



FINANCIAL STATEMENTS **2014**

vandemoortele



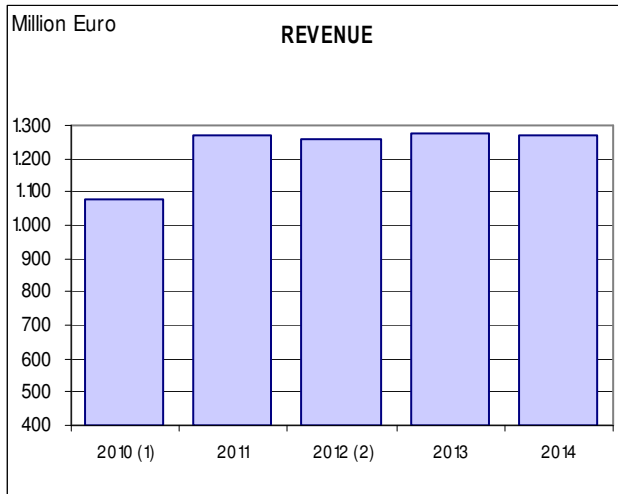
KEY FINANCIAL FIGURES

Million Euro	2010 ⁽¹⁾	2011	2012 ⁽²⁾	2013	2014
REVENUE	1.079	1.273	1.260	1.278	1.269
RECURRING OPERATIONAL CASH FLOW (REBITDA)	101	66	76	90	110
<u>Recurring depreciation, amortisation & write-offs</u>	<u>-50</u>	<u>-51</u>	<u>-47</u>	<u>-45</u>	<u>-44</u>
RECURRING OPERATIONAL PROFIT (REBIT)	51	15	29	45	66
Non-recurring items	-9	-11	0	-9	-10
Impairment	0	-87	0	0	-2
OPERATIONAL PROFIT (EBIT)	42	-82	29	36	54
Net financial income / (expense)	-19	-19	-26	-15	-10
<u>Result according to the equity method</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-4</u>	<u>0</u>
PRE-TAX CURRENT PROFIT/(LOSS)	23	-101	3	17	44
Income tax expense	3	7	-1	-7	-12
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	27	-94	2	10	32
<u>Profit/(loss) from discontinued operations</u>	<u>1</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>
PROFIT/(LOSS) (EAT)	28	-87	2	10	32
Net fixed assets (NFA)	607	496	471	455	465
<u>Working capital need (WCN)</u>	<u>100</u>	<u>100</u>	<u>70</u>	<u>19</u>	<u>24</u>
CAPITAL EMPLOYED	707	595	541	474	489
Equity	463	350	327	335	354
Provisions and others	43	16	13	7	11
Subordinated debt	56	58	60	63	66
<u>Senior net financial debt (NFD)</u>	<u>145</u>	<u>172</u>	<u>141</u>	<u>69</u>	<u>58</u>
CAPITAL PROVIDED	707	595	541	474	489
RATIOS					
Recurring operational cash flow (REBITDA) / Revenue	9,4%	5,2%	6,0%	7,0%	8,7%
Recurring operational profit (REBIT) / Revenue	4,8%	1,2%	2,3%	3,5%	5,2%
Net profit (loss) / Revenue	2,6%	-6,8%	0,2%	0,8%	2,5%
Senior NFD / Equity	31%	49%	43%	21%	16%
Senior NFD / recurring operational Cash Flow (REBITDA)	1,4	2,6	1,9	0,8	0,5
Recurring operational profit (REBIT) / capital employed	7,3%	2,6%	5,4%	9,5%	13,5%
Capital Expenditures	23	32	23	34	57

(1) Van Dijk = 4 months

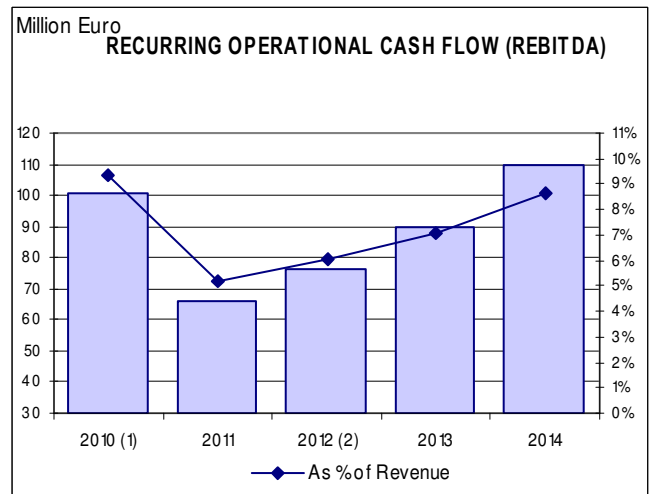
(2) The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard

KEY FINANCIAL FIGURES (CHARTS)



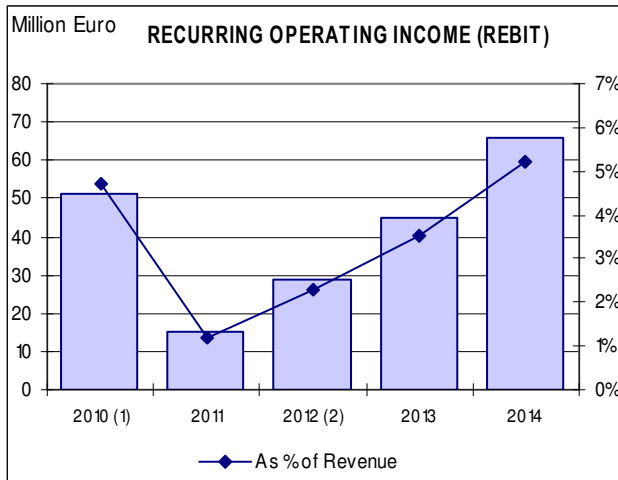
¹ 2010 = Van Dijk 4 months

² 2012 = restated for IAS 19 Revised



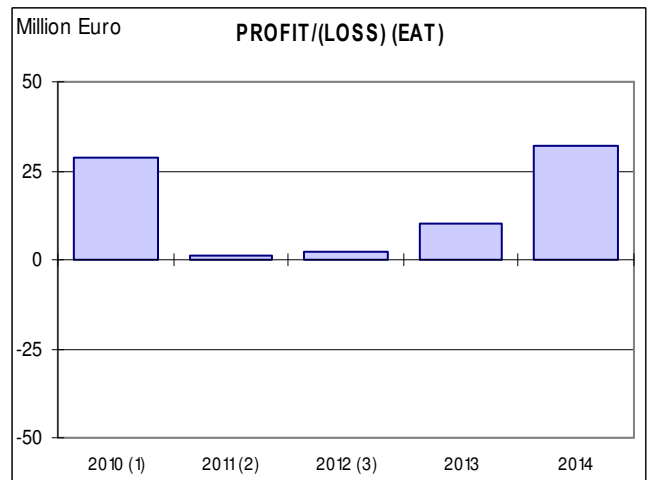
¹ 2010 = Van Dijk 4 months

² 2012 = restated for IAS 19 Revised



¹ 2010 = Van Dijk 4 months

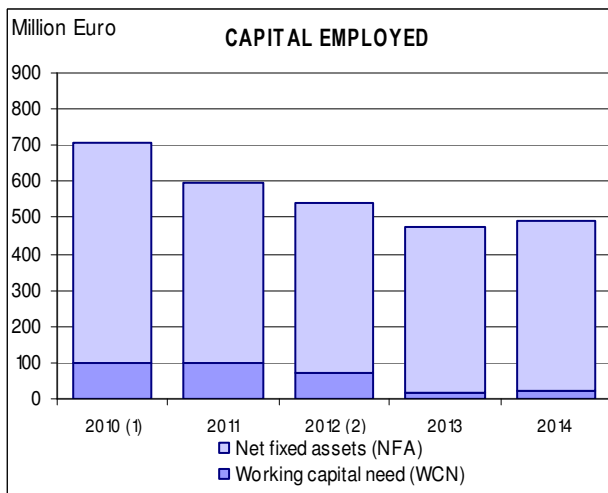
² 2012 = restated for IAS 19 Revised



¹ 2010 = Van Dijk 4 months

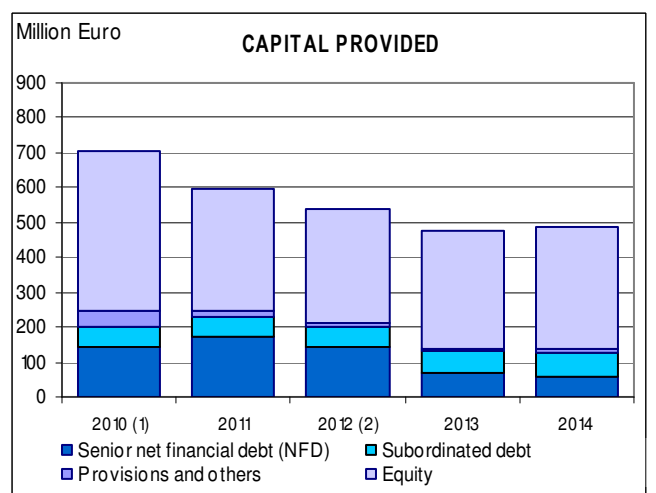
² 2011 = without impairments

³ 2012 = restated for IAS 19 Revised



¹ 2010 = Van Dijk 4 months

² 2012 = restated for IAS 19 Revised



¹ 2010 = Van Dijk 4 months

² 2012 = restated for IAS 19 Revised

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December		2014	2013
Thousand Euro			
Revenue		1.269.125	1.278.246
Raw materials and consumables used and goods for resale		(700.571)	(730.461)
Changes in inventories of finished goods and goods purchased for resale		(13.149)	(11.457)
Services	6	(215.309)	(215.795)
Employee benefit expenses	7	(244.813)	(243.455)
Depreciation, amortisation and write downs	8	(43.723)	(45.565)
Impairment	8	(2.185)	0
Change in provisions	9	(195)	(397)
Other operating income	10	19.824	21.242
Other operating expenses	11	(15.188)	(15.947)
Profit/ (loss) from operations		53.816	36.411
Financial Income	12	9.841	5.806
Financial Expense	13	(20.131)	(21.249)
Share of profit (loss) from equity accounted investments		516	(4.118)
Profit/ (loss) before tax		44.041	16.850
Income tax (expense)	14	(11.603)	(6.491)
Profit/ (loss) from continuing operations		32.438	10.359
Profit/loss from discontinued operations		0	0
Profit/loss		32.438	10.359
Profit/loss attributable to the owns of the parent		32.390	10.321
Non-controlling interests		48	38

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating the presentation of the ordinary or diluted profit per share, the number of shares and the average weighted number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

For the year ended 31 December Thousand Euro	Note	2014	2013
Profit/(loss) of the year		32.438	10.359
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax		197	1.879
Cash flow hedges associates, net of tax		300	187
Currency translation differences		(1.837)	114
Other		58	(53)
Items that will not be reclassified subsequently to profit or loss:			
Change in actuarial gains / (losses) of defined benefit obligations, net of tax		(2.968)	3.317
Other comprehensive income for the year, net of tax		28.188	15.803
Total comprehensive income for the year		28.188	15.803
- attributable to the owners of the parent		28.114	15.765
- attributable tot non controlling interests		74	38

CONSOLIDATED BALANCE SHEET

For the year ended 31 December		2014	2013
Thousand Euro			
Assets			
Goodwill	15	176.340	176.340
Other intangible assets	16	4.306	4.777
Property, plant & equipment	17	275.724	265.632
Investments in associates	18	8.873	8.057
Trade and other receivables	19	61	82
Deferred tax assets	20	51.494	56.013
Other Financial assets		40	40
Other assets	21	2.516	2.441
Non-current assets		519.353	513.381
Inventories	22	101.381	96.114
Trade and other receivables	19	206.239	190.658
Derivatives	28	7.901	3.701
Other Financial assets		5.416	5.256
Cash and cash equivalents	23	84.171	68.189
Other assets	21	4.142	2.672
Current assets		409.249	366.589
Total Assets		928.602	879.971
Equity and liabilities			
Share capital	24	11.357	11.357
Retained earnings & reserves	24	341.619	322.767
Non-controlling interests	24	624	650
Equity		353.599	334.774
Borrowings	25	209.077	200.359
Deferred tax liabilities	20	21.712	23.014
Derivatives	28	10.116	9.936
Employee benefits	29	27.782	20.255
Provisions	30	10.663	10.468
Other non-current liabilities	31	4.504	5.210
Non-current liabilities		283.855	269.242
Borrowings	25	3.402	3.290
Current tax		6.229	4.575
Derivatives	28	1.630	4.610
Employee benefits	29	35.680	34.767
Provisions	30	0	0
Trade payables and other liabilities	31	244.207	228.713
Current liabilities		291.147	275.955
Total equity and liabilities		928.602	879.971

