FINANCIAL STATEMENTS 2013

vandemoortele

KEY FINANCIAL FIGURES

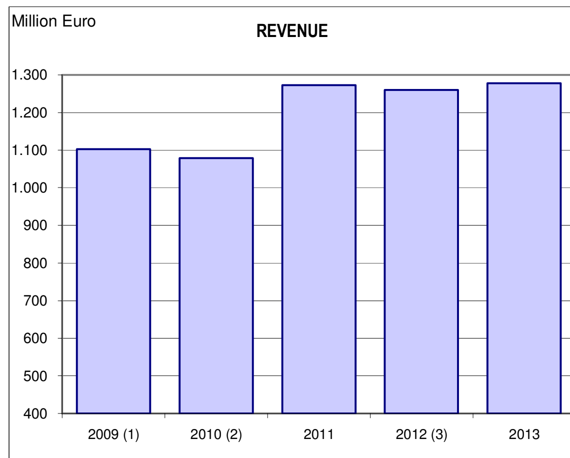
Million Euro	2009 [1]	2010 [2]	2011	2012 [3]	2013
REVENUE	**1.103**	**1.079**	**1.273**	**1.260**	**1.278**
RECURRING OPERATIONAL CASH FLOW (REBITDA)	**117**	**101**	**66**	**76**	**90**
Recurring depreciation, amortisation & write-offs	-48	-50	-51	-47	-45
RECURRING OPERATIONAL PROFIT (REBIT)	**69**	**51**	**15**	**29**	**45**
Non-recurring items	-12	-9	-11	0	-9
Impairment	0	0	-87	0	0
OPERATIONAL PROFIT (EBIT)	**57**	**42**	**-82**	**29**	**36**
Net financial income / (expense)	-52	-19	-19	-26	-15
Result according to the equity method	1	0	0	0	-4
PRE-TAX CURRENT PROFIT/(LOSS)	**6**	**23**	**-101**	**3**	**17**
Income tax expense	-6	3	7	-1	-7
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**0**	**27**	**-94**	**2**	**10**
Profit/(loss) from discontinued operations	163	1	8	0	0
PROFIT/(LOSS) (EAT)	**164**	**28**	**-87**	**2**	**10**
Net fixed assets (NFA)	558	607	496	471	455
Working capital need (WCN)	109	100	100	70	19
CAPITAL EMPLOYED	**667**	**707**	**595**	**541**	**474**
Equity	450	463	350	327	335
Provisions and others	45	43	16	13	7
Subordinated debt	55	56	58	60	63
Senior net financial debt (NFD)	117	145	172	141	69
CAPITAL PROVIDED	**667**	**707**	**595**	**541**	**474**
RATIO'S					
Recurring operational cash flow (REBITDA) / Revenue	10,6%	9,4%	5,2%	6,0%	7,0%
Recurring operational profit (REBIT) / Revenue	6,3%	4,8%	1,2%	2,3%	3,5%
Net profit (loss) / Revenue	14,8%	2,6%	-6,8%	0,2%	0,8%
Senior NFD / Equity	26%	31%	49%	43%	21%
Senior NFD / recurring operational Cash Flow (REBITDA)	1,0	1,4	2,6	1,9	0,8
Recurring operational profit (REBIT) / capital employed	10,4%	7,3%	2,6%	5,4%	9,5%
Capital Expenditures	31	23	32	23	34

[1] Without Soy Foods

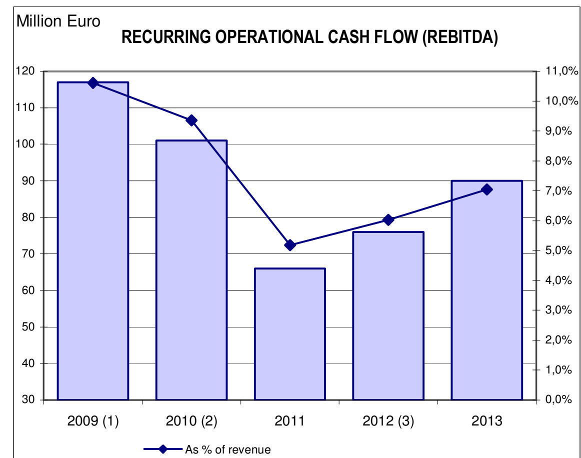
[2] Van Dijk = 4 months

[3] The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard

KEY FINANCIAL FIGURES



[1] 2009 = Without Soy Foods
[2] 2010 = Van Dijk 4 monthes
[3] 2012 = restated for IAS 19 Revised



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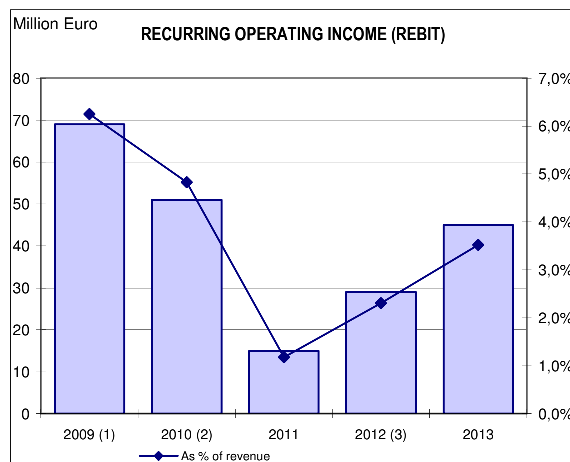

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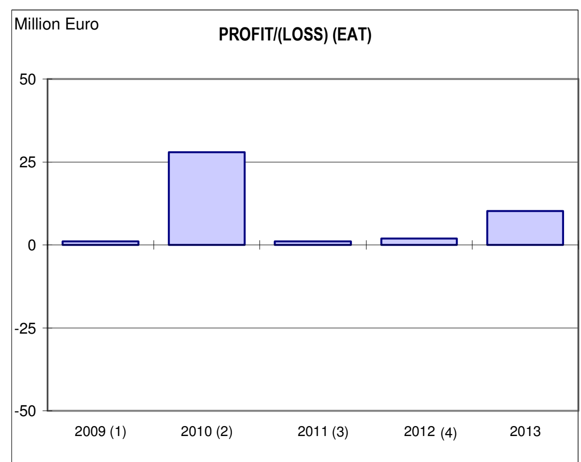
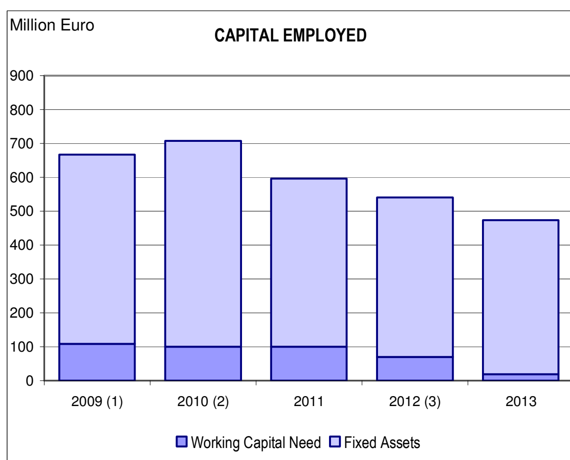
[3] 2012 = restated for IAS 19 Revised



[1] 2009 = Without Soy Foods
[2] 2010 = Van Dijk 4 monthes
[3] 2011 = without impairments
[4] 2012 = restated for IAS 19 Revised



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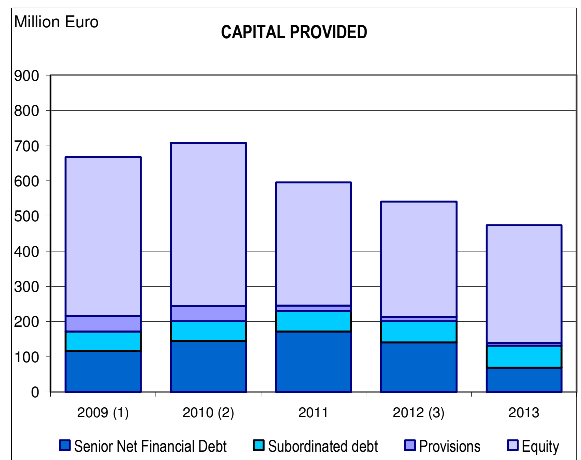

[1] 2009 = without Soy Foods
[2] 2010 = Van Dijk 4 months
[3] 2012 = restated for IAS 19 Revised

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Thousand Euro	Note	2013	2012 *
Revenue		**1.278.246**	**1.259.835**
Raw materials and consumables used and goods for resale		(730.461)	(737.494)
Changes in inventories of finished goods and goods purchased for resale		(11.457)	(7.856)
Services		(216.900)	(213.554)
Employee expenses	6	(242.350)	(238.603)
Depreciation, amortisation and write downs	7	(45.565)	(46.194)
Change in provisions	8	(397)	5.759
Other operating income	9	21.242	20.609
Other operating expenses	9	(15.947)	(13.655)
Profit/ (loss) from operations		**36.411**	**28.847**
Financial Income	10	5.806	4.634
Financial Expense	10	(21.249)	(30.934)
Share of profit (loss) from equity accounted investments		(4.118)	369
Profit/ (loss) before tax		**16.850**	**2.916**
Income tax (expense)	11	(6.491)	(500)
Profit/ (loss) from continuing operations		**10.359**	**2.416**
Profit/loss from discontinued operations	12	0	0
Profit/loss		**10.359**	**2.416**
Profit/loss attributable to the owns of the parent		10.321	2.384
Non-controlling interests		38	32

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Thousand Euro	Note	2013	2012*
Profit/(loss) of the year		**10.359**	**2.416**
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax	24	1.879	(3.828)
Cash flow hedges associates, net of tax		187	(209)
Currency translation differences		114	(344)
Other		(53)	(136)
Items that will not be reclassified subsequently to profit or loss:			
Change in acutarial gains / (losses) of defined benefit obligations, net of tax		3.317	(4.138)
Other comprehensive income for the year, net of tax		**15.803**	**(6.239)**
Total comprehensive income for the year		**15.803**	**(6.239)**
- attributable to the owners of the parent		15.765	(6.271)
- attributable tot non controlling interests		38	32

