



Annual **2008** report

vandemoortele



Key financial figures

Million Euro	2004 BEGAAP	2005 BEGAAP	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS ¹
Revenue	803,6	857,0	838,3	867,0	972,2	1.227,8
Operational cash flow (EBITDA)	72,3	88,2	84,9	88,7	79,4	86,5
Depreciation, amortisation & write-offs ²	(30,5)	(34,7)	(34,8)	(37,2)	(41,4)	(51,1)
Amortisation of goodwill	(1,5)	(3,4)	0,0	0,0	0,0	0,0
Operational profit (EBIT)	40,2	50,1	50,2	51,4	38,0	35,4
Net financial income / (expense) ³	(5,0)	(4,0)	(4,0)	(7,5)	(9,6)	(50,2)
Pre-tax current profit / (loss)	35,2	46,1	46,2	43,9	28,4	(14,8)
Net extraordinary income / (expense)	(1,9)	(2,6)	0,0	0,0	0,0	0,0
Pre-tax profit / (loss)	33,3	43,5	46,2	43,9	28,4	(14,8)
Income tax expense	(7,6)	(9,9)	(10,6)	(13,8)	(2,6)	2,8
Result according to the equity method	1,3	1,4	2,2	1,9	1,1	1,0
Profit / (loss) (EAT)⁵	27,1	35,0	37,8	32,0	26,9	(11,0)

Net fixed assets (NFA)	312,0	332,8	314,9	361,8	372,0	713,5
Working capital need (WCN)	73,8	87,1	87,1	98,1	102,9	96,8
Capital employed	385,8	419,9	402,0	459,9	474,9	810,3
Equity	220,6	251,1	229,9	257,2	288,8	253,4
Provisions and others	46,8	55,3	58,1	61,7	53,2	59,1
Net financial debt (NFD)	118,4	113,5	114,0	141,1	132,9	497,8
Capital provided	385,8	419,9	402,0	459,9	474,9	810,3

Ratios						
Operational cash flow / net sales	9,0%	10,3%	10,1%	10,2%	8,2%	7,0%
Operational profit (loss) / net sales	5,0%	5,8%	6,0%	5,9%	3,9%	2,9%
Net profit (loss) / net sales	3,4%	4,1%	4,5%	3,7%	2,8%	(0,9%)
NFD / equity	53,7%	45,2%	49,6%	54,8%	46,0%	196,4%
NFD / operational cash flow (EBITDA)	1,6	1,3	1,3	1,6	1,7	5,8
EBIT / capital employed ⁴	10,4%	11,9%	12,5%	11,2%	8,0%	6,9%
CAPEX	35,7	57,8	57,2	64,4	51,3	70,1

¹ including Panavi as of August 2008 = 5 months.

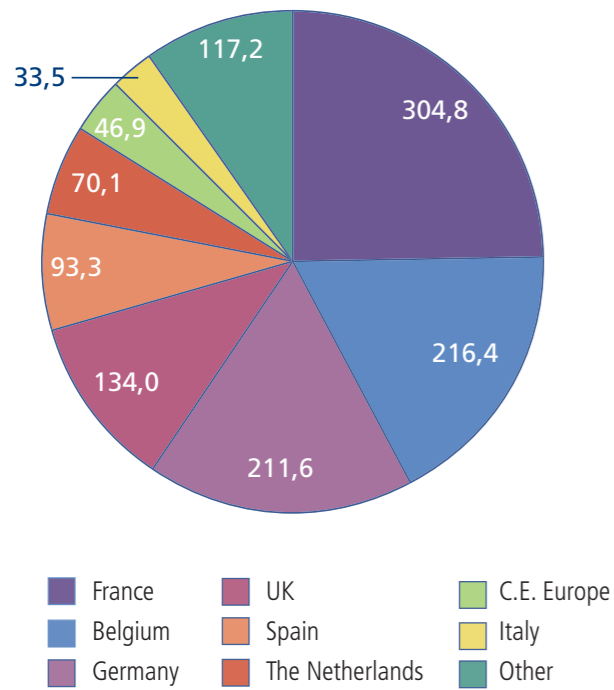
² as from 2008, write-offs on receivables and inventories are excluded from EBITDA. Prior periods are not restated.

³ including revaluation interest hedging derivatives.

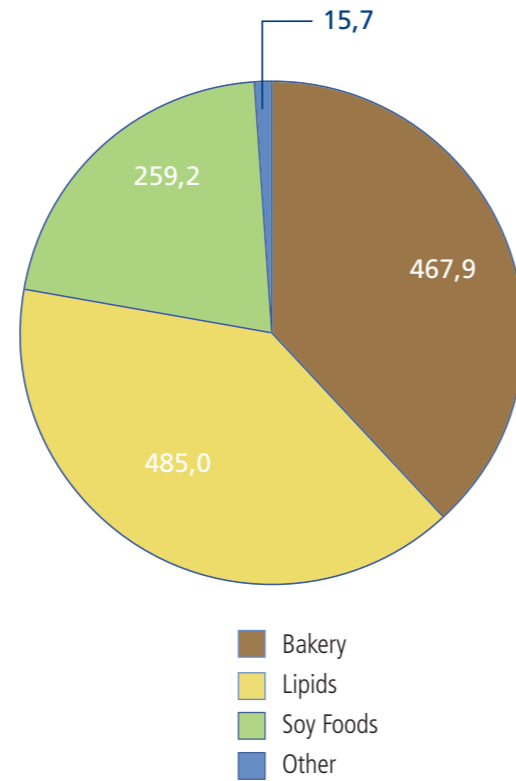
⁴ before tax - acquisitions are not included in the capital employed in the first year of the acquisition.

⁵ share of the Group (10,8) million Euro.

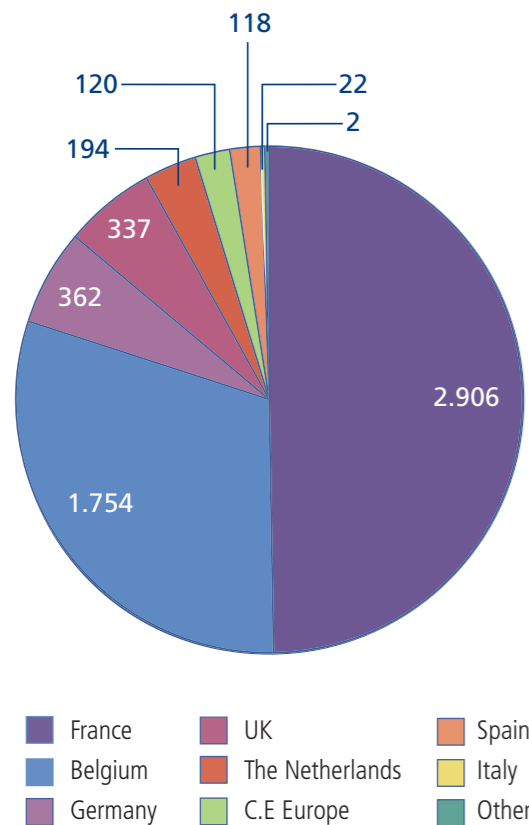
**Revenue per region 2008
(million Euro)**



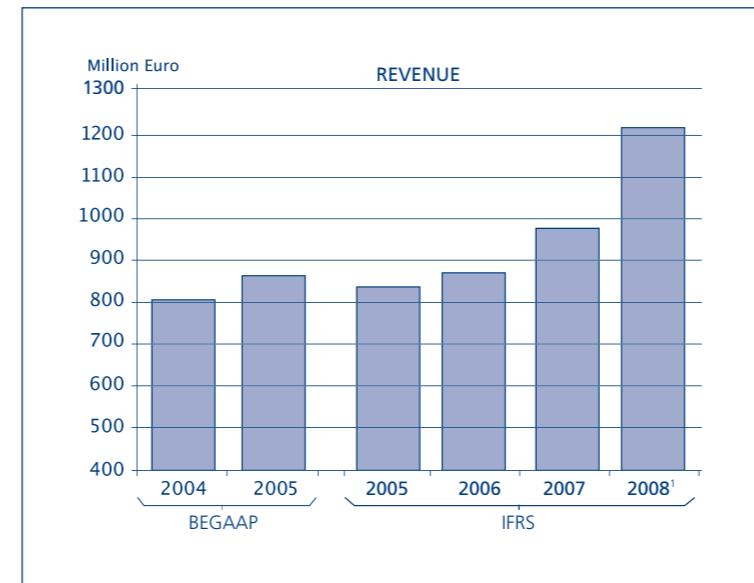
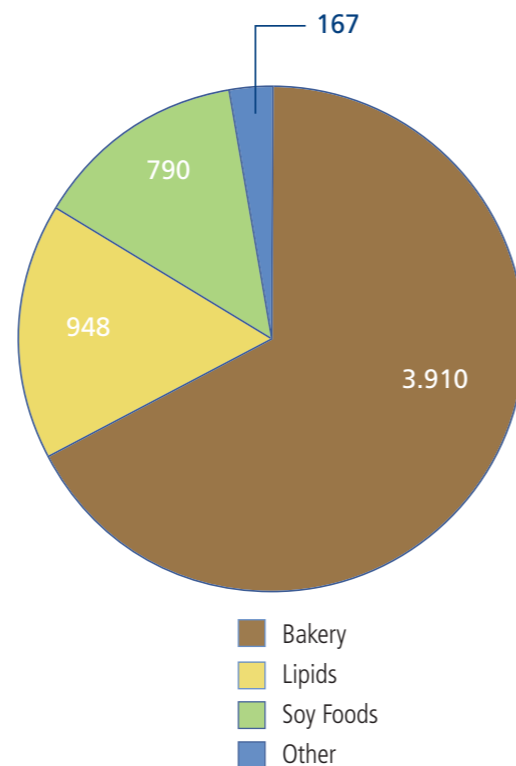
**Revenue per division 2008
(million Euro)**



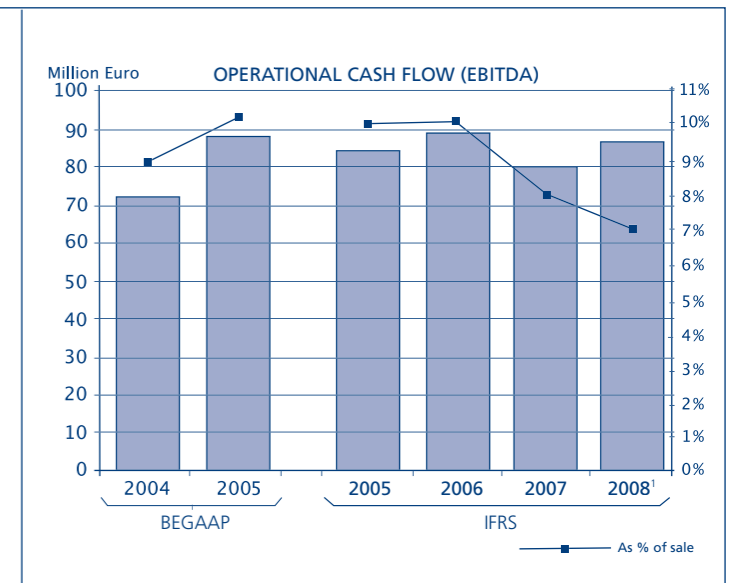
**Heads per region
as per December 31, 2008**



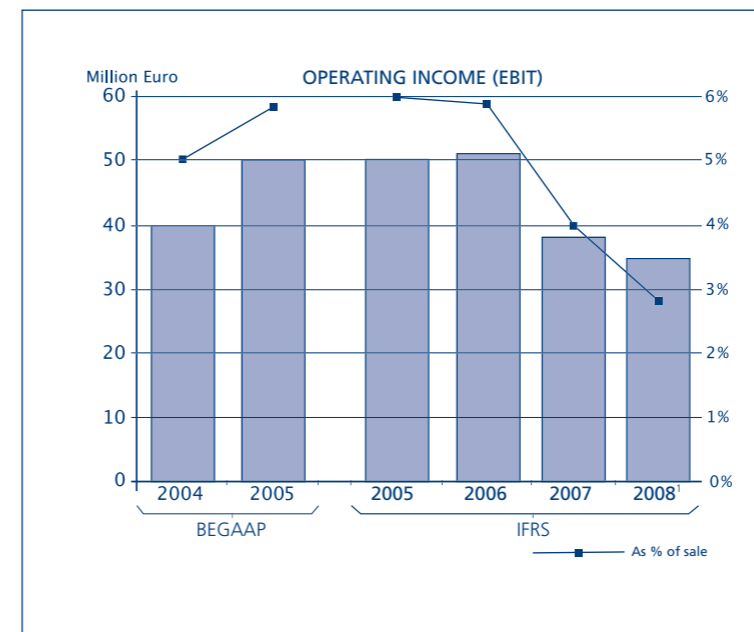
**Heads per division
as per December 31, 2008**



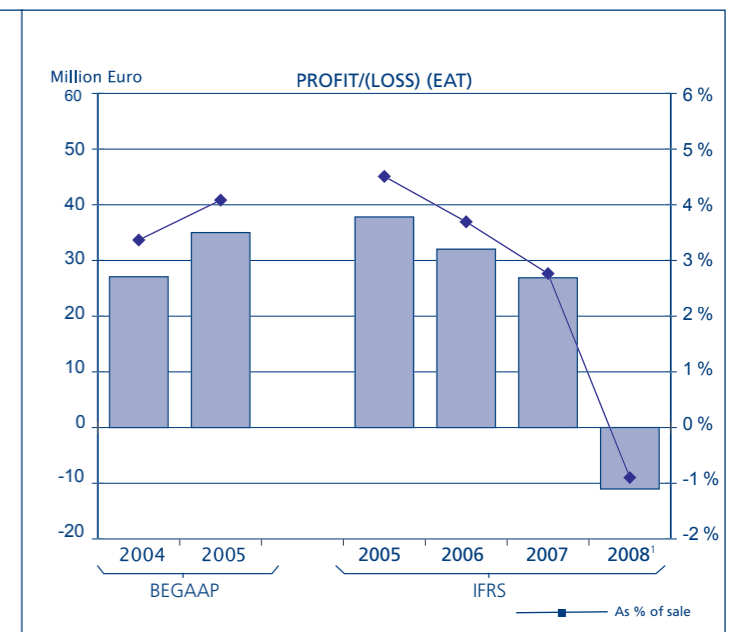
¹ Including Panavi as of August 2008 = 5 months.



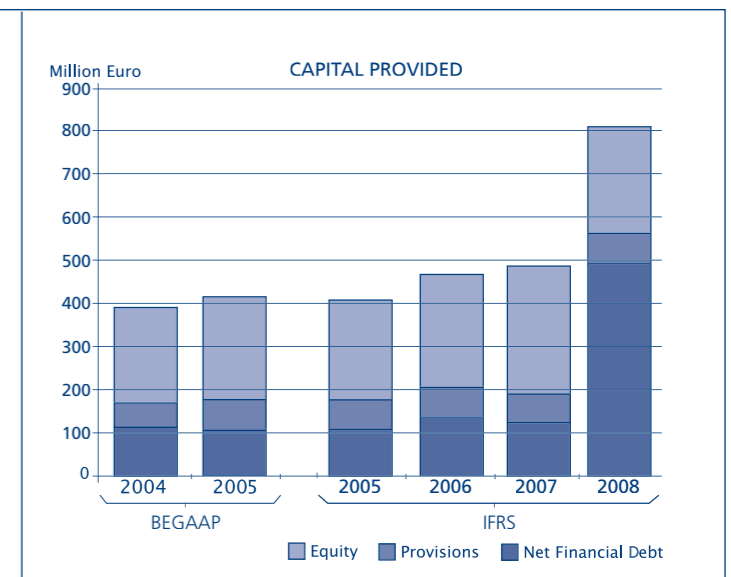
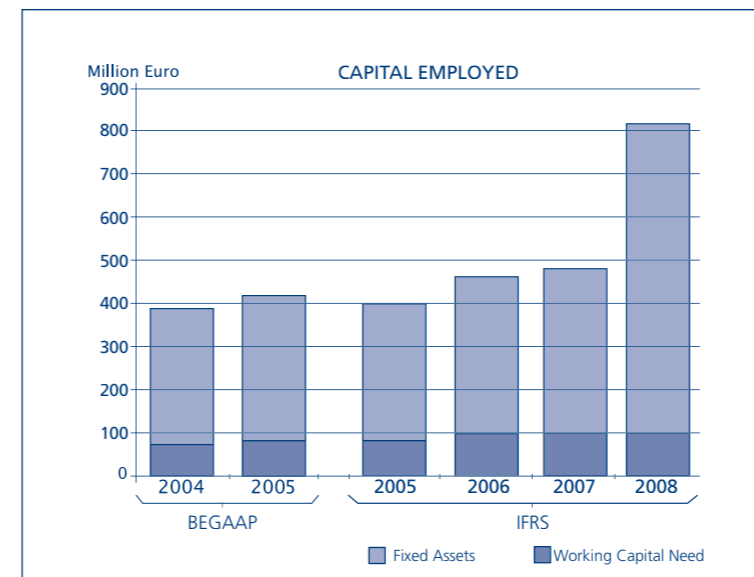
¹ Including Panavi as of August 2008 = 5 months.



¹ Including Panavi as of August 2008 = 5 months.



¹ Including Panavi as of August 2008 = 5 months.



The Vandemoortele Group

The **Vandemoortele Group** is a Belgian family controlled food group with a leading European position in each of its core activities. Since 2004 these core activities have been: Bakery, Lipids and Soy Foods.

In **Bakery**, Vandemoortele offers throughout Europe a wide range of frozen bread products, pastry, American products and patisserie for professional users in the bakery and foodservice channels as well as for retailers, who appreciate the quality and convenience of Vandemoortele's products.

In **Lipids**, the Group targets European professional users with a broad portfolio of products that combine processability, taste and flavour, as well as European retailers with private label margarines and frying fats. In addition, Vandemoortele has a number of strong consumer brands in Belgium such as Vandemoortele®, Alpro® soya and Vitelma®.

In **Soy Foods**, Vandemoortele markets all over Europe an extensive range of tasty and healthy alternatives to dairy products under the leading Alpro® soya and Provamel® brands. Vandemoortele is also present in the market for soy-based alternatives to meat products.

In 2008 the Vandemoortele Group has realised a turnover of 1.228 million euro with 5.800 employees in 12 European countries.

At the end of 2008, the Vandemoortele Group has taken the strategic decision to focus on the activities Bakery and Lipids, representing together 80% of the Group's revenue and essentially oriented towards professional and industrial customers. Vandemoortele is traditionally strong in those segments and wants to further expand in Europe in these activities. In the context of this strategic reorientation, the Group has decided to sell its Soy Foods activity, which is oriented towards the end consumer.

Table of contents

Message from the Chairman and President.....	9
1 Divisions.....	13
Bakery.....	15
Lipids.....	16
Soy Foods.....	17
2 People.....	19
3 Corporate governance.....	25
4 Risk and reputation management.....	31
5 Food safety.....	37
6 Health, safety and environment.....	45
7 Financial statements.....	53
Report Board of Directors.....	55
Consolidated income statement.....	62
Consolidated balance sheet.....	63
Consolidated cash-flow statement.....	64
Consolidated statement of changes in equity.....	65
Notes to the consolidated financial statements.....	67

**Message from the
Chairman of the
Board of Directors and
the President of the Group
Executive Committee**

In the annals of Vandemoortele, 2008 will be recorded as an unprecedented year because of the coincidence of two very important events.

First, in mid-2008, Vandemoortele took over Panavi, the French market leader (315 million euro in annual revenue) in frozen bakery products, an acquisition that was extremely important in terms of both strategy and scope. The acquisition is a crucial step in our strategy of further expanding our Bakery activity in a 7 billion euro European market that is growing at a rate of between 5-7% annually, with France being the main country. Following the acquisition of Panavi, Vandemoortele Bakery has become one of the key European players in this large and growing market with an extensive and unique product portfolio, 34 factories and 3,900 personnel.

Second, in September 2008, the biggest financial and economic crisis of the last 70 years triggered far reaching consequences such as turmoil in bank financing, loss of consumer confidence and hence consumption.

This crisis brought a sudden halt to growth in several of the most important markets for Vandemoortele and Panavi and, in some cases, turned what had been growth into decline. The crisis has also led to access to credit and capital, both of which had been plentiful and inexpensive in recent years, suddenly becoming much more difficult.

In conjunction with the high cost of raw materials, a further weakening of the British Pound and one-off problems at some of our Bakery factories, this macro-economic crisis has put major downward pressure on the operational cash flow (EBITDA) and the operational profit (EBIT) in 2008, which failed to meet expectations at both Vandemoortele and Panavi (consolidated since August 2008).

The 2008 results also had to contend with extremely high financing costs, which are not only related to financing the acquisition of Panavi, but also with major unrealised losses which, in accordance with the IFRS valuation rules, we had to recognise against our interest hedges resulting from the strong and unforeseen decline in interest rates.

Finally, the crisis had a negative effect on the capital increase via private placement that we had decided on with respect to the acquisition of Panavi. It went less smoothly than had been expected and was only completed at the end of March 2009, leaving the Group to close 2008 with a high level of debt.