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December Thousand Euro	Note	2014	2013
Profit/ (loss) from operations		53.816	36.411
Amortisations	8	2.388	1.986
Depreciations	8	41.382	43.168
Impairment losses on property, plant and equipment	8	2.185	0
Ebitda from continuing operations	4	99.772	81.566
Depreciations on government grants	10	(738)	(789)
Fair value adjustments on commodity contracts	10	742	(1.470)
Change in provisions	9	195	397
Change in long-term employee benefits		2.909	2.339
Loss / (gain) on disposals of intangible assets and PPE	10 / 11	303	(375)
Other		(68)	654
Cash flow from operating activities before changes in working capital		103.115	82.322
Decrease / (increase) in inventories		(5.181)	3.724
Decrease / (increase) in trade receivables		(14.265)	30.305
Increase / (decrease) in trade payables		11.898	19.165
Increase / (decrease) in other working capital		4.015	(1.925)
Net cash generated from operating activities		99.582	133.591
Interest received		572	817
Net interest paid		(15.407)	(12.287)
Income taxes paid		(8.688)	(8.216)
Other financial fees		(590)	(674)
Cash flow from operating activities in continuing operations		75.469	113.231
Acquisition of intangible assets	16	(1.879)	(521)
Acquisition of property, plant and equipment	17	(50.260)	(28.918)
Acquisition of treasury shares	24.2	(2.412)	(1.108)
Proceeds from sale of intangible assets		0	214
Proceeds from sale of property, plant and equipment		1.462	1.578
Government grants		27	(7)
Cash flow from investing activities in continuing operations		(53.062)	(28.762)
Proceeds from borrowings		2.049	363
Repayment of borrowings		(188)	(45.067)
Repayment of finance lease liabilities		(1.723)	(1.889)
Dividends paid	24.4	(7.779)	(7.779)
Dividends received	24.4	928	896
Other		302	66
Cash flow from financing activities in continuing operations		(6.411)	(53.410)
Cash flow from discontinued operations		0	0
Net increase / (decrease) in cash & cash equivalents		15.996	31.059
Cash and cash equivalents less bank overdrafts at January 1	23	68.186	37.446
Effect of exchange rate fluctuations		(16)	(319)
Cash and cash equivalents less bank overdrafts at December 31	23	84.166	68.186

5 Mio EUR of the acquisition of property, plant & equipment has been financed through financial leasing. Related CAPEX and financing have not been reported as cash flow.

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1. GENERAL INFORMATION

Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries (together "the Group") are a Belgian family business that has grown into a leading food Group on a European scale. The Group concentrates on two business segments: Bakery Products and Lipids. The 2014 Consolidated Financial Statements of the Group include the Company, 40 consolidated subsidiaries controlled by the company and 1 associated company. Investments in subsidiaries and associates are listed in note 36.

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 Moutstraat 64, 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 April 1, 2015. The shareholders will be requested to approve the consolidated financial statements and the statutory financial statements of Vandemoortele NV at the annual meeting on May 12, 2015.

2. APPLICATION OF NEW AND REVISED STANDARDS

2.1 NEW AND REVISED IFRSs AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. It concerns:

- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)

Apart from some additional disclosure requirements under IFRS 12 and IAS 36, these IFRSs had no impact on the amounts recognised in the financial statements.

2.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and which are relevant to the Group:

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in the EU)

- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 *Employee Benefits - Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015)
- IFRIC 21 *Levies* (applicable for annual periods beginning on or after 17 June 2014)

Apart from the potential impact of applying IFRS 15 for which Vandemoortele is in the process of making an impact assessment and apart from applying IFRIC 21, Vandemoortele does not currently consider that the other new standards will have a significant impact.

Based on its current assessment, the Group believes that several levies will no longer be allowed to be spread over the calendar year, as the obligating event occurs at a specific point in time and after which the Group can no longer avoid the outflow of economic benefit by its own actions. This might impact the Group's half-year reporting.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The consolidated financial statements over the year 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union and effective on January 1, 2014.

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

Depending on the applicable IFRS requirements, the measurement basis used in preparing the consolidated financial statements is the historical cost except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in note 27.

Recognition and measurement alternatives allowed by IFRSs:

Standard	Alternative used
IAS 2 Inventories	Measurement of the cost of inventories on a first in, first out basis (FIFO)
IAS 16 Property, plant and equipment	Historical cost
IAS 38 Intangible assets	Historical cost
IAS 40 Investment property	Historical cost

The available exemptions regarding the retrospective application of IFRSs at the transition date (January 1, 2005 for the Group):

Standard	IFRS 1 alternative used
IFRS 3 Business Combinations	Non-application of the IFRS 3 provisions to any business combinations prior to the transition date. Additional ownership interest purchase accounted for as goodwill for the difference between the acquisition cost and the non-controlling interests' share in net equity, with no remeasurement of the assets acquired and liabilities assumed.
IAS 16 Property, plant and equipment	The Group has opted to measure the land at the date of transition at fair value and to consider it as deemed cost at the date of transition.
IAS 19 Employee benefits	All non-recognised actuarial differences with respect to defined benefit plans at 31 December 2004 were recognised in equity at the date of transition to IFRS.
IAS 21 Effects of changes in foreign exchange rates	Transfer into retained earnings of all cumulative translation differences for all foreign operations at January 1, 2005.

Specific accounting policies with respect to presentation applied:

Standard	IFRS 1 alternative used
IAS 1 Presentation of financial statements	<ul style="list-style-type: none"> Income statement by cost nature Indirect method applied in preparing cash flow statement
IAS 7 Cash flow statements	Interest paid and received presented as part of cash flows from operations Dividends received/paid presented as cash flows from financing activities
IAS 16 Property, plant and equipment	The gain or loss on disposal of items of property, plant and equipment is presented as other operating income/expense
IAS 19 Employee benefits	The net interest expense with respect to defined benefits plans, other long term employee benefits and termination benefits is presented as part of employee benefits in the income statement
IAS 20 Accounting for government grants and disclosure of government assistance	Capital grants are presented as deferred revenue and are recognised in other operating income in the income statement Grants related to income are recognised in the income statement as other operating income
IAS 21 Effects of changes in foreign exchange rates	Exchange differences on loans and receivables, trade payables and other liabilities and borrowings are classified as financial income or expense
IAS 28 Investments in Associates and Joint Ventures	The share of profit/loss from investments in associates and joint ventures is excluded from profit/loss from operations but included in profit/loss before tax

IAS 36 Impairment of assets	Impairment losses recognised under IAS 36 are presented as part of other operating expense
IAS 38 Intangible assets	The gain or loss on disposal of intangible assets is presented as other operating income/expense
IAS 39 Financial Instruments	Fair value movements on currency and interest derivatives linked with loans and receivables, trade payables and other liabilities and borrowings are classified as part of financial income or expense when recognized in the income statement Fair value movements with respect to commodity derivatives are presented in other operating income/expense

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.2.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of Vandemoortele's assets and liabilities. These estimates and assumptions may have to be revised and unexpected events or circumstances may arise.

Management considers the estimates made in the following areas as key estimates:

Goodwill impairment	Note 15
Obligations with respect to defined benefit plans	Note 29
Income taxes	Note 14

Other estimates are also described:

Useful lives of intangible assets	Note 16
Useful lives of items of property, plant and equipment	Note 17
Valuation of inventories	Note 22
Valuation of trade receivables	Note 19
Provisions	Note 30
Contingent liabilities	Note 33

3.3 OVERALL ACCOUNTING POLICIES APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.3.1 CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Vandemoortele obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies (for like transactions and other events in similar circumstances).

Following accounting procedures are followed:

- The like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company are combined with those of its subsidiaries.
- The carrying amount of the Parent Company's investment in each subsidiary and its portion of equity of each subsidiary is offset
- All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Subsidiaries

An investor determines whether it is a parent by assessing whether it controls one or more investees. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The income and expenses of the subsidiaries are included in the consolidated financial statements from the date it gains control until the date control ceases. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

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. 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 recognized 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 recognized directly in the income statement.

A parent presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Non-controlling interest consists of the amount of this interest at the date of the original business combination and the non-controlling share of changes in equity since the date of the business combination. A reporting entity attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the parent and non-controlling interests are determined on the basis of present ownership interests. The reporting entity also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. That is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net asset of the subsidiary is recorded in net equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The equity and net result attributable to non-controlling shareholders' interests are shown separately in the balance sheet and income statement.

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.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of

the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3.3.2 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

3.3.3 FOREIGN CURRENCIES

The consolidated financial statements are presented in EURO, which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. There are currently no subsidiaries for which the functional currency is different from the local currency of the foreign entity.

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.

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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.

Exchange rates

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

1 euro = x foreign currency	Closing Rate		Average Rate	
	2014	2013	2014	2013
US Dollar	1,2141	1,3791	1,3279	1,3317
GB Pound	0,7789	0,8337	0,8134	0,8401
Swiss Franc	1,2024	1,2276	1,2147	1,2310
Czech Kroner	27,7350	27,4270	26,8610	25,6435
Hungarian Forint	315,5400	297,0400	308,2515	296,9700
Polish Zloty	4,2732	4,1543	4,2249	4,2645

3.3.4 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The group tests annually whether goodwill has suffered any impairment, in accordance with the group's accounting policy. The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations. The value in use is calculated on the basis of estimates and judgements of the expected cash flows which are discounted on a WACC basis. For a description of the main estimates, valuation assumptions and a sensitivity analysis of the applied assumptions see Note 15.

3.3.5 INTANGIBLE ASSETS

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.

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).

3.3.6 PROPERTY, PLANT AND 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 directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. 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.

3.3.7 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.

3.3.8 IMPAIRMENTS OF ASSETS

The Group regularly reviews the carrying amounts of 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.

3.3.9 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).

3.3.10 FINANCIAL ASSETS

The classification of the non-derivative financial assets is based 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 (usually 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.

3.3.11 TRADE AND OTHER RECEIVABLES

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and therefore are classified as loan and receivables. After initial measurement at fair value at inception which is generally the nominal amount, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. The losses arising from impairment are recognised in the income statement under the line depreciation, amortization and write down.

3.3.12 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 maturities at original recognition 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.

3.3.13 SHARE CAPITAL

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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.

3.3.14 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.

3.3.15 COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments are instruments that contain both a debt component and an equity component (such as equity conversion options that meet certain conditions).

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3.3.16 GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. 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.

3.3.17 BORROWINGS

Interest-bearing loans and borrowings are recognised initially at the proceeds received, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs.

The liability component of a compound financial instrument is further described in note 3.3.15.

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.

3.3.18 EMPLOYEE BENEFIT OBLIGATIONS

PENSION OBLIGATIONS

The Vandemoortele Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

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. Annually, the projected unit credit method is used for the calculation of the defined benefit obligation. Remeasurements comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in equity with a charge or credit to 'Other Comprehensive Income' in the period in which they occur.

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.

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.

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.

3.3.19 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.

3.3.20 TRADE AND OTHER PAYABLES

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

3.3.21 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 transferred.

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.

More specifically to commodity contracts, following distinction is made:

- Commodity purchase and sale contracts that can be settled net in cash, but that do not meet the "own use" exception (see below) are accounted for in accordance with IAS 39, as if they were financial instruments.
- Commodity purchase and sale contracts that can be settled net in cash, but were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements are excluded from the scope of IAS 39. This is commonly referred to as the "own use scope exception of IAS 39". Own use contracts are accounted for as normal purchase or sale contracts (executory contracts).

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 hedging instruments either cash flow hedges or fair value hedges.

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.

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.

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).

3.3.22 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 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 costs (taxes, advertising...).

Revenue from sales of goods is recognised when:

- The significant risks and rewards of the ownership of goods is transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

3.3.23 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 is 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.

4 OPERATING SEGMENT INFORMATION

The Executive Committee (ExCo) is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the ExCo for the purposes of allocating resources and assessing performance. The executive committee considers the business from a product family perspective.