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

CONSOLIDATED BALANCE SHEET

For the year ended 31 December Thousand Euro	Note	31.12.2013	31.12.2012 *	31.12.2011 *
Assets				
Goodwill	13	176.340	176.340	174.340
Other intangible assets	14	4.777	6.349	6.868
Property, plant & equipment	15	265.632	276.345	302.640
Investments in associates	16	8.057	11.988	11.817
Trade and other receivables	17	82	148	216
Deferred tax assets	18	56.013	55.833	46.236
Other Financial assets	19	40	50	49
Other assets	21	2.441	2.343	2.201
Non-current assets		**513.382**	**529.396**	**544.367**
Inventories	22	96.114	100.249	104.479
Trade and other receivables	17	190.658	215.148	251.857
Derivatives	20	3.701	2.505	7.148
Other Financial assets	19	5.256	5.217	4.849
Cash and cash equivalents	23	68.189	37.479	18.008
Other assets	21	2.671	8.553	3.228
Current assets		**366.589**	**369.151**	**389.569**
Assets of disposal group classified as held for sale	12	0	**0**	**0**
Total Assets		**879.971**	**898.547**	**933.936**
Equity and liabilities				
Share capital	24	11.357	11.357	11.357
Retained earnings & reserves	24	322.767	314.993	338.106
Non-controlling interests	24	650	612	581
Equity		**334.774**	**326.962**	**350.044**
Borrowings	25	200.359	239.533	238.752
Deferred tax liabilities	18	23.014	22.346	23.511
Derivatives	20	9.936	13.276	10.562
Employee benefits	26	20.255	23.277	15.659
Provisions	27	10.468	10.071	15.841
Other non-current liabilities	28	5.210	6.000	5.186
Non-current liabilities		**269.242**	**314.503**	**309.511**
Borrowings	25	3.290	2.763	11.501
Current tax		4.575	3.955	3.398
Derivatives	20	4.610	7.601	2.909
Employee benefits		34.767	34.535	34.539
Provisions	27	0	0	0
Trade payables and other liabilities	28	228.713	208.228	222.034
Current liabilities		**275.955**	**257.082**	**274.381**
Liabilities of disposal group classified as held for sale	12	**0**	**0**	**0**
Total equity and liabilities		**879.971**	**898.547**	**933.936**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December Thousand Euro	Note	2013	2012 *
Ebitda from continuing operations	4	**81.566**	**76.734**
Depreciations on government grants	9	(789)	(858)
Fair value adjustments on commodity contracts	20	(1.470)	1.036
Change in provisions	8	397	(5.759)
Change in long-term employee benefits		2.339	1.400
Loss / (gain) on disposals of intangible assets and PPE	9	(375)	(6.876)
Other		654	(1.974)
Cash flow from operating activities before changes in working capital		**82.322**	**63.703**
Decrease / (increase) in inventories		3.724	5.271
Decrease / (increase) in trade receivables		30.305	39.295
Increase / (decrease) in trade payables		19.165	(18.936)
Increase / (decrease) in other working capital		(1.925)	(2.159)
Net cash generated from operating activities		**133.591**	**87.174**
Interest received		817	2.121
Net interest paid		(12.287)	(19.234)
Income taxes paid		(8.216)	(5.855)
Other financial fees		(674)	(569)
Cash flow from operating activities in continuing operations		**113.231**	**63.637**
Acquisition of intangible assets	14	(521)	(1.556)
Acquisition of property, plant and equipment		(28.918)	(21.787)
Acquisition of treasury shares	2 / 24	(1.108)	0
Acquisition through business combinations		0	(2.000)
Acquisition of other assets		0	0
Proceeds from sale of intangible assets		214	163
Proceeds from sale of property, plant and equipment		1.578	9.309
Proceeds from sale of subsidiairies & associates		0	0
Government grants		(7)	(50)
Other		0	0
Cash flow from investing activities in continuing operations		**(28.762)**	**(15.921)**
Proceeds from borrowings		363	85.000
Repayment of borrowings		(45.067)	(89.641)
Repayment of finance lease liabilities		(1.889)	(1.933)
Dividends paid	24	(7.779)	(17.740)
Dividends received	24	896	896
Subordinated loan equity part net of tax		0	0
Other		66	(306)
Cash flow from financing activities in continuing operations		**(53.410)**	**(23.724)**
Cash flow from discontinued operations		**0**	**0**
Net increase / (decrease) in cash & cash equivalents		**31.059**	**23.992**
Cash and cash equivalents less bank overdrafts at January 1	23	37.446	13.269
Effect of exchange rate fluctuations		(319)	186
Cash and cash equivalents less bank overdrafts at December 31	23	**68.186**	**37.446**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2013						
	Attributable to owners of the parent						
Thousand Euro	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves	Total	Non control. interest	Total Equity
At January 1	**11.357**	**(45.019)**	**6.583**	**353.428**	**326.349**	**613**	**326.962**
Comprehensive income							
Profit/(loss) of the year	0	0	0	10.321	10.321	38	10.359
Other comprehensive income							
Hedging reserves	0	0	0	2.066	2.066	0	2.066
Currency translation	0	0	114	0	114	0	114
Employee benefits	0	0	0	3.317	3.317	0	3.317
Other	0	0	0	(53)	(53)	0	(53)
Total comprehensive income	**0**	**0**	**114**	**15.651**	**15.765**	**38**	**15.803**
Transactions with owners							
Purchase treasury shares	0	(1.108)	0	0	(1.108)	0	(1.108)
Dividends paid	0	0	0	(7.779)	(7.779)	0	(7.779)
Dividends received	0	0	0	896	896	0	896
Total transactions with owners	**0**	**(1.108)**	**0**	**(6.883)**	**(7.991)**	**0**	**(7.991)**
At December 31	**11.357**	**(46.127)**	**6.697**	**362.196**	**334.123**	**651**	**334.774**

	2012 *						
	Attributable to owners of the parent						
Thousand Euro	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves	Total	Non control. interest	Total Equity
At January 1 (as reported)	**11.357**	**(45.019)**	**6.927**	**376.747**	**350.012**	**581**	**350.593**
Effect of changes in accounting policy	0	0	0	(549)	(549)	0	(549)
At January 1 restated	**11.357**	**(45.019)**	**6.927**	**376.198**	**349.463**	**581**	**350.044**
Comprehensive income							
Profit/(loss) of the year	0	0	0	2.384	2.384	32	2.416
Other comprehensive income							
Hedging reserves	0	0	0	(4.036)	(4.036)	0	(4.036)
Currency translation	0	0	(344)	0	(344)	0	(344)
Employee benefits				(4.138)	(4.138)	0	(4.138)
Other	0	0	0	(136)	(136)	0	(136)
Total comprehensive income	**0**	**0**	**(344)**	**(5.926)**	**(6.270)**	**32**	**(6.238)**
Transactions with owners							
Purchase treasury shares	0	0	0		0	0	0
Dividends paid	0	0	0	(17.740)	(17.740)	0	(17.740)
Dividends received	0	0	0	896	896	0	896
Total transactions with owners	**0**	**0**	**0**	**(16.844)**	**(16.844)**	**0**	**(16.844)**
At December 31	**11.357**	**(45.019)**	**6.583**	**353.428**	**326.349**	**613**	**326.962**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

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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.

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 22, 2014. 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 13, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS FOR PREPARATION

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

The consolidated financial statements over the year 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union and effective on January 1, 2013.

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

2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

2.2.1 ACQUISTIONS

The group identifies all assets and liabilities acquired, including acquired intangible fixed assets. The judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, can materially impact results of operations. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been assessed as reasonable by Vandemoortele. For more information see note 5.

2.2.2 GOODWILL IMPAIRMENT

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 13.

2.2.3 PENSIONS

Actuarial calculations are used to determine the pension obligations for the Group's' personnel. These calculations use assumptions in respect of future developments in salary, mortality, staff turnover, return on investments,…

Changes to these estimates and assumptions can lead to remeasurements on defined benefit obligation and plan assets. These remeasurements are recognized in equity through other comprehensive income. For more information on the applied assumptions see Note 26.

2.2.4 TAXES

The Group is subject to income taxes in numerous jurisdictions. Estimates and judgements are used to determine the tax items in the financial statements. Interpretation differences in tax liabilities are also taken into account. For more information see Note 18.

2.3 CONSOLIDATION

2.3.1 SUBSIDIARIES

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

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

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

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. 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. Losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiary's equity are allocated against the interest of the Group.

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

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.

2.3.2 ASSOCIATES

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

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

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

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

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

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

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

2.4 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.

Additional explanation about each of the operating segments is given in Note 3 : Operating segment information.

2.5 FOREIGN CURRENCIES

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

2.5.1 FOREIGN CURRENCY TRANSACTIONS

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

2.5.2 FOREIGN OPERATIONS

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

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

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

2.5.3 EXCHANGE RATES

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

1 euro = x foreign currency	Closing Rate		Average Rate	
	2013	2012	2013	2012
U.S. Dollar	1,3791	1,3194	1,3317	1,2889
GB Pound	0,8337	0,8161	0,8401	0,8448
Swiss Franc	1,2276	1,2072	1,2310	1,2059
Czech Kroner	27,4270	25,1510	25,6435	25,4745
Hungarian Forint	297,0400	292,3000	296,9700	289,4492
Polish Zloty	4,1543	4,0740	4,2645	4,3706

2.6 GOODWILL

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

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

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

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

2.7 OTHER INTANGIBLE ASSETS

2.7.1 ACQUIRED INTANGIBLE ASSETS

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

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

2.7.2 INTERNALLY GENERATED INTANGIBLE ASSETS

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

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

2.8 PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment is carried at cost less accumulated depreciations and impairment losses. Cost includes all direct costs and all expenditure to bring the asset to its working condition and location for its intended use. Borrowing costs 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.

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

2.9 LEASES

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

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

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

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

2.10 IMPAIRMENT OF ASSETS

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

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

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

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

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

2.11 INVENTORIES

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

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

2.12 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 (evidenced by ownership of less than 20 % of the voting rights). Such investments are designated as financial assets available-for-sale and are measured at fair value unless the fair value cannot be reliably determined in which case they are measured at cost. Changes in fair value, except those related to impairment losses, are recognised directly in equity. These investments are classified as non-current assets, unless Management intends to dispose of the investment within 12 months of the balance sheet date.

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

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

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

2.13 TRADE AND OTHER RECEIVABLES

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

The Group entered into a factoring program for two Belgian companies as of November 2012 and for the major French company as of November 2013. We refer to Note 17 for further information on the factoring agreements.