In this fundamentally and, in our view, structurally altered financial and economic context, we have decided that it is no longer possible for Vandemoortele, while maintaining the stable Lipids activity (margarines and fats) to concurrently develop two major growth opportunities such as Alpro Soy Foods and Bakery with significant investments in marketing (for Soy Foods) and production capacity (for Bakery).

We have therefore taken the strategic decision – in keeping with our conviction that we should aspire to leadership in every activity where we have a presence and that we must be able to keep up with the growth and the dynamics of our markets – to concentrate on the Bakery and Lipids activities. Combined, they represent 80% of the Group's revenue and concentrate primarily on the professional and industrial segments. They are therefore closer to our Group DNA.

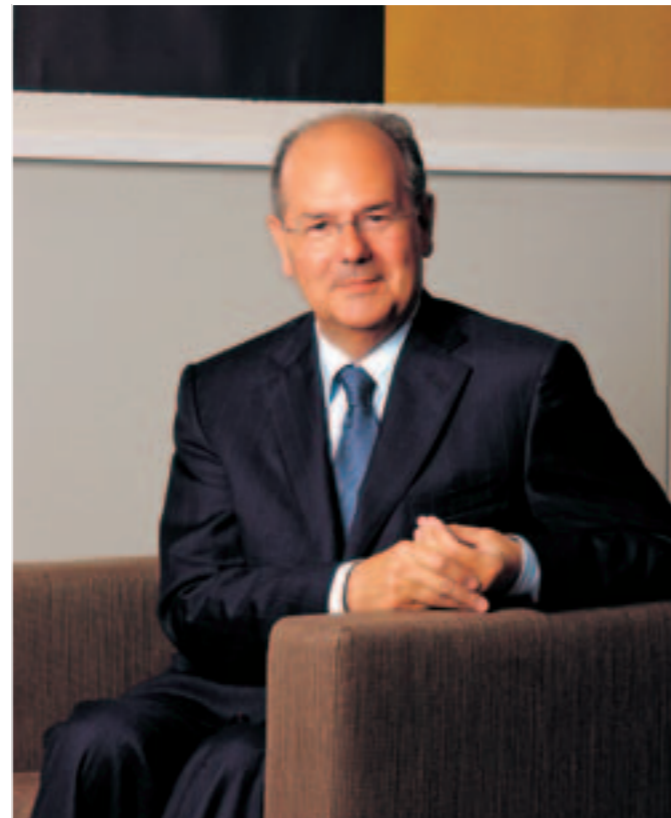
As a result of this change in strategic direction, the process of selling our Alpro Soy Foods activity, which is directed to the end-consumer, was started at the end of 2008.

On 27 March 2009, GIMV, which completely supports our strategy, invested 75 million euro – some of it directly and some through the GIMV-XL fund – in Vandemoortele in order to strengthen the Group's equity. At the same time, we also concluded a new medium-term financing agreement with our banks. On the date of the General Meeting, we are also able to state that the Alpro sales process is fully on track, with especially strong interest coming from strategic buyers who have the resources to take Alpro to the next stage of its evolution.

Our strategic reorientation and the backing of a strong new financial partner GIMV make it possible for us, after a momentous but also difficult 2008, to look forward with confidence to the future.



Jean Vandemoortele



Karel Boone

In Lipids, we are the European market leader with a stable and solid business that generates an important free cash flow.

With Bakery, we are now also among the European market leaders in a large market that is growing structurally, driven by demand for convenience and variety. The process of integrating Panavi is on schedule. The expected synergies are being achieved. The productivity and efficiency improvement programmes, which we started up in the second half of 2008 throughout our Bakery supply chain, are beginning to bear fruit.

We are determined to continue to develop Vandemoortele profitably in the coming years through a combination of organic and external growth and based on a capital structure that is again robust.

We would like to express a special word of thanks to all of our personnel; they have shown a special degree of commitment in the efforts they have made on behalf of the Group over the past year. Once again, they have shown that they are our most important assets.



Jean Vandemoortele
President Group Executive Committee



Karel Boone
Chairman Board of Directors



1

Divisions

Bakery

Markets

2008 markets were characterised by two main external trends, an unprecedented peak in raw material prices (butter, flour etc.) which lasted until the end of the first quarter and the worst economical crisis since the second World War. The raw materials' price surge impacted our unit margins adversely and the crisis subdued our volumes overall, but more importantly deteriorated the product mix as consumers switched away from premium products (specialty bread, croissants etc.) to lower cost (and lower margin) products (e.g. baguettes).

2008 was equally characterised by an important development, namely the acquisition of Panavi, the undisputed French market leader in traditional French products such as croissants, pains au chocolat, baguettes, galettes des rois. Its combination with our existing European Bakery organisation proved to be a win-win situation as both operational and financial synergies surfaced rapidly. Its full impact will be translated in the results of 2009 and 2010.

Products and services

Thanks to the acquisition of Panavi, we have streamlined our product portfolio and extended both our premium range with products such as for example the typical "Galette des Rois" and patented "Bake-Up Viennoiserie", as well as our basic range of high volume daily consumed products such as all shapes and sizes of baguettes, ciabatta's, Berliners etc.

Our category management approach designed to deliver tailor-made solutions to our customers full bakery products category, has been extended with logistic services as Panalog, the logistics unit of Panavi, providing a unique capability for our customers.

Assets

With the acquisition of Panavi, the combined Bakery business produces from over 30 production units throughout Europe. The factory warehouses are complemented with stand-alone distribution centres across France and together with an important fleet of trucks and vans provide a unique asset to supply our customers in a cost competitive way. The combined industrial footprint equally provides an important opportunity to accelerate the rationalisation process of the overall supply chain. This exercise has started during the final quarter of 2008, but will have its full effect in 2009 and 2010.

The installed frozen bakery production capacity is without any doubt the largest in Europe.

People

Overall, the Bakery business is operated by some 4.000 employees. More than 50% of this workforce is based in France. But also in Spain, with the Ohayo business, the team rapidly identified synergies which we are sure will contribute to our further expansion in the Southern European region.

During the third quarter an integration project was launched, structured around 15 work-streams and managed by roughly 50 key managers, reaching far in the organisation to ensure the required opportunities were identified and implemented correctly.

It is clear that the entrepreneurial know-how of Panavi combined with the structured approach of Vandemoortele Bakery depicts the true nature of this industrial project, boosting the combined entity to the top league in the European Bakery Industry.

Lipids

Markets

In general, the European margarine and fats market continues to evolve at the same pace as in the previous years. In Western Europe, the shift of consumption of visible to invisible fats continues and the trend towards healthier oils and fats sustains.

The Central and Eastern European markets are still developing further, be it slowly. Also the demand for higher quality margarines and fats, approaching western standards, is increasing, both in the retail and industrial segments.

2008 was also characterised by an extreme volatility in raw material prices. During the first two quarters of 2008, prices for refined vegetable oils were increasing sky high due to low oil stocks and an overall very strong economical climate. A complete inverse scenario was seen during the last two quarters of 2008, where raw material prices came down drastically.

The margarine and fats industry is also characterised by a significant overcapacity. However, some major shifts have occurred during 2008 which should result in a more consolidated and professional environment over the coming years.

Products

In order to meet consumers' demand for healthier food, Vandemoortele is continuously looking to improve its margarines by using healthier fats (lower in trans-fatty acids, less saturated fats) or by reducing the total fat content. Also the growing demand for more natural ingredients is requiring alternative solutions for additives used in margarine production.

The division continued to develop new, innovative margarines for the bakery, industrial and retail segments that meet these new nutritional guidelines whilst maintaining a stable quality and good industrial processing.

For the retail segment, the retail brands business has been able to maintain its market share in Belgium at 21% in a declining overall market.

A strong growth was realised during 2008 in the private label margarines, where tailor-made margarines have been developed for the major European retailers. We also launched the first liquid margarines in squeezable bottles under private label brands.

People

The Lipids division became a separate division in 2008. A managing director was appointed internally and a divisional operations team installed. Internal communications and the further simplification of the organisational structures are priorities of the Lipids operational team. Although the divisions Bakery and Lipids have been separated, many shared synergies remain in existence.

Assets

In 2008, the division continued to improve its cost competitiveness to ensure long-term profitability and to strengthen its leadership.

In Spain, a new warehouse was built near the factory and fully operational during 2008. This warehouse will reduce external warehouse costs and trucking costs and allow more direct deliveries to our customers.

Soy Foods

Markets and distribution

Despite the overall difficult economic market context in the short term, the outlook for the soy market remains promising, as it answers the fundamental food trends of health & wellness and sustainability. In 2008, The Alpro® soya and Provamel® brands have shown an impressive 8% Net Sales growth before pound impact, thus clearly outgrowing the market and resulting in an improved market share. At the same time, several smaller players have quit the market across Europe. This all adds up to a further enhanced branded leadership, positioning the company well for further structural growth. During the year, Alpro has also renewed some key distribution contracts, a.o. in the high growth Spanish retail market.

Products

Alpro launched in 2008 a complete new range of meat-free tofu products, with a significantly enhanced fibrous texture, in Belgium and The Netherlands. First results in the market are promising. Alpro also entered the out-of-home market with several newly adapted products, including 1L cream and a convenient one-serve bottle. Cream in cups was launched in the UK, as well as spreadable cheese products under the Provamel® brand in several countries.

People

The commercial focus and power of the organisation were further sharpened by introducing a new category-focused marketing organisation structure headed by international marketing managers, the creation of a small though experienced out-of-home sales organisation, as well as the strengthening of the overall commercial organisations mainly in The Netherlands and the UK. While there was specific caution to grow the organisation in the light of the economic downturn, the organisation was nevertheless further strengthened in the key area of sales and marketing, in order to continuously grow the commercial power of the organisation.

Assets

Next to its people, brands and core technologies are the main assets of Alpro.

- The Alpro® and Provamel® brands were further strengthened through targeted marketing investments, resulting in increasing market shares for both brands. Provamel also launched a complete new pack design for the full range, supported by an enhanced positioning.
- Finally, further investments were made in production assets and core technologies, particularly the new state-of-the art dehulling unit in the Wevelgem site and various process optimisation and energy saving investments. Alpro also acquired Biofun, a knowledge center and pilot plant for spreadable cheese.



2

People

Vandemoortele Group and Human Resources

The Vandemoortele Group is an international food group with its employees based in twelve European countries. In recent years, the Human Resources organisation has been reorganised to cope with the demands and needs of an international company: Dedicated country HR managers have been appointed and international HR meetings organised at regular times.

In 2008, the international Human Resources team defined its role and priorities for the coming years. This strategic plan has taken into account the current and expected future financial and economical environment and its impact on the labour market.

The labour market and the demographic evolution remain unchanged in recent years. Therefore the challenge to attract talent and to retain good staff also remains. Due to the current economical environment, Vandemoortele will in the short term recruit less compared to previous years. This knowledge has influenced the decision to focus on retention of good people rather than attracting new talent.

A number of projects to support this focus has been defined and approved by the Group Executive Committee. The Human Resources team has started the preparations of these approved action plans in 2008. The agreed focus within HR will be at the following themes:

1. Employer branding, with focus on internal branding and the implementation of a new corporate website
2. Total reward, including a detailed policy regarding total reward as well as a more open communication of policies and procedures
3. Leadership, and a further enhancement of it, and an encouragement of mobility
4. Recruitment, with focus on efficiency improvements within the current process
5. Facilities, including a point of view related to the work environment

In 2008, the Vandemoortele Group received the Flemish award of "HR ambassadorship". The award is a recognition in the field of personnel management. Other nominees were Coca-Cola and Ikea.

Corporate branding and employer branding / the Vandemoortele proposition

In 2008, the Vandemoortele proposition has been developed by HR and approved by the GEC. The proposition is a set of attributes for which 'we want to be famous'. In other words, the proposition is how we want the outside as well as the inside world to know the organisation. Obviously, there cannot be a gap between the proposition and the actual situation. The Vandemoortele proposition can be summarised as follows:

The Vandemoortele Group is a food group and food is what we love! The organisation is a European one with a long term vision (family shareholders). The Group is well organised, large but no 'mastodon'. It offers opportunities to people and exists of numerous smaller entities that enjoy the support of a larger and stronger Group. The company excels in variety: It has a variety of job positions, a variety of products, etc. The Vandemoortele Group is a contemporary organisation and in line with the market as far as total rewarding is concerned.

In 2008, the Vandemoortele Group was present at eight job fairs in Belgium.

PeopleSoft

The personnel database PeopleSoft has been upgraded nearly two years after its implementation. Additionally, existing modules such as performance management, training administration and recruitment, have been made more user friendly in 2008.

Two PeopleSoft conferences were held to introduce innovations, to provide training, to promote the database and to discuss next steps. The country HR managers as well as the key-users attended these conferences. Furthermore, PeopleSoft has been audited internally and received a good result for its data accuracy, its security and its link to payroll.

Communication

Internal communications have improved significantly thanks to the Vandemoortele intranet. In 2008, intranet training efforts have been raised. Twenty-three training sessions were held, including the new advanced session for key-users, called content managers. In Belgium, the UK, Spain and the Netherlands, local trainers were appointed and trained to provide basic training in their site and in the local language.

As expected, the number of team environments on the intranet increased as well as the use of more advanced tools provided by the system. Over 150 private environments were created by the end of 2008 and a growing number of business processes are now supported by the intranet workflow option. The Group Executive Committee approved the upgrade of the system. Preparations for this upgrade have started in 2008.

The staff magazine Topics was published three times in 2008. Topics appeared in seven languages, including Polish for the first time. The French edition sent to the new colleagues of Panavi was much appreciated. 6250 copies of the magazine are printed per edition.

Three Group introduction days were organised at the Group headquarters in Gent: 76 new members of staff attended one of these days.

The company movie was released in 2008. The movie introduces the Vandemoortele Group in ten minutes and is primarily aimed for showing to our key accounts. The movie is available in three languages.

Panavi

In 2008, the integration process of 2.000 Panavi employees started following the acquisition in France. The integration workgroups HR and communication were crucial in this entire process and included a well organised assessment of company cultures and of key management. These assessments, in cooperation with an external party, led to the implementation of existing HR processes such as the performance management program.



3

Corporate governance

- 1** The Vandemoortele Group (“Vandemoortele”) considers corporate governance to be an essential tool in ensuring its continuity and long-term value creation.

Therefore, Vandemoortele wishes to implement a well considered corporate governance policy and although the company is not a public limited company, it applies the “2009 Belgian Code on Corporate Governance” dd. 12 March 2009 in order to achieve this aim.

Vandemoortele will not disclose all details of its shareholding structure or agreements nor publish individual details of compensation and remuneration, recruitment and exit arrangements of its directors or Group Executive Committee members. This information is confidential and must not be disclosed to the public.

The Vandemoortele Corporate Governance Charter was first approved on April 6, 2006 and it is published on the following website address : “www.vandemoortele.com”. The Charter has been amended last on 27 March 2009 following the investment of GIMV into the capital of Vandemoortele.

- 2** Vandemoortele is governed through its operational holding (NV Vandemoortele, Ghent) whose Board of Directors acts as a “college” and reports to its general assembly of shareholders. The Board has full responsibility i.e. it alone determines Vandemoortele’s policy and is responsible for its implementation.

The Board has delegated some of its responsibilities to specialist committees: the Audit Committee and the Compensation & Nomination Committee.

The Board has also entrusted the Group Executive Committee (“GEC”) with the operational management of Vandemoortele and delegated all the necessary powers to the GEC pursuant to article 524bis of the Companies Code.

The respective responsibilities of the Board of Directors, the GEC and the specialist committees are explained in detail in the Vandemoortele Corporate Governance Charter.

- 3** To sum up, the Board of Directors determines the general policy of Vandemoortele, monitors the daily management through adequate quarterly reporting and nominates the President of the GEC. Based on proposals by the GEC, the Board decides upon Vandemoortele’s strategy, budget and investment programmes, its overall financial structure and financial policy, and acquisitions as well as individual investments exceeding 2,5 mio €. Last but not least, the Board nominates the other members of the GEC on the basis of proposals by the President of the GEC and determines the overall organisational structure of Vandemoortele.

The Board of Directors currently consists of nine directors, four of whom are independent and four to represent the shareholders. Gimv has one board member and one observer in the Board of Directors.

In 2008 the Board members were :

Independent directors :

- Baron Karel Boone, Chairman
- Euro Invest Management NV, represented by Mr. Philippe Haspeslagh
- Lumis NV, represented by Mr. Luc Missorten
- Vander Putten Philippe GCV, represented by Mr. Philippe Vander Putten

Shareholders' representative directors:

- Arema Sprl, represented by Mr. François Casier
- Arval NV, represented by Mr. Christian Vandemoortele
- Countess Marie-Christine de Briey
- Ms Dominique Reginster - Deruyttere (appointed 13.05.2008)

In 2008 the Board convened thirteen times and had a 85% attendance rate.

Composition of the Committees in 2008:

Audit committee	Compensation & Nomination committee
Lumis NV, represented by Mr. Luc Missorten, Chairman	Baron Karel Boone, Chairman
Baron Karel Boone	Arema Sprl, represented by Mr. François Casier
Arema Sprl, represented by Mr. François Casier	Vander Putten Philippe GCV, represented by Mr. Philippe Vander Putten
In 2008 the Audit Committee met three times	In 2008 the Compensation & Nomination Committee held two meetings

4 Through the strategic acquisition of Panavi, our Bakery activity has more than doubled in size and has become a key European player in the frozen bakery products market with 34 plants and 3900 employees.

To give full drive and focus to the integration of Panavi and the further development of our combined Vandemoortele-Panavi Bakery activity, whilst keeping the momentum in our Lipids activity, which has to remain a strong, strategic cash contributor, the Lipids and Dough division has been split per 1 September 2008 into a separate Bakery division and a separate Lipids division. Mr Eddy de Mûelenaere has been appointed Managing Director of the Bakery division and Mr Bart Bruyneel Managing Director of the Lipids division.

Since September 2008 the GEC consisted of its President, the Managing Directors of the three divisions and three directors of Vandemoortele's group services.

The members of the GEC are directly responsible for their own respective divisions or group services; the GEC as a "college" is responsible for the operational conduct of Vandemoortele's businesses within the framework of responsibilities delegated by the Board.

The President of the GEC has a casting vote. The GEC usually meets every fortnight.

In 2008 the GEC members were as follows :

- Baron Jean Vandemoortele, President
- Mr. Bart Bruyneel, Managing Director Lipids division (as of 1/9/2008)
- Mr. Eddy de Mûelenaere, Managing Director Lipids & Dough division
- Mr. Bernard Deryckere, Managing Director Soy Foods division
- Mr. Dirk Durez, Secretary General
- Mr. Dominique Eeman, Group Financial & Administration Director
- Mr. Jan Van Hootegem, Group HR Director

5 The external auditors of Vandemoortele are PricewaterhouseCoopers Bedrijfsrevisoren bcba ("PwC") (B009). PwC was appointed by the annual assembly of May 13th, 2008 for a period of three bookyears. PwC is represented by Mr. Lieven Adams and Mr. Peter Opsomer.



4

Risk and reputation management

The Vandemoortele Group has adopted the COSO ERM Integrated Framework as its risk and reputation management methodology and has developed its ERM policy based upon the following components: Creation and maintenance of the appropriate internal environment, Communication and information and Risk analysis, response definition and ongoing risk management.

Strategic risks

The main strategic risks are assessed and controlled on Group Executive Committee and divisional management team levels through a recurrent process of strategic update/review and strategic business plans which are executed with great detail and care. The plans are discussed and approved at three different levels: divisional management team, Group Executive Committee and Board of Directors.

Operations and external events risks

The operations and external events risks are in principle managed at the divisional and sub-divisional management levels. Some operations and external events risks are controlled and monitored centrally with a Group-wide approach, either by headquarters or divisional (shared) services or combined efforts of both levels, e.g. Food Safety, Health, Labour Safety and Environmental Protection, Corporate Housekeeping, IP-protection, Fixed Assets Protection, Risk Transfer and Insurance Buying, Emergency Response Planning, Crisis Management Planning, and Contingency Planning.

The guidelines for the Group's operations and external events risk management are explained in the Group Policies on management of operational risks, labour safety and environment.

HR risks

The Group's human resources allocation processes must establish and sustain the Group's competitive advantage and maximise the value for its stakeholders. The HR policies and procedures which have been put in place in respect of recruitment and selection, performance appraisal, management potential assessment, management development and succession planning are designed to ensure these objectives.

IT-risks

The specific IT-related risks (e.g. asset protection and data safeguarding, data access control and security, and contingency planning) are managed by the Group IT services organised at headquarters level in close coordination with the divisions. The steering of IT performance (in terms of infrastructure and business applications as well as support services) is ensured by divisional IT steering committees and the IT plans and performance are reviewed each year in the Group Executive Committee.

Risk and reputation management

Financial risks

The Group Policy on financial risk management defines the principles and organisation which the Vandemoortele Group has adopted in respect of financial risk management and sets forth the role of the Group's treasury department and finance services in managing the liquidity and funding risk, the interest rate risk, the foreign exchange risk and the credit risk inherent to the Group's operations.