The Group operates with four performance measures, both measured on business performance. The primary performance measure is REBITDA, the secondary EBITDA, the third REBIT and the fourth EBIT.

For its strategic decision making process Vandemoortele distinguishes between the bakery products operations, the Lipids operations. The bakery operations comprise the development, production and sale of frozen bakery products. The lipids operations comprise the development, production and sale of margarines & fats.

Sales between segments are carried out at arm's length. Sales from the Lipids to Bakery operations amount to 12.075 k euro in 2014 (12.305 k euro in 2013). The revenue from external parties reported to the Executive Committee (ExCo) is measured in a manner consistent with that in the income statement.

The following tables presents key financials regarding the groups operating segments for years ended 31 2014 and 2013 respectively.

4.1 FINANCIAL SEGMENT INFORMATION

Thousand Euro	Bakery Products		Lipids		Unallocated (6)		Total	
	2014	2013 *	2014	2013 *	2014	2013 *	2014	2013 *
P&L Information								
External Revenue	709.281	688.747	544.377	571.883	15.467	17.616	1.269.125	1.278.246
Internal Revenue	0	0	12.075	12.305	(12.075)	(12.305)	0	0
Revenue ⁽¹⁾	709.281	688.747	556.452	584.188	3.392	5.311	1.269.125	1.278.246
REBITDA ⁽²⁾	63.143	44.585	46.717	45.677	(282)	(216)	109.579	90.046
EBITDA ⁽³⁾	55.073	38.949	45.245	42.832	(547)	(216)	99.772	81.565
Depreciations & Amortizations	33.455	33.215	12.500	11.939	0	0	45.956	45.154
EBIT ⁽⁵⁾	21.618	5.734	32.745	30.893	(547)	(216)	53.816	36.411
REBIT ⁽⁴⁾	31.873	11.370	34.218	33.737	(282)	(216)	65.809	44.891
Financial income							9.841	5.806
Financial expense							(20.131)	(21.249)
Associates							516	(4.118)
Income tax (expense)							(11.603)	(6.491)
EAT (Earnings after Tax)							32.438	10.359
(1) See Consolidated Income Statement								
(2) REBITDA = EBITDA + non-recurring items **								
(3) See Consolidated Cash Flow Statement								
(4) REBIT = REBITDA - (depreciations + amortizations)								
(5) EBIT = profit from operations								
(6) Unallocated includes intersegment eliminations / external revenue, EBIT and REBIT that do not belong to the Bakery Products respectively Lipids operations.								

* The figures for the comparative periods have been restated due to the change in definition of Unallocated operations. They no longer include other corporate activities such as engineering, secretary general, ... These activities are allocated to the two operational business lines as of 2014.

** Non-recurring items are items that are related to restructuring programmes: Lay-off costs that can not be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses on assets (including goodwill) and fade out costs for production or logistic site's that are closed during the year.

Thousand Euro	Bakery Products		Lipids		Unallocated		Total	
	2014	2013 *	2014	2013 *	2014	2013 *	2014	2013 *
Total Assets per Segment								
Net Fixed Assets	324.039	313.127	132.371	133.662	8.873	8.057	465.283	454.846
Other non-current assets					2.576	2.523	2.576	2.523
Total non-current Assets	324.039	313.127	132.371	133.662	11.449	10.580	467.859	457.369
Assets Working Capital Need	168.836	166.475	149.525	135.826	(49.982)	(53.134)	268.379	249.167
Other current assets	0	0	0	0	140.870	117.422	140.870	117.422
Total Current Assets	168.836	166.475	149.525	135.826	90.888	64.288	409.249	366.589
Total Assets	492.875	479.602	281.896	269.488	102.337	74.868	877.108	823.958
Assets Working Capital Need	168.836	166.475	149.525	135.826	(49.982)	(53.134)	268.379	249.167
Liabilities Working Capital Need	(107.275)	(107.826)	(105.413)	(92.964)	0	0	(212.688)	(200.790)
Total Operational Working Capital Need	61.561	58.649	44.112	42.862	(49.982)	(53.134)	55.691	48.377

* The figures for the comparative periods have been restated due to the change in definition of Unallocated operations. They no longer include other corporate activities such as engineering, secretary general, ... These activities are allocated to the two operational business lines as of 2014.

** Other current assets include other receivables, other financial assets, cash & cash equivalents

4.2 GEOGRAPHICAL SEGMENT INFORMATION

Thousand Euro	2014	2013
Revenue per country		
France	413.056	411.069
Belgium	200.404	197.509
Germany	182.403	178.353
The Netherlands	127.153	144.333
Spain	75.686	80.067
UK	65.725	68.868
Italy	30.954	31.288
Czech Rep & Slovakia	22.946	23.526
Rest of Europe	122.957	114.448
Outside Europe	27.841	28.785
Total	1.269.125	1.278.246

Thousand Euro	2014 audited	2013 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	176.340	176.340
Belgium	67.230	51.427
France	150.028	150.251
The Netherlands	25.877	29.857
Spain	23.667	23.616
Germany	18.443	19.735
UK	3.539	3.213
Poland	2.274	2.631
Italy	415	274
Other	46	25
Total (see consolidated balance sheet)	467.859	457.369

4.3 Major customers

The Group's Bakery Products and Lipids businesses are predominantly business-to-business activities in which products are sold into various distribution channels such as large retail chains, grocery chains, artisan bakers, filling stations, quick service restaurants, foodservice companies, on-the-go retail outlets, schools, restaurants, hotels and coffee houses. Overall, the retail distribution channel, which represents approximately 39% and 58%, respectively, of the Lipids and Bakery Products business lines' volumes, has become increasingly concentrated with three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United-Kingdom and Belgium.

There are no individual customers that represent more than 10% of the Group revenue. The revenue of the top 5 represents 16,3% of the total group revenue in 2014 (2013: 15,0%). For the Bakery Products respectively the Lipids Business line, the top 5 customers have a share of 25,0% (2013: 26,0%) and 17,8% (2013: 17,7%) in the total revenue of the Business line in 2014.

5 EBITDA FROM CONTINUING OPERATIONS

For the year ended 31 December	2014	2013
Thousand Euro		
Profit/ (loss) from operations	53.816	36.411
Amortisations	2.388	1.986
Depreciations	41.382	43.168
Impairment losses	2.185	0
Ebitda from continuing operations	99.772	81.566

6 SERVICES

For the year ended 31 December	2014	2013
Thousand Euro		
Rent & Lease expenses	18.027	18.233
Repairs and Maintenance	28.452	27.721
Utilities	31.367	32.795
Communication expenses	3.951	3.747
Office Supplies, Subscriptions and Documentation	1.494	1.839
Fees, Consultancy and Memberships	12.489	10.727
Safety & Environmental Expenses	2.039	1.928
Insurance Premiums	3.239	3.328
Warehousing & Transport	81.012	83.209
Travel & Representation Expenses	6.145	6.190
Advertising & Marketing Expenses	16.052	13.461
Sub-contracting	5.736	8.078
Analyses	742	361
Manufacturing fees	2.671	1.623
Other	1.896	2.555
Services	215.309	215.795

7 EMPLOYEE BENEFIT EXPENSE

For the year ended 31 December	2014	2013
Thousand Euro		
Salaries and wages	153.322	152.746
Social security contributions	47.135	47.768
Pension expense for defined benefit plans	3.574	4.401
Contributions to pension plans (defined benefit / defined contribution)	4.493	5.352
Interim personnel	26.981	26.575
Training and education	2.065	1.547
Recruitment expenses	1.226	569
Director's remunerations	2.288	2.104
Other personnel expenses	3.729	2.393
Employee benefit expenses	244.813	243.455

For more information on the compensation of key management personnel we refer to note 32.

The average number of full time equivalents can be split as follows:

For the year ended 31 December	2014	2013
Number of FTE'S		
Blue collars	2.882	2.830
White collars	850	850
Managers	500	502
Interims	495	529
Average number of full time equivalents	4.727	4.711

8 DEPRECIATION, IMPAIRMENT, AMORTISATION AND WRITE DOWN

For the year ended 31 December	2014	2013
Thousand Euro		
Amortisations	2.388	1.986
Impairments	2.185	0
Depreciations	41.382	43.168
Write down of inventories	(86)	299
Write down of receivables	39	112
Depreciation, impairment, amortisation and write downs	45.908	45.565

The impairments concern the reorganisation of some factories in France in the Bakery Products operations.

9 CHANGE IN PROVISIONS

For the year ended 31 December	2014	2013
Thousand Euro		
Restructuring	853	(566)
Litigations & Tax	(339)	503
Environmental	37	(49)
Other	(356)	509
Change in provisions	195	397

The classification of the used provisions (8.544 k euro in 2014, 6.634 k euro in 2013) is as follows:

For the year ended 31 December	2014	2013
Thousand Euro		
Employee expenses	7.610	5.983
Services	29	548
Other	905	103
Used provisions	8.544	6.634

10 OTHER OPERATING INCOME

For the year ended 31 December	2014	2013
Thousand Euro		
Gains on disposals of tangible and intangible fixed assets	1.563	4.059
Fair value gain on forward purchase contracts crude vegetable oil	(742)	1.470
Government Grants	738	789
Capitalised engineering	1.381	1.067
Sales waste	2.970	1.275
Exemption payroll tax	2.919	2.660
Benefit in kind	499	1.118
Site revenues	1.683	1.718
Sales promotional materials	1.054	976
Tax recuperation (non-income tax related)	3.942	418
Rental Fleet	148	107
Palettes	169	239
Damage/insurance	318	291
Realised Exchange Gains Relating to Operating Business	439	838
Other	2.744	4.217
Other operating income	19.824	21.242

11. OTHER OPERATING EXPENSE

For the year ended 31 December	2014	2013
Thousand Euro		
Loss on disposals of tangible and intangible fixed assets	1.865	3.684
Loss on Realisation of Trade Receivables	697	588
Non income tax levies and penalties	1.242	41
Other	1.143	1.010
Realised Exchange Losses Relating to Operating Business	2.137	631
Other Operating Taxes ("taxe foncière", packaging tax, property tax)	8.103	9.993
Other operating expense	15.188	15.947

12 FINANCIAL INCOME

For the year ended 31 December	2014	2013
Thousand Euro		
Interest income	533	644
Exchange gains	1.518	1.768
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	7.623	0
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	0	3.341
Fair value gains on financial assets measured at fair value through profit	160	39
Other financial income	7	14
Financial Income	9.841	5.806

13 FINANCIAL EXPENSE

For the year ended 31 December	2014	2013
Thousand Euro		
Interest expense	18.442	18.514
Exchange losses	529	1.517
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	0	130
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	180	0
Bank and legal fees	408	419
Other financial expense	572	669
Financial Expense	20.131	21.249

14 INCOME TAX EXPENSE

14.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

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

For the year ended 31 December	2014	2013
Thousand Euro		
Current taxes for the year	(7.385)	(10.584)
Adjustment to current taxes on prior years	(132)	1.895
Deferred taxes	(4.086)	2.198
Income tax (expense)	(11.603)	(6.491)

Current taxes of the year are lower than last year although the accounting profit before taxes of this year is higher than last year. This can be explained by the fact that the profit has mainly been realized by companies that have available deferred tax assets to offset the taxable income and as such no current year tax is incurred. The aforementioned also explains the increased use of deferred tax assets.

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

For the year ended 31 December	2014	2013
Thousand Euro		
Accounting profit before taxes	44.041	16.850
Share of result of associates	(516)	4.118
Profit before tax and before share of result of associates	43.525	20.968
Tax at Belgian corporate tax rate (33,99%)	14.794	7.127
Adjustment to current taxes on prior years		
- over/underprovided prior years	132	(1.895)
Tax effect of		
- special tax regimes (*)	(4.637)	(6.204)
- other domestic tax rates	(605)	(965)
- expenses not deductible for tax purposes	2.107	2.483
- withholding tax	126	112
- impairment of deferred tax assets	0	1.607
- losses for which no deferred tax was recognised	0	2.688
- utilisation of unrecognised tax losses	(2.267)	(179)
- reversal of previously recognised deferred tax assets	0	206
- deferred tax assets previously not recognised	(387)	(761)
Other domestic taxes (**)	2.347	2.323
Other	(7)	(51)
Total income tax	11.603	6.491

(*) a.o. notional interest deduction (3.676 k euro)

(**) mainly CVAE France

Notional interest deduction (so-called NID or deduction for risk capital) allows companies subject to Belgian corporate income tax to deduct a fictitious interest cost calculated as a % (yearly determined eg 2.630% for accounts closed per 31/12/2014) of an adjusted accounting net equity of the previous year from their taxable income. The adjustments on the accounting net equity include amongst

others corrections for financial fixed assets, tax free reserves for capital grants,.... Note that the % of the current year 2014 (2.630%) has decreased in comparison with last year's % (2.742%). The current year unused NID is no longer transferable, but a transitional regime is applicable for stock of unused NID.

