ANNUAL
FINANCIAL REPORT
2012 | 2013

PinguinLutosa

CONSOLIDATED KEY FIGURES

Consolidated key figures: IFRS income statement *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Sales *	876,487	832,812
- continued operations	*612,087*	*534,093*
- discontinued operations	*267,490*	*301,803*
Operating income *	907,583	859,094
- continued operations	*627,814*	*547,201*
- discontinued operations	*286,829*	*317,660*
Operating cash flow (EBITDA) *	61,882	39,234
- continued operations	*42,135*	*12,541*
- discontinued operations	*19,747*	*26,693*
Operating profit (EBIT) *	35,252	3,349
- continued operations	*20,055*	*-10,287*
- discontinued operations	*15,197*	*13,636*
Recurring EBITDA (REBITDA) *	65,017	53,288
- continued operations	*43,523*	*27,627*
- discontinued operations	*21,493*	*25,661*
Recurring EBIT (REBIT) *	39,489	20,023
- continued operations	*22,488*	*7,419*
- discontinued operations	*17,001*	*12,604*
Financial income *	4,184	2,156
Financial charges *	-22,093	-26,804
Net profit after taxes *	11,586	-14,055
- continued operations	*629*	*-22,030*
- discontinued operations	*10,957*	*7,975*
Earnings per share: part of the Group (in €) *	0.68	-1.14
- continued operations	*0.01*	*-1.80*
- discontinued operations	*0.67*	*0.66*
Earnings per share (diluted): part of the Group (in €) *	0.59	-1.14
- continued operations	*0.01*	*-1.80*
- discontinued operations	*0.58*	*0.66*
Ratios [1]		
EBITDA / Operating income	6.8%	4.6%
- continued operations	*6.7%*	*2.3%*
- discontinued operations	*6.9%*	*8.4%*
EBIT / Operating income	3.9%	0.4%
- continued operations	*3.2%*	*-1.9%*
- discontinued operations	*5.3%*	*4.3%*
Fixed assets	180,788	279,867
Current assets	603,200	398,978
Statement of financial position total	*783,988*	*678,845*
Equity (incl. non-controlling interests)	182,181	171,400
Non-controlling interests	2,301	1,819
Liabilities	*601,806*	*507,445*
Statement of financial position total	*783,988*	*678,845*
Working capital	174,975	179,235
Net financial debt	215,150	198,891
Ratios		
ROE	6.4%	-8.2%
Liquidity	113.9%	94.9%
Solvency	23.2%	25.2%

[1] We refer to the financial definitions at the end of these consolidated financial statements.

** Consolidated management reporting that contains both the 'continued' and the 'discontinued' operations, where PinguinLutosa does not take into account the presentation according to 'IFRS 5 Discontinued operations' as applied in these consolidated financial statements.*

FINANCIAL REPORT 2012-2013

SUBJECT TO THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS OF THE 30TH OF SEPTEMBER 2013

PinguinLutosa
Food Group

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FRUIT

CONSOLI-DATED ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,
This annual report should be read in conjunction with the consolidated annual financial statements of Pinguin NV and the related notes. These consolidated financial statements were approved for publication by the Board of Directors on 5 June 2013.

KEY OPERATING FACTS IN 2012-2013

Introduction

2012/13 was a positive year for PinguinLutosa: a year with good results, a year of further consolidation, while at the same time being a year of change. One very important event in the past year was the announcement and implementation of the sale of the potato division (Lutosa). This sale of Lutosa is a major milestone, as a result of which the Group will be able to focus more on the processing and marketing of fruits and vegetables and ready-to-use preparations in deep-frozen and canned goods. These 2 major pillars are complementary, and further strengthening each of them will ensure the Group's continued growth.

BUSINESS CYCLE: HARVESTS AND PRODUCTION

Deep-frozen vegetable division

The weather proved capricious last year and, depending on the growing area, the harvests were mediocre to normal. In the deep-frozen vegetable division, the targeted volumes in France, Belgium and Poland could be processed. However, the deep-frozen vegetable division was confronted with poor weather conditions in the United Kingdom, including long and intensive rains, which meant that a large share of the planned pea harvest could not be realised. The maize harvest too had a difficult year, due to the extreme drought in Hungary. The situation in these countries thus resulted in the production volumes of the two regions falling below expectations. The lower harvest on the one hand and the improved performance on the other were able to largely offset one another this season, so that as a final result we can draw up a positive assessment for this financial year. It is also important that the further integration of the entire supply chain organisation bore the expected fruit.

The total production of the division amounted to 346,000 tonnes last year.

Canning division

Given that the climatological seasonality of the canned goods supply shows great similarities with the deep-frozen vegetable division, their business cycles are partially similar. The difference resides primarily in the fact that the canning division is less seasonal, since during the winter months the canning division can process winter vegetables. By contrast, given the market and supply conditions, the processing of winter vegetables in the deep-frozen vegetable industry is neither feasible nor profitable. The processing of winter vegetables together with the high activity level in soups and sauces all year round ensures that the results remain stable throughout the year.

The canning division got off to a slow start, but that normalised as the year went on. Because the cultivation area of the canning division has a more diversified land structure, we ultimately had a fairly normal year. Thanks to good yields, the canning division succeeded in meeting its planned production targets and grew by 4% in volume compared to last year, as a result of which the convenience activities within the canning division could even rise by 10%. The total production of the canning division amounted to 227,000 tonnes in the past year.

Potato division

Potatoes are processed almost throughout the entire year.

Last year the potato division began with sufficient quantities in stock after very good harvests in 2010-2011. However, this picture changed during the course of the summer. The constant rainfall had a serious impact on the harvested quantity. Some fields could not even be harvested at all, with the potatoes simply being left in the field. This occurred especially in Flanders, northern France and the north of England. This poor harvest quickly generated shortages, and a very sharp rise in potato prices

The potato division initially expanded its production by starting up a 5th shift at the plant in Leuze. Due to the substantial increase in the raw material prices, it was afterwards decided to limit the production level. The total production ultimately amounted to 386,000 tonnes, which is an increase of 9% compared to the previous year over the comparable period.

BUSINESS CYCLE: PURCHASE AND SALES

Purchase and sales of vegetables: deep-frozen vegetable division

As a result of climatological seasonality, the processing season starts in May/June and ends in December. The vegetables processed were entirely based on contract purchases since spot purchasing is not possible in this market. After all, vegetables do not have the same storage properties that potatoes do. The delivery and processing of the vegetables in the period May/June 2012 to December 2012 were based on the negotiations from the December 2011-February 2012 period.

The negotiations for the deliveries commencing in June 2013 were completed successfully in February 2013, which show a significant raw material price increase for most vegetables. This increase can be explained by the fact that farmers, when deciding whether or not to produce vegetables, weigh whether for that season it is more interesting for them to plant vegetables or cereal crops. The evolution of vegetable purchasing prices is thus influenced by the increased grain prices.

The sales up to and including September 2012 were based on the sales negotiations in the period July to September 2011. That period was characterised by downward pressures on sales prices. The sales volumes and prices in the period September 2012-March 2013 were negotiated in July-August 2012. Due to the intense competition, this was accompanied by a slight negative pressure on the sale prices.

Last year the deep-frozen vegetable division sold 427,000 tonnes, an increase of 0.8% compared to the previous financial year (15 months). The earlier-announced increase in raw material costs for the current financial year 2013-2014 must therefore be properly reflected in the newly to be negotiated higher price levels for sales as of August 2013.

Purchase and sales of vegetables: canning division

The evolution in the purchase prices is comparable to the deep-frozen vegetable division. The negotiations are running simultaneously and showing the same development. Given that the climatological seasonality of the canned supply displays extensive similarities with the deep-frozen vegetable division, the business cycles are partly identical. The difference lies primarily in the fact that the canning division is less seasonal, because winter vegetables can be processed in the canning division during the winter months. Given the market and supply conditions, the processing of winter vegetables in the deep-frozen vegetable industry is neither feasible nor profitable. The processing of winter vegetables, together with the high activity level in soups and sauces throughout the year, ensures that the results remain stable all year round.

The sales cycle is comparable to the cycle and periodicity of the deep-frozen vegetables.

Like the deep-frozen vegetable division, the canning division last year saw a rather stable evolution in sale prices. The expectations are that the new season will once again lead to price increases in order to offset increased raw material costs. In the past year, the canning division was able to sell 204,000 tonnes, and for the first time it surpassed €200 million in turnover.

Purchase and sales of potatoes: potato division

In contrast to the deep-frozen vegetable and canning division, the potato division works with both contract purchases and ˝spot˝ purchases.

During the first 3 months of previous year, the processing and acquisition of potatoes were based on the negotiations carried out in 2011. The negotiations for the purchased contract volumes that were delivered and processed starting in June 2012 were completed in January 2012.

On the basis of the contracts concluded in 2013 for the deliveries in the current financial year 2013-2014, we see a significant increase compared to one year ago.

Those contract purchases constitute approximately 50% of our requirements. The remaining requirements are met through purchases on the free market. The prices of the free potatoes fell sharply until May 2012. The weather conditions, however, resulted in a disappointing harvest. This, combined with increased demand, led to impending shortages, as a result of which the purchase prices suddenly began to rise very sharply.

The evolution of the prices in the current financial year will depend on the weather conditions and the available quantities.

The sales for the January-September 2012 period were based on the sales negotiations in the period September-October 2011. The negotiations for the sales commencing in October 2012 were completed successfully in October 2012, resulting in a significant increase in the sale prices. These contracts and corresponding prices apply until September-October 2013.

At present no guarantees can be given for the negotiations as of September-October 2013, but it is expected that the sales price negotiations as of October 2013 will once again produce increased sales prices, in order to pass on the current expensive raw material costs.

POSITION OF THE COMPANY: RISKS AND UNCERTAINTIES

The most important market risks for the Group are the availability of the raw materials, the fluctuations in prices of raw materials, in interest rates and in foreign exchange rates. The market risks are determined by the fluctuations in the sale prices and weather conditions. The sales conditions are determined by changes in supply and demand. Demand is mainly influenced by climatological effects, further internationalisation of the market and marketing campaigns. Supply is mainly influenced by the availability of raw materials.

Availability of raw materials

In the deep-frozen vegetable division, the climatic conditions have an impact on demand in two ways. If there's a hard winter and a bad summer, more deep-frozen vegetables will be eaten. If there's a warm summer, fewer deep-frozen vegetables are eaten. Climatic conditions can also lead to an oversupply of fresh vegetables. This then leads to very inexpensive fresh vegetables, so that people buy fewer deep-frozen ones (and this also applies in reverse). Demand is less climate-dependent in the potato division than it is in the deep-frozen vegetable division.

Along with other elements, such as soil fatigue in fields for specific crops, the weather conditions are a compelling reason for PinguinLutosa to reduce its dependency on the harvest in a specific region as much as possible. This is being achieved by expanding the supply region further and by concluding cooperative agreements with other companies in alternative regions.

Prices of raw materials

The deep-frozen vegetable division and the canning division work in principle with fixed annual contracts, where the price per vegetable is set for the entire season before the vegetables are sown or planted. Possible shortfalls in the market can be compensated by purchasing deep-frozen products on the free market.

The potato division works partly with annual contracts, in which the prices are set in advance, and buys its non-contracted potatoes (approximately 50%) in the free market. The price of the potatoes on the free market can fluctuate significantly as a result of supply fluctuations (primarily influenced by weather conditions and the quality and the storage life of the potatoes) or speculation. Unlike the situation with fresh vegetables, fresh potatoes can be stored, with storage capacity and speculation having an effect on the price.

Despite the high level of attention dedicated to these aspects, the production of the divisions of PinguinLutosa depends on temporary weather phenomena, while climatological circumstances can influence supplies and raw materials prices. Harvest yields can fluctuate sharply depending on the weather conditions. This can lead to surpluses or deficits, which in turn leads to pressure on sales prices or a loss of productivity.

Exchange rate risk

The Group is subject to fluctuations in exchange rates which could lead to a profit or loss in currency transactions. Like any company with non-euro sales, the Group is subject to the normal exchange rate risks.

The Group realizes a significant portion of its turnover outside the Eurozone, mainly in the United Kingdom. Our British subsidiary Pinguin Foods UK Ltd., where the activities are performed in British pound, represents 19.8% of total sales of the Group. The British pound is the most important non-euro currency for the Group. In addition, there are also purchase and sales contracts in American dollar (USD) and Australian dollar (AUD). These are limited and the Group strives for a natural hedging. Through the acquisition of the CECAB Activity in 2011, the Polish zloty, the Hungarian forint and the Brazilian real are also currencies that are used.

PinguinLutosa makes use of forward contracts as a function of the expected sales in order to partially hedge itself against negative exchange rate evolutions.

As per 31 March 2013 there are several hedging instruments for exchange rate risk outstanding. The total net fair value ('marked to market value') amounted to €0.4 million as per 31 March 2013.

Risks related to the financing structure

Due to the debt level, the company must generate sufficient cash-flows in order to pay back its debt as well as paying the interest costs. The company's debt position increased sharply in the previous year, in part because of the acquisition of the Scana Noliko Group and the CECAB Activity. These were financed via a club deal financing together with the refinancing of the existing debts.