Commodity risks

The risks associated with the buying of raw materials, ingredients, packaging and utilities, and services in general, other than the foreign exchange risks, are managed by the divisions and their dedicated purchasing organisations following frameworks, principles and guidelines approved by the Group Executive Committee and the Audit Committee.

Compliance risks

Business objectives have to be achieved through efficient and effective operations in compliance with internal policies and procedures and with external laws and regulations (including contractual obligations) ("legal compliance").

Ownership and responsibility to control and monitor compliance risks are with the businesses. Since the divisions are not supported by dedicated compliance officers in ensuring compliance, all (shared) services at Group or divisional level provide compliance risk management support to the businesses. This is the case for QA, HSE, HR, IT, F&A and legal service providers at Group and divisional levels of the Vandemoortele organisation.

Management information risks for decision-making and reporting

The many business decisions that have to be made at all levels of the organisation need to be based on reliable, relevant and timely information and reporting. The Group's strategic review, budget and business planning processes as well as its management reporting processes and tools on operations and financial results offer the comfort needed in respect of these risks.



5

Food safety

1 Vandemoortele Food Safety Policy

It is the priority of the Vandemoortele Group to provide its consumers and customers with food that is safe and that fully meets quality specifications.

2 HACCP (Hazard Analysis and Critical Control Points)

The basis of our food-safety management is our HACCP study. HACCP is a tool to assess hazards and establish control systems that focus on preventive measures rather than relying mainly on end-product testing.

Preventive systems are programmes that have been implemented to provide the basic environmental and operating conditions necessary for the production of safe food. These programmes include Good Manufacturing Processes (GMPs); hygienic behaviour of personnel; well-constructed buildings, equipment and process flow design; pest control; preventive maintenance; hygiene audits; cleaning programmes and appropriate staff training.

Where preventive systems are not sufficient to minimise the food-safety risks, critical control points are designated. These are check-points during production that are continuously monitored, including record keeping and verification.

Both systems must guarantee safe products throughout the production process.

A specific Vandemoortele in-house developed HACCP software programme supports the production sites in setting up their local HACCP system and establishing efficient and accurate record keeping and documentation. In 2008, a new version of the programme was developed to manage data-access in order to learn from each other and to improve the security of the information.

In 2008 the Soy Foods division created quality guidelines for designing production environment and control the processes conform the best food safety approach. Training and communication has been organised to implement the guidelines.

Confirmation of the further embedding of the HACCP philosophy was obtained by the ISO 22.000 certification of the Kettering site. Over 100 internal HACCP audits have been performed and appropriate action plans were set-up to react on audit remarks and fine-tune the food safety system.

The split of the previous Lipids & Dough division into a Lipids division and Bakery division has not changed the approach regarding food-safety systems and implementation. The two divisions are still working under the supervision of one Quality manager so that a uniform approach is guaranteed. The planned food-safety and hygiene audits have been performed in all the factories. Over 100 internal audits were performed in 2008: either in-site audits (by the local responsible in their own site), or cross-site audits (by the local responsible in another site). These cross-sites audits stimulate the 'learning from each other' culture that the Vandemoortele Group encourages. The divisional food-safety audit, which has been installed last year, has been fully implemented and fine-tuned. The site in Nanterre has been certified ISO22.000, the international recognised food-safety standard. This was a pilot-case to learn from, it is not the aim to obtain a ISO22.000 certification for all the plants.

3 Implementation Procedures

3.1 Supplier Selection

To minimise food safety risks at the start of the food chain, the Vandemoortele Group ensures that its suppliers accept their responsibility to supply safe raw materials, ingredients and packaging materials. In this respect, Vandemoortele carries out a risk assessment of its suppliers and defines technical specifications with them to safeguard the source of raw materials, ingredients

and packaging materials. Routine audits throughout the supply chain monitor compliance with the required specifications and standards. A yearly vendor-evaluation system guarantees that the Group is working with suppliers that fulfill its expectations.

For Soy Foods in 2008, 17 supplier audits have been carried out, and appropriate actions have been taken. In preparation to the PLM start-up supplier specifications approval processes are reviewed.

For Lipids and Bakery in 2008, the risk-assessment and follow-up of vendors have become a routine. This implicates that the automatical vendor-evaluation tool, which has been developed in 2007, is fully implemented and working well.

3.2 Traceability

The Vandemoortele Group has implemented systems and record keeping procedures at all its production sites to establish full traceability at all stages of production, processing and distribution.

Vandemoortele is able to trace back any raw materials, ingredients or substances incorporated into, or used for, the production of its products, as well as to identify the suppliers of any such raw materials, ingredients or substances. Vandemoortele is also able to trace forward each of its products and to identify the customers or any other persons to which its products have been supplied. Adequate labelling and/or identification of its products facilitate traceability.

For Lipids and Bakery in 2008, all sites are able to do their traceability exercise in less than 2 hours. This is at least tested once a year during the divisional quality audit (an audit which has been installed in 2007 to verify if all the sites use the divisional systems).

For Soy Foods in 2008, a total of 35 traceability exercises have been done, assuring people delivering the relevant data within 2 hours. By using the remarks resulting from the tests all involved persons are made aware of the importance of accurate data capturing.

3.3 Crisis Management and Communication

Vandemoortele has put crisis management procedures and teams in place to cope with complaints, incidents and food crises and to safeguard consumer and customer confidence in its products and processes. Crisis management team members are trained to cope with incidents or crisis situations and respond in a rapid and coordinated manner.

All crisis management procedures are tested regularly using real business cases and real contact persons. If necessary, further corrective measures are taken (staff training, procedure clarification, etc.). Testing of procedures in place is carried out in close cooperation with important customers, commercial and distribution partners.

Each issue or complaint that relates to products and/or ingredients or any possible concerns in the food chain that might affect products and/or ingredients are entered in Vandemoortele's internal complaint system and investigated thoroughly. Appropriate measures are taken as necessary.

In 2008, the Lipids and Bakery divisions have focused on a further roll-out of the first-contact procedures to all plants in Europe. In these procedures the members of staff learn how to react and how to communicate in case of a crisis.

In 2008, the Soy Foods carried out a well prepared food safety crisis exercise. Production sites as well as sales organisations and a commercial partner were involved.

Vandemoortele was involved in some of the main food-contamination crisis we have had on European level in 2008, namely the sunflower-crisis and the melamine crises. In both major crises we have noticed that our traceability systems in place are performant and that our crisis-communication is working efficiently.

3.4 Verification Procedures

The correct and efficient working of food safety systems is guaranteed and validated by internal and external verification procedures.

Internal audits and verifications are organised on a regular basis by both the divisional and the local quality departments at the different production sites to ensure that the system and its records are kept up to date and under control.

All Vandemoortele production plants have at least one certified food safety system in place, such as IFS (International Food Standard), BRC (British Retail Consortium) or ISO (see table below). Whereas ISO 9001:2000 ensures a systematic approach to quality and ISO 22.000 ensures food safety, IFS and BRC combine quality and food safety requirements.

Lipids and Bakery easily maintained all certifications in 2008. The site in Nanterre obtained the ISO22.000 certificate without any difficulty. It is not the aim that all plants obtain this ISO22.000 certification: it was only considered as a pilot-case to learn from. This decision is made because of the customer's demand to maintain the IFS/BRC certificates.

In the Soy Foods division obtained the Kettering site the ISO 22.000 certification. The sites in Issenheim and Wevelgem (Brick) are preparing this certification for the beginning of 2009.

Table of Certifications

	ISO 9001	BRC	IFS	
Bakery				
Arras I	N	Y	Y	
Arras II	N	N	N	
Brunssum	N	Y	Y	
Caen 1	N	N	N	
Caen 2	N	N	N	
Chatelleraut	N	N	Y	
Couffouleux	N	N	N	
Dommitzsch	Y	N	Y	
Eeklo	Y	Y	Y	
Estrées	N	Y	Y	
Garancières	N	N	Y	
Ghislenghien	N	Y	Y	
Guidel	N	N	Y	
Le Fossat	N	N	Y	
Łódź	HACCP- certification	N	N	
Neuville	N	Y	Y	
Niort	N	N	N	
Reims	Y	Y	Y	
Replonges	N	N	N	
Saint Auvent	N	N	Y	
St Estève	N	Y	Y	
Seneffe	N	Y	Y	
Servon	N	Y	Y	
Torcé 1	N	Y	Y	
Torcé 2	N	Y	Y	
Torcé 3	N	Y	Y	
Vitrolles	N	N	Y	
Worcester	Y	Y	N	
Lipids				
Dresden	Y	N	Y	
Hamburg	N	N	Y	
Izegem	Y	Y	Y	
Nanterre	Y	Y	Y	
Santa Perpetua	Y	N	N	
Soy Foods				ISO 22000
Issenheim	Y	N	Y	N
Kettering	Y	Y	N	Y
Landgraaf	N	Y	Y	N
Wevelgem UHT plant	Y	Y	N	N
Wevelgem cup plant	Y	N	N	Y

4 Panavi

Panavi uses a well established quality system in which food safety plays an important role. All sites have executed and implemented a food safety study. This system has been audited in the main sites and validated by the IFS/BRC certifications.

Several systems, linked with food safety, are in place in the Panavi sites: supplier selection and assessment, traceability, internal audits, management of specifications, etc. The philosophy behind it is similar to the one Vandemoortele uses. However, at Panavi, the system is less frequently linked to the existing business systems. On the other hand, a more consistent way of working at Panavi exists because the system is centrally steered at the Panavi headquarters.

The main challenge of the integration project is to harmonise both systems, link them with the business systems and all this without giving in on performance.



6

Health,
safety and
environment

Health and Safety

Healthy and Safe Workplace

Pre-project risk assessments according to EN 14121-1, procurement procedures and 'taking into service' safety checks ensure that Vandemoortele provides a safe workplace and safe working equipment for all employees and staff. For newly acquired sites, machine safety risk assessment studies are performed in order to check their conformity with safety standards. In 2008 the non-conformities on existing machinery have to a great extent been solved for the sites of Le Fossat (F) and St Estève (F).

Ammonia is used on site as a refrigerant. The company recognises that ammonia needs to be used with care and has set up sound control measures to safeguard against accidental exposure.

At our Bakery sites, continuous technical and organisational efforts are made to reduce air-borne flour dust. To comply with the ATEX-directives, risk assessment studies of our flour and soy bean processing plants were realised and preventive and/or protective measures installed. In 2008, the newly built soy bean dehulling installation at the Wevelgem (B) site has been engineered and constructed in compliance with ATEX directives.

Health and Safety Awareness, Training and Management

The Work Accident Reduction Plan (WARP I & II programme) forms the basis of our informal dynamic risk management system and pursues an increase of safety awareness. In 2008, some safety modules of the WARP I programme have been repeated.

The WARP II programme, which is a participative safety management programme based on safety observation of the workplace by the worker, has now been extended with a coaching module in order to make the safety modules more effective and multidisciplinary. In 2008 the sites of Eeklo (B) and Seneffe (B) have been working in this way and their experience will be used to further finetune and disseminate this tool throughout the organisation.

In 2008, a total of 10 internal Health & Safety audits on site were performed, of which two were performed by a third party. A Group Health and Safety day was organised and held at the Dresden (G) site. This one day networking event tackled some specific safety issues in our domain of activities and is a platform for the exchange of good practices amongst safety officers.

To further enhance networking and information sharing, the HSE intranet site was further developed and extended with links, safety standards and site passports.

Work Accident Statistics

2008 saw more or less a status quo on the consolidated group frequency by reaching a value of 31.34 (Figure 1) and an important increase on the consolidated group severity by reaching 1.13 (Figure 2). The frequency shows us that the recently acquired sites managed to control and secure their safety level of 2007. The increase in severity is mainly due to the increased activity in bakery plants where slips and trips and ergonomics of the work place are accountable for higher amount of lost workdays.

Vandemoortele aspires to a zero number of work accidents and will continue to make every effort to achieve the set intermediate targets of Fg = 20 and Eg = 0.60. To catch up on arrears, the newly acquired sites continue to invest at high speed in safety awareness programmes, safety of work equipment and work places and general site safety.

Safety of Buildings, Installations and Goods

In 2008, a total of 10 fire safety audits were conducted in cooperation with the insurer. Fast feedback and timely budgeting of approved recommendations have reduced response time considerably and embody our belief in a win-win strategy with our stakeholders in this risk field. Pre-project meetings between the companies HSE and engineering services guarantees sound and cost effective investments to achieve the desired safety level of our installations. 2008 has seen a substantial work in pre-project risk assessments done to comply with ATEX and fire prevention.

Environment

All production sites must operate in conformity with local and national rules, regulations and legislation. Vandemoortele uses operational performance indicators (ECO-indicators) to closely monitor the impact of its activities on the environment.

Figure 1: Consolidated Frequency (Fg) at Group level from 1995 to 2008. Excluding Panavi sites

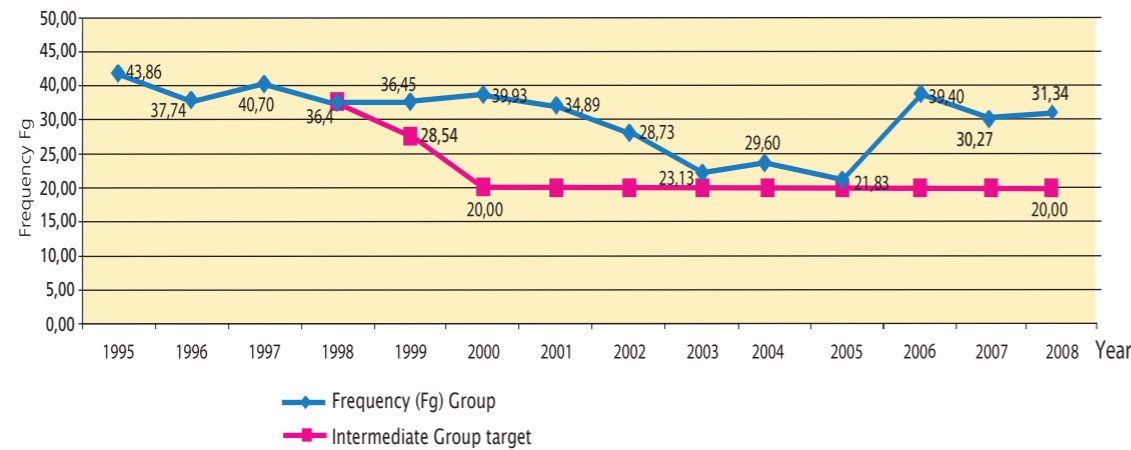
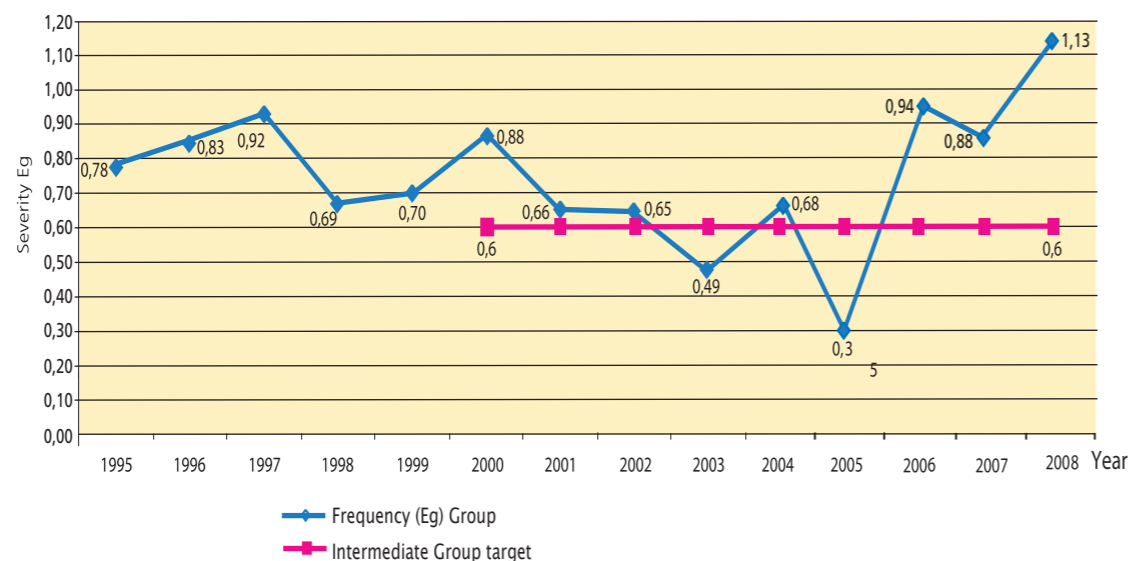


Figure 2: Consolidated Severity (Eg) at Group level from 1995 to 2008. Excluding Panavi sites



Environmental Impact Reduction

Vandemoortele's environmental impact is mainly in two areas: the operational running of the plants, and packaging. With regard to the running of the plants, a continuous effort is put into the domains of energy, waste, fresh water consumption (and discharge of waste water) and organic load on waste water. Over the period 2005 – 2008 the company managed to reduce its fresh water consumption and waste water per tonne of product by 18%, its load on waste water by 35% and its non sorted solid waste by 30%. Although overall the company saw a slight increase in specific energy consumption, the Soy Foods and Lipids divisions managed to reduce their specific energy consumption by 3 and 8% respectively. This was mainly related to investments in compressed air management, insulation and energy efficiency projects implementing new and innovative steam and condensate technologies and the management thereof.

The company has set up a detailed data base on its ozone depleting substances and is actively phasing out its HCFC (R22) as required by the Montreal Protocol. Over the period of 2003 – 2008 the company replaced proactively 16% R22 in volume.

The reduction of the environmental impact of packaging materials is based on three different aspects: weight, composition and its environmental impact. The company puts continuous efforts on weight reductions resulting in higher trailer storage density and thus less CO2 emissions for the same amount of end product.

Environmental commitments and management

To manage and secure its engagement on "Sustainable Development" the Soy Foods division decided to go for ISO 14001-certification. In 2008, the site of Wevelgem (B) obtained as second plant in the division this much valued certificate. Meanwhile preparatory audits and a task force have been set up for the Kettering (UK) site.

The Environmental Charter of West Flanders was once again awarded to the Belgian plants of Izegem and Wevelgem. Both sites have also endorsed a Climate Change Agreement with the authorities with challenging targets for improving their energy efficiency and reducing their carbon emissions. During the course of 2008 substantial investments have been realised in the production and utilities area to meet these targets.

The Group Safety & Environment Services reported twice to the Group Executive Committee and once to the Audit Committee.

Crisis Management

Part of the 'Management of operations and external events risks' policy is the implementation of a crisis management system to deal with unwanted and business threatening events. A dedicated intranet site ensures that at all times updated and electronic Local and Divisional Crisis Management Plans (CMPs) are available.

To guarantee fast and professional response, six 'first contact' training sessions for guards, receptionists and back offices were organised. The spokespersons were extensively trained in crisis communication techniques during one-day training courses. The readiness of the Local and Divisional CMPs was tested by two full-scale crisis simulations.

Panavi

Shortly after the acquisition of Panavi a HSE task force has been established in order to start the integration of HSE organisations and systems of both companies.

Most synergies have been detected in the harmonisation and standardisation of procedures, knowledge sharing and implementation of best practices, reporting forms for KPI's on labour safety and environment and HSE management systems.

Consolidated reporting on labour safety including Panavi, will be available from January 2009 onwards.

7

Financial statements

Dear Sirs,

It is our pleasure to present to you, in accordance with Articles 96 and 119 of the Company Code, our combined report on the IFRS consolidated and on the statutory annual accounts as per 31 December 2008 of NV Vandemoortele.

The consolidated accounts as per 31.12.2008 are not comparable with those of last year as in the consolidation per 31.12.2008, the subconsolidation of the Panavi Group (18 companies consisting of Panavi SAS and its daughter companies) as well as the companies Biofun BVBA and Cohepa S.L. are consolidated; so in total relating to 64 companies as opposed to 44 companies last year.

1 The IFRS consolidated annual accounts for 2008

1.1. The results

The financial year 2008 of the Vandemoortele Group bears – as many other companies – the traces of the worldwide financial crisis, resulting in a general economic recession; the impact of this was mainly felt in the last quarter of 2008.

The second decisive factor in 2008, has been the acquisition of Panavi SAS and its subsidiaries in the sector of frozen bakery products, being the market leader in this sector in France. This strategically important acquisition was finalised per 24 July 2008 and was integrated in the present consolidated accounts as of 1 August 2008. This acquisition has in two ways adversely affected the results of the Group in 2008. In the first place Panavi has, in the last half-year, been confronted with a general conjunctural decrease of the demand for the more expensive pastry products and with several temporarily unfavourable elements such as the increase of the costs of raw material and other costs, which could not timely be charged to customers, start-up difficulties in two new factories and disappointing production results due to the relocation of productions.

In the second place, this acquisition has put an important pressure on the Balance Sheet structure of NV Vandemoortele and it has caused an important increase of the Group Financial debt. The costs of this transaction, the interest costs of the financing and the hedging of the related interest rates in accordance with the Group policy, have had in important adverse effect on the after tax result of the Group in 2008.