The contribution for value added by businesses (cotisation sur la valeur ajoutée des entreprises, CVAE) is a French tax assessed on the value added companies realized during the previous calendar year. The CVAE rate is 1,5% for companies with an annual pre-tax turnover of +50 Mio euro. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). Minimum annual pre-tax turnover to be subject to CVAE is 500 K euro.

14.2 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

For the year ended 31 December	2014	2013
Thousand Euro		
Deferred tax		
- arising on income and expense recognised in other comprehensive income:		
* on Fair value remeasurements of hedging instruments entered into for cash flow hedging	0	(968)
* on remeasurements of defined benefit obligation	993	(1.602)
- arising on income and expense reclassified from equity to profit or loss relating to cash flow hedging	0	0
- arising on gains/losses of hedging instruments in cash flow hedges transferred to the initial carrying amounts of the hedged items	(102)	0
Total income tax recognised in other comprehensive income	891	(2.570)

15. GOODWILL

For the year ended 31 December Thousand Euro	Lipids	Bakery	2014	2013
Goodwill at January 1	62.723	113.617	176.340	176.340
Additions through business combinations	0	0	0	0
Decreases through discontinued operations	0	0	0	0
Impairment CGU	0	0	0	0
Other	0	0	0	0
Goodwill at December 31	62.723	113.617	176.340	176.340

There were no changes in goodwill in 2014.

The Group identified following two cash-generating units to which goodwill is allocated: Bakery Products and Lipids, corresponding with the two operating segments.

The recoverable amount of each CGU is determined using a value-in-use method. More specifically a discounted free cash flow approach is followed. The main assumptions used are derived from the most recent strategic plans for 2015 till 2019, extended to the next three years based on managements' expected developments, using a growth rate of an average 3% for Bakery Products and 1% for Lipids. After the time horizon of 8 years, a terminal value is calculated based on an estimated perpetual growth of 2 % for Bakery Products and 0,5% for Lipids.

The post-tax discount rate applied is based on benchmark interest rates, risk premiums and financing. This was equal to 7,3 % for both cash-generating units (Bakery Products and Lipids).

For neither of the two identified cash-generating units, the test based on the above parameters detected a need for impairment.

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

A sensitivity analysis was performed on the most relevant assumptions used. The results of a sensitivity analysis can be summarised as follows:

Sensitivity	
% Change in recoverable amount if EBIT decreases with 1%	% Change in recoverable amount if discount rate increases with 1%
-0,4%	-12,8%
-1,6%	-18,2%

This sensitivity analysis identified that the above adjustments of these assumptions do not cause a risk on impairment of Goodwill for both cash-generating units per December 31, 2014.

16. INTANGIBLE ASSETS

For the year ended 31 December Thousand Euro	2014 Developme nt	Patents, Trademarks	Software	Other	Total
Gross amount at January 1	375	3.957	13.070	3.998	21.400
Other acquisitions	0	127	1.752	1	1.880
Disposals	0	(91)	(93)	0	(184)
Transfers from one heading to another	0	0	38	0	38
Currency translation adjustments	0	0	7	0	7
Gross amount at December 31	375	3.993	14.774	3.999	23.141
Accumulated amortisation at January 1	375	2.898	11.116	2.234	16.623
Amortisation for the year	0	587	1.233	568	2.388
Disposals	0	(91)	(92)	0	(183)
Currency translation adjustments	0	0	7	0	7
Accumulated amortisation at December 31	375	3.394	12.264	2.802	18.835
NET BALANCE AT DECEMBER 31	0	599	2.510	1.197	4.306
For the year ended 31 December Thousand Euro	2013 Developme nt	Patents, Trademarks	Software	Other	Total
Gross amount at January 1	375	4.092	13.229	3.998	21.694
Other acquisitions	0	0	521	0	521
Disposals	0	(131)	(679)	0	(810)
Transfers from one heading to another	0	(4)	4	0	0
Currency translation adjustments	0	0	(5)	0	(5)
Gross amount at December 31	375	3.957	13.070	3.998	21.400
Accumulated amortisation at January 1	375	2.386	10.917	1.667	15.345
Amortisation for the year	0	565	854	567	1.986
Disposals	0	(49)	(654)	0	(703)
Transfers from one heading to another	0	(4)	4	0	0
Currency translation adjustments	0	0	(5)	0	(5)
Accumulated amortisation at December 31	375	2.898	11.116	2.234	16.623
NET BALANCE AT DECEMBER 31	0	1.059	1.954	1.764	4.777

There are no liabilities secured on intangible assets. The research & development expenses that do not meet the capitalisation criteria of IAS 38 and therefore have been included in the income statement amount to 5.693 k euro (5.315 k euro in 2013).

17. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December Thousand Euro	2014 Land & buildings	Plant & machinery	Assets under construction	Other	Total
Gross amount at January 1	257.642	492.379	13.925	43.620	807.566
Other acquisitions	9.380	26.198	17.504	2.211	55.293
Disposals	(5.864)	(8.715)	(126)	(412)	(15.117)
Transfers from one heading to another	1.726	8.373	(10.267)	130	(38)
Currency translation adjustments	249	697	(0)	39	985
Gross amount at December 31	263.133	518.932	21.036	45.588	848.689
Accumulated depreciation at January 1	129.252	375.464	0	37.218	541.934
Depreciation for the year	11.019	28.185	0	2.179	41.382
Disposals	(4.085)	(8.313)	0	(410)	(12.807)
Impairment losses	0	2.185	0	0	2.185
Reversal of impairment losses	(455)	(99)	0	0	(554)
Currency translation adjustments	144	640	0	40	824
Accumulated depreciation at December 31	135.876	398.062	0	39.027	572.965
NET BALANCE AT DECEMBER 31	127.257	120.870	21.036	6.561	275.724
For the year ended 31 December Thousand Euro	2013 Land & buildings	Plant & machinery	Assets under construction	Other	Total
Gross amount at January 1	252.815	482.578	7.319	43.043	785.754
Other acquisitions	8.339	11.947	11.665	1.947	33.898
Disposals	(4.680)	(5.525)	(8)	(1.421)	(11.633)
Transfers from one heading to another	1.296	3.654	(5.047)	97	(0)
Currency translation adjustments	(128)	(275)	(4)	(46)	(453)
Gross amount at December 31	257.642	492.379	13.925	43.620	807.566
Accumulated depreciation at January 1	121.988	350.971	0	36.451	509.409
Depreciation for the year	10.854	30.109	0	2.206	43.168
Disposals	(2.723)	(5.311)	0	(1.396)	(9.429)
Reversal of impairment losses	(810)	(84)	0	0	(894)
Currency translation adjustments	(57)	(221)	0	(43)	(321)
Accumulated depreciation at December 31	129.252	375.464	0	37.218	541.934
NET BALANCE AT DECEMBER 31	128.389	116.915	13.925	6.402	265.632

Except for the financial lease liabilities, there are no liabilities secured on tangible fixed assets.

The Group leases buildings and manufacturing equipment under a number of finance lease agreements. The net carrying amount of leased buildings (including assets under construction) was 24.580 k euro (2013: 22.073 k euro), leased plant and machinery was 1.669 k euro (2013: 2.863 k euro) and leased other equipment was 203 k euro (2013: 235 k euro).

18. ASSOCIATES

At December 31, 2014 the Group holds an interest of 23,75% in one associate, Lipidos Santiga SA, which is not listed.

The following table shows summarised information of the associate Lipidos Santiga SA:

For the year ended 31 December	2014	2013
Thousand Euro		
Non-current assets	111.371	117.688
Current assets	113.170	128.472
Non-current liabilities	(12.648)	(54.743)
Current liabilities	(174.532)	(157.493)
Net Assets	37.361	33.924
Group's share of net assets of associates	8.873	8.057
Total Revenue	423.340	523.522
Total profit / (loss) for the year	2.172	(17.339)
Group's share of profits of associates	516	(4.118)
Group's share of other comprehensive income	300	187

In 2013, a misstatement of the inventory valuation of Lipidos Santiga SA has been identified. The cost of goods sold has been systematically understated since the introduction of a new ERP system in November 2011. The erroneous postings have not been detected by the yearly audit of the accounts of Lipidos Santiga SA in 2011 and 2012.

The earnings after tax of Lipidos Santiga SA have been overstated by 18.103 k euro in 2011/2012. To correct this misstatement, the equity of Lipidos Santiga has been reduced by the same amount in 2013. In 2013, the EAT of Lipidos Santiga is equal to 765 k euro. Considering its 23,75 % share, VDM recorded a correction of (4.299) k euro for 2011 and 2012 and a result of 181 k euro for 2013 for a total of (4.118) k euro.

The evolution of the carrying amount of Lipidos Santiga SA is detailed in the table below:

For the year ended 31 December	2014	2013
Thousand Euro		
Investments in Associates at January 1	8.057	11.988
Share of result of the year	516	(4.118)
Share of other comprehensive income of associates	300	187
Investments in Associates at December 31	8.873	8.057

19. TRADE AND OTHER RECEIVABLES

For the year ended 31 December	2014	2013
Thousand Euro		
Loans	61	82
Non-current trade and other receivables	61	82
Trade receivables	170.587	156.605
Provision for doubtful debt	(3.583)	(3.558)
VAT receivable	23.478	24.927
Income tax receivable	1.989	2.890
Other taxes receivable	7.094	3.350
Accrued interest	250	109
Prepayments	2.200	2.200
Other	4.223	4.135
Current trade and other receivables	206.239	190.658
Trade and other receivables	206.300	190.740

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers. The Group's exposure to credit risks is further described in Note 26.6.

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

For the year ended 31 December	Net carrying amount as per reporting date	2014				
		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
Thousand Euro						
Trade receivable	167.003	148.292	14.780	1.664	1.016	1.251
Loans	61	61	0	0	0	0
Other	39.236	39.236	0	0	0	0
Trade & other receivables	206.300	187.589	14.780	1.664	1.016	1.251

For the year ended 31 December	Net carrying amount as per reporting date	2013				
		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
Thousand Euro						
Trade receivable	153.047	137.662	13.622	820	804	139
Loans	82	82	0	0	0	0
Other	37.611	37.611	0	0	0	0
Trade & other receivables	190.740	175.355	13.622	820	804	139

The roll-forward of provisions for doubtful debtors is as follows:

For the year ended 31 December	2014	2013
Thousand Euro		
Balance at January, 1	3.558	3.500
Impairment losses recognised on receivables	(732)	(716)
Amounts written off during the year as uncollectible	835	912
Amounts recovered during the year	(79)	(135)
Impairment losses reversed	0	0
Foreign exchange translation gains and losses	1	(3)
Balance at December, 31	3.583	3.558

In accordance with IFRS 7, 'Financial Instruments: Disclosures' the above analysis of the ageing 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, which approximates the carrying value of the investments. In the past, the Group has not suffered significant losses due to unrecoverable trade receivables.

The Group has entered (for the companies VDM Lipids NV and Vamix NV in 2012 and for Panavi SAS in 2013) into a non-recourse factoring agreement whereby the Group immediately and definitively receives 95 % of the value of the sold trade receivables. The net amount of the sold receivables is derecognized from the balance sheet. Consequently, at December 31st 2014, an amount of 50,0 million euro has been received in cash. (53,9 million euro in 2013)

The continuing involvement of the Group in the transferred receivables is limited to the continuing involvement guarantee (50 k euro) and the continuing involvement interests for late payment risk (479 k euro) The corresponding financial obligation (529 k euro) is recognized on the balance sheet under the short term borrowings.

