Neither do I want to repeat what our CEO Dirk Goeminne has said in his interview. Instead, I'd like to talk about some of the qualitative developments in our company.

Dirk Goeminne and his team have delivered good results and extensively reorganised and strengthened Ter Beke. This includes measures to redefine and split up certain management positions, clarify responsibilities, critically review less profitable product lines, etc. Last year in my letter, I had discussed the importance of understanding customer needs better and responding more quickly to opportunities. These efforts were further intensified in 2015 and have led to the expected results, as you may have read earlier.

For me, what stands out the most is the improved performance of the management team. Often one sees that such improvement in results comes "at the expense of" long-term positioning, troubled collective labour relations, greater vulnerability and increased risks. I am happy to say that none of this applies to Ter Beke! The improvement in the results was achieved alongside, for example, the (partial) implementation of our new ERP system 'Infor', an extensive financial and personal effort, and more well-defined, clear and consistently implemented HR systems that are some of the most meaningful systems I have encountered in my career.

> "No nonsense, no egos, the team always comes first!"

No nonsense, no egos, the team always comes first! I believe it is this working environment that makes Ter Beke a good employer at a personal level, in an environment where loyalty cannot be taken for granted. In the meantime, Ter Beke is attracting attention at food industry trade fairs and relationships with customers are better than ever, new paths are constantly being explored. We are making things happen!

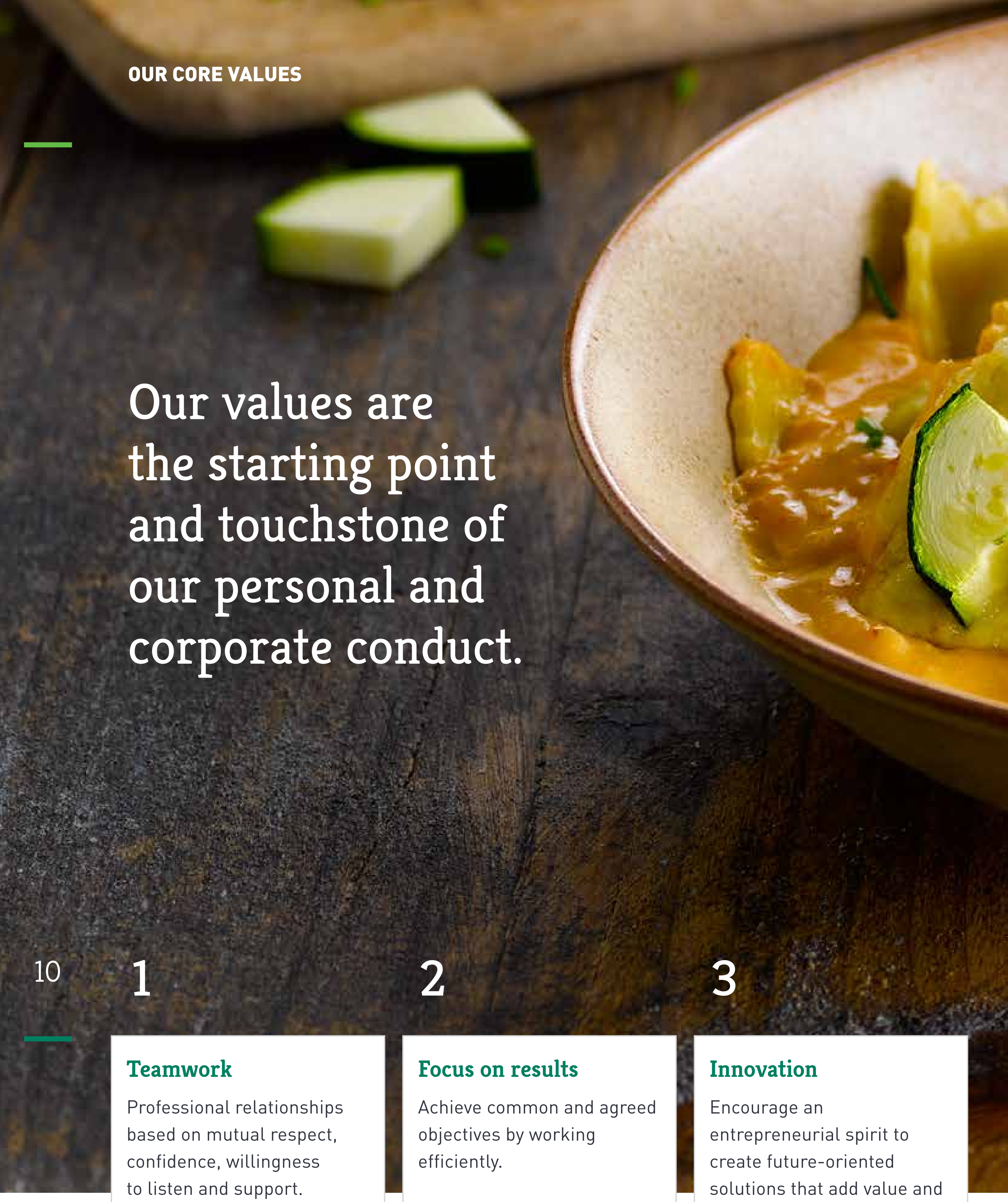
Naturally, not everything is perfect. But the important thing is that whenever a problem was detected - and sometimes these were big problems - it was immediately dealt with by the team under the direct supervision of the management. Not from a safe distance, but with a willingness to get their hands dirty if required. No hesitation, no procrastination, no soft measures! And that's how it should be!

It is this total picture, and not just the improved figures, that allows your Board of Directors to increase the dividend with full confidence.

Obviously, running a business depends on both the talents of the entrepreneurs as well as the business context. And as you know, the current environment is quite exceptional: low economic growth worldwide, absence of inflation and even negative interest rates. So it is important to stay calm and not get tempted by 'free money'. Now more than ever we must keep the company's long-term objective at the forefront.

On behalf of all the shareholders and the Board of Directors, I wish to congratulate Dirk Goeminne and his team for successfully combining good results with a sensible long-term policy.

Louis-H. Verbeke
Chairman Ter Beke



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

1

Teamwork

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

2

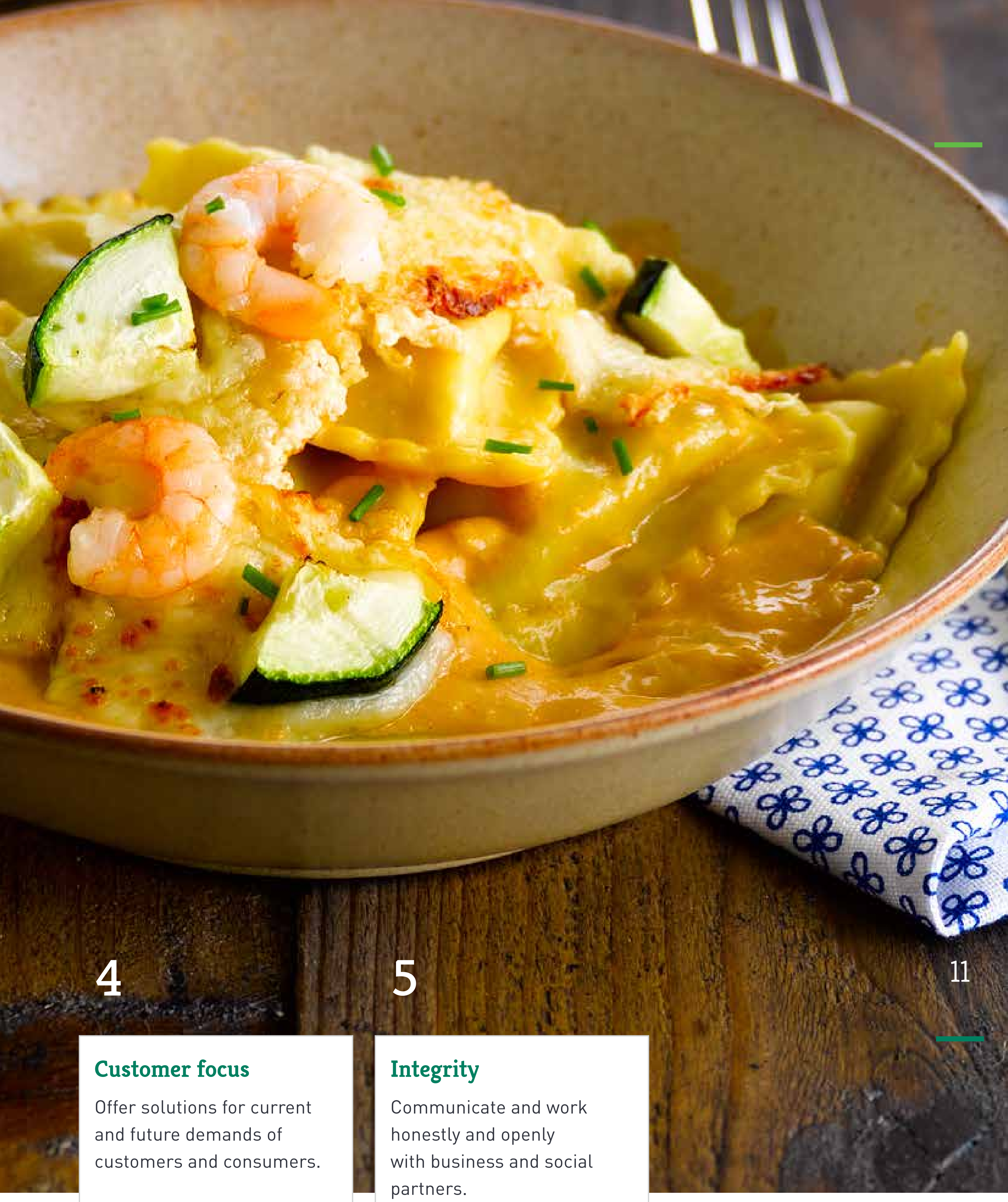
Focus on results

Achieve common and agreed objectives by working efficiently.

3

Innovation

Encourage an entrepreneurial spirit to create future-oriented solutions that add value and differentiate us from our competitors.



4

Customer focus

Offer solutions for current and future demands of customers and consumers.

5

Integrity

Communicate and work honestly and openly with business and social partners.

“We are developing a culture where initiative and achieving results are rewarded.”

Dirk Goeminne, CEO of Ter Beke, reflects on the past and looks ahead with full confidence

With both feet firmly planted on the ground, but always striving to set the bar even higher. Ter Beke is a highly successful company where people can be themselves and develop their potential further under authentic leadership. That’s the new Ter Beke style that CEO Dirk Goeminne has been working on for the last two years across all locations. “2015 was a year to be proud of. Everyone in the company has contributed to the continuous improvement that we are undergoing. Gradually we are becoming one Team, one Ter Beke.”

CEO Dirk Goeminne had a clear goal in mind when he started at Ter Beke. Ter Beke had to become a highly successful company, based on authentic leadership, where people could be themselves and develop their potential. For this, the biggest challenge was to make the seven separate locations work together as one company, rather than as seven separate islands. *One Ter Beke, one Team*.

TER BEKE WANTS TO CREATE GROWTH AND VALUE FOR ALL ITS STAKEHOLDERS. TO ACHIEVE THIS, WE WORK ACCORDING TO THE FOLLOWING STRATEGIC OBJECTIVES

1 CUSTOMER SATISFACTION

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

2 OPERATIONAL EXCELLENCE

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

3 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, without compromising on the quality of our products and the service to our customers.

4 INNOVATION

We consider innovation in products, processes and services as the driving force behind our strategy and our organisation. The development of new products, services and production processes is an absolute prerequisite for our future growth.

Significant steps were taken in 2015 for achieving this goal. One of the greatest shortcomings earlier had been the lack of a single *Enterprise Resource Planning* (ERP) system for the entire company. A single software programme that allows all business processes to function in a uniform manner. “We went live with this system in the Ready Meals Division in October 2015. The Processed Meats Division will be tackled this year and next year, it will be turn of the slicing companies in the Netherlands”, says Dirk Goeminne. The intention is that all of Ter Beke should be working on one platform by the end of 2017. Our internal structures will also be gradually adjusted to fit into the new system. “This is already reflected in the changes in the organisation of our Customer Service department, data management process and sales teams, as well as in how we manage our production companies. All of this is part of the change process we are undergoing with the aim of building a more effective organisation.”

To transform a company, the focus should not only be on ‘hard’ elements such as strategy, structures and systems, but also on ‘soft’ elements such as your people, their competencies and shared values. “We have recruited new young talent and explicitly communicated to them the values expected from Ter Beke employees. We ask our employees to be open and transparent and to stand up for their opinions. Managers must be ready to assist and guide their people so they can develop themselves to their full potential. Over the last year, we have seen more and more colleagues embrace these values."

We are also working on implementing a new job grading system with a transparent salary structure for non-production employees so that we will be better able to guide our colleagues in developing their careers. The next step is to provide leadership training to all managers. "Ter Beke is a fantastic family business with a rich and varied history, but to give your company the opportunity to grow further, you must start thinking in terms of organisational structures and dare to question things persistently. In each and every department."

"WE KNOW THE CONSUMER BETTER"

In mid-2015, there were reports of a decrease in turnover at Ter Beke. But this was part of a conscious strategy. We had given ourselves till mid-2015 to restructure the company, so that we could reap the benefits of all the innovations in the second half of the year. "Last year, we said that we would continue to focus on the profitability of our product range and on implementing extensive measures to control and reduce costs. We were confident of achieving a better result for 2015 and we have been able to fulfil that promise. This has been possible due to the development of a range of salami snacks, innovations in our pâté range and the new range of resealable packaging for the Dutch and UK markets." Our efforts in relation to the *stock keeping unit* (SKU) policy have also paid off. Though these activities led to a decrease in turnover, the net profit rose sharply. "A trend that we expect will continue this year in both our divisions."

> "It is an 'and-and' situation: top quality, but also producing cheaper for the discount market. And Ter Beke can do both."

Ter Beke has also won a number of new contracts in 2015. For example, several projects are ongoing with Belgian and Dutch retailers in the Processed Meats Division, which will further consolidate Ter Beke's position as preferred supplier. Ter Beke has also managed to strengthen its position in the United Kingdom and other export countries, namely Germany, France, Spain, Switzerland, Ireland, Denmark and Scandinavia. "We have launched a gluten-free lasagne in the Spanish market for the first time. And we are equally proud of the fact that the **Come a casa®** Lasagne Bolognese has been awarded two stars in the Superior Taste Award contest and that in Belgium, we have been voted best manufacturer in all criteria by Advantage Group."

Yet Dirk Goeminne singles out a totally different project as a prominent event of 2015: the Safari project. "We have carried out an extensive consumer and shop survey in Belgium, the Netherlands, England and Germany. I myself have had the privilege of taking a look inside a few refrigerators and talking to our end consumer. It was incredibly interesting to get an insight into what motivates them and being able to translate that into new concepts for our customers. We can proudly say that this has allowed us to get to know our end consumer better. For me, this was an important event of 2015, since our objective is to be an externally focused company. Based on our experiences, we selected a number of strong ideas per division and three specific goals for this year."

INCREASINGLY HEALTHY

Taking our responsibility as a company, under the principles of Corporate Social Responsibility (CSR), has always been important to Ter Beke. Recently this has become more and more an integral part of our daily activities. For example, we have significantly reduced the salt content of our products. We plan to take further steps this year and in coming years by closely examining the composition of all our products. Introducing more vegetables, more good fats and less sugar in our products are new options that we can explore to contribute to a healthier and more balanced diet.

"We also take great pride in 'where' we purchase our products. For instance, we specifically look for suppliers whose pigs have had more space to live better. We pay constant attention to our electricity consumption: e.g. the Marche-en-Famenne and Wanze factories have been provided with LED lighting throughout to reduce energy consumption. In terms of CSR initiatives, we still have a long list of things we want to achieve by 2020."

> "Ter Beke is a fantastic family business with a rich and varied history, but to give your company the opportunity to grow further, you must start thinking in terms of organisational structures and dare to question things persistently."

More recently, we have defined specific goals and growth strategies per division. In 2016, we aim to become the market leader in the processed meats sector in the Benelux and in the export of premium products, such as *pâté*, dried sausage and cooked ham to England and Germany. "In the Ready Meals Division, we intend to make a bid for leadership in the European market, in preparation for which we have acquired a participation of 33% in Stefano Toselli, a French producer of lasagne and cannelloni." This last transaction was greatly appreciated by the market in 2015, as reflected in the further increase - almost a doubling - in the Ter Beke share price. Thanks to this participation, in 2018, Ter Beke's turnover will increase by EUR 75 million in one fell swoop and will then soon exceed half a billion euro. "During 2014 and 2015, we tried to structure the internal processes as much as possible, since this was necessary for our continuing growth", says Dirk Goeminne. "But besides this, we have also succeeded in increasing turnover in the second half of 2015 by undertaking new commercial initiatives. The entire company has worked extremely hard and everyone has contributed to the continuous improvement that we have observed."

Naturally, the company still faces major challenges in the coming years. Perhaps the most significant of these is to create a link between market demand and our internal processes. Important steps were taken towards this in 2015 through the **Tailored-Boost strategy**. "Our 'Boost' sites must be capable of working efficiently, quickly and with large volumes. While our 'Tailored' sites must respond to complex demands and be innovative, based on the specific needs of each customer, production in our Ready Meals Division sites at Wanze and Marche-en-Famenne was reorganised based on the above principles and this strategy was also implemented in our slicing factories at Wijchen and Ridderkerk. As a result, our operations at these sites have improved and become more efficient, "We are proud to say that the Safari project has enabled us to get to know our end consumer better. For me, this was an important event of 2015, since our objective is to be an externally focused company."

which is consistent with our objective of **operational excellence**. At the same time, we are able to focus more sharply on our **cost leadership** objective, by offering certain products cheaper and faster to our customers. It is an 'and-and' situation: delivering top quality, but also producing cheaper for the discount market. And Ter Beke can do both."

When Dirk Goeminne became CEO of Ter Beke two years ago, the press described this as a "surprising marriage". Goeminne had served as a member of the Board of Directors since 2011 but, after having held key positions in Dutch retail giants WE, Hema and V&D, he had wanted to take things a bit slower and preferably not take on any operational positions. Nevertheless, after serving for five months as interim CEO, he was appointed CEO of Ter Beke for a longer term of five years. "During that time, I discovered what an excellent company Ter Beke is. It is one of Flanders' hidden gems and we should definitely be more proud of ourselves." Goeminne will remain CEO until 2018 and is currently half way through his term at Ter Beke. How does he see the course he has set so far? "All the initiatives we have taken have helped us develop a company culture where individual initiative and the achievement of results are rewarded, and where *One Ter Beke* is a challenging workplace that we can be proud of and where we can all develop together in an atmosphere of mutual respect. A lot has happened, but we are holding course and are already halfway down the outlined path. It's been an exciting journey so far!"

Dirk Goeminne
CEO of Ter Beke

TURNOVER
396.3 million EUR

REBITDA
35.8 million EUR

EAT
10.3 million EUR

EBITDA
34.3 million EUR

INVESTMENTS
16.9 million EUR

GROSS DIVIDEND
3.50 EUR/per share

READY MEALS DIVISION

- Decrease in turnover due to the loss of an important contract in the German market.
- Continued focus on the profitability of the product range and extensive cost control.
- Further specialised processes at the Wanze production site for the efficient production of large volumes.
- Relocation of the production of smaller and complex volumes to Marche-en-Famenne.
- Efficient launch of production activities at the Polish joint venture The Pasta Food Company.
- Come a casa® wins two Superior Taste Awards.

PROCESSED MEATS DIVISION

- Continued focus on the profitability of the product range and extensive cost control measures have resulted in a substantially improved result compared to 2014.
- Relaunch of range of over-the-counter processed meats under the Daniël Coopman® brand.
- Development and roll-out of the growth strategy in the Dutch market is promising.

GROWTH IN CONSOLIDATED RESULTS IN 2015

Despite a slightly lower turnover in 2015, Ter Beke succeeded in increasing its net profit by as much as 26.6%. The company achieved this by withdrawing the less-profitable products from its range and through greater specialisation at the different production sites. We will continue to focus strongly on increased specialisation in 2016.

The group's total turnover in the second half of 2015 increased by 7% compared to the first half of 2015 (+2.2% compared to the second half of 2014). The total turnover of the group decreased by EUR 3.4 million (-0.9%), from EUR 399.7 million to EUR 396.3 million.

The turnover of the **Ready Meals Division** decreased by EUR 4.7 million (-4.0%). This decrease occurred entirely in the first half of 2015. The turnover in the second half of 2015 was almost equal to that of the same period in 2014. The turnover of the **Processed Meats Division** increased by EUR 1.3 million (+0.5%). This improvement includes the initial results of the growth strategy for the Dutch processed meats market.

GROWTH IN RESULTS

The REBITDA increased by EUR 2.1 million (+6.3%), from EUR 33.7 million in 2014 to EUR 35.8 million in 2015. This is both a consequence of the increased turnover in the second half of the year as well as the continued focus on the profitability of the product range and extensive cost control in both divisions.

However, these measures do not prevent Ter Beke from working in various ways to develop the group further in the future. For example, an extensive market survey conducted in Belgium, the Netherlands, England and Germany has provided us with valuable insights into the needs of the end consumer. This has also inspired our Research and Development Department to work in a focused manner on developing innovative products and concepts.

We prefer to offer the most high-quality innovations under our consumer brands. In 2015, we successfully launched salami, poultry and cooked ham products under the Daniël Coopman® brand. The restyling of the packaging, continuous upgrade in quality and the new products launched under the Come a casa® brand in 2015 have been much appreciated by Belgian consumers.

As announced last year, part of the remuneration of the CEO consists of a remuneration component for exceptional growth in shareholder value achieved by the end of the CEO's mandate in 2018. A provision of EUR 0.6 million has been created for this based on the current results.

The recurrent depreciations decreased by EUR 0.9 million.

In 2015, the net-financing expenses were EUR 0.2 million lower than in 2014, mainly due to lower interest rates. The tax rate for 2015 (26.1%) was lower than in 2014 (29.2%).

INVESTMENTS

Investments amounting to EUR 16.9 million made during 2015 relate primarily to continued investments for improving efficiency and making infrastructural adjustments at the various sites. The increase of 16.5% compared to 2014 is mainly due to the development and implementation of the new ERP package. In 2014, investments amounted to EUR 14.5 million.

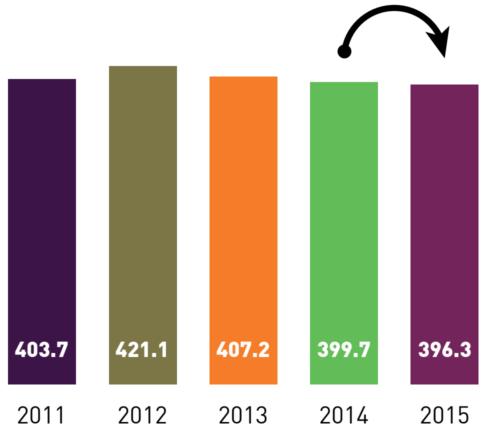
On 28 August 2015, an agreement was signed between Ter Beke and GS & DH Holding, a shareholder of the French producer of ready meals Stefano Toselli. Ter Beke acquired a 33% minority interest in Stefano Toselli, effective immediately.

BALANCE SHEET

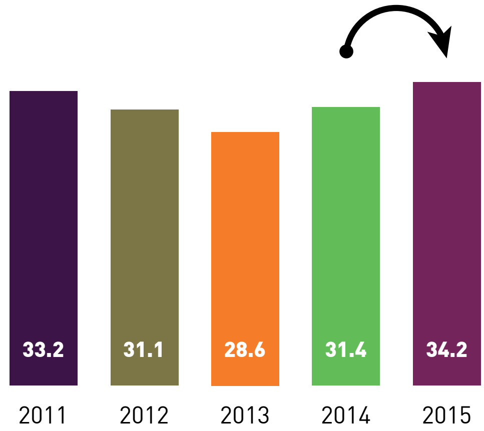
Fixed assets increased by EUR 8.3 million. This is mainly due to the purchase of Stefano Toselli shares for EUR 9.4 million. In addition, Ter Beke invested EUR 16.9 million and booked depreciations and write-downs of EUR 17.9 million.

Net debt increased by EUR 4.7 million. This is a result of the incoming cash flow from operations (EUR 28.1 million) compared to an outgoing cash flow from net paid investments (EUR 27.5 million) and dividend and interest payments (amounting to EUR 5.3 million).