2.14 CASH AND CASH EQUIVALENTS

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

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

2.15 SHARE CAPITAL

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

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

2.16 RESERVES

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

2.17 COMPOUND FINANCIAL INSTRUMENTS

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 initial 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.

2.18 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.

2.19 BORROWINGS

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

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

In the framework of debt restructuring, debt extinguishment costs are recognised as part of the gain or loss on the extinguishment, with immediate recognition of the transaction costs in the income statement.

2.20 EMPLOYEE BENEFIT OBLIGATIONS

2.20.1 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 for 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. Past service cost is recognized in profit or loss in the period of plan amendment.

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

2.20.2 OTHER LONG-TERM EMPLOYEE BENEFITS

Some Group companies provide other long-term benefit schemes to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The

expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

2.21 PROVISIONS

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

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

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

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

2.22 TRADE AND OTHER PAYABLES

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

2.23 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

2.23.1 FAIR VALUE THROUGH PROFIT OR LOSS

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

2.23.2 CASH FLOW HEDGE ACCOUNTING

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

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

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

2.23.3 FAIR VALUE HEDGE ACCOUNTING

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

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

2.24 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.

2.25 REVENUE RECOGNITION

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

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
Dividend income from investments is recognised at the date when the shareholders' rights to receive payment has been established.

3 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.

For its strategic decision making process Vandemoortele distinguishes between the bakery products operations, the Lipids operations and unallocated 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. Unallocated operations comprise other corporate activities such as engineering, secretary general…They serve as support for the Bakery & Lipids operations and are supervised by the Group management.

Sales between segments are carried out at arm's length. Sales from the Lipids to Bakery operations amount to 12.305 k euro in 2013 (12.248k euro in 2012). 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 December 2013 and 2012 respectively.

3.1 SEGMENT INFORMATION BY BUSINESS LINE

For the year ended 31 December	Bakery Products		Lipids		Unallocated		TOTAL	
Thousand Euro	2013	2012*	2013	2012*	2013	2012*	2013	2012*
P&L Information								
Revenue (1)	688.747	649.961	584.188	601.081	5.311	8.793	1.278.246	1.259.835
REBITDA (2)	52.574	42.520	50.572	45.032	(13.100)	(11.218)	90.046	76.334
EBITDA (3)	48.086	41.053	48.432	47.821	(14.952)	(12.140)	81.566	76.734
REBIT (4)	20.165	7.637	39.124	33.295	(14.398)	(12.384)	44.891	28.548
EBIT (5)	15.677	6.070	36.984	36.084	(16.250)	(13.307)	36.411	28.847
Net Finance Expense					(15.443)	(26.300)	(15.443)	(26.300)
Share of profit /(loss) from equity companies					(4.118)	369	(4.118)	369
Income tax (expense)					(6.491)	(500)	(6.491)	(500)
EAT (Earnings after Tax)							10.359	2.416

(1) See Consolidated Income Statement
(2) REBITDA = EBITDA + non-recurring items [1]
(3) See Consolidated Cash Flow Statement
(4) REBIT = REBITDA – (depreciations + amortizations + write-offs)
(5) EBIT = profit from operations

[1] Non-recurring items are items that are related to restructuring programs: 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 sites that are closed during the year.

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

For the year ended 31 December Thousand Euro	Bakery Products 2013	Bakery Products 2012 *	Lipids 2013	Lipids 2012*	Unallocated 2013	Unallocated 2012*	TOTAL 2013	TOTAL 2012*
Total Assets per Segment								
Net Fixed assets	311.093	320.717	131.629	134.261	12.124	16.094	454.846	471.072
Other non-current assets					58.536	58.324	58.536	58.324
Total Non-current assets	**311.093**	**320.717**	**131.629**	**134.261**	**70.660**	**74.418**	**513.382**	**529.396**
Assets Working Capital Need	166.357	162.861	135.708	143.086	(52.898)	(22.186)	249.167	283.761
Other current assets					117.422	85.390	117.422	85.390
Total Current Assets	**166.357**	**162.861**	**135.708**	**143.086**	**64.524**	**63.204**	**366.589**	**369.151**
Total Assets	**477.450**	**483.578**	**267.337**	**277.347**	**135.184**	**137.622**	**879.971**	**898.547**
Assets Working Capital Need	166.357	162.861	135.708	143.086	(52.898)	(22.186)	249.167	283.761
Liabilities Working Capital Need	(106.319)	(91.410)	(91.458)	(88.204)	(3.013)	(2.425)	(200.790)	(182.039)
Total Operational Working Capital Need	**60.038**	**71.451**	**44.250**	**54.882**	**(55.911)**	**(24.611)**	**48.377**	**101.722**

3.2 SEGMENT INFORMATION BY GEOGRAPHICAL REGION

The table below presents the revenue by geographical region, based on the geographical location of the customers

For the year ended December 31 Thousand Euro	2013	2012
Revenue per country		
France	411.069	404.130
Belgium	191.393	205.515
Germany	178.353	182.467
The Netherlands	150.449	146.666
Spain	80.067	81.917
UK	68.868	72.821
Italy	31.288	29.326
Czech Rep & Slovakia	23.526	20.975
Rest of Europe	114.448	93.595
Outside Europe	28.785	22.423
Total	**1.278.246**	**1.259.835**

The geographical spread of the non-currents assets is shown in the table below:

For the year ended December 31 Thousand Euro	2013	2012 *
Non-current assets per country		
Goodwill (non allocated)	176.340	176.340
Belgium	189.006	191.699
France	67.151	71.457
The Netherlands	29.857	33.680
Spain	22.983	27.453
Germany	20.288	20.563
UK	3.213	3.349
Poland	2.631	2.875
Italy	1.888	1.944
Other	25	36
Total (see consolidated balance sheet)	**513.382**	**529.396**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

4 EBITDA FROM CONTINUING OPERATIONS

For the year ended 31 December Thousand Euro	2013	2012 *
Profit/ (loss) from operations	36.411	28.847
Amortisations	1.986	2.079
Depreciations	43.168	45.664
Impairment losses on property, plant and equipment	0	144
Ebitda from continuing operations **	**81.566**	**76.734**

5 BUSINESS COMBINATIONS

No acquisitions were done by the Group during 2013.

In february 2012 Vandemoortele Lipids NV and Vandemoortele Nederland B.V. (previously Van Dijk Zeewolde B.V.) have entered into specialization agreements with the Remia Group.

As from January 1, 2012 Remia acquired from Vandemoortele its food service sauces business under the trademarks Gouda's Glorie and Winner, while Vandemoortele acquired from Remia its 2 and 3 liters semi-liquid frying fats and frying oils business, both brands and private label.

These transactions have been completed in the course of the first semester 2012 and result in a goodwill of 2.000 k euro and the acquisition of net assets for an amount of 500 k euro.

For the year ended 31 December Thousand Euro	2013	2012
Net assets sold	0	(1.000)
Purchase Price (consideration paid)	0	3.000
Goodwill	**0**	**2.000**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

** *The Ebitda from continuing operations for the comparative periods has been redefined. It no longer include write downs of inventories and receivables*

6 EMPLOYEE EXPENSE

For the year ended 31 December Thousand Euro	2013	2012 *
Salaries and wages	152.746	152.062
Social security contributions	47.768	48.942
Pension expense for defined benefit plans	4.401	4.342
Contributions to pension plans	5.352	5.442
Interim personnel	26.575	22.222
Other personnel expenses	5.508	5.593
Employee expenses	**242.350**	**238.603**

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

For the year ended 31 December Number of FTE'S	2013	2012
Blue collars	2.830	2.702
White collars	850	1.077
Managers	502	526
Interims	529	503
Average number of full time equivalents	**4.711**	**4.808**

7 DEPRECIATION, AMORTISATION AND WRITE DOWN

Profit from operations has been arrived at after charging:

For the year ended 31 December Thousand Euro	2013	2012
Amortisations	(1.986)	(2.079)
Depreciations	(43.168)	(45.664)
Write down of inventories	(299)	1.041
Write down of receivables	(112)	508
Depreciation, amortisation and write down	**(45.565)**	**(46.194)**

8 CHANGE IN PROVISIONS

For the year ended 31 December Thousand Euro	2013	2012
Restructuring	(566)	(6.718)
Litigations & Tax	503	799
Environmental	(49)	(37)
Other	509	197
Change in provisions	**397**	**(5.759)**

The classification of the used provisions (6.634 k euro in 2013, 5.869 k euro in 2012) is as follows:

For the year ended 31 December Thousand Euro	2013	2012
Employee expenses	5.983	4.881
Services	548	988
Other	103	0
Used provisions	**6.634**	**5.869**

9 OTHER OPERATING INCOME / (EXPENSE)

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

For the year ended 31 December Thousand Euro	2013	2012
Gains/ (loss) on disposals of tangible and intangible fixed assets	375	6.730
Impairment losses on property, plant and equipment	0	(143)
Fair value gain / (loss) on forward purchase contracts crude vegetable oil	1.470	(1.036)
Government Grants	789	858
Capitalised engineering	1.067	622
Other	1.594	(77)
Other operating income / expense	**5.295**	**6.954**

10 NET FINANCE EXPENSE

For the year ended 31 December Thousand Euro	2013	2012
Interest expense	(18.152)	(20.093)
Interest income	282	334
Exchange gains/ (losses)	251	(366)
Fair value gains/ (losses) on FX hedging instruments not part of a hedge accounting relationship	(130)	(2.501)
Fair value gains/ (losses) on interest hedging instruments not part of a hedge accounting relationship	3.341	(2.714)
Bank and legal fees	(803)	(1.148)
Fair value gain/ (loss) on financial assets	39	368
Other	(271)	(180)
Net finance expense	**(15.443)**	**(26.300)**

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

For the year ended 31 December Thousand Euro	2013	2012
Borrowings - fixed interest rate	(10.164)	(7.949)
Borrowings - floating interest rate	(2.419)	(5.551)
Non-cash interest subordinated loan	(2.331)	(2.384)
Hedging instruments	(3.238)	(4.209)
Interest income relate to bank deposits/accounts and financial assets held-for-trading	282	334
Interest expense	**(17.870)**	**(19.759)**

11 INCOME TAX EXPENSE

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

For the year ended 31 December Thousand Euro	2013	2012 *
Current taxes for the year	(10.584)	(8.862)
Adjustment to current taxes on prior years	1.895	1.517
Deferred taxes	2.198	6.845
Income tax (expense)	**(6.491)**	**(500)**