In view of the importance of the bakery products activity such as number of personnel and revenue, the Group has immediately after the closing of the Panavi acquisition, adapted its operational management structure and the former Lipids & Dough division has been split in a Lipids division and a Bakery division with separate management teams.

The revenue of the Group (including the revenue of the subconsolidation Panavi Group as of 1/8/2008) has reached 1.228 mio €. Part of this revenue growth is the result of the organic growth of the businesses; the major part is due to the consolidation of the revenue of the Panavi Group.

The Group EBITDA has increased by 7,1 mio € compared to last year, taking into account that as of financial year 2008 value decreases on accounts receivables and stock have been integrated in the calculation of the Group EBITDA. The Group EBIT has dropped by 6,8% compared to 2007. The capital structure of the Group needs to be strengthened and the Group has undertaken the necessary actions in this respect: on the one hand it has been decided to focus the activities of the Group in the future on the business to business activities (bakery products and packed oils and fats) and to sell the Soy Foods division; on the other hand the Group has already implemented the process of a capital contribution: per 27 March 2009 GIMV has, via the GIMV XL-Fund, invested an amount of 75 mio € in the Vandemoortele Group.

The Group EAT has become a loss of 10,8 mio € as a result of the high interest costs and the financing costs as well as due to the IFRS revaluation of the interest rate hedgings as a result

of the strong decrease of the interest rates in the second semester.

Some key figures (IFRS):

	2007	2008	Variance
Revenue (in mio €)	972	1.228	+26 %
EBITDA (in mio €)	79,4	86,5	+9 %
EBIT (in mio €)	38,0	35,4	-7 %
EAT (in mio €)	26,9	-10,8	-140 %

Lipids division

The **Lipids division** has, despite a very difficult first semester in 2008, achieved an EBITDA and an EBIT level in line with the expectations. The revenue has increased substantially due to high increase of the costs for raw materials in the first semester; the markets for raw materials have shown an extreme volatility in the aforementioned financial year, very high in the beginning of 2008 with again a strong decrease towards the end of the year.

The volumes of the **Margarines and Fats business** have increased by 2% compared to last year, as a result of the continued growth in the retail private label segment. The net revenue has increased much more due to the expensive prices for raw materials.

The higher revenue due to the higher prices for raw materials, has also increased the company's capital needs. Positive in these circumstances is that all other costs of this business remained well under control; the investments were also adapted to the circumstances.

The **Branded Packed Oils and mayonnaise business** has in 2008 continued its growth in terms of value and its profitability has resisted well because the increase of the costs for raw materials of refined oils came somewhat later than in the margarines and fats business.

Bakery division

The **Bakery division** consists on the one hand of the Vandemoortele bakery business in Europe and on the other hand, since 1 August 2008, of the Panavi bakery business, which is for 90% conducted in France.

2008 has been a difficult year for the Bakery division. The traditional Vandemoortele bakery business has however realised an important volume increase of 10% compared to 2007 but the financial results failed to appear as a result of the increase of the costs of raw material and other costs, which could not completely or not timely be charged to customers; the decrease of the UK Pound and the disappointing production results of the doughnut plant in Seneffe have also contributed to the disappointing results. As of mid November 2008, a stagnation of volumes and a worsening of the product mix due to decreasing consumer buying power has been established.

The results of the Panavi bakery business in 2008 were disappointing due to several factors such as the increase of the raw material costs and other costs, which could not timely be charged to customers, start-up difficulties in the new factories of Châtellerault and Torcé III, disappointing production results as a result of the relocation of production lines in the framework of the optimisation of the production and the closure of certain plants. As of the second semester of 2008, there was also a decrease in the demand for the more expensive pastry products in France.

Soy Foods division

The financial year 2008 has been a decent year for the **Soy Foods** division, and such despite the general economic recession and the negative impact of the UK Pound. The slower growth and the negative effect of the UK Pound were largely compensated by the price increases, which could be implemented, efficiency savings in the supply chain and a good control over the general costs.

Very positive was the strong growth in Southern Europe and in Scandinavia and in general the increasing share of the Alpro brand in the overall revenue.

Transport

The increased volumes in transport of frozen products generated a growth of 11% of the **transport activities (NV Metro)** of the Vandemoortele Group in 2008; the results of Metro in 2008 however suffered from the more expensive purchase prices of transport and the high fuel prices. Thanks to intensive actions in order to find cheaper transport and an increase of the grouped volumes, the profitability of the transport activity has been held at a good level.

Lipidos shareholding

Lipidos Santiga SA has reached a reasonable financial year 2008 with a lower EBIT and higher investments, which has led to a lower result than in previous financial years. This disappointing result is in essence due to a temporary mismatch between the raw materials prices of the executed sales agreements and the prices of the effectively used raw materials, resulting in lower margins.

1.2. Outlook for 2009

It is no surprise that 2009 is also considered to be a difficult year for the Vandemoortele Group, despite the fact that the Group is active in a "defensive sector" of the economy, which the food industry is.

The **Lipids division** expects to realise a lower revenue in 2009 than in 2008 due to a decrease of the average sales prices as a result of the important decrease of the raw materials prices. This should normally result in better margins and a higher EBIT than in 2008, in a competitive environment that in comparison with the period of important decreases of prices of raw materials (2007 and 2008), has gained stability. The focus will be on maintaining the net sales prices at the levels of the end of 2008 and on a good control of overall costs.

For the Bakery division, the most important challenge in 2009 remains to improve the profitability in a difficult economic climate. The division will be helped by the lower raw materials prices, but the majority of the improvements must come from a higher performance and efficiency of the processes, mainly in the supply chain. This applies to the Vandemoortele business as well as to the Panavi business.

Also, the integration of both bakery businesses, which is well on its way, must be completed in 2009.

The main objective of the **Soy Foods division** in 2009 remains to continue its cost-conscious organic growth in accordance with the business plan, despite the difficult economic conjuncture, a weak UK Pound and the general decline of the channel health food.

The division will also continue to work on the development of new products and markets. A lot is expected from the new Tofu-burgers and a fermented soy cheese will be introduced on the market.

The process of the sale of the Soy Foods division will also start at the beginning of 2009.

The ambitions of **Metro NV** for the financial year 2009 are focused on realising important synergies by intensive cooperation with Panalog, the logistic company of the Panavi Group. This implies a maximal use of the Panalog network, an exchange of transports and streamlining of the logistic systems of Vandemoortele and Panavi.

Lipidos Santiga SA has high expectations for 2009 and counts on realising important increases in volume and revenue, amongst others by selling to biofuel producers. The new refining plant in Huelva should be completed by the end of this year.

1.3. Important events succeeding the closing date of the accounts - circumstances that could significantly impact on the evolution of the consolidated enterprise

As already mentioned, GIMV has via GIMV XL-Fund executed an investment of 75 mio € in the Vandemoortele Group and NV Vandemoortele has issued 129.058 warrants to these investors, which can be converted into shares of Category B of NV Vandemoortele; the execution price has been defined in contracts concluded with GIMV but can still vary in function of the application of anti-dilution conditions or the application of representations, warranties and disclaimers.

The investment by GIMV has enabled the company to redefine the financing of the company's financial debt with the banks on the middle long term. Since January 2009 some assets of Group companies have been pledged to the banks as a guarantee for the debts: it concerns buildings, land, accounts receivables, business pledges and shares of the most important subsidiaries.

The process of the sale of the soy business has been started since the beginning of 2009 and is being further continued; the interest of the potential buyers for this file is very lively.

1.4. Research and development

The research and development efforts of the Soy Foods division in 2008 were primarily dedicated to the improvement of production processes and the product quality as well as to the development of new "non-dairy" soy products and new "non-meat" products.

The acquisition of BVBA Biofun implies a reinforcement of the R&D efforts with regard to the production of fresh fermented soy products.

The Bakery division has continued to work on the improvement of its operational efficiency in production (yields & scrap). By means of the acquisition of Panavi, the division has acquired the know-how of Panavi with regard to the bake-up process (combination of rising and baking).

The R&D activities of the margarines and fats business were in 2008 focused on the optimisation of the nutritional composition of its products a.o. by using products with low trans fatty acids and/or with unhardened fats or fat-components.

1.5. Financial risk management

Exposure to interest rate, currency rate, liquidity, commodity and credit risk arises in the normal course of the Group's business. Vandemoortele uses derivative financial instruments to hedge the interest rate, currency rate and commodity price exposures. Financial instruments are measured at fair value.

The Group's policy prohibits the use of derivatives for speculative purposes.

The interest rate, currency rate and liquidity exposures are managed by the central "Group treasury" department in accordance with the Group's Treasury Procedures. The divisions of the Group manage the commodity price exposure and customer credit risk.

The Group's financial risk management and hedging activities are explained in more detail in the notes to the consolidated financial statements.

Due to the important increase of the debt, the policy of interest rate hedging has been applied to important amounts of debts related to interest charges, which has substantially influenced the financial result.

1.6. Main risks and uncertainties

The main market and financial risks for the Group are the possible adverse price developments in the raw materials, ingredients and packaging markets, the fluctuations of currencies and interest rates the credit risk and liquidity risk. These risks are described in more detail in the notes to the consolidated financial statements.

The Group has developed a proper risk management system and undertakes the specific actions required to manage each of these risks and in particular the key risks related to food safety and environmental protection, its customers and consumers, its people and continuing investment in human and material resources to allow for future growth.

An important risk that the Vandemoortele Group has suffered since the summer of 2008, is the decrease of the consumption of food products due to the decreased buying power of the families. This risk could translate itself in a decrease of the volumes and a deterioration of the product mix and consequently of the margins, which will in 2009 also remain an important risk.

2 The statutory annual accounts as at 31.12.2008

The company concluded the financial year of 2008 with an after tax loss of 13.730.536,59 €. This loss is a combination of the operating loss and the financial loss, due to higher interest expenses and substantially higher financial costs than in the previous financial year.

We propose the following profit distribution for the amount of 13.730.536,59 €:

- Losses to be transferred: <13.730.536,59 €>

If you accept this proposal, no dividend will be distributed.

The statutory annual accounts as of 31 December 2008 have been drawn up on the assumption of continuity: the reserves which the company has built up in the past are amply sufficient to absorb any future capital losses on participations.

The expectation is that the Soy Foods activity will be sold in the course of the financial year 2009; it is possible that the Group will temporarily still provide services to the buyer on the basis of certain service level agreements; in any case the Group Vandemoortele will have to adapt its organisation and structure to the changed circumstances.

There have been no other important events succeeding the closing date of the consolidated accounts, with the exception of the investment by GIMV and the GIMV XL-Fund of 27 March 2009 and the decision to sell the indirect participation of the company in NV Alpro and its

subsidiaries.

There are no other than the aforementioned special circumstances, to mention which could noticeably affect the development of the company.

The financial risks of the company are managed in close cooperation with Vandemoortele Coordination Center NV. The company itself has not made use of any financial instruments.

No work related to research and development has been carried out by the company during the financial year of 2008.

There have not been any capital mutations in the financial year of 2008.

The authority, which the extraordinary shareholders meeting of 3 October 2008 has granted to the Board of Directors in order to issue subordinated debenture bonds for an amount of maximum 100 mio €, has on 27 March 2009 again been revoked by the extraordinary shareholders meeting of the company. This extraordinary shareholders meeting has decided to modify the statutes in order to provide in the division of the shares in three categories, namely A, B en C and has decided to a capital increase under the suspensive condition of and to the extent of the execution of the 129.058 warrants, that have been issued and that have been subscribed, by GIMV and GIMV XL (NV) (being established).

The company has not acquired any own shares in the financial year of 2008. A total of 3.845 share options were granted in 2008.

The directors have confirmed that no operations or decisions have been made during the financial year, which need to be reported pursuant to Article 523 of the Company Code.

The company does not own any foreign branches.

Pursuant to the law and the articles of association, you are requested to grant a discharge to the directors and the statutory auditor for the mandates they have exercised during the financial year of 2008.

This combined report will be deposited in accordance with relevant legal provisions applicable and will be kept available at the registered office of the company.

On behalf of the Board of Directors

Gent, May 12th, 2009

A handwritten signature in black ink, appearing to be 'K. Boone', with a long horizontal stroke extending to the right.

K. Boone
Chairman of the Board of Directors

Consolidated income statement

For the year ended December 31 Thousand Euro	Note	2008	2007
Revenue		1.227.829	972.245
Raw materials and consumables used and goods for resale		(673.445)	(494.510)
Changes in inventories of finished goods and goods purchased for resale		(5.529)	9.904
Services		(242.799)	(227.450)
Employee expenses	4	(223.239)	(183.126)
Depreciation, amortisation and write downs	6	(51.127)	(39.353)
Change in provisions		836	1.304
Other operating income / (expense)	5	2.886	(1.017)
Profit from operations		35.412	37.997
Net finance expense	7	(50.191)	(9.593)
Share of profit (loss) from equity accounted investments	12	961	1.120
Profit / (loss) before tax		(13.818)	29.524
Income tax (expense)	8	2.800	(2.642)
Profit / (loss)		(11.018)	26.882
Profit / (loss) attributable to equity holders		(10.774)	26.882
Profit / (loss) attributable to minority interests		(244)	0

Consolidated balance sheet

As per December 31 Thousand Euro	Note	2008	2007
Assets			
Non-current assets			
Goodwill	9	233.239	69.954
Other intangible assets	10	2.460	1.859
Property, plant and equipment	11	465.172	288.023
Investments in associates	12	12.149	11.750
Trade and other receivables	13	648	387
Deferred tax assets	14	14.417	6.511
Financial assets	15	485	365
Derivatives	16	0	0
Other assets	17	3.174	1.358
Non-current assets		731.744	380.207
Current assets			
Inventories	18	116.468	88.522
Trade and other receivables	13	280.138	206.279
Derivatives	16	12.877	14.133
Financial assets	15	7.553	6.583
Cash and cash equivalents	19	48.649	15.407
Other assets	17	12.934	3.088
Current assets		478.619	334.012
Total assets		1.210.363	714.219
Equity and liabilities			
Equity			
Share capital	20	11.357	11.357
Retained earnings and reserves	20	242.068	277.398
Minority interests	20	1.234	0
Equity		254.659	288.755
Non-current liabilities			
Borrowings	21	54.147	129.514
Deferred tax liabilities	14	33.794	36.430
Derivatives	16	21.368	9.836
Employee benefits	22	15.341	14.047
Provisions	23	14.083	12.454
Other non-current liabilities	24	8.039	5.771
Non-current liabilities		146.772	208.052
Current liabilities			
Borrowings	21	500.604	13.183
Current tax		6.544	10.620
Derivatives	16	12.897	4.280
Employee benefits		37.594	25.178
Provisions	23	0	26
Trade payables and other liabilities	24	251.293	164.125
Current liabilities		808.932	217.412
Total equity and liabilities		1.210.363	714.219

Consolidated cash-flow statement

For the year ended December 31 Thousand Euro	Note	2008	2007
Profit / (loss)		(11.018)	26.882
Adjustment for profit of associates (net of dividend received)	12	(481)	(520)
Adjustments for non-cash transactions			
• Depreciation	6	49.179	40.206
• Amortisation	6	910	1.172
• Impairments		(48)	387
• Depreciations on government grants	5	(1.043)	(993)
• Write down inventories and bad debt	6 - 13	1.038	(2.025)
• Fair value adjustments	16	19.109	1.678
• Change in provisions and long-term employee benefits	22 - 23	(876)	84
• Others		487	60
Adjustments for items disclosed separately			
• Loss / (gain) on disposals of property, plant and equipment & intangible assets	5	175	253
• Net interest (income) / expense	7	17.936	8.361
• Income tax expense	8	(2.800)	2.642
• Negative goodwill	3	0	(549)
• Other		(233)	564
Cash flow from operating activities before changes in working capital¹		72.335	78.202
Decrease / (increase) in inventories		1.806	(7.827)
Decrease / (increase) in trade & other receivables		(32.826)	(15.010)
Increase / (decrease) in trade & other payables		4.576	29.368
Net cash generated from operating activities		45.891	84.733
Interest received		1.524	713
Interest paid		(22.349)	(8.143)
Income taxes paid		(18.547)	(10.474)
Cash flow from operating activities		6.519	66.829
Acquisition of intangible assets	10	(907)	(135)
Acquisition of property, plant and equipment	11	(69.183)	(51.128)
Acquisition of subsidiaries, net of cash acquired	3	(162.232)	(2.818)
Acquisition of other assets		(11)	(5.105)
Proceeds from sale of property, plant and equipment		1.231	620
Proceeds from sale of intangible assets		0	2
Government grants		1.350	1.287
Other		215	(11)
Cash flow from investing activities		(229.537)	(57.288)
Proceeds from borrowings		493.485	55.450
Repayment of borrowings		(215.877)	(65.191)
Payment of finance lease liabilities		(2.694)	(289)
Dividends paid	20	(12.186)	(6.156)
Dividends received	20	1.075	734
Purchase of treasury shares	20	0	3.033
Other		167	0
Cash flow from financing activities		263.970	(12.419)
Net increase / (decrease) in cash & cash equivalents		40.952	(2.878)
Cash and cash equivalents less bank overdrafts at January 1		9.928	13.961
Effect of exchange rate fluctuations		(3.026)	(1.155)
Cash and cash equivalents less bank overdraft at December 31	19	47.854	9.928

¹ The change in the working capital need represents the differences in the respective balance sheet accounts restated where necessary for the impact of currency translation differences, changes in the scope of consolidation and the write-down and provisions for bad debts and obsolete stock.

Consolidated statement of changes in equity

Thousand Euro	2007						Minority Interest	Total Equity
	Attributable to equity holders							
	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves (Note 20)	Total			
At January 1	11.357	(35.400)	1.011	280.255	257.223	11	257.234	
Hedging reserves	0	0	0	11.605	11.605	0	11.605	
Deferred tax	0	0	405	(3.852)	(3.447)	0	(3.447)	
Currency translation	0	0	(1.121)	0	(1.121)	0	(1.121)	
Other	0	0	0	0	0	(11)	(11)	
Result recognised directly in equity	0	0	(716)	7.753	7.037	(11)	7.026	
Profit / (loss) of the year	0	0	0	26.882	26.882	0	26.882	
Total recognised income	0	0	(716)	34.635	33.919	(11)	33.908	
Dividend paid	0	0	0	(6.156)	(6.156)	0	(6.156)	
Dividend received	0	0	0	735	735	0	735	
Treasury shares	0	(4.802)	0	7.836	3.034	0	3.034	
At December 31	11.357	(40.202)	295	317.305	288.755	0	288.755	
Thousand Euro	2008						Minority Interest	Total Equity
	Attributable to equity holders							
	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves (Note 20)	Total			
At January 1	11.357	(40.202)	295	317.305	288.755	0	288.755	
Hedging reserves	0	0	0	(16.281)	(16.281)	0	(16.281)	
Deferred tax	0	0	(96)	5.398	5.302	0	5.302	
Currency translation	0	0	(2.446)	0	(2.446)	0	(2.446)	
Other	0	0	0	(20)	(20)	1.478	1.458	
Result recognised directly in equity	0	0	(2.542)	(10.903)	(13.445)	1.478	(11.967)	
Profit / (loss) of the year	0	0	0	(10.774)	(10.774)	(244)	(11.018)	
Total recognised income	0	0	(2.542)	(21.677)	(24.219)	1.234	(22.985)	
Dividend paid	0	0	0	(12.186)	(12.186)	0	(12.186)	
Dividend received	0	0	0	1.075	1.075	0	1.075	
At December 31	11.357	(40.202)	(2.247)	284.517	253.425	1.234	254.659	

Notes to the consolidated financial statements

Table of contents

1 General information	68
2 Summary of significant accounting policies	68
3 Business combinations	77
4 Employee expense.....	78
5 Other operating income / (expense).....	79
6 Profit from operations.....	79
7 Net finance expense.....	80
8 Income tax expense.....	80
9 Goodwill	82
10 Other intangible assets.....	83
11 Property, plant and equipment.....	84
12 Associates.....	85
13 Trade and other receivables	86
14 Deferred taxes	87
15 Financial assets	88
16 Derivative financial instruments - Market and other risks	88
17 Other assets	94
18 Inventories.....	94
19 Cash and cash equivalents.....	94
20 Equity.....	95
21 Borrowings	97
22 Long-term employee benefits.....	98
23 Provisions.....	100
24 Trade payables and other liabilities.....	101
25 Related party transactions.....	102
26 Commitments and contingencies.....	102
27 Information on the Auditor's assignments and related fees.....	102
28 Events after the balance sheet date	103
29 Vandemoortele companies.....	104
30 Consolidated annual surveys.....	106
31 IFRS developments	108
32 Auditor's report.....	109
33 Abbreviated financial statements Vandemoortele NV	112
34 Glossary.....	114

1 General information

Vandemoortele NV (“Vandemoortele” or “the Company”) and its subsidiaries (together “the Group”) is a Belgian family business that has grown into a leading food Group on a European scale. The Group concentrates on three business segments: Bakery, Lipids and Soy Foods.

Safinco NV, the parent Company, is a limited liability Company incorporated and domiciled in Belgium. The registered office of Vandemoortele NV and Safinco NV is Ottergemsesteenweg Zuid 806, 9000 Gent.