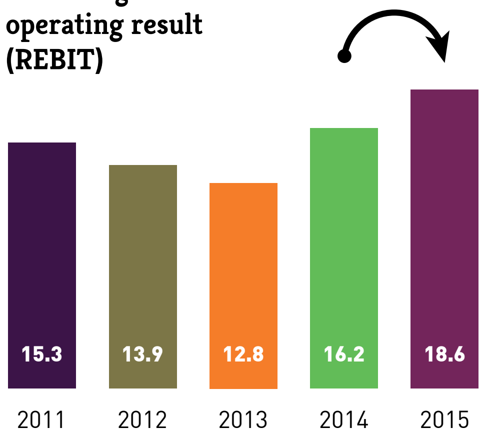
Revenue



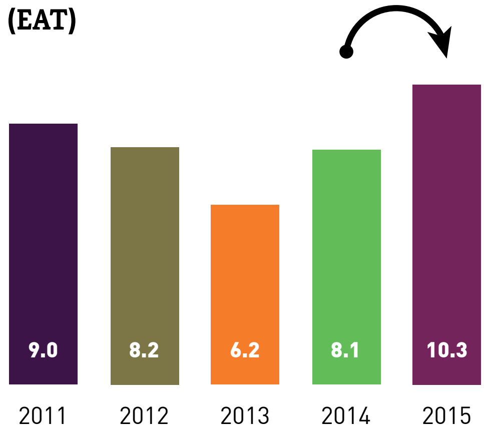
EBITDA



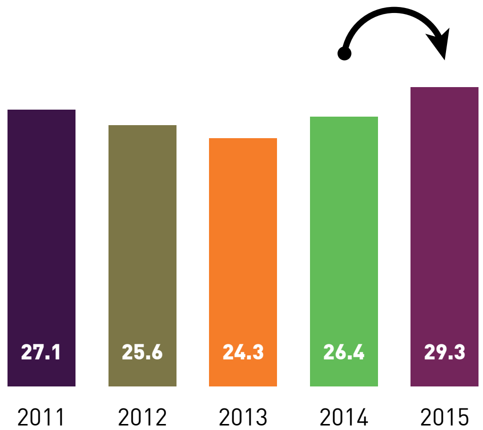
Recurring operating result (REBIT)



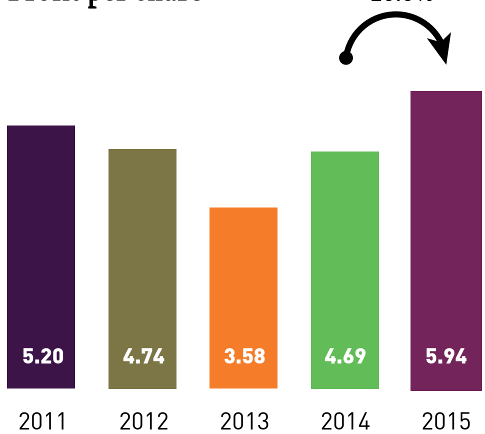
Result after taxes (EAT)



Net cash flow



Profit per share



All amounts in million EUR. Profit per share in EUR.

The equity difference is chiefly the result of after-tax profit minus the dividend granted over the previous financial year.

PROPOSED DIVIDEND

Taking into account the considerable increase in the result, the Board of Directors will make a proposal to the General Meeting of Shareholders to distribute a gross dividend of EUR 3.50 per share (+40% compared to 2014).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

PROSPECTS FOR 2016

In 2016, Ter Beke will continue to increase its focus on the profitability and growth of the product range and on extensive cost control and reduction measures. The group is confident that, barring unforeseen market circumstances, the result for 2016 will surpass that of 2015.

1 Remove, Reduce, Reuse, Renew & Recyle

At Ter Beke, we believe that every company has a social and ecological responsibility. This is why we have introduced Corporate Social Responsibility (CSR) as an objective in our policy, in order to make proactive contribution to a better society. Our aim? Sustainable enterprise and to operate as a company with a sense of public responsibility. By dealing with shareholders, customers and suppliers in a correct manner. By creating a healthy and safe working environment. And by treating our employees and the environment with respect.

As a producer of food products, we face many challenges and social issues. How can we make our products healthier? Can new production methods further reduce the burden on the environment and even help combat global warming? Can we help our production sites even more in meeting the requirements of our customers and consumers in terms of quality and product safety?

Ter Beke endorses the importance of a strong social commitment. We believe that we – as an international player – are well-placed to play a pioneering role. We can make a real difference: by working together with sector organisations, the government and NGOs. We strive for increased animal welfare and avoid using environmentally harmful raw materials such as beef and palm oil. We contribute to producing healthier food, e.g. by using less salt and saturated fats. We monitor the sustainability of our entire production chain by keeping a watchful eye on the approach taken by our buyers and suppliers. And to keep a finger on the pulse of things, we listen regularly to what our own employees and consumers have to say.

OUR STAKEHOLDERS, OUR COMMITMENTS

WHAT DO WE DO?

Education

Employees serve as lecturers in higher education institutions • Promoting research on sustainable enterprise and corporate governance, e.g. at Vlerick Business School

Customers and end consumers

Satisfaction surveys • Trend analyses

NGOs

Increasing use of specifications for increased animal welfare, e.g. those issued by the Animal Welfare Foundation (UK) and Beter Leven (NL) • More eggs from free-range chickens (GAIA award) • Avoidance of palm oil, where possible

Employees

Satisfaction surveys • Dialogue • Periodic information and consultation meetings to increase the level of employee involvement • Trainings • Prevention of accidents and creation of a safe workplace • Project-oriented organisation

Government

Consultation and dialogue with local, national and international bodies, such as the FASFC

Shareholders

Annual General Meeting of Shareholders • Information exchange on CSR objectives and results • Corporate governance based on thorough research and in keeping with the unique nature and needs of the company

Professional organisations

Socially committed member of FEVIA (Belgian food industry federation), FENAVIAN (Belgian national federation of meat products and canned meat), BReMA (Belgian Ready Meals Association), CLITRAVI (Liaison Centre for the Meat Processing Industry in the European Union) and ECFF (European Chilled Food Federation) • Close contacts with Dutch sector organisations • Active collaboration for policy preparation within the food chain • Active implementation of the National Food and Health Plan in Belgium and abroad • Participation in the chain consultation • Monitoring of the code of conduct for fair relationships between suppliers and buyers in the agro-food chain

Suppliers

Long-term cooperation • Preferential partnerships with suppliers that devote their efforts to improving animal welfare, packaging, transportation and production • Local sourcing • Use of recycled materials and renewable raw materials • Fair payment

SOCIETY

Focus on animal welfare

Ter Beke endeavours to only use meat from animals that have been reared according to the strictest **animal welfare principles**, as determined by the *Animal Welfare Foundation* in the United Kingdom and the *Beter Leven* label in the Netherlands. We follow this principle not only for our own products, but also actively promote the same standards when we produce on behalf of our customers.

We are explicitly **against the non-anaesthetised sterilisation of pigs**. If possible, in future we will opt for buying meat from uncastrated pigs. We are currently investigating whether this may affect the quality of our products.

We choose consistently for barn eggs as a minimum standard for our own products. Where possible, we extend this selection to **eggs from free-range chickens**. In recognition of this consistency in our Come a casa® products, we have received the **Good Egg Award** from GAIA.

Conscious of the environmental impact of our raw materials

For raw materials for our meat products, Ter Beke opts for **pork and poultry as these are less harmful for the environment** than beef. We avoid the use of palm oil out of respect for the environment and because we are convinced that this makes our products healthier. If the use of palm oil is unavoidable for reasons of product quality, we explicitly opt for **RSPO-certified palm oil** which has been produced in a sustainable way.

Conscious commitment to social issues

We devote our efforts to relevant social issues both at a national as well as international level. This means that we are a part of or exercise mandates in forums such as FENAVIAN, CLITRAVI, FEVIA, etc.

Ter Beke is also a committed member of the following organisations as well as other similar organisations:

- Belgian federation of food industries **FEVIA** (*Federatie Voedingsindustrie – Industrie alimentaire*);
- Belgian sector federations such as **FENAVIAN** (*Nationale Federatie der Fabrikanten van Vleeswaren en Conserven*) and **BReMA** (*Belgian Ready Meals Association*);
- Coordinating sector federations such as **CLITRAVI** (*Liaison Centre for the Meat Processing Industry in the European Union*) in the meat processing sector and **ECFF** (*European Chilled Food Federation*) in the ready meals sector;
- We also maintain close contacts with Dutch sector organisations.

As part of these associations, we play an active role in **policy preparation within the food chain**. Our R&D-QA Director Mr Guido Bresseleers represents Ter Beke in the most important bodies set up for consulting with other stakeholders in the chain. We serve as president of various associations and committees such as FENAVIAN, the technical-scientific committees within FENAVIAN and BReMA and the Technical, Legal and Food Safety Committee of CLITRAVI.

Within these associations, we work together to e.g. reduce litter, reduce the level of salt in our food products or reach agreements on supportive measures for pig farmers. At a local level, our companies are committed to the communities within which they are active.

A broader social commitment in practice

As president of FENAVIAN, Ter Beke participates in the chain consultation which aims to promote cooperation between the different players in the Belgian agro-food chain. Other co-participants in this chain consultation are the Agrofront, UNIZO (Belgian union of self-employed entrepreneurs), BEMEFA/APFACA (Belgian compound feed industry association), COMEOS (Belgian Federation for Commerce and Services), UCM and FEVIA. In this context, Ter Beke has signed the "Code of conduct to promote fair relations between suppliers and purchasers in the agro-food chain". As part of the chain consultation's "Working group on pig husbandry", we work on projects that can improve the quality and sustainability of Belgian pork.

Nutrition and health

We contribute to the interpretation and implementation of Belgium's National Food and Health Plan and to similar initiatives abroad. In particular, we contribute to the objectives related to the reduction of salt and (saturated) fat, a balanced energy consumption and an increased percentage of vegetables in food products. Though there are no legal standards regarding the amount of fat, sugar or vegetables that should be contained in the products, there are recommendations for this issued by the World Health Organisation. We strive to distinguish ourselves significantly in this area by working towards these recommendations as much as possible, certainly for our own brands. For our customers' own brands, we are bound by the requirements imposed by them, but here too we try to develop and propose new things.

Sharing knowledge

In cooperation with training centres, we encourage, finance and assist in numerous research projects and we also support various educational initiatives. Some Ter Beke employees serve as lecturers in higher education institutions in their professional field. They provide these services **without remuneration**, as a social service. As a faithful partner of Vlerick Business School, we promote research on sustainable enterprise and corporate governance.

ONE LARGE TEAM

We fully recognise the value of the people who work at Ter Beke. This is why we offer them a fair remuneration, suitable recognition, inspiring teamwork, a pleasant working atmosphere, respect for their rights and numerous opportunities for lifelong learning. We motivate and encourage every employee in his/her personal growth and further development. Our goal? **Satisfied employees**.

Ter Beke creates a working environment that attracts talented people and gives them the opportunity to develop themselves professionally and personally. This contributes to the sustainable development of our company.

We consult regularly with our employees. We discuss their performance and try to assess their ambitions and level of well-being and satisfaction. We develop policies based on our intention to be a good employer.

A number of other initiatives that promote cooperation between our people:

- Periodic information and consultation meetings that bring together employees from different departments and disciplines and help increase their commitment.
- Better informed staff can better assess things and make their own contribution.
- Ter Beke wants to evolve further towards becoming a project-driven organisation.
- Gender-balance (equal proportion of men and women in the workplace) and a decline in absenteeism figures are important focus areas.
- A healthy and safe environment for preventing industrial accidents and lost work time due to sickness has always been high on our list of priorities.

CONCRETE ENVIRONMENTAL INITIATIVES IN 2015:

- Combined heat and power installation at our Marche-en-Famenne site
- LED lighting at Marche-en-Famenne and Wanze; to be provided at other sites in 2016 and during the following years
- Solar panels at Marche-en-Famenne /Wanze
- Under investigation: heat recovery via cooling at all sites with the aim of using the heat emissions for heating water
- Policy on safety and industrial accidents will be developed further at the group level (e.g. streamlining of reporting process, procedures, etc.)

CUSTOMERS AND CONSUMERS

Ter Beke regularly surveys **customer satisfaction** and allows the results to be compared with those of its competitors through an independent study. In an extensive survey conducted by Belgian and Luxembourg retailers, we were voted as the most preferred producer of meat products to work with. Any points for improvements are immediately translated into objectives and concrete actions. Each possible source of dissatisfaction is thoroughly addressed.

We are **accessible to and can be held to account by each stakeholder (from customer to consumer)** and are committed to providing answers to questions and possible complaints within a specified time.

The **expectations of today's consumers in the area of** health, safety, animal welfare, etc. are the main driving forces for our product development. We like to inspire our customers with **valuable products and innovations** that fit in with a healthy and high-quality lifestyle. This is why we closely monitor consumer behaviour trends using market research. This helps us identify existing expectations and assess new needs.

All Ter Beke production sites meet our customers' requirements for product quality and safety. We ensure that this is certified annually during independent audits in accordance with internationally recognised standards such as IFS and BRC. We also welcome the audits performed by our customers at their own initiative; these audits may be conducted at any time and even without notice. For example, after a thorough screening of our Dutch organisation by one of our Dutch customers in 2015, we were classified in the highest category in terms of *integrity management*.

Integrity management is the entire process - all of whose conditions must be met - that enables us to monitor and ensure the integrity of our products. Product integrity is the guarantee that each product exactly corresponds - both in terms of composition and packaging - to what is specified on the packaging. We identify the potential risks, have a sophisticated system in place to guarantee the correct labelling of products and there is complete transparency in every step of the production process. In our Internal Quality Charter, you can read about all the precautionary measures we take to ensure integrity.

10%
less salt in the processed meat products

15%
less salt in the ready meals

5%
more vegetables in the products since 2015

In 2015 we have launched a trial project for a German retailer. During the production process, each product is given a QR code. Scanning the QR code releases a code that can be used to gain detailed information about the product via internet. This information includes the supplier, item number, suppliers certificate, country where the animal was raised and slaughtered, as well as the cuts of meat that were used. This acts as a kind of track & trace system.

Transparent product composition (which meets consumer expectations)

Our packaging describes the product composition and **nutritional value** per 100 g and per serving, expressed as a percentage of the recommended daily reference nutrient intake (RNI). With this, we are going further that what is legally required from us: mention of the nutritional value is only mandatory from the end of 2016, yet we are doing this already.

We strive to produce **nutritionally balanced food products**. In concrete terms, this means that in the past few years the salt content in our meat products has been reduced by 10% on average and in ready meals, by as much as 15% on average. For this, we are using more **wholemeal** and **fibre-rich ingredients**, such as vegetables, in our products. For example, Come a casa® launched the first freshly prepared ready meals containing 100% wholemeal pasta in the Belgian market and since 2015, these products also contain 5% more vegetables. In addition, we are reducing the use of saturated fatty acids and palm oil with the aim of **lowering the fat content and improving the fatty acid composition** of our products.

Our own brand products are **palm oil-free** and we try to convince our customers to follow the same rule for the products we produce for them. Also, as mentioned earlier, we opt for sustainably produced palm oil in all cases. We try to avoid using added sugars and work consistently on producing "clean labels" which are labels with no E numbers and therefore products without artificial additives and preservatives.

This is our overall aim, but if the use of such products is unavoidable for reasons of product quality, we always follow the strict conditions and legal restrictions in this area. Of course, it goes without saying that we do not use **either raw materials or ingredients derived from Genetically Modified Organisms (GMOs)** or any **irradiated ingredients** in our products.

INCREASING INNOVATION IN PACKAGING: THE 5 Rs

REMOVE

WHAT TYPE OF PACKAGING CAN BE REMOVED?

- Changing from blister packaging to top-seal packaging for some Come a casa® meals.
- Working with direct film printing, reducing percentage of waste when die-cutting the packaging.

REDUCE

HOW CAN WE REDUCE THE IMPACT OF PACKAGING ON WASTE STREAMS IN TERMS OF WEIGHT?

- Reducing the thickness of packaging film. With improved techniques, thinner film can be used that have the same functionalities and properties as thicker varieties.
- Our Dutch slicing companies are working with thinner trays for meat products.

REUSE

HOW CAN WE REUSE THE PACKAGING?

- Use of stainless steels trays, as in the case of our brand Vamos®.
- Use of returnable containers, crates.

RENEW

WHAT TYPE OF PACKAGING CAN WE REPURPOSE?

- Use of recycled aluminium: some trays are already made of 30% recycled aluminium.
- Where possible, cardboard boxes can be made from recycled paper: though this is not easy to implement in the food processing industry, where products are always transported and stored in cold and humid environments.

RECYCLE

WHAT TYPE OF PACKAGING CAN BE MADE RECYCLABLE?

- Packages are (where possible) developed such that they are recyclable after use. For this, packaging should be made entirely from a mono-material. However, this is difficult because the legislation in this regard varies from country to country.
- Maintaining product quality, shelf life and food safety are paramount: this is often a problem in case of packaging films made of a mono-material.
- Aluminium and cardboard packaging are recycled in Belgium via the blue PMD waste collection bags (special bags used in Belgium for plastic packaging, metallic packaging and drink cartons) and via the separate paper waste collection from homes.
- In many departments, there are ongoing projects that are collaborations between the factories, marketers, packaging specialists, purchase and suppliers. A fine example of our commitment to "one Ter Beke". We are specifically working on:
  - Developing packaging made of paper: a 100% renewable raw material.
  - Using rPET as a packaging material: rPET is recycled PET material derived from bottles that are currently disposed of in the blue waste collection bags. Use of this material results in a much lower carbon footprint.

SUPPLIERS

We build **fair and sustainable relationships** with our suppliers, where we fully appreciate their efforts and commitment.

Long-term cooperation, local sourcing and sustainability

We have an **open relationship** with suppliers, a relationship within which everything can be discussed. The extent to which a supplier meets our requirements for quality, integrity, innovation, delivery reliability and service is translated into a **long-term cooperation** and **fair payment** for the added value offered by them. We choose to work solely with suppliers who are committed to meeting the same requirements as those met by our own factories and who are therefore certified according to the GFSI standards of IFS or BRC. The *Global Food Safety Initiative* is an international platform that aims to increase food safety.

We prefer to **locally source** our raw materials and we will focus on this even more in the coming years. For the production activities in Belgium and the Netherlands, we buy 95% of our meat in the Benelux. Providing guarantees of authenticity, origin and traceability for our raw materials is of paramount importance to us.

As far as **sustainability** is concerned, we work together **with preferred suppliers** that demonstrably make concrete efforts to guarantee sustainability. For raw materials of animal origin, this means that we are increasingly buying meat and eggs from animals reared in accordance with specifications that endorse the principles of **animal welfare**.

For our logistics partners, this means that we require them to report annually on the sustainability initiatives taken by them. A good example of this is the Green & Lean initiative of our Belgian logistics partner TDL Group which strives to make its logistics and mobility process more sustainable and therefore reduce the burden on the environment. The TDL Group is aiming to bring about a 20% reduction in carbon dioxide emissions within five years and it wants to win a second "Green & Lean" star. There is also an ongoing project, in collaboration with the Antwerp Management School, in which we are working to develop a framework for reporting on the sustainability initiatives taken by all our major suppliers.

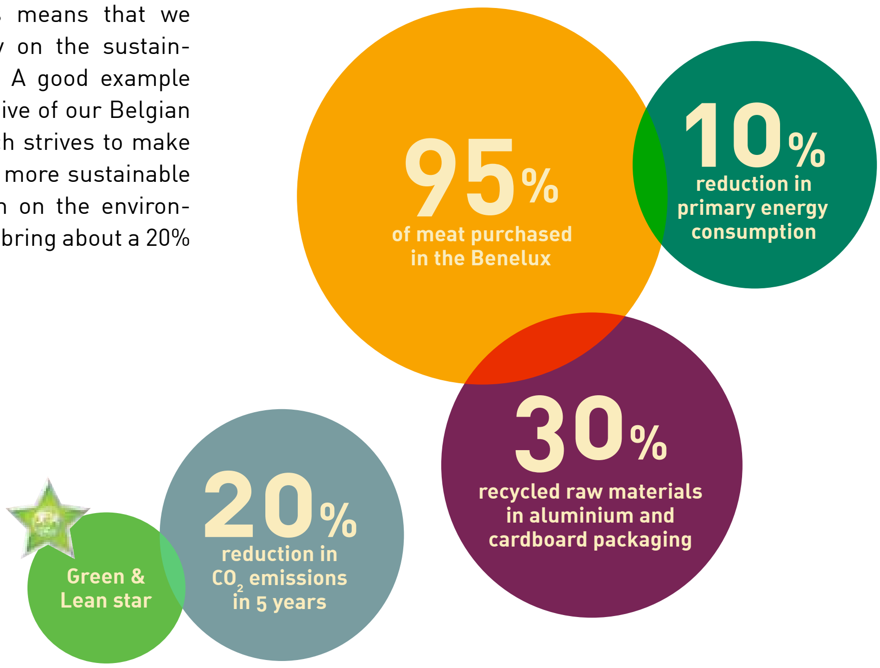
For our packaging, we prefer to work with **recycled materials and renewable raw materials** or packaging which can be recycled after use or which does not damage the environment. We encourage innovation in this area as well. For example, one of our main suppliers of aluminium and cardboard packaging now works with 30% recycled raw materials. We monitor the developments in the field of recycling, so that we can do even better in this area in future.

OUR LIVING ENVIRONMENT

Ter Beke works consciously and actively towards creating a better living environment. We try to avoid creating waste and we want to reduce our **water and energy consumption** as much as possible. We make maximum use of raw materials from renewable sources or those with a low impact on our planet.

Paying attention to energy consumption, waste flows and packaging

Thanks to the sustained efforts of our employees and partly due to a number of specific investments, our **primary energy consumption** has declined by 10%. Our ambition is to reduce this by a further 25% by 2020. In this respect, Ter Beke endorses the Flemish Energy Policy Agreement and the Walloon "Accord de Branche".



In relation to our water consumption, we also aim to **further reduce the amount of waste water discharged by us**. At the same time, we are trying to reduce the amount of contamination in the water and sludge discharged by us.

Our **waste streams** have decreased by 70% since 2008 thanks to our integrated Sales & Operations Planning Process. For this we adhere to the five Rs: Remove, Reduce, Reuse, Renew and Recycle. We are also working to further reduce residual fractions.

The packaging of all our products contributes to **waste prevention and recycling** systems in the countries where these products are marketed. In Belgium, this includes affiliation with and a financial contribution to **FostPlus®** for consumer packaging and to **VAL-I-PAC®** for industrial waste streams. We also adhere to the covenants agreed within the sector and commitments made to individual companies.

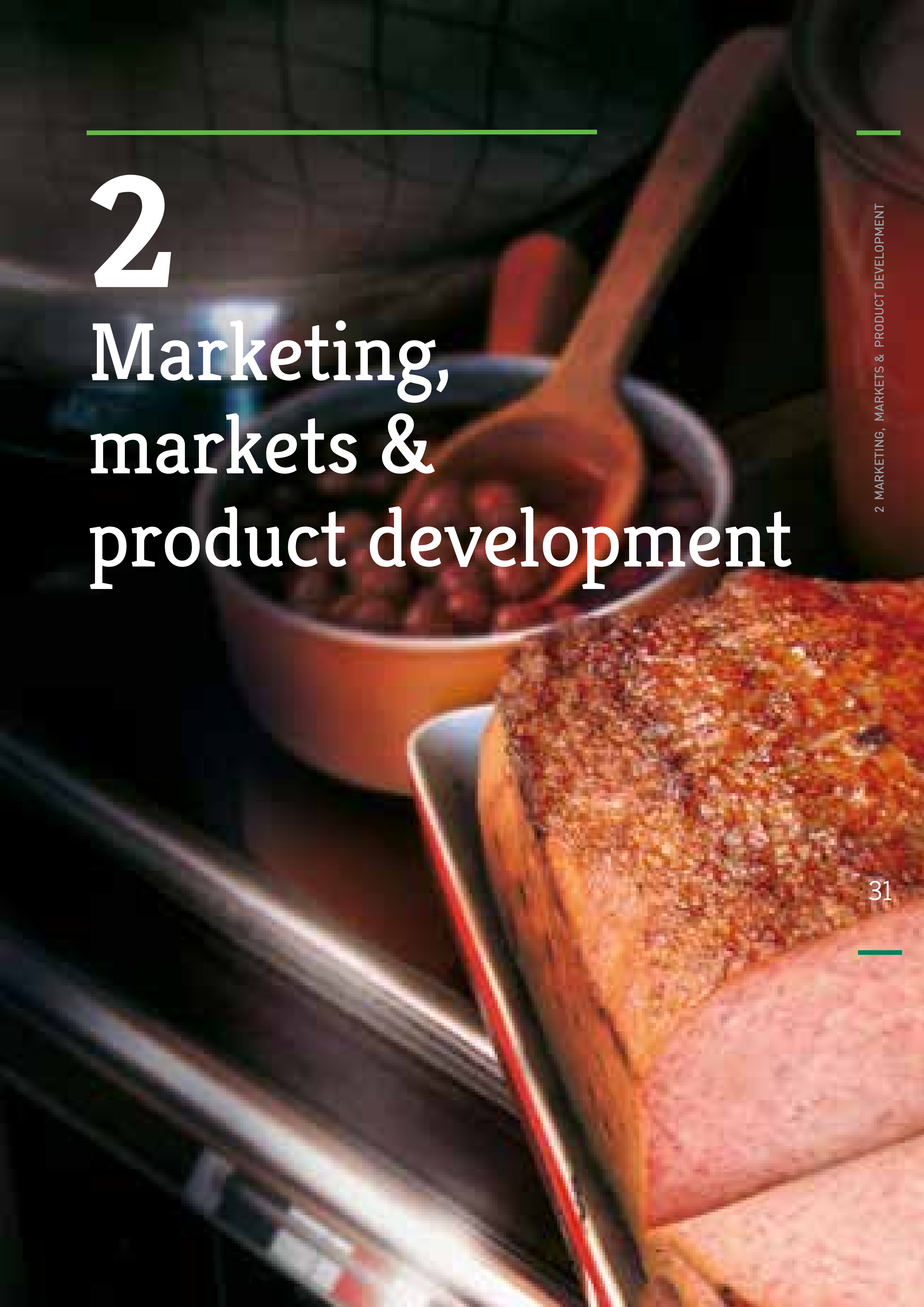
In cooperation with our suppliers, we have developed **packaging concepts** based on **renewable sources** which are certified according to the "4-star" OK Biobased® specifications. These concepts are also in compliance with OK Compost® and OK Compost Home® standards. With these concepts, we are pioneers in terms of the concrete applications available today in the market or among consumers. This means that we already have the knowledge in-house to further implement these ideas when the time is ripe.