Current taxes of the year are higher than last year. The amount of current year taxes can be explained by the fact that the profit before tax has increased in comparison with last year. Furthermore, the profit before tax in most of the operational entities of the group result in current year taxes. The negative result before tax of some entities results in recognition of deferred tax assets and the positive result of other entities result in the 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 Thousand Euro	2013	2012 *
Accounting profit before taxes	16.850	2.916
Share of result of associates	4.118	(369)
Profit before tax and before share of result of associates	**20.968**	**2.547**
Tax at Belgian corporate tax rate (33,99 %)	7.127	866
Adjustment to current taxes on prior years		
- over/underprovided prior years	(1.895)	(1.517)
Tax effect of		
- special tax regimes (*)	(6.204)	(6.199)
- other domestic tax rates	(655)	(848)
- expenses not deductible for tax purposes	2.483	2.377
- witholding tax	112	395
- impairment of deferred tax assets	1.607	14
- losses for which no deferred income tax was recognised	2.688	35
- utilisation of unrecognised tax losses	(179)	(89)
- reversal of previously recognised deferred tax assets	206	4.470
- deferred tax assets previously not recognised	(761)	(869)
- Goodwill	(310)	(276)
- Impairment of Goodwill	0	0
Other domestic taxes (**)	2.323	2.377
Other	(51)	(236)
Total income tax	**6.491**	**500**

(*)a.o. notional interest deduction (3.712 k euro)
(**) 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 2.742% for accounts closed per 31/12/2013) 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 (2.742%) has decreased in comparison with last year's %. 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 realize during the previous calendar year. The CVAE rate is 1,5% for companies with an annual pre-tax turnover of +50 Mio euro, below this amount companies are subject to a reduced CVAE rate (depending on turnover). Minimum annual pre-tax turnover to be subject to CVAE is 500 K euro.

Deferred income taxes on the fair value adjustments of the cash flow hedges (-968 k euro, 2012 1.971 k euro) and of employee benefits (-1.603 k euro, 2012 1.960 k euro) have been recognised directly in equity.

12 DISPOSAL GROUP HELD FOR SALE- DISCONTINUED OPERATIONS

No subsidiaries of the Group have been sold during 2013 or 2012. No fixed assets are held for sale neither.

13 GOODWILL

For the year ended 31 December Thousand Euro	Lipids	Bakery	2013	2012
Goodwill at January 1	62.723	113.617	176.340	174.340
Additions through business combinations	0	0	0	2.000
Decreases through discontinued operations	0	0	0	0
Impairment CGU	0	0	0	0
Other	0	0	0	0
Goowill at December 31	**62.723**	**113.617**	**176.340**	**176.340**

There were no changes in goodwill in 2013. The increase of the goodwill during 2012 in the Lipids division is the net result of the acquisition of the Remia business. The Remia goodwill was finally determined as per end 2012. For more information we refer to note 5.

The Group identified following two cash-generating units to which goodwill is allocated: Bakery Products and Lipids.

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 2014 till 2018, 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 pre-tax discount rate applied is based on benchmark interest rates and risk premiums and on the financing structure of the Group and was equal to 10,7% for Bakery Products (post tax 8,21%) and to 12,6% for Lipids (post tax 9,02%).

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: increase of pre-tax discount rate with 0,7%; actual EBITDA 2014 is 5% below budget and Growth decreased by 0,5%-point.

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, 2013.

The calculated recoverable amounts still exceed the value in use with 48 per cent for the cash-generating unit Bakery Products and with 38 per cent for the cash-generating unit Lipids. No reasonably possible changes in the above key assumptions on which management has based its determination of the units' recoverable amount would cause the units' carrying amount to exceed its recoverable amount.

14 OTHER INTANGIBLE ASSETS

For the year ended 31 December Thousand Euro	Development	Patents, Trademarks	Software	Other	Total
			2013		
Gross amount at January 1	**375**	**4.092**	**13.229**	**3.998**	**21.694**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
Other acquisitions	0	0	521	0	521
Disposals	0	(131)	(679)	0	(810)
Transfers from one heading to another	0	(4)	4	0	0
Other	0	0	0	0	0
Currency translation adjustments	0	0	(5)	0	(5)
Gross amount at December 31	**375**	**3.957**	**13.070**	**3.998**	**21.400**
Gross amount at January 1	**375**	**2.386**	**10.917**	**1.667**	**15.345**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
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
Other	0	0	0	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**

For the year ended 31 December Thousand Euro	Development	Patents, Trademarks	Software	Other	Total
			2012		
Gross amount at January 1	**375**	**4.050**	**12.533**	**3.998**	**20.956**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
Other acquisitions	0	64	1.493	0	1.556
Disposals	0	(22)	(826)	0	(848)
Transfers from one heading to another	0	0	22	0	22
Other	0	0	0	0	0
Currency translation adjustments	0	0	8	0	8
Gross amount at December 31	**375**	**4.092**	**13.229**	**3.998**	**21.694**
Gross amount at January 1	**375**	**1.802**	**10.812**	**1.100**	**14.089**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
Amortisation for the year	0	589	923	567	2.079
Disposals	0	(5)	(825)	0	(830)
Transfers from one heading to another	0	0	0	0	0
Other	0	0	0	0	0
Currency translation adjustments	0	0	7	0	7
Accumulated amortisation at December 31	**375**	**2.386**	**10.917**	**1.667**	**15.345**
NET BALANCE AT DECEMBER 31	**0**	**1.706**	**2.312**	**2.331**	**6.349**

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 5.315 k euro (5.197 k euro in 2012).

15 PROPERTY, PLANT AND EQUIPMENT

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**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
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**
Gross amount at January 1	**121.988**	**350.971**	**0**	**36.451**	**509.409**
Additions through business combinations	0	0	0	0	0
Left out of consolidation	0	0	0	0	0
Depreciation for the year	10.854	30.109	0	2.206	43.168
Disposals	(2.723)	(5.311)	0	(1.396)	(9.429)
Impairment losses	0	0	0	0	0
Reversal of impairment losses	(810)	(84)	0	0	(894)
Currency translation adjustments	(57)	(221)	0	(43)	(321)
Accumulated amortisation 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**

For the year ended 31 December Thousand Euro	2012				
	Land &	Plant &	Assets under	Other	Total
Gross amount at January 1	**255.822**	**489.776**	**6.019**	**44.088**	**795.705**
Additions through business combinations	0	500	0	0	500
Left out of consolidation	(476)	(2.161)	0	0	(2.637)
Other acquisitions	1.512	12.575	5.753	1.447	21.287
Disposals	(4.875)	(22.103)	(292)	(2.619)	(29.890)
Transfers from one heading to another	564	3.498	(4.173)	89	(22)
Currency translation adjustments	268	493	13	37	811
Gross amount at December 31	**252.815**	**482.578**	**7.319**	**43.043**	**785.754**
Gross amount at January 1	**114.327**	**342.088**	**0**	**36.648**	**493.063**
Additions through business combinations	0	50	0	0	50
Left out of consolidation	(476)	(2.161)	0	0	(2.637)
Depreciation for the year	10.899	32.378	0	2.338	45.614
Disposals	(2.908)	(21.833)	0	(2.570)	(27.311)
Impairment losses	44	99	0	0	143
Currency translation adjustments	102	350	0	35	487
Accumulated amortisation at December 31	**121.988**	**350.971**	**0**	**36.451**	**509.409**
NET BALANCE AT DECEMBER 31	**130.827**	**131.606**	**7.319**	**6.592**	**276.345**

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 was 22.073 k euro (2012: 19.540 k euro), leased plant and machinery was 2.863 k euro (2012: 4.410 k euro) and leased other equipment was 236 k euro (2012: 45 k euro).

16 ASSOCIATES

At December 31, 2013 the Group holds an interest of 23,75% in one associate, Lipidos Santiga SA, which is not listed.

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

For the year ended 31 December Thousand Euro	2013	2012
Non-current assets	117.688	120.476
Current assets	128.472	133.837
Non-current liabilities	(54.743)	(65.419)
Current liabilites	(157.493)	(138.418)
Net Assets	**33.924**	**50.476**
Group's share of net assets of associates	**8.057**	**11.988**
Total Revenue	523.522	540.509
Total profit / (loss) for the year	(17.339)	1.552
Group's share of profits of associates	**(4.118)**	**369**
Group's share of other comprehensive income	**187**	**(209)**

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

For the year ended 31 December Thousand Euro	2013	2012
Investments in Associates at January 1	**11.988**	**11.817**
Share of result of the year	(4.118)	369
Share of other comprehensive income of associates [1]	187	(209)
Other	0	11
Investments in Associates at December 31	**8.057**	**11.988**

[1] Share of result is after tax and non-controlling interests of associates

17 TRADE AND OTHER RECEIVABLES

For the year ended 31 December Thousand Euro	2013	2012
Trade receivables	0	0
Loans	82	148
Non-current trade and other receivables	**82**	**148**
Trade receivables	156.605	187.012
Provision for doubtful debt	(3.558)	(3.500)
Loans	0	0
VAT receivable	24.927	18.163
Income tax receivable	2.890	1.141
Other taxes receivable	3.350	1.325
Interest receivable	109	274
Prepayments	2.200	2.200
Other	4.135	8.533
Current trade and other receivables	**190.658**	**215.148**
Trade and other receivables	**190.740**	**215.296**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers. For further information about credit risk, we refer to Note 20.6.

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

For the year ended 31 December Thousand Euro	2013					
	Net carrying amount as per reporting date	Of which not past due	Of which past due			
			Less than 31 days	31 to 60 days	61 to 120 days	More than 120 days
Trade receivable	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**

For the year ended 31 December Thousand Euro	2012					
	Net carrying amount as per reporting date	Of which not past due	Of which past due			
			Less than 31 days	31 to 60 days	61 to 120 days	More than 120 days
Trade receivable	183.512	161.579	17.678	2.266	1.358	631
Loans	148	148	0	0	0	0
Other	31.636	31.636	0	0	0	0
Trade & other receivables	**215.296**	**193.363**	**17.678**	**2.266**	**1.358**	**631**

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

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables, 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 2013, an amount of 53,9 million euro has been received in cash. (22,6 million euro in 2012)

The continuing involvement of the Group in the transferred receivables is limited to the continuing involvement guarantee (204 k euro) and the continuing involvement interests for late payment risk (606 k euro) The corresponding financial obligation (810 k euro) is recognized on the balance sheet under the short term borrowings.