The consolidated financial statements and the statutory financial statements of Vandemoortele NV have been approved for issue by the Board of Directors on May 12, 2009. The shareholders will be requested to approve the consolidated financial statements and the statutory financial statements of Vandemoortele NV at the annual meeting on June 2, 2009.

2 Summary of significant accounting policies

2.1 Basis for preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

The consolidated financial statements over the year 2008 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union and effective on December 31, 2008.

Depending on the applicable IFRS requirements, the measurement basis used in preparing the consolidated financial statements is the historical cost, net realisable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis the historic cost is used.

The preparation of financial statements in conformity with IFRS as adopted for use by the European Union requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed periodically and the effects of revisions are reflected in the income statement in the period in which the estimate is revised.

The estimates and assumptions that require a higher degree of judgement and for which a change in the assumptions could have a material impact to the carrying amount of assets and liabilities in the consolidated balance sheet within the next twelve months have been disclosed in the relevant notes hereafter.

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are those companies in which the Group has, directly or indirectly, the power to control the financial and operating policies. This is generally evidenced when the Group has an interest of more than 50 percent of the voting rights or otherwise has control over the operations so as to obtain benefits from the company’s activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control begins until the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary

acquired, the remaining difference is recognised directly in the income statement.

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group’s equity therein. Minority interest consists of the amount of this interest at the date of the original business combination and the minority’s share of changes in equity since the date of the business combination. Losses applicable to the minority interest in excess of the minority’s interest in the subsidiary’s equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The equity and net result attributable to minority shareholders’ interests are shown separately in the balance sheet and income statement.

2.2.2 Associates

Associates are companies in which the Vandemoortele Group has, directly or indirectly, a significant influence but not the control to govern the financial and operating policies. This is generally evidenced when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for by the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of the individual investments.

When Vandemoortele’s share of losses in an associate exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Vandemoortele has incurred obligations in respect of the associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities of the associate identified at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Profits and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries and associates to bring the accounting policies used in line with those used by the Group.

In case the financial statements of a subsidiary or associate have been prepared as of a date different from Vandemoortele NV, adjustments are booked for significant transactions or events that occur between that date and the date of the consolidated financial statements.

2.3 Segment reporting

The Group does not publish segment information, as IFRS 8 is not mandatory for non-publicly traded companies.

2.4 Foreign currencies

The individual financial statements of each Group Company are presented in its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each Company are expressed in euro, which is the functional currency of the Group, and the presentation currency of the consolidated financial statements.

2.4.1 Foreign currency transactions

Transactions in foreign currencies are recognised initially at the exchange rate prevailing at the date of the transactions. Subsequently, at period closing, monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

2.4.2 Foreign operations

In consolidation, the assets and liabilities of the Group's Companies, using a different functional currency than the euro, are translated to euro using exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations are translated to euro at the average exchange rates for the year. The components of shareholders' equity of foreign operations are translated at historical rates. Exchange differences arising from the translation of shareholder's equity to euro at year-end exchange rates are classified as part of equity under Cumulative Translation Adjustments.

Cumulative Translation Adjustments are recognised in the income statement in the period in which the foreign entity is sold, disposed or liquidated.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.4.3 Exchange rates

The following exchange rates have been used in preparing the financial statements

1 euro = x foreign currency	Closing Rate		Average Rate	
	2008	2007	2008	2007
U.S. Dollar	1,3917	1,4721	1,4621	1,3685
GB Pound	0,9525	0,7334	0,7939	0,6842
Swiss Franc	1,4850	1,6547	1,4850	1,6547
Czech Kroner	26,8750	26,6280	25,0883	27,7505
Slovak Kroner	30,1260	33,5830	31,3708	33,8818
Hungarian Forint	266,70000	253,7300	251,5580	251,2025
Polish Zloty	4,1535	3,5935	3,5315	3,7807

2.5 Goodwill

Goodwill arises when the cost of a business combination at the date of acquisition is in excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisition of subsidiaries is presented on the face of the balance sheet, whereas the goodwill on acquisitions of associated companies is included in investments in associated companies.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the relevant amount of goodwill is included in the determination of the profit or loss on disposal.

In case the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognised immediately in the income statement.

2.6 Other intangible assets

2.6.1. Acquired intangible assets

Patents, licenses (e.g. computer software), trademarks, brands, and similar rights are measured at cost less accumulated amortisation and impairment losses. When these assets have been acquired in a business combination, the cost is the fair value allocated in the purchase accounting. In other cases the cost is the purchase price.

Intangible assets are amortised using the straight-line method over their estimated useful lives as from the moment they are available for use. Currently the estimated useful lives range between three and five years.

2.6.2 Internally generated intangible assets

Costs associated with the development or maintenance of computer software programs are in general recognised as an expense as incurred. However (internal or external) costs directly associated with the production of unique software products controlled by the Group, and that will probably generate future economic benefits are recognised as intangible assets, and amortised over their estimated useful life. Currently the estimated useful lives range between three and five years.

Expenditure on research activities is expensed in the income statement as incurred. Expenditure on development activities in general does not meet the capitalisation criteria of IAS 38 and is expensed as incurred (unless the strict criteria of IAS 38 would be met).

2.7 Property, plant & equipment

Property, plant & equipment is carried at cost less accumulated depreciations and impairment losses. Cost includes all direct costs and all expenditure to bring the asset to its working condition and location for its intended use. Borrowing costs are not included in the cost of the asset but are expensed as incurred. The estimated cost of dismantling an asset and restoring a site to its original location at the end of its useful life are included in the cost of the asset. Major components of Property, plant & equipment are accounted for as separate assets, when they have useful lives different from those of the other assets to which they relate.

Subsequent costs are recognised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance costs are expensed as incurred.

Depreciation of property, plant & equipment is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	20 – 40 years
Equipment	3 – 10 years
Furniture and Fittings	3 – 10 years
Vehicles.....	4 – 8 years

Property, plant & equipment under construction and Land are not depreciated.

The asset's residual value and useful lives are adjusted, if material, annually.

Improvements to leased buildings are capitalised and depreciated over the remaining term of the lease or their expected useful life if shorter.

Gains and losses on disposals, determined by comparing proceeds with the carrying amount, are included in the income statement.

Investment property, which are land and buildings held to earn rentals or for capital appreciation, are carried at cost less any accumulated depreciations and any impairment loss.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between the finance expense and the reduction of the lease obligations as to achieve a constant rate of interest on the remaining balance of the liability. A finance lease gives rise to a depreciation charge for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

Payments made under operating leases (net of any incentives received from the lessor) are expensed to income on a straight-line basis over the term of the relevant lease.

2.9 Impairment of assets

The Group regularly reviews the carrying amounts of financial assets, property, plant and equipment, goodwill and intangible assets to determine whether there is an indication for impairment. In addition, goodwill is reviewed for impairment at least annually.

If an indication for impairment exists, the assets recoverable amount is estimated. An impairment loss is recognised in income for the amount by which the asset's carrying amount exceeds its recoverable amount (the higher of an asset's net selling price less costs to sell and value in use).

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

For assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash generating unit).

In exceptional circumstances impairment losses recognised in prior years are reversed in income when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. As an exception, an impairment loss recognised for goodwill is never reversed in a subsequent period.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined by the first in, first out (FIFO) method. Cost includes direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

2.11 Financial assets

The classification of the non-derivative financial assets depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. The classifications used are loans and receivables, financial assets available-for-sale and financial assets held-for-trading.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides cash to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

Investments in equity securities are investments in the share of companies in which Vandemoortele does not have significant influence or control (evidenced by ownership of less than 20% of the voting rights). Such investments are designated as financial assets

available-for-sale and are measured at fair value unless the fair value cannot be reliably determined in which case they are measured at cost. Changes in fair value, except those related to impairment losses, are recognised directly in equity. These investments are classified as non-current assets, unless Management intends to dispose of the investment within 12 months of the balance sheet date.

Investments in debt securities, such as mutual funds, are designated as financial assets held-for-trading and are measured at fair value, which is the published price at balance sheet date. Changes in fair value are recognised in the income statement. Such investments are typically classified as current assets.

Purchases and sales of investments are accounted for at trade date, the date on which the Group commits to purchase or sell the asset.

An impairment loss is recognised when the carrying amount of the investment exceeds the estimated recoverable amount.

2.12 Trade and other receivables

Trade and Other Receivables are measured at amortised cost less impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the receivable is impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the income statement.

2.13 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have original maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and Cash equivalents are carried in the balance sheet at nominal value. Bank overdrafts are shown within borrowings as a current liability on the balance sheet.

2.14 Share capital

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

When the Group purchases its own shares the amount of the consideration paid (including directly attributable expenses) is recognised as a deduction from equity under treasury shares. The proceeds from sales of treasury shares are directly included in net equity with no impact on the income statement.

2.15 Reserves

The Reserves are shown before the proposed dividend. Dividends are recognised as a liability in the period in which they have been approved by the shareholders of the Company.

2.16 Government grants

Government grants are initially recognised as deferred income when there is reasonable assurance that it will be received and the Company will comply with the conditions attached to it. Grants that compensate for expenses incurred are recognised as other operating income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised as other operating income on a systematic basis over the useful life of the asset.

2.17 Borrowings

Interest-bearing loans and borrowings are recognised initially at the proceeds received, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Employee benefit obligations

2.18.1 Pension obligations

The Vandemoortele Group has a number of defined benefit and defined contribution pension schemes.

A defined benefit plan is a post-employment benefit plan that defines an amount of pension benefit that an employee will receive on retirement. The liability recognised in the balance sheet for a defined benefit retirement plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries, using the projected unit credit method, calculate the defined benefit obligation annually. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that fall inside a "corridor" are not recognised. Actuarial gains and losses outside a "corridor" are deferred and amortised on a straight-line basis over the employees' expected average remaining working lives. Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods as the consequence of the introduction or change to post-employment benefits or other long-term employee benefits. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The "corridor" is determined separately for each defined benefit plan and has an upper and a lower boundary equal to 110% and 90% of the greater of the present value of the defined benefit obligation at that date and the fair value of the plan assets.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (a fund or insurance company) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. However, if under a defined contributions plan, there remains a legal or constructive obligation for the Vandemoortele Group the plan is treated as a defined benefit plan.

2.18.2 Other long-term employee benefits

Some Group companies provide other long-term benefit schemes to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

2.19 Provisions

Provisions are recognised in the balance sheet (1) when the Group has a present obligation (legal or constructive) as a result of a past event and (2) it is more likely than not that, an outflow of resources will be required to settle the obligation and (3) the amount can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure to settle the present obligation at the balance sheet date.

Provisions for restructuring costs (including termination benefits) are recognised when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Costs relating to the ongoing activities of the Company are not provided for.

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

2.20 Trade and other payables

Trade and other payables are measured at cost, which is the fair value of the consideration paid or payable.

2.21 Derivative financial instruments

The Group uses derivative financial instruments to manage the impact of foreign currencies, interest rates and commodity prices on the Group's financial performance. The Group's risk management policies prohibit the use of derivative financial instruments for speculative transactions.

Derivative financial instruments are recognised initially at fair value. Fair value is the amount for which the instrument could be exchanged or settled.

Subsequent to initial recognition, derivative financial instruments are measured to their fair value at balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and if so, on the nature of the item being hedged.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments that are economic hedges, but that do not meet the strict IAS 39 criteria for hedge accounting, are designated as financial assets and liabilities at fair value through profit or loss. When the criteria for hedge accounting can be met, the Group designates derivative financial instruments as financial hedges either cash flow hedges or fair value hedges.

2.21.1 Fair value through profit or loss

The change in fair value of derivative financial instruments not designated as financial hedges are recognised in the income statement.

2.21.2 Cash flow hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement within net finance expense for interest rate swaps hedging variable rate borrowings and within other operating income / expense for hedges of commodity prices.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity until the moment that the forecast transaction is ultimately recognised in the income statement.

2.21.3 Fair value hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps and the changes in the fair value of the hedged borrowings attributable to interest rate risk are recognised in the income statement within net finance expense.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity (within net finance expense).

2.22 Taxes

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax effect is also recognised directly in equity.

Current income tax is the expected tax payable, using tax rates enacted, on the taxable profit of the current year and adjustments to

tax expenses of previous periods.

Deferred income tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Under the balance sheet liability method a deferred income tax liability or asset is recognised for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amount in the balance sheet. Under this method a provision for deferred taxes is booked for differences between the fair value of assets and liabilities acquired in a business combination and their tax base. No deferred taxes are recognised on goodwill that is not deductible for tax purposes.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.23 Revenue recognition

Revenue is recognised when it is probable that future economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Revenue represents amounts received or receivable for goods supplied and services rendered after deducting trade discounts, rebates, VAT and other sales related taxes at the moment that delivery has taken place and the transfer of risks and rewards has been completed.

Revenue of services is recognised in the accounting period in which the services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised at the date when the shareholders' rights to receive payment has been established.

3 Business combinations

In July 2008 the Vandemoortele Group announced that it acquired 100% of the shares of the frozen bakery business Panavi in France. Panavi is the French market leader in frozen bakery products. Panavi's product range consists mainly of bread and breakfast pastry. During the same transaction, the Group acquired also 100% of the shares of the Company Juto.

Results of Panavi have been consolidated as from August 1, 2008. For these 5 months ended December 31, 2008, Panavi contributed revenues of 137,6 million euro and net loss of 2,2 million euro to the consolidated Group financials since its acquisition.

In July 2008 the Group acquired 100% of the shares of Biofun, which is a manufacturer of fermented soy products. Results of Biofun have been taken up as from July 1, 2008.

The Group also acquired on January 1, 2008 the minority share in Cohepa and controls since then 100% of Cohepa. As from January 1, 2008 Cohepa is fully consolidated.

Per the end of 2008 the Group has new minority shareholders as there are minority shareholders in some companies of the Group Panavi.

There have been no disposals of subsidiaries during 2007 and 2008.

The acquisitions had the following effect on the Group's assets and liabilities

For the year ended December 31, 2008 Thousand Euro	Acquirer's carrying amount before combination ¹	Fair value adjustments	Fair value
Total net assets acquired	16.357	(2.669)	13.688
Goodwill (Note 9)	-	163.285	163.285
Minority contribution on related acquisitions	(1.478)	-	(1.478)
Total purchase price (consideration paid)²			175.495
Cash and cash equivalents acquired	(13.263)	-	(13.263)
Cash outflow on acquisition			162.232

¹ Local GAAP

² Including acquisition costs

As there are no IFRS financial statements available for the period before the combination and it is impractical to prepare such IFRS statements for that period, the acquired carrying amounts are based on local GAAP.

For the same reason it is impractical to disclose the revenue and profit or loss of the combined entities for the period as if the acquisition date for all business combinations that took effect during the reporting period had been at the beginning of that period.

The fair value of the assets acquired has been determined provisionally. Any adjustment to these provisional amounts will be recognised within twelve months of its acquisition date.

The purchase price of each business combination is documented below:

Thousand Euro	First Consolidation Cohepa	First Consolidation Biofun	First Consolidation Juto	First Consolidation Panavi	First Consolidation Total
Other intangible assets	7	3	0	635	645
Property, plant and equipment	32	542	0	165.386	165.960
Deferred tax assets	0	102	0	4.062	4.164
Inventories	100	43	0	31.604	31.747
Trade and other receivables	243	67	59	49.900	50.269
Financial and other assets	2	13	275	6.096	6.386
Cash and cash equivalents	5	0	6	13.361	13.372
Borrowings	(72)	(602)	(369)	(136.820)	(137.863)
Deferred tax liabilities	0	0	0	(9.768)	(9.768)
Employee benefits	(4)	(39)	0	(14.427)	(14.470)
Provisions	0	0	0	(1.617)	(1.617)
Trade and other liabilities	(264)	(185)	0	(94.688)	(95.137)
Total net assets	49	(56)	(29)	13.724	13.688
Goodwill arising on related acquisitions	5	1.107	29	162.144	163.285
Minority contribution on related acquisitions	0	0	0	(1.478)	(1.478)
Purchase price (Consideration paid)	54	1.051	0	174.390	175.495
Net cash acquired	(5)	109	(6)	(13.361)	(13.263)
Acquisition of subsidiaries, net of cash acquired	49	1.160	(6)	161.029	162.232

Companies	Month of acquisition	Included in the consolidation as from	Impact on the consolidated net result of the Group (k euro)
Cohepa	January 2008	January 2008	74
Biofun bvba	July 2008	July 2008	(123)
Juto	July 2008	August 2008	(9)
Panavi SAS	July 2008	August 2008	(2.190)

4 Employee expense

For the year ended December 31 Thousand Euro	2008	2007
Salaries and wages	148.120	119.462
Social security contributions	47.024	36.761
Pension expense for defined benefit plans	2.745	2.763
Contributions to pension plans	3.307	2.858
Interim personnel	17.521	14.678
Other personnel expenses	4.522	6.604
Employee expenses	223.239	183.126

For the Group Panavi, the employee expense of 5 months (August-December) is taken into account.

The average number of full time equivalents at year-end can be split as follows:

For the year ended December 31 Thousand Euro	2008	2007
Blue collars	3.554	1.741
White collars	1.057	881
Managers	705	536
Interims	539	300
Average number of full time equivalents	5.855	3.458

5 Other operating income/(Expense)

Below you will find a detail of the other operating income & expense:

For the year ended December 31 Thousand Euro	2008	2007
Gains / (loss) on disposals of property, plant and equipment	(143)	(249)
Impairment losses on property, plant and equipment	0	(364)
Fair value gain / (loss) on forward purchase contracts crude vegetable oil	(183)	(1.389)
Government grants	1.294	993
Negative goodwill	0	549
Other	1.918	(557)
Net other operating income / (expense)	2.886	(1.017)

6 Profit from operations

Profit from operations has been arrived at after charging:

For the year ended December 31 Thousand Euro	2008	2007
Amortisations	910	1.172
Depreciations	49.179	40.206
Impairment losses on property, plant and equipment	0	364
Impairment losses on financial assets	39	23
Write down of inventories	591	311

7 Net finance expense

For the year ended December 31 Thousand Euro	2008	2007
Interest expense	(20.227)	(9.329)
Interest income	2.292	968
Exchange losses	(2.596)	(578)
Fair value gains / (losses) on FX hedging in instruments not part of a hedge accounting relationship	4.920	(497)
Fair value gains / (losses) on FX hedging instruments part of a hedge accounting relationship	(667)	0
Fair value gains / (losses) on interest hedging instruments not part of a hedge accounting relationship	(22.054)	275
Fair value gains / (losses) on fair value hedges	5.668	(1.779)
Fair value gains / (losses) on fair value hedges on borrowings	(5.642)	1.766
Reversal / (amortisation) fair value adjustment previously recognised under fair value hedges	179	(89)
Make whole and close-out premium (Repayment USPP)	(5.652)	0
Bank and legal fees	(4.732)	0
Fair value losses on financial assets	(1.080)	0
Other	(600)	(330)
Net finance expense	(50.191)	(9.593)

As required by IFRS 7, 'Financial Instruments: Disclosures' the interest expense recognised on unhedged and hedged financial liabilities and the net interest expense from the related hedging derivative instruments is split as follows:

For the year ended December 31 Thousand Euro	2008
Borrowings - fixed interest rate	(2.301)
Borrowings - floating interest rate	(17.607)
Hedging instruments	1.418
Interest income related to bank deposits / accounts and financial assets held-for-trading	555
Net interest expense	(17.935)

8 Income tax expense

Income taxes recognised in the income statement can be detailed as follows:

For the year ended December 31 Thousand Euro	2008	2007
Current taxes for the year	(8.052)	(14.901)
Adjustment to current taxes on prior years	663	2.992
Deferred taxes	10.189	9.100
Other	0	167
Total income tax (expense)	2.800	(2.642)

The current taxes of the year are high despite of the negative earnings before tax. This is explained by the fact that the positive earnings before tax at most entities (resulting in current tax expenses) are more than offset by the negative earnings before tax at some of the larger entities. These negative earnings before tax result in deferred tax income.

The adjustment to current taxes on prior years is mainly caused by reversing a tax accrual which was too high due to the calculation of the notional interest deduction with an incorrect percentage.

The relationship between the income tax and the profit before income tax has been summarised in the table below:

For the year ended December 31 Thousand Euro	2008	2007
Accounting profit before tax	(13.818)	29.524
Share of result of associates	(961)	(1.120)
Profit before tax and before share of result of associates	(14.779)	28.404
Tax at Belgian corporate tax rate (33,99%)	(5.023)	9.654
Adjustment to current taxes on prior years		
- DRD	0	(2.461)
- overprovided prior years	(584)	(3.177)
- other	(79)	185
Tax effect of		
- special tax regimes	(5.616)	(4.988)
- other domestic tax rates	(1.690)	(838)
- expenses not deductible for tax purposes	1.020	958
- changes in local tax regimes	1.643	0
- withholding tax	268	636
- changes in tax rates	0	(445)
- losses for which no deferred income tax was recognised	7.310	5.364
- utilisation of unrecognised tax losses	(750)	(1.676)
Other	701	(570)
Total income tax	(2.800)	2.642

Deferred income taxes on the fair value adjustments of the cash flow hedges (+5.398 k euro, 2007 -3.852 k euro) and deferred taxes on translation differences of branches (-96 k euro, 2007 +405 k euro) have been recognised directly in equity.