SHAREHOLDERS

In addition to an **attractive return** and high shareholder value, we offer our shareholders initiatives, such as those described in this chapter, which will fulfil their expectations with regard to corporate social responsibility. Ter Beke communicates as openly as possible about its commitment to the principles of Corporate Social Responsibility (CSR). However, for this we must constantly make a tradeoff between the provision of detailed and verifiable information and the need to handle information confidentially in the interests of our shareholders.

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 identity and specific needs of a company.

Ter Beke complies with the legal provisions on corporate governance, as set out in the Belgian Company Code and other specific laws. The Corporate Governance Charter provides a description of the corporate governance practices applied by us as well as the Corporate Governance Code of 2009.



2 Marketing, markets & product development

MARKETING

Ter Beke's ambition is to continuously grow and evolve, in both its divisions, in close consultation with its clients. Understanding the behaviour of shoppers and translating this into product innovations are the foremost drivers for achieving this growth.

Inspiration? We derive our inspiration from ongoing research into the shopping behaviour of end customers and their consumption expectations. This gives us the opportunity to find a solution for and together with customers in terms of the product range as well as in terms of product promotion and presentation. In 2015, Ter Beke further intensified its efforts in this area through the Safari project, an extensive market survey carried out in Belgium, the Netherlands, Germany and England.

The insights gained from our market survey will be translated into specific **trends** based on which we can set to work as a team. These trends inspired our developments in 2015, and will continue to do so in the future.

CONSUMER

Population demographics are changing rapidly. Worldwide, the number of elderly people is increasing, as is the number of smaller households made up of singles and couples without children. Moreover, the population is becoming increasingly diverse.

We must also not forget that consumer confidence continues to be fragile. As a result, the consumer is taking steps towards becoming a "prosumer" or a person who is both a producer and a consumer at the same time. He is independently going in search of all types of information sources that make him a better-informed and sometimes more critical consumer; and this ultimately influences the development of the products he consumes.

Today the consumer is also more hybrid in his consumption patterns: in certain categories, he is price-conscious and weighs things against one another before making his buying decision, while in other categories, he chooses resolutely for luxury. However, the one constant is that every consumer is looking for efficiency: given the increasing importance of finding the right balance between work and personal life, the number of trips to the supermarket is under pressure and there is a greater demand for *convenience* and ease-of-use.

RETAIL

We observe that *proximity* and *discount* are becoming gaining in importance in the market. The growth of proximity as a factor is mainly driven by franchisers and neighbourhood shops that offer convenient services and ease-of-use to their customers.

The growth of the hard discount concept, on the other hand, is driven by an upgrading of the product range. Retailers are now selling a more expensive version of the same type of product to their customers. Among discounters, we see concepts that target the premium segment - i.e. products that are above average in terms of price and quality and that emphasise taste, experience and authenticity.

In addition, efforts to consolidate market position continue in a retail environment with little growth. Retailers are therefore focusing on a clear communication of their strengths: e.g. we see that *private labels* are being positioned as a brand to communicate a unique identity and generate loyalty.

SOCIAL DEVELOPMENTS

Social developments have a major impact on the behaviour and needs of consumers. Our strategy will give priority to four key trends:

AUTHENTICITY

Authenticity is becoming increasingly important to consumers. The days of selling based on a pure marketing story are over: a product must be credible and the food producer must value integrity. This means that more and more attention is paid to origin, raw materials, ingredients and processes.

HAPPINESS

We are all constantly in search of happiness. As our basic needs are increasingly met, we have more room for the "pursuit of happiness". Since food - besides serving a functional purpose - is mostly about emotion, it can bring small moments of happiness to our lives. It is all about enjoyment and the creation of beautiful memories.

QUALITY

Not just price but quality is also becoming increasingly important for consumers. We have a greater appreciation for things that have been produced with care and attention, on which time has been spent and for which a certain amount of workmanship and expertise is required. This creates a product with a story. Due to the price and quality trend, the mid-priced segment is shrinking.

SUSTAINISM

Sustainism is the next level of sustainability, where it is no longer just about green energy but our entire way of life, with whom we do business, how we feed ourselves, where we travel, how we communicate and how we interact with nature.

THE SAFARI SURVEY

It is not an overstatement to say that the Safari Survey was one of the most important events for Ter Beke in 2015. We carried out a qualitative and quantitative survey among consumers in four countries - Belgium, the Netherlands, Germany and the UK. Besides interviewing thousands of people online, we got a chance to take a look inside the refrigerators of dozens of correspondents and found out more about their shopping behaviour through in-depth interviews. The result? Incredibly valuable insights into consumer behaviour within the Ready Meals and Processed Meats Divisions. Our research and marketing departments will now set to work based on the conclusions drawn from the survey.

READY MEALS

Ready meals are increasingly becoming an integral part of the consumer's daily life. The purchase of freshly prepared meals is based on the need for *convenience*: it is easy and saves time. The demand for such products is still growing, hence this category has a large growth potential. This is confirmed by the increasingly large numbers of consumers who are buying ready meals. The purchase of ready meals is also strongly linked to pleasure and enjoyment: it's a treat. With our products, we offer consumers a delicious and convenient solution.

Another observation is that consumers love variety and they like trying out a new type of product. We have noticed this in the successful introductions of new Come a casa® products in 2015. A striking finding is that many consumers only decide which ready meals to buy when they are in the shop itself, which means that the shopper allows himself to be "tempted" in the shop. This is why the visual aspects are so decisive: packaging is important as a means to visually evaluate the meal and as a communication tool.

GROWTH OPPORTUNITIES?

- Make sure that shoppers looking for a quick-and-easy **solution** for their dinner are able to **find** your ready meals on their route through the supermarket.
- Make sure that shoppers have a **better overview** of the range of products on offer, so that they can make their choice and discover new meals more quickly.
- Give shoppers/consumers the opportunity to **discover** new tastes and cuisines.
- The product **packaging** must allow shoppers to evaluate the quality, taste and freshness of their meal.

The big challenge for retailers will be to strategically integrate their online channels with their overall policy. How can they integrate both their online and physical channels within a unified *omnichannel* vision? In such a vision, the various channels with which consumers interact (i.e. the physical shop, website and mobile applications) will form a single, uniform and mutually-reinforcing entity. We notice that the initial hesitation in buying fresh food online is gradually disappearing and the shopper is expecting more flexibility from both the retailer and the manufacturer.

FOOD

New, often smaller, players are also inspiring the food landscape. Think of food trucks, food boxes delivered to your door and other such innovations. Today, food has acquired a "glocal" character, where *global meets* local. We are charmed by local influences, but at the same time we are increasingly inspired by international cuisine. There is also a heightened awareness of and critical approach towards food. Complete transparency is becoming an important factor. On the other hand, it is also true that when people invest in food, they also want to enjoy it fully.

PROCESSED MEATS

Processed meat products are very much embedded in the daily life of the consumer. This is something that is always in the fridge (a "basic need") as well as a regular part of the shopping list for the weekly trip to the supermarket. Processed meats are bought by almost everyone; although young singles and couples seem to buy less. This is because they have less-structured lifestyle and eating habits (eating out more often/less traditional) and are more inclined towards an organic and sustainable diet.

In general, consumers like to keep a small stock of processed meats in the fridge, so that they always have some available during the week for breakfast, lunch or dinner. The importance of a varied diet and of alternating between different products is often mentioned in the same breath.

In addition, it is very important for the meat products to look tasty and inviting. This means that the shopper always makes a visual check of the product at the shop: is there too much fat in the slice, does it have an attractive colour, will the product still keep for a sufficiently long time? Only then is it placed in the shopping basket. Hence, the packaging of the product is very important and must allow the consumer to evaluate the product.

However, daily use of a product also implies that the purchasing behaviour often falls into a kind of routine, despite the fact that people like variety: "I always buy the same brand, I don't really think about it."

GROWTH OPPORTUNITIES?

- Increase **involvement** with the purchase by offering more emotion and "experience" in general.
- **Inspire** shoppers to use processed meats for other **moments of consumption**, rather than only as sandwich fillings.
- Present new ideas and offer an incentive to try out **less familiar products**.
- Add more **purity** and **authenticity** so that the product is not merely perceived as being industrial and unhealthy.
- The **packaging** must make it possible to evaluate the **quality**, taste and freshness of the processed meats, but it must also provide honest and **transparent information** about the origin and nutritional aspects.

MARKETS

Our environment is changing rapidly. New trends such as product packaging containing clear explanations, socio-demographic trends towards more single and two-person households, environment and health consciousness as well as concepts such as convenience and consumption on-the-go are the main determinants of consumer expectations today. These are the trends that Ter Beke wants to respond to through both its divisions.

OUR PROCESSED MEATS DIVISION

The various markets in which Ter Beke is active, namely Belgium, the Netherlands, Germany, United Kingdom, are characterised by a stable but slightly downward market trend. Depending on the specific sales channel, this trend may be more pronounced, e.g. in the **traditional** channels in **Belgium** such as butcher's shops and delicatessens. These channels have been suffering for a long time now due to premature closures and decrease in the number of shops, as a result of which this traditional market has declined faster by more than 5 percent.

Nevertheless, Ter Beke's Processed Meats Division remains market leader in **Belgium**, thanks to a strongly developed relationship with our customers in this traditional channel. In particular, the **Daniël Coopman®** brand, with its high-quality and innovative products, is synonymous with customer satisfaction. This range of products was developed further in 2015. New and successful products were launched throughout the year in the salami, poultry and cooked ham products categories. An extensive promotional campaign targeted at the end user ensured a constant dynamic at the shops of our traditional customers.

For our Dutch neighbours, last year was all about the **Orange Project** (*Project Oranje*). The aim of this project is to create a massive surge in growth for Ter Beke in **the Netherlands** during the coming years, especially in terms of volume. We aligned our operational organisation more closely with our commercial strategy with the help of three programmes:

- "Shape": the local organisational structure of the sites was converted into a centralised management system where possible and a decentralised management system where necessary
- "Flow": through this programme, the key processes within the organisation were restructured to ensure smoother operations
- "Tailored & Boost": the two production facilities in the Netherlands were converted into a "Tailored" factory at Ridderkerk that prioritises innovation and *customer intimacy* and a "Boost" factory at Wijchen that is managed based on the principles of *cost leadership* and operational excellence. To bring about these changes, a large number of production lines were moved from one site to another.

In **Germany**, the market declined slightly, with an overall sharp decline in the category of sausages. In the **United Kingdom**, where Ter Beke is traditionally the market leader in the *pâté* category, 2015 was a difficult year for large traditional retailers. Hard discount, on the other hand, received a strong boost at the expense of the traditional market players.

Nevertheless, Ter Beke performed strongly in 2015 in all markets, primarily because we focused strongly on **product and packaging innovations**. New concepts were launched in all countries in the pre-packaged and portioned products category in order to respond to the trend of smaller households and consumers who prefer smaller quantities to prevent food wastage.

Thanks to our constant focus on improving the quality of our products - whether salami, poultry, cooked hams or *pâté* - we succeeded in continuing all contracts with existing customers. In addition, a number of new contracts were signed in different countries in the category of cooked ham and *pâté* products.

In **Germany** and the **United Kingdom**, in 2015 Ter Beke focused primarily on developing new concepts and value-for-money products in the pâté category; packaging innovations such as single portions were developed and launched in collaboration with customers, both for the over-the-counter as well as the self-service shelves.

In **Belgium**, Ter Beke has been collaborating for a long time now with the Belgian TV production company Studio 100 with products revolving around cartoon characters such as Samson®, Maya de Bij® (Maya The Bee) and Kabouter Plop® (Plop The Gnome). Prinsessia® was a new addition to the family in 2015. New, healthy products were launched, supported by a strong promotional campaign targeting the youngest consumers.

Based on an extensive shop survey, Ter Beke has developed new and important focus areas for growth into various category plans within **Belgium's** modern retail channel. Packaging and product innovation were the driving forces behind the achieved growth. New concepts in the pre-packaged processed meats category were successfully developed in collaboration with the customer.

During the last year, growth in **the Netherlands** was mainly due to a new range of organic and expertly sliced processed meat products delivered in resealable packaging. We also made the necessary preparations and investments for developing a new concept for sandwich fillings. The aim is to deliver the sandwich filling to sandwich bars/chains/retailers in individual portions pre-wrapped in plastic, so that it can be placed directly inside the sandwich. We performed an initial market test in the fourth quarter of 2015, and we will expand this further in 2016 in line with our commercial strategy.

ADVANTAGE GROUP/ SCORE

Advantage Group is a leading market research company that conducts B2B customer satisfaction surveys in the *Fast-Moving Consumer Goods* sector. They carry out annual surveys among retailers in Belgium and Luxembourg to find out more about their business relationships with meat product producers, one of which is Ter Beke. Both senior management as well as the commercial and logistics departments take part in this survey.

We are extremely proud to say that we have scored very highly in this survey. Our Ready Meals Division received the best score in terms of *overall performance*. Our Processed Meats Division was placed fourth and scored best in the "Business Relationship" category.

Retailers have indicated that we are easy to work with; clear in our communications and that we create a climate of trust.

"Ter Beke is a professional business partner that is open to suggestions and dialogue. Thanks to this attitude, we have a great business relationship."

— Retailer —

COME A CASA® WINS TWO SUPERIOR TASTE AWARDS

Come a casa® products "Lasagne Bolognese" and "Ravioli Spinaci di Liguria" were each the proud recipients of a Superior Taste Award in 2015.

The International Taste & Quality Institute (iTQi) based in Brussels is an authority in the field of testing and promoting food and beverages. Products are blind-tasted by an international panel of chefs and sommeliers belonging to the most prestigious culinary associations. Each year, they award 'stars' to the products they test. Ter Beke is proud to report that the Come a casa® Lasagne Bolognese received two stars, while the Ravioli Spinaci di Liguria earned one star from the judges!

OUR READY MEALS DIVISION

In 2015, Ter Beke succeeded in strengthening its position in several countries in Europe as one of the largest manufacturers of chilled Mediterranean ready meals. There is an incessant focus on improving and refreshing the portfolio within the classic lasagne and pasta categories. However, a decline in sales in Germany and Spain placed pressure on division's overall growth in turnover.

Within Ter Beke's **brand portfolio**, Come a casa®, Bella Rivièra and Vamos® were the primary drivers for growth in Europe. In addition, Ter Beke collaborated with its customers to further expand the category of chilled Italian ready meals under its private labels. This category is gaining in importance in all the European countries where Ter Beke is active, thanks to the strong increase in sales of chilled pasta meals. Pasta meals demonstrated strong growth figures for the third consecutive year.

Ter Beke has always been very strongly represented in its **home market, the Benelux**. In Belgium, the packaging of Come a casa® was restyled and the quality of the product was further improved. Thanks to the new look-and-feel, our products and the product name are more clearly visible and Come a casa® now has its own unique personality. The "green wall" in the supermarket also appears to a powerful landmark. In the surveys conducted, consumers indicate that Come a casa® products are easier to locate on the shelves, they are recognisable, attractive and radiate freshness, are easy to open and the different flavours are easier to distinguish from one another.

In the pasta category, a number of new filled pasta products were an instant hit: ravioli filled with ricotta, herbs and fresh spinach and penne with chicken, pumpkin and a dash of coconut milk. With these products, Come a casa® once again emphasises its role as a "category builder".

We continued to work ceaselessly with the customer to improve and introduce innovations in the range of products offered under **private labels**. Consumers are always looking for new flavours and varieties, which is why we continuously review our product range together with the customer.

In the traditional channel, where Ter Beke is market leader with its range of **bulk consumption products** offered under the Vamos® brand, there was a downward trend due to the dwindling number of butcher's shops. Ter Beke focused its efforts in 2015 primarily on ensuring a more efficient production of bulk packaging (1.6 kg - 3 kg - 5 kg). In addition, several new products, including couscous, were launched to bring in more innovation and variety at the shop counter. The sales of Vamos® followed the general downward market trend of the traditional channel, although this was less pronounced.

In **the Netherlands**, Ter Beke grew by further developing its collaboration both with existing customers as well as potential new customers. This positive trend was observed in the retail and traditional segments.

Within the rest of Europe, we noted a sharp increase in sales in **France, Ireland and Switzerland**. We focused strongly on expanding our distribution and product range in collaboration with our local partners. In **Scandinavia** as well, Ter Beke's sales increased due to the further expansion of its distribution portfolio in Denmark, Norway and Finland and through its entry into a new country. In 2015, Ter Beke started selling and distributing its Scandinavian range of chilled Italian ready meals in

* Notable Taste products are those with a score between 70% and 80%
** Remarkable products are those with a score between 80% and 90%
*** Exceptional products are those with a score of 90% and above

The Superior Taste Award label is a powerful marketing tool for communicating a company's products and achievements, both in Belgium and abroad. In addition, it reassures the consumer that he or she has made the right buying decision. Ter Beke can use the awarded label for three years.

71%
easier-to-open packaging

12sec
between seeing a product on the shelf and selecting it

RENEWED COME A CASA® PACKAGING

Ter Beke wants Come a casa® to become everyone's favourite and that means that the products need a good, recognisable packaging that stands out on the shelf. When you know that barely 12 seconds elapse between the moment a shopper approaches the shelf in the supermarket and picks a product to put in their basket or trolley, then you know that as manufacturer you have to make an impression quickly! Often the shopper only considers 1 or 2 brands.

Our Come a casa® ready meals are not only intended to be the most tasty, they should also look the most appetising, inside as well as outside the packaging! For this reason, we have developed a new packaging with the following characteristics:

- A more natural green colour.
- Fresh ingredients on the packaging - giving a fresh impression that whets the appetite.
- Easier visual distinction between the various flavour varieties.
- Indication of the flavour on the side of the packaging.
- Hand-written information about what's inside, to give that true *homemade* feeling.
- A larger window so that more food is visible.
- A glimpse of the aluminium tray, so it is clear that the product can go straight into the oven (*convenience*).
- Packaging is easier to open, in a single pull - no less than 71 per cent faster!

The campaign to launch the new-look packaging played on a theme with appeal to every Belgian parent - the combination of work, leisure and family which is a tricky balancing act for many people. As a parent you want to serve delicious and healthy food to your children, but you also want to be able to spend enough time with them. To save time in the kitchen and so have more time for your family and yourself, Come a casa® is your true ally.

Sweden. Although sales in this category are still limited in this region, we are convinced of the future potential of this market.

Sales of our Mediterranean products decreased slightly in **Spain** in 2015. The economic crisis in Spain put pressure on consumer confidence. In general, Spaniards ate out much less often for the consecutive second year. Due to this decrease in the number of restaurant visits, we sold less to restaurateurs in Spain, who make up our largest sales channel.

In **Germany**, Ter Beke chose resolutely for innovation. New over-the-counter concepts were successfully tested among retail customers and are expected to gain further acceptance in this segment. In addition, the product development department has been working on a new range of Mediterranean ready meals, within the context of expanding the range of chilled ready meals in the customer's refrigerated section.

The Safari project also helped us identify a few trends within this division that will spur future growth. Along with other general trends, such as *convenience*, *value-for-money*, exploration, *on-the-go*, packaging and portion size, the new trends identified by Safari project will also be developed into innovative concepts in 2016 in collaboration with our European partners.

We are developing the market in Central Europe through the **Pasta Food Company**, a joint venture with Stefano Toselli, which we founded in Poland in 2011. The main pillar of the product portfolio is the family size lasagne Bolognese, augmented with recipe and size variations. In the initial phase - production commenced in October 2014 - the focus lay mainly on the domestic market in Poland. We have now recruited most Polish retailers to the customer base. Via wholesale suppliers, we are seeking to further expand the home market to the smaller retailers who still have an important market position. In 2016, the emphasis will be on expanding the customer portfolio with leading retailers in the surrounding Central European countries, both directly, as well as through distributors.

PRODUCT DEVELOPMENT

Product development is one of the Ter Beke pillars to realise growth. Our product development is mainly driven by consumer expectations. We use market research to monitor these trends closely.

Each Ter Beke site has a duo made up of a product technologist and developer who are responsible for key product development activities. Each such duo, working in tandem, is assisted by a specialised marketing product manager who forms the bridge with internal and external customers. Together they form a specialised team that is responsible for a particular product category. They can reply on support services, such as research, engineering, purchasing, etc., for assistance with their activities.

In 2015, the Ter Beke product development department (New Product Development or NPD) focused mainly on:

- **Culinary optimisation** of products, for which it initiated several courses of action:
  - New recipes were developed for us by chefs from Germany, UK and Belgium, e.g. by "Vegetables Chef" Frank Fol.
  - Testing of new developments via **sensory panels** in Belgium. Ter Beke is working hard to find alternative ways of producing *clean labels* or more balanced products. But we do not want these alternatives to affect the taste and texture of our products, which is why we tested out our products extensively among Belgian consumers:
    - By a selected consumer panel (in Flanders and in Wallonia)
    - Statistical processing of results
    - Result: ranking of our products + recommendations for improvement
    - Helped us to convince the customers
    - Mainly used for cooked ham and lasagne products in 2015
- **Innovations** in processed meats and ready meals: an enormous range of products is being offered by butchers and retailers, hence Ter Beke must continue to distinguish itself in this area in order to retain its position.
  - Wing-shaped chicken breast (BBQ and smoked) for the Belgian and Dutch markets
  - Kilner jar *pâté*: a product with a traditional hand-made look, but which is produced using a new high-tech bottling line
  - Seasonal *pâtés*: traditional recipes with a modern look created through special fruit aspic coatings
  - Best cooked ham
  - Cooked ham with Belgian Craft Beer for the UK market
  - Best lasagne
  - Festivo Lasagne ranges
  - Salami snack concept

3 Operations

LOGISTICS & SUPPLY CHAIN

Ter Beke wants its logistics architecture to be able to successfully deal with the complex combination of multiple market channels and countries and a wide variety of product ranges sourced from multiple factories.

For supplying our customers, we work with a select number of logistics partners per market and per channel. They guarantee our daily deliveries in very short lead times. Together with them we also pay attention to 'green' campaigns, for example to reduce CO_2 emissions.

Our retail customers are spread over much of Europe. To ensure as short a lead time as possible between the time of order and the time of delivery, we maintain stocks of our finished products at various locations in key countries. If necessary, finishing touches can also be added to the products locally based on the needs of the customer. Today we prepare orders for several customers per store outlet (POS).

Thanks to a close cooperation between the various supply chain departments, Ter Beke succeeds in guaranteeing high delivery reliability, year after year. A number of specific cooperation projects have enabled us to establish a solid basis for bringing our service level up to market requirements and to even surpass them. For example, we have started up a **VMI** or *Vendor Managed Inventory* programme with a retailer: as a producer, we manage retailers' stock, so that retailers no longer need to place any orders themselves. When a retailer's products are ready, we deliver them as quickly as possible. This approach ensures that the end products become available to the consumer even more quickly than before.

Due to the lower stock holdings in the supply chain, there is an increased demand for smaller quantities and we are required to make more frequent deliveries, for which we obviously need more fuel. But with the falling oil prices, fuel costs started decreasing from 2014 onwards and they have dropped even further in 2015. Since fuel is a large part of the transport cost, our logistics costs never came under pressure despite the more frequent deliveries.

The increasingly diverse demand patterns of our customers make it essential for us to identify their demand accurately and if possible, immediately verify this with the supply side of our production. For this, we plan to develop our capacity models further in a subsequent phase.

NEW SUPPLY CHAIN PLANNING DEPARTMENT

Changing external environments lead to internal changes and besides, our internal supply chain departments were due for a change. So, with the launch of our IT project, a new **Supply Chain Planning** department was created. This department oversees and manages the entire flow: from customer demand, through forecasting, production, scheduling and stock assumption, to the final delivery.

Despite a very positive service record, last year we had to write off an abnormally large volume of obsolete stock of finished products. For many of the products (*slow movers*), we intervened immediately by stopping their production. Moreover, we had a once-only additional cost for the implementation of the ERP system. However, with the necessary adjustments, we expect to see a positive turn in the results of the last few months.

Our long-term contract for transport and storage in Belgium was terminated early by mutual agreement with the existing logistics partner. The transition to our new partner in early September went flawlessly, apart from a few typical teething errors.