Following the plan to sell the potato division (see 'Important events after balance sheet date'), the Group has the intention to repay the existing club deal debts which explains the decision to record the complete club deal as short term debts.

Interest-rate risk

Due to the Group's financing structure through short-term loans at variable interest rates (straight loans), the Group wishes to hedge against interestrate hikes in floating interest rates. A number of IRS's (Interest-Rate Swaps) were concluded for this. The total fair value ('marked to market value') is €-7.5 million on 31 March 2013.

The maximum hedging period for these instruments continues to run until July 2016.

In light of the planned sale of the potato division (see note on ˝Major events occurring after the balance sheet date˝) the intention is to also liquidate and repay the existing IRS when the sale is finalised.

Liquidity risk

The liquidity risk with respect to clients is limited by following strict procedures. In addition, credit insurance is also taken out.

RESEARCH AND DEVELOPMENT, INNOVATION AND SUSTAINABILITY

Innovation and product development

Quality assurance is more important than it has ever been in all PinguinLutosa activities. All employees are involved in the continuous effort to improve product and process quality. Within a naturally growing frozen-products market, driven by increased demand for healthy, natural and balanced nutrition, the Group is giving innovation pride of place.

Investments in the best-performing and innovative machines and installations are continuous and ongoing. The Group develops products at a quick pace, in step with rapidly changing market trends. In product development the Group is constantly taking account of market trends and consumer needs like globalization, a concern for healthy eating, ease of use, etc. The Group wants to remain a leading product innovator in each of the different divisions. In 2011-2012, as well as in previous years, many new products, product varieties, dishes and packaging were developed and marketed.

To achieve this, an international group like PinguinLutosa can also cooperate closely with specialists at home and abroad. The Group has its own R&D teams per division to transform all of this into ecologically responsible, hygienic and profitable products. The team which deals specifically with pro-

duct development comprises 5 permanent employees for the deep-frozen vegetable division, 3 people for the potato division and 6 people for the canning division. Development quality and the circulation of information throughout the organization is monitored throughout the process by the Group's own R&D department.

Sustainability

Sustainability and good corporate governance, in addition to operational efficiency and absolute focus on quality, are important pillars on which the strategy of PinguinLutosa is based. Sustainability itself is defined as the art to combine the 3 Ps – People, Planet (environment) and Profit – in a harmonious way.

Our loyal participation in the Sustainable Entrepreneurship Charter (an initiative of the Flemish Government, Voka and the Provincial Development Agency) is used internally as a catalyst in order to draw up an overall action plan that is also subject to an external audit and commentary each year. In this way we are contributing to a social environment that will offer coming generations the necessary opportunities and possibilities as well.

In Limburg, Scana Noliko is an active member of the steering committee of the Limburg Climate Parliament, which is seeking to make the province climate-neutral by 2020.

SCOPE OF CONSOLIDATION AND PERIOD

In 2011 PinguinLutosa changed its closing date to 31 March. Hence the accounting periods of each of the three divisions (deep-frozen vegetable division, potato division and canning division) have been aligned. In addition this closing date is more in line with the operational activity cycle.

When comparing the consolidated income statement one needs to note that the past year (closing as per 31 March 2013) includes a 12 month period starting as from 1 April 2012 until 31 March 2013, whereas the comparative results related to the previous prolonged year ending per 31 March 2012 included a period of 15 months, starting as from 1 January 2011 until 31 March 2012. The figures of previous year contain twice the months of January until March, a period in which there is specifically for the deep-frozen vegetable division nearly no production and this period is used to perform major overhaul and investment programs. The seasonality also has an impact within the canning division, but is more limited than the seasonality in the deep-frozen vegetable division due to the production of winter vegetables and the convenience activities of the canning division.

Furthermore in September 2012 a plan was made to sell the potato division (see disclosure *"5.7. Discontinued operations"*). As per 31 March 2013 these discontinued operations (potato segment) are, according to IFRS 5, classified and accounted for as a disposal group related to discontinued operations. The results of these discontinued operations are consequently included separately in the consolidated income statement and are disclosed in note *"5.7. Discontinued operations"*. In accordance with IFRS 5 Discontinued operations the depreciation charges of the fixed assets of the potato division needed to be stopped in the current accounting period as from the moment the potato division was considered as a disposal group, which is as from September 2012 onwards. The positive effect on the EBIT of this application of IFRS 5 on the potato division amounts as per 31 March 2013 to €5.8 million.

As per 31 March 2013 the results from continued operations include the consolidated results for Pinguin NV, consisting of 12 months of results of the deep-frozen vegetable division of PinguinLutosa (including 12 months of results of the CECAB

Activity) and 12 months of results of Scana Noliko (canning division included as from 1 July 2011 onwards). The results of Scana Noliko are included in the canning segment.

In the comparative figures as per 31 March 2012 (15 months results of the deep-frozen vegetable division of PinguinLutosa) the CECAB Activity and the canning division were partially included. The comparative results as per 31 March 2012 include the consolidated results for Pinguin NV, consisting of:

(i) 15 months of results of PinguinLutosa (before the acquisitions of the CECAB Activity and the Scana Noliko Group), and
(ii) 9 months of results of Scana Noliko Group (included as from 1 July 2011 onwards) and
(iii) 7 months of results of the CECAB Activity (acquisition effective as from 1 September 2011 onwards). The results of the CECAB Activity are included in the deep-frozen vegetable segment.

The comparable income statement and cash flow statement of the potato division were also presented as 'discontinued' operations and are disclosed in note *"5.7. Discontinued operations"*.

In the current figures as per 31 March 2013 (12 months results of PinguinLutosa) these acquisitions were consequently already included.

COMMENTARY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and the interpretations issued by the IASB's International Financial Reporting Interpretation Committee (IFRIC, previously SIC), which have been approved by the European Commission.

The consolidated financial statements provide a general overview of the Group's activities and the results achieved. They give a true and fair view of the entity's financial position, its financial performance and cash flows on a going concern basis.

The Board of Directors believes that the application of the valuation rules on a going concern basis is justified. It is basing its view on the positive figures which the divisions can present and on the positive prospects.

The Board of Directors is also convinced that the planned activity increases and acquisitions will allow profit to evolve positively.

When comparing the consolidated income statement one needs to remark that the past accounting period (closing per 31 March 2013) includes a period of 12 months whereas the prolonged accounting period that ended as per 31 December 2012 included a period of 15 months. In addition, the accounting period that ended per 31 March 2012 included 15 months of consolidated results for Pinguin NV, consisting of:

(iv) 15 months of results of PinguinLutosa (before the acquisitions of the CECAB Activity and Scana Noliko Group), and
(v) 9 months of results of Scana Noliko Group (included as from 1 July 2011 onwards) and
(vi) 7 months of results of the CECAB Activity (acquisition effective as from 1 September 2011 onwards). The results of the CECAB Activity are included in the deep-frozen vegetable segment.

Sales

During accounting year ending 31 March 2013 the Group's consolidated **sales from continued operations** amounted to €612.1 million, which represents an increase of €78.0 million compared to previous accounting year. This increase is largely the direct consequence of the two acquisitions that took place in the previous financial year (2011/2012): the turnover of the CECAB Activity was included in the results of previous accounting year for 7 months and the sales of Scana Noliko Group was included in the group sales for 9 months. These factors make an accurate, objective comparison of the sales more difficult.

Sales of **the deep-frozen vegetable division** amounted to €407.7 million for accounting year ending per 31 March 2013 and represents 66.6% of total sales from continued operations. The sales of this division increased with 3.96% or €15.5 million compared to previous accounting year, which is mainly due to the contribution of the CECAB-activity for 12 months during accounting year 2012/2013 compared to

7 months during previous accounting year. The total volumes sold within the deep-frozen vegetable division increased by 0.8% in the accounting year 2012-2013 (12 months) compared to the previous accounting year that included 15 months.

The **canning division** takes €204.3 million of the consolidated **revenue from continued operations** of the current accounting year ending as per 31 March 2013 for its account, which represents 33.4% of the consolidated revenue from continued operations over the same period. No comparables of Scana Noliko are available because the division was only included for 9 months during the previous accounting year.

The **sales from discontinued operations** (potato division) amounted to €267,9 million during the accounting year 2012/2013 ending as per 31 March 2013, which represent a decrease of -11.4% or €-34.3 million compared to the previous accounting year. This decrease is explained by the fact that the accounting year 2012/2013 contains 12 months compared to 15 months in the previous accounting year and in addition due to the temporary fall of the volumes following the applied price policy.

The Group sells its products worldwide in more than 90 countries. The share of the British market is 30% in the deep-frozen vegetable division and 11% in the canning division.

Result

The **EBIT (operating result) from continued operations** for the accounting year ending as per 31 March 2013 (12 months) amounts to €20.0 million, which represents an increase of €30.3 million compared to the previous accounting year (15 months). The EBIT-margin (compared to the operating income) from continued activities amounts to 3.2% for the accounting year 2012/2013 compared to -1.9% as per the previous accounting year.

The increase of the EBIT from continued operations is the combined effect of, on the one hand an increase within the deep-frozen vegetable division of €21.8 million and on the other hand the increase of the EBIT of the canning division with €8.5 million. For the explanation of these evolutions we refer to the comments mentioned at the evolution of the EBITDA.

The results of the accounting year were influenced by a number of one-off charges. The corrections from the one-off elements mainly relate to the deep-frozen vegetable and potato activities and are commented separately in this annual report.

The **EBITDA (operating cash flow) from continued operations** for the accounting year 2012-2013 ending as per 31 March 2013 (12 months) amounts to €42.1 million, which represents an increase of €29.6 million compared to the previous accounting year (15 months). The EBITDA-margin (compared to the operating income) amounts to 6.7% for the accounting year 2012/2013 compared to 2.3% for the previous accounting year.

The EBITDA in the **deep-frozen vegetable division** amounted to €19.9 million for the accounting year ending as per 31 March 2013, compared to €2.2 million during the previous accounting year. This increase of the EBITDA from the deep-frozen vegetable division of €17.7 million is influenced by the CECAB entities in an amount of €9.4 million, which are included in consolidation for 12 months in the accounting year 2012/2013 compared to 7 months during previous accounting year and through the application of IFRS3 'business combinations' which implied that the opening inventory was valued at fair value with a negative one-off effect of €-2.9 million during the previous accounting year. The remaining increase of the EBITDA of the deep-frozen vegetable division (+ €8.3 million over 12 months in the accounting year 2012/2013 compared to 15 months in previous accounting year) is also due to strong sales during the accounting year and a good production yield. A strong EBITDA was realized despite a difficult pea harvest (UK) and corn harvest (Hungary). However, the measures taken within the British subsidiary during previous accounting year did have a positive effect on the operating cash flow of accounting year 2012/2013.

The accounting year 2012/2013 is impacted by some non-recurring elements. The non-recurring costs from the deep-frozen vegetable division had a negative effect on the EBITDA of €-1.4 million in the accounting year compared to an effect of €-8.2 million during the previous accounting year. The non-recurring costs are mainly related to the British subsidiary for an amount of €-1.3 million and mainly consist of remaining costs from the closure of the sites in Easton and Bourne (€-1.0 million). The non-recurring charges related to the Belgian activities amount to €-0.1 million.

The EBITDA of the **canning division** contributes €22.2 million to the EBITDA result of the Group for the period ending as per 31 March 2013 (12 months) and increased with €11.9 compared to the previous accounting year. The significant increase is on the one hand caused by the fact that the canning division contributes to the consolidation for 12 months in accounting year 2012/2013 compared to 9 months during previous accounting year. On the other hand the increase is due to a number of non-recurring elements with a negative impact on the results of €-6.9 million during the previous accounting year. The operating cash flow of the canning division is also in line with the expectations for the accounting year.

The operating cash flow of the canning division was not impacted by non-recurring elements during accounting year 2012/2013, compared to a fair value valuation of the opening inventory of the canning division resulting in a non-recurring charge of €6.9 million in the previous accounting year.

The **EBITDA from discontinued operations** amounted to €19.7 million for the period ending as per 31 March 2013 (12 months). This realized EBITDA is €7.0 million higher compared to the previous accounting year. The movement of the EBITDA between both accounting years is difficult to explain because the last accounting year counted 15 months compared to the 12 months of the current accounting year. Besides the impact of the difference in accounting year, the result is also explained by the evolution of the raw materials prices. The potato division's first half of the year was normal. Then the prices of raw materials increased very sharply following disappointing harvests. This lead to strong increases in sales prices, which decreased the volume and thus the proceeds. The operating cash flow is in line with expectations.

The operating cash flow of the potato segment was negatively influenced in an amount of €-1.8 million by some one-off charges in the accounting year 2012/2013. These non-recurring charges mainly consist of advisory costs related to the sales transaction of the potato activities (€1.5 million).