The Group's exposure to credit risks is further described in Note 20.6.

18 DEFERRED TAXES

Deferred tax assets and liabilities are attributable as follows:

For the year ended 31 December Thousand Euro	Assets		Liabilities		Net	
	2013	2012 *	2013	2012 *	2013	2012 *
Intangibles	2.017	1.397	6.267	6.103	4.250	4.706
Property, plant & equipment	1.575	507	18.098	19.285	16.523	18.778
Financial Assets	0	194	26	20	26	(174)
Inventories	204	212	0	0	(204)	(212)
Derivative financial instruments	3.897	4.919	778	387	(3.119)	(4.532)
Other assets	215	280	56	1.581	(159)	1.301
Employee benefits	3.348	5.106	0	164	(3.348)	(4.942)
Provisions	1.473	1.775	3.116	2.911	1.643	1.136
Other liabilities	250	303	743	691	493	388
Tax free reserves	0	0	6.269	6.255	6.269	6.255
Tax losses and uncertain tax positions	59.478	60.430	4.105	4.239	(55.373)	(56.191)
Gross deferred tax assets/liabilities	**72.457**	**75.123**	**39.458**	**41.636**	**(32.999)**	**(33.487)**
Compensation of assets and liabilities within same jurisdiction	(16.444)	(19.290)	(16.444)	(19.290)		
Net deferred tax assets/liabilities	**56.013**	**55.833**	**23.014**	**22.346**	**(32.999)**	**(33.487)**

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 an amount of 31.000 k euro, related to tax losses carried forward.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. 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	
	2013	2012 *	2013	2012 *
Deferred tax at January 1	**55.833**	**46.236**	**22.346**	**23.511**
Increase / (decrease) through the income statement	2.818	8.211	622	1.366
Increase / (decrease) through equity	(1.692)	1.455	877	(2.475)
Additions through business combinations	0	0	0	0
Decreases through business combinations	0	0	0	0
Currency translation adjustment	(1)	0	(7)	6
Compensation of assets and liabilities within same jurisdiction	(960)	0	(960)	0
Other	15	(69)	136	(62)
Deferred tax at December 31	**56.013**	**55.833**	**23.014**	**22.346**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard. For further details, please see Note 26.*

19 OTHER FINANCIAL ASSETS

For the year ended 31 December Thousand Euro	2013	2012
Financial assets available for sale (level 3)	40	50
Non-current financial assets	**40**	**50**
Financial assets held-for-trading (level 1)	5.256	5.217
Current financial assets	**5.256**	**5.217**

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

The fair value of the financial assets held-for-trading, which are investments in mutual funds, is determined directly by reference to quoted prices for similar instruments. The change in fair value has been recognised in the income statement under net finance expense (a gain of 39 k euro, in 2012 a gain of 368 k euro).

20 DERIVATIVE FINANCIAL INSTRUMENTS – MARKET & OTHER RISKS

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

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

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

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

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

For the year ended 31 December	2013		2012	
Thousand Euro	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
- Held-for-trading	0	9.936	0	13.276
Non-current derivatives	**0**	**9.936**	**0**	**13.276**
Commodity contracts				
- Held-for-trading	848	0	0	622
- Cash flow hedges	2.287	2.586	416	3.562
Foreign currency contracts				
- Held-for-trading	566	2.024	2.089	3.417
- Cash flow hedges				
Current derivatives	**3.701**	**4.610**	**2.505**	**7.601**

20.1 MANAGING THE TRANSACTIONAL EXCHANGE RISK

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

The subsidiaries of the Group are required to transfer the identified foreign exchange risk on their current and future business commitments in foreign currency and on forecasted foreign currency flows (from 2 to 12 months) to 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 not considered as strategic or (iii) are in a country with high inflation in comparison to Europe.

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

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

The outstanding forward foreign exchange contracts that the Group has committed have all maturity dates within one year. The notional amount of these contracts per December 31, 2013 is detailed in the table below:

For the year ended 31 December	Purchases		Sales	
Thousand Euro	2013	2012	2013	2012
USD	63.233	120.229	27.248	69.814
GBP	419	0	43.044	62.259
Other	1.058	1.798	8.284	10.418
Notional amount FX instruments	**64.710**	**122.027**	**78.576**	**142.491**

During 2013, the changes in the fair value of the FX derivatives, are accounted for as financial income or expense. At December 31, 2013 the net fair value of those forward exchange contracts was a liability of 1.458 k euro (per December 31, 2012 a liability of 1.328 k euro) . The fair value loss of 130 k euro has been recognised as a finance result (2012 fair value loss of 2.501 k euro).

Currency sensitivity analysis

Around 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 2013 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 2013 profit of operations is not material, while the translation reserves in equity would have been 2,5 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 3,5 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 4,3 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.

20.2 MANAGING INTEREST RATE RISK

The interest rate risk is managed at Group level, taking into account average lifetime, interest cover ratios and the balance with the asset portfolio. The objective is to have a fixed interest rate for an average period for 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.

Per December 31, 2013 the interest rates have been fixed for an average interest period of 8 years and the fixed / total debt ratio equals 119%.

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, 2013 (115.000 k euro per December 31, 2012).

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

For the year ended 31 December Thousand Euro	2013 1 year or less	1 - 5 years	More than 5 years	Total
Fixed rate	1.718	79.874	67.772	149.364
Floating rate	1.573	54.135	0	55.708
Notional amount FX instruments	**3.291**	**134.009**	**67.772**	**205.072**

For the year ended 31 December Thousand Euro	2012 1 year or less	1 - 5 years	More than 5 years	Total
Fixed rate	1.845	80.429	61.572	143.846
Floating rate	918	99.335	4	100.257
Notional amount FX instruments	**2.763**	**179.764**	**61.576**	**244.103**

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

For the year ended 31 December Thousand Euro	2013 1 year or less	1 - 5 years	More than 5 years	Total
Fixed rate	1.718	174.874	67.772	244.364
Floating rate	1.573	(40.865)	0	(39.292)
Notional amount FX instruments	**3.291**	**134.009**	**67.772**	**205.072**

For the year ended 31 December Thousand Euro	2012 1 year or less	1 - 5 years	More than 5 years	Total
Fixed rate	21.845	175.429	61.572	258.846
Floating rate	(19.082)	4.335	4	(14.743)
Notional amount FX instruments	**2.763**	**179.764**	**61.576**	**244.103**

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 Thousand Euro	2013 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	3.341	0	0	3.341
Change through equity	0	0	0	0
December 31	**(9.936)**	**0**	**0**	**(9.935)**

For the year ended 31 December Thousand Euro	2012 Held-for-trading	Fair Value hedges	Cash flow hedges	Total
January 1	**(10.562)**	**0**	**0**	**(10.562)**
Fair value gain / (loss) of the year	(2.714)	0	0	(2.714)
Change through equity	0	0	0	0
December 31	**(13.276)**	**0**	**0**	**(13.276)**

Interest rate sensitivity analysis

As disclosed above, all of the Group's interest bearing financial liabilities bear a fixed interest rate.
The total interest expense recognised in 2013 income statement on the Company's variable rate debt portion net of the effect of interest rate derivative instruments amounts to 2,4 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, 2013 is applied, with all other variables held constant, 2013 profit would have been 441 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 2,2 Mio euro).

20.3 MANAGING THE PRICE RISK OF MATERIALS

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

To minimise the risk to unfavourable purchase price changes, the Group utilises fixed price contracts for major materials such as flour, packaging, etc. To manage the risk on changing refined 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 accounted as derivative financial instruments.

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

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

For the year ended 31 December Thousand Euro	Purchases		Sales	
	2013	2012	2013	2012
Held-for-trading	2.936	5.363	956	1.554
Cash-flow hedges	71.580	89.978	28.033	26.687
Notional amount forward commodity contracts	**74.516**	**95.341**	**28.989**	**28.241**

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

The cash impact relating to the fair value of the commodity contracts (both cash flow hedges and held-for-trading derivatives) will occur within one year.

At December 31, 2013 the net fair value of the commodity contracts designated as Held-for-Trading was 848 k euro comprising assets of 848 k euro (per December 31, 2012 0 k euro) and liabilities 0 k euro (per December 31, 2012 622 k euro). The fair value gain of 1.470 k euro has been recognised as other operating result (2012 net other operating loss of 1.036 k euro).

The change in fair value of the commodity contracts designated as Cash-Flow hedges (2.847 k euro) has been recognised in the Hedging Reserve. (2012 change in fair value of –5.799 k euro)

For the year ended 31 December Thousand Euro	Held-for-trading	Cash flow hedges	Total
January 1, 2013	**(622)**	**(3.146)**	**(3.768)**
Fair value gain / (loss) of the year	1.470	0	1.470
Change through equity	0	2.847	2.847
December 31, 2013	**848**	**(299)**	**549**

For the year ended 31 December Thousand Euro	Held-for-trading	Cash flow hedges	Total
January 1, 2012	**414**	**2.653**	**3.067**
Fair value gain / (loss) of the year	(1.036)	0	(1.036)
Change through equity	0	(5.799)	(5.799)
December 31, 2012	**(622)**	**(3.146)**	**(3.768)**

20.4 MANAGING THE LIQUIDITY RISK

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

The liquidity risk is managed at Group level based on the consolidated budgeted and projected balance sheets and cash flows and implies:
(i) a monitoring of the mix of short term and long term funding versus total debt,
(ii) the overall composition of total debt,
(iii) the availability of used long term and unused but committed credit facilities in relation to the fixed assets and working capital needs of the Group,
(iv) the compliance with borrowing facilities covenants and undertakings,
(v) capital structure of the Group.

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

For the year ended 31 December Thousand Euro	1 year or less	1 - 5 years	More than 5 years	Total
Retail Bond	0	75.000	0	75.000
Subordinated loan	0	0	62.601	62.601
Bank borrowings	204	53.969	4	54.177
Finance lease liabilities	1.718	4.874	5.171	11.763
Bank overdrafts	3	0	0	3
Factoring	810	0	0	810
Other	556	167	0	723
December 31, 2013	**3.291**	**134.010**	**67.776**	**205.077**

The trade payables and other liabilities (228.714 k euro) mainly consist out of short term liabilities. They are not included in the maturity table above. The fair value of those liabilities approximates the carrying value.