We continued the process of further centralising our logistics activities. In the second quarter, we started withdrawing most of the meals from the factories at Marche-en-Famenne and Wanze. This operation is now complete and each country has the necessary stock, as a result of which the end customer's order can be delivered within a relatively short time.

ENGINEERING

Following the appointment of a **Technical Buyer** in 2015, we have managed to streamline and significantly reduce the inventory of technical spare parts throughout the group. By bundling the procurement of goods and services from multiple local suppliers at group level, we have been able to obtain more favourable terms.

In order to further increase our efficiency, we decided to install an **OEE (Overall Equipment Effectiveness) measurement system** on each of our production lines and this has enabled us to calculate a Ter Beke standard. This OEE system compares the actual results obtained with the predefined standard and shows the efficiency thus achieved in a visual manner. Subsequently, we analyse the underlying reasons for losses and process these into a firm action plan.

THE ENVIRONMENT

In accordance with the Audit Covenant, Ter Beke has committed itself to further action. The larger locations at Wommelgem and Waarschoot have signed the Flemish Government energy policy agreement. The Marche and Wanze locations in Wallonia are working with the Sector Agreement to help achieve the climate targets.

> “We have started up a Vendor Managed Inventory programme: as a producer, we manage retailers' stock, so that retailers no longer need to place any orders themselves.”

These new energy policy agreements run until 31 December 2020 (6 years). Energy plans will have to be drawn up for the duration of the energy policy agreement (2015-2020). An annual report of the results, monitoring and control is also part of the reporting obligations.

This will support our ambition to reduce energy consumption at Ter Beke by 25 percent by 2020, compared to the baseline set in 2013. At the same time, it was decided to manage the functional energy policy at group level.

ACHIEVEMENTS OF OUR SITES IN 2015

MARCHE-EN-FAMENNE

- Spring (Jan - Sept): Many changes due to the optimisation of the production process
    - Relaunch of Come a casa® product range
    - Implementation of production strategy for FreshMeals
    - Transfer of 1 kg lasagne from Marche-en-Famenne to Wanze
    - Transfer of 400 g lasagne from Wanze to Marche-en-Famenne
    - Transfer of production line for lasagne trays from Wanze to Marche-en-Famenne, with accompanying large investment (EUR 3 million) in extensive automation and optimisation and integration of +/-40 employees from Wanze.
    - Change in organisational structure on the production floor: appointment of supervisors for better management of production teams.
- Autumn (Oct - Dec): Optimisation of production with accompanying financial performance
    - New Executive Committee for the site
    - Strengthening of the organisation: production, maintenance, HRM
    - Training of new supervisors
    - Successful startup of Infor M3 (October)
    - Recruitment of new Plant Manager (Jan 2016)

WANZE

- Specialist in large volumes (1 kilo lasagnes)
- Transfer of the Vamos installation from Wanze to Marche-en-Famenne: successful after some initial start-up problems
- Continuation of the improved results of the second half of 2014
- Significant investments in the production line (better performance)
- Startup of the production night shift : more capacity on our lines, better cost control
- October 2015: successful launch of Infor M3, the new ERP system for Ter Beke

WOMMELGEM

- Focus on improving quality, strengthening the organisation and improving results
  - Development of premium products - including pâté, cooked ham and cooked sausage - which led to growth in sales and the conclusion of important contracts.
  - Strengthening of the product development organisation with a focus on quality, culinary aspects and innovation.
  - Introduction of *performance behaviour* as a driving force for improving results. Monitoring and evaluation of:
    - Performance of improvement teams: slicing losses, manpower, etc. (performance management)
    - Behaviour: development and steering of desired behaviour (behaviour management)
    - Daily control as guarantee for constant output
- Foundation laid for further growth and improvement in results in 2016.

WAARSCHOOT

- Consolidation of the slicing department after startup in November 2014.
- Focus on stability and reproducibility of salami production.
- Focus on the problem of "foreign objects", i.e. objects that do not belong in the products.
- Reduction in quality costs as a result of the two above-mentioned focus areas.

VEURNE

- The objective of retaining profitability was largely achieved despite the decrease in volume resulting from the transfer of large volumes to the respective production sites.
- Launch of range of products in *flow pack* packaging - in hermetically sealed foil packaging - for an existing customer.
- Due to the success of the above, we were selected as sole supplier for the introduction and market launch of a completely new and innovative packaging concept for packed meat products; this launch will take place in the second quarter of 2016.
- Reduction of slicing losses in collaboration with other slicing companies.

WIJCHEN EN RIDDERKERK - THE NETHERLANDS

- 2015 was the year of the **Orange Project** (*Project Oranje*): the aim of the project was to create a massive surge in growth for Ter Beke in the Netherlands during the coming years, especially in terms of volume.
- Adjustments made to the structure of the site organisations, key processes and production.
- Many production lines moved from one site to another: Ridderkerk became the "tailored" plant, Wijchen the "boost" plant.
- Growth mainly due to a new range of organic and expertly sliced processed meat products in resealable packaging.
- Wijchen: investment in new slicing line
- Further investments at both production sites: new slicers & scanners to increase efficiency and quality of slicing, automated packing machine to save labour costs.
- Preparations for new sandwich filling concept: first market test in last quarter of 2015, to be expanded further in 2016.

PURCHASE

Most prices showed a downward trend in 2015, mainly due to an oversupply caused by the Russian ban on imports.

Pork is the main raw material for our end products, but the pork sector has had a tumultuous year. Pig farmers in the EU have been complaining for years about the low prices. In 2015, the weighted average of European pig prices once again decreased sharply compared to 2014. Though this crisis has been attributed to the Russian ban on imports, it is also partly due to the large increases in production in the EU, especially at a time when consumption levels are already under pressure.

Hence, the only way to maintain pork prices was to export it to China and the rest of Asia. Europe was somewhat helped by the fact that the pig population in the United States was affected by Porcine Epidemic Diarrhoea (PED), a condition caused by a virus that leads to severe diarrhoea and often even to death.

This provided some respite on the market despite the continued sluggish consumption and decreased internal demand. Nevertheless, it was not enough to prevent a further drop in prices during the fourth quarter due to major overproduction. The margins for farmers also came under heavy pressure.

Because of the turmoil in the sector, it was finally decided to re-introduce the system of private stock holdings. This is a temporary arrangement whereby private companies are permitted to maintain stocks of pork under strict conditions and with subsidies from Europe. At the end of the period, they must export the meat. All the parties involved are hoping for an improvement in the sector in the near future.

DAIRY AND WHEAT

The price of dairy products (milk, milk powder and cheese) also decreased in 2015. High milk production due to the withdrawal of EU milk quotas, the Russian ban on imports, decreased demand from China, global economic slowdown, and a strong dollar are the main causes of this imbalance in supply and demand, with lower prices as a result.

The closing stocks of wheat increased worldwide for the third consecutive year. The sufficient availability of wheat caused a downward trend in the prices. However, thanks to the currently strong US dollar, prices have not decreased as much as was originally anticipated. The pressure on prices is expected to persist because of the slowdown in Chinese demand owing to the local economic situation in China.

PACKAGING

Our packaging is primarily made from plastic, aluminium and cardboard. In contrast to the decreasing price of oil (oil is the basic raw material for plastics), prices in the plastics industry are again on the rise following a period of decline. This market is increasingly following its own course. Just like many other metals, the price of aluminium has also dropped on the stock market. While the prices for paper and cardboard have gone up again recently, mainly as a result of the higher demand. It remains to be seen how the recent economic reports (recession in China, further drop in oil prices, etc.) will impact our costs.

ICT

In 2014, we launched the WAVE project in order to reorganise all our business processes and systems. For Ter Beke, the Wave project is one of the most important projects for the future of the group.

Our aim is to structure, fully integrate as well as simplify our business processes by implementing a new ERP system. A group of internal specialists laid the initial basis for this in 2014 by, firstly, establishing a core model for the group, and then customising this further for the first division to start using the new system, i.e. the Ready Meals Division. PODIO® is used as a collaborative work platform for communications and the sharing of information.

In 2015, it was demonstrated that the basic design is working properly. The core group underwent a few initial training and configuration sessions and accepted the offered solution after a series of acceptance tests in each domain. The 'offered solution' is a combination of new system technologies, simplified procedures, adjusted responsibilities and revised work instructions.

A series of integrated tests carried out before the summer successfully demonstrated that the new system is contributing to a total solution. Naturally, a few changes were still required and a series of additional trainings had to be provided to make more users familiar with the system and its processes.

For this, hands-on training programmes were held during and after the summer for all operators, giving them the opportunity to get acquainted with the work instructions they

would have to deal with in practice in their product line or department. The organisational changes taking place during this time within the Ready Meals Division created some difficulties during this stage, but we succeeded in going 'live' as planned on 5 October.

Naturally, there were some usual teething problems at the start as well as occasional issues due to an insufficient knowledge of the system. Nevertheless, we can speak of a successful start. The few imperfections that came to light have now been reviewed and adjusted where necessary. The implementation for the Ready Meals Division was wrapped up by the end of February 2016 as planned. From 1 March 2016, preparations began for the implementation for the Processed Meats Division. The entire implementation at Ter Beke is expected to be completed by the end of 2017.

"The Wave project enables us to 'speak' the same language across the group"

— Sophie Arnould, Control Team Leader —

4 Research & development

Variety is said to be the spice of life, and Ter Beke takes this quite literally. Launching new products, experimenting with alternative preparation methods, optimising packaging, adjusting the composition of products according to changing consumer needs, etc.: Innovation, research and development are the major driving forces at Ter Beke.

The knowledge gained from our basic research supports both our short-term operational activities as well as our medium and long-term innovation projects. We achieve operational excellence through a combination of technology and common sense.

We build knowledge in order to find answers to the following questions:

- How can we further improve the quality and functionality of our raw materials and ingredients?
- How can we introduce more innovations in processing and packaging while retaining the flavour and nutritional value of our products?
- What role do our products play in relation to the dietary patterns and health of our consumers?
- How can we better anticipate new risks in the food supply chain and protect our products and activities from these risks?
- How can we further improve the quality of our products in order to meet consumer expectations more effectively?
- How can we increase the user-friendliness (convenience) of our products?
- How can we contribute to the protection and/or improvement of the welfare of animals that are our primary source of raw materials?
- What is the impact of our raw materials, ingredients and packaging on the environment?

RESEARCH PROJECTS 2015

FLANDERS' FOOD

KILLFILM = detection, identification and removal of biofilms which can form on the machinery during the production process

BOARVAL = Strategy to avoid flavour and aroma influences on the use of meat from the use of non-castrated pigs in processed meats and fresh meat and thus also to contribute to animal welfare

REDUPHOS = reduction of phosphates in meat products in our drive to promote "clean label" products

PSYCHROLAB = detection, identification and removal of fast-growing lactic acid in order to guarantee the shelf life of meat products and to contribute to reducing food wastage

OPTIMEAT = Development of objective criteria for high-quality processed meats as standard for quality label

IWT-TETRA-PROJECTS

ULTRASEAL = evaluation of the possibilities of the ultrasonic welding of packaging (= more energy-efficient)

EXTERNAL RESEARCH

We complement the knowledge present in our companies with external research. For some projects, we work together with our competitors: via partnerships within **Flanders' FOOD, Pack4Food** and other research initiatives. But we also try to find the best answers to our knowledge-related questions via bilateral collaboration agreements with external knowledge centres and selected suppliers. In addition, internships and final projects are organised in collaboration with universities and colleges.

Pack4Food is a consortium of **Flemish research institutes and 37 companies** that are active in various sectors related to food packaging. Pack4Food aims to stimulate innovation in food packaging, both among producers and their suppliers (packaging producers, filling machine manufacturers, etc.). It also provides assistance to companies with their daily packaging challenges.

In collaboration with Pack4Food, Ter Beke has launched the **OptiBarrier project** in which we try to find out the optimal barrier properties of the packaging of selected food products in an attempt to avoid under-packaging or over-packaging. What are the most optimum packaging materials that will serve as oxygen, light and functional barriers against migrating components? For example, mineral oils and ink components from the packaging can migrate to the food product. This project studies the best way to counter this.

Flanders' FOOD wants to play a leading role in innovation within the agro-food industry. It supports innovative, sustainable projects related to food and packaging and through this it wants to leverage Flanders into becoming a leading European region in the food industry. Flanders' FOOD helps make its partners stronger by augmenting their scientific and technological knowledge.

Via **IWT-TETRA** projects, the Flemish Innovation Network supports application-oriented projects that study an innovative concept, the results of which can be used by companies in Flanders. TETRA promotes projects that pursue economic and social sustainability. The research results are also shared through higher education programmes.

APPLIED RESEARCH

Through intensive applied research, we convert fundamental scientific insights into generic building blocks and product and technology platforms. These are, in turn, used for setting up quality systems for product development. This is how we introduce new knowledge and technology within the organisation.

The **R&D-QA** department monitors the entire process closely. It monitors the quality of the basic research, the smooth flow of knowledge throughout the organisation and the valorisation of the acquired knowledge. Research and development occurs at the group level based on the following guiding principles:

- maximum synergy between the different knowledge domains
- optimal use of the knowledge domains
- monitoring of the acquired knowledge and its applications

“We always set the bar higher than required.”

To encourage creativity within our organisation, Ter Beke organises the so-called “Out-of-the-Box” days. During these sessions, a varied selection of new insights, knowledge and technologies are presented to a multidisciplinary group of about fifty employees from all levels of the company. Depending on the topic, external partners (e.g. knowledge centres, suppliers and customers) are invited to attend these (part-) sessions. The ideas emerging from this exercise are then developed further through projects and applications based on these ideas are implemented in the organisation.

PACKAGING

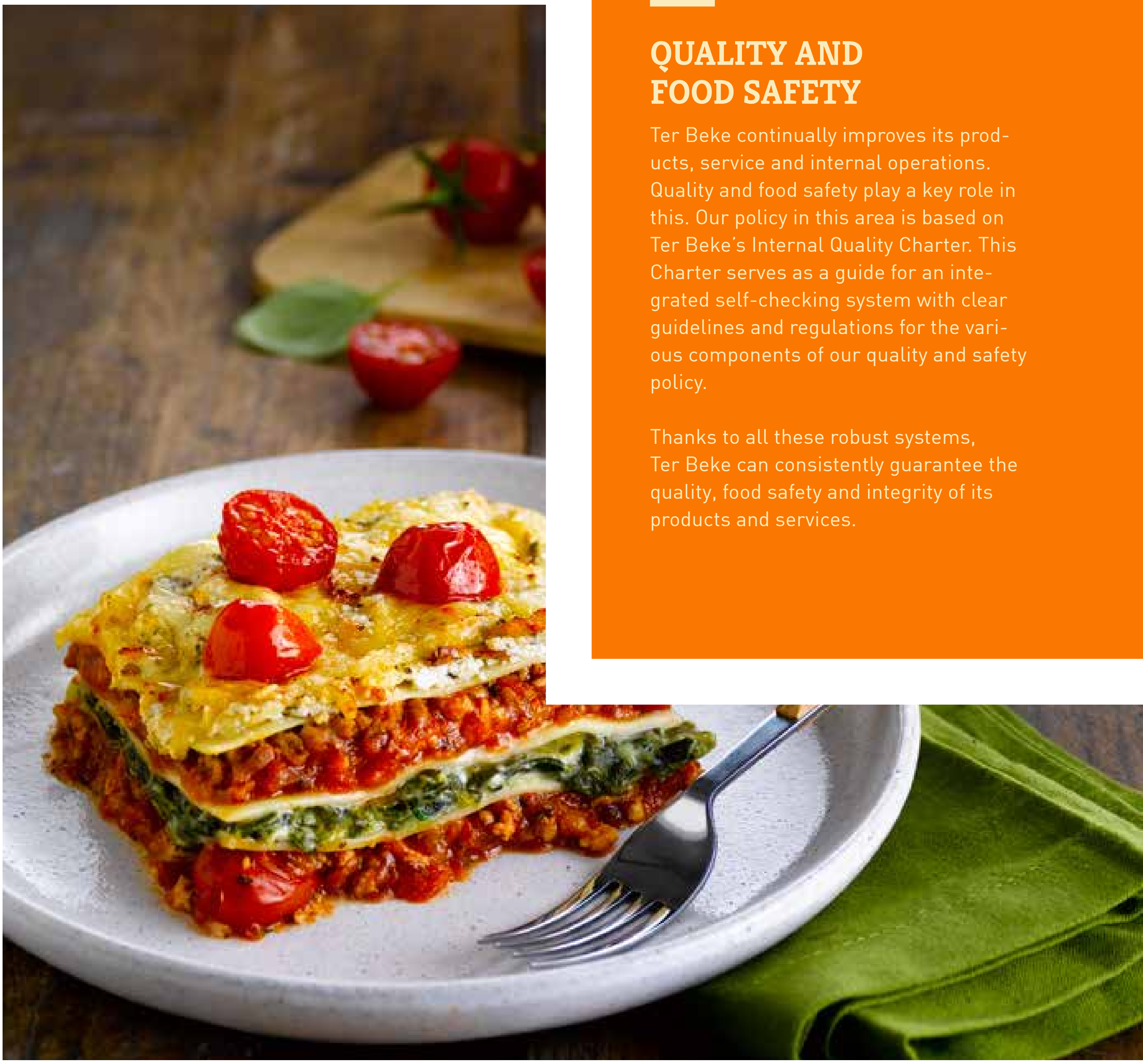
The focus for new packaging developments lies on increasing ease-of-use for the customer without ever losing sight of the sustainability aspect. Our company takes its responsibility towards people and the environment seriously: new packaging is developed with respect for the **five Rs (Remove, Reduce, Reuse, Renew and Recycle)**. We launch fresh food products in the market while striving to offer our customers good and safe products that will remain fresh and flavoursome until the end of their shelf life. This means that the packaging must satisfy a range of technical requirements.

The European directives (related to direct food contact, migration limits, etc.) impose specific criteria in this regard. We fully comply with these requirements in all cases and usually we go much further than the legal requirements. This is an essential part of our food safety strategy and we are proud to say that we have this issue fully under control.

Ter Beke actively cooperates in various studies on packaging initiated by organisations such as Pack4Food (Ghent University) and Flanders' FOOD. We also make an active contribution to several Flemish Innovation Partnership (VIS) projects. These are projects that are part of the innovation policy of the Flemish government.

In the context of the prevention and management of packaging waste, companies selling packaged products in the Belgian market are subject to a take-back or recycling obligation, which is regulated by European quotas. Ter Beke takes its environmental responsibilities very seriously and ensures that it fulfils its obligations in this area in cooperation with organisations such as FostPlus® and VAL-I-PAC®.

2015 was the year of new **designs**: a whole range of products was given a new, modern look, including products under our own brand Come a casa®. This gave them increased visibility in the shops. With more new designs and an expansion of the product range in the pipeline, this trend is set to continue further in 2016.



QUALITY AND FOOD SAFETY

Ter Beke continually improves its products, service and internal operations. Quality and food safety play a key role in this. Our policy in this area is based on Ter Beke's Internal Quality Charter. This Charter serves as a guide for an integrated self-checking system with clear guidelines and regulations for the various components of our quality and safety policy.

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

New trays were developed for the Come a casa® meals. For our **Lasagne Vamos®** - a range specifically targeted at the professional user - the shipping boxes for long-distance transport (e.g. to Spain) were made more robust. We have also started producing thinner trays in the slicing department, within the limits of what is technically feasible.

A number of new concepts were initiated, which will be completed over the course of 2016: *Premium Packaging* for meals, *Multilayer Packaging* for meat products, new trays for pâté. We have greatly improved our management of labels and many items are now managed digitally and online by our partner, which will lead to more speed and efficiency.

SUPPLIERS

Ter Beke carefully selects its suppliers through a structured procedure. Quality control is central to this selection process. We only work with suppliers who meet all our quality requirements.

SPECIFICATIONS MANAGEMENT

All raw materials and packaging materials are thoroughly screened. These materials, without exception, must satisfy all legal and other quality standards and comply with all our critical parameters. This is how we guarantee the safety, quality and integrity of the finished products that contain these raw materials.

TRACEABILITY

All Ter Beke products are fully traceable, for customers as well as for suppliers. Raw materials and packaging materials are assigned a unique code throughout the entire production process. This ultimately results in a unique batch number for each finished product. At the end, the material balance calculation should correspond to the raw materials used. This mass balance is regularly calculated and checked. As a result of this, we are also equipped to track products selectively, if necessary.

PROCESS CONTROL, SAFETY AND INTEGRITY

The composition and production process of new products is subject to a risk assessment based on HACCP (*Hazard Analysis and Critical Control Points*) principles. This analysis generates a checklist of critical control points that helps us to monitor the safety and quality of the production process in a targeted manner. This is also part of the product safety process, i.e. the control of ingredients that could cause an allergic reaction, such as nuts, milk, eggs and shell fish. At present, the authenticity of raw materials is also monitored based on a similar procedure. The TACCP or *Threat Assessment Critical Control Point* methodology safeguards us against errors and fraudulent practices in the chain. This forms the cornerstone of our integrity management. We are currently investigating whether we can extend this method of working to the internal processes in our organisation.

QUALITY OF FINISHED PRODUCTS

We systematically monitor the quality of finished products. For this, Ter Beke has its own verification laboratory that operates independently from the production units. The proper functioning of the laboratory is regularly verified via internal and external audits.

INDEPENDENT VERIFICATION AUDITS

In addition to internal inspections and very frequent inspections and audits by various customers, our self-checking system is also regularly audited by independent certification institutions based on the quality standards set by our customers. These audits are always conducted at unannounced times.

- All our factories - including our joint venture in Poland - hold at least an **IFS (International Food Standard)** or **BRC (British Retail Consortium) certificate**.
- All our Belgian production sites are under the permanent supervision of the Federal Agency for the Safety of the Food Chain (**FASFC**).
- They are certified annually based on the Belgian self-checking model defined in Sector Guide No. 19 (Self-checking system for meat products and ready meals).
- Our Dutch sites are audited in a similar manner by the Netherlands Food and Consumer Product Safety Authority (**NVWA**).

INTEGRAL CHAIN APPROACH

Ensuring quality and food safety starts before the supply of raw materials and does not end with the delivery of the finished products. This is why we impose the same requirements on the self-checking systems used by our suppliers and logistics partners, as well as on the verification and certification of these systems.

5 Our human capital

Ter Beke is a family business with a history extending over nearly seventy years. A warm environment where people work together in close-knit teams. As a modern and successful company, we want to give everyone room to grow. A company where people can be themselves and develop their potential. Striving towards One Ter Beke also means striving for shared common values.

In 2015, Ter Beke continued its efforts to build a high-performance organisation. We are a stable company that is able to respond quickly and in a flexible manner to a highly demanding environment. At the same time, Ter Beke's seven specialised sites continue to foster a warm and human work culture, where people feel valued and nurtured. Organisations with short, fast and open lines of communication, as a result of which employees feel more closely involved in their work.

MORE CONSULTATION, MORE COMMITMENT

We hold regular meetings during which employees from different departments and disciplines share their knowledge and experience with each other. In addition, in 2015 we organised **two information meetings** at each production site for all our employees. Ter Beke believes that well-informed employees are better able to see things in perspective and understand the business objectives more clearly. Greater consultation and knowledge-sharing increases commitment at all levels.

The members of the Executive Committee also conducted numerous **round table discussions** in 2015, each involving four to six employees from different departments. During these discussions, the Committee tried to identify the achievements that employees were proud of and the areas in which we could improve further as a group. The Committee will now set to work based on the inputs from these discussions.

CLEAR ROLES AND COMPETENCES

It is our employees - and their motivation, dedication and commitment - that largely 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. Being able to optimally use and develop the competences of our employees will help build a successful and sustainable company.

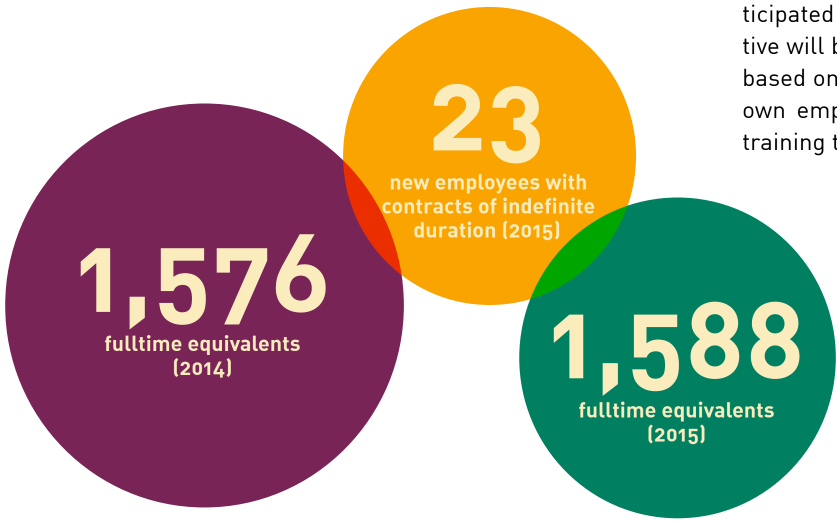
The **key pillars** of our competence policy are:
- recruitment of talented employees
- appropriate performance evaluation policy
- continuous development of employees

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. It is also used as a framework for further developing existing competences. Each year, we assess the performance of all our employees and draw up a training and development plan in consultation with them.