9 Goodwill

Thousand Euro	Soy	Lipids	Bakery	2008	2007
Goodwill at January 1	7.817	23.134	39.003	69.954	69.954
Adjustments from changes in fair value determined provisionally	0	0	0	0	0
Additions through business combinations	1.107	5	162.173	163.285	0
Other				0	0
Goodwill at December 31	8.924	23.139	201.176	233.239	69.954

The additions during the year 2008 are the result of the acquisitions of Panavi, Biofun, Juto and Cohepa which were determined provisionally as per the end of 2008.

The Group tests goodwill for impairment based on value-in-use calculations. More specifically a discounted free cash flow approach is followed. The parameters and principles used in the goodwill impairment test are uniform for the different cash-generating units of the Group.

Management prepares a 5 year strategic plan where volumes and gross margins are based on past performance and the expectations of market development.

For the period 2009 – 2013 the free cash flows are based on the 5 year strategic plan as approved by the Board of Directors. Cash-flows for the three subsequent years are extrapolated using an estimated growth rate of 2,2%. For further years the growth assumption equals 1%. After the time horizon of 8 years, a terminal value is calculated based on an estimated perpetual growth.

The pre-tax discount rate applied is based on benchmark interest rates and risk premiums and on the financing structure of the Group and was equal to 12,5%.

The Group identified following three cash-generating units: Bakery, Lipids and Soy Foods and for neither of them the test based on the above parameters was detecting a need for impairment.

Based on the approach described above, no impairment losses needed to be accounted for.

A sensitivity analysis was performed on the most relevant assumptions used: increase of pre-tax discount rate with 1,1%; actual EBIT 2009 is 5% below budget; growth decreased by 0,5%-point; capex increased by 5%. These sensitivity analyses identified that with the exception of the assumption of the increase of capex, the individual adjustments of the other assumptions, as described above, causes a risk on impairment of goodwill for the cash-generating unit Bakery: ranging from a potential impairment of 12 Mio euro to 35 Mio euro. Notwithstanding the identified risk, management confirms that, because of the prudence included in the budget, no impairment loss needs to be accounted for. For the other two cash-generating units (Lipids and Soy Food), no such impairment risk is identified as per December 31, 2008.

10 Other intangible assets

2007					
Thousand Euro	Development	Patents, trademarks	Software	Other	Total
Gross amount at January 1	2.849	1.680	9.634	1.019	15.182
Additions through business combinations	0	0	0	0	0
Other acquisitions	0	8	125	0	133
Disposals	0	(8)	(63)	(35)	(106)
Transfers from one heading to another	0	(18)	20	0	2
Other	256	0	0	0	256
Currency translation adjustment	1	0	(12)	0	(11)
Gross amount at December 31	3.106	1.662	9.704	984	15.456
Accumulated amortisation at January 1	2.643	1.357	7.942	337	12.279
Additions through business combinations	0	0	0	0	0
Amortisation for the year	139	151	875	7	1.172
Disposals	0	0	(63)	(35)	(98)
Transfers from one heading to another	0	0	0	0	0
Other	256	(1)	0	0	255
Currency translation adjustment	1	0	(12)	0	(11)
Accumulated amortisation at December 31	3.039	1.507	8.742	309	13.597
Net balance at December 31	67	155	962	675	1.859

2008					
Thousand Euro	Development	Patents, trademarks	Software	Other	Total
Gross amount at January 1	3.106	1.662	9.704	984	15.456
Additions through business combinations	1	1.410	11	368	1.790
Other acquisitions	0	130	777	0	907
Disposals	0	(71)	(65)	0	(136)
Transfers from one heading to another	0	0	1	0	1
Other	0	0	10	0	10
Currency translation adjustment	2	0	(38)	0	(36)
Gross amount at December 31	3.109	3.131	10.400	1.352	17.992
Accumulated amortisation at January 1	3.039	1.507	8.742	309	13.597
Additions through business combinations	1	978	0	175	1.154
Amortisation for the year	67	101	733	9	910
Disposals	0	(38)	(64)	0	(102)
Transfers from one heading to another	0	0	15	(24)	(9)
Other	0	0	0	13	13
Currency translation adjustment	2	0	(33)	0	(31)
Accumulated amortisation at December 31	3.109	2.548	9.393	482	15.532
Net balance at December 31	0	583	1.007	870	2.460

The research & development expenses that have been included in the income statement amount to 6.326 k euro (5.874 k euro prior year).

11 Property, plant and equipment

2007					
Thousand Euro	Land & building	Plant & machinery	Assets under construction	Other	Total
Gross amount at January 1	186.667	355.752	12.611	34.264	589.294
Additions through business combinations	1.968	1.789	0	0	3.757
Other acquisitions	11.279	24.236	13.135	2.480	51.130
Disposals	(285)	(12.204)	0	(2.254)	(14.743)
Transfers from one heading to another	3.791	6.217	(10.237)	227	(2)
Other	0	0	0	(36)	(36)
Currency translation adjustment	(2.308)	(2.740)	(31)	(100)	(5.179)
Gross amount at December 31	201.112	373.050	15.478	34.581	624.221
Accumulated depreciation at January 1	60.072	225.052	0	26.816	311.940
Additions through business combinations	0	0	0	0	0
Depreciation for the year	7.200	30.080	0	2.925	40.205
Disposals	(138)	(11.455)	0	(2.282)	(13.875)
Transfers from one heading to another	15	(253)	0	238	0
Impairment losses	0	364	0	0	364
Other	0	1	0	0	1
Currency translation adjustment	(608)	(1.757)	0	(72)	(2.437)
Accumulated depreciation at December 31	66.541	242.032	0	27.625	336.198
Net balance at December 31	134.571	131.018	15.478	6.956	288.023
2008					
Thousand Euro	Land & building	Plant & machinery	Assets under construction	Other	Total
Gross amount at January 1	201.112	373.050	15.478	34.581	624.221
Additions through business combinations	90.807	121.026	4.165	21.097	237.095
Other acquisitions	13.365	30.376	20.597	4.846	69.184
Disposals	(398)	(9.829)	(57)	(1.727)	(12.011)
Transfers from one heading to another	4.604	4.282	(9.262)	375	(1)
Other	7	(25)	40	26	48
Currency translation adjustment	(6.338)	(7.809)	(96)	(275)	(14.518)
Gross amount at December 31	303.159	511.071	30.865	58.923	904.018
Accumulated depreciation at January 1	66.541	242.032	0	27.625	336.198
Additions through business combinations	23.057	37.402	0	10.668	71.127
Depreciation for the year	9.687	35.941	0	3.551	49.179
Disposals	(270)	(9.028)	0	(1.386)	(10.684)
Transfers from one heading to another	0	13	0	(5)	8
Impairment losses	0	(54)	0	0	(54)
Other	0	44	0	0	44
Currency translation adjustment	(1.751)	(5.026)	0	(195)	(6.972)
Accumulated depreciation at December 31	97.264	301.324	0	40.258	438.846
Net balance at December 31	205.895	209.747	30.865	18.665	465.172

There is no property, plant and equipment subject to restrictions on title, except for leases. No property, plant and equipment are pledged as security for liabilities.

The Group leases buildings and manufacturing equipment under a number of finance lease agreements. The net carrying amount of leased buildings was 21.877 k euro (2007: 1.004 k euro), leased plant and machinery was 7.721 k euro (2007: 1.269 k euro) and leased other equipment was 6.588 k euro (2007: 0 k euro).

12 Associates

The Group holds interests in one associate, which is not listed. The following table shows summarised information of the associate:

As per December 31 Thousand Euro	2008	2007
Share of associate balance sheet		
Current assets	26.325	19.637
Non-current assets	16.586	11.937
Current liabilities	18.190	11.395
Non-current liabilities	12.572	8.429
Net assets at December 31	12.149	11.750
Share of associate's revenue and profit		
Revenue	88.027	57.439
Profit / (loss)	961	1.120

The evolution of the carrying amount of the associate has been detailed in the table below:

Thousand Euro	2008	2007
Investments in associates at January 1	11.750	11.230
Share of result of the year*	961	1.120
Dividend received	(480)	(600)
Transfers	(82)	0
Investments in associates at December 31	12.149	11.750

* Share of result is after tax and minority interests of associates

Investments in associates do not include goodwill.

13 Trade and other receivables

As per December 31 Thousand Euro	2008	2007
Trade receivables	46	52
Loans	602	335
Other	0	0
Non-current trade and other receivables	648	387
Trade receivables	239.015	183.962
Provision for doubtful debt	(6.720)	(5.354)
Loans	106	237
VAT receivable	22.342	15.200
Income tax receivable	7.174	2.125
Other taxes receivable	2.896	2.795
Interest receivable	1.046	257
Prepayments	5.700	5.700
Other	8.579	1.357
Current trade and other receivables	280.138	206.279

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers.

The ageing of our trade receivables, interest receivables and loans to customers can be detailed as follows:

As per December 31 Thousand Euro	Net carrying amount as per reporting date	Of which not past due	Of which past due			
			Less than 31 days	31 to 60 days	61 to 120 days	More than 120 days
Trade receivable	232.342	195.531	30.683	4.356	1.750	22
Loans	708	708	0	0	0	0
Other	47.736	47.736	0	0	0	0
Trade & other receivables	280.786	243.975	30.683	4.356	1.750	22

In accordance with IFRS 7, 'Financial Instruments: Disclosures' the above analysis of the age of financial assets that are past due as at the reporting date but not impaired includes the non-current part of these classes of financial assets. Past due amounts were not impaired when collection is still considered probable.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables. In the past, the Group has not suffered significant losses due to unrecoverable trade receivables.

14 Deferred taxes

Deferred tax assets and liabilities are attributable as follows

As per December 31 Thousand Euro	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Intangibles	975	1.210	284	2.664	(691)	1.454
Property, plant and equipment	470	692	35.728	20.919	35.258	20.227
Financial assets	31	35	0	8	(31)	(27)
Inventories	0	0	0	0	0	0
Derivative financial instruments	6.876	18	4.156	4.132	(2.720)	4.114
Other assets	339	323	3.050	43	2.711	(280)
Employee benefits	2.181	1.927	8	14	(2.173)	(1.913)
Provisions	530	11	16.685	14.339	16.155	14.328
Other liabilities	1.438	980	188	192	(1.250)	(788)
Tax losses	37.783	17.046	9.901	9.850	(27.882)	(7.196)
Gross deferred tax assets / (liabilities)	50.623	22.242	70.000	52.161	19.377	29.919
Compensation of assets and liabilities within same jurisdiction	(36.206)	(15.731)	(36.026)	(15.731)	0	0
Net deferred tax assets / liabilities	14.417	6.511	33.794	36.430	19.377	29.919

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As a consequence the Group did not recognise deferred income taxes for an amount of 21.037 k euro, related to tax losses carried forward.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. Management of the Group remains conservative in determining the future taxable results and believes that it is not likely that changes in judgements can have a material adverse effect on the financial condition of the Group.

The change in the net position of deferred taxes can be explained as follows:

Thousand Euro	Assets		Liabilities	
	2008	2007	2008	2007
Deferred tax at January 1	6.511	6.172	36.430	41.679
Increase / (decrease) through the income statement	6.822	339	(3.368)	(8.774)
Increase / (decrease) through equity	0	0	(5.302)	3.447
Additions through business combinations	4.165	0	9.768	0
Currency translation adjustment	(33)	4	(786)	(294)
Other	(3.048)	(4)	(2.948)	372
Deferred tax at December 31	14.417	6.511	33.794	36.430

15 Financial assets

As per December 31 Thousand Euro	2008	2007
Financial assets available-for-sale	485	365
Non-current financial assets	485	365
Financial assets held-for-trading	7.553	6.583
Current financial assets	7.553	6.583

The financial assets available-for-sale, which are unquoted shares in companies that are not consolidated as they do not meet the criteria of significance, are recognised at cost as their fair value could not be reliably measured.

The fair value of the financial assets held-for-trading, which are investments in mutual funds, is determined directly by reference to published prices. The change in fair value has been recognised in the income statement under net finance expense (a loss of 1.080 k euro, 2007 a gain of 34 k euro).

16 Derivative financial instruments - Market and other risks

Exposure to interest rate, foreign exchange rate, liquidity, commodity, and credit risk arises in the normal course of the Group's business. The Group uses derivative financial instruments to cover interest rate, currency rate and commodity price risks.

The Group's policies prohibit the use of derivatives for speculation. The main principles in terms of hedging exposure are at this moment to hedge only clearly identifiable transactional risks (no hedging of net investments in foreign entities).

Based on this policy the Group only uses derivatives to cover clearly identified economic risks. Even though all derivatives are from an economic perspective hedging instruments the criteria to apply hedge accounting according to IFRS can not always be met. Consequently hedge accounting is not applied on all economic hedges.

The interest rate, currency rate and liquidity exposure of the Group are centrally managed by "Group Treasury" inclusive the counterparty credit risk. The divisions of the Group manage the commodity price exposure and credit risk.

Below you will find a summary of the fair values of the derivatives per the end of December:

As per December 31 Thousand Euro	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
- Held-for-trading	0	21.368	0	0
Cross currency rate swaps				
- Fair value hedges	0	0	0	5.864
- Cash flow hedges	0	0	0	3.972
Non-current derivatives	0	21.368	0	9.836
Interest rate swaps				
- Held-for-trading	0	0	1.067	0
Commodity contracts				
- Held-for-trading	0	238	78	132
- Cash flow hedges	210	12.317	11.128	1.522
Foreign currency contracts				
- Held-for-trading	4.497	342	1.860	2.626
- Cash flow hedges	8.170	0	0	0
Current derivatives	12.877	12.897	14.133	4.280

16.1 Managing the transactional exchange risk

The Group companies incur foreign exchange risk on sales, purchases and other transactions in a currency other than their functional currency and on sales and purchases in euro where the euro price is affected by a foreign exchange rate.

The subsidiaries of the Group are required to transfer the identified foreign exchange risk on their current and future business commitments in foreign currency and on forecasted foreign currency flows (from 2 to 12 months) to one of the central financing companies of the Group. This systematic hedging relieves the operating entities of the foreign exchange risk and centralises the Group's foreign exchange exposure. "Group Treasury" then manages the remaining net exchange exposure under the rules and specific limits set by the Group Treasury policy and procedures.

Group Treasury has to hedge the foreign exchange risks via the most optimal and agreed upon financial instruments, i.e. spot and forward exchange contracts, currency swaps and buying currency options. Currency options are only allowed if the total current and future cost is known at the start and that there is a budget available. The maturity of financial instrument may not exceed one year. The use of other instruments has to be approved by the Group Executive Committee.

The net equity risk (ie risks arising from the consolidation of the equity investments into foreign currency subsidiaries into euro) is not hedged, as none of the subsidiaries in foreign currency are (i) having a value exceeding 30% of the Group's consolidated equity or (ii) are not considered as strategic or (iii) are in a country with high inflation in comparison to Europe.

Foreign currency denominated assets are as much as possible financed by cash flows or borrowings in the same currency as the assets (natural hedge).

The fair values of foreign currency derivative contracts are calculated using a valuation model taking into account available current market exchange rate and interest rate information.

The outstanding forward foreign exchange contracts that the Group has committed have all maturity dates within one year. The notional amount of these contracts per December 31, 2008 is detailed in the table below:

As per December 31 Thousand Euro	Purchases		Sales	
	2008	2007	2008	2007
USD	91.807	62.399	22.953	39.225
GBP	0	0	62.897	11.498
Other	2.120	568	5.439	7.655
Notional amount FX instruments	93.927	62.967	91.289	58.378

Part of the outstanding GBP forward foreign exchange contracts are considered as cash flow hedges (fair value is at December 31, 2008 an asset of 8.170 k euro). For those contracts, the gains recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2008 (amount of 8.837 k euro) will be recognised in the income statement in the period or periods during which the hedged forecast transaction shall affect the income statement. Part of the value on forward foreign exchange contracts related to the forward points - evolution (due to differential in GBP interest rates towards euro interest rates) has been accounted for as financial expense (amount of 667 k euro).

For the other FX related derivatives no hedge accounting is applied. As a consequence, changes in the fair value of those FX derivatives are accounted for as financial income or expense. At December 31, 2008 the net fair value of those forward exchange contracts was an asset of 4.155 k euro comprising of an asset of 4.497 k euro (per December 31, 2007 1.860 k euro) and a liability of 342 k euro (per December 31, 2007 2.626 k euro). The fair value profit of 4.920 k euro has been recognised as a finance income (2007 fair value loss of 497 k euro).

Currency sensitivity analysis

Around 17% of the revenue of Vandemoortele is generated by subsidiaries of which the activities are operated in a currency other than the euro. A currency translation risk arises when the financial statements of these foreign operations are translated into the presentation currency of the Vandemoortele consolidated financial statements.

The Pound Sterling and the US Dollar are the only foreign currencies for which a change in exchange rate could have a material impact on the Vandemoortele consolidated accounts.

The currency sensitivity analysis is prepared assuming that the euro would have weakened / strengthened during 2008 by 10%, against the important foreign currencies (GBP/USD), which is estimated to be a reasonably possible change of the exchange rate.

If the euro would have weakened / strengthened with 10% versus the GBP with all other variables held the same, the 2008 profit from operations would have been 7 Mio euro higher / lower (20%) while the translation reserves in equity would have been 1 Mio euro higher / lower (less than 1% of total equity). No significant impact from change in USD on profit from operations. This sensitivity will be reduced in 2009 because of the hedging of GBP done.

If the euro would have weakened / strengthened with 10% versus the USD, the financial result would have been 8 Mio euro higher / lower (less than 16% of financial result) as result of the change in fair value of the FX instruments. If the euro would have weakened / strengthened with 10% versus GBP, the financial result would have been 1 Mio euro lower / higher (less than 2% of financial result) while the hedging reserves in equity would have been 4 Mio euro lower / higher (less than 2% of the total equity).

Currency transactional risk

Most of Vandemoortele's not-derivative monetary financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. The open positions for which no hedging is performed are therefore not material and a change in currency rate would not have a material impact on the profit of Vandemoortele.

16.2 Managing interest rate risk

The interest rate risk is managed at Group level, taking into account average lifetime, interest cover ratios and the balance with the asset portfolio. The objective is to have a fixed interest rate for an average period for of all consolidated outstanding net financial debt between 3 and 6 years. This allows Group Treasury to "tactically" manage the interest rate risk based on their view of interest rates. A fundamental change of the average interest rate coverage period, within the abovementioned limits, needs prior approval of the Group Executive Committee.

In accordance with the Group Treasury policy and procedures Group Treasury can enter into agreements to hedge against a potential change in interest rates through basic instruments (interest rate swaps, cross currency interest rate swaps and forward rate agreements). The use of other instruments (such as interest rate options, caps, floors, collars and futures) requires the prior approval by the Group Executive Committee.

Per December 31, 2008 the interest rates have been fixed for an average interest period of 3,5 years and the fixed / total debt ratio equals 78%.

The Group entered into several interest rate swaps to hedge the floating interest rate on borrowings. The notional amount of the IRS contracts equals 365.785 k euro per December 31, 2008 (75.785 k euro per December 31, 2007).

The table below indicates the maturity of the interest bearing financial liabilities (at their nominal value) but before hedging instruments.

As per December 31 Thousand Euro	1 year or less	2 - 5 years	More than 5 years	Total
Fixed rate	0	31.251	28.492	59.743
Floating rate	495.008	0	0	495.008
Total	495.008	31.251	28.492	554.751

Taking into account the impact of interest rate hedging, the analysis is as follows:

As per December 31 Thousand Euro	1 year or less	2 - 5 years	More than 5 years	Total
Fixed rate	0	317.036	108.492	425.528
Floating rate	129.223	0	0	129.223
Total	129.223	317.036	108.492	554.751

At this moment because of renegotiation of the financing, there is a discrepancy between the maturity of the financing and the IRS-contracts.

Although all these hedges are economic hedges, not all conditions were met to apply hedge accounting. As such, they are all accounted for as held-for-trading and the change in fair value is recognised in the income statement.

All fair values are calculated using a valuation model taking into account available market information about current and projected interest rates.

The change in fair value of the interest derivatives during 2008 has been detailed below:

Thousand Euro	Held-for trading	Fair value hedges	Cash-flow hedges	Total
January 1, 2008	1.067	(5.864)	(3.972)	(8.769)
De-designation	(381)	4.957	1.066	5.642
Fair value gain / (loss) of the year	(22.054)	907	0	(21.147)
Change through equity	0	0	2.906	2.906
December 31, 2008	(21.368)	0	0	(21.368)

Interest rate sensitivity analysis

As disclosed above, 22% of the Group's interest bearing financial liabilities bear a variable interest rate.

The total interest expense recognised in 2008 income statement on the Company's variable rate debt portion net of the effect of interest rate derivative instruments amounts to 7,1 million euro (Before tax).