The **REBITDA (cash flow before one-off elements) from continued operations** amounts to €43.5 million for the accounting year ending as per 31 March 2013 (12 months), which represents an increase of €15.9 million or 57.5% compared to the previous accounting year (15 months). As a percentage of the operating revenues, the REBITDA amounted to 6.9% over the accounting year 2012/2013 compared to 5% over the accounting year 2011/2012.

The **recurring cash flow (REBITDA)** of the deep-frozen vegetable division amounted to €21.3 million for the accounting year ending as per 31 March 2013, which represents an increase of €10.9 million or 104.4% compared to the previous accounting year. The REBITDA of the CECAB Activity increased with €2.7 million because this activity was included in consolidation for 12 months in the current accounting year compared to 7 months during the previous accounting year. The remaining increase of the REBITDA from the deep-frozen vegetable division with €8.2 million can mainly be ascribed to the same reasons as discussed for the evolution of the EBITDA.

The canning division did not include non-recurring elements during the accounting year 2012/2013, which means that the REBITDA equals the EBITDA (€22.2 million) for the accounting year.

The **REBITDA of discontinued operations** amounted to €21.5 million in the accounting year ending as per 31 March 2013 compared to €25.7 million during previous accounting year. The decrease of the REBITDA within the potato segment can also mainly be ascribed to the same reasons as discusses for the evolution of the EBITDA.

The **non-recurring charges from continued operations** as included in the operating result as per 31 March 2013 amount to €2.4 million and are fully related to the deep-frozen vegetable division. The non-recurring charges are mainly related to the British subsidiary for an amount of €-2.3 million and mainly consist of the remaining costs resulting from the closure of the sites in Bourne and Easton (€1.6 million) and a provision for a claim related to the repair and cleaning costs for the leased sites in Bourne/ Grimsby (€0.5 million). The non-recurring charges related to the Belgian activities amount to €0.1 million. The operating result of the accounting ending as per 31 March 2013 does not include **non-recurring income from continued operations**.

The **REBIT (operating result before one-off elements) from continued operations** increased from €7.4 million per 31 March 2012 (15 months) to €22.5 million per 31 March 2013 (12 months). As a percentage of the operating reve-

nues, the REBIT amounted to 3.6% as per 31 March 2013 compared to 1.4% as per 31 March 2012.

The **net financial result from continued operations** amounts to €-19.4 million for the accounting year ending as per 31 March 2013 (12 months) compared to €-23.3 million as per 31 March 2012 (15 months).

The **net interest charges from continued operations** of the accounting year ending as per 31 March 2013 amount to €-14.7 million, which represents an increase of €0.7 million compared to the previous accounting year (15 months). The increase is mainly due to an increased interest cost related to the club deal facility resulting from an average higher outstanding loan amount in the accounting year 2012/2013 compared to the previous accounting year. However, this increase of the interest cost related to the higher outstanding loan amount is partly compensated by a generally decreased interest rate during the accounting year.

The **non-operating financial result from continued operations** for the period ending as per 31 March 2013 increased by € 4.4 million compared to previous accounting year (€-5.0 million per 31 March 2013 compared to € -9.4 million per 31 March 2012). This increase is mainly the result of an increase in fair value (marked-to-market value) of financial instruments in an amount of €4.8 million per 31 March 2013 compared to a negative impact of €-5.4 million as per 31 March 2012. These concern the interest rate swaps (IRS) that were concluded for the new club deal financing and include hedges against a possible increase in interest rates on the drawn financing. The lowered Euribor had a negative impact on the valuation of the interesthedging instruments. The non-operating financial result is also influenced by a net exchange rate loss of €-1.6 million as at 31 March 2013 compared to a net exchange rate loss of €-0.8 million as at 31 March 2012, primarily caused by the lower valuation of the British pound in the financial year 2012/2013 compared to the previous accounting year.

The accounting year was closed with a **pre-tax result from continued operations** which now stands at €0.7 million (12 months) compared to a **pre-tax result from continued operations** of €-33.6 million for the period to 31 March 2012 (15 months).

The taxes expressed in the income statement arise on the one hand from the results of the financial year and on the other hand from temporary differences between local and IFRS valuation rules, which give rise to deferred taxes. In addition to **the income taxes from continued operations** on the results of the accounting year as per 31 March 2013 of €-3.9 million, **deferred tax assets from continued operations** were recorded for an amount of €+3.8 million. This had a total negative tax effect on **taxes from continued operations** of €-0.1 million over the current accounting year. During the previous accounting year this had a total positive tax effect on **taxes from continued operations** of €11.6 million.

The consolidated result after **taxes from continued activities** amounts to €0.6 million as per 31 March 2013 (12 months). The **result after taxes from discontinued activities** amounts to €11.0 million, which results in the total profit over the current accounting year amounting to €11.6 million. The Group's share in the net profit as per 31 March 2013 is €11.1 million. **Earnings per share (share of the Group from continued operations)** amount to €0.01 over the current accounting year compared to €-1.80 in the 15 months of previous accounting year 2011-2012.

Statement of financial position

In accordance with the planned sale of the potato division, which was announced at the end of October 2012, the assets and liabilities related to the assets of the potato division were included as 'assets classified as held for sale' and "liabilities related to assets classified as held for sale' as per 31 March 2013. See also note '*"6.19. Assets and liabilities related to assets classified as held for sale"*.

The decrease of the heading **'intangible fixed assets from continued operations'** as per 31 March 2013 by €-3.5 million is primarily related on the one hand to the presentation of the software and the valuation of the brand and the client relationships of the potato division as 'assets held for sale' (€2.5 million as per 31 March 2013; €2.8 million as per 31 March 2012) and on the other hand to the depreciation charges from continued operations during the financial year (€2.1 million). The decrease was only partially compensated by the investments of €0.4 million (software, more precisely licences for SAP®) and the activation of the start-up costs of the activities in Manschnow (€0.3 million). In addition, SAP

implementation costs in an amount of €0.4 million have been included in the United Kingdom as a transfer from the heading 'tangible fixed assets'. As per 31 March 2013 the intangible assets from continued operations mainly include the client relationships of the canning division, as well as software licences.

The goodwill of the potato division in an amount of €51.6 million is presented as 'asset classified as held for sale' as per 31 March 2013, this following the planned sale of this division (See note '5.7. Discontinued operations'.) The goodwill related to the acquisition of Scana Noliko Group amounts to €6.0 million, the goodwill related to the acquisition of the CECAB Activity amounts to €2.9 million, the goodwill related to Christian Salvesen Foods amounts to €1.2 million and the goodwill related to Buitenakkers NV amounts to €0.1 million.

The **tangible fixed assets from continued operations** decreased by €-54.3 million from €185.7 million as per 31 March 2012 to €131.4 million as per 31 March 2013. On the one hand the tangible assets of the potato division have been presented as 'assets held for sale' (€61.0 million as per 31 March 2013; €51.4 million as per 31 March 2012). On the other hand the tangible fixed assets from continued operations further increased by €6.6 million compared to the situation as per 31 March 2012 following the acquisitions in the accounting year (+€31.8 million, including €0.6 million of acquisitions through business combinations), the depreciation charges and the write-offs in the various entities (€-22.6 million) and the remaining combined impact of the transfers, disposals and the negative foreign exchange rate fluctuations (-€2.6 million).

The **financial fixed assets from continued operations** in an amount of €3.4 million as per 31 March 2013 include the 10% minority participations in the real estate companies of the acquired CECAB Activity.

As per 31 March 2013 the Group has recognized **deferred tax assets from continued operations** in a total amount of €10.7 million, which represents an increase of €10.2 million compared to the situation as per 31 March 2012. This increase includes on the one hand the recognition of a deferred tax asset on tax losses carried forward for the Belgian subsidiaries Pinguin NV and Pinguin Langemark NV in an amount of €3.5 million (see also note '5.6. Income taxes). On the other hand this increase can be explained by changed presentation of the deferred tax asset on the buy-back (end of 2012) of the Pinguin client portfolio from PinguinLutosa Foods NV (€6.1 million) following the different accounting treatment between local and IFRS rules related to intangible fixed assets. Following the adjusted presentation of the statement of financial position from continued and discontinued operations under IFRS 5 (following the planned sale of the potato division: see above), this deferred tax asset in an amount of €6.1 million was included in the assets from continued operations, whereas this deferred tax asset was previously fully compensated with deferred tax liabilities (following the different accounting treatment between local and IFRS rules relating to tangible fixed assets).

The working capital and managing the working capital financing has already been one of the major points of attention of the Group and the sector for some time now. The working capital decreased from €179.2 million per 31 March 2012 to €175.0 million per 31 March 2013.

Inventories from continued operations have decreased from €236.8 million as per 31 March 2012 to €200.5 million as per 31 March 2013. This decrease can be mainly explained by the presentation of the inventories of the potato division as 'assets classified as held for sale' (€36.6 million as per 31 March 2012). **Inventories from continued operations** remained more or less unchanged compared to prior accounting period: €200.6 million as per 31 March 2013 compared to €200.3 million as per 31 March 2012.

As per 31 March 2013, the outstanding **trade receivables from continued operations** amounted to €85.1 million, compared to €123.7 million as per 31 March 2012.

Cash and cash equivalents from continued operations decreased from €38.4 million as per 31 March 2012 to €21.8 million as per 31 March 2013.

Also in 2013-2014, additional efforts will be made to further optimize working capital and the related financing needs. This will be done in the context of the expected sales forecasts and should make it possible to respond flexibly to certain market conditions. Stock is a key element in the commercial policy we conduct and it must be high enough so as to be able to respond to market conditions.

Globally, equity (including non-controlling interests) increased by €10.8 million and amounts to €182.2 million as per 31 March 2013 compared to €171.4 million as per 31 March 2012. Equity as per 31 March 2013 was positively influenced on the one hand by the inclusion of the results from continued operations in an amount of €0.6 million and on the other hand by the inclusion of the results from discontinued operations in an amount of €11.0 million. The overall impact of the translation differences (including translation differences on sales offices) amounts to €-0.2 million at 31 March 2013. Mainly the weakening of the British Pound had a negative impact on consolidated equity by translation differences relating to the shareholdings in Pinguin Foods UK Ltd. and the Salvesen goodwill. The impact of various adjustments on the other comprehensive income of the period amounts to €-0.1 million as per 31 March 2013. In addition, in accordance with IFRS Standards the remaining costs of the capital increase of February 2012 were deducted from the capital (€-0.5 million as per 31 March 2013). Shareholders' equity at 31 March 2013 amounts to 23.2% of the statement of financial position total.

The **net financial debts (from continued and discontinued operations)** increased by €16.4 million, from €198.9 million as per 31 March 2012 to €215.2 million as per 31 March 2013, mainly resulting from the combined effect of the increased debt position and the decreased cash position as per 31 March 2013. The subordinated loans amount to €39.5 million as per 31 March 2013. The renewed club deal financing amounted to €196.0 million as per 31 March 2013.

Following the plan to sell the potato division (see note *'7.6. Important events after balance sheet date'*), the Group has the intention to repay the existing club deal debts which explains the decision to record the complete club deal as short term debts. Due to this reclass in an amount of €114.5 million, the liquidity ratio (see definitions at the end of this annual report) is 113.9% instead of 145.3% in the case that these loans would be recorded as long term debts.

Long-term debts from continued operations decreased from €87.1 million at 31 March 2012 to €72.4 million at 31 March 2013, which can be mainly explained by the decrease of the deferred tax liabilities. **Deferred tax liabilities from continued operations** decreased from €40.2 million at 31 March 2012 to €24.3 million at 31 March 2013, mainly following the presentation of the deferred tax liabilities of the potato division as 'liabilities related to assets classified as held for sale' (€22.6 million as per 31 March 2012). On the other hand this decrease was mainly compensated by the changed presentation of the deferred tax asset on the buy-back (end of 2012) of the Pinguin client portfolio from PinguinLutosa Foods NV (€6.1 million).

The **short-term debts from continued operations** increased by €109.0 million from €420.4 million at 31 March 2012 to €529.4 million at 31 March 2013. This is mainly related to the presentation of the liabilities of the potato division as 'liabilities related to assets classified as held for sale' in accordance with IFRS 5 in an amount of €99.6 million (see note '6.19. Assets and liabilities related to assets classified as held for sale'). At 31 March 2013 the derivatives valued at fair value amounted to €7.7 million compared to €6.6 million at 31 March 2012. At 31 March 2013 the trade payables amounted to €138.2 million compared to €196.8 million at 31 March 2012. This decrease is mainly explained by the presentation of the trade payables of the potato division as 'liabilities related to assets classified as held for sale' (€40.4 million as per 31 March 2012).

Cash flow

The **REBITDA from continued operations** amounted to €43.5 million in the past year (12 months). That is an increase of €15.9 million in comparison with the previous prolonged financial year 2011-2012 (15 months), when the REBITDA was €27.6 million. The non-recurring elements had an impact on the operating cash flow in 2012-2013 as was described above. The **recurrent EBITDA from continued operations** therefore amounted to 6.9% of the operating revenues. At 31 March 2012, that figure was 5.0%.