One of Ter Beke's challenges in 2015 was to introduce more structure within the organisation. In this context, a job grading system was created, in which all the positions were incorporated based on a weighting system and accompanied by a detailed description of each position. This will serve as a stepping stone for a variety of HR activities: from performance management and career development opportunities to recruitment and selection.

To arrive at this system, we started by identifying, describing and defining the context of the various jobs within our organisation, so that a correct and uniform remuneration policy could be designed. The aim was to develop a uniform and integrated remuneration strategy and transparent salary structure for non-production employees. This will enable the company to guide employees better in terms of their career development and competences.

In 2015, 23 new employees joined Ter Beke with contracts of indefinite duration. The total workforce decreased in 2015 from 1,576 to 1,588 full-time equivalents (including the average number of temporary employees) by deploying a greater proportion of temporary employees. The total number of full-time equivalents as at 31 December 2015 was 1,588.



EDUCATION, TRAINING AND DEVELOPMENT

Requirements for food safety are constantly increasing. This, combined with the fact that we are continually striving to offer consumers a safe, high-quality and honest product, means that continuous training and education for our employees is essential. In this way, we create a flexible, competent and knowledgeable team.

Employees develop 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. For example, twice a year Ter Beke organises a product training on processed meats and ready meals to give new Marketing & Sales colleagues a chance to get to know our products better. This training combines theory with company visits and a tasting of the products and is conducted by internal trainers. The programme is well appreciated by the participants: "Enthusiastic speakers", "Good guides for the conducted tour of the factory," "Interesting to see the full range of products".

In addition, we organise **basic and advanced courses** on food safety, quality, hygiene, safety, ergonomics, etc., where we always take into account the changing laws and regulations. In this way, employees throughout the organisation develop a permanent awareness of these essential elements and pay constant attention to them.

Our environment is evolving rapidly, just as our organisation. Production-related functions must evolve in tandem. Hence our investment in training and our focus on versatility and developing new competences. The **Slicing Academy** was set up in 2015 for this purpose: to serve as an internal training framework for employees involving in the slicing and packing of processed meat products, one of the key strategic activities of Ter Beke. Since then, a group of colleagues from different sites have participated in an initial training module. This initiative will be further continued and expanded in 2016 based on the train-the-trainer principle, where our own employees will be trained to provide further training to their colleagues.

ENABLERS: “TO WALK, TALK AND TASTE” TER BEKE

1
We inspire our employees on the work floor every day

2
We communicate in a direct and univocal way

3
We learn every day by asking for and accepting feedback

4
We speak up

5
We taste and stimulate innovation for us and for our customers

6
We guide our co-workers to get the best possible results

7
We act as one team

8
We own and lead our operations towards operational excellence

9
We manage the organisation

10
We serve our clients

YOUNG POTENTIALS PROGRAMME

In 2015, we launched a "Young Potentials" programme. Under this initiative, young recruited graduates are offered an attractive training programme through which they can learn about the different positions within the company. They start by choosing for a career either in the commercial or production department. In that department, they gain in-depth experience while working for a period of two years in four different disciplines. At the end of this period, together with them we choose the position best suited to them.

Our first batch of Young Potentials took up their positions in September 2015. The intention is to extend this initiative further in 2016, with the objective of producing a rolling number of five Young Potentials from 2017 onwards. This may seem like a small number, but after a few years we expect to have a regular and sufficient inflow of valuable employees. In this manner, we continue to offer opportunities to young people, while ensuring our future as a group.

> "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."

PERFORMANCE EVALUATION

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, which are then translated into bespoke coaching or training programmes.

We use assessment centres to identify the non-technical competences of new employees. Development centres are organised for career guidance and career development of promising employees.

When new vacancies arise, our employees are given the first opportunity to apply for these positions. This offers 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.

WORK-LIFE BALANCE AND DEVELOPMENT OF OUR EMPLOYEES

One team, one Ter Beke. We strive for a value-based and performance-oriented company culture, based on authentic leadership and effective communications. This is our long-term objective. But to make this objective somewhat more concrete, we have formulated ten enablers. These are certain types of behaviour we would like everyone in our company to adopt and demonstrate. Driven by our ZEAL and our values, these enablers define the soul of Ter Beke.

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. Within this context, about 80 employees participated in an internal training on time management. Here they learned how a better work organisation can lead to less stress and more balance in their lives. These trainings will be continued in 2016.

Among our permanent workforce, 20% of blue-collar workers and 24% of white-collar employees work on a part-time basis. Part-time employment occurs if the employee voluntarily opts for part-time employment or based on Belgian leave systems such as time credit, general system for reduction in working hours, parental leave and leave for providing medical assistance and palliative care.

PREVENTION

Creating a safe and healthy working environment for all employees is a must. Our prevention policy places increasing emphasis on feasible work and long-term employability. Together with our prevention officers and our insurers, we try to bring about a permanent reduction in the number of industrial accidents. There were 78 industrial accidents with lost work time in 2015.

Ter Beke is also committed to increasing the happiness and health of its employees. We are convinced that mental and physical health is an essential building block for creating a positive working environment with satisfied, committed and ZEALous colleagues who enjoy their work. We try to work preventively in this area as well.

At the end of 2015, we conducted a survey among our employees to gain an insight into the health challenges and psychosocial risks. All employees were requested to complete two questionnaires: a Well-being Indicator and a Health Scan. Those who registered online could enjoy ten days of individual health coaching. Employees were informed about the areas in which they had scored better or worse (stress, eating habits, and exercise). They were also able to download an app that would ask them a health-related question each day and offer them tips. For example, colleagues were given tips on healthy snacks and people who had reported sleep problems received concrete information about good sleep hygiene.

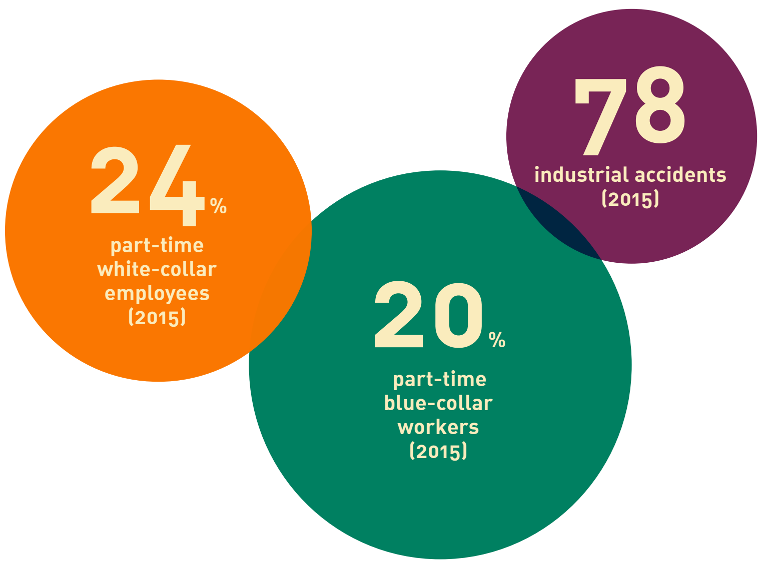
Based on the results of this survey, a working group will now work on developing a concrete action plan to improve the health of our employees. Hence, Ter Beke is now looking for "enthusiastic candidates" to serve as ambassadors for this project. To be continued in 2016!

SOCIAL PARTNERS

Social dialogue is one of the keys to success for a company. The most important changes in our organisation were implemented through an open and constructive dialogue with our social partners. We keep them continually informed of our activities and decisions and invite them at the start of each project to help us think about solutions that will be acceptable to all.

> "Team work, focus on results, innovation, customer focus and integrity: these are the values that are vitally important for us."

This is done per site via regular meetings with the trade union delegations, monthly meetings with works councils and informal meetings whenever necessary. Ter Beke also organises an "International Information Forum", where representatives from all group sites meet annually with the Executive Committee. Here, they discuss projects that might have an impact on employment in multiple countries.



6 Corporate governance

The objective of Corporate Governance is efficient and transparent management and effective control of the company. Clear agreements regarding corporate governance contribute to value creation in the long term and ensure a balance between entrepreneurship and regulation.

Since its listing on the Brussels Stock Exchange in November 1986, Ter Beke, as one of the smaller listed companies, pursues an active policy of corporate governance. As early as in 1978, the family directors of Ter Beke invited non-executive, independent entrepreneurs to help and guide them in managing the company. Such a management structure ensures the development and effective control of business strategy.

This Corporate Governance Statement is based on Article 96 §2 and §3, Article 119 of the Belgian Company Code and the Corporate Governance Code 2009. It contains factual information about Ter Beke's corporate governance policy in 2015, including a description of the following:

- key features of internal control and risk management systems,
- required statutory information,
- composition of governing bodies,
- functioning of governing bodies,
- committees within governing bodies,
- 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 Corporate Governance Statement, we clarify our position with regard to the provisions of the Corporate Governance Code 2009. We also describe other corporate governance practices applied in our company in addition to those from the Corporate Governance Code 2009.

> "Ter Beke, as one of the smaller listed companies, pursues an active policy of corporate governance."

We respect the statutory provisions on corporate governance as set out in the Belgian Company Code and other specific legislation in this regard. In principle, all provisions of the Corporate Governance Code 2009 have been applied in 2015.

BOARD OF DIRECTORS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1. ANN COOPMAN (°1961)

EDUCATION: Executive Secretary and Market Study/Distribution.
EXPERIENCE: She began her career as a Marketing Assistant at Volvo Cars Belgium. Subsequently she served as an independent provider of administrative and project support for various organisations, including Vlerick Business School. She has been active in local politics for the last 20 years and became Mayor of Waarschoot in 2009.
TER BEKE: She joined the Board of Directors in 2014 for a term of four years.

2. DOMINIQUE COOPMAN (°1967)

EDUCATION: Bioscience Engineering and Engineering Management.
EXPERIENCE: In 2014, she left her job as Export Manager to obtain a Master's degree from the University of Gastronomic Sciences of Pollenzo. She is currently working as a freelance consultant under the "Bramabrom" label with a focus on food in the Italian context.
TER BEKE: She has been a Director of Ter Beke since 2008 and has been reappointed to this position till 2018.

3. THIERRY BALOT (°1956)

EDUCATION: Financial and Legal Sciences and Accountancy.
EXPERIENCE: He has many years of experience in the banking sector and serves as an adviser to the Executive Committee of SRIW (Wallonia Regional Investment Company), the counterpart of the GIMV in Wallonia. He is member of the Boards of a number of industrial companies.
He is also a member of the Belgian Institute of Accountants and Tax Advisers (*Instituut van de Accountants en de Belastingconsulenten (IAB)*) since 1986.
TER BEKE: In addition to serving as an Independent Director, he is also the Chairman of the Audit Committee. He has been a member of the Board of Directors for eight years, with a mandate that is due to expire in 2017.

4. GUIDO VANHERPE (°1963)

EDUCATION: : Applied Economics, additional programmes in Applied Marketing from Aix-Marseille University and an MBA from Indiana University Bloomington (USA).
EXPERIENCE: His career is characterised by several years of experience in the food industry. Since 1995, he has been heading the La Lorraine Bakery Group, where he won the "Entrepreneur of the Year" award in 2012. He serves as a member on several Boards, including that of Resilux, FEVIA (Belgian Food and Drink Federation) and FGBB (Belgian federation of large bakeries).
TER BEKE: He joined the Board of Directors in 2011, where his mandate continues till 2019. He is also a member of the Audit Committee.

5. JULES NOTEN (°1960)

EDUCATION: Licentiate degree in Commercial and Financial Sciences (VLEKHO), with additional programmes followed at Northwestern University and Harvard Business School.
EXPERIENCE: He boasts many years of international experience in a number of food companies within Unilever, such as Iglo-Ola, Mora and Van den Bergh in Ireland. Since 1996, he has served as CEO of various groups. Today, he is CEO of the company Vandemoortele. He is also Director of the Port of Antwerp and of Sioen Industries.
TER BEKE: Active as an Independent Director since 2008, with a mandate that is due to expire in 2016. He is also a member of the Audit Committee and the Remuneration and Nomination Committee.

6. DIRK GOEMINNE (°1955)

EDUCATION: Applied Economics and Business Engineering at the University of Antwerp.
EXPERIENCE: He has held management positions in manufacturing and retail companies and until 2007, he served as Chairman of the Executive Board of the V&D group and as member of the Board of Directors of Maxeda (Vendex/KBB). He is also Chairman of the Supervisory Board of Stern Groep NV and Beter Bed Holding NV, member of the Supervisory Board of Wielco BV and Non-Executive Director of Van de Velde NV and JBC NV. He is Chairman of the Board of Directors of Wereldhave Belgium NV.
TER BEKE: He has been CEO of Ter Beke NV since 1 June 2013.
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7. ANN VEREECKE (°1963)

EDUCATION: Doctor of Engineering (Ghent University), studied at INSEAD (France).
EXPERIENCE: She is Professor of Operations and Supply Chain Management at Vlerick Business School and Ghent University and Faculty Dean at Vlerick Business School. She was a Board member and President of EurOMA (European Operations Management Association) and a Board member of POMS (Production and Operations Management Society in the US).
TER BEKE: She joined the Board of Directors in 2014 as an Independent Director and is also a member of the Remuneration and Nomination Committee. Her mandate ends in 2018, with the potential for reappointment.

8. EDDY VAN DER PLUYM (°1957)

EDUCATION: Economics, with an MBA from INSEAD.
EXPERIENCE: After a brief period at Deloitte Haskins & Sells, he joined the family business Pluma NV. Since 1989, he became the Managing Director of this company, which was incorporated within Ter Beke in 2006. He is active in several federations, e.g. he is Chairman of FENAVIAN (Belgian national federation for manufacturers of meat and canned meat products) and was the former Chairman of CLITRAVI (Liaison Centre for the Meat Processing Industry in the European Union) and of Flanders' FOOD.
TER BEKE: He was appointed Executive Chairman of Ter Beke-Pluma in 2006. Currently, he is Executive Director of Ter Beke NV till 2016, with the potential for reappointment.

9. LOUIS-H VERBEKE (°1947)

EDUCATION: Doctorate in Law (Ghent University), a Master's degree from Vlerick Business School and an LLM degree (University of Virginia).
EXPERIENCE: He served as Senior Partner at the international law firm Allen & Overy till August 2005. He is Honorary Chairman of Vlerick Business School and of the Belgian Institute of Directors (*Guberna - Instituut voor Bestuurders*). He is Chairman and Director of various listed and unlisted companies and writes a monthly column in the Flemish business newspaper "De Tijd".
TER BEKE: He joined Ter Beke as Director in 1980 and was appointed Chairman in 2012. His mandate expires in 2018.

COMPOSITION AND FUNCTIONING OF THE GOVERNING BODIES AND COMMITTEES

BOARD OF DIRECTORS

Composition

The table below shows the evolution in the composition of the Board of Directors, its composition as on 31 December 2015, the meetings held in 2015 and the persons present at these meetings.

Name	Type *	End of mandate	Comittees **	Meetings 2015 (x = present)				
				26/2	24/6	3/9	23/10	1/12
Louis-H. Verbeke, Chairman (1)	NE	2018°	RNC	x	x	x	x	x
Dominique Coopman	NE	2018		x	x	x	x	x
Ann Coopman	NE	2018		x	x	x	x	x
Eddy Van der Pluym	E	2020°		x	x	x	x	x
Thierry Balot (2)	I	2017	AC	x		x	x	x
Jules Noten (3)	I	2016°°	AC - RNC		x		x	
Ann Vereecke (4)	I	2018	RNC		x	x	x	x
Guido Vanherpe (5)	I	2019	AC	x		x	x	x
Dirk Goeminne (6), Managing Director	E	2018		x	x	x	x	x

As permanent representative of: (1) BVBA Louis Verbeke, (2) NV Sparaxis, (3) Comm. V. Lemon, (4) BVBA Ann Vereecke, (5) BVBA Guido Vanherpe, (6) NV Fidigo

Honorary mandates: Daniël Coopman: Honorary Chairman, Prof. Dr. L. Kympers†: Honorary Director

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

**
AC = Audit Committee
RNC = Remuneration and Nomination Committee

°
Subject to (re) appointment by the Shareholders' Meeting

°°
Mandate available per 26 May 2016

The internal regulations of the Board of Directors describe the detailed functioning of the Board. These regulations form an integral part of the group's Corporate Governance Charter.

Evaluation

In 2015, the Board of Directors evaluated its own composition and functioning, as well as the composition and functioning of its committees, through an online survey using the Guberna Toolkit. A separate evaluation of the Chairman of the Board was also organised under the supervision of an independent director. The results of the evaluation were discussed by the Board. Immediate actions were set up to address the possible areas of improvement. Ter Beke also complies with the Law of 28 July 2011 regarding the presence of women in the Board of Directors.

Appointments/reappointments

- On 28 May 2015, the General Meeting of Shareholders reappointed BVBA Guido Vanherpe, represented by Guido Vanherpe, as independent director (Articles 524 and 526 ter of the Belgian Company Code) for a term of four years. This mandate will end at the General Meeting of Shareholders in 2019. The reappointment was made based on the recommendation of the Remuneration and Nomination Committee. This is in accordance with the procedure for the reappointment of directors, as provided for in the group's Corporate Governance Charter.
- On 1 December 2015, Lemon Comm.V., represented by Jules Noten, resigned its mandate as director, which will take effect from the General Meeting of Shareholders of 26 May 2016.

- At the General Meeting of Shareholders of 26 May 2016, the Board of Directors will propose the reappointment of BVBA Louis Verbeke, represented by Louis-H. Verbeke and Eddy Van der Pluym, as director. The proposed reappointments will be for a term of two years for BVBA Louis Verbeke and for a term of four years for Eddy Van der Pluym. Terminating respectively at the General Meeting of Shareholders in 2018 or 2020. This reappointment proposal is based on the evaluation and recommendation of the Remuneration and Nomination Committee.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2015, the Board of Directors had two active committees: the Audit Committee and the Remuneration and Nomination Committee. The committees are composed in accordance with legislation and the provisions of the Corporate Governance Code. These committees work under a mandate issued by the Board of Directors. A description of this mandate can be found in the detailed regulations of the Corporate Governance Charter.

Audit Committee

The table below shows the composition of the Audit Committee as on 31 December 2015, the meetings held in 2015 and the persons present at these meetings.

Name	Meetings 2015 (x = present)			
	24/2	22/4	1/9	26/11
Thierry Balot*	x	x	x	x
Jules Noten	x	x	x	x
Guido Vanherpe		x		

* Chairman

All members of the Audit Committee are independent directors and have a thorough knowledge of financial management. The Committee met regularly in the presence of the statutory auditor.

The Audit Committee advised the Board of Directors regarding the following:
- Annual results 2014
- Interim results 2015
- Internal audit
- Group risk management
- Independence of the statutory auditor

The Audit Committee monitors the internal audit function set up by it and regularly evaluates its own regulations and functioning.

Remuneration and Nomination Committee

The table below shows the composition of the Remuneration and Nomination Committee as on 31 December 2015, the meetings held in 2015 and the persons present at these meetings.

Name	Meetings 2015 (x = present)		
	24/2	22/4	24/6
Louis-H. Verbeke*	x	x	x
Ann Vereecke		x	x
Jules Noten	x	x	x

* Chairman

All members are non-executive directors and have a thorough knowledge of human resource management. The majority are independent. The Remuneration and Nomination Committee advises the Board of Directors regarding the following:
- Remuneration of the directors and the CEO
- Remuneration of the chairman and the directors
- General remuneration policy for the directors and executive management
- Principles of the variable remuneration system
- Appointment and reappointment of directors
- Composition of the committees within the Board of Directors
- Members and Chairman of the Executive Committee
- Managing Director

The Committee draws up the remuneration report and clarifies the results at the General Meeting of Shareholders. The Committee regularly assesses its own regulations and functioning.

SECRETARY

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

EXECUTIVE COMMITTEE AND DAY-TO-DAY MANAGEMENT

Composition of the Executive Committee as of 31 December 2015

- NV Fidigo, represented by Dirk Goeminne, Chairman/Managing Director
- Sagau Consulting BVBA, represented by Christophe Bolsius, Commercial Director
- BVBA WiDeCo, represented by Wim De Cock, Operations Director
- Dirk De Backer, Human Resources Director
- René Stevens, Group CFO

As of 16 October 2015, the group ended its collaboration with Marc Lambert, Operations Director of the Ready Meals Division. His duties will be taken over by Wim De Cock (BVBA WiDeCo).

Functioning

In 2015, the Executive Committee held meetings once every two weeks and whenever a meeting was required due to operational reasons. The Executive Committee is responsible for the management reporting to the Board of Directors. The detailed functioning of the Executive Committee is described in the Committee's internal regulations. These regulations form an integral part of the group's Corporate Governance Charter.

Evaluation

Once a year, the Board of Directors evaluates the performance of the CEO (without the CEO being present during the evaluation) as well as the performance of the other members of the Executive Committee (in the presence of the CEO) on the initiative of the Remuneration and Nomination Committee. This evaluation was also carried out in 2015. For this, the Board uses both qualitative and quantitative criteria.

1. WIM DE COCK (°1961)

COO

EDUCATION: Bioscience Engineer from Ghent University and has an MBA from Vlerick Business School.

EXPERIENCE: He has served in various management positions throughout the entire supply chain of manufacturing companies. Until 1999, he was Operations Director at Campbell Foods Belgium NV (Devos Lemmens, Godiva Europe). He is also a member of the Board of Directors of FENAVIAN (Belgian national federation for manufacturers of meat and canned meat products).

TER BEKE: He is a member of the group Executive Committee at Ter Beke NV since 1 April 1999, serving as Operations Director.

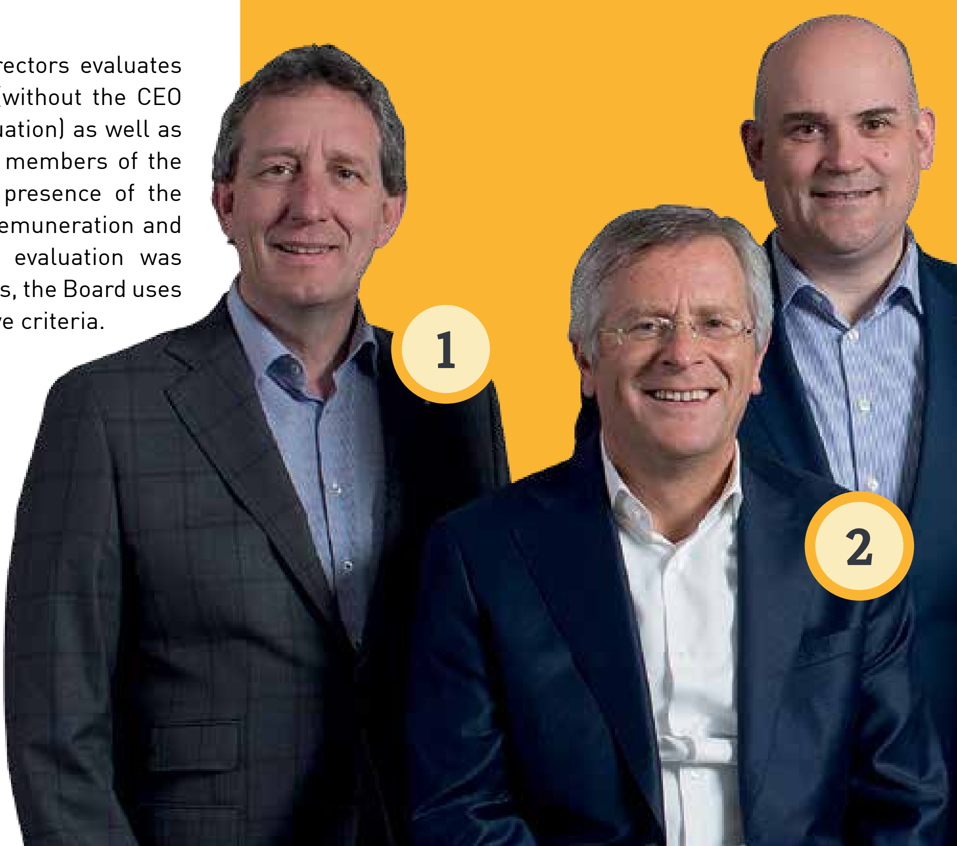
2. DIRK GOEMINNE (°1955)

CEO

EDUCATION: Applied Economics and Business Engineering at the University of Antwerp.

EXPERIENCE: He has held management positions in manufacturing and retail companies and until 2007, he served as Chairman of the Executive Board of the V&D group and as member of the Board of Directors of Maxeda (Vendex/KBB). He is also Chairman of the Supervisory Board of Stern Groep NV and Beter Bed Holding NV, member of the Supervisory Board of Wielco BV and Non-Executive Director of Van de Velde NV and JBC NV. He is Chairman of the Board of Directors of Wereldhave Belgium NV.