20.5 MANAGING THE CAPITAL RISK

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

20.6 MANAGING THE CREDIT RISK

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

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

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 17 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-.

21 OTHER ASSETS

For the year ended 31 December Thousand Euro	2013	2012
Guarantees	1.175	1.202
Non-qualifying insurance premiums	1.251	1.134
Prepayments	15	7
Non-current other assets	**2.441**	**2.343**
Guarantees	293	239
Deferred expenses	1.235	7.244
Accrued income	688	401
Other	455	669
Current other assets	**2.671**	**8.553**

22 INVENTORIES

For the year ended 31 December Thousand Euro	2013	2012
Raw materials and consumables	28.146	28.016
Work in progress	1.225	1.112
Finished goods	59.452	64.705
Goods purchased for resale	7.290	6.416
Inventories at December 31	**96.114**	**100.249**

The write-downs on inventories amount to 299 k euro in 2013 (-1.041 k euro in 2012).

23 CASH AND CASH EQUIVALENTS

For the year ended 31 December Thousand Euro	2013	2012
Cash	46	35
Bank current accounts	65.366	36.421
Short-term bank deposits	2.777	1.023
Cash and cash equivalents	**68.189**	**37.479**
Bank Overdrafts	(3)	(33)
Cash and cash equivalents, less bank overdrafts	**68.186**	**37.446**

24 EQUITY

24.1 SHARE CAPITAL

The issued capital of the Company amounts to 11.357 k euro at December 31, 2013, 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 2013, the company bought 1.300 additional Safinco certificates for an amount of 1.108 k that are recognised as treasury shares.

During 2013 the Vandemoortele Group received 896 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, 2013 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 2013 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 1.879k euro, net of tax (2012 amount of -3.828 k euro).

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

	2013		
Thousand Euro	**Foreign Exchange contracts**	**Commodities**	**Total**
At January 1	**0**	**(2.633)**	**(2.633)**
Change in fair value commodity contracts	0	2.847	**2.847**
Deferred tax effect	0	(968)	**(968)**
Change in fair value commodity contracts associates (net of tax)	0	173	**173**
At December 31	**0**	**(581)**	**(581)**

Thousand Euro	2012 Foreign Exchange contracts	Commodities	Total
At January 1	**0**	**1.403**	**1.403**
Change in fair value commodity contracts	0	(5.799)	**(5.799)**
Deferred tax effect	0	1.971	**1.971**
Change in fair value commodity contracts associates (net of tax)	0	(208)	**(208)**
At December 31	**0**	**(2.633)**	**(2.633)**

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

Thousand Euro	Legal Reserve	Retained Earnings and Reserves	2013 Employee benefits	Hedging Reserve	Total
At January 1	**3.326**	**357.422**	**(4.687)**	**(2.633)**	**353.428**
Comprehensive income					
Profit/(loss) of the year	0	10.321	0	0	10.321
Other comprehensive income					
Employee benefits	0	0	4.920	0	4.920
Cash flow hedge reserve	0	0	0	2.847	2.847
Deferred taxes	0	0	(1.603)	(968)	(2.571)
Cash flow hedge reserve associates	0	0		187	187
Other	0	(53)		0	(53)
Total comprehensive income	**0**	**10.268**	**3.317**	**2.066**	**15.651**
Transactions with owners					
Dividends paid	0	(7.779)	0	0	(7.779)
Dividends received	0	896	0	0	896
Total transactions with owners	**0**	**(6.883)**	**0**	**0**	**(6.883)**
At December 31	**3.326**	**360.807**	**(1.370)**	**(567)**	**362.196**

Thousand Euro	Legal Reserve	Retained Earnings and Reserves	2012* Employee benefits	Hedging Reserve	Total
At January 1 (as reported)	**3.326**	**372.018**	**0**	**1.403**	**376.747**
Effect of changes in accounting policy	0	0	(549)	0	(549)
At January 1	**3.326**	**372.018**	**(549)**	**1.403**	**376.198**
Comprehensive income					
Profit/(loss) of the year	0	2.384	0	0	2.384
Other comprehensive income					
Employee benefits	0	0	(6.098)	0	(6.098)
Cash flow hedge reserve	0	0	0	(5.799)	(5.799)
Deferred taxes	0	0	1.960	1.971	3.931
Cash flow hedge reserve associates	0	0	0	(208)	(208)
Other	0	(136)	0	0	(136)
Total comprehensive income	**0**	**2.248**	**(4.138)**	**(4.036)**	**(5.926)**
Transactions with owners					
Dividends paid	0	(17.740)	0	0	(17.740)
Dividends received	0	896	0	0	896
Total transactions with owners	**0**	**(16.844)**	**0**	**0**	**(16.844)**
At December 31	**3.326**	**357.422**	**(4.687)**	**(2.633)**	**353.428**

24.5 DIVIDENDS

On April 22, 2014 the Board of Directors proposed to pay a dividend of 7.779 k euro on the result of 2013. This dividend proposal is subject to approval by the shareholders on their annual meeting on May 13, 2014.

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 20.

For the year ended 31 December Thousand Euro	2013	2012
Subordinated Loan (compound financial instrument)	62.601	60.270
Retail Bond	75.000	75.000
Unsecured bank borrowings	54.173	99.360
Finance lease liabilities	11.763	8.576
Bank overdrafts	3	33
Continuing involvement factoring	810	343
Issuance costs	(1.423)	(1.807)
Other	722	522
Borrowings	**203.649**	**242.296**
Of which		
Current	3.290	2.763
Non-current	200.359	239.533

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 (Compound financial instrument)

The company issued a 75 Mio euro subordinated loan and 129.058 warrants in 2009. 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 541 euro per share (versus the original rate of 581 euro per share).

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:

For the year ended 31 December Thousand Euro	
Face value of subordinated loan	75.000
Issuance costs	(1.861)
Equity component	(20.206)

For the year ended 31 December Thousand Euro	2013	2012
Liability component at January 1	**59.632**	**57.066**
Interest expense	8.331	9.726
Interest paid	(1.479)	(7.342)
Amortisation of issuance costs	150	182
Liability component at December 31	**66.634**	**59.632**

The fair value of the liability component of the subordinated loan at March 27, 2009 amounted to 77,6 Mio euro. The fair value is 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.

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 Thousand Euro	2013	2012
Gross finanance lease liabilities - minimum lease payments	**11.763**	**8.576**
No later than 1 year	1.718	1.845
Later than 1 year and no later than 5 years	4.874	5.429
Later than 5 years	5.171	1.302
Future finance expenses on finance leases	(2.959)	(877)
Finance lease liabilities	**8.804**	**7.699**

26 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:

As per December 31 Thousand Euro	2013	2012 *
Defined benefit plans	15.783	19.255
Other post-employment benefits	1.771	1.787
Post - employment benefits	**17.554**	**21.042**
Other long-term employee benefits	2.701	2.235
Total employee benefits	**20.255**	**23.277**

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.

DEFINED BENEFIT PLANS

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits, jubilee premiums and termination indemnities. The benefits are granted according to local market price and regulations.

These plans are either funded of 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 decided to convert the Belgian defined benefit plan into a cash balance plan as of January 1, 2013. 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.

As from 2013, the IAS 19 Revised 'Employee benefits' became effective. As a consequence, the provision for post-employment benefits was restated for the years ending 31 December 2011 and 31 December 2012.

The most important modification for Vandemoortele is the elimination of the 'corridor' method for defined benefit plans. This means that all actuarial gains and losses are recognized through other comprehensive income so that the net deficit (asset) is reflected in the balance sheet. The effect of the restatement of the provision was also shown directly in the other comprehensive income.

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

As per December 31 Thousand Euro	2013	2012 *	2011 *
Present value of defined benefit obligation	56.930	56.453	44.608
Fair value of plan assets	(41.147)	(37.198)	(32.508)
Deficit / (surplus)	**15.783**	**19.255**	**12.100**
Effect of asset ceiling	0	0	0
Net (asset) / Liability - restated	**15.783**	**19.255**	**12.100**
Net (asset) / Liability - as previously reported		**12.707**	**11.170**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard.*

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

As per December 31 Thousand Euro	2013	2012 *
Discount rate Belgium	3,20%	3,00%
Discount rate Germany, Italy, Spain	3,20%	4,00%
Discount rate France, The Netherlands (VDM NL)	3,50%	4,00%
Discount rate The Netherlands (VDM Brunssum - VDM NL)	3,80%	4,00%
Inflation	2,00%	2,00%

Assumptions regarding future mortality 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 14,67 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	2013	2012 *
Defined benefit obligation at January 1	**56.453**	**44.608**
Current service cost	3.523	2.669
Past Service Cost recognised	8	854
Interest expense/ (income)	2.002	2.463
Employee contributions	289	81
Benefits paid	(2.141)	(3.156)
Administrative expenses paid	(71)	(98)
Remeasurements		
- effect of changes in demographic assumptions	(453)	680
- effect of changes in financial assumptions	(1.199)	9.765
- effect of experience adjustments	(1.481)	(1.414)
Defined benefit obligation at December 31	**56.930**	**56.453**

As at the last valuation date, the present value of the defined benefit obligation was comprised of 39.023 k euro relating to active employees, 8.488 k euro to deferred members and 9.418 k euro relating to members in retirement.

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard.*

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

As per December 31 Thousand Euro	2013	2012 *
Fair value of plan assets at January 1	**37.198**	**32.508**
Interest income	1.291	1.798
Employer contributions	2.536	2.761
Employee contributions	290	250
Benefits paid	(1.725)	(2.801)
Administrative expenses paid	(230)	(251)
Remeasurements		
- Return on plan assets (excluding interest income)	1.787	2.933
Fair value of plan assets at December 31	**41.147**	**37.198**

The assets comprise qualifying insurance policies and assets held by a separate pension fund. 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 2013 consists of equities and bonds, although the Group also invests in property, bonds, 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 Thousand Euro	DBO	Plan Assets
Belgium	27.117	23.545
The Netherlands	18.390	15.854
Germany	7.838	1.229
France	2.988	519
Italy	509	0
Spain	88	0
Total	**56.930**	**41.147**

* *The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard.*

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	2013	2012 *
Current service cost	3.523	2.669
Past service cost	8	854
Net interest cost	711	665
Administrative expenses and taxes	159	153
Other	0	0
Components of defined benefit costs recorded in income statement	**4.401**	**4.342**
Remeasurements		
- Effect of changes in demographic assumptions	(453)	680
- Effect of changes in financial assumptions	(1.199)	9.765
- Effect of experience adjustments	(1.481)	(1.414)
- Return on plan assets (excluding interest income)	(1.787)	(2.933)
Components of defined benefit costs recorded in OCI	**(4.920)**	**6.099**
Total components of defined benefit cost	**(519)**	**10.441**

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 %	Change in assumption	2013 Increase in assumption	decrease in assumption
Discount rate	0,50%	-6,61%	7,38%
Inflation rate	0,50%	2,17%	-2,04%
Salary growth rate	0,50%	4,50%	-3,91%
Personnel turnover	0,50%	-0,08%	1,46%
Life expectancy	1 year	-0,31%	0,34%

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 the 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 tot the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as the 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.