20. DEFERRED TAXES

Deferred tax assets and liabilities are attributable as follows:

For the year ended 31 December Thousand Euro	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Intangibles	2.407	2.017	(6.238)	(6.267)	(3.831)	(4.250)
Property, plant & equipment	1.118	1.575	(16.681)	(18.098)	(15.563)	(16.523)
Financial Assets	0	0	(53)	(26)	(53)	(26)
Inventories	125	204	0	0	125	204
Derivative financial instruments	1.340	3.897	0	(778)	1.340	3.119
Other assets	161	215	(55)	(56)	106	159
Employee benefits	4.527	3.348	0	0	4.527	3.348
Provisions	2.379	1.473	(3.653)	(3.116)	(1.274)	(1.643)
Other liabilities	553	250	(197)	(743)	356	(493)
Tax free reserves	0	0	(6.300)	(6.269)	(6.300)	(6.269)
Tax losses and tax liabilities	54.652	59.478	(4.303)	(4.105)	50.349	55.373
Gross deferred tax assets/liabilities	67.262	72.457	(37.480)	(39.458)	29.782	32.999
Compensation of assets and liabilities within same jurisdiction	(15.768)	(16.444)	15.768	16.444		
Net deferred tax assets/liabilities	51.494	56.013	(21.712)	(23.014)	29.782	32.999

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 tax assets for a total amount of 26,2 million euro. In this amount we can identify deferred tax assets related to tax losses carried forward for an amount of 24,0 million, to DBI for 5,1 million and to NID for 0,3 million. These are partially compensated by a deferred tax liability on temporary differences for an amount of 3,3 million euro.

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. Based on this judgement, the time horizon over which the tax benefits will be realised varies between 4 and 12 years. 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:

For the year ended 31 December Thousand Euro	Assets		Liabilities	
	2014	2013	2014	2013
Deferred tax at January 1	56.013	55.833	(23.014)	(22.346)
Increase / (decrease) through the income statement	(5.079)	2.818	993	(622)
Increase / (decrease) through equity	521	(1.692)	370	(877)
Currency translation adjustment	0	(1)	(22)	7
Compensation of assets and liabilities within same jurisdiction	39	(960)	(39)	960
Other	0	15	0	(136)
Deferred tax at December 31	51.494	56.013	(21.712)	(23.014)

21. OTHER ASSETS

For the year ended 31 December	2014	2013
Thousand Euro		
Guarantees	1.167	1.175
Non-qualifying insurance premiums	1.334	1.251
Prepayments	15	15
Non-current other assets	2.516	2.441
Guarantees	297	293
Deferred expenses	3.225	1.235
Accrued income	176	688
Other	444	455
Current other assets	4.141	2.671

22. INVENTORIES

For the year ended 31 December	2014	2013
Thousand Euro		
Raw materials and consumables	40.767	28.146
Work in progress	861	1.225
Finished goods	53.390	59.452
Goods purchased for resale	6.362	7.290
Inventories at December 31	101.381	96.114

The write-downs on inventories amount to -86 k euro in 2014 (299 k euro in 2013).

23. CASH & CASH EQUIVALENTS

For the year ended 31 December	2014	2013
Thousand Euro		
Cash	46	46
Bank current accounts	84.125	65.367
Short-term bank deposits	0	2.777
Cash and cash equivalents	84.171	68.189
Bank overdrafts	(4)	(3)
Cash and cash equivalents less bank overdrafts	84.166	68.186

24. EQUITY

24.1 SHARE CAPITAL

The issued capital of the Company amounts to 11.357 k euro at December 31, 2014, represented by 418.150 shares, of which 827 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.

24.2 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 2014, the company bought 1.990 additional Safinco certificates for an amount of 2.412 k that are recognised as treasury shares. At December 31, 2014 Vandemoortele NV or on of its subsidiaries held 39.527 Safinco certificates recognised as treasury shares.

During 2014 the Vandemoortele Group received 928 k euro dividend on the Safinco shares.

24.3 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, 2014 no deferred tax has been booked in cumulative translation adjustments which keeps the balance of deferred taxes recognised in the cumulative translation adjustments to -49 k euro.

24.4 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 2014 is explained by the net gain of the year and the payment of the dividend.

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). The change in fair value related to the commodity cash-flow hedges recognised in equity amounts to 197 k euro, net of tax (2013 amount of 1.879 k euro).

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

Thousand Euro	Commodities	
	2014	2013
At January 1	(567)	(2.633)
Recycled through P&L	299	2.847
Deferred tax effect	(102)	(968)
Change in fair value commodity contracts associates (net of tax)	300	187
At December 31	(70)	(567)

A summary of the change in the equity position of the Group can be found in the consolidated statement of changes in equity.

24.5 DIVIDENDS

On April 1, 2015 the Board of Directors proposed to pay a dividend of 7.779 k euro on the result of 2014. The dividend proposal is subject to approval by the shareholders on their annual meeting on May 12, 2015.

25. 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 26.

For the year ended 31 December Thousand Euro	2014	2013
Subordinated Loan	65.450	62.601
Retail Bond	75.000	75.000
Unsecured bank borrowings	56.075	54.173
Finance lease liabilities	15.077	11.763
Bank overdrafts	4	3
Continuing involvement factoring	529	810
Issuance costs	(1.039)	(1.423)
Other	1.383	723
Borrowings	212.479	203.649
Of which		
Current	3.402	3.290
Non-current	209.077	200.359

All borrowings of the Group are in euro. The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

SUBORDINATED LOAN

The company issued a 75 Mio euro subordinated loan and 129.058 warrants in 2009, entitling the subscriber of the loan to 23,58% (subject to anti-dilution adjustments) of the Issuer's share capital upon exercise. Originally, the loan matured seven years from the issue date. In 2012, the subordinated loan was renegotiated. Consequently, the maturity of the loan has been extended until September 2019 and the exercise period of the warrants has been extended by 1 year i.e. until March 2017.

The warrants which were issued can be exercised into shares at the holder's option any time. Based on the 2009 agreements, the exercise price has been adapted to the rate of 528 euro per share (versus the original rate of 581 euro per share). As at December 31, 2014 non of the warrants had been exercised.

The values of the liability component and the equity component were determined at the issuance of the loan. They remained unchanged after the 2012 renegotiation. A test performed on the present values of the cash flows (according IAS 39) showed the change in terms is not considered to be a substantial modification and, therefore, the modification is not accounted for as extinguishment.

The subordinated loan recognised in the balance sheet was initially calculated as follows:

Thousand Euro	
Face value of subordinated loan	75.000
Issuance costs	(1.861)
Equity component	(20.206)

For the year ended 31 December	2014	2013
Thousand Euro		
Liability component at January 1	66.634	59.632
Interest expense	8.849	8.331
Interest paid	(6.000)	(1.479)
Amortisation of issuance costs	150	150
Liability component at December 31	69.633	66.634

The fair value of the liability component of the subordinated loan at March 27, 2009 amounted to 77,6 Mio euro. The fair value was calculated using cash flows discounted at 8,5%.

RETAIL BOND

On 20 November 2012, Vandemoortele announced the public offer of 5 year Bonds in Belgium and the Grand-Duchy of Luxembourg for a maximum amount of EUR 75 million. The fixed rate for the bonds, due 13 December 2017, is 5,125 %.

On 22 November 2012, the first day of the subscription date, the public offer was closed as the total amount of subscriptions received for the bond issue was already well in excess of the amount of EUR 75 million.

The bonds were issued on 13 December 2012 and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The proceeds from the retail bonds were used to repay a portion of our bank borrowings.

UNSECURED BANK BORROWINGS

In June 2010 Vandemoortele entered into a € 300 mio unsecured senior facilities agreement with a syndicate of banks (with termination Date December 3rd 2015). Under the facility Vandemoortele NV and Vandemoortele Coordination Center NV act as borrowers and a number of other Group companies as guarantors.

The facility originally consisted of two term loans (Facility A & B, both for € 75 mio) and a revolving facility (€ 150 mio). The facility A loans were to be repaid as of June 30th 2012 (in quarterly instalments of € 5 mio). The facility B loans and the loans under the revolving facilities were to be repaid on the termination Date of the Agreement at the latest.

In December 2012 Vandemoortele fully repaid the Facility A loan and a part of the facility B loan with the proceeds of the 2012 retailbond. Per December 31st 2014 the total available facility amounts to €203,5 mio, respectively € 53,5 mio under facility B and € 150 mio under the revolving facilities.

In February 2013 the tenor of the facility was extended until September 30th 2017.

Vandemoortele has a margin over EURIBOR on the loans taken. This margin depends on the senior leverage of the Group (see note 26.4).

FINANCE LEASE LIABILITIES

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

For the year ended 31 December	2014	2013
Thousand Euro		
Gross finance lease liabilities - minimum lease payments	15.077	11.763
No later than 1 year	1.385	1.718
Later than 1 year and no later than 5 years	4.618	4.874
Later than 5 years	9.074	5.171
Future finance expenses on finance leases	(2.452)	(2.959)
Finance lease liabilities	12.625	8.804

26. FINANCIAL RISK MANAGEMENT

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.

26.1 FOREIGN CURRENCY 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 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, ie 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 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 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, 2014 is detailed in the table below:

For the year ended 31 December Thousand Euro	Purchases		Sales	
	2014	2013	2014	2013
USD	86.067	63.233	36.864	27.248
GBP	4.021	419	14.579	43.044
Other	1.442	1.058	6.261	8.284
Notional amount FX instruments	91.530	64.710	57.704	78.576

During 2014, the changes in the fair value of the FX derivatives, are accounted for as financial income or expense. At December 31, 2014 the net fair value of those forward exchange contracts was an asset of 6.165 k euro (per December 31, 2013 a liability of 1.458 k euro). The fair value gain of 7.623 k euro has been recognised as a finance result (2013 fair value loss of 130 k euro).

Currency sensitivity analysis

Around 8 % (2013: 9%) 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 2014 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 impact on the 2014 profit of operations is not material, while the translation reserves in equity would have been 0,6 Mio euro higher / lower (less than 1 % of total equity). No significant impact from change in USD on profit from operations.

If the euro would have weakened / strengthened with 10 % versus the USD, the financial result would have been 5,6 Mio euro higher / lower 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 1,1 Mio euro lower / higher.

Currency transactional risk

Most of Vandemoortele's non-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.

26.2 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 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 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 Executive Committee.

The Group entered into several interest rate swaps to hedge the floating interest rate on borrowings. The notional amount of the IRS contracts equals 95.000 k euro per December 31, 2014 (95.000 k euro per December 31, 2013).

The table below indicates the maturity of the interest bearing financial liabilities but before hedging instruments.

For the year ended 31 December		2014		
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	3.402	145.440	4.042	152.884
Floating rate	0	53.553	7.081	60.634
Total amount interest bearing financial liabilities	3.402	198.993	11.123	213.518

For the year ended 31 December		2013		
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	1.718	79.874	67.772	149.364
Floating rate	1.573	54.135	0	55.708
Total amount interest bearing financial liabilities	3.291	134.009	67.772	205.072

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

For the year ended 31 December		2014		
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	3.402	240.440	4.042	247.884
Floating rate	0	(41.447)	7.081	(34.366)
Total amount interest bearing financial liabilities	3.402	198.993	11.123	213.518

For the year ended 31 December		2013		
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	1.718	174.874	67.772	244.364
Floating rate	1.573	(40.865)	0	(39.292)
Total amount interest bearing financial liabilities	3.291	134.009	67.772	205.072

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 has been detailed below:

For the year ended 31 December		2014		
Thousand Euro	Held-for-trading	Fair Value hedges	Cash Flow Hedges	Total
January 1	(9.936)	0	0	(9.936)
Fair value gain / (loss) of the year	(180)	0	0	(180)
Change through equity	0	0	0	0
December 31	(10.116)	0	0	(10.116)

For the year ended 31 December		2013		
Thousand Euro	Held-for-trading	Fair Value hedges	Cash Flow Hedges	Total
January 1	(13.276)	0	0	(13.276)
Fair value gain / (loss) of the year	3.340	0	0	3.340
Change through equity	0	0	0	0
December 31	(9.936)	0	0	(9.936)

Interest rate sensitivity analysis

As disclosed above, most of the Group's interest bearing financial liabilities bear a fixed interest rate.

The total interest expense recognised in 2014 income statement on the Company's variable rate debt portion net of the effect of interest rate derivative instruments amounts to 1,5 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, 2014 is applied, with all other variables held constant, 2014 profit would have been 268 k euro lower/higher.

In addition this interest rate increase would cause a change in the fair values of the hedging instruments, which is estimated to have a positive impact on the profit before tax of more than 1,7 Mio euro.

26.3 MATERIAL PRICE RISK

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, packaging, etc.