When a reasonable possible increase / decrease in the euro – market interest rates with 0,50% on the Group's floating rate debt at December 31, 2008 is applied, with all other variables held constant, 2008 profit would have been 616 k euro higher / lower. In addition this interest rate increase / decrease would cause a change in the fair values of the hedging instruments, which is estimated to have a positive (negative) impact on the profit before tax of more than 5.000 k euro.

16.3 Managing the price risk of materials

The Group companies incur the risk of changing market prices of materials.

To minimise the risk to unfavourable purchase price changes the Group utilises fixed price contracts for major materials such as flour, soy beans, packaging, etc. To manage the risk on changing refined vegetable oil prices the Raw Material Department of the Lipids & Dough Division is entering into forward purchase and sale agreements of crude vegetable oil. These commodity contracts are accounted as derivative financial instruments.

The fair value of these forward purchase contracts is calculated using a valuation model taking into account current spot and forward market prices for the commodities.

The notional amounts of the outstanding forward purchase and sales contracts have been detailed in the table below. All these contracts mature within one year.

As per December 31 Thousand Euro	Purchases		Sales	
	2008	2007	2008	2007
Held-for-trading	2.153	1.146	1.021	1.906
Cash-flow hedges	77.671	51.668	12.349	19.170
Notional amount forward commodity contracts	79.824	52.814	13.370	21.076

The Group applies Cash-Flow hedge accounting on the contracts of the high volume types of crude vegetable oil. The changes in fair value of the effective Cash-Flow Hedges are recognised in the Hedging Reserve. The commodity contracts for other types of crude vegetable oil remain to be treated as Held-for-Trading derivatives, with the change in fair value recognised in the income statement.

At December 31, 2008 the net fair value of the commodity contracts designated as Held-for-Trading was -238 k euro comprising assets of 0 k euro (per December 31, 2007 78 k euro) and liabilities of 238 k euro (per December 31, 2007 132 k euro). The fair value loss of 184 k euro has been recognised as other operating result (2007 net other operating loss of 1.388 k euro).

The change in fair value of the commodity contracts designated as Cash-Flow hedges (-21.713 k euro) has been recognised in the Hedging Reserve.

Thousand Euro	Held-for trading	Cash-flow hedges	Total
January 1, 2008	(54)	9.606	9.552
Fair value gain / (loss) of the year	(184)	0	(184)
Change through equity	0	(21.713)	(21.713)
December 31, 2008	(238)	(12.107)	(12.345)

16.4 Managing the liquidity risk

Liquidity risk management is associated with ensuring that the Group has enough funding facilities available now and in the future so it can meet all its financial obligations through any economic or business cycle and has sufficient borrowing capacity for the implementation of its strategic view and for tactical acquisitions.

The liquidity risk is managed at Group level based on the consolidated budgeted and projected balance sheets and cash flows and implies:

- (i) a monitoring of the mix of short term and long term funding versus total debt,
- (ii) the overall composition of total debt,
- (iii) the availability of used long term and unused but committed credit facilities in relation to the fixed assets and working capital needs of the Group,
- (iv) the compliance with borrowing facilities covenants and undertakings,
- (v) capital structure of the Group.

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As per December 31 Thousand Euro	1 year or less	2 - 5 years	More than 5 years	Total
Bank borrowings	480.811	30.000	3.472	514.283
Finance lease liabilities	5.650	13.617	7.004	26.271
Bank overdrafts	795	0	0	795
Other	13.402	0	0	13.402
Total	500.658	43.617	10.476	554.751

A new medium term bank loan has been negotiated and an agreement was reached on March 27, 2009 for an amount of 443 Mio euro.

16.5 Managing the capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

16.6 Managing the credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group companies are monitoring the credit risk on an ongoing basis and are using trade finance instruments (i.e. letter of credit) when appropriate. Furthermore, companies of the Group are covering part of the credit risk exposure by credit insurance policies considering cost and benefit of the insurance.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Finance related counterparty credit risk is defined as the risk of sustaining a loss as a result of the default by a counterparty that has:

- (i) given credit lines or borrowings to the Group
- (ii) accepted a deposit from the Group
- (iii) entered into a hedging transaction with the Group.

The purpose of establishing counterparty credit risk limits is to ensure that the Group deals with creditworthy counterparties and that counterparty concentration risk is addressed.

The core financial institutions for the Group are those that give Long Term Committed Credit Facilities and should comprise at least 3 parties.

Group Treasury will make sure that all risks are spread over several counterparties according to internal procedures determining limits and maximum exposures per counterparty.

Counterparties which the Group is allowed to work with should have a minimum Credit Rating of A-.

17 Other assets

As per December 31 Thousand Euro	2008	2007
Guarantees	1.368	700
Non-qualifying insurance premiums	813	658
Prepayments	993	0
Non-current other assets	3.174	1.358
Guarantees	283	233
Deferred expenses	12.047	2.418
Accrued income	181	196
Other	423	241
Current other assets	12.934	3.088

18 Inventories

As per December 31 Thousand Euro	2008	2007
Raw materials and consumables	38.307	30.933
Work in progress	1.303	807
Finished goods	71.114	50.613
Goods purchased for resale	5.744	6.169
Inventories at December 31	116.468	88.522

The write-downs on inventories amount to 591 k euro in 2008 (310 k euro in 2007).

19 Cash and cash equivalents

As per December 31 Thousand Euro	2008	2007
Cash	62	65
Bank current accounts	26.654	12.740
Short-term bank deposits	21.933	2.602
Cash and cash equivalents	48.649	15.407
Bank overdrafts (Note 21)	(795)	(5.479)
Cash and cash equivalents, less bank overdrafts	47.854	9.928

20 Equity

20.1 Share capital

The issued capital of the Company amounts to 11.357 k euro at December 31, 2008, represented by 418.150 shares, of which 825 are owned by the Company itself. These shares are not entitled to a dividend. The Company's shares are without par value. The holders of shares are entitled to receive dividends as declared and to one vote per share at the Shareholder's meeting of the Company. There is no authorised, un-issued capital.

20.2 Treasury shares

The Company's own shares and the Safinco certificates held by Vandemoortele NV or one of its subsidiaries are recognised as treasury shares. During 2008, there are no changes in treasury shares.

During 2008 the Vandemoortele Group received a dividend on the Safinco shares (1.075 k euro). This dividend was recognised directly in retained earnings.

20.3 Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences arising from the translation of the financial statements of subsidiaries that operate in functional currencies other than the euro. At December 31, 2008 a deferred tax (-96 k euro) has been booked in cumulative translation adjustments which brings the balance of deferred taxes recognised in the cumulative translation adjustments to -95 k euro.

20.4 Retained earnings & reserves

The Retained Earnings consist of the Reserves of the parent Company (including the Legal Reserve of 3.326 k euro) and the undistributed profits of the subsidiaries. The change in Retained Earnings during 2008 is explained by the net loss of the year and the payment of the dividend for the financial year 2007.

The Hedging Reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedges. Changes in the fair value of hedging instruments designated as effective cash flow hedges are calculated and recognised directly in equity (net of tax). During 2008 a negative amount of -2.383 k euro (2007 positive amount of 1.424 k euro) has been recognised in equity for the change of the fair value on interest cash-flow hedges (net of tax). The positive change in fair value related to the foreign exchange cash-flow hedges recognised in equity amounts to 5.833 k euro (2007 amount of 0 k euro) (net of tax). The negative change in fair value related to the commodity cash-flow hedges recognised in equity amounts to -14.333 k euro (2007 positive amount of 6.317 k euro) (net of tax).

The change in the hedging reserve has been further detailed in the table below.

Thousand Euro	Interest	Foreign Exchange Contracts	Commodities	Total
Amount at January 1, 2008	2.383	0	6.341	8.724
Change in fair value interest rate swaps	(2.445)	0	0	(2.445)
Change in fair value cross currency interest rate swaps	5.351	0	0	5.351
Change in fair value in foreign exchange contracts	0	8.837	0	8.837
Change in fair value borrowings	(6.310)	0	0	(6.310)
Change in fair value commodity contracts	0	0	(21.714)	(21.714)
Deferred tax effect	1.021	(3.004)	7.381	5.398
Amount at December 31, 2008	0	5.833	(7.992)	(2.159)

20.5 Dividends

On May 12, 2009 the Board of Directors proposed to pay no dividend on the result of 2008. This dividend proposal is subject to approval by the shareholders on their annual meeting on June 2, 2009.

A summary of the change in the equity position of the Group can be found in the consolidated statement of changes in equity. Below you will find a detail of the evolution in Retained Earnings and other reserves:

2007				
Thousand Euro	Legal reserve	Retained earnings	Hedging reserve	Total
Amount at January 1	3.326	275.946	983	280.255
Profit of the year	0	26.882	0	26.882
Dividend paid	0	(6.156)	0	(6.156)
Dividend received	0	735	0	735
Treasury shares	0	7.836	0	7.836
Cash flow hedge reserve	0	0	11.605	11.605
Deferred taxes	0	12	(3.864)	(3.852)
Amount at December 31	3.326	305.255	8.724	317.305

2008				
Thousand Euro	Legal reserve	Retained earnings	Hedging reserve	Total
Amount at January 1	3.326	305.255	8.724	317.305
Loss of the year	0	(10.774)	0	(10.774)
Dividend paid	0	(12.186)	0	(12.186)
Dividend received	0	1.075	0	1.075
Treasury shares	0	0	0	0
Cash flow hedge reserve	0	0	(16.281)	(16.281)
Deferred taxes	0	0	5.398	5.398
Other	0	(20)	0	(20)
Amount at December 31	3.326	283.350	(2.159)	284.517

21 Borrowings

This note provides information about the Group's borrowings and net financial debt. Additional information about the exposure to interest rate and foreign currency risk on the borrowings can be found in note 16.

As per December 31 Thousand Euro	2008	2007
Bonds in Euro	0	20.000
Bonds in USD	0	53.799
Bank borrowings	514.283	61.885
Finance lease liabilities	26.271	1.980
Bank overdrafts	795	5.479
Factoring	13.354	0
Capitalised expenses	0	(486)
Other	48	40
Borrowings	554.751	142.697
of which		
• Current	500.604	13.183
• Non-current	54.147	129.514

All borrowings of the Group are in euro.

The (USPP) bonds in Euro and USD, as well as other bank borrowings outstanding at year-end 2007, have been repaid during 2008.

The financing of the acquisition of the Group Panavi, as well as the refinancing of loans which were repaid during 2008, exists of a "bridge loan financing" with a club of banks, with maturity in 2009.

Factoring refers to the factoring agreement between Panavi and a French factoring-provider.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

As per December 31 Thousand Euro	2008
Gross finance lease liabilities - minimum lease payments	
No later than 1 year	6.799
Later than 1 year and no later than 5 years	16.038
Later than 5 years	7.842
	30.679
Future finance expenses on finance leases	(4.408)
Finance lease liabilities	26.271

22 Long-term employee benefits

The amounts of long-term employee benefits have been detailed in the table below:

As per December 31 Thousand Euro	2008	2007
Defined benefit plans	10.871	9.679
Other post-employment benefits	1.889	2.077
Post-employment benefits	12.760	11.756
Other long-term employee benefits	2.581	2.293
Total employee benefits	15.341	14.049

Several Vandemoortele companies operate post-employment benefit plans that provide benefits which are related to salary and length of service. These post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

The other post-employment benefits include the liabilities in relation to supplemental early retirement benefits. The other long-term employee benefits liabilities consist mainly of liabilities in relation to jubilee benefits.

The principal actuarial assumptions at the balance sheet date:

As per December 31	2008	2007
Discount rate	6,15	5,00
Inflation	2,00	2,00
Expected return on plan assets	4,98	5,51
Expected rate on salary increases	3,50	3,50

Assumptions regarding future mortality are proposed by the external actuaries who prepare the actuarial calculations based on recent published statistics in each country. The assumptions regarding the turnover of employees are determined by the human resources management in each country and are based on recent experience and expectations for the future.

In view of the volatility of the economic situation at the end of 2008, we have done a sensitivity analysis of +/- 0,50% on the discount rate. Using a discount rate of 5,65% instead of 6,15% would give us roughly an increase in the liability (DBO) of 1.200 k euro as at December 31, 2008. This does not impact the balance sheet amount as at December 31, 2008.

The amount included in the balance sheet arising from the Group's obligations in regards post-employment benefits are as follows:

As per December 31 Thousand Euro	Defined benefit pension plans	
	2008	2007
Present value of defined benefit obligation	32.973	34.321
Fair value of plan assets	(23.565)	(25.637)
Funded status	9.408	8.684
Unrecognised actuarial gains (losses)	1.463	995
Net (asset) / liability	10.871	9.679

The changes in the present value of the defined benefit obligations relating to the post-employment benefit plans were as follows:

Thousand Euro	Defined benefit pension plans	
	2008	2007
Defined benefit obligation at January 1	34.321	34.213
Current service cost and employee contributions	2.562	2.525
Interest cost	1.784	1.497
Actuarial (gain) or loss on defined benefit obligation	(4.660)	(2.752)
Benefits paid	(1.532)	(1.101)
Administrative expenses paid	(64)	(61)
Past service cost	0	0
Effect of curtailment on DBO	(322)	0
Additions through business combinations	884	0
Defined benefit obligation at December 31	32.973	34.321

The change in the fair value of assets of the post-employment benefit schemes were as follows:

Thousand Euro	Defined benefit pension plans	
	2008	2007
Fair value of plan assets at January 1	25.637	25.180
Actual return	(2.793)	(302)
Employer contributions	1.756	1.606
Employee contributions	23	20
Benefits paid	(1.475)	(804)
Additions through business combinations	481	0
Administrative expenses paid	(64)	(63)
Fair value of plan assets at December 31	23.565	25.637

The assets comprise qualifying insurance policies and assets held by a separate pension fund. The expected return on plan assets in the separate pension fund was determined considering the current investment policy of the pension fund, and based on the expertise of the external bank that manages the assets of the pension fund.

The Group expects to contribute approximately 2.481 k euro to its defined benefit plans during 2009.

The changes in the unrecognised actuarial gains and losses of the post-employment benefit plans were as follows:

Thousand Euro	Defined benefit pension plans	
	2008	2007
Total unrecognised actuarial (gain) loss at January 1	(995)	245
Actuarial (gain) loss on defined benefit obligation	(4.656)	(2.759)
Actuarial (gain) loss on plan assets	4.293	1.544
Actuarial (gain) loss recognised during the year	(105)	(25)
Total unrecognised actuarial (gain) loss at December 31	(1.463)	(995)

The amounts recognised in the income statement for the post-employment benefit schemes can be analysed as follows:

For the year ended December 31 Thousand Euro	Defined benefit pension plans	
	2008	2007
Current service cost	2.538	2.450
Interest cost	1.784	1.492
Expected return on plan assets	(1.385)	(1.207)
Net actuarial (gain) loss recognised in the year	130	28
Curtailement	(322)	0
Past service cost recognised in the year	0	0
Pension expense for defined benefit plans	2.745	2.763

The other post-employment benefits consist mainly of bridge pension obligations in Belgium.

The other long-term employee benefits mainly relate to jubilee premiums.

In accordance with IFRS the historic overview presented below is determined prospectively as from the first IFRS balance sheet date. The history shown in this year's financial statements is therefore limited to three years.

As per December 31 Thousand Euro	2008	2007	2006
Present value of defined benefit obligation	32.973	34.321	34.213
Fair value of plan assets	(23.565)	(25.637)	(25.180)
Funded status	9.408	8.684	9.033
Unrecognised actuarial gains (losses)	1.463	995	(245)
Net (asset) / liability	10.871	9.679	8.788

23 Provisions

Thousand Euro	2008				
	Re-structuring	Litigations and tax risks	Environmental	Other	Total
Provisions at January 1	32	11.012	274	1.162	12.480
Additions through business combinations	839	362	0	416	1.617
Additional provisions during the year	536	80	0	958	1.574
Provisions used during the year	(871)	(225)	(10)	(143)	(1.249)
Provisions reversed during the year	0	(93)	0	(247)	(340)
Other	0	(84)	0	84	0
Currency translation adjustments	0	0	0	1	1
Provisions at December 31	536	11.052	264	2.231	14.083
Current provisions	0	0	0	0	0
Non-current provisions	536	11.052	264	2.231	14.083

23.1 Restructuring provisions

The Group books a provision for restructuring when it has announced its restructuring plans to the parties involved (typically employees).

23.2 Litigations and tax risks

Provisions for tax risks are recorded if the Group considers that the tax authorities might challenge the position taken by the Group. Provisions for litigation are booked for those litigations where the Group is or might be a defendant against claims of customers, suppliers or employees. An assessment is performed with respect to the above-mentioned risks together with the Group's tax, HR and legal advisers. The Group books a provision for those litigations, tax risks etc that can be clearly identified and for which a reliable estimate can be made of the potential cost.

23.3 Environmental provisions

The Group books a provision for those environmental risks that are clearly defined and for which a reliable estimate can be made of the potential cost.

23.4 Other provisions

Other provisions are booked for all other identifiable risks.

24 Trade payables and other liabilities

As per December 31 Thousand Euro	2008	2007
Government grants	7.644	5.771
Other	395	0
Non-current other liabilities	8.039	5.771
Trade payables	233.193	147.465
VAT payable	3.067	1.935
Other taxes	2.421	5.039
Payroll tax	3.463	2.854
Interests payables	789	2.915
Accrued expenses	1.129	1.378
Deferred income	228	1.675
Other	7.003	864
Current other liabilities	251.293	164.125

25 Related party transactions

The Group is controlled by Safinco NV which owns 100% of the shares of the Company's shares.

The compensation for the members of the Board of Directors amounts to 381 k euro for the year 2008. The compensation for the executives of the Group, including the members of the Group Executive Committee, equals 7.089 k euro for the year. Key management compensation includes all short-term employee benefits such as salaries, bonuses, social security contributions, insurance premiums and long-term remunerations such as retirement benefits.

The Group purchases refined oil from its associate Lipidos. The conditions for these purchases are negotiated periodically between both parties and are at arm's length.

26 Commitments and contingencies

26.1 Operating lease commitments

The Group has entered into commercial leases on Company cars and office equipment. Renewals are at the option of the specific entity that holds the lease. The minimum lease payments under operating leases recognised in the income statement for the year are 4.720 k euro (2007 amount of 4.476 k euro).

Future minimum rentals payable under non-cancellable operating leases at December 31, 2008 are not significant.

26.2 Contingent liabilities

The Group is subject to a number of claims and legal proceedings in the normal conduct of its business. Management does believe that such claims and proceedings are not likely, on aggregate, to have a material adverse effect on the financial condition of the Group.

In 2008 there was a modification of the French law relating to the modernisation of the labour market.

In this law, minimal amounts are determined when an employer sends an employee on retirement. The Group uses the restrictive interpretation of the official report agreed in the ANI (Accord National Interprofessionnel) on January 11, 2008.

27 Information on the Auditor's assignments and related fees

The statutory auditor of the Group is PricewaterhouseCoopers, represented by L. Adams and P. Opsomer.

Audit fees for 2008 in relation to services provided by PwC amounted to 994 k euro. These fees have been detailed in the table below.

For the year ended December 31 Thousand Euro	2008
Audit services Vandemoortele NV	227
Audit services subsidiaries	767
Total	994

The audit services for the subsidiaries are services performed as statutory auditor in view of legal requirements.

Additional services for 2008 rendered by the auditor to the Group have been detailed in the table below.

For the year ended December 31 Thousand Euro	2008
Other audit related services	12
Non-audit services	0
Tax advisory services	0
Total	12

Additional services for 2008 rendered by parties related to the auditor to the Group have been detailed in the table below.

For the year ended December 31 Thousand Euro	2008
Other audit related services	0
Due diligence	72
Non-audit services	5
Tax advisory services	219
Total	296

28 Events after the balance sheet date

The Board of Directors proposes to pay no dividend on the result of 2008. This proposal is subject to approval by the shareholders on their annual meeting on June 2, 2009.

Starting end of January 2009, some assets are pledged as security for liabilities. Buildings, land, receivables, business undertakings and shares of the main Group legal entities are pledged as security for liabilities towards the banks.

On March 27, 2009, the Group Vandemoortele and the Gimv have reached an agreement in which the Gimv invests 75 Mio euro in the Group.

A new medium term bank loan has been negotiated and an agreement was reached on March 27, 2009 for an amount of 443 Mio euro.

The Group decided to focus on its B2B activities, which accounts for 80% of the Group's turnover, and to further develop them. Therefore the Group is investigating the opportunity to divest Alpro.

29 Vandemoortele companies

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 63 subsidiaries which are fully consolidated and 1 associated company which is consolidated according the equity method. Cottes SA no longer exists as it is taken up under Vandemoortele France. Until 2007, Distribuidora de Confiteria Heladeria y Panaderia s.l. was consolidated by using the equity method, in 2008 the company is fully consolidated. The other increases in subsidiaries are due to the acquisition of the Group Panavi (18 companies), Juto and Biofun bvba.

Participations in 14 companies are not consolidated as these do not meet the criteria of significance.