27 PROVISIONS

For the year ended 31 December Thousand Euro	2013 Restructuring	Litigations and 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**

For the year ended 31 December Thousand Euro	2012 Restructuring	Litigations and tax risks	Environmental	Other	Total
Provisions at January 1	13.910	1.467	201	263	15.841
Additional provisions during the year	1.180	34	0	1.023	2.237
Provisions used during the year	(5.831)	0	(37)	(1)	(5.869)
Provisions reversed during the year	(80)	(643)	0	(1.404)	(2.127)
Transfers from one heading to another	(1.987)	1.408	0	579	0
Currency translation adjustments	0	0	0	(11)	(11)
Provisions at december 31	**7.192**	**2.266**	**164**	**449**	**10.071**

27.1 RESTRUCTURING PROVISIONS

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

27.2 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.

27.3 ENVIRONMENTAL PROVISIONS

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

27.4 OTHER PROVISIONS

Other provisions are booked for all other identifiable risks.

28 TRADE PAYABLES AND OTHER LIABILITIES

For the year ended 31 December Thousand Euro	2013	2012
Government grants	5.210	6.000
Other	0	0
Non-current trade and other liabilities	**5.210**	**6.000**
Trade payables	200.790	182.039
VAT payable	10.984	8.485
Other taxes	1.071	539
Payroll tax	3.247	3.080
Interests payables	5.810	2.053
Accrued expenses	964	1.800
Deferred income	940	506
Other	4.907	9.726
Current trade and other liabilities	**228.713**	**208.228**

29 RELATED PARTY TRANSACTIONS

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 11.163 k euro (10.755 k euro in 2012) on which the company receives an interest of 221 k euro (232k euro in 2012).

The compensation for the members of the Board of Directors amounts to 1.340 k euro for the year 2013 (1.157 k euro in 2012). 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 6.455 k euro for the year (4.961 k euro in 2012). Key management compensation includes all short-term employee benefits such as salaries, bonuses, social security contributions, insurance premiums and long-term remunerations such as retirement benefits.

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

30 COMMITMENTS AND CONTINGENCIES

30.1 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 2.263 k euro (in 2012 an amount of 2.448 k euro).
Future minimum rentals payable under non-cancellable operating leases at December 31, 2013 are not significant.

30.2 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.

30.3 ENITIES 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 to which the company is subject at 31 December 2013. 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 the Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V per 31 December 2013 are guaranteed by Vandemoortele NV.

31 INFORMATION ON THE AUDITORS' ASSIGNMENTS AND RELATED FEES

The statutory auditor of the Group is PricewaterhouseCoopers, represented by P. Opsomer and E. Seeuws.

Audit fees for 2013 in relation to services provided by PwC amounted to 672 k euro. These fees have been detailed in the table below.

For the year ended 31 December Thousand Euro	2013	2012
Audit Services Vandemoortele NV	68	119
Audit Services Subsidiairies	604	868
Total	**672**	**987**

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

Additional services for 2013 rendered by the auditor to the Group have been detailed in the table below.

For the year ended 31 December Thousand Euro	2013	2012
Other audit related services	34	42
Non-audit services	5	10
Total	**39**	**52**

Additional services for 2013 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	2013	2012
Non-audit services	0	0
Tax advisory services	80	55
Total	**80**	**55**

32 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors proposes to pay a dividend of 7.779 k euro on the result of 2013. This proposal is subject to approval by the shareholders on their annual meeting on May 13,2014.

33 VANDEMOORTELE COMPANIES

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele Nv and 42 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.

Name and office	2013	2012
SUBSIDIARIES		
	%	%
BELGIUM		
Vandemoortele nv, Moutstraat 64, 9000 Gent	Parent	Parent
Croustifrance Benelux nv, Ottergemsesteenweg Zuid 806, 9000 Gent	100,0	100,0
Metro nv, Prins Albertlaan 12, 8870 Izegem	100,0	100,0
Vamix nv, Moutstraat 64, 9000 Gent	100,0	100,0
Vandemoortele Bakery Products Ghislenghien sa, 47 Avenue des Artisans, 7822 Ghislenghien	100,0	100,0
Vandemoortele Coordination Center nv, Moutstraat 64, 9000 Gent	100,0	100,0
Vandemoortele Izegem nv, Prins Albertlaan 12, 8870 Izegem	100,0	100,0
Vandemoortele Seneffe sa, Zoning Industriel, Zone C, Rue Jules Bordet, 7180 Seneffe	100,0	100,0
Vandemoortele Eeklo nv, Nieuwendorpe 16, 9900 Eeklo	100,0	100,0
Vandemoortele Lipids nv, Moutstraat 64, 9000 Gent	100,0	100,0
GERMANY		
Hobum Öele und Fette GmbH, Seehafenstrasse 2, 21079 Hamburg	100,0	100,0
Meylip Nahrungsmittel GmbH, Altensennerweg 68, 32052 Herford (has been merged with the former Meylip Nahrungsmittel GmbH & Co. KG)	0,0	100,0
Meylip Nahrungsmittel GmbH, Altensennerweg 68, 32052 Herford (conversion of the former Meylip Nahrungsmittel GmbH & Co. KG)	100,0	100,0
Vandemoortele Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100,0	100,0
Vandemoortele Lipids Werke GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100,0	100,0
FRANCE		
Croustifrance SAS, Le Haut Montigné, 35370 Torcé	100,0	100,0
Vandemoortele France SAS, 9, Rue du Vieux Pont, 92000 Nanterre	100,0	100,0
Cottes Action SA, Le Haut montigné, 35370 Torcé	100,0	100,0
Cottes Usines SAS, Le Haut montigné, 35370 Torcé	100,0	100,0
Panavi SAS, Le Haut Montigné, 35370 Torcé	100,0	100,0
Panalog SAS, ZA La Chapellerie, F-35210 Chatillon en Vendelais	100,0	100,0
Panarmen SAS, Le Haut Montigné, 35370 Torcé	100,0	100,0
Paindor SAS, 14éme Rue Zone industrielle, 06513 Carros	100,0	100,0
Paindor Toulon SAS, 230 Avenue Jean Monnet, 83190 Ollioules	100,0	100,0
Paindor Côte d'Azur SAS, 107 Chemin du Val Fleuri, 06800 Cagnes sur mer	100,0	100,0
Paindor VAR Sarl, Zi Camp Colonel Dessert, 83480 Puget sur Argens	100,0	100,0
Paindor Provence Frais SAS, 2, Rue de Lisbonne, 13127 Vitrolles	100,0	100,0
Paindor Montpellier SAS, ZI de Laverune, 34880 Laverune	100,0	100,0
Auberge du Montigne SNC, Le Haut Montigné, 35370 Torcé	100,0	100,0
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	100,0	100,0
Vandemoortele Brunssum bv, Molenvaart 12, 6442 PL Brunssum	100,0	100,0
Vandemoortele Nederland BV, Handelsweg 1, 3899AA Zeewolde	100,0	100,0
LUXEMBOURG		
Vandemoortele International Finance sa, 412 F, Route d'Esch, 2086 Luxembourg	100,0	100,0
UNITED KINGDOM		
Vandemoortele UK Ltd., Quest House, 135 Staines Road, TW3 3 JB Hounslow Middlesex	100,0	100,0
ITALY		
Vandemoortele Italia S.p.A., Via de Capitani 2, 20041 Agrate Brianza	100,0	100,0

Name and office	2013	2012
SUBSIDIARIES		
	%	**%**
AUSTRIA		
Vandemoortele GmbH, Leo-Neumayer-Strasse 10, 5600 Sankt-Johann-im-Pongau	100,0	100,0
SPAIN		
Vandemoortele Iberica sa, Calle Sant Martí de l'Erm n°1, planta 5a, 08960 San Just Desvern - Barcelona	100,0	100,0
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, Malaga	100,0	100,0
Panavi Ohayo SL, Ronda de les Conques 8, 08180 Moia	100,0	100,0
SWITZERLAND		
Vandemoortele Rückversicherung AG, Schochenmühlestrasse 2 CH - 6340 Baar	100,0	100,0
SLOVAKIA		
Vamix Slovenska Republika sro, Karadzicova 8/A, 821 08 Bratislava	100,0	100,0
HUNGARY		
Vandemoortele Hungary Ltd., Kápolna u;12, H - 6000 Kecskemét	100,0	100,0
POLAND		
Vandemoortele Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	100,0	100,0
ASSOCIATES		
SPAIN		
Lipidos Santiga sa, Carretera Ripollet a Santiga, km. 4,300, 08130 Santa Perpetua de Mogoda, Barcelona	23,75	23,75

34 IFRS DEVELOPMENTS

The following new standards, amendments to standards and interpetations are mandatory for the first time for the financial year beginning 1 January 2013:

- Amendments to IFRS 1 'First-time adoption of IFRSs' related to severe hyperinflation and the removal of fixed dates for first-time adopters. These amendments are effective on or after 1 January 2013.
- Amendments to IAS 12 'Deferred taxes', effective on or after 1 January 2013. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.
- Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning on or after 1 July 2012. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income.
- IAS 19 Revised 'Employee benefits', effective for annual periods beginning on or after 1 January 2013. Through these amendments significant changes are made to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- Amendments to IFRS 1 'First-time adoption of IFRSs' related to government loans, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. These amendments are effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 7 'Disclosures – Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint requirements with the FASB to enhance current offsetting disclosures. The new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- IFRS 13 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013. The new standard explains how to measure fair value for financial reporting.
- IFRIC 20 'Stripping costs in the production phase of a surface mine', effective for annual periods beginning on or after 1 January 2013. IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.
- 'Annual improvements' with minor amendments to five standards for 2013 year ends including IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments: Presentation' and IAS 34, 'Interim financial reporting'.