DIVIDENDS

The Board of Directors has proposed to the Annual General Meeting of Shareholders that no dividend will be paid. The results have indeed improved considerably, but any dividends in the longer term will depend on the net unconsolidated results of Pinguin NV, the company's financial situation, its legal reserves and other factors that the Board of Directors or the Annual Meeting consider important.

INVESTMENTS AND DISINVESTMENTS

In the 2012-2013 financial year ending as of 31 March 2013 the total investments in intangible fixed assets **from continued and discontinued operations** amounted to €0.8 million. The most important investments in **intangible fixed assets from continued operations** are explained by investments in the deep-frozen vegetable division for an amount of €0.4 million, primarily in the software and more specifically licences and further optimisation of the ERP package, and the activation of the start-up costs of the activities in Manschnow for an amount of €0.3 million. In addition, SAP implementation costs in an amount of €0.4 million have been included in the United Kingdom as a transfer from the heading 'tangible fixed assets'.

The investments in tangible fixed assets **from continued and discontinued operations** (including acquisitions through business combinations) amount to €31.8 million per 31 March 2013 and consist of investments in 'land and buildings' (€0.5 million), in 'plant, machinery and equipment' (€27.4 million), in 'furniture and vehicles' (€1.4 million) and 'other tangible fixed assets' (€1.5 million). The acquisition of land and buildings as a consequence of business combinations through the takeover of De Buitenakkers NV in Belgium accounted for a growth of €0.6 million. In the United Kingdom the assets under construction include SAP implementation costs in an amount of €0.4 million which are recorded under the heading 'intangible fixed assets'.

The investments in 'plant, machinery and equipment' relate primarily to the deep-frozen vegetable division in Belgium (€5.7 million), Pinguin Foods UK Ltd. (€3.9 million), the potato division (€9.3 million) and the canning division (€4.8 million).

The main 'plant, machinery and equipment' investments at 31 March 2013 in the deep-frozen vegetable division relate to:

- Finalisation of the investment project in the new spinach and bean line;
- Optimisation investments in existing production lines;
- A water treatment plant and sorting machines in the production and packing halls in King's Lynn in the United Kingdom;
- Optimisation investments in the packing hall and the freezers in the United Kingdom,

In the financial year ending 31 March 2013, the canning division invested in the Bree site in the heading 'Installations, Machinery and Equipment', primarily optimization and replacement investments in the convenience activities, optimization and replacement investments on various production lines in the vegetables hall and finally various replacement investments in the packing hall. In addition, the canning division invested at the site at Rijkevorsel, primarily in a pasteurisation machine.

In the financial year ending 31 March 2013, the potato division invested in the Leuze-en-Hainaut site in the heading 'Installations, Machinery and Equipment', primarily in machines for receipt and sorting of potatoes, packing lines and various optimization investments. In addition, the potato division invested at the site at Sint-Eloois-Vijve, primarily in a packing line.

Last year, the Group had sales and disposals for an amount of €30.0 million. This year the disposals amount to €1.8 million. This is largely explained by the disposals of a packing hall infeed system on the site in King's Lynn and various disposals following the ceasing of activities on the site in Bourne in the United Kingdom (€-1.4 million).

BANK COVENANTS

On 19 July 2011, PinguinLutosa concluded an agreement with a consortium of Belgian and international banks to refinance the existing credit with an additional credit facility for working capital and investments for a period of 5 years. The total amount of the agreement was €250 million.
PinguinLutosa reports to the providers of credit on a quarterly basis. The first testing of the covenants occurred on 31 December 2011. Per 31 December 2011 the company breached the covenant relating to the cash flow cover. For the period up till 30 June 2012 a temporarily adjusted cash flow cover covenant has been agreed on (from 1 to -1.35). Per 31 March 2012 and per 30 September 2012 PinguinLutosa complied with this adjusted covenant, as well as with the other existing covenants.

Following the sale of the potato division, it has been decided to repay the entire club deal debts. Awaiting the finalisation of this transaction, a waiver of the existing covenants up till 30 June 2013 has been agreed with the banks. Hence no testing was needed as per 31 March 2013. Therefore we refer to the section 'Important events after balance sheet date'. Due to the planned early repayment with the proceeds from the sale, these debts have been booked entirely as short term debts.

Due to this reclass in an amount of €114.5 million the liquidity ratio (see definitions at the end of this annual report) is 113.9% instead of 145.4% in the case that these loans would be recorded as long term debts.

HEDGING AND USE OF FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to cover risks related to unfavourable fluctuations in foreign exchange rates and interest rates. No derivates were used for commercial purposes. Derivative instruments are initially valued at cost price and only afterwards at their fair value. The on-going contracts do not satisfy the conditions of hedge accounting (see IAS 39). The changes in fair value are included in the statement of comprehensive income.

At year-end 31 March 2013, both currency derivatives and interest derivates were open. The maximum hedging period of those instruments runs until July 2016.

ISSUANCE OF FINANCIAL INSTRUMENTS

The Group has not issued any securities with rights and obligations that differ from those attached to the other shares. There are no employee share plans. All shares carry the same rights.

There are no legal or statutory restrictions on the transfer of shares.

In accordance with the articles of association, the Board of Directors has been authorised in 2012 to issue shares within the authorised capital which has been raised to €157.5 million. The Board of Directors is authorised to purchase shares.

The Group has not concluded any special agreements with its directors or employees which stipulate payments when the directors resign or have to leave without a valid reason or the employees' employment is terminated, due to a public takeover bid.

EMPLOYEES

The table below gives the average personnel count for the year in full-time equivalents. The number of employees can, however, vary sharply from one day to the other depending on the season and supply.

On 31 March 2013 the Group had 3,564 employees. This is an increase of 149 full-time equivalents compared to the previous financial year.

Average personnel in full-time equivalents	**31/03/2013**	**31/03/2012**
Pinguin NV	287	247
Pinguin Langemark NV	78	85
Pinguin Foods UK Ltd.	239	261
Pinguin Aquitaine S.A.S.	41	40
Pinguin Foods Deutschland Gmbh	31	5
Pinguin Foods CEE Gmbh	1	1
MAC Sarl		
D'aucy do Brazil Ltda	22	16
Pinguin Comines S.A.S.	113	118
CGS S.A.S.	232	171
CGB S.A.S.		
Pinguin Foods Hungary Kft	66	91
Pinguin Foods Polska Sp. Z.o.o.	365	342
Seasonal and temporary	**505**	**532**
DEEP-FROZEN VEGETABLES DIVISION	1,979	1,910
Lutosa Group (production sites)	677	649
Lutosa Group sales offices	33	25
Seasonal and temporary	**87**	**66**
POTATO DIVISION	797	740
Scana Noliko Group (production sites and sales offices))	632	629
Seasonal and temporary	**157**	**137**
CANNING DIVISION	789	766
Total PinguinLutosa	**3,564**	**3,416**

IMPORTANT EVENTS AFTER BALANCE SHEET DATE

Status of the sale of the Lutosa division to McCain
On 28 May 2013 the European competition authorities authorised the Lutosa division sale to McCain. This transaction was finalised and concluded on 31 May 2013 and included the entire Lutosa division. A surplus value of approx. 4 euros per share was achieved for this transaction.

Club deal financing
The proceeds from the Lutosa division sale were primarily used to repay all existing club deal debts. On 31 May 2013 this repayment was effectively made and the existing securities on assets were removed.

Status issuance of bond loan
On 14 June 2013 Pinguin has closed successfully the issuance of a bond loan for €150 million with a term of 6 years. The payment date will be the 5th of July, 2013

Status of agreement with CECAB with a view of acquiring four real estate companies held by Union Fermière Morbihannaise SCA
On 20 June 2013 Pinguin NV signed an agreement with the company under French law Union Fermière Morbihannaise SCA (UFM) with regard to the acquisition of four real estate companies, currently held 90% by UFM and 10% by Pinguin NV. The parties have agreed that the enterprise value that needs to be paid by Pinguin NV (Greenyard Foods) is set at € 45 million, based on the figures as per 31 March 2013. The estimated finalisation of the transaction is set on 31 August 2013.

Status of name change
On 18 July 2013 Pinguin organises an Extraordinary General Meeting in order to decide on the one hand over the name change into Greenyard Foods as per 1 September 2012, on the other hand the capital decrease of €2.4 per share and finally the change of the registered office.

There are no other major events subsequent to the balance sheet date which have a major impact on the further evolution of the company.

CORPORATE GOVERNANCE

For the required legal information with respect to Corporate Governance in accordance with article 119, §2, 7° of the Company Code, please refer to paragraph 'internal control and risk management' of the "Corporate Governance" section of PinguinLutosa's annual report.

VEGETABLES

CORPORATE GOVERNANCE STATEMENT

The general principles regarding the role and responsibilities, nomination procedures and the organization of the Board of Directors are set out in PinguinLutosa Group's Corporate Governance Charter. PinguinLutosa uses the Belgian Corporate Governance Code of 2009 as a reference. This Corporate Governance Charter can be consulted on the website (www.greenyardfoods.com).

The Group closely follows developments in this area and adapts its corporate governance structure if necessary. The Board of Directors regularly reviews the Corporate Governance Charter and adapts it where necessary. The Charter has been reviewed in 2009 following the changes in the Corporate Governance Code. In the past financial year the Charter has been reviewed as well but according to PinguinLutosa no substantial adjustments were necessary.

In accordance with the Corporate Governance Code, this chapter mentions the relevant events that have taken place during the past financial year. Where there has been a deviation from the Corporate Governance Code, this is explained.

BOARD OF DIRECTORS

The Board of Directors defines the strategy of the Group and supervises the day-to-day management of the Group through its members who belong to the Management Committee. The Board of Directors meets at least six times a year. Decisions are taken in principle by a simple majority of votes. The company is represented legally and otherwise by one managing and one independent director acting jointly.

Next to the managing directors who handle the day-to-day business of the company, there are at least three independent directors, including the chairman, to ensure an adequate balance. The Chief Financial Officer (BVBA The New Mile represented by Steven D'haene) is invited to attend meetings of the Board of Directors as secretary.

In addition to the Chief Financial Officer, the division managers of the deep-frozen vegetable, potato and canning divisions were also invited to the Board of Directors´ meeting.

COMPOSITION OF BOARD OF DIRECTORS

At 31 March 2013 the Board of Directors consisted of 10 non-executive members and 1 executive member. 3 directors are independent within the meaning of article 526ter of the Company Code.

Director's name	Date of appointment	Term of office ends on	Executive / non-executive	Independent / non-independent director
BVBA The Marble p.r. by Mr Luc Van Nevel	1/07/2004	AGM 2015	Non-executive	Independent director
Frank Donck	20/05/2011	AGM 2015	Non-executive	Independent director
BVBA Ardiego p.r. by Mr Arthur Goethals	20/05/2011	AGM 2015	Non-executive	Independent director
NV Deprez Invest p.r. by Mr Hein Deprez	1/01/2010	AGM 2015	Non-executive	Non-independent director
NV Vijverbos p.r. by Mr Herwig Dejonghe	12/01/2000	AGM 2015	Executive (COO)	Non-independent director
BVBA Management Deprez p.r. by Mrs Veerle Deprez	9/11/2005	AGM 2015	Non-executive	Non-independent director
BVBA Bonem p.r. by Mr Marc Ooms	9/11/2007	AGM 2015	Non-executive	Non-independent director
Jean-Michel Jannez	20/05/2011	AGM 2015	Non-executive	Non-independent director
Jozef Marc Rosiers	2/12/2011	AGM 2015	Non-executive	Non-independent director
Peter Maenhout	15/02/2012	AGM 2015	Non-executive	Non-independent director
Alain Keppens	15/02/2012	AGM 2015	Non-executive	Non-independent director

A number of members of the Board of Directors exercise their office through a registered company:

- The Marble BVBA is permanently represented by Mr Luc Van Nevel;
- Deprez Invest NV is permanently represented by Mr Hein Deprez;
- Vijverbos NV is permanently represented by Mr Herwig Dejonghe;
- Management Deprez BVBA is permanently represented by Mrs Veerle Deprez;
- Bonem BVBA is permanently represented by Mr Marc Ooms;
- Ardiego BVBA is permanently represented by Mr Arthur Goethals;

The present Board of Directors is composed of:

The Marble BVBA, chairman, represented by Luc Van Nevel (65 years old), permanent representative

Non-executive, independent director

Luc Van Nevel was appointed as director as a result of the decision of the Annual General Meeting of 14 May 2004. The Board of Directors´ meeting of the same date appointed him chairman of the Board of Directors.

At the Board of Directors´ meeting of 1 July 2004, note was taken of the resignation of Luc Van Nevel as director and as chairman of the Board of Directors and via cooptation he was replaced by the appointment as independent director of The Marble BVBA, represented by Luc Van Nevel, permanent re-presentative. During the following Annual General Meeting of 14 November 2005 the appointment of The Marble BVBA as an independent director was ratified, and by decision of the following Board of Directors´ meeting the appointment

of The Marble BVBA as chairman of the Board of Directors was ratified.

The Marble BVBA was reappointed as non-executive independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 5 years.