Name and office	2008	2007
Subsidiaries	%	%
Belgium		
Vandemoortele nv, Ottergemsesteenweg Zuid 806, 9000 Gent	Parent	Parent
Alpro nv, Vlamingstraat 28, 8560 Wevelgem	100,0	100,0
Biofun bvba, Fazantenlaan 6, 8210 Zedelgem	100,0	0
Croustifrance Benelux nv, Ottergemsesteenweg Zuid 806, 9000 Gent	100,0	100,0
Vandemoortele I.T. nv, Ottergemsesteenweg Zuid 806, 9000 Gent	100,0	100,0
Metro nv, Zuidkaai 33, 8870 Izegem	100,0	100,0
Vamix nv, Ottergemsesteenweg Zuid 806, 9000 Gent	100,0	100,0
Vamo Mills nv, Prins Albertlaan 12, 8870 Izegem	100,0	100,0
Vandemoortele Bakery Products Ghislenghien sa, 47 Avenue des Artisans, 7822 Ghislenghien	100,0	100,0
Vandemoortele Coordination Center nv, Ottergemsesteenweg Zuid 806, 9000 Gent	100,0	100,0
Vandemoortele Izegem nv, Prins Albertlaan 12, 8870 Izegem	100,0	100,0
Colombus Food sa, Zoning Industriel, Zone C, Rue Jules Bordet, 7180 Seneffe	100,0	100,0
Germany		
Alpro GmbH, Münsterstrasse 306, 40470 Düsseldorf	100,0	100,0
Hobum Öle und Fette GmbH, Seehafenstrasse 2, 21079 Hamburg	100,0	100,0
JB Schmidt Söhne GmbH & Co. KG, Rheinallee 124, 55120 Mainz	100,0	100,0
Meylip Nahrungsmittel GmbH, Altensennerweg 68, 32052 Herford	100,0	100,0
Meylip Nahrungsmittel GmbH & Co. KG, Altensennerweg 68, 32052 Herford	100,0	100,0
Teiglingswerk Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100,0	100,0
Vamo Mills GmbH, Rheinallee 124, 55120 Mainz	100,0	100,0
Vandemoortele Deutschland GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100,0	100,0
France		
Croustifrance sa, 95 Allée de France, Zone Artoipôle, 62118 Monchy-le-Preux	100,0	100,0
Sojinal sa, 8 Route de Merxheim, 68500 Issenheim	100,0	100,0
Vandemoortele France sa, 30 Rue des Peupliers, 92752 Nanterre	100,0	100,0
Vandemoortele Finance France sarl, 30 Rue des Peupliers, 92752 Nanterre	100,0	100,0
Cottes Action sa, Route de Toulouse, 09130 Le Fossat	100,0	100,0
Cottes sa, Route de Toulouse, 09130 Le Fossat	0,0	100,0
Cottes Usiness sa, Route de Toulouse, 09130 Le Fossat	100,0	100,0
Panavi SAS, Le haut montigné, 35370 Torcé	100,0	0
Panalog SAS, Le haut montigné, 35370 Torcé	100,0	0
Panavi International, Le haut montigné, 35370 Torcé	100,0	0
Panarmen SAS, Le haut montigné, 35370 Torcé	100,0	0
SNP SAS, Zi de Massiès, 81800 Coufouleux	64,3	0
Martillac SAS, Rue de la Canave, 33650 Martillac	64,3	0
Paindor SAS, 14ème Rue Zone industrielle, 06513 Carros	100,0	0
Paindor Toulon SAS, 230 Avenue Jean Monnet, 83190 Ollioules	100,0	0

Name and office	2008	2007
Subsidiaries (continued)	%	%
Paindor Côte d'Azur, 107 Chemin du Val Fleuri, 06800 Cagnes sur mer	100,0	0
Paindor VAR Sarl, Zi Camp Colonel Dessert, 83480 Puget sur Argens	100,0	0
Paindor Provence SAS, Zi 14 Avenue de Bruxelles, 13127 Vitrolles	100,0	0
Paindor Montpellier, Zi Sud Rue de Prades, 34880 Laverune	100,0	0
Auberge de Montigne SNC, Le haut montigné, 35370 Torcé	100,0	0
Val Fleuri SCI, 107 Chemin du Val Fleuri, 06800 Cagnes sur mer	30,7	0
Des Bosquets SCI, 107 Chemin du Val Fleuri, 06800 Cagnes sur mer	30,0	0
L'Olivet SCI, Le haut montigné, 35370 Torcé	100,0	0
Juto, 35 Boulevard Arago, 75013 Paris	100,0	0
The Netherlands		
Safinco Nederland bv, Hoge Mosten 22, 4822 NH Breda	100,0	100,0
Vandemoortele nv, Hoge Mosten 22, 4822 NH Breda	100,0	100,0
Alpro Soja Nederland bv, Hoge Mosten 22, 4822 NH Breda	100,0	100,0
SoFine Foods bv, Sperwerweg 7, 6374 AG Landgraaf	100,0	100,0
Erkens Bakkerijen bv, Molenvaart 12, 6442 PL Brunssum	100,0	100,0
Luxembourg		
Vandemoortele International Finance sa, 25 Avenue de la Liberté, 1931 Luxembourg	100,0	100,0
Vandemoortele International Reinsurance sa, 6b Route de Trèves, 2633 Luxembourg	100,0	100,0
Vandemoortele Participations sa, 25 Avenue de la Liberté, 1931 Luxembourg	100,0	100,0
United Kingdom		
Alpro UK Ltd., Altendiez Way Latimer Business Park-Burton Latimer, Kettering NN15 5YT, Northamptonshire	100,0	100,0
Vandemoortele UK Ltd., Ashley House, 86-94 High Street, TW3 1 NH Hounslow Middlesex	100,0	100,0
Italy		
Vandemoortele Italia S.p.A., Via de Capitani 2, 20041 Agrate Brianza	100,0	100,0
Tosco Pan Sud, Via Gianbattista 64, Lacedonia	24,0	0
Austria		
Vandemoortele GmbH, Leo-Neumayer-Strasse 10, 5600 Sankt-Johann-im-Pongau	100,0	100,0
Spain		
Vandemoortele Iberica sa, Frederic Mompou n°5,1°4a, 08960 Sant Just Desvern - Barcelona	100,0	100,0
Cottespan SL, Calle Madrazo 20-22 5b - 08006 Barcelona	100,0	100,0
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, Malaga	100,0	55,6
Panavi Ohayo SL, Ronda de les Conques, 08180 Moia	63,8	0
Switzerland		
Vandemoortele Rückversicherung AG, Untermüli 7, 6302 Zug	100,0	100,0
Slovakia		
Vamix Slovenska Republika sro, Nam. 1. maja 11, 811 06 Bratislava	100,0	100,0
Hungary		
Vandemoortele Hungary Ltd., Karolyi Mihaly Utca 12, 1053 Budapest	100,0	100,0
Poland		
Vandemoortele Polska Sp.z o.o., UL. Foksal 16, 00-372 Warszawa	100,0	100,0
Associates		
Spain		
Lipidos Santiga sa, Carretera Ripollet a Santiga, km. 4,300, 08130 Santa Perpetua de Mogoda	25,0	25,0

30 Consolidated annual surveys

Until December 31, 2005 the Group has prepared its consolidated financial statements in accordance with Belgian Generally Accepted Accounting Principles ("BEGAAP"). In its IFRS opening balance sheet the Group restated the consolidated financial statements to IFRS. The tables below show therefore financial statements in accordance with BEGAAP for the period 2002 – 2004 and in accordance with IFRS for the period 2005 – 2008.

The main differences between BEGAAP and IFRS that have an impact on the Group its financial statements can be summarised as follows:

- Recognition of additional deferred tax assets and liabilities.
- Different classification in treasury shares (IAS 32).
- Application of IAS 39 Financial Instruments.
- Amortisation of goodwill.
- Government grants.

30.1 Consolidated income statement (2002-2008)

For the year ended 31 December Thousand Euro	2002 BEGAAP	2003 BEGAAP	2004 BEGAAP	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS
Revenue	905.167	843.611	820.331	838.329	866.986	972.245	1.227.829
Purchases of materials	(529.569)	(447.626)	(425.695)	(398.410)	(407.803)	(494.510)	(673.445)
Changes in inventories	9.891	1.571	(7.546)	927	490	9.904	(5.529)
Services	(187.098)	(190.742)	(182.536)	(197.890)	(210.538)	(227.450)	(242.799)
Employee expenses	(127.166)	(129.968)	(126.256)	(156.823)	(164.258)	(183.126)	(223.239)
Depreciation, amortisation & write downs	(32.569)	(35.026)	(32.045)	(34.854)	(37.505)	(39.353)	(51.127)
Change in provisions	(3.093)	3.782	239	(2.123)	235	1.304	836
Other operating income / (expense)	(13.664)	(8.887)	(8.207)	1.016	3.810	(1.017)	2.886
Profit / (loss) from operations	21.899	36.715	38.285	50.172	51.417	37.997	35.412
Net finance expense	(3.368)	(9.045)	(4.972)	(3.992)	(7.505)	(9.593)	(50.191)
Income from Associates	1.240	1.568	1.337	2.252	1.869	1.120	961
Profit / (loss) before tax	19.771	29.238	34.650	48.432	45.781	29.524	(13.818)
Income tax expense	(4.305)	(6.947)	(7.587)	(10.620)	(13.751)	(2.642)	2.800
Profit / (loss)	15.466	22.291	27.063	37.812	32.030	26.882	(11.018)
Share of the Group	15.466	22.291	27.063	37.808	32.029	26.882	(10.774)
Share of minority interests	0	0	0	4	1	0	(244)

30.2 Consolidated balance sheet (2002-2008)

For the year ended 31 December Thousand Euro	2002 BEGAAP	2003 BEGAAP	2004 BEGAAP	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS
Assets							
Non-current assets							
Goodwill	29.117	25.255	61.993	62.137	69.954	69.954	233.239
Other intangible assets	10.791	9.966	8.772	2.614	2.903	1.859	2.460
Property, plant and equipment	186.724	184.352	199.033	239.789	277.354	288.023	465.172
Investments in associates	3.632	4.825	5.711	9.961	11.230	11.750	12.149
Trade and other receivables	6.571	6.007	7.272	472	521	387	648
Deferred tax assets	0	0	0	7.012	6.172	6.511	14.417
Financial assets	59.151	41.517	35.793	1.832	1.831	365	485
Derivatives	0	0	0	0	735	0	0
Other Assets	642	978	0	1.133	1.216	1.358	3.174
Non-current assets	296.628	272.900	318.574	324.950	371.916	380.207	731.744
Current assets							
Inventories	76.690	74.157	71.559	74.375	81.403	88.522	116.468
Trade and other receivables	176.325	154.519	157.613	170.548	188.418	206.279	280.138
Derivatives	0	0	0	1.270	2.282	14.133	12.877
Financial assets	0	0	0	0	0	6.583	7.553
Cash and cash equivalents	9.467	33.860	16.688	12.548	19.508	15.407	48.649
Other assets	3.567	1.671	2.713	2.774	3.372	3.088	12.934
Current assets	266.049	264.207	248.573	261.515	294.983	334.012	478.619
Total assets	562.677	537.107	567.147	586.465	666.899	714.219	1.210.363
Equity and liabilities							
Equity							
Share capital	11.357	11.357	11.357	11.357	11.357	11.357	11.357
Retained earnings and reserves	231.982	193.102	209.269	218.567	245.866	277.398	242.068
Minority interests	0	0	6	10	11	0	1.234
Equity	243.339	204.459	220.632	229.934	257.234	288.755	254.659
Non-current liabilities							
Borrowings	57.536	101.947	97.417	118.458	80.571	129.514	54.147
Deferred tax liabilities	26.996	26.110	27.842	40.713	41.679	36.430	33.794
Derivatives	0	0	0	737	6.757	9.836	21.368
Employee benefits	11.167	8.929	8.035	12.050	12.355	14.047	15.341
Provisions	14.475	12.993	10.820	12.119	12.337	12.454	14.083
Other non-current liabilities	18	13	9	3.348	5.478	5.771	8.039
Non-current liabilities	110.192	149.992	144.123	187.425	159.177	208.052	146.772
Current liabilities							
Borrowings	66.104	36.304	38.721	10.052	75.920	13.183	500.604
Current tax	10.337	8.768	9.717	14.268	13.322	10.620	6.544
Derivatives	0	0	0	1.039	1.123	4.280	12.897
Employee benefits	18.645	19.504	22.100	23.649	24.708	25.178	37.594
Provisions	0	0	0	164	1.447	26	0
Trade payables and other liabilities	114.060	118.080	131.854	119.934	133.968	164.125	251.293
Current liabilities	209.146	182.656	202.392	169.106	250.488	217.412	808.932
Total equity & liabilities	562.677	537.107	567.147	586.465	666.899	714.219	1.210.363

31 IFRS Developments

Following amendments to standards, standards and interpretations are endorsed by the European Union at December 31, 2008, are not yet effective and have not been adopted in anticipation by the Group:

IAS 1 (Revised) Presentation of Financial Statements. The standard affects the presentation of owner changes in equity and of comprehensive income and adds additional presentation requirements when accounting policies or accounting estimates are changed or when errors are identified (IAS 8). It also requires disclosing reclassification adjustments and income tax relating to each component of other comprehensive income. Lastly, it requires the presentation of dividends as distribution to owners and related amounts per share. The standard does not change the recognition and measurement. The Group will apply IAS 1 (Revised) from 1 January 2009.

IAS 23 (Amendment), 'Borrowing costs'. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

IFRS 2, 'Share-based payment' (Amendment), 'Vesting Conditions and Cancellations'. The amendment clarifies the definition of vesting conditions. The Group will apply the amendment on IFRS 2 but it does not have a material impact on Vandemoortele's financial statements.

IFRIC 13, 'Customer loyalty programmes' IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. The Group applies IFRIC 13, but it does not have a material impact on Vandemoortele's financial statements.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group applies IFRIC 14, but it does not have a material impact on Vandemoortele's financial statements.

The following new standard and interpretation to existing standards have been published that are effective beginning on or after 1 January 2009 or later periods but which are not relevant for the Vandemoortele Group:

IFRS 8, 'Operating segments'

Companies reporting under International Financial Reporting Standards as adopted by the European Union should apply these at the latest for periods beginning on or after January 1, 2009, and hence may choose to early adopt at December 31, 2008.

The European Union effective date has implications for IFRIC 14, where the effective date in the interpretation itself is a year earlier and for IFRIC 13, where the effective date in the interpretation is 6 months earlier.

Following amendments to standards and interpretations are endorsed by the European Union and effective in 2008:

IAS 39 and IFRS 7, 'Financial instruments: Disclosures', (Amendments) provides guidance on the reclassification of financial instruments. Any reclassification of a financial asset made in periods beginning on or after November 1, 2008 shall only take effect from the date when the reclassification is made. The Group applies IAS 39 and IFRS 7, but it does not have a material impact on the Group's accounts

IFRIC 11, 'IFRS 2 – Group and treasury share transactions' provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. The Group applies IFRIC 11 but this interpretation does not have an impact on Vandemoortele's financial statements.

The above standards had no impact on the Consolidated Financial Statements of the Group.

32 Auditor's report

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Reviseurs d'Entreprises
PricewaterhouseCoopers
Bedrijfsrevisoren
Wilsonplein 5 G
B-9000 Gent
Telephone +32 (0)9 268 62 11
Facsimile +32 (0)9 268 62 99
www.pwc.com

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY VANDEMOORTELE NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2008

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Vandemoortele NV and its subsidiaries (the "Group") as of and for the year ended 31 December 2008, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2008, the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000) 1.210.363 and the consolidated statement of income shows a loss for the year, group share, of EUR (000) 10.774.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

PricewaterhouseCoopers Reviseurs d'Entreprises société civile coopérative à responsabilité limitée
PricewaterhouseCoopers Bedrijfsrevisoren burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid
Siège social / Maatschappelijke zetel: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
Registre des personnes morales/Rechtspersonenregister: 0429501944 / Bruxelles-Brussel/ TVA/BTW BE 429.501.944 / INZ 310-1381195-01

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2008 and of its results and 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.

Additional remark

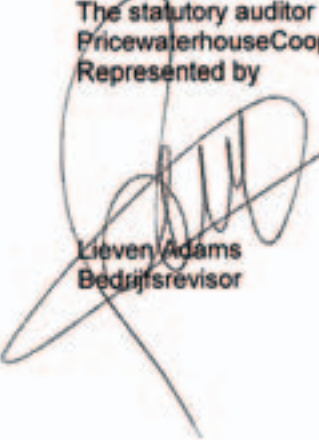
The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts.

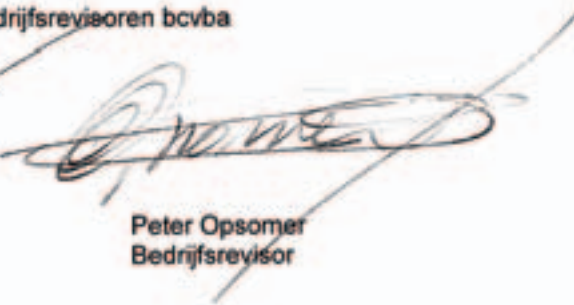
Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Ghent, 15 May 2009

The statutory auditor
PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by


Lieven Adams
Bedrijfsrevisor


Peter Opsomer
Bedrijfsrevisor

33 Abbreviated financial statements Vandemoortele NV

The following pages are extracts of the statutory annual accounts of Vandemoortele NV prepared under Belgian accounting policies (BEGAAP). The statutory annual accounts have been prepared in accordance with the provisions of the Royal Decree of January 30, 2001, in application of the Companies Code. The balance sheet is presented after profit distribution in accordance with legal requirements.

The annual accounts, which will be presented to the General Meeting of Shareholders of June 2, 2009, were approved by the Board of Directors.

The statutory auditor has issued an unqualified audit opinion without reservation and certified that the unconsolidated financial statements for the year ending December 31, 2008 presents a true and fair view of the net worth, financial position and performance of Vandemoortele NV in accordance with all legal and regulatory requirements.

In accordance with the Companies Code, the financial statements of Vandemoortele NV together with the management report and the statutory auditor's report will be deposited within the statutory periods at the National Bank of Belgium.

It should be noted that only the consolidated financial statements present a true and fair view of the net worth, financial position and performance of the Vandemoortele Group. For this reason and in accordance with article 105 of the Companies Code, the Board of Directors found it appropriate to publish an abbreviated version of the non-consolidated financial statements of Vandemoortele NV.

The Board of Directors proposes to pay no dividend on the result of 2008.

33.1 Abbreviated non-consolidated income statement

For the year ended December 31 Thousand Euro	2008	2007
Operating income	1.828	2.646
Operating expenses	(3.981)	(5.706)
Operating result	(2.153)	(3.060)
Financial income	8.582	1.491
Financial expense	(20.154)	(9.867)
Ordinary profit / (loss) before tax	(13.725)	(11.436)
Extraordinary result	0	0
Profit / (loss) before tax	(13.725)	(11.436)
Income taxes	6	0
Result for the period	(13.731)	(11.436)

The operating result of the Company is a loss as in previous years. The net financial expense is significantly higher than previous year as result of bank fees and consulting expenses relating to the new financing of the Group.

33.2 Abbreviated non-consolidated balance sheet

As per December 31 Thousand Euro	2008	2007
Fixed assets	473.250	313.314
Intangible assets	115	164
Property, plant and equipment	108	122
Financial assets	473.027	313.028
Current assets	105.498	2.391
Receivables of one year or less	104.718	1.412
Cash at bank and in hand	743	746
Deferred charges and accrued income	37	233
Total assets	578.748	315.705
Equity	84.981	98.712
Capital	11.357	11.357
Reserves	87.355	87.355
Loss carried forward	(13.731)	0
Provisions and deferred taxes	175	144
Non-current liabilities	115.500	115.500
Amounts payable in more than one year	115.500	115.500
Current liabilities	378.092	101.349
Amounts payable in one year or less	376.643	99.800
Accrued charges and deferred income	1.449	1.549
Total liabilities	578.748	315.705

During 2008 the Company entered into bank borrowings of 294.000 k euro. The Company uses these borrowings, through loans to other Group Companies, for the financing of the acquisition of Panavi.

34 Glossary

Capital employed

Net fixed assets plus working capital need.

Capital provided

Equity, net financial debt and provisions.

EBIT

Profit from operations.

EBITDA

Profit from operations before interest, tax, depreciation and amortisations.

Equity

For ratio calculations total equity includes equity attributable to equity holders of the parent and minority interests.

Net financial debt

Nominal amount of borrowings minus cash and cash equivalents, mutual funds, current and non-current loans.

Net fixed assets

Goodwill, other intangible assets, property, plant & equipment, investments in associates and financial assets (excluding mutual funds).

Operational working capital need

Inventories, trade receivables and trade payables.

Other working capital need

Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives.

Provisions

Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings.

Return on capital employed (ROCE)

EBIT as a percentage of the capital employed per December 31 (acquisitions are not included in the capital employed in the first year of acquisition).

Working capital need

Operational working capital need plus other working capital need.