The following new standards and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 1 January 2013:

- IAS 27 Revised 'Separate financial statements', effective for annual periods beginning on or after 1 January 2014. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 Revised 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2014. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRS 10 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2014. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- IFRS 11 'Joint arrangements', effective for annual periods beginning on or after 1 January 2014. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.
- IFRS 12 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2014. This is a new standard on disclosure requirements for all forms of interests in other entities.
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosure of interests in other entities'. The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (for example by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unconsolidated structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). These amendments will be effective for annual periods beginning on or after 1 January 2014 which is aligned with the effective date of IFRS 10, 11 and 12.
- Amendments to IAS 32 'Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
- Amendments to IAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2014. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

- Amendments to IAS 39 'Financial instruments: Recognition and measurement', effective for annual periods beginning on or after 1 January 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 'Financial instruments'.
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 27 'Separate financial statements' for investment entities. Effective for annual periods beginning on or after 1 January 2014. The amendments give an exemption to entities that meet an 'investment entity' definition and which display certain characteristics to account for its subsidiaries at fair value.

The following new standards, amendments to standards and interpretations have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2013 and have not been endorsed by the European Union:

- IFRS 9 'Financial instruments', effective for periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- IFRIC 21 'Levies', effective for periods beginning on or after 1 January 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.
- 'Annual improvements' with minor amendments to eight standards and is effective for periods beginning on or after 1 July 2014. The amendments relate to IFRS 2 'Definition of vesting condition, IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', 'IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalised', IAS 16/IAS 38 'Revaluation method—proportionate restatement of accumulated depreciation', IAS 24 'Key management personnel'.
- 'Annual improvements' in response to four issues addressed during the 2011-2013 cycle and is effective for periods beginning on or after 1 July 2014. The amendments include IFRS 1 'Meaning of effective IFRSs', IFRS 3 'Scope exceptions for joint ventures', IFRS 13 'Scope of paragraph 52 (portfolio exception)' and IAS 40 'Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property'.
- Amendment to IAS 19 'Defined benefit plans', effective for periods beginning on or after 1 July 2014. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.
- Amendment to IFRS 9 'financial instruments' on general hedge accounting, effective date to be determined. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting.

35 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

36 AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional information. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013 and the consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 total of the consolidated balance sheet amounts to EUR'000 879.971 and the consolidated income statement shows a profit (attributable to the owners of the parent) for the year of EUR'000 10.321.

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 these consolidated financial statements in accordance with International Financial Reporting Standards 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 (ISAs). 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 the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. 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 board of directors and the company's officials 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 give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact 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 does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ghent, 23 April 2014

The statutory auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Peter Opsomer*
Bedrijfsrevisor/Réviseur d'Entreprises

The statutory auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Emeric Seeuws
Bedrijfsrevisor/Réviseur d'Entreprises

*Peter Opsomer BVBA
Board Member, represented by its fixed representative,
Peter Opsomer

37 COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE

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

Dated: 23 April 2014

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 2013,

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:

Jean Vandemoortele
Chief Executive Officer
of Vandemoortele NV

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RPR Gent

KBC IBAN: BE47 7330 4979 5180
BIC: KREDBEBB

38 STATEMENT BY RESPONSIBLE PERSON

April 23, 2014

STATEMENT BY RESPONISIBLE PERSON

Mr. Jean Vandemoortele, Chief executive Officer confirms that to the best of his knowledge:

a) The consolidated financial statements and the annual accounts per 31.12.2013 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 31.12.2013 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.

Jean Vandemoortele
Chief Executive Officer
of Vandemoortele NV

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KBC IBAN: BE47 7330 4979 5180
BIC: KREDBEBB

39 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 13 May 2014 at 3 PM in the registered office of the company, Moutstraat n° 64 at 9000 Gent

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Dear Sirs,

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 2013, in accordance with Articles 96 and 119 of the Company Code.

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 42 subsidiaries which are fully consolidated and 1 associated company which is consolidated according the equity method.

As a result of the issuance of a retail bond amounting to 75 mio € during 2012, Vandemoortele became a company that has made a public offering of financial instruments.

1. THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2013

1.1. THE RESULTS AND THE BALANCE SHEET STRUCTURE

General

In 2013 Vandemoortele has realised good results. The revenue of the Vandemoortele Group increased by 1,5% to € 1.278 million. The Bakery Products business line did considerable grow both in volume and in revenue (from € 650 million to € 689 million or + 6%). This growth was driven by the acquisition of a number of major new customers and the general growth of the bakery products markets. The Lipids business line sold the same volumes as the previous year. However, the lower prices for raw materials had a negative impact on prices and thus on the revenue (from € 601 million to € 584 million or -3%).

Thanks to a further improvement of the customer and product mix and a thorough rationalization and cost management, the Vandemoortele Group was able to restore its profitability. The recurrent operational profit (REBIT) achieved was € 45 million meaning a 55% increase compared to 2012. Both business lines contributed to this improvement which was outspoken in the Bakery Products business line.

In 2013 the Vandemoortele Group invested € 34 million in, among other things, additional production capacity for Bakery Products and a new bottles line for liquid margarine in the Dresden factory.

The results

Some key figures (IFRS):

	2012*	2013	Variance
Turnover (in mio €)	1.260	1.278	1,5 %
REBITDA (in mio €)	76	90	18,4%
EBITDA (in mio €)	77	82	6,5%
REBIT (in mio €)	29	45	55,2%
EBIT (in mio €)	29	36	24,1%
EAT total (in mio €)	2	10	500%

* The figures for the comparative periods have been restated following adoption of the amended IAS 19 Employee Benefits standard.

The balance sheet structure

The Vandemoortele Group has a solid balance sheet structure.

The Senior Net Financial Debt of the Group at 31.12.2013 amounts to 69 mio € compared to 141 mio € at the end of last year resulting in a leverage ratio of 0, 8 :1. The interest cover ratio is 5,5 :1. The Group's financial covenants are complied with easily.

BAKERY PRODUCTS Business

The business line **Bakery Products** performed well in 2013, with considerable growth both in volumes and in revenue compared to last year.

Thanks to further cost reductions, positive purchase price variances and a further improvement of the customer and product mix, the business line came to a good result for 2013.

LIPIDS Business

The business line **Lipids** has again performed very well in 2012.

Its volumes are comparable to last year's volumes. Revenue however decreased by 3% as a result of lower raw materials prices which impacted the sales prices.

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

LIPIDOS - SHAREHOLDING

The Vandemoortele Group booked a loss of 4.118 K€ on the profit from associates as a result of the decrease of the equity of Lipidos Santiga SA due to a correction of wrong booking entries in the financial statements for the financial years 2011 to and including 2013.

1.2. OUTLOOK FOR 2014

The Vandemoortele Group expects to be able to increase both revenue and profitability once again in 2014, fueled by the dynamic of the Bakery Products activity and the strong position of the Lipids business line.

The Group has decided to construct a new factory for Bakery Products in Lyon in 2014.

Lipidos is expected to need some time in order to restore its equity.

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

There are no important events after the Closing Date that could significantly impact the evolution of the consolidated financial statements of the Group Vandemoortele.

It was announced in the press on 24th of February 2014 that the Board of Directors of NV Vandemoortele has decided to appoint the current CEO Jean Vandemoortele as Chairman of the Board of Directors taking over from the undersigning Chairman as of the May 13 2014 general assembly and to appoint Jules Noten, representing Jules Noten Comm.V as the Group's new CEO provided this same general assembly accepts the proposal of the board to nominate him as director of the company.

1.4. RESEARCH AND DEVELOPMENT

In 2013 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 fatty acids composition of the products and the development of the co-packing activities for the Lipids business line.

In order to improve the new product development (NPD) in Bakery Products and to bring this NPD closer to the plants as well as to the customers, the R&D organisation is strengthened with local NPD resources working in local French and European development centres, for France in Torcé (viennoiserie & galettes) and in Arras (bread) and for Germany in Dommitzsch (bread). The NPD projects and resources will be managed through the Innovation Process Management.

1.5. RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

In 2013 the Vandemoortele Group has further improved the level of its internal control environment by integrating its enterprise risk management into its existing management processes so that risk management became a pro-active, continuous and focused activity well embedded into the day-to-day operations at all levels of its organisation. Compliance, Risk Management and Internal Audit are the responsibility of the Secretary General of NV Vandemoortele with the support of a legal and internal audit team.

Vandemoortele has adopted the COSO model as its risk management methodology and has developed its risk management policy based upon the following components:

A. Creation and maintenance of a sound internal control environment
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Vandemoortele spends significant time and effort in the definition and communication of its vision and mission statement, Code of Conduct, Guiding Principles and Policies and Procedures.

B. Information and communication
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Vandemoortele pays attention to good communication and information of its stakeholders on its short term and long term business objectives and corporate social responsibilities. Vandemoortele invests a lot of efforts in information and communication through executive and management conferences, its interactive intranet site and social events. The Corporate Communication Officer supports this process under the supervision of the Group Human Resources Director and the CFO.

C. Risk assessment
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The Audit Committee of NV Vandemoortele revisits each year the main risks to which the group is exposed.

The risk assessment encompasses strategic risks, operations and external events risks, IT- and financial risks, raw material buying risks, procurement and compliance risks : each of these risks is monitored and managed on likelihood and potential impact by dedicated group and business line service organisations.

D. Monitoring of internal control systems
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The efficiency and effectiveness of internal control systems are monitored in three ways: auto monitoring and self-assessment, internal monitoring and external auditing.

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.

A detailed description of these risks is included in disclosure 20 to the consolidated financial statements 2013 published on its website under the heading “Investors”.

2. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2013

The company closes the financial year 2013 with a loss after tax of 5.725.056, 58€. This loss figure results from an operating loss of 11.022.541,26€, corrected by a positive financial result of 5.330.975, 85 € from interest revenues from loans and income from dividends.

There are no retained profits. After transfer of an amount of 13.503.957,30 € from reserves available for distribution to the 2013 result, the result to be allocated amounts to 7.778.900,72 €.

We propose the following result allocation:

- Gross dividends: 7.778.900,72 €

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 2013.

Vandemoortele has issued a total of 3.375 share options in 2013.

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.

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 2013.

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 22, 2014.

NV Cytindus, Chairman of the Board of Directors,
Represented by its permanent representative
Mr. Michel Delloye