To manage the risk on changing vegetable oil prices, the Raw Material Department of the Lipids & Bakery Business Lines is entering into forward purchase and sale agreements of crude vegetable oil. These commodity contracts are in accordance with the entity's expected purchase, sale or usage requirements and are as such excluded from the scope of IAS 39. This is commonly referred to as the "own use scope exception of IAS 39". Own use contracts are accounted for as normal purchase or sale contracts (executory contracts).

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.

For the year ended 31 December Thousand Euro	Purchases		Sales	
	2014	2013	2014	2013
Held-for-trading	0	2.936	0	956
Cash-flow hedges	0	71.580	0	28.033
Total amount	0	74.516	0	28.989

Due to the "own use" scope exemption of IAS 39 no outstanding forward contracts have been classified as Held-for-trading or Cash-flow hedges in 2014.

26.4 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.

For the year ended 31 December Thousand Euro				Total
	1 year or less	1 - 5 years	More than 5 years	
Retail Bond	0	75.000	0	75.000
Subordinated loan	0	65.450	0	65.450
Bank borrowings	226	53.800	2.049	56.075
Finance lease liabilities	1.385	4.618	9.074	15.077
Bank overdrafts	4	0	0	4
Factoring	529	0	0	529
Other	1.258	125	0	1.383
December 31, 2014	3.402	198.993	11.123	213.518

All borrowings, except for the subordinated loan, are subject to bank covenants. Senior leverage ratio of 0,5:1 and interest cover ratio of 7,3:1 are well within the agreed boundaries. No defaults breaches on debt payments occurred.

The available credit line as at December 31, 2014 amounts to 150 million euro (see also note 35).

26.5 CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to its shareholders through the optimization of the net debt and equity balance.

The capital structure of the Group consists of net debt (disclosed in note 26.4) and equity.

26.6 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.

Each year a Group credit risk analysis is being performed. In this analysis the turnover of all clients of the Group, as well as outstanding and overdue amounts are checked. For the financial losses due to bankruptcy, the Group has subscribed a credit insurance contract "Excess loss".

As of 1 November 2013 the Group also started applying factoring to the major French company. Factoring to the two major Belgian companies has started in 2012. We also refer to Note 19 on trade and other receivables for further information on the factoring agreements.

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-.

27. FAIR VALUE FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES

Except as detailed in the following table, the directors consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

For the year ended 31 December Thousand Euro	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables	206.300	206.300	190.740	190.740
Financial liabilities				
Financial liabilities at amortised cost				
Subordinated loan *	65.450	87.766	62.601	84.728
Retail bond **	75.000	80.325	75.000	79.800
Unsecured borrowings	56.075	56.075	54.173	54.173
Finance lease liabilities	15.077	15.077	11.763	11.763
Bank overdrafts	4	4	3	3
Continuing involvement factoring	529	529	810	810
Trade and other liabilities	244.209	244.209	228.713	228.713

* "Level 1" fair value measurement: fair value of financial liabilities is determined with reference to quoted market prices in active markets for identical liabilities

** "Level 3" fair value measurement: fair value of financial liabilities is derived from valuation techniques which include inputs which are not based on observable market data

28. DERIVATIVES

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

For the year ended 31 December Thousand Euro	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
- Held-for-trading	0	10.116	0	9.936
Non-current derivatives	0	10.116	0	9.936
Commodity contracts				
- Held-for-trading	106	0	848	0
- Cash flow hedges	0	0	2.287	2.586
Foreign currency contracts				
- Held-for-trading	7.795	1.630	566	2.024
- Cash flow hedges	0	0	0	0
Current derivatives	7.901	1.630	3.701	4.610

29. EMPLOYEE BENEFITS

29.1 LONG TERM EMPLOYEE BENEFITS

The amount recognized in the consolidated balance sheet arising from the Group's obligation in respect of its long-term employee benefits is detailed below:

For the year ended 31 December Thousand Euro	2014	2013
Defined benefit plans	20.251	15.783
Other post-employment benefits	1.792	1.771
Post - employment benefits	22.043	17.554
Other long-term employee benefits	5.739	2.701
Total employee benefits	27.782	20.255

POST / OTHER LONG-TERM EMPLOYMENT BENEFITS

The Group operates various post-employment schemes 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 consist mainly of liabilities in relation to jubilee benefits and the stock option plan (2,5 mio).

DEFINED BENEFIT PLANS

The Group operates several defined benefit plans in Belgium, The Netherlands, France, Germany, Italy and Spain. These plans are either funded or unfunded via outside pension funds or insurance companies. Where a plan is unfunded, a liability for the obligation is recorded in the Group balance sheet. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the defined obligation. Accordingly a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated balance sheet. Independent actuaries assess all main plans annually.

The Group's largest defined benefit obligations are in Belgium and The Netherlands. They account for 82,5% (79,94% in 2013) of the Group's defined benefit obligations and 96,0% (95,75% in 2013) of the Group's plan assets.

Belgium

The Group decided to convert the Belgian defined benefit plan into a cash balance plan as of January 1, 2013 and the old plan was closed to new entrants. The existing members could refuse to move to the new cash balance plan and continue to accrue benefits in the defined benefit plan. Due to the Belgian legislation, the employer is obliged to guarantee a minimum return on the contributions. As this guarantee is no longer fully insured, the defined contribution plan is classified as defined benefit plan in the narrow interpretation of IAS 19 revised. Vandemoortele obtained an actuarial calculation of those retirement benefits, including the death-in-service benefits and accounted for the corresponding liability.

The plans foresee a lump sum payment upon retirement and risk benefits in case of death or disability prior to retirement. The plans are externally funded through a pensionfund.

The Netherlands

Vandemoortele provides employees in the Netherlands with average pay pension plans. The plans are funded via external insurance companies. The plans are set up as annuity-plans that foresee in monthly pension payments.

The amounts recognized in the balance sheet are determined as follows:

As per December 31		
Thousand Euro	2014	2013
Present value of defined benefit obligation	69.963	56.930
Fair value of plan assets	(49.713)	(41.147)
Net (asset) / Liability	20.251	15.783

The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

As per December 31		
Thousand Euro	2014	2013
Discount rate Belgium, Germany, Italy, Spain	1,90%	3,20%
Discount rate France, The Netherlands (VDM NL)	2,20%	3,50%
Discount rate The Netherlands (VDM Brunssum - VDM NL)	2,50%	3,80%
Inflation	2,00%	2,00%
Future salary increase	1,5% - 2%	1,5% - 2%
Pension increase	0,50%	0,50%

Assumptions regarding future mortality are based on recent published statistics in each country. The assumptions regarding the turnover of employees are based on recent experience and expectations for the future.

The weighted average duration of the defined benefit obligation is 16,84 years.

The changes in the present value of the defined benefit obligation in the current year were as follows:

As per December 31		
Thousand Euro	2014	2013
Defined benefit obligation at January 1	56.930	56.453
Current service cost	3.427	3.523
Past Service Cost recognised	(474)	8
Interest expense	1.881	2.002
Employee contributions	347	289
Benefits paid	(2.405)	(2.141)
Administrative expenses paid	(66)	(71)
Remeasurements		
- effect of changes in demographic assumptions	(124)	(453)
- effect of changes in financial assumptions	12.223	(1.199)
- effect of experience adjustments	(1.776)	(1.481)
Defined benefit obligation at December 31	69.963	56.930

The changes in the fair value of plan assets in the current year were as follows:

As per December 31		
Thousand Euro	2014	2013
Fair value of plan assets at January 1	41.147	37.198
Interest income	1.411	1.291
Employer contributions	2.653	2.536
Employee contributions	347	290
Benefits paid	(1.989)	(1.725)
Administrative expenses paid	(217)	(230)
Remeasurements		
- Return on plan assets (excluding interest income)	6.361	1.787
Fair value of plan assets at December 31	49.713	41.147

The fair value of the assets is split in the following major asset classes:

As per December 31		
Thousand Euro	2014	2013
Equities	7.697	7.070
Bonds	15.246	13.302
Real estate property	1.272	1.281
Cash, cash equivalents and other	1.866	1.892
Qualifying insurance policies	23.632	17.601
Total	49.713	41.146

The assets comprise assets held by a separate pension fund in Belgium and qualifying insurance policies in the other countries. The expected return on plan assets recognized in the income statement is calculated based on the rate used to discount the defined benefit obligation. A large portion of assets in 2014 consists of equities and bonds, although the Group also invests in property, cash and investment funds. The Group believes that equities offer the best returns over the long-term with an acceptable level of risk. The plans are not exposed to significant foreign currency risk.

Defined benefit obligation and plan assets per country are as follows:

As per December 31	2014	
Thousand Euro	DBO	Plan Assets
Belgium	31.653	26.080
The Netherlands	26.078	21.688
Germany	8.392	1.413
France	3.115	531
Italy	601	0
Spain	124	0
Total	69.963	49.713

The amounts recognized in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

As per December 31		
Thousand Euro	2014	2013
Current service cost	3.427	3.523
Past service cost	(474)	8
Net interest cost	471	711
Administrative expenses and taxes	151	159
Components of defined benefit costs recorded in income statement	3.574	4.401
Remeasurements		
- Effect of changes in demographic assumptions	(124)	(453)
- Effect of changes in financial assumptions	12.223	(1.199)
- Effect of experience adjustments	(1.776)	(1.481)
- Return on plan assets (excluding interest income)	(6.361)	(1.787)
Components of defined benefit costs recorded in OCI	3.963	(4.920)
Total components of defined benefit cost	7.537	(519)

Estimated employer contributions for 2015 amount to 2.649 k euro.

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects on each plan of change in assumption are weighted proportionately to the total plan obligations to determine the total impact of each assumption presented:

As per December 31		2014	
%	Change in assumption	Increase in assumption	decrease in assumption
Discount rate	0,50%	-7,17%	8,21%
Inflation rate	0,50%	3,08%	-2,17%
Salary growth rate	0,50%	4,17%	-4,20%
Life expectancy	1 year	-0,89%	0,30%
Pension increase (only in Germany & The Netherlands)	0,50%	10,51%	-0,17%

Each sensitivity analysis disclosed above is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method has been applied as for calculating the liability recognized in the consolidated balance sheet.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

ASSET VOLATILITY

The plan liabilities are calculated using a discount rate set with reference to high quality corporate yields; if plan assets underperform this yield, the company's net defined benefit obligation may increase. Most of the company's funded plans hold a significant portion of equities which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities. However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long-term strategy to manage the plans efficiently.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will partially offset by any increase in the value of the plans' bond holdings.

INFLATION RISK

The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net defined benefit obligation.

LIFE EXPECTANCY

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

In case of funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

29.2 SHORT TERM EMPLOYEE BENEFITS

For the year ended 31 December	2014	2013
Thousand Euro		
Social security	14.098	11.818
Remunerations	6.504	7.135
Holiday pay	11.838	12.892
Other payroll liabilities	3.239	2.922
Short term employee benefits	35.680	34.767

30. PROVISIONS

For the year ended 31 December		2014			
Thousand Euro	Restructuring	Litigations & tax risks	Environmental	Other	Total
Provisions at January 1	6.626	2.769	115	958	10.468
Additional provisions during the year	7.666	980	143	162	8.951
Provisions used during the year	(6.759)	(1.319)	(8)	(458)	(8.544)
Provisions reversed during the year	(54)	0	(98)	(60)	(212)
Transfers from one heading to another	0	0	0	0	0
Currency translation adjustments	0	0	0	0	0
Provisions at december 31	7.479	2.430	152	602	10.663

For the year ended 31 December		2013			
Thousand Euro	Restructuring	Litigations & tax risks	Environmental	Other	Total
Provisions at January 1	7.192	2.266	164	449	10.071
Additional provisions during the year	6.413	1.200	0	554	8.167
Provisions used during the year	(6.095)	(464)	(49)	(26)	(6.634)
Provisions reversed during the year	(874)	(243)	0	(19)	(1.136)
Transfers from one heading to another	(10)	10	0	0	0
Currency translation adjustments	0	0	0	0	0
Provisions at december 31	6.626	2.769	115	958	10.468

Restructuring provisions

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.

The new provisions for restructuring set up in 2014 mainly relate to the French subsidiaries of the Bakery Product segment. The provision includes the estimated cost for different plans linked to the reorganisation of different factories.

Restructuring provisions are expected to be settled for the biggest part within one year and consequently no discounted value of the expenditure has been calculated.

Litigations and tax risks

Provisions for other than corporate 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 and tax risks that can be clearly identified and for which a reliable estimate can be made of the potential cost.