TER BEKE: He has been CEO of Ter Beke NV since 1 June 2013.



3. DIRK DE BACKER (°1971)

SECRETARY GENERAL/HUMAN RESOURCES DIRECTOR

EDUCATION: Studied Law at KU Leuven (Rouen), obtained an LLM degree from the University of Houston and MBA degrees from Vlerick Business School and Amsterdam Business School.

EXPERIENCE: Until 2004, he worked as a lawyer at the law firm Allen & Overy.

TER BEKE: Since 15 November 2004, he has been serving as Secretary General to the Ter Beke group, a position he combines with that of Human Resources Director for the group since 1 May 2014. Dirk is also Secretary to the Board of Directors and has been appointed Compliance Officer for the group. He is a member of the Executive Committee since 1 December 2014.

4. CHRISTOPHE BOLSIUS (°1969)

COMMERCIAL DIRECTOR READY MEALS

EDUCATION: Graduated with a Licentiate degree in Applied Economics and a specialisation in International Business from the University of Antwerp.

EXPERIENCE: He has spent his entire career in the food industry. At the start of his career, he worked in various sales and marketing positions in Belgium and abroad, e.g. at Dr. Oetker, Sara Lee Meat Products and Campina. In 2009, he held successive management positions at FrieslandCampina and Douwe Egberts. He has been an active member of the Executive Committees of various sector associations: VLAM (Flanders' Agricultural Marketing Board), BABM (Belgilux Association of Branded products Manufacturers), BMA, coffee roasters' association

TER BEKE: He joined the commercial management of Ter Beke in December 2014 and from November 2015 onwards, assumed the position of Commercial Director Ready Meals.

5. RENÉ STEVENS (°1958)

CFO

EDUCATION: Studied Applied Economics at the University of Antwerp, Management Information Systems at KU Leuven and Tax Law at EHSAL Brussels, and also obtained an Executive MBA from Antwerp Management School.

EXPERIENCE: He has held various financial positions at Sun International and other companies.

TER BEKE: He has been CFO of the Ter Beke group since 2005.

6. BAS HAUWERT (°1968)

COMMERCIAL DIRECTOR PROCESSED MEATS
TER BEKE GROUP

EDUCATION: HBO (Higher Vocational Education) diploma in Logistics Management and Master of Food Management diploma from Erasmus University in Rotterdam.

EXPERIENCE: He has accumulated a long and varied experience within the food retail sector while working at Ahold, where he has proven himself to be thoroughly versed in the world of private labels and fresh food products. He has held various management positions at Ahold such as Senior Director Merchandising Development New Markets, General Manager AH To Go NL and Commercial Director Gall & Gall.

TER BEKE: He joined Ter Beke in March 2015 as Commercial Director of the Processed Meats division in the Netherlands and since March 2016, he has been appointed Commercial Director for the Processed Meats division for the entire group.

BAS HAUWERT, NEW COMMERCIAL DIRECTOR PROCESSED MEATS AT TER BEKE

Bas Hauwert (47) assumed his position as Commercial Director Processed Meats for the entire group on 1 March 2016. He has a long and varied experience within the food retail sector. Before joining Ter Beke, he served as *Category Director Processed Meats* at Albert Heijn.

In 2015, Bas Hauwert initially assisted Ter Beke for four months as a consultant on the **Orange Project** (*Project Oranje*), the new vision and growth strategy of Ter Beke in the Netherlands. This allowed him the opportunity to get to know the company well and from March 2015 onwards, he assumed commercial leadership for the Processed Meats Division in the Netherlands. Together with Martien van den Boer and the other members of the Dutch commercial team, he played a key role in the implementation of the Orange Project.

From now on, Hauwert will also be responsible for the commercial management of this division in the other countries where the group operates. He takes over this responsibility from Christophe Bolsius (Sagau Consulting BVBA), who will now focus fully on the commercial management of the Ready Meals Division. Bas Hauwerts' strong marketing skills, combined with his expert knowledge of the world of private labels and fresh food, gives us great confidence in his ability to ensure the further growth of this division.

CONFLICTS OF INTEREST

BOARD OF DIRECTORS

No conflicts of interest (within the meaning of Article 523 of the Belgian Company Code) were reported to the Board of Directors in 2015. Neither were there any reports of transactions with associated parties as referred to in Appendix 2 of the group's Corporate Governance Charter.

EXECUTIVE COMMITTEE

No conflicts of interest (within the meaning of Article 524 ter of the Belgian Company Code) occurred within the Executive Committee in 2015. Neither were there any reports of transactions with associated parties within the meaning of Appendix 2 of the group's Corporate Governance Charter.

EXTERNAL AUDIT

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

We consult regularly with the statutory auditor. The statutory auditor is invited to attend 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 its judgement. It has confirmed its independence with respect to the group.

In 2015, EUR 185,000 was paid for audit services to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA and to the persons with whom Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA is associated. In 2015, we paid EUR 31,000 for non-audit services.

The Board of Directors will propose to the General Meeting of Shareholders of 26 May 2016 that Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Ms Charlotte Vanrobaeys, be reappointed for a term of three years.

DEALING CODE FOR TRANSACTIONS IN TER BEKE SECURITIES

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

- The Dealing Code states that price-sensitive information must be communicated immediately.
- Directors, Executive Committee members and insiders are required to inform the Compliance Officer of all share transactions. On receipt of a negative recommendation, the party concerned must cancel the transaction or inform the Board of Directors.
- The Dealing Code contains guidelines to preserve the confidential nature of privileged information.
- The Dealing Code provides for prohibited periods. The directors and other Ter Beke employees involved may not perform any transactions in Ter Beke securities during a prohibited period.
- New members of the Board of Directors, the Executive Committee and other persons who have regular access to privileged information are always informed by us regarding the Dealing Code. They are required to sign the Dealing Code to acknowledge that they have been informed of this.
- The company also maintains a list of the persons who have regular access to privileged information.

REMUNERATION REPORT

PROCEDURE APPLIED IN 2015 FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING THE REMUNERATION AND APPLICABLE REMUNERATION POLICY

Remuneration procedure

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

The remuneration of the members of the Board of Directors, CEO and members of the Executive Committee is an integral part of the Corporate Governance Charter and is incorporated as an appendix to the Remuneration and Nomination Committee's internal regulations. The Remuneration and Nomination Committee monitors the implementation of this policy and advises the Board of Directors in this matter.

The remuneration level of the members of the Board of Directors for the financial year 2015 was presented and approved by the Board to the General Meeting of Shareholders.

The remuneration level of the CEO and members of the Executive Committee for the financial year 2015 was confirmed by the Board of Directors based on the advice of the Remuneration and Nomination Committee.

Remuneration policy

The members of the Board of Directors and the Committees are entitled to an annual fixed remuneration (in EUR):

Chairman of the Board of Directors	67,000 (18,000 + 49,000)
Member of the Board of Directors	18,000
Chairman of the Audit Committee	9,000 (5,000 + 4,000)
Member of the Audit Committee	5,000
Chairman of the Remuneration and Nomination Committee	6,000 (4,000 + 2,000)
Member of the Remuneration and Nomination Committee	4,000

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

The remuneration of the CEO is made up of a fixed remuneration and an annual variable remuneration. The remuneration of the members of the group's executive management consists of a fixed remuneration, an annual variable remuneration, a company car, fuel card and other remuneration components such as pensions and insurance, all of this in line with current company guidelines.

The CEO and members of the executive management receive an annual variable remuneration that is granted depending on the achievement of annually set targets related to the financial year for which the variable remuneration is payable.

These targets are based on objective parameters and are closely linked to the group's results and the role played by the CEO and/or members of the executive management in achieving these results. The main parameters used are volume, turnover, REBIT, EAT and ROCE. The specific parameters to be applied in any given year and the specific targets to be achieved are assessed annually by the Remuneration and Nomination Committee and presented to the Board of Directors for approval. For 2015, these parameters were volume, REBIT and ROCE. Twenty percent of the variable remuneration of the executive management (excluding the CEO) is granted on the basis of individual performance objectives.

The basic amount of the variable remuneration is not higher than **25% of the annual remuneration**.

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

In addition to the system of variable remuneration, the Board of Directors retains the authority to allocate, on the recommendation of the Remuneration and Nomination Committee, an **(additional) bonus** for specific performance or service to the CEO and/or to all the members of the executive management or to some of them, provided that this does not exceed the total variable remuneration budget for the CEO and the members of the executive management.

There are no specific agreements or systems entitling the company to recover the variable remuneration paid, if this has been granted based on information that subsequently transpires to be incorrect. If necessary, the company may rely on facilities provided under common law for such cases.

Only the CEO will be paid remuneration in cash on termination of his/her contract if there has been an exceptional growth in the group's equity value at that time. This remuneration will be equal to an agreed percentage of the exceptional growth in the equity value of the group. The Board of Directors makes an annual assessment of whether a provision needs to be created for applying the prevailing rules. For 2015, the Board decided to create a provision of EUR 633,000.

In principle, the group's remuneration policy for the members of the Board of Directors and the executive management will not be subject to any substantial changes either in 2016 or in two following financial years.

DIRECTORS' REMUNERATION AND OTHER REMUNERATION OF NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS IN THEIR CAPACITY AS MEMBERS 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 mandate as director in 2015 can be summarised as follows:

	Mandate Director	Mandate RNC	Mandate AC	Total
BVBA Ann Vereecke	18,000.00	4,000.00		**22,000.00**
BVBA Guido Vanherpe	18,000.00		5,000.00	**23,000.00**
Sparaxis SA (Thierry Balot)	18,000.00		9,000.00	**27,000.00**
BVBA Louis Verbeke	67,000.00	6,000.00		**73,000.00**
Comm.V. Lemon (Jules Noten)	18,000.00	4,000.00	5,000.00	**27,000.00**
Dominique Coopman	18,000.00			**18,000.00**
Ann Coopman	18,000.00			**18,000.00**
Eddy Van der Pluym	18,000.00			**18,000.00**
NV Fidigo (Dirk Goeminne)	18,000.00			**18,000.00**
Total mandates	**211,000.00**	**14,000.00**	**19,000.00**	**244,000.00**

REMUNERATION OF THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT (IN EUR)

In 2015, the individual remuneration of the Managing Director/Chairman of the Executive Committee (NV Fidigo, represented by Dirk Goeminne) and the combined remuneration of the other members of the Executive Committee and the executive directors : René Stevens, Wim De Cock, Marc Lambert (till 16 October 2015 - including severance payment), Christophe Bolsius, Eddy Van der Pluym and Dirk De Backer amounted to (total cost for the group, excluding the remuneration for directorship of Ter Beke NV):

	CEO	Other members of the executive management ***
Base pay	482,000	1,988,850
Variable pay (cash - on a yearly base)	89,150	118,578
Pensions*	NA**	80,863
Other insurances	NA**	1,431
Other benefits (company car)	NA**	50,345

* The pension arrangement is a defined contribution arrangement
** NA = Non applicable
*** Severance pay for Marc Lambert included

SHARE-BASED REMUNERATION

Neither the members of the Board of Directors nor the members of the Executive Committee hold any share options, warrants or any other rights to acquire shares.

No shares, share options, or any other rights to acquire shares were granted by the company in 2015 to any of the members of the Board of Directors or the members of the Executive Committee.

CONTRACTUAL PROVISIONS RELATED TO RECRUITMENT AND SEVERANCE PAYMENTS

In 2015, no recruitment arrangements were agreed on with either the members of the Executive Committee or the executive directors that would entitle them to a severance payment of more than 12 months' remuneration or that would otherwise be in conflict with the statutory provisions, the provisions of the Corporate Governance Code 2009 or common market practices.

The notice period for NV Fidigo (Dirk Goeminne), Eddy Van der Pluym, BVBA WiDeCo (Wim De Cock) and Sagau Consulting BVBA (Christophe Bolsius) is 12 months, while that for Dirk De Backer and René Stevens will, in principle, be calculated in accordance with the statutory provisions applicable to their employment contract.

The collaboration with Marc Lambert was terminated on 16 October 2015. In the context of this termination, a severance payment was agreed on that was midway between the remuneration provided in the Corporate Governance legislation and the remuneration payable based on the legislation applicable to the employment contract (21 months). The total cost of this termination was included in the above-mentioned total combined cost for the executive management.

KEY FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

We attach great importance to efficient internal control and risk management systems and we try to integrate these into our structure and business operations to the maximum possible extent. We have implemented numerous 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** as well as the risk profile of the group. We actively and repeatedly promote our **values** among all our employees during information meetings organised every six months. **Integrity** is the most important value in the context of risk management. At the same time, we communicate to all our employees 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, Corporate Governance Charter and in this Corporate Governance Statement, clearly defines the various duties and responsibilities of each of our management bodies, and more specifically those of the Board of Directors, Audit Committee, Remuneration and Nomination Committee, Executive Committee and 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 above-mentioned bodies which are evaluated regularly and adapted if necessary, so that the allocated powers and responsibilities are always at the right level and so that higher levels of management can exercise appropriate control on the exercise of powers delegated to the lower levels of the organisation.

We organise and monitor our human resources via a job grading system, in which all group employees are classified and where detailed **job descriptions** have been drawn up for each position. These job descriptions define both the educational and competency requirements for the job as well as the duties, responsibilities and reporting lines for the position. These job descriptions are adapted as the scope of certain jobs changes due to internal or external circumstances.

Each year, we appraise the performance of all our non-production employees using a detailed **appraisal tool**. This includes a specific assessment of whether employee behaviour is in line with our company values.

We have also defined clear policy lines with regard to the **training** and **remuneration** of our employees.

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

We have created an **internal audit position** that is responsible for periodically conducting risk audits and audits of the internal controls in all group departments and reporting on these to the Audit Committee. Based on the findings of the internal auditor and in consultation with the Audit Committee, the necessary adjustments are made in the internal control system.

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

We follow a Dealing Code to prevent **market abuse** (see Appendix 3 to the Corporate Governance Charter) and have appointed a compliance officer to ensure correct compliance with the rules on market abuse (see above).

We have concluded appropriate **insurance contracts** to protect us against the most serious risks.

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

A number of other risk management practices that we apply have been mentioned in the description of the main risks we are exposed to.

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

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

The financial results of the group and the divisions are reported by the finance department on a monthly basis to the Executive Committee. These results are discussed by the Executive Committee and made available to the members of the Board of Directors. The Executive Committee reports on the results of the group and the divisions to the Board of Directors on a quarterly basis. 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, in the presence of the internal and external auditors. After this, these results are presented to the Board of Directors for approval and published in the legally prescribed format.

We publish a schedule, both internally and externally, which provides an overview of our periodic reporting obligations with respect to the financial market.

We have introduced clear schedules for financial reporting at all levels of the company, so that we can meet all the related statutory requirements in a timely and correct manner.

We have a clear policy regarding the protection of and access to financial data, as well as a system for the backup and storage of this data.

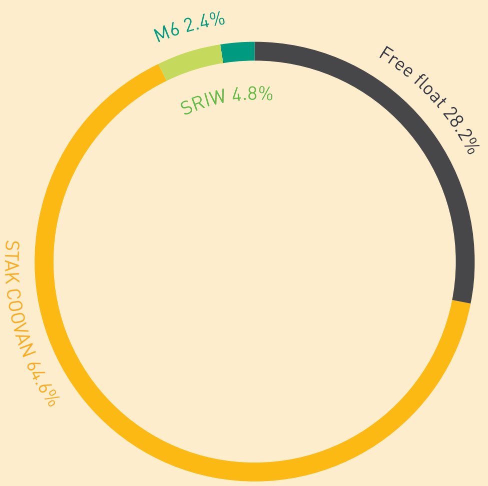
The finance department has a detailed manual describing all the relevant accounting principles and procedures for persons involved in this area.

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

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

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2015

On 31 December 2015, Ter Beke NV did not hold any of its own shares (Ter Beke NV did not hold any of its own shares on 31 December 2014).



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

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

OTHER STATUTORY INFORMATION

TRANSPARENCY

We did not receive any transparency declarations in 2015 regarding participations in the capital of Ter Beke NV.

NOTIFICATIONS IN THE CONTEXT OF ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007

There are no parties holding securities with special control rights.

The voting rights of the group's own shares are suspended in accordance with the prevailing statutory provisions.

The Extraordinary General Meeting of Shareholders are authorised to modify the company's Articles of Association. This requires a three-fourths majority of the votes present. Those present must represent at least half of the share capital, as provided for in Article 558 of the Belgian Company Code. The objective of the company may be altered with a majority of four-fifths of the votes present (Article 559 of the Belgian Companies Code).

The procedure for the appointment/reappointment of directors, (see above-mentioned reappointments) is described in Article 4 of the regulations of the Remuneration and Nomination Committee (appendix to the group's Corporate Governance Charter).

The Extraordinary General Meeting of Shareholders held on 28 May 2014 authorised the Board of Directors of Ter Beke NV to increase the share capital of the company within the limits of the authorised capital. This must be done in accordance with the conditions stated in Article 607 of the Belgian Companies Code. This authorisation is valid for a period of three years starting from 18/06/2014.

The Extraordinary General Meeting of Shareholders held on 28 May 2014 also authorised the Board of Directors to acquire, in accordance with Article 620 of the Belgian Company Code, 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 from 18/06/2014.

KEY BUSINESS RISKS

In its internal operations, Ter Beke takes many precautions to reduce possible risks. As food manufacturer, we are also subject to risks that lie beyond our control. Yet we act proactively to minimise any possible impact.

MAIN RISKS TO OUR OPERATING ACTIVITIES

Operational risks

Food safety and product liability
Every day, thousands people eat our processed meats and ready meals. We must ensure that these products are fresh and safe. The end consumer is also entitled to clear information about the composition of the product and its nutritional value.

Competitive environment
The processed meats market is extremely mature and is dominated by the private labels of large discount and retail customers. The ready meals market is growing, but here competition is very fierce.

Technological developments
Product and production technologies evolve rapidly.

Electronics and information systems
For efficient business operations we are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications.

War for talent
An organisation is only as strong as its employees. The knowledge and expertise is among a group of employees who contribute to building the company and its brands.

Market risks

Price fluctuations for raw materials and packaging
We work with natural raw materials. Fluctuations in the quality and the price of our raw materials and food packaging materials are always possible.

Relationships with suppliers
For specific raw materials we are obliged to work with a limited number of suppliers.

Relationships with customers
We market our products via a network of discount and retail customers throughout Europe. The number of large customer groups is limited.

Customer and consumer behaviour
Our sales are related to the eating habits and trends of our ultimate consumers, as well as their spending habits.

Financial risks

Credit risks
We have receivables outstanding from our clients and retail customers.

Exchange rate risks
As Ter Beke operates in an international environment, we are exposed to an exchange rate risk on the sales, purchases and interest-bearing loans and borrowings expressed in a currency other than the company's local currency.

Liquidity and cash flow risks
As with any business, Ter Beke monitors liquidities and cash flow.

Legal risks

Changing legislation
Now and then the government changes and tightens legislation on the production and sale of foods.

legal disputes
Occasionally we are involved in legal proceedings or disputes with customers, suppliers, consumers or the government.

WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS	HOW WE LIMIT THE RISKS, IN GENERAL AND IN 2015 IN PARTICULAR
The safety and the confidence of consumers are vitally important to us. Anything that can damage this confidence - either concerning our own products or the sector - will have a negative impact on our sales, our prospects and our reputation.	We have constant high demands for product safety and quality. All our raw materials are traceable. Our packaging clearly states the product composition and nutritional value per 100 gram and per serving. We go further than the statutory requirements with regard to the safety of our packaging. We have insurance to cover our product liability.
The competition enables customers to increase pressure on our margins. This may have an impact on our profits.	We distinguish ourselves from our competitors in terms of concepts and products. Our service is extensive and flawless. We work continuously on improving efficiency and cost control.
Not being abreast with the latest production technology can have a negative impact on efficiency and cost control. Competitors may have access to alternative product technology that at some point may win over consumers.	Each year we invest considerable sums in property, plant and equipment to maintain and improve our level of technology. We maintain good contact with our suppliers so that we are always well-informed of the most recent developments. We sound out consumer preferences. We work together with research institutions such as Flanders' FOOD.
If these systems do not work well or if they were to be unavailable, this would have a negative impact on the production volume and on our reputation.	All systems are maintained appropriately. All systems are upgraded when necessary. Regular backups are made of all information. A new ERP system is being implemented to structure and simplify our business processes.
If too many good employees are plucked away by the competition and there is too little influx of young people, we run the risk that we will be unable to realise our growth scenario.	In 2015 we established a Young Potential programme: newly graduated young people receive an attractive training programme. They experience four different positions within the company during two years. Two people joined this programme in 2015.
Price increases for raw materials and packaging would have a negative influence on the margins.	We agree long-term contracts. We work with volume agreements on an annual basis.
If one or more of these suppliers cannot fulfil its contractual commitments and we are unable to secure alternative supplies in time, this could have a negative impact on our business operations.	We agree long-term contracts. We work with volume agreements on an annual basis. We offer our suppliers fair payment for their added value. We work with preferred suppliers for sustainability.
Considering the small number of larger retail customers, the termination of a contract may have a significant negative impact on our turnover and profit.	We specify varying maturity dates in our contracts for different products; for our own brands as well as customer's private labels and in the various countries. In 2015 we lost a contract with a German client but were able to secure several new large contracts.
If consumers would no longer select our products or their eating habits were to change, this would have a significant impact on our business activities. General economic conditions such as cyclical fluctuations, unemployment and interest rates can also affect the consumer spending patterns.	In 2015 we conducted a major survey on trends in dietary habits in various markets. We surveyed the satisfaction of our consumers to anticipate and limit this risk. We ensure that our prices are competitive.
Receivables not collected on time, have a negative impact on the cash flow.	We monitor customers and outstanding receivables closely in order to limit these potential risks. The majority of the receivables concern large European retail customers which limits the risk.
Fluctuations in exchange rates can cause fluctuations in the value of financial instruments.	We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.
A shortage of cash and cash equivalents could put pressure on the relationships with certain parties.	We have a significant net cash flow with respect to the net financial debt position. We have centralised our treasury policy.
Not meeting these conditions can expose us to the risk of fines or sanctions.	Each year we invest significant sums to ensure we comply with new legislation, also concerning sustainability and the environment. Each year we organise training sessions for our employees to keep them informed of new legislation and its impact.
Such litigation could have a negative impact on our financial situation.	We anticipate the potential impact of these disputes in our accounts as soon as a risk is judged as realistic under the applicable accounting rules.

7 Stock and shareholder information

SHARE QUOTATION

On 31 December 2015, the capital of Ter Beke was represented by 1,732,621 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels (symbol: TERB).

In order to promote the share's liquidity, in 2001 we concluded a liquidity provider agreement with Bank Degroof/Petercam. This means that the bank acts as third party if there are not enough buyers or sellers. The liquidity provider also ensures that the difference between the bid and ask prices (the prices for which you can sell and buy the shares) diminishes. Furthermore, he can usually allow smaller investors to trade at more advantageous rates and can reduce fluctuations in the share price.

The shareholder structure is described in the Corporate Governance Statement (see above).

SHARE RELATED INSTRUMENTS

On 31 December 2015 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 26 May 2016 to distribute a gross dividend of EUR 3.50 per share over 2015. If the General Meeting of 26 May 2016 approves this motion, we will make the net dividend per share payable from 15 June 2016.

STOCK PRICE EVOLUTION

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

MONITORING BY FINANCIAL ANALYSTS

Analysts at Degroof/Petercam and KBC Securities have monitored the Ter Beke share during 2015. We have published a number of the analyst's reports on the Ter Beke website: www.terbeke.com, under Investor Relations.

PROPOSALS TO THE GENERAL MEETING

The Board of Directors proposes the following to the general meeting of 26 May 2016:

- to approve the annual accounts at 31 December 2015 and to consent to the processing of the result. The non-consolidated result for the financial year is EUR 278,131.44;
- the proposed gross dividend is EUR 3.50 per share. This will be payable on 15 June 2016 (quoted ex-coupon on 13 June 2016);
- to take note of the resignation of Comm .V. Lemon, represented by Jules Noten, as independent director as from 26 May 2016;
- to reappoint BVBA Louis Verbeke, represented by Louis-H. Verbeke, and Eddy Van der Pluym as Directors. The proposed reappointments will be for a term of two years for BVBA Louis Verbeke and for a term of four years for Eddy Van der Pluym. This appointment commences at the close of the general meeting of 26 May 2016 and terminates at the general meeting to be held in 2018 (for BVBA Louis Verbeke) and in 2020 (for Eddy Van der Pluym);
- to reappoint Deloitte Bedrijfsrevisoren, represented by Mrs Charlotte Vanrobaeys, as statutory auditor for a period of three years;
- to grant discharge to the members of the Board of Directors and the Statutory Auditor for the execution of their mandate in 2015;
- to decide on the remuneration report in a separate vote;
- to approve the annual remuneration of EUR 244,000 for the directors for the performance of their mandate in 2016.