The strengths of Luc Van Nevel are especially situated in the areas of general management, financial and marketing management, mergers and acquisitions, board management and corporate governance.

Luc Van Nevel graduated from the RUG in 1970 with a licentiate degree in Economics and in 1984 earned a degree in Strategic Marketing at Northwestern University of Chicago.

Luc Van Nevel began his career at Touche Ross & Co and in 1975 moved to Samsonite, where he first worked within Samsonite Europe in Oudenaarde for almost 20 years, after which he became head of the Samsonite Corporation in its Denver headquarters. Within the European division he was successively Assistant and European Controller, Vice-President, and President & Managing Director. Within the Samsonite Corporation he held the position of President International and Chairman & CEO until his retirement.

Luc Van Nevel is a member of the Board of Directors of several companies, including: Vanobake NV (as permanent representative of The Marble BVBA), Hevebra NV (as permanent representative of The Marble BVBA), Elia Asset NV, Elia System Operator NV, Picanol NV (as permanent representative of The Marble BVBA), Jensen Group NV (as permanent representative of The Marble BVBA), Berry Floor NV (as permanent representative of The Marble BVBA), VNVDB Invest NV, Industrial Wood Flooring NV (as permanent representative of The Marble BVBA), Vandewalle Bouwgroep NV (as permanent representative of VNVDB Invest NV), Van Welden NV, Algemeen Ziekenhuis Oudenaarde VZW, Bedrijvencentrum Vlaamse Ardennen NV and Vlaamse Federatie van Beschutte Werkplaatsen VZW. In 1990 Luc Van Nevel was named Manager of the Year by Trends Magazine.

Frank Donck (48 years old), director

Non-executive, independent director

Frank Donck was appointed as non-executive independent director at the Annual General Meeting of 20 May 2011, and his mandate as director will expire at the close of the Annual General Meeting of 2015. His mandate has a term of 5 years.

Frank Donck earned a Licentiate degree in Law at the University of Ghent and a special licence in Financial Management at the Vlerick Leuven Gent Management School. He is also a member of the Belgian Corporate Governance Commission. Frank Donck is managing director of 3D NV. He is chairman of Atenor Group NV and Telenet Group Holding NV.

Frank Donck is also a member of the Board of Directors of several companies, including: Aspel Polyform NV, Zenitel NV, KBC Bank NV, KBC Verzekeringen NV, Ter Wyndt CVBA, Ibervest NV, Hof Het Lindeken CVBA, Iberimmo NV, Huon & Kauri NV, Tris NV, Telenet Vlaanderen NV, Iberanfra BVBA, Vlerick Research NV, 3D Private Equity NV, Anchorage NV and Le Concert Olympique VZW.

Ardiego BVBA, director, represented by Arthur Goethals (66 years old), permanent representative

Non-executive, independent director

Arthur Goethals represents Ardiego BVBA in his capacity of permanent representative.

Ardiego BVBA was appointed as non-executive independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 5 years.

Arthur Goethals has many years of knowledge and experience in the retail sector, among others as CEO of Delhaize Belgium NV.

Arthur Goethals is also a member of the Board of Directors of several companies, including: Amadine Fund NV, Sleuyter Arena Oostende CVBA, Bouchard NV (as permanent representative of Ardiego BVBA), Matexi Group NV (as permanent representative of Ardiego BVBA), Hubisco NV (as permanent

representative of Ardiego BVBA), Gault Millau Benelux NV (as permanent representative of Ardiego BVBA), Dinelli BVBA (as permanent representative of Ardiego BVBA), De Weide Blik NV (as permanent representative of Ardiego BVBA) and Basket Club Oostende VZW.

Deprez Invest NV, Managing Director, represented by Hein Deprez (51 years old), permanent representative

Executive, non-independent director, representative of the majority shareholder

In his capacity of permanent representative, Hein Deprez represents Deprez Invest NV, which was appointed via co-optation as director to replace Kofa BVBA by the Board of Directors´ meeting of 9 December 2009. The appointment of Deprez Invest NV as executive, non-independent director was ratified during the following Annual General Meeting of 20 May 2010.

Deprez Invest NV was reappointed as executive non-independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 5 years. After the appointment of Mavac BVBA, permanently represented by Marleen Vaesen, as Chief Executive Officer in November 2012, Deprez Invest NV, permanently represented by Mr Hein Deprez, sits as non-executive director, and no longer as executive director.

Hein Deprez is - via Deprez Holding NV, Food Invest International NV and 2 D NV - the controlling shareholder of Pinguin NV.

Hein Deprez is a member of the Board of Directors of several companies belonging to the PinguinLutosa Group: Scana Noliko Holding NV and Scana Noliko NV (as permanent representative of Deprez Invest NV). In addition, he is also a member of the Board of Directors of various other companies, including 2 D NV (as permanent representative of Food Invest International NV), De Binnenakkers NV, Scana Noliko Real Estate NV (as permanent representative of Food Invest International NV), De Weide Blik NV (as permanent representative of Food Invest International NV), Reuver NV (as permanent representative of Food Invest International NV), Peatinvest NV (as permanent representative of Food Invest International NV), Deprez Immo NV (as permanent representative of Food Invest International NV), Peltracom NV (as permanent representative of Deprez Invest NV), Mc Three NV (as permanent representative of Deprez Invest NV), Agrofino Transport NV (as permanent representative of Deprez Invest NV), Food Invest International NV (as permanent representative of Deprez Invest NV) and Les Prēs Salēs NV (as permanent representative of Deprez Invest NV).

Vijverbos NV, Managing Director, represented by Herwig Dejonghe (53 years old), permanent representative

Executive, non-independent director, representative of the majority shareholder

In his capacity of permanent representative, Herwig Dejonghe represents Vijverbos NV, which was appointed Managing Director since May 2000.

Since 14 July 2011 Herwig Dejonghe has been COO of the PinguinLutosa Group and in that capacity is primarily responsible for the commercial operational management and for the market intelligence for the strategic projects in the three divisions.

Vijverbos was reappointed as executive, non-independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 5 years.

Herwig Dejonghe graduated as a Commercial Engineer from UFSIA and began his career at Pinguin in 1982 as marketing director. In 1986 he became sales director and as of 1992 Managing Director and General Manager (CEO). Herwig Dejonghe is also a consular commercial judge at the Commercial Court of Kortrijk. Herwig Dejonghe has been active in UNIZO since 1999. He is a member of the national executive committee and until June 2007 was chairman of UNIZO International.

Herwig Dejonghe is a member of the Board of Directors of several companies belonging to the PinguinLutosa Group : Pinguin Salads BVBA, PinguinLutosa Foods SA (as permanent representative of Vijverbos NV), G&L Vandenbroeke Olsene NV (as permanent representative of Vijverbos NV), Pinguin Langemark NV, Pinguin Foods UK Ltd and Vanelo NV (as per-

manent representative of Vijverbos NV). In addition, he is also a member of the Board of Directors of various other companies and organisations, including Unizo Diensten Roeselare Izegem VZW, Midcentrum CVBA, Unizo Vorming VZW, Sociaal Bureau Middenstand VZW, Centrum voor Accountancy Unizo Roeselare Izegem VZW, Vlaamse Vereniging voor Watersport Nieuwpoort VZW, De Boskant VZW, Stop aux Dechets VZW, Unie van Zelfstandige Ondernemers Regio Midden West Vlaanderen VZW, and Pinguin Invest NV.

Management Deprez BVBA, director, represented by Veerle Deprez (52 years old), permanent representative

Non-executive, non-independent director, representative of the majority shareholder

In her capacity of permanent representative, Veerle Deprez represents Management Deprez BVBA, which was appointed by the Board of Directors´ meeting of 9 November 2005 via cooptation as director to replace Demafin BVBA. The appointment of Management Deprez BVBA as non-executive, non-independent director was ratified during the Annual General Meeting of 10 November 2006.

Management Deprez BVBA was reappointed as non-executive, non-independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 6 years.

Veerle Deprez began her career at Alcatel Bell in 1980 and in 1987, together with her brother Hein Deprez, laid the foundations for what would later become the Univeg group. Veerle Deprez also holds several director´s mandates in port-related companies.

Veerle Deprez is also a member of the Board of Directors of several companies, including: Shipex NV (as permanent representative of Management Deprez BVBA), DS Consult NV, Nova Holding NV, IFW NV, Scana Noliko Real Estate NV, De Binnenakkers NV, Ruris NV, Dreefvelden NV (as permanent representative of Deprez Invest NV), Deprez Immo NV (as permanent representative of Management Deprez BVBA), Nova Natie Logistics NV (as permanent representative of Management Deprez BVBA), Peltracom NV (as permanent representative of Management Deprez BVBA), Novatrans NV (as permanent representative of Management Deprez BVBA), Deprez Invest NV (as permanent representative of Management Deprez BVBA), Agrofino Transport BVBA (as permanent representative of Management Deprez BVBA), Food Invest International NV (as permanent representative of Management Deprez BVBA), 2 D NV (as permanent representative of Management Deprez BVBA), Peatinvest NV (as permanent representative of Management Deprez BVBA), Nova Holding NV (as permanent representative of Management Deprez BVBA), IFW NV (as permanent representative of Management Deprez BVBA), Deprez Holding NV (as permanent representative of Management Deprez BVBA), Reuver NV (as permanent representative of Management Deprez BVBA) and Les Prēs Salēs NV (as permanent representative of IFW NV).

Bonem BVBA, director, represented by Marc Ooms (60 years old), permanent representative

Non-executive, non-independent director

Marc Ooms represents Bonem BVBA in his capacity of permanent representative.

It was appointed as non-executive, non-independent director by the Annual General Meeting of 9 November 2007.

Bonem BVBA was reappointed as non-executive non-independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. Its mandate has a term of 5 years.

Marc Ooms has many years of experience in the financial sector, among others as managing director of Petercam.

Marc Ooms is also a member of the Board of Directors of several companies, including: BMT NV (as permanent representative of Bonem BVBA), Food Invest International NV (as permanent representative of Bonem BVBA), European Bulk Terminals NV (as permanent representative of Bonem BVBA), Regima Europe BVBA (as permanent representative of Bonem BVBA), IVC NV (as permanent representative of Bonem BVBA), Deprez Holding NV (as permanent representative of Bonem BVBA), Financiere Sainte Gudule CVBA, Phalenes NV and Kaaitheater VZW.

Jean-Michel Jannez (51 years old), director

Non-executive, non-independent director

Jean-Michel Jannez was appointed as non-executive non-independent director at the Annual General Meeting of 20 May 2011, and the mandate as director will expire at the close of the Annual General Meeting of 2015. His mandate has a term of 5 years.

He is chief executive officer of Union Fermière Morbihannaise, which holds a major participating interest in Food Invest International NV.

Jean-Michel Jannez is also a member of the Board of Directors of several companies, including : Food Invest International NV, Les Fils de Armand Depenne SAS, Conserverie Morbihannaise Dumenil et Cie SA, Etablissements Rene Maingourd SCA, Société Conserves du Blaisois SICA SA, Hofice SAS, Moreac Surgeles SAS, Coopérative Agricole de Broons SCA, Ovociel SA, SARL Du Jarlot, G.I.E., Informatique du Groupe Cecab GIE, SCI La Rochoise SCI, Eurocopa SAS, Volailles de l´Odet SAS, Centrale Cooperative Agricole Bretonne SCA, Union de Coopératives Agricole Aliouest SCA, Union Fermière Morbihannaise SCA, Compagnie Générale de Surgélation Bretagne Surgel SAS, Val d´Aucy SA, JAP SAS, C.G.B. SAS, Financière du Fromeur SAS, Tremorel Conditionnement SAS, Les Fermiers de Bretagne SA, SCI du Lomogan SCI, Financière du Forest SA, Compagnie Générale de Conserve SICA SCA, Avicole Bretonne Cecab Distribution SAS, Compagnie Générale de Produits Alimentaires Peny SAS, Boutet Nicolas SAS, Société de Gestion Industrielle et Commerciale Sogeico Sarl, C.G.P.E. SAS, Groupe Cecab GIE, Société Houel SA, Elévage de Saint Cheron des Champs SA, De la Vallée de la Lys SAS, Matines SAS, HBC SAS and PEP SAS.

Jozef Marc Rosiers (55 years old), director

Non-executive, non-independent director

Jozef Marc Rosiers is the adviser of the Executive Committee of the Belgian Farmers' Union and Director of Research. He is particularly involved in the strategic development of the agricultural sector in Belgium and in the lobby process for a sustainable agricultural future in Flanders. He is a member of the investment committee of Agri Investment Fund CVBA and the Gimv-Agri+ Investment fund NV. He is also the company director of Iscal Sugar SA/NV.

Before he joined the Belgian Farmers' Union in 2008, Jozef Marc Rosiers was Director-General of the General Society of Sugar Manufacturers of Belgium, a non-profit organisation based in Brussels (1996-2008). He was responsible for the lobby process that contributed to the successful reorganisation of the sector. As Director of Strategic Planning of the Van Roey Group (1989-1996), he was responsible for the business plans and budgets, the development of new business activities, management information, critical analysis and reporting from and to the operational companies.