The majority of the litigations are claims from personnel dismissed in the past in France. Tax risks include non-income tax disputes in Germany and France.

No discounted value has been calculated for litigations and tax risks, since we estimated the settlement will occur in the next two years.

Environmental provisions

The Group books a provision for those environmental risks that are clearly defined and for which there exists a legal obligation to restore the environment and for which a reliable estimate can be made of the potential cost.

Onerous Contracts

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.

Other provisions

Other provisions are booked for all other identifiable risks.

31. TRADE PAYABLES AND OTHER LIABILITIES

For the year ended 31 December	2014	2013
Thousand Euro		
Government grants - deferred income	4.492	5.210
Other	12	0
Non-current trade and other liabilities	4.504	5.210
Trade payables	212.688	200.790
VAT payable	9.865	10.984
Other taxes	1.186	1.071
Payroll tax	3.344	3.247
Interest accruals	5.996	5.810
Accrued expenses	849	964
Deferred income	310	940
Other	9.971	4.907
Current trade and other liabilities	244.209	228.713

32. RELATED PARTIES

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

Vandemoortele NV grants a loan to Safinco NV amounting to 11.405 k euro (11.163 k euro in 2013) on which the company receives an interest of 105 k euro (221 k euro in 2013).

32.1 TRADING TRANSACTIONS WITH ASSOCIATES

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

-Purchases Raw Materials from Lipidos: 45,9 Mio € (2013: 45,6 Mio €).

-Services rendered by Lipidos (contract manufacturing): 5,6 Mio € (2013: 5,1 Mio €).

-Outstanding Payables against Lipidos at December 31, 2014: 21,5 k euro (December 31, 2013: 456,8 k euro).

32.2 COMPENSATION KEY MANAGEMENT PERSONNEL

The compensation for the members of the Board of Directors amounts to 3,8 Mio euro for the year 2014 (4,7 Mio euro in 2013). The compensation for the executives of the Group, other than those who are member of the Board of Directors, including the members of the Executive Committee, equals 6,3 Mio euro for the year 2014 (8,6 Mio euro in 2013). Key management compensation includes all short-term employee benefits such as salaries, bonuses, social security contributions, insurance premiums, severance payment and long-term remunerations such as stock options and retirement benefits.

32.3 SHARE BASED PAYMENTS

Since 2004, the Group Vandemoortele has offered stock options to the members of the Executive Committee. Every stock option gives the holder the right to buy a share of the Company at a pre defined price during the exercise period. The Company commits to buy the shares back at the last available share value at the moment of exercise. The options are offered free of charge. The vesting period is 4 years, but it can be extended.

The share value is determined once per year by an external financial institution and reviewed by the Group's auditors.

In 2014, 1.650 new options have been accepted by the beneficiaries and 911 options granted in previous years have been exercised.

The following table gives an overview of the stock options outstanding at December 31, 2014

Year of granting	Last exercise date	Number of outstanding options
2004	15/12/2017	165
2005	15/12/2018	360
2006	15/12/2019	360
2007	15/12/2020	795
2009	15/12/2017	855
2010	15/12/2018	1.024
2012	15/12/2020	2.641
2013	15/12/2021	2.510
2014	15/12/2022	1.650
Total		10.360

The fair value of this stock option plan has been calculated using a Black and Sholes formula based on assumptions on share value, risk free interest rate, volatility, time remaining until maturity and dividend yield.

33. COMMITMENTS AND CONTINGENCIES

33.1 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 3.021 k euro (in 2013 an amount of 2.263 k euro).

Future minimum rentals payable under non-cancellable operating leases at December 31, 2014 are not significant.

33.2 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. There are no contingencies relating to government grants for which income was already recognized.

33.3 ENTITIES FOR WHICH VDM NV ASSUMES FULL LIABILITY

The company's UK subsidiary, Vandemoortele (UK Limited) (Registered numer 1107148) is exempt from the requirements to the audit of accounts under Section 479A of the Companies Act 2006. Under Section 479C of Companies Act 2006 related to subsidiary companies, Vandemoortele NV has given a statutory guarantee of all the outstanding liabilities (1,4 million euro) to which the company is subject at December 31, 2014. This guarantee has been filed at Companies House.

The subsidiaries Safinco Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V are exempt from the requirements to the audit of accounts under article 403 of the civil law. The liabilities of Safinco Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V for a total amount of 19,3 million euro per December 31, 2014 are guaranteed by Vandemoortele NV.

34. INFORMATION ON THE AUDITORS' ASSIGNMENTS AND RELATED FEES

Deloitte Bedrijfsrevisoren CVBA, represented by Kurt Dehoorne and Charlotte Vanrobaeys, was appointed as the statutory auditor of the Vandemoortele Group by the shareholders meeting of May 13, 2014 following an audit tender.

Audit fees for 2014 in relation to services provide bij Deloitte amounted to 525 k euro. These fees have been detailed in the table below:

For the year ended 31 December Thousand Euro	2014	2013 *
Audit Services Vandemoortele NV	81	68
Audit Services Subsidiaries	444	604
Total	525	672

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

Additional services for 2014 rendered by the auditor to the Group have been detailed in the table below:

For the year ended 31 December Thousand Euro	2014	2013 *
Other audit related services	14	34
Non-audit services	0	5
Total	14	39

Additional services for 2014 rendered by parties related to the auditor to the Group have been detailed in the table below:

For the year ended 31 December Thousand Euro	2014	2013 *
Non-audit services	0	0
Tax advisory services	36	80
Total	36	80

35 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposes to pay a dividend of 7.779 k euro on the result of 2014. This proposal is subject to approval by the shareholders on their annual meeting on May 12, 2015.

The Group has refinanced its unsecured bank borrowings for a total amount of 200 mio euro (revolving facility) on March 10, 2015 and this for a period of 5 year until 2020. The financial covenants included in the new Clubdeal haven't been changed.

The Group acquired in its bakery business unit, the Italian LAG S.P.A., Genoa. The acquisition was closed on march 19, 2015. Vandemoortele NV acquires 100 % of the shares of LAG S.P.A. from LAG's management and private equity funds Yarpa and LBO France.

With this acquisition, the Group aims to strengthen its bakery products business in Italy and to extend its product range with typical Italian products such as Focaccia and Ciabatta.

LAG employs around 300 people with production operations in Genoa, Ravenna and Padua and has an annual turnover of 91,8 Mio euro in 2014.

36. VANDEMOORTELE COMPANIES

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 40 subsidiaries which are fully consolidated and 1 associated company which is consolidated according the equity method. Participations in 9 companies are not consolidated as these do not meet the criteria of significance.

There are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

Name and office	2014	2013
SUBSIDIARIES		
	%	%
BELGIUM		
Vandemoortele nv, Moutstraat 64, 9000 Gent	Parent	Parent
Croustifrance Benelux nv, Ottergemsesteenweg Zuid 806, 9000 Gent (merged with Vamix nv)	0	100
Metro nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vamix nv, Moutstraat 64, 9000 Gent	100	100
Vandemoortele Ghislenghien sa, 47 Avenue des Artisans, 7822 Ghislenghien	100	100
Vandemoortele Coordination Center nv, Moutstraat 64, 9000 Gent	100	100
Vandemoortele Izegem nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vandemoortele Seneffe sa, Zoning Industriel, Zone C, Rue Jules Bordet, 7180 Seneffe	100	100
Vandemoortele Eeklo nv, Nieuwendorpe 16, 9900 Eeklo	100	100
Vandemoortele Lipids nv, Moutstraat 64, 9000 Gent	100	100
GERMANY		
Hobum Öle und Fette GmbH, Seehafenstrasse 2, 21079 Hamburg (liquidated)	0	100
Vandemoortele Deutschland GmbH, Altensennerweg 68, 32052 Herford (former Meylip Nahrungsmittel GmbH)	100	100
Vandemoortele Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100	100
Vandemoortele Lipids Werke GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100	100
FRANCE		
Vandemoortele Reims SAS, Le Haut Montigné, 35370 Torcé	100	100
Vandemoortele France SAS, 9, Rue du Vieux Pont, 92000 Nanterre	100	100
Cottes Action SA, Le Haut montigné, 35370 Torcé	100	100
Cottes Usines SAS, Le Haut montigné, 35370 Torcé	100	100
Panavi SAS, Le Haut Montigné, 35370 Torcé	100	100
Panalog SAS, ZA La Chapellerie, F-35210 Chatillon en Vendelais	100	100
Panarmen SAS, Le Haut Montigné, 35370 Torcé	100	100
Paindor SAS, Zone industrielle, 1ère Avenue, 14ème Rue, 06513 Carros	100	100
Paindor Toulon SAS, 230 Avenue Jean Monnet, 83190 Ollioules	100	100
Paindor Côte d'Azur SAS, 107 Chemin du Val Fleuri, 06800 Cagnes sur mer	100	100
Paindor VAR Sarl, Zone Industrielle Camp Colonel Dessert, 83480 Puget sur Argens	100	100
Paindor Provence Frais SAS, Zone Industrielle les Estroublans, Rue de Lisbonne 2, 13127 Vitrolles	100	100
Paindor Montpellier SAS, Zone Industrielle Sud, Rue Prade 5, 34880 Laverune	100	100
Auberge du Montigne SNC, Le Haut Montigné, 35370 Torcé	100	100
Chemin du Val Fleuri SCI, Chemin Charré, 664, F-13600 La Ciotat (*)	30,7	30,7
NETHERLANDS		
Safinco Nederland bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Brunssum bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Nederland BV, Handelsweg 1, 3899AA Zeewolde	100	100
LUXEMBOURG		
Vandemoortele International Finance sa, 412 F, Route d'Esch, 2086 Luxembourg	100	100

(*) It concerns a de facto control

Name and office	2014	2013
SUBSIDIARIES	%	%
UNITED KINGDOM		
Vandemoortele UK Ltd., Quest House, 135 Staines Road, TW3 3 JB Hounslow Middlesex	100	100
ITALY		
Vandemoortele Italia S.p.A., Via de Capitani 2, 20041 Agrate Brianza	100	100
AUSTRIA		
Vandemoortele GmbH, Leo-Neumayer-Strasse 10, 5600 Sankt-Johann-im-Pongau	100	100
SPAIN		
Vandemoortele Iberica sa, Calle Sant Martí de l'Erm n°1, planta 5a, 08960 San Just Desvern - Barcelona	100	100
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, Malaga	100	100
Panavi Ohayo SL, Ronda de les Conques 8, 08180 Moia	100	100
SWITZERLAND		
Vandemoortele Rückversicherung AG, Schochenmühlestrasse 2 CH - 6340 Baar	100	100
SLOVAKIA		
Vamix Slovenska Republika sro, Karadzicova 8/A, 821 08 Bratislava	100	100
HUNGARY		
Vandemoortele Hungary Ltd., Kápolna u;12, H - 6000 Kecskemét	100	100
POLAND		
Vandemoortele Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Łódz	100	100
ASSOCIATES		
SPAIN		
Lipidos Santiga sa, Carretera Ripollet a Santiga, km. 4,300, 08130 Santa Perpetua de Mogoda, Barcelona	23,75	23,75

37 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, amortisation and impairments

Equity

For ratio calculations total equity includes equity attributable to owners of the parent and non-controlling 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

Net deferred tax

Deferred tax liabilities less deferred tax assets

38. AUDITOR'S REPORT

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
President Kennedypark 8q
8500 Kortrijk
Belgium
Tel. + 32 56 59 45 40
Fax + 32 56 59 45 41
www.deloitte.be

Vandemoortele NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2014

The original text of this report is in Dutch

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash-flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Vandemoortele NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

The consolidated balance sheet shows total assets of 928.602 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 32.390 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

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

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements of Vandemoortele NV give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Report on other legal and regulatory requirements

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

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

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

Kortrijk, 2 April 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by



Kurt Dehoorne



Charlotte Vanrobaeys

39. COMPLIANCE CERTIFICATE

vandemoortele

COMPLIANCE CERTIFICATE

To: the Bondholder
From: VANDEMOORTELE NV
Moustraat 64
9000 Gent

Dated: 1 April 2015

Dear Sirs,

Vandemoortele NV – Public offer in Belgium and Grand Duchy of Luxembourg of 5.125 per cent fixed rate bonds due 2017 as set out in the prospectus dated 19 November 2012 (the Prospectus)

We refer to the Prospectus. This is a Compliance Certificate. Terms defined in the Prospectus have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

We confirm that, as at 31 December 2014,

- i. Based on the calculations made in accordance with the Conditions, the ratio of Senior Leverage is below 3.50:1;
- ii. No Financial Condition Step-Up Change has occurred;
- iii. The Applicable Rate of Interest to be applied as from the next Interest Payment Date in accordance with condition III.5(a) of the Prospectus is 5.125 per cent and;
- iv. Our Auditor has confirmed in writing to us that Statement under (i) is correct.