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

FINANCIAL CALENDAR

Shareholders' Meeting	26 May 2016 at 11 am
Share quoted ex-coupon	13 June 2016
Dividend payment	15 June 2016
Results first semester 2016	2 September 2016 before market opening
Annual results 2016	30 April 2017 at the latest

CONTACT INFORMATION

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RPR Gent 0884.649.304

LES NUTONS SA
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RPM Huy 0442.475.396
Working company: 5 Chemin Saint-Antoine
6900 Marche-en-Famenne

COME A CASA SA
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Chamber of Commerce Utrecht 200.53.817

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LANGEVELD/SLEEGERS BV
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PLUMA FLEISCHWARENVERTRIEB GMBH
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terbeke

driven by the zeal for your everyday meal

Annual report 2015

Consolidated financial statements 2015

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All amounts in EUR x 1000, unless stated otherwise

CONSOLIDATED INCOME STATEMENT

AS AT 31 DECEMBER 2015 AND 2014

	Note	2015	2014
Revenue	4	396,319	399,730
Trade goods, raw and auxiliary items	5	-208,660	-217,703
Services and miscellaneous goods	6	-80,812	-75,465
Wages and salaries	7	-74,110	-76,001
Depreciation costs	15+16	-17,877	-17,503
Impairments, write-offs and provisions	8	-567	-71
Other operating income and expenses	9	1,536	857
Result of operating activities	10	15,829	13,844
Financial income	11	476	231
Financial expenses	12	-1,677	-1,633
Results of operating activities after net financing expenses		14,628	12,442
Tax	13	-3,817	-3,637
Result after tax before share in the result of enterprises accounted for using the equity method		10,811	8,805
Share in the result of enterprises accounted for using the equity method		-513	-673
Profit of the year		10,298	8,132
Basic profit per share	33	5.90	4.69
Diluted profit per share	33	5.90	4.69

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

CONSOLIDATED OVERVIEW OF THE COMPREHENSIVE RESULT

AS AT 31 DECEMBER 2015 AND 2014

	2015	2014
Profit in the financial year	10,298	8,132
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	89	-49
Cash-flow hedge	17	-220
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	-68	-281
Related deferred tax	23	95
Comprehensive income	**10,359**	**7,677**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015 AND 2014

	Note	2015	2014
ASSETS			
Non-current assets		**149,201**	**140,926**
Goodwill	14	35,204	35,204
Intangible non-current assets	15	5,410	3,415
Tangible non-current assets	16	85,005	88,021
Participations using equity method	17	12,635	3,675
Loans to joint venture	18	850	500
Deferred tax assets	20	0	0
Other long-term receivables	18	97	111
Long-term interest-bearing receivables	19	10,000	10,000
Current assets		**92,327**	**91,799**
Stocks	21	20,421	20,297
Trade and other receivables	22	64,860	60,777
Cash and cash equivalents	23	7,046	10,725
Total assets		**241,528**	**232,725**

LIABILITIES			
Shareholders' equity	**24**	**108,843**	**102,815**
Capital and share premiums		53,191	53,191
Reserves		55,652	49,624
Non-controlling interest		0	0
Deferred tax liabilities	**20**	**5,852**	**6,670**
Long-term liabilities		**43,455**	**38,547**
Provisions	25	3,062	2,288
Long-term interest-bearing liabilities	26	40,393	36,259
Other long-term liabilities		0	0
Short-term liabilities		**83,378**	**84,693**
Short-term interest-bearing liabilities	26	10,965	14,032
Trade liabilities and other debts	27	58,830	57,578
Social liabilities		10,685	10,946
Tax liabilities		2,898	2,137
Total liabilities		**241,528**	**232,725**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2015 AND 2014

	Capital	Capital reserves	Share premiums	Reserved profits	Translation differences	Total	Number of Shares
Balance on 1 January 2014	**4,903**	**0**	**48,288**	**46,420**	**-122**	**99,489**	**1,732,621**
Capital increase						0	
Treasury shares reserve						0	
Dividend				-4.331		-4.331	
Results in the financial year				8,132		8,132	
Other elements of the comprehensive income for the period				-406	-49	-455	
Comprehensive income for the period				**7,726**	**-49**	**7,677**	
Movements via reserves							
- Result from treasury shares				-20		-20	
Balance on 31 December 2014	**4,903**	**0**	**48,288**	**49,795**	**-171**	**102,815**	**1,732,621**
Capital increase						0	
Treasury shares reserve						0	
Dividend				-4.331		-4.331	
Results in the financial year				10,298		10,298	
Other elements of the comprehensive income for the period				-28	89	61	
Comprehensive income for the period				**10,270**	**89**	**10,359**	
Movements via reserves							
- Result from treasury shares						0	
Balance on 31 December 2015	**4,903**	**0**	**48,288**	**55,734**	**-82**	**108,843**	**1,732,621**

CONSOLIDATED CASH FLOW STATEMENT

AS AT 31 DECEMBER 2015 AND 2014

	2015	2014
OPERATING ACTIVITIES		
Result before taxes	14,628	12,442
Interest	988	1,326
Depreciation	17,877	17,503
Write-downs	9	2
Provisions	706	267
Gains and losses on disposal of fixed assets	-24	-60
Cash flow from operating activities	**34,184**	**31,480**
Change in stock	-114	4,021
Change in receivables less than 1 year	-4,002	4,577
Change in operational assets	**-4,116**	**8,598**
Change in trade liabilities	2,424	-4,250
Change in debts relating to remuneration	-238	593
Change in other liabilities, accruals and deferred income	-260	-793
Change in operational debts	**1,926**	**-4,450**
Change in the operating capital	**-2,190**	**4,148**
Tax paid	-3,893	-5,300
Net cash flow from operating activities	**28,101**	**30,328**
INVESTMENT ACTIVITIES		
Acquisition of intangible and tangible non-current assets	-17,871	-13,014
Acquisition of shares in associated companies	-9,428	0
New loans	-350	-503
Total increase in investments	**-27,649**	**-13,517**
Sale of tangible non-current assets	86	77
Repayment of loans	15	8
Total decrease in investments	**101**	**85**
Cash flow from investment activities	**-27,548**	**-13,432**
FINANCING ACTIVITIES		
Change in short-term financial debts	0	-4,000
Increase in long-term debts	15,100	10,900
Repayment of long-term debts	-14,032	-14,343
Interest paid interest (via income statement)	-988	-1,326
Dividend paid by parent company	-4,331	-4,331
Cash flow from financing activities	**-4,251**	**-13,100**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-3,698**	**3,796**
Cash funds at the beginning of the financial year	10,725	6,911
Translation differences	19	18
CASH FUNDS AT THE END OF THE FINANCIAL YEAR	**7,046**	**10,725**

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 24 February 2016. 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 1000. The consolidated financial statements have been drawn up based on the historical cost method, with the exception of the derivatives and the financial assets available for sale, which are valued at fair value. However, if no reliable market price or estimate of the fair value is readily available, these financial assets will be valued on the historical cost basis. Assets included in the balance sheet and obligations that are covered are valued at fair value up to the amount of the hedged risk. The accounting principles are applied uniformly to the entire Group and are consistent with the previous financial year. The comparative information has been restated in accordance with IFRS.

STANDARDS AND INTERPRETATIONS APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2015

- Improvements to IFRS (2011-2013) (applicable to annual periods beginning on or after 1 January 2015)
- IFRIC 21 *Levies* (applicable to annual periods beginning on or after 17 June 2014). This standard only affects the interim figures.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2015

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable to annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable to annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 *Revenue from Contracts with Customers* (applicable to annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU). The management and the Board of Directors have not yet concluded their analysis, so it is not possible to estimate the potential impact yet.
- IFRS 16 *Lease agreements* (applicable to annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU). Note 29 gives an impression of our operational leasing on 31 December 2015
- Improvements to IFRS (2010-2012) (applicable to annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable to annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (applicable to annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in EU has been postponed)

- Amendments to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 *Presentation of financial statements – Disclosure Initiative* (applicable to annual periods beginning on or after 1 January 2016)
- Amendments to IAS 7 *Statement of Cash Flows – Disclosure Initiative* (applicable to annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses* (applicable to annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable to annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 *Employee Benefits - Employee Contributions* (applicable to annual periods beginning on or after 1 January 2015)
- Amendments to IAS 27 *Separate Financial Statements - Equity Method* (applicable to annual periods beginning on or after 1 January 2016)

CONSOLIDATION PRINCIPLES

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

Subsidiaries included in the consolidation in accordance with the integral method

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

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

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

Joint Ventures

A joint venture is a contractual agreement whereby Ter Beke NV and other parties set up an economic activity directly or indirectly, over which they exercise control jointly. Joint ventures are recognised according to the equity method. The company eliminates the net results between the joint venture and the Ter Beke Group. On 22 June 2011 Ter Beke and the shareholders of Stefano Toselli established a 50/50 joint venture in Opole (Poland). This joint venture bears the name 'Pasta Food Company', it produces and markets 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 conducts 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 reassessment 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 conducts transactions with an affiliated company, profits and losses are eliminated up to the interests of the Group in the affiliated company concerned. On 28 August 2015, Ter Beke and GS & DH Holding, the sole shareholder in the French company Stefano Toselli SAS (a ready meals producer), signed an agreement whereby Ter Beke acquired a 33% minority interest in Stefano Toselli SAS, effective immediately.

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 must value the minority interest in the acquiree either at fair value or at the proportionate share of the minority interest in the identifiable net assets of the acquiree. 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 minority interests previously held by the Group 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 2015 and 2014.

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 eurozone, 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	2015	2014
Pound Sterling		
Closing rate	0.7339	0.7789
Average rate	0.7268	0.8074
Polish zloty		
Closing rate	4.2639	4.2732
Average rate	4.1855	4.1822

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 activities of the Group 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 2015 and 2014 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 2015 and 2014 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 lifetime, 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 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.

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 non-current 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 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:

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 %

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

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 immediately 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 tangible non-current assets (except for goodwill): On every reporting date, the Group investigates its balance sheet values for intangible fixed assets and property, plant and equipment 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 if 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 if no impairment loss was recognised.

FINANCIAL INSTRUMENTS

Trade receivables

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

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

Investments

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

Held-to-maturity investments

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

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

Other investments

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

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

Cash and cash equivalents

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

Financial liabilities and equity capital instruments

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

Bank loans

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

Trade liabilities

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

Equity capital instruments

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

Derivatives

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

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

There are three sorts of hedging relationships:

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

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

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

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

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

Derivatives that cannot be classified as hedges

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

Repurchased treasury shares

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

Dividends

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

PROVISIONS

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

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

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

A provision for restructuring is laid down when the Group has approved a detailed and formalised plan for the restructuring and when the restructuring has either commenced or has been announced publicly. No provisions are laid down for costs relating to the Group's normal activities. A provision for loss-making contracts will be laid down when the receivable economic benefits for the Group are lower than the unavoidable cost related to the obligatory quid pro quo.

EMPLOYEE BENEFITS

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

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

Retirement benefit plans

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

Defined contribution schemes

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

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

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 gains and losses are recognised in the comprehensive result, so that the full value of the deficit or surplus of the plan is recognised in the consolidated statements. The interest costs and projected revenue of the assets in the plan are shown as net interest.

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

Termination benefit

Termination benefits are recognised as a liability and a cost if a Group Entity demonstrably commits itself to either:
- the termination of employment of an employee or group of employees before normal pension date;
- or the allocation of termination benefit as a result of an offer to encourage voluntary retirement (early retirement scheme).

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

Variable pay

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

Share-based payments

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

TAX ON PROFITS

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

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

INCOME

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

Turnover is reported after tax and discounts.

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

In order to encourage customers to pay immediately, the Group grants discounts for payments in cash. Such discounts are recognised as a reduction in the revenue.

Royalties: Royalties are recognised according to the attribution principle in accordance with the substance of the contract concerned.

Rental income: Rental income is recognised directly in the income statement 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 goods for resale, raw materials and auxiliary items 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 items 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.

MANAGEMENT ASSESSMENTS AND ESTIMATES

The main estimates and assessments made by the management and board of directors include:

- Deferred tax assets relating to transferred taxation losses and tax deductions are recognised to the extent that it is probable that future taxable profit will be sufficient to recover the unused tax losses and tax deductions.
- Goodwill impairments: each year the goodwill is tested for impairment, or more frequently when there are indications that the value of goodwill may be impaired. For further information, see note 14 – Goodwill.
- Impairments on depreciable tangible and intangible non-current assets: for tangible and intangible non-current assets for which the management and board of directors decide to no longer utilise these in the business operations, an assessment is made at each reporting period as to whether the book value of these non-current assets exceed the recoverable amount. Where the recoverable amount is lower than the book value, an impairment is recognised in the financial results of the Group.
- Provisions for pending disputes: at each reporting period the management and board of directors assesses the potential financial risk to the Group of pending disputes. A provision is recognised in the financial results of the Group only for those disputes which the management and board of directors consider that there is a probable financial risk.
- Provisions for employee benefits: the defined benefit pension liabilities are based on actuarial assumptions such as the discount rate and the expected return on investments in investment funds. For further information, see note 25 – Employee benefits.
- Provisions for employee benefits: the obligations arising from the defined benefit contribution schemes are based on the sum of the positive differences, determined per participant in the scheme, between the minimum guaranteed reserves and the cumulative contributions based on actual yield on balance sheet date. (i.e. the net obligation is based on the deficit valued at the intrinsic value).

2. GROUP CONSOLIDATION

The Group consolidated annual accounts for 2015 include the Entity and nineteen consolidated subsidiaries over which the Entity exercises control (note 35) and two joint ventures over which the Entity does not exercise full management control. On 1 January 2015 FreshMeals Deutschland GmbH was absorbed by Pluma Fleischwarenvertrieb GmbH. On 28 August 2015 the Entity acquired 33% of Stefano Toselli SAS.

The consolidated annual accounts for 2014 included twenty consolidated subsidiaries and one joint venture over which the Entity did not exercise full management control.

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 2015 the Ter Beke Group had a workforce of 1,588 (2014: 1,576) (full-time equivalents on 31 December 2015 and the average number of temporary workers in 2015). 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 intersegment positions. Competitive conditions form the basis for intersegment transfer pricing. The investment expenses per segment include the cost of the acquired assets with an expected useful life of more than one year. In this segment reporting the same accounting principles are used as in the consolidated financial statements.

Both the Processed Meats and Ready Meals divisions sell our products to a large customer base which includes most large European discount and retail customers. The ten largest customer groups represent 67% of the turnover (2014: 65%). Turnover with these customers is realised through a diverse range of contracts and products with various durations, under our own brand as well as under the customers' private labels, and in different countries. While our customer portfolio is diversified, the complete termination of a relationship with a large group of customers could have an impact on our operating activities.

As the turnover between both segments is non-material, the Group 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

	Processed Meats	Ready Meals	Total	Processed Meats	Ready Meals	Total
	2015			2014		
SEGMENT INCOME STATEMENT						
Segment Net turnover	281,716	114,603	396,319	280,410	119,320	399,730
Segment Results	13,713	7,306	21,019	11,404	6,835	18,239
Non-allocated results			-5,190			-4,395
Net financing cost			-1,201			-1,402
Tax			-3,817			-3,637
Share in businesses accounted for using the equity method			-513			-673
Consolidated result			10,298			8,132

SEGMENT BALANCE SHEET						
Segment assets	96,514	26,013	122,527	96,522	26,355	122,877
Non-allocated assets			26,674			18,049
Total consolidated assets			149,201			140,926
Segment liabilities	52,146	24,899	77,045	52,792	23,409	76,201
Non-allocated liabilities			164,483			156,524
Total consolidated liabilities			241,528			232,725

OTHER SEGMENT INFORMATION						
Segment investments	7,545	6,595	14,140	10,138	1,656	11,794
Non-allocated investments			2,780			2,683
Total investments			16,920			14,477
Segment depreciation and non-cash costs	11,724	5,375	17,099	11,019	5,575	16,594
Non-allocated depreciation and non-cash costs			1,345			980
Total depreciation and non-cash costs			18,444			17,574

KEY DATA PER GEOGRAPHICAL REGION

	2015	2014
Third party turnover		
Belgium	160,155	166,025
Netherlands	162,246	155,309
UK	23,096	24,089
Germany	24,320	29,016
Other	26,502	25,291
	396,319	**399,730**
Assets per region		
Belgium	126,502	126,393
Netherlands	61,546	55,433
Other	53,480	50,899
	241,528	**232,725**
Investments per region		
Belgium	13,819	12,728
Netherlands	3,100	1,743
Other	1	6
	16,920	**14,477**
Non-current assets		
Belgium	115,783	107,804
Netherlands	31,546	31,262
Other	1,872	1,860
	149,201	**140,926**

4. OPERATING REVENUES

	2015	2014
Sale of goods	396,319	399,730

In 2015 the total turnover of the Group decreased by EUR 3.4 million (-0.9%) from EUR 399.7 million to EUR 396.3 million.

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

In the Ready Meals Division we see a decline in turnover of EUR 4.7 million (-4%).

The turnover of the Processed Meats Division increased by EUR 1.3 million (+0.5%).

5. TRADE GOODS, RAW AND AUXILIARY ITEMS

	2015	2014
Purchases	208,784	213,229
Change in stocks	-124	4,474
Total	**208,660**	**217,703**

6. SERVICES AND MISCELLANEOUS GOODS

	2015	2014
Interim staff and consultants to the organisation	11,343	9,844
Maintenance and repairs	10,758	10,545
Cost of marketing and sales	16,854	16,775
Transport Costs	14,148	13,821
Gas and electricity	8,288	8,224
Rent	6,259	5,869
Advisory expenses and consultants	8,342	5,612
Other	4,820	4,775
Total	**80,812**	**75,465**

Items such as insurance and office expenses are recognised under ‘Other’.

7. EMPLOYEE EXPENSES

In 2015 employee expenses amounted to EUR 74,110,000 compared to EUR 76,001,000 in 2014.

Employee expenses can be analysed as follows:

	2015	2014
Wages and salaries	50,521	51,595
Social security contributions	16,214	16,970
Other wages and salaries	7,375	7,436
Total	**74,110**	**76,001**
Number of employees expressed in FTEs (excl. temporary employees)	1,348	1,357

8. WRITE-DOWNS AND PROVISIONS

	2015	2014
Impairments	9	2
Provisions	558	69
Total	**567**	**71**

9. OTHER OPERATING INCOME AND EXPENSES

	2015	2014
Recovery of wage-related costs	494	583
Recovery of logistics costs	53	110
Government grants	0	17
Profits from the disposal of assets	77	65
Insurance recoveries	145	203
Local taks recoveries	1,275	0
Amortization	-53	-5
Local tax	-1,278	-963
Compensation	53	372
Other	770	475
Total	**1,536**	**857**

The recovery of local tax concerns reclaimed local tax from previous financial years.

10. RESULT OF OPERATING ACTIVITIES

	2015	2014
Profit from operating activities (EBIT)	15,829	13,844
Restructuring costs	1,506	2,330
Impairment Binet	1,259	0
Current net profit from operating activities (REBIT)	18,594	16,174
EBITDA	34,273	31,418
Restructuring costs	1,506	2,330
REBITDA	**35,779**	**33,748**

The REBITDA rose by EUR 2.1 million (+6.3%) from EUR 33.7 million in 2014 to EUR 35.8 million in 2015.

This is due to the increased turnover in the second half of the year as well as the continued focus on the profitability of the product range and extensive cost control in both divisions.

However, the cost control measures are not preventing the Group from working on various developments for the future.

Extensive market research conducted in Belgium, the Netherlands, England and Germany provides us with valuable insights into the needs of the end consumer. This inspires our Research and Development Department to work in a focused manner on innovative products and concepts.

We prefer to offer the most high-quality innovations under our consumer brands. In 2015, we launched successful salami, poultry and cooked ham products under the Daniel Coopman® brand. The restyling of the packaging, continuous upgrade in quality and the new products launched under the Come a casa® brand in 2015 have been much appreciated by Belgian consumers. For the development of private label products, we continuously work together with our customers on the desired improvement and innovations in our product range.

Additional investments in efficiency improvements in the factories and the investment in ERP software have allowed us to optimise our business processes.

As we announced last year, the remuneration of the CEO consists partly of a remuneration for exceptional growth of shareholder value at the end of his mandate, expected in 2018. Based on the current results a provision of EUR 0.6 million has already been created. The recurring depreciations decreased by EUR 0.9 million.

11. FINANCIAL INCOME

	2015	2014
Interest income	196	206
Positive translation differences	0	0
Other	280	25
Total	**476**	**231**

12. FINANCIAL EXPENSES

	2015	2014
Interest cost on loans	988	1,205
Interest cost on leasing	0	121
Negative translation differences	509	18
Bank charges	140	116
Revaluation of financial instruments	0	39
Other	40	134
Total	**1,677**	**1,633**

13. TAXES

	2015	2014
Tax on profits		
Financial year	4,480	4,440
Previous financial years	132	45
Deferred tax liabilities		
Effect of temporary differences	-795	-848
Total tax in the income statement	**3,817**	**3,637**

The tax rate in Belgium amounts to 33.99% (2014: 33.99%). For the other countries, the tax rates applicable in those countries are used.

	2015	2014
RELATIONSHIP BETWEEN TAX BURDEN AND THE ACCOUNTING PROFIT		
Accounting profit before tax	14,628	12,442
Tax at Belgian tax rate (2015 : 33.99% and 2014 : 33.99%)	4,972	4,229
Effect of the different tax rates of the foreign companies	-1,651	-637
Effect of the expenses not deductible for tax purposes	783	462
Deferred tax assets and liabilities in result	0	0
Realisation of previously unrecognised deferred tax assets	-285	-194
Notional interest deduction	-329	-372
Other effects	327	149
Actual tax burden	**3,817**	**3,637**
Effective tax percentage	26.1%	29.2%

14. GOODWILL

	2015	2014
GOODWILL		
Start of the financial year	36,944	36,944
Acquisitions	0	0
Transfers and decommissioning	0	0
Translation differences	0	0
End of the financial year	**36,944**	**36,944**
IMPAIRMENTS		
Start of the financial year	1,740	1,740
Impairment losses	0	0
Transfers and decommissioning	0	0
End of the financial year	**1,740**	**1,740**
NET BOOK VALUE	**35,204**	**35,204**

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

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

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

In 2015 the goodwill amounted to EUR 29,096,000 (2014: EUR 29,096,000) for processed meat products and EUR 6,108,000 (2014: EUR 6,108,000) for ready meals.

The impairment analysis described above is based on:

- The budget estimate for the following year of the own operational cash flows for each segment individually. This budget estimate is the result of a detailed analysis of all known and estimated developments in turnover, margin and costs adjusted to the commercial environment for each segment. Here, equilibrium is sought between challenge and realism.
- These cash flows are extrapolated over five years bearing in mind:
  - Average turnover growth of the Ter Beke Group over the previous ten years. Furthermore, senior management considers this percentage, +1.9%, (2014: 1.9%) to be a realistic estimate for the coming years for both segments.
  - Estimated EBITDA margin. This margin is in line with the projections for the coming year and with the longer term targets for each segment.
  - Estimated tax burden on the operational cash flow. Estimates are based on the average of the Belgian and Dutch tax rates for processed meat products and the higher Belgian rate for ready meals. This takes account of where the cash flows are taxed.
  - For each year the cash flows calculated in this manner are adjusted with the estimated replacement investment required to maintain the current production facilities in an operational status and with the movement in working capital. This is different for each segment.
  - As residual value the cash flow as calculated above is extrapolated from the 5th year onwards without further growth.
  - All these cash flows are capitalised at the weighted average cost of capital (WACC) of 6.38% (2014: 6.73%) after tax, as estimated by Bank Degroof Petercam. The calculation is based on a desired equity/debt ratio of 35/65 (2014: 35/65), an average tax rate of 29% (2014: 29%), a return on investment of 8.0% (2014: 8.6%) and a gross cost of loan capital of 4.7% (2014: 4.7%). The risks in both segments are sufficiently related to justify using one and the same WACC.

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

If the discount rate is increased by 1%, the difference between the estimated realisable value and the book value decreases by 25% in Processed Meats and 18% in Ready Meals. Each time the ratio of EBITDA to sales decreases by 1% for both divisions, these differences decrease by 23% and 10% respectively. Each time the drop in the turnover growth after 2016 decreases by 1%, the difference between the estimated realisable value and the book value decreases by 18% in Processed Meats and 18% in Ready Meals.

If the three parameters described above simultaneously decrease by 1%, the difference between the estimated realisable value and the book value decreases by 54% in Processed Meats and 39% in Ready Meals. If the three parameters described above simultaneously increase by 1%, the difference between the estimated realisable value and the book value increases by 130% in Processed Meats and 79% in Ready Meals.

15. INTANGIBLE NON-CURRENT ASSETS

	Software	R&D	Total	Software	R&D	Total
	2015			2014		
ACQUISITION VALUE						
Start of the financial year	17,357	156	17,513	15,096	156	15,252
Group consolidation extension			0			0
Acquisitions	2,692		2,692	2,261		2,261
Transfers and decommissioning	-78		-78			0
Transfer from / to other entries			0			0
End of the financial year	**19,971**	**156**	**20,127**	**17,357**	**156**	**17,513**
DEPRECIATION						
Start of the financial year	13,942	156	14,098	13,003	104	13,107
Group consolidation extension			0			0
Depreciation*	697		697	939	52	991
Transfers and decommissioning	-78		-78			0
End of the financial year	**14,561**	**156**	**14,717**	**13,942**	**156**	**14,098**
NET BOOK VALUE	**5,410**	**0**	**5,410**	**3,415**	**0**	**3,415**

In 2015 and 2014 no additional costs for development activities were capitalised. The increase in 2015 is due to the investment in a new ERP package. In 2015, investments in intangible non-current assets amounted to EUR 2.7 million.