Jozef Marc Rosiers has a Master of Science degree in Economics from the London School of Economics (1981) and a Master's degree in Economics from Katholieke Universiteit Leuven (1980).

After Agri Investment Fund took over the participation of KBC Private Equity SA/NV, the general meeting of 2 December 2011 appointed Jozef Marc Rosiers as director, replacing Gert Van Huffel, the former director and representative of KBC Private Equity SA/NV in the Board of Directors. The mandate will expire when the annual general meeting of 2015 closes.

Peter Maenhout (47 years old), director

Non-executive, non-independent director

As Executive Vice President, Peter Maenhout is responsible for the Gimv-XL fund and the Belgian buyout and growth capital activities. Before this he headed the Benelux office of the investment advisor Amber Capital. Previously he was active in mergers and acquisitions and capital market transactions at Petercam and Generale Bank.

Peter Maenhout holds master degrees in International Relations (UG) and Finance (Vlerick) and an MBA from the University of Chicago.

Peter Maenhout was appointed as director by the General Meeting of 15 February 2012. The mandate will expire at the close of the Annual General Meeting of 2015.

Alain Keppens (45 years old), director

Non-executive, non-independent director

Alain Keppens began his career at Gimv as a financial analyst in 1992. Over the years he was promoted to investment manager and investment director.

At present Alain is the head of Buyouts and Growth Belgium, and thus responsible for a team of 7 private equity professionals (and support personnel) that invests in small and medium-sized MBO´s and growth capital transactions. The team manages a portfolio of around €200-€250 million that includes approximately 25 companies.

He is also involved in the Gimv XL fund, a private equity fund of €609 million, with a focus on larger transactions.

Alain Keppens exercises a part of his responsibilities as a member of the Board of Directors of several companies in which participating interests are held.

Alain Keppens has a Master in Applied Economics (University of Antwerp) and a Master of Business Administration (University of Antwerp + Marquette University - Milwaukee USA).

Alain Keppens was appointed as director by the General Meeting of 15 February 2012. The mandate will expire at the close of the Annual General Meeting of 2015. In april 2013 Alain Keppens has communicated his intention to stop his mandate and hence no longer take the position of director. The General Assembly will be asked to confirm this.

Within the framework of art. 96 §2.6° of the Company Code, the company has not yet taken any measures to ensure that at least one-third of the members of the Board of Directors are of a different sex than that of the other members, but it is paying great attention to having a sufficiently diversified gender policy and in the future will be taking steps to increase the percentage of female directors.

During the past year the Board of Directors has been engaged with:

- The annual results, the annual financial statements and the annual report;
- Convening and setting the agenda of the General Meeting;
- Approval of budgets and investment projects;
- Long-range financial planning;
- Regular assessment of activities;
- Approval of press releases;
- Reporting by the committee chairmen;
- Claims and litigations;
- Creation of a strategic committee and strategy of the company;
- Financing and optimisation of the financial structure and club deal financing;
- Operational organisation;
- Reorganizations and changes in group structure and organisation chart;
- Plan to sell the Lutosa division;
- Mergers and acquisitions.

The terms of office of all Board members expire after the Annual General Meeting to be held in 2015.

Evaluation

Under the direction of the Chairman, the Board of Directors reviews its size, composition and functioning bi-annually, as well as the size, composition and functioning of the Committees and the interaction with the management team. This self-assessment is prepared by the Appointment and Remuneration Committee.

The non-executive directors regularly evaluate their interaction with the executive management. To do so they meet at least once a year in the absence of the CEO and the other executive directors.

The task fulfilment as well as the role and the responsibilities of each individual director are periodically evaluated. This evaluation focuses on adapting the composition of the Board of Directors in order to take account of changed circumstances.

On the occasion of reappointments, the commitment and effectiveness of the directors involved are assessed in conformity with a previously-established procedure.

The Board of Directors acts on the basis of the results of the evaluation by addressing its strengths and weaknesses. If applicable, this entails that new members are proposed for appointment, that it is proposed not to reappoint existing members, or that steps are taken which are deemed useful for the effective functioning of the Board of Directors.

STRATEGIC COMMITTEE

The mission of the Strategic Committee is to advise the Board of Directors about the key points of the company's general policy and strategy. The Strategic Committee will focus on e.g. the vertical integration from Agriculture and production through marketing and sales, strategic orientation, the expansion policy, human resources, the organisation, mergers & acquisitions, etc.

The Strategic Committee has 6 members:

- Mavac BVBA, permanently represented by Mrs Marleen Vaesen: CEO;
- Deprez Invest NV, permanently represented by Mr Hein Deprez: non-executive director;
- Vijverbos NV, permanently represented by Mr Herwig Dejonghe: executive director;
- Mr Peter Maenhout: non-executive director;
- Mr Jozef Marc Rosiers: non-executive director;
- Ardiego BVBA is permanently represented by Mr Arthur Goethals: independent director;

The Strategic Committee met for the first time in the past financial year.

During the past year ending as per 31 March 2013 the Strategic Committee has been engaged with:

- Practical organisation of the committee and the most important responsibilities of the committee;
- Sale of Lutosa & financial structure after sale of Lutosa division;
- Establishment of long-range planning of the Group.

The planning for the current financial year contains four meetings.

AUDIT COMMITTEE

The Audit Committee has been set up to assist the Board of Directors in reviewing the company's financial statements. It also helps the Board to check compliance with legal and judicial regulations, and to assess the competence and independence of the statutory auditor. The Board of Directors believes that the members of the Audit Committee are sufficiently capable of fulfilling their role, so that it is not necessary to follow the recommendation of the Corporate Governance Code on having a majority of independent directors in the Audit Committee.

The Audit Committee has 4 members:

- Mr Frank Donck, president;
- The Marble BVBA, permanently represented by Mr Luc Van Nevel;
- Management Deprez BVBA, permanently represented by Mrs Veerle Deprez;
- Mr Alain Keppens.

In accordance with article 526bis of the Company Code, the Group declares that the president of the Audit Committee, Mr Frank Donck, complies with the independence principles and disposes of the sufficient aptitudes with regard to accounting and auditing matters. The members of the Audit Committee are sufficiently independent and capable of fulfilling their role, so that it is not necessary to follow the recommendation of the Corporate Governance Code on having a majority of independent directors in the Audit Committee.

The Chief Financial Officer is invited to the Audit Committee meetings.

The Audit Committee has engaged with the following subjects throughout the financial year ending 31 March 2013:

- The half year and annual results and reviewing the consistent application and any changes in valuation and accounting principles;
- The course and evaluation of the external audit;
- Evaluation and control of the one-to-one rules;
- Real estate transactions;
- Mergers and acquisitions;
- Internal control;
- New reporting template;
- Various items of attention.

After every meeting the chairman of the Audit Committee reports to the Board of Directors on these items. The Audit Committee advises the Board of Directors on these items.

The Audit Committee met on 4 occasions over the past financial year. The statutory auditor was invited to and attended 2 meetings.

NOMINATION AND REMUNERATION COMMITTEE

A Nomination & Remuneration Committee has also been established within the Board of Directors. The Nomination & Remuneration Committee supports the Board of Directors in the execution of its task in the preparation of the (re)appointment of directors and appointments of the Members of the Management Committee, and in the execution of its tasks with respect to the remuneration policy and the individual compensation of Directors and Members of the Management Committee. The Nomination and Remuneration Committee possesses the necessary expertise in the area of remuneration policy.

The Nomination and Remuneration Committee has 3 members:

- The Marble BVBA, permanently represented by Mr Luc Van Nevel; President
- Ardiego BVBA, permanently represented by Mr Arthur Goethals;
- Management Deprez BVBA, permanently represented by Mrs Veerle Deprez;

Mr. Peter Maenhout is also invited to the meetings of the Nomination and Remuneration Committee as an observer.

The Chief Financial Officer and the Chief Executive Officer are also invited to the meeting. The CEO takes part with an advisory vote in the meetings of the Nomination and Remuneration Committee when it discusses the remuneration of the other executive directors. The CFO and the CEO do not take part in the discussions on their own remuneration.

The Nomination and Remuneration Committee met on 2 occasions on the past financial years to discuss, among other things:

- Determination of the variable remuneration for the executive directors;
- Discussion on the composition of the Management Committee;
- Results of the Human Resources internal audit and the follow-up;
- Preparation of the remuneration report;
- Remuneration of the corporate management team and other key managers.

ATTENDANCE

04/2012-03/2013 (12 months)	Board of Directors	Audit Committee	Nomination and Remuneration Committee
Total number			
BVBA The Marble	14/14	4/4	2/2
NV Deprez Invest	13/14		
NV Vijverbos	13/14		
BVBA Management Deprez	14/14	3/4	2/2
BVBA Bonem	14/14		
Frank Donck	13/14	4/4	
BVBA Ardiego	10/14		2/2
Jean-Michel Jannez	8/14		
Jozef Marc Rosiers	13/14		
Peter Maenhout	12/14		
Alain Keppens	12/14	4/4	

MANAGEMENT COMMITTEE

The Group invests not only in machines, but more importantly in people. Continuing expansion, automation and optimisation require a strong team of motivated and competent people. People are central to the company. A strong group spirit is nourished by a dynamic management team. Experience and new ideas need to go hand in hand. The Management Committee is no committee of directors in the sense of article 524bis of the Company Code.

The Management Committee consists per 31 March 2013 of:

- Mavac BVBA, permanently represented by Mrs. Marleen Vaesen, CEO;
- The New Mile BVBA, permanently represented by Mr. Steven D'haene, CFO;
- Vijverbos NV, permanently represented by Mr. Herwig Dejonghe, COO;
- Haluvan BVBA, permanently represented by Mr. Hans Luts, responsible for the Deep-frozen Vegetable division; and
- Mr. Dominiek Stinckens, responsible for the Canning division.

As from 1 November 2012 onwards, the division responsible of the potato division, Dynobrion BVBA, permanently represented by Mr. Erwin Wuyts, is no longer member of the PinguinLutosa group management following the announced sale of the Lutosa division.

The Board of Directors has mandated the Management Committee to undertake the day-to-day activities of the company. In the light of the company's values, its approach to risk and the key elements of its policy, the Management Committee has sufficient leeway to present and implement the company strategy.

STATUTORY AUDITOR

The auditing of the company's annual accounts has been entrusted to Deloitte Bedrijfsrevisoren BV under the form of a CBVA, whose registered office is at Berkenlaan 8B, 1831 Diegem, represented by Mr Kurt Dehoorne and Mr Mario Dekeyser, auditor, whose office is at 8500 Kortrijk, President Kennedypark 8A.

This involves auditing the statutory annual financial statements of Pinguin NV, Pinguin Langemark NV, Pinguin Salads BVBA, PinguinLutosa Foods NV, Vanelo NV and G&L Van Den Broeke-Olsene NV, as well as the consolidated financial statements of Pinguin NV. As part of the consolidation exercise, partial audits were undertaken of the foreign subsidiaries Pinguin Aquitaine SAS, D'aucy do Brasil Ltda, Pinguin Foods Deutschland Gmbh, M.A.C. Sarl, Lutosa France Sarl, Lutosa UK Ltd., Lutosa España SA, Lutosa América Latina Ltda, PinguinLutosa Japan K.K., PinguinLutosa Foods Shanghai Ltd., PinguinLutosa Italia Srl., Pinguin Foods CEE Gmbh, Compagnie Générale de Surgélation – Bretagne Surgel S.A.S., CGB S.A.S., Pinguin Comines S.A.S., Pinguin Foods Polska Sp. Z.o.o., Pinguin Foods Hungary Kft.

The auditing of the statutory annual accounts of Pinguin Foods UK Limited has been entrusted to Deloitte & Touche LLP, Chartered Accountants and Registered Auditors, Cambridge, UK, represented by Mr Richard Knight.

The auditing of the statutory annual accounts of Pinguin Foods Hungary Kft has been entrusted to BDO Hungary, represented by Mrs. Suzanna Nagy.

The auditing of the statutory annual accounts of Pinguin Foods Polska S.p.z.o.o has been entrusted to Mazars Audyt SP.z.o.o. , represented by Mr Olivier Degand.

The auditing of the statutory annual accounts of Scana Noliko Holding NV, Scana Noliko NV, en B.N.D. Internationale Telersvereniging CVBA has been entrusted to Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprise B.V. under the form of a C.V.B.A., represented by Mr. Dominique Roux, auditor.

REMUNERATION REPORT

Description of the procedure used during the past financial year in order (i) to develop a remuneration policy for the non-executive directors and members of the executive management and (ii) to set the remuneration of the individual non-executive directors and members of the executive management

The remuneration policy and annual fees for attending the meeting for non-executive directors is set by the Board of Directors at the proposal of the Nomination and Remuneration Committee, thereby taking into account market standards, the listed character and the scope of the company and the industry of PinguinLutosa. The remuneration policy set by the Board of Directors and the attendance fees are subsequently approved by the General Meeting.