Signed by:



Jules Noten
Chief Executive Officer
of Vandemoortele NV

40. STATEMENT BY RESPONSIBLE PERSON

vandemoortele

April 1, 2015

STATEMENT BY RESPONSIBLE PERSON

Mr. Jules Noten, Chief executive Officer confirms that to the best of his knowledge:

- a) The consolidated financial statements and the annual accounts per 31.12.2014 of NV VANDEMOORTELE, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation and results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.
- b) The combined report of the Board of Directors on the financial statements and the annuals accounts per 31.12.2014 of NV VANDEMOORTELE , contains a faithful presentation of performance of the business, the results of the group VANDEMOORTELE and VANDEMOORTELE NV and its consolidated subsidiaries, together with a description of the main risks and uncertainties that they are facing.



Jules Noten
Chief Executive Officer
of Vandemoortele NV

41. COMBINED REPORT OF THE BOARD OF DIRECTORS

COMBINED REPORT OF THE BOARD OF DIRECTORS
presented to the General Assembly of Shareholders of
NV VANDEMOORTELE to be held on Tuesday 12 May 2015 at 3 PM
in the registered office of the company, Moutstraat n° 64 at 9000 Gent

Ladies and Gentlemen,

We have the pleasure to submit our combined report on both the IFRS consolidated and statutory annual accounts of NV Vandemoortele, as at 31 December 2014, in accordance with Articles 96 and 119 of the Company Code.

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 40 subsidiaries which are fully consolidated and 1 associated company which is consolidated according the equity method.

In 2012 Vandemoortele NV has issued a 75 million € 5.125% 5 years fixed rate retail bond in Belgium and the Grand Duchy of Luxembourg. As a result of such bond offering Vandemoortele has become a public interest company.

1. THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2014

1.1. THE RESULTS AND THE BALANCE SHEET STRUCTURE

General

Vandemoortele has been performing very well in 2014.

The Bakery Products business line improved its Rebitda performance and its Rebitda margin well above expectations thanks to a further improvement of the customer and product mix and a thorough rationalization and cost management. The Lipids business line succeeded in repeating in 2014 its strong performance of last year while generating an important free operational cash flow for the Vandemoortele Group.

The financial year 2014 showed revenues of € 1.269 mio, in line with the € 1.278 million during 2013. The Vandemoortele Group was able to increase its Rebitda from € 90 million in 2013 to € 109,6 million in 2014 and its REBIT from € 44,9 million to € 65,8 million.

In 2014 the Vandemoortele Group invested € 57 million in, among other things, additional production capacity for Bakery Products and a further rationalization and modernization of the Izegem margarines and fats production site.

The results

Some key figures (IFRS):

	2013	2014	Variance
Turnover (in mio €)	1.278	1.269	- 0,70 %
REBITDA (in mio €)	90	110	+ 22,22 %
EBITDA (in mio €)	82	100	+ 21,95 %
REBIT (in mio €)	45	66	+ 46,67 %
EBIT (in mio €)	36	54	+ 50,00 %
EAT total (in mio €)	10	32	+ 220,00 %

The balance sheet structure

The Vandemoortele Group has strengthened its balance sheet structure further in 2014.

The Senior Net Financial Debt of the Group at 31.12.2014 amounts to 58 mio € compared to 69 mio € at the end of last year resulting in a leverage ratio of 0,5 :1. The interest cover ratio is 7,3 :1. The Group's financial covenants are complied with easily.

BAKERY PRODUCTS Business

The business line **Bakery Products** performed very well in 2014; revenues of the business line have increased in 2014 with 2,98%.

Thanks to positive purchase price variances and a margin improvement resulting from the optimization of the logistics and industrial "footprints", the business line came to an excellent result for 2014.

LIPIDS Business

The business line **Lipids** has repeated its good performance of 2013 although its volumes slightly decreased compared to last year and its revenue decreased by 3% as a result of decreasing raw material prices.

The business line succeeded in maintaining its operational result thanks to a good margin management and a strict cost control.

LIPIDOS - SHAREHOLDING

Lipidos Santiga SA contributed a profit of K€ 516 to the consolidated result of Vandemoortele in 2014.

1.2. OUTLOOK FOR 2015

The Vandemoortele Group will work hard in 2015 to further improve its profitability while growing both volumes and revenues thanks to the acquisition of LAG S.P.A. on 19 March 2015 and its organic growth.

The Group will start operations in its new factory for Bakery Products in Lyon in 2015 and envisages to build a new factory in Poland for the CEE markets.

Lipidos Santiga SA is expected to adapt its cost structure to the market evolution and improve its profitability.

1.3. IMPORTANT EVENTS AFTER THE CLOSING DATE OF THE ACCOUNTS – CIRCUMSTANCES THAT COULD SIGNIFICANTLY IMPACT THE EVOLUTION OF THE CONSOLIDATED ENTERPRISE

It is to be noted that the Group Vandemoortele has refinanced its bank debt on March 10, 2015 for a period of 5 years and that its acquisition of the Italian LAG S.P.A., Genoa was closed on the 19th of March, 2015. The acquisition of LAG S.P.A. provides the Vandemoortele Group the opportunity to enter the savoury category with its Italian specialty products, such as for instance the Focaccia, as well as a strong foothold in the growing Italian Bakery products market.

It is the intention of Vandemoortele to issue a retail bond in order to ensure the financing of its acquisition and of its further general corporate purposes.

1.4. RESEARCH AND DEVELOPMENT

In 2014 the Innovation Process Management was full rolled out and the R&D organisation has continued to work on the improvement of its production processes, the quality of the products and the development of new products for the Bakery Products business line as well as on the further optimisation of the composition of its products.

1.5. RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

In 2014 the Vandemoortele Group has continued its risk management based on creation and maintenance of a sound internal control environment, good communication and information to its stakeholders, a risk assessment on all levels of the organisation and a good monitoring of internal control systems.

1.6. MAIN RISKS AND UNCERTAINTIES

The main market and financial risks for the Group are the volatility and the adverse price developments of the raw materials, ingredients, packaging materials, the increase of the energy costs, the fluctuations of currencies and interest rates, the credit risk and the liquidity risk.

2. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2014

The company closes the financial year 2014 with a profit after tax of 9.380.328,91€ composed of an operating result of € 3,4 million and a financial result of € 6 million.

We propose the following result allocation:

-	Gross dividends:	7.778.900,72 €
-	Retained earning:	1.601.428,19 €
-		-----
-	Total :	9.380.328,91 €

If you accept this proposal, a gross dividend of 18,64 € per share will be paid out to the 417.323 shares, which are entitled to receive dividends, or a net dividend of 13,98 € per share after deduction of the 25 % withholding tax.

There are no important developments after the closing date nor are there special circumstances to be mentioned, which could noticeably affect the development of the company other than those mentioned in this combined report.

The financial risks of the company are managed in close co-operation with NV Vandemoortele Coordination Center. 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 2014.

Vandemoortele has issued a total of 2.425 share options in 2014.

The directors have confirmed that no operations or decisions have been made during the financial year, which need to be reported pursuant to Articles 523 or 524 of the Company Code.

The company does not have any foreign branches.

There have been no capital increases and no issue of convertible bonds or warrants during the financial year following a decision of the board of directors.

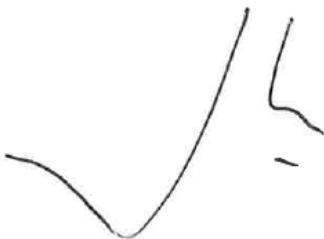
The company has not acquired any own shares during the financial year.

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 2014.

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

ON BEHALF OF THE BOARD OF DIRECTORS

Gent, April 1, 2015



Jean Vandemoortele
Chairman of the Board of Directors

42. STATUTORY ANNUAL ACCOUNTS OF VANDEMOORTELE NV

42.1 CONDENSED BALANCE SHEET OF VANDEMOORTELE NV

The statutory annual accounts of the parent company Vandemoortele NV are shown below in condensed form. In June, 2015, the annual report and annual accounts of Vandemoortele NV and the auditor's report will be filed with the National Bank of Belgium in accordance with Articles 98-102 of the Companies Act.

The statutory auditor has issued an unqualified opinion.

For the year ended 31 December	2014	2013
Thousand Euro		
Assets		
Fixed assets	505.157	614.060
Formation expenses	424	856
Intangible fixed assets	2.503	2.119
Tangible fixed assets	2.209	2.338
Financial fixed assets	500.020	608.746
Current assets	155.901	7.259
Amounts receivable within one year	154.902	6.494
Current investments	744	744
Cash at bank and in hand	2	2
Deferred charges and accrued income	253	19
Total Assets	661.058	621.319
Equity and liabilities		
Equity	247.972	246.371
Capital	11.357	11.357
Reserves	235.014	235.014
Accumulated profits (losses)	1.601	0
Provisions and deferred taxes	102	2.911
Provisions for liabilities and charges	102	2.911
Amounts payable	412.984	372.038
Amounts payable after more than one year	330.807	293.301
Amounts payable within one year	77.108	73.900
Accruals and deferred income	5.069	4.837
Total liabilities	661.058	621.319

42.2 CONDENSED INCOME STATEMENT OF VANDEMOORTELE NV

For the year ended 31 December		2014	2013
Thousand Euro			
Operating income		34.856	16.719
Turnover		34.378	16.438
Own work capitalised		284	0
Other operating income		194	281
Operating charges		(31.468)	(27.741)
Services and other goods		(20.735)	(16.519)
Remuneration, social security costs and pensions		(11.475)	(6.284)
Depreciation and amounts written off		(2.058)	(2.106)
Provisions for liabilities and charges - appropriations		2.808	(2.831)
Other operating charges		(8)	(1)
OPERATING PROFIT (LOSS)		3.388	(11.023)
Financial income		21.834	20.551
Financial charges		(15.876)	(15.220)
GAIN (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXES		9.345	(5.692)
Extraordinary income		0	4
Extraordinary charges		0	(33)
GAIN (LOSS) FOR THE PERIOD BEFORE TAXES		9.345	(5.721)
Income taxes		35	(4)
GAIN (LOSS) OF THE PERIOD		9.380	(5.725)
GAIN (LOSS) OF THE PERIOD AVAILABLE FOR APPROPRIATION		9.380	(5.725)

42.3 RESULT APPROPRIATION

The Board of Directors proposes to appropriate the profit available for appropriation as follows:

For the year ended 31 December		2014	2013
Thousand Euro			
Profit (loss) to be appropriated		9.380	(5.725)
Withdrawals from reserves		0	13.504
Dividends		(7.779)	(7.779)
Profit (loss) to be carried forward		1.601	(0)

42.4 STATUTORY AUDITOR'S REPORT OF VANDEMOORTELE NV

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
President Kennedypark 8a
8500 Kortrijk
Belgium
Tel. + 32 56 59 45 40
Fax + 32 56 59 45 41
www.deloitte.be

Vandemoortele NV

Statutory auditor's report to the shareholders' meeting on the annual accounts for the year ended 31 December 2014

The original text of this report is in Dutch

To the shareholders

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 report on the annual accounts together with our report on other legal and regulatory requirements. These annual accounts comprise the balance sheet as at 31 December 2014 and the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

Report on the annual accounts – Unqualified opinion

We have audited the annual accounts of Vandemoortele NV ("the company"), prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 661.058 (000) EUR and a profit for the year of 9.380 (000) EUR.

Board of directors' responsibility for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of annual accounts in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the annual accounts of Vandemoortele NV give a true and fair view of the company's net equity and financial position as of 31 December 2014 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, as well as for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium and for the company's compliance with the Companies Code and the company's articles of association.

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

- The directors' report includes the information required by law, is consistent with the annual accounts and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the company's articles of association.
- There are no transactions undertaken or decisions taken in violation of the company's articles of association or the Companies Code that we have to report to you.

Kortrijk, 2 April 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by



Kurt Dehoorne



Charlotte Vanrobaeys