16. TANGIBLE NON-CURRENT ASSETS

	Land and buildings	Installations, machines and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
				2015			
ACQUISITION VALUE							
Start of the financial year	95,185	227,257	2,722	280	81	115	325,640
Group consolidation extension							0
Acquisitions	711	11,829	22			1,666	14,228
Transfers and decommissioning		-5,783	-88	-181			-6,052
Transfer from / to other entries		98				-98	0
Translation differences							0
End of the financial year	**95,896**	**233,401**	**2,656**	**99**	**81**	**1,683**	**333,816**
DEPRECIATION							
Start of the financial year	58,064	176,017	2,512	280	81	0	236,954
Group consolidation extension							0
Depreciation*	2,305	13,663	106				16,074
Transfers and decommissioning		-5,720	-87	-181			-5,988
Translation differences							0
End of the financial year	**60,369**	**183,960**	**2,531**	**99**	**81**	**0**	**247,040**
IMPAIRMENT							
Start of the financial year	0	0	0	0	0	0	0
Group consolidation extension							0
Addition*	1,259						1,259
Reduction*							0
Transfers and decommissioning							0
End of the financial year	**1,259**	**0**	**0**	**0**	**0**	**0**	**1,259**
NET CAPITAL GRANTS							
Start of the financial year	329	328	8	0	0	0	665
Group consolidation extension							0
New allocations							0
Other							0
Depreciation*	-23	-130					-153
End of the financial year	**306**	**198**	**8**	**0**	**0**	**0**	**512**
NET BOOK VALUE AS PER 31 DECEMBER 2015	**33,962**	**49,243**	**117**	**0**	**0**	**1,683**	**85,005**

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

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.

In 2015 the Group invested EUR 16.9 million of which EUR 14.2 million in tangible non-current assets. These investments relate primarily to the continuation of various efficiency and infrastructure investments in all sites of the Group.

The buildings and properties of Binet SA, worth EUR 3 million, are no longer used for the business activities.

17. PARTICIPATIONS ACCORDING TO EQUITY METHOD

	2015	2014
Joint venture	2,754	3,675
Associated companies	9,881	0
Total	**12,635**	**3,675**

STEFANO TOSELLI SAS

On 28 August 2015, Ter Beke and GS & DH Holding, the sole shareholder in the French company Stefano Toselli SAS (a ready meals producer), signed an agreement whereby Ter Beke acquired a 33% minority interest in Stefano Toselli SAS, effective immediately.

	2015
ABBREVIATED INCOME STATEMENT	
Operating income	72,515
Operating expenses	-67,368
Financial result	-84
Exceptional result	-3
Results before tax	5,060
Taxes	-1,183
Result participation	-611
Net result	**3,266**

	2015
ABBREVIATED BALANCE SHEET	
Tangible non-currents assets	10,270
Financial fixed assets	1,090
Stocks	2,235
Other receivables	13,291
Cash and cash equivalents	6
Total assets	**26,892**
Shareholders' equity	15,600
Long-term interest-bearing liabilities	1,678
Short-term interest-bearing liabilities	9,614
Total equity and liabilities	**26,892**

The figures stated above are prepared in accordance with local French accounting principles. In 2015, a result of EUR 0.5 million was recognised in the Ter Beke accounts (33% of the result of the period September – December 2015). As the analysis concerning possible IFRS restatements has not yet been finalised, no additional IFRS corrections were performed in 2015. There are no constraints on the transfer of funds between Stefano Toselli SAS and the Ter Beke Group.

THE JOINT VENTURE: PASTA FOOD COMPANY

The French company Stefano Toselli (Caen, Normandy) and the Belgian listed company Ter Beke have agreed a joint venture to market chilled lasagne and pasta meals in Central and Eastern Europe. The business plan also includes the construction of an automated production site in Central Europe which will manufacture exclusively for the Central and Eastern European markets. For this purpose, a joint holding company (50/50) was established by Ter Beke and YHS Holdings (YHS), the holding company that controls Stefano Toselli. For Ter Beke, the agreements include a call option on the share of YHS in the joint venture as well as on the shares of Stefano Toselli. The valuation formulas for these call options, which may be exercised in 2018, are based on cash flows and on generally accepted market multiples. Within the framework of the long-term collaboration between the partners, in 2011 Ter Beke issued a EUR 5 million loan to YHS and in 2012 to GS & DH Holding. 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 of Pasta Food Company. The Group recognises this joint venture according to the equity accounting method. This means that the investments are recognised in the balance sheet under the Group's share (50%) in the equity of the joint venture. The joint venture's non-audited balance sheet and income statement are as follows (in Zloty x 1000) according to Polish accounting principles:

	2015	2014
ABBREVIATED INCOME STATEMENT		
Operating income	25,470	19,586
Operating expenses	-30,350	-25,068
Financial result	-2,007	-117
Results before tax	-6,887	-5,599
Net result	**-6,887**	**-5,599**

ABBREVIATED BALANCE SHEET		
Tangible non-currents assets	83,878	90,009
Stocks	1,213	0
Other receivables	5,004	5,603
Cash and cash equivalents	0	603
Total assets	**90,095**	**96,215**
Shareholders' equity	23,487	33,315
Long-term interest-bearing liabilities	51,654	45,889
Short-term interest-bearing liabilities	14,954	17,011
Total equity and liabilities	**90,095**	**96,215**

In 2015 the Ter Beke Group issued a new loan of EUR 350,000 to the Pasta Food Company to finance liquidity shortages. As at 31 December 2014, Ter Beke had a subordinated loan of EUR 500,000 for financing the investments in the Pasta Food Company. This loan matures in 2018.

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

There are no restrictions on the transfer of funds from the joint venture to the joint venture partners.

18. OTHER LONG-TERM RECEIVABLES

	2015	2014
Receivable Pasta Food Company	850	500
Receivables and securities in cash	97	111
Total	**947**	**611**

As of 31 December 2015 Ter Beke has issued a new loan of EUR 350,000 to the Pasta Food Company. The subordinated loan of EUR 500,000 issued within the framework of the financing of the Pasta Food Company's investments was issued in 2014. This loan matures in 2018. The loan bears a market-based interest.

19. LONG-TERM INTEREST-BEARING RECEIVABLES

Within the framework of the long-term collaboration between the partners in the joint venture (see Note 17) Ter Beke issued a EUR 5 million loan to YHS in 2011 and to GS & DH Holding 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.

	2015	2014
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:

	2015	2014
Debts	-110	-55
Tangible non-current assets	5,483	6,910
Receivables	801	801
Provisions	-550	-570
Transferred losses	228	0
Transferred losses less other items	0	-416
Deferred tax assets and liabilities	**5,852**	**6,670**

In 2015 the Group did not acknowledge EUR 8,748,000 (EUR 9,003,000 in 2014) in deferred tax assets on transferable notional losses 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

	2015	2014
Raw and auxiliary materials	12,872	13,092
Work in progress	2,917	3,039
Finished products	4,382	3,985
Goods for resale	250	181
Total	**20,421**	**20,297**

22. TRADE AND OTHER RECEIVABLES

	2015	2014
Trade receivables	56,989	52,713
VAT to be reclaimed	2,200	1,953
Tax to be reclaimed	503	484
Adjustment accounts	1,499	1,287
Receivable interest	9	12
Empties	3,649	4,291
Other	11	37
Total	**64,860**	**60,777**

Our trade receivables are not interest-bearing.

The average number of days of customer credit for the Group is 52 days (2014: 48 days). This number of days is distorted because of the strong sales in the fourth quarter of both years and in 2015 in particular.

In 2015, impairments on trade receivables to the value of EUR 9,000 were recognised as a cost in the income statement (EUR 0 in 2014). The percentage of trade receivables owed older than 60 days amounted to less than 2% in 2015 and 2014.

23. CASH AND CASH EQUIVALENTS

	2015	2014
Current accounts	7,041	10,718
Cash	5	7
Total	**7,046**	**10,725**

24. SHAREHOLDERS' EQUITY

The various components of the shareholders' equity, together with the changes between 31 December 2015 and 31 December 2014 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 2015, 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 2015 the Group held no treasury shares compared to no treasury shares on 31 December 2014.

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 24 February 2016, the Board of Directors proposed paying out EUR 6,064,173.50 or EUR 3.50 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 2015 the total net debt for pension schemes and similar liabilities was EUR 3,061,000. On 31 December 2014 this was EUR 2,288,000.

	Obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2014	**1,931**	**31**	**1,962**
Group consolidation extension			0
Service costs	129		129
Interest costs	55		55
Actuarial effect by OCI	281		281
Payments			0
Allocations and redemptions		-31	-31
Other	-108		-108
31 December 2014	**2,288**	**0**	**2,288**
Group consolidation extension			0
Service costs	136		136
Interest costs	31		31
Actuarial effect by OCI	69		69
Payments			0
Allocations and redemptions		633	633
Other	-155	59	-96
31 December 2015	**2,369**	**692**	**3,061**

The primary actuarial assumptions are:

	Belgium	France	Belgium	France
	2015		**2014**	
Discount rate	0.75%	1.30%	1.40%	2.30%
Future salary increases including inflation	2.30%	4.00%	2.50%	4.00%
Inflation	1.80%	2.00%	2.00%	2.00%

IAS 19	2015	2014
DEFINED BENEFIT PENSION SCHEMES		
Net liability / (asset)	**2,369**	**2,288**
Of which liabilities	2,714	2,647
Of which investments in investment funds	-345	-359
Amounts recognised in the income statement:		
Pension costs allocated to the year of employment	136	129
Interest charges	31	55
Expected return on investments in investment funds	0	0
Recognised actuarial (profits) / losses	-1	5
Past service pension costs	0	0
Losses/ (profits) from curtailments or settlements	0	0
Administrative expenses	1	2
Cost recognised in the income statement regarding defined benefit pension schemes	**167**	**191**
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	**69**	**281**
Recognised actuarial (profits)/losses	69	281
Cumulative of via OCI recognised actuarial results at the beginning of the period	0	0
Present value of the gross liability at the beginning of the year	**2,647**	**2,346**
Employer's contributions	0	0
Interest charges	36	68
Pension costs allocated to the year of employment	133	125
DBO profit (loss) for the period	98	294
Others	-200	-186
Present value of the gross liability at the end of the year	**2,714**	**2,647**
Fair value of the investments in investment funds at the beginning of the year	**-359**	**-415**
Expected employer's contributions	-160	-170
Expected benefits paid (excl. interest)	136	140
Expected return on investments in investment funds	0	0
Expected tax on contributions paid	3	4
Expected administrative expenses	1	2
Expected value of the investments in investment funds at the end of the year	**-379**	**-439**
Fair value of the investments in investment funds at the beginning of the year	**-359**	**-415**
Actual employer's contributions	-153	-116
Actual benefits paid	201	188
Interest revenue	-5	-13
Actual tax on contributions paid	2	3
Actual administrative expenses	1	2
Actuarial profit (losses) on the investments in investment funds	-32	-8
Fair value of the investments in investment funds at the end of the year	**-345**	**-359**

DEFINED CONTRIBUTION SCHEMES

In 2014 we reported that the Ter Beke companies contribute to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group's companies will have no further payment obligations, because the minimum guaranteed reserves are covered by the value of the fund investments.

Pursuant to the legislation of 18 December 2015 the minimum guaranteed returns obtained are as follows:

- For the contributions that will be paid after 1 January 2016, the variable minimum return is determined based on the Belgian government Linear bond (OLO) interest rate, with a minimum of 1.75% and a maximum of 3.75%. Considering the low OLO interest rate in the past year, the minimum guaranteed return has been locked at 1.75%.
- For the contributions paid at the end of 2015, the statutory return on investment will remain at 3.25%, respectively 3.75%, applicable to employees already retired.

Because these pension schemes guarantee a minimum return on investment, they are treated as defined benefit plans.

Given the delays in the publication of the new law, Ter Beke was not able to complete the actuarial calculations according to the PUC method. From an analysis of the pension schemes and the limited difference between the statutory guaranteed minimum return on investment and the interest guaranteed by the insurance company, Ter Beke determined that the application of the PUC method does not have a material impact.

The periodic contributions constitute a cost for the year in which they are owed. In 2015 this cost amounted to EUR 1,972,000 and in 2014 this was EUR 1,712,000.

Costs regarding IAS 19 are booked under employee expenses. The interest component is recognised in the financial result.

OTHER PROVISIONS

The other provisions include restructuring provisions, severance payments and the provision for additional remuneration to the CEO for the creation of exceptional growth of shareholder value at the end of his mandate. Based on the current results a provision of EUR 0.6 million has been created.

26. INTEREST-BEARING LIABILITIES

	Maturity period			
	within the year	between 1 and 5 years	after 5 years	Total
INTEREST-BEARING OBLIGATIONS 2015				
Credit institutions	10,965	35,596	4,797	51,358
Lease liabilities	0	0	0	0
Total	**10,965**	**35,596**	**4,797**	**51,358**
INTEREST-BEARING OBLIGATIONS 2014				
Credit institutions	14,032	34,717	1,542	50,291
Lease liabilities	0	0	0	0
Total	**14,032**	**34,717**	**1,542**	**50,291**

Loans from credit institutions include:

- long-term loans with a fixed interest rate for the sum of EUR 36,315,000;
- long-term loans for which the interest rates are regularly reviewed for agreed periods of less than one year for the sum of EUR 15,043,000;
- no short-term loans for agreed periods of less than 1 year.

	2015	2014
Loans with fixed interest rate	1.91%	2.22%
Loans with variable interest rate	1.48%	1.68%

Minimum payments to credit institutions (including interest) in 2015:

	2015	2014
less than 1 year	11,908	15,028
more than 1 year and less than 5 years	37,033	36,065
more than 5 years	4,892	1,811

The Group has sufficient short-term credit lines to fulfil its short-term requirements. The Group did not pledge any assets, nor were any guarantees given by third parties to obtain the credit lines with the institutions mentioned above. The financial covenants are based on the net debt to EBITDA ratio and the consolidated equity to total consolidated assets ratio. The Group conforms to these covenants in 2014 and 2015.

27. TRADE LIABILITIES AND OTHER DEBTS

	2015	2014
Trade liabilities	55,339	53,828
Dividends	89	88
Other	3,402	3,662
Total	**58,830**	**57,578**
Of which empties	2,676	2,620

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

28. RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rates.

In 2011 the company agreed a CAP without repayments for EUR 5 million for which interest rate increases have been limited to a pre-determined rate until 31 March 2016. The market value at 31 December 2015 amounted to EUR 0 (EUR 0 in 2014).

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 2015, the Group had a net position in pound sterling of 1,901,000 (on 31 December 2014 this position was GBP 2,061,000). As hedge against exchange rate risk, on 31 December 2015 the Group had forward contracts for the sale of GBP 4,465,000 to EUR. On 31 December 2014 the Group had forward contracts for the sale of GBP 4,080,000 to EUR.

CREDIT RISK

The credit risk is the risk that one of the contracting parties fails to honour its obligations with regard to the financial instrument, giving rise to a loss for the other party. Both the Processed Meats and Ready Meals divisions sell our products to a large customer base which includes most large European discount and retail customers. Turnover with these customers is realised through a diverse range of contracts and products with various durations, under our own brand as well as under the customers' private labels, and in different countries. The ten largest customer groups represent 67% of the turnover (2014: 65%). 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 counterparties 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:

	2015	2014
less than 1 year	2,151	2,141
more than 1 year and less than 5 years	7,570	7,195
more than 5 years	8,058	9,598
Total	**17,779**	**18,934**

30. OUTSTANDING LEGAL DISPUTE

On 7 February 2014 Ter Beke was summoned by the Greek company Creta Farms because of an alleged breach of a confidentiality agreement 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. For this reason no provision has been recognised in the consolidated annual accounts. In early 2015, Creta Farms reduced its claim to EUR 1.1 million.

31. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

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

The total purchase obligations concerning major investment projects for which the respective contracts had already been assigned or orders placed amounted on 31 December 2015 to EUR 1,698,000 (2014: EUR 1,775.000).

32. TRANSACTIONS WITH AFFILIATED PARTIES

TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

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

Only the CEO is paid a cash allowance on termination of his contract, if at that time an exceptional growth of the Group equity value has been realised. This remuneration will be equal to an agreed percentage of the exceptional growth of the Group equity value realised. Each year the Board of Directors evaluates whether a provision should be created for the application of the prevailing rules. The assessment will take account of the exceptional added value at the end of the previous financial year and the extent to which it is more than probable that this extraordinary added value will still exist on the expiry date. This probability is influenced by both market expectations and the proximity of the end date. At the close of 2014 no provision for added value was made. In 2015 as provision was made amounting to EUR 633,000.

The remuneration received by members of the Board of Directors and the Executive Committee during the 2015 financial year are summarised in the table below.

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

in EUR million	2015	2014
Remuneration Board members Ter Beke NV for the execution of their mandate	0.2	0.2
Total cost for the CEO, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV	0.6	0.6
Total cost to the group for members of the Executive Committee, excluding the remuneration paid for the execution of their Board membership within Ter Beke NV (amount 2015 includes the redundancy fee for Marc Lambert, amount 2014 includes the redundancy fees for Annie Vanhoutte and Asadelta Consulting VOF)	2.1	1.9

TRANSACTIONS WITH OTHER PARTIES

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

For 2014 and 2015 no reports were received from directors or management within the framework of the provisions concerning related transactions, as included in the Corporate Governance Charter. For the application of the conflict of interest rules (articles 523 and 524 of the Belgian Company Code) we refer to the annual report chapter on Corporate Governance (see above).

33. PROFIT PER SHARE

BASIC EARNINGS PER SHARE

The calculation of the basic profit per share is based on assigning a net profit to the ordinary shareholders of EUR 10,298,000 (2014: EUR 8,132,000) and a weighted average number of outstanding ordinary shares during the year of 1,732,621 (2014: 1,732,621).

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

	2015	2014
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	10,298	8,132
Average number of shares	1,732,621	1,732,621
Profit per share	5.94	4.69

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 2015 and 2014 there were no potential ordinary shares that could give rise to dilution.

	2015	2014
Net profit	10,298	8,132
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	5.94	4.69

34. IMPACT OF BUSINESS COMBINATIONS

No business combinations were conducted in 2015 and 2014.

35. GROUP COMPANIES

The parent company of the Group, Ter Beke NV, Beke 1, B-9950 Waarschoot, Belgium, was directly or indirectly the parent company of the following companies as per 31 December 2015:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproduktie NV - Beke 1, 9950 Waarschoot - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Waarschoot - Belgium	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spain	100
Ter Beke Luxembourg SA - 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - Parc d' Activités Annecy - La Ravoire - Metz-Tessy, 74371 Pringy Cedex - France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Binet SA - Route de Hermée 2, 4040 Herstal - Belgium	100
TerBeke-Pluma UK Ltd - Hillbrow Road, Esher, Surrey KT10 9NW - UK	100
Pluma Fleischwarenvertrieb GmbH - Ostwall 175, 47798 Krefeld - Germany	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals NV - Beke 1, 9950 Waarschoot - Belgium	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk - Netherlands	100
Pasta Food Company Sp. z.o.o. - Ul. Pólnocna 12 - 45-805 Opole - Poland	50
Stefano Toselli SAS - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Canon - France	33

36. IMPORTANT EVENTS AFTER BALANCE SHEET DATE

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

37. STATUTORY AUDITOR'S FEES

In relation to the 2015 financial year, 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 31,000. These fees concern tax consultancy assignments, among others. The Statutory Auditor invoiced the Ter Beke Group a fee of EUR 185,000 with regard to the statutory audit.

ABBREVIATED FINANCIAL STATEMENTS OF TER BEKE NV

BALANCE SHEET

	2015	2014
Fixed assets	**105,889**	**94,277**
I. Formation expenses	0	0
II. Intangible fixed assets	351	264
III. Tangible fixed assets	5,569	3,823
IV. Financial fixed assets	99,969	90,190
Current assets	**94,938**	**81,068**
V. Amounts receivables after more than 1 year	10,020	10,020
VI. Stocks	0	0
VII. Amounts receivables after within 1 year	82,036	66,122
VIII. Current investments	0	0
IX. Cash and cash equivalents	2,064	4,484
X. Accrued and deferred accounts	818	442
Total assets	**200,827**	**175,345**

Shareholders' equity	**74,859**	**80,645**
I. Capital	4,903	4,903
II. Share premiums	48,288	48,288
IV. Reserves	3,360	3,360
Legal reserves	649	649
Unavailable reserves	1,457	1,457
Tax-free reserves	679	679
Available reserves	575	575
V. Transferred result	18,308	24,094
Provisions and deferred taxes	**633**	**0**
Provisions for risks and costs	633	0
Deferred taxes	0	0
Debts	**125,335**	**94,700**
X. Debts payable after 1 year	19,768	12,525
XI. Debts payable within 1 year	105,534	82,159
XII. Accrued and deferred accounts	33	16
Total liabilities	**200,827**	**175,345**

INCOME STATEMENT

	2015	2014
Operating income	**15,001**	**13,680**
Turnover	0	0
Change in stocks	0	0
Produced fixed assets	0	0
Other operating income	15,001	13,680
Operating costs	**14,851**	**12,894**
Trade goods, raw and auxiliary materials	0	0
Services and miscellaneous goods	9,233	8,237
Remuneration, social security costs and pensions	4,023	3,905
Depreciation and write-offs on intangible fixed assets and tangible fixed assets	945	742
Write-offs on stocks and trade receivables	0	0
Provisions for risks and costs	633	0
Other operating costs	17	10
Operating result	**150**	**786**
Financial income	723	12,963
Financial charges	-370	-384
Result from ordinary business operations before tax	**503**	**13,365**
Exceptional income	0	12
Exceptional charges	0	0
Profit before tax	**503**	**13,377**
Tax on profits	-225	-687
Result for the financial year after tax	**278**	**12,690**

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.

CONSOLIDATED KEY FIGURES 2011-2015

CONSOLIDATED INCOME STATEMENT	2015	2014	2013	2012	2011
Revenue	396,319	399,730	407,202	421,078	403,715
EBITDA (1)	34,273	31,418	28,602	31,130	33,233
Recurring operating result	18,594	16,174	12,757	13,948	15,333
Non-recurring operating activities	-2,765	-2,330	-2,159	-380	0
Result of operating activities	15,829	13,844	10,598	13,568	15,333
Result after tax before share in the result of enterprises is accounted for using the equity method	10,811	8,805	6,313	8,024	9,206
Result after taxes	10,298	8,132	6,202	8,207	9,006
Net cash flow (2)	29,255	26,379	24,317	25,586	27,106
CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE					
Non-current assets	149,201	140,926	144,493	154,380	153,192
Current assets	92,327	91,799	96,183	95,177	99,744
Equity	108,843	102,815	99,489	98,036	93,879
Balance sheet total	241,528	232,725	240,676	249,557	252,936
Net financial debt (3)	34,312	29,566	40,823	51,476	59,619
Net financial debt / Equity	31.5%	28.8%	41.0%	52.5%	63.5%
Equity / Balance sheet total	45.1%	44.2%	41.3%	39.3%	37.1%
STOCK AND DIVIDEND INFORMATION					
Number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average stock price (December)	96.51	61.99	56.94	47.81	49.67
Profit per share	5.94	4.69	3.58	4.74	5.20
Diluted profit per share	5.94	4.69	3.58	4.74	5.20
EBITDA per share	19.78	18.13	16.51	17.97	19.18
Net cash flow per share	16.88	15.22	14.03	14.77	15.64
Dividend per share	3.50	2.50	2.50	2.50	2.50
Payout ratio	49.13%	53.27%	69.84%	52.7%	48.1%
Dividend return (December)	3.1%	4.0%	4.4%	5.2%	5.0%
VALUATION					
Market capitalisation (December)	167,215	107,405	98,655	82,837	86,059
Net financial debt	34,312	29,566	40,823	51,476	59,619
Market value of the company	201,527	136,971	139,478	134,313	145,678
Market value / Result	18.6	15.6	22.1	16.7	15.8
Market value / EBITDA	5.9	4.4	4.9	4.3	4.4
Market value / Net cash flow	6.9	5.2	5.7	5.2	5.4

(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

DECLARATION BY THE RESPONSIBLE PERSONS

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

– the financial statements for the financial year 2015 and 2014, 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

* Representing Fidigo NV

REPORT FROM THE STATUTORY AUDITOR ON THE CONSOLIDATED ANNUAL ACCOUNTS

TER BEKE NV
STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The original text of this report is in Dutch

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 2015, the consolidated income statement, the consolidated overview of the comprehensive result, 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 241,528 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 10,298 (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 2015, 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.

Gent, 15 April 2016
The statutory auditor

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

COLOPHON

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

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