The remuneration policy for the members of the Management committee is set by the Board of Directors at the recommendation of the Nomination and Remuneration Committee. This procedure takes place in absence of the members of the Management committee. The remuneration is set to attract, motivate and retain highly qualified and promising management talent, and to ensure that the interests of managers and all stakeholders of PinguinLutosa are aligned. This is done according to available benchmarking studies by independent agencies.

Statement of the remuneration policy for non-executive directors and executive management, as applicable for the past financial year

The remuneration of the independent and the other non-executive directors is made up of a fixed remuneration and a fee for attending the meetings of the Board and the Committees within the Board (including attendance by video conferencing or telephone conferencing), payable semi-annually. The remuneration also pays due regard to a director's specific role, i.e. as Chairman of the Board of Directors, Chairman or member of a Committee and the associated responsibilities and expenditure of time.

On the proposal of the Nomination and Remuneration Committee, the General Meeting may further decide to grant a fixed remuneration to one or more independent or other non-executive directors.

The directors that have executive functions within Pinguin NV or in one of its subsidiaries do not receive an additional compensation for their mandate as director. They do receive a management remuneration as members of the Management Committee.

On 1 November 2012, Mavac BVBA was appointed by the Board of Directors as CEO to replace Deprez Invest NV. Deprez Invest NV became a non-independent, non-executive director. Since 2013, Deprez Invest receives a fixed compensation as non-executive director.

Thus since 1 November 2012 the day-to-day management of the PinguinLutosa Group has been exercised by Mavac BVBA, with as permanent representative Mrs Marleen Vaesen, CEO of the PinguinLutosa Group. Marleen Vaesen began her career in 1982 at Procter & Gamble, where she held a number of different marketing positions, the last being European Marketing Manager. In 1999 Marleen Vaesen became General Manager of Douwe Egberts Belgium, a subsidiary of Sara Lee. She was in charge of all the Belgian activities: retail, foodservice and the coffee roasting plant. In 2004 she was appointed Senior Vice President and was responsible for worldwide strategic planning and the development of innovations. As of 2006, as Regional Senior Vice President Coffee & Tea, Marleen Vaesen was responsible for the operating results of ten European Sara Lee sites. Marleen Vaesen earned an Applied Economics degree at the Catholic University of Leuven, an MBA at the University of Chicago, and participated in the Advanced Management Program at Harvard Business School. Marleen Vaesen is also a director at Roularta Media Group NV and Van de Velde NV.

The remuneration of the CEO and the members of the Management Committee is set by the Board of Directors at the recommendation of the Nomination and Remuneration Committee and consists of a fixed part and a variable part. The variable part always relates to performance of the past financial year. The variable part depends on the function and varies from 0 to 50% of the annual remuneration.

There are no performance bonuses in shares, options or other rights to acquire shares. The remuneration policy followed was not significantly adapted after the end of the financial year.

The remuneration policy is evaluated annually by the Nomination and Remuneration Committee.

Remuneration of the non-executive directors

The Chairman of the Board of Directors receives a fixed remuneration of €90,000 a year. He receives no additional remuneration such as fees for attending the Board of Directors or committee meetings.

The independent non-executive directors receive a remuneration that depends on their presence at board and committee meetings. This remuneration amounts to €1,500 per meeting. The non-executive directors receive in addition a fixed remuneration of €15,000 a year.

No variable remuneration was awarded to directors for performance with respect to their mandate for the financial year ending 31 March 2013.

There are no pension plans for directors, nor was there any long-term remuneration, severance pay or remuneration in shares paid out to the directors in the past financial year.

The total remuneration of Board members for the exercise of their mandate amounts to €0.5 million.

Directors' remuneration 01/04/2012- 31/03/2013 (12 months) *(in thousands of €)*	**Fixed remuneration**	**Attendance fees**	**Total**
BVBA The Marble	90		90
NV Deprez Invest	3.75	4.5	8.25
NV Vijverbos			
BVBA Management Deprez	15	28.5	43.50
BVBA Bonem	15	21	36
Frank Donck	15	25.5	40.5
BVBA Ardiego	15	18	33.00
Jean-Michel Jannez	15	12	27.00
Jozef Marc Rosiers	15	19.5	34.5
Peter Maenhout	15	18	39.00
Alain Keppens	15	24	33.00
Total	**213.8**	**171**	**474.8**

Remuneration of the CEO

The CEO has a management contract and receives a fixed remuneration that includes social security charges, taxes and group insurance.

The variable remunerations are linked to the achievement of qualitative criteria, taking into account the individual performance, and quantitative criteria, taking into account the results of the PinguinLutosa Group. These are explained further below.

On 1 November 2012, Mavac BVBA, permanently represented by Mrs Marleen Vaesen, was appointed by the Board of Directors as CEO to replace Deprez Invest NV.

The annual compensation of Deprez Invest NV in the capacity of CEO amounted to 90,000 euros for the financial year 2012-2013. No variable compensation was allocated. In the capacity of non-independent, non-executive director, Deprez Invest NV received €8,250.

The annual compensation of Mavac BVBA in the capacity of CEO amounted to 187,500 euros for the financial year 2012-2013. A variable compensation of €50,000 was allocated.

No additional bonuses were paid in the framework of a pension plan. No non-statutory were paid out, not in cash, nor in the form of share options or warrants.

Remuneration CEO 01/04/2012 – 31/03/2013 (12 months) *(in thousands of €)*	**Fixed remuneration**	**Variable remuneration**	**Other contractual obligation**	**Total**
Mavac BVBA [1]	187.5	50		236.3
Deprez Invest NV [2]	90		8.8	98.8

(1) for the period 01/11/2012-31/03/2013
(2) for the period 01/04/2012-01/11/2012

Remuneration of the members of the Management committee

In 2012-2013, members of the Management committee (excluding the CEO) received a remuneration of €1.1 million. This included a variable remuneration of €0.15 million and the repayment of expenses made of €0.04 million. The variable compensation was linked to the achievement of both qualitative criteria, taking into account individual performance, and quantitative criteria, taking into account the results. These are further explained below.

A number of the Management Committee members have a self-employed status, and receive a fixed remuneration which includes all social security charges, taxes, pension savings and a company car.

For the members of the Management Committee who exercise their task as employees the gross wages were included.

With respect to the members of the Management Committee that only were members of the management or of the Group during a part of the year, only the relevant amounts were included. It should be noted that the composition was changed during the past financial year.

The increase in the past financial year compared to 2011-2012 is due to the fact that:

- in the current presentation, the compensation of the COO is included as part of the Management Committee,

whereas last year this was presented together with the CEO compensation;
- the members of the Management Committee were now included for a complete year, with the exception of Dynobrion BVBA, which was only included for the period in which it formed a part of the Management Committee.

No non-statutory benefits were paid out, either in cash or in the form of share options or warrants.

No share options or other rights have expired or were exercised by the members of the Management Committee during the financial year.

Remuneration Management Committee members 01/04/2012 – 31/03/2013 (12 months) *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Number of persons at year end	5	6
- Basic remuneration	876	766
- Variable remuneration	150	83
- Remuneration as director of subsidiaries		
- Unpaid debt		
- Severance pay		
- Other benefits	49	79
Total	**1,075**	**928**

The other benefits consist mainly of the reimbursement of expenses incurred by members who operate on a self-employed basis on behalf of the PinguinLutosa Group: travel and accommodation expenses, etc. For the members who operate as employees, the other compensations concern the fringe benefits such as pension plan on the basis of a defined contribution from the employer or the reimbursement of incurred travel and accommodation expenses. For the Group executives operating on a self-employed basis, their services are invoiced to Pinguin NV. The above-mentioned amounts are therefore VAT exclusive. For members who operate as employees the gross annual remuneration is included. During the financial year, "fixed" employer contributions were made in an amount of 11,913 euros.

Evaluation criteria for the remuneration of the executive directors and members of the Management Committee

The members of the management team (including CEO and COO) receive a variable remuneration in addition to the fixed remuneration. This bonus plan is 75% based on quantitative REBITDA targets and 25% on qualitative personal objectives related to the exercise of the job. This can involve the efficiency of certain processes, the delivery of a number of projects, HR-related matters, etc.

The REBITDA targets are a combination of, firstly, the REBITDA target of the PinguinLutosa group and, secondly, the REBITDA targets of the respective divisions. Each division manager is evaluated in function of the group REBITDA and of his own division REBITDA on the basis of individual targets which are set at the beginning of the financial year in consultation with the CEO.

For the division manager, the division REBITDA has priority (50%), but also the group REBITDA is taken into account. The CEO, the COO and the CFO are only evaluated based on the group REBITDA.

The evaluation period corresponds to the financial year of the company. The payment takes place in the following year. The quantitative calculation is performed on the basis of audited figures by the CFO. The evaluation of the personal qualitative objectives is done by the CEO and the COO in consultation with the Nomination and Remuneration Committee and the Board of Directors.

The bonus plan is submitted each year to the Nomination and Remuneration Committee. Payments are not deferred over several years. The bonuses are definitively acquired.

Article 520ter, 2nd paragraph, Company Code is clear on the subject: "(...) Unless there are provisions of the articles of association to the contrary or there has been express approval by the General Meeting of Shareholders, at least one-fourth of the variable remuneration for an executive director in a company whose shares are admitted for trading on a market as intended in article 4 must be based on performance criteria that are established in advance and objectively measurable over a period of at least two years, and at least another fourth must be based on performance criteria that are established in advance and objectively measurable over a period of at least three years.

The obligation set forth in the preceding paragraph does not apply if the variable remuneration concerns one-fourth or less of the annual remuneration. (…)"

PinguinLutosa opts to always have the variable compensations of the executive directors approved by the General Meeting, irrespective of the size of such variable compensation.

In addition to the annual bonus plan, the Nomination and Remuneration Committee can decide ad hoc to award an exceptional bonus of the annual compensation when exceptional events have occurred or when special services were provided that were not planned at the beginning of the financial year concerned.

Declaration on an individual basis of the main provisions of the contractual relationship concerning severance pay with the CEO and with each of the executive managers.

Number of months contractually stipulated severance pay (in number of months)	**Number of months**
Mavac BVBA	12
Deprez Invest NV	3
Vijverbos NV	18
The New Mile BVBA	6
Dynobryon BVBA	6
Haluvan BVBA	3
Dominiek Stinckens	25

In the event of departure of an executive manager (including the CEO), the Board of Directors justifies and decides, at the proposal of the Remuneration Committee, whether the parties involved qualify for the departure compensation, and the basis on which it is calculated. No executive managers left during the past year.

Recovery provision

The company does not dispose of recovery rights with regard to the variable remuneration of the executive managers or the CEO, should it be awarded on the basis of incorrect financial data.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Corporate Governance Code, the Board of Directors has developed a policy with respect to transactions with related parties that do not fall under the conflict of interest regulations. Under this regime, all Directors, their permanent representatives and all members of the Management Committee shall give prior notice to the Board of Directors of all proposed transactions between them and Pinguin NV or one of its subsidiaries. Only the Board of Directors is authorised to decide whether Pinguin NV or the subsidiary concerned may enter into such a transaction. The Board of Directors will provide the reasons for its decision in its minutes and, in particular, will ensure that the transaction takes place at market terms. By way of exception, this prior approval by the Board of Directors of Pinguin NV is not required if the transaction concerned fits within the normal business activities of Pinguin NV or its subsidiary. In that case, the Board of Directors shall approve all transactions annually.

Application of art. 523 of the Company Code

Article 523 of the Company Code provides for a special procedure within the Board of Directors in the event that one or more directors or one or more permanent representatives of a director-company have a possible financial interest that conflicts with one or more decisions or transactions falling within the Board of Directors´ scope of authority. This procedure was applied three times in the past financial year.

Sale of the Lutosa division

On 19 July 2012, the Board of Directors discussed the possible sale of the Lutosa division, which was documented as follows in the minutes of the Board of Directors´ meeting:

> *"Deprez Invest NV and Hein Deprez declare that they have a functionally conflicting financial interest in connection with the possible sale of the Lutosa group by the Company since, within the framework of this sale of the Lutosa group, yet another transaction might take place, namely the sale of the shares of the company Les Prés Salés NV, owner of the property of the Lutosa group. The shareholders of Les Prés Salés NV are Deprez Invest NV and Deprez Holding NV. Deprez Invest NV is both director of the Company and director and shareholder of Les Prés Salés NV. Moreover, Hein Deprez, who is the permanent*

representative of Deprez Invest NV in the Board of Directors of the Company, is also a shareholder and director of Deprez Holding NV."

Management Deprez BVBA and Veerle Deprez declare that they have a functionally conflicting financial interest in connection with the possible sale of the Lutosa group since, within the framework of the Paola project, yet another transaction might take place, namely the sale of the shares of the company Les Prés Salés NV, owner of the property of the Lutosa group. The shareholders of Les Prés Salés NV are Deprez Invest NV and Deprez Holding NV. Management Deprez BVBA is director of both the Company and of Deprez Invest NV and Deprez Holding NV. Management Deprez BVBA is also a shareholder of Deprez Holding NV.

In conformity with article 523, § 1, paragraph 4, of the Company Code for companies which have made a call on public savings, they declare that they are not participating in the deliberations and the voting on the other agenda items.

They undertake to inform the statutory auditor of the Company of the application of the functionally conflicting interest immediately after the Board of Directors´ meeting."

The possible sale of the Lutosa division and the application of art. 523 was also discussed at the Board of Directors´ meetings of 24 July 2012, 14 August 2012, 28 August 2012, 4 September 2012, 5 September 2012, 26 September 2012, 11 October 2012, 14 November 2012, 22 January 2013, 19 March 2013.

Resolution of 24 July 2012:

The Board of Directors authorises Deprez Invest NV and Mr Deprez Hein to continue to negotiate, with it being specified that no formal or informal obligations may be entered into without securing the approval of the Board of Directors.

Resolution of 28 August 2012:

The Board of Directors does not approve the extension of the exclusivity period in favour of a single one of the candidate buyers, and decides that both candidate buyers may perform due diligence. The two candidate buyers shall receive the time until 4 September 2012 to refine the bids on the basis of their due diligence findings.

Resolution of 4 September 2012:

The Board of Directors asks to continue the negotiations with a single party on the basis of the present offer, whereby one must seek to include as strict a "walk away" clause as possible.

Resolution of 5 September 2012:

The Board of Directors agrees that a due diligence process be initiated and that the information be made available to a single one of the candidate buyers, on the basis of the indicative offer without the "walk away" clause.

Resolution of 26 September 2012:

The Board of Directors approves the extension of the exclusivity period by 14 days.

Resolution of 11 October 2012:

The Board of Directors approves the discontinuation of the process with a single party and the signing of a share purchase agreement with McCain and the extension of the exclusivity period in favour of McCain by 14 days.

Purchase of De Buitenakkers NV

On 14 November 2012, the Board of Directors had to pronounce on the approval of the purchase of the shares of NV De Buitenakkers. De Buitenakkers NV, a subsidiary of Food Invest International NV and Scana Noliko Real Estate NV, is the owner of an industrial production site located in Manschnow, Germany. De Buitenakkers leased these buildings and lands with a total surface area of 23,689 m² to PinguinLutosa.

Through the acquisition of the shares of De Buitenakkers NV, this production site becomes the property of the PinguinLutosa group.

This application was recorded as follows in the minutes of the Board of Directors´ meeting on 14 November 2012:

> *"In addition, Deprez Invest NV and its permanent representative Hein Deprez, on the one hand, and Management Deprez BVBA and its permanent representative Veerle Deprez, on the other, in their capacity as director of the Company, ask to make a declaration in application of article 523 of the Company Code since they might have a conflicting financial interest in connection with the agenda items concerning the possible sale of the De Buitenakkers company.*
>
> *Deprez Invest NV and Hein Deprez declare that they have a functionally conflicting financial interest. Deprez Invest NV is both director of the Company and director of Food Invest International NV, co-shareholder of De Buitenakkers NV. Moreover, Hein Deprez, who is the permanent representative of Deprez Invest NV in the Board of Directors of the Company, is also a shareholder and director of Deprez Holding NV.*
>
> *Management Deprez BVBA and Veerle Deprez declare that they have a functionally conflicting financial interest in connection with the purchase of the De Buitenakkers company by the Company. Management Deprez BVBA is both director of the Company and director and shareholder of Scana Noliko Real Estate NV, which is a co-owner of De Buitenakkers NV.*
>
> *In conformity with article 523, § 1, paragraph 4, of the Company Code for companies which have made a call on public savings, they declare that they are not participating in the deliberations and the voting on the other agenda items.*
>
> *They undertake to inform the statutory auditor of the Company of the application of the functionally conflicting interest immediately after the Board of Directors´ meeting."*

<u>Resolution of 14 November 2012:</u>

The Board of Directors approves the proposed transaction to acquire the shares of De Buitenakkers NV, for which a fair-market yield for the real property must be applied.

Acquisition of UFM participating interests

PinguinLutosa has at present a participating interest of 10% in real-estate companies in Poland, Hungary, France in which the production is conducted by operating companies belonging to the PinguinLutosa group.

The remaining 90% of the shares in the real-estate companies are the property of UFM. PinguinLutosa now has the possibility to buy the remaining 90% of the shares of the real-estate companies in Poland and Hungary as well as 56% of the shares of the French real-estate companies.

This application was recorded as follows in the minutes of the Board of Directors´ meeting on 22 January 2013:

> *"In addition, Deprez Invest NV represented by Mr Hein Deprez, Management Deprez BVBA represented by Mrs Veerle Deprez and Mr Jean-Michel Jannez in their capacity as directors of Pinguin NV ask to make a declaration in application of article 523 of the Company Code.*
>
> *Deprez Invest NV, Management Deprez BVBA and Jean-Michel Jannez request that their declarations be included, in application of article 523 of the Company Code, in the minutes of the Board of Directors´ meeting.*
>
> *Deprez Invest NV, Management Deprez BVBA and Jean-Michel Jannez declare that, in application of article 523, §1, paragraph 4 of the Company Code, they will not participate in the deliberation and the voting on the agenda items relating to the negotiations and the draft letter of intent between Pinguin NV and Union Fermière Morbihannaise SCA (UFM) with regard to the acquisition by Pinguin*

NV of certain participating interests of UFM in the real-estate companies in France, Poland and Hungary (the UFM Transaction). Deprez Invest NV, Hein Deprez, Management Deprez BVBA and Veerle Deprez, on the one hand, and Mr Jean-Michel Jannez, on the other, might have a financial interest in this connection because, simultaneous with the UFM Transaction, it is being planned for Deprez Holding NV to acquire the shares that UFM holds in Food Invest International NV. Deprez Invest NV, Management Deprez BVBA and Jean-Michel Jannez are directors of Food Invest International NV. Hein Deprez and Management Deprez BVBA are directors and shareholders of Deprez Holding. Jean-Michel Jannez is General Manager of UFM.

Deprez Invest NV, Management Deprez BVBA and Jean-Michel Jannez undertake to inform the statutory auditor of the company of the application of article 523 of the Company Code immediately after the Board of Directors´ meeting."

This application was also discussed at and recorded in the minutes of the Board of Directors´ meeting of 14 March 2013.

Resolution of 22 January 2013:
The Board of Directors gives a mandate to negotiate on the UFM transaction to Deprez Invest NV and Hein Deprez.

Resolution of 14 March 2013:
The Board of Directors approves the ´Letter of Intent´ for the UFM transaction.

Application of art. 524 of the Company Code
Article 524 of the Company Code provides for a special procedure that applies to certain intra-group transactions or transactions between Pinguin NV and related companies that are not subsidiaries of the former. This procedure was not applied in the past financial year.

More detailed information on the subject of the transactions with the related parties is given in the section " *7.4. Related Parties*" of the annexes to the Financial Report.

Measures for the prevention of market abuse
In compliance with provision 3.7 of the Corporate Governance Code, a dealing code was included in the Company's Corporate Governance Charter. In accordance with this dealing code, the Board of Directors keeps a list of insiders who could have regular or ad hoc access to inside information.

The dealing code imposes limitations on insiders with regard to transactions in securities of Pinguin NV during closed periods. The code also contains rules regarding the reporting duty of insiders concerning proposed transactions and the disclosure of implemented transactions via a report to the FSMA.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors of Pinguin NV is responsible for estimating the risks that are specific to the Company and for the evaluation of the effectiveness of the internal control.

PinguinLutosa has an internal control system based on the COSO model. The following pillars are discussed below: 'control environment', 'risk management systems and internal control', 'financial reporting and communication', and, to conclude, 'oversight and monitoring'.

The management has implemented a variety of controls to manage the risks that could undermine the achievement of the strategic spearheads and axes.

Control environment

General

PinguinLutosa is dedicated to conscious risk management based on a strong and comprehensive internal control system achieved by encouraging a company culture in which all personnel are empowered to fulfil their roles and responsibilities in accordance with the highest standards of integrity and professionalism.

PinguinLutosa's internal control system is structured to contribute to achieving the strategic spearheads (operational efficiency, quality guarantee, and sustainable development) and axes (clients-personnel-supplier satisfaction, innovation, internationalisation, growth and brand awareness).

Audit Committee

The Audit Committee investigates the system for internal control and risk management set up by the management of PinguinLutosa in order to confirm that the principle risks (including those related to compliance with legislation and regulations) are identified, managed and brought to the notice of the responsible individuals, in accordance with the framework established by the Board of Directors.

The Audit Committee investigates the specific regulations by which personnel of PinguinLutosa are able to express in confidence any concerns they have about possible irregularities concerning financial reporting or other matters. If it is considered to be necessary, arrangements will be made for an independent investigation and a suitable monitoring of these matters, in proportion to the alleged seriousness of the matter. Procedures are also being implemented by which personnel can inform the Chairman of the Audit Committee directly.

At least twice per year, the Audit Committee meets the auditor in the presence of the Management Committee to discuss with the auditor the subjects that fall under his remit and all matters that arise from the auditing process.

In addition, the management team is given a regular update on the pending disputes. In that respect, a quantified risk assessment and classification is always carried out.

Internal audit

The mission of internal audit is, along with the external auditor, to create an independent and objective evaluation of the risks and the internal control systems of the Group. The internal auditor formulates recommendations to the management for improving internal controls in terms of both efficiency and effectiveness. Functionally, the internal auditor reports to the Audit Committee. The Chairman of the Board of Directors also serves as a direct point of contract for the internal auditor. A conscious effort has been made to guarantee the independence of the internal auditor.

If necessary, the internal auditor calls on the support of a specialised external consultancy firm for the performance of his responsibilities. This makes it possible to place even higher demands and, at the same time, also stay up to date with respect to common practices within the internal auditing environment.

The position of internal auditor is currently open, after the internal auditor decided to pursue his career outside of PinguinLutosa. This position will be filled again, but until then PinguinLutosa has opted to continue the internal audit activities with the assistance of a specialised external firm.

Risk management systems and internal control

The most important aspects of the risk management and internal control process can be summarised as follows:

- the risk position of the company, the possible financial impact and the required action points are evaluated regularly by the management and by the Board of Directors, advised by the Audit Committee;
- then the Board of Directors discusses the strategy and investment projects, an evaluation is also made of the associated risks. Where needed, appropriate measures are taken;
- the legal disputes that could have a material financial impact on the company are discussed quarterly in the Audit Committee;
- the internal audit reports are always discussed with local management and a summary is discussed with the Audit Committee every half year.

For a discussion of the principal risks and the associated control activities, please see explanation *"6.20. Risk management policy"* of the Financial Report.

Financial reporting and communication

The financial reporting and communication process of Pinguin NV can be summarised as follows:

A closing plan with checklist is drawn up with the tasks that must be accomplished by the quarterly, semi-annually, and annual closing of Pinguin NV and its subsidiaries. The financial department provides the accounting figures under the supervision of the chief accountant. The controllers verify the validity of those figures and issue a report. Both coherence testing by making comparisons with historical or budgetary figures and transaction controls using random samples are performed. As part of the closing process, an extensive reporting set with financial and operational data must also be provided in each case.

The Audit Committee supports the Board of Directors in overseeing the integrity of the financial information provided by Pinguin NV. In particular, it confirms the relevance and the consistency of the application of the accounting standards used within the PinguinLutosa Group and 'inter alia' on the criteria for the consolidation of the accounts of the companies of the PinguinLutosa Group. The oversight covers the periodic information before it is published and is based on the audit program used by the Audit Committee. Management informs the Audit Committee about the methods that are used for to account for significant and unusual transactions of which the accounting treatment could be open to a variety of interpretations. The Audit Committee discusses the financial reporting methods with both the Management Committee and the external auditor.

Oversight and monitoring

Oversight of the internal controls is exercised by the Board of Directors, supported by the activities of the Audit Committee.

The external auditor carries out an annual evaluation of the internal controls related to the risk associated with the financial statements of Pinguin NV. In that regard, the external auditor of Pinguin NV has made several recommendations concerning the internal control and risk management systems. The recommendations were contained in a management letter that was discussed with the management. The management has undertaken action points to handle the findings and thereby achieve an even better control environment. Those points are being followed up by management as well as the internal audit function.

For monitoring the effectiveness and efficiency of the internal control system at the group level, a risk universe and audit plan has been defined and validated by the Audit Committee. The internal auditor assesses the effectiveness and efficiency of the internal control structure on the basis of the audit plan and reports to the Audit Committee.

PASTA

INFOR-MATION FOR SHARE-HOLDERS

SHARES

PinguinLutosa's shares have been listed on Euronext Brussels (stock code: PIN) since 1 March 2005. The PinguinLutosa share was introduced onto the Brussels Stock Exchange in June 1999. Pinguin NV has liquidity maintenance agreements with Bank Degroof and with Petercam.

The capital was represented by 16,459,520 shares which have the same rights on 31 March 2013. All shares are listed on the continuous market of Euronext Brussels, more specifically in the compartment C (small caps) of this market.

Market capitalization on 31 March 2013 was €205.3 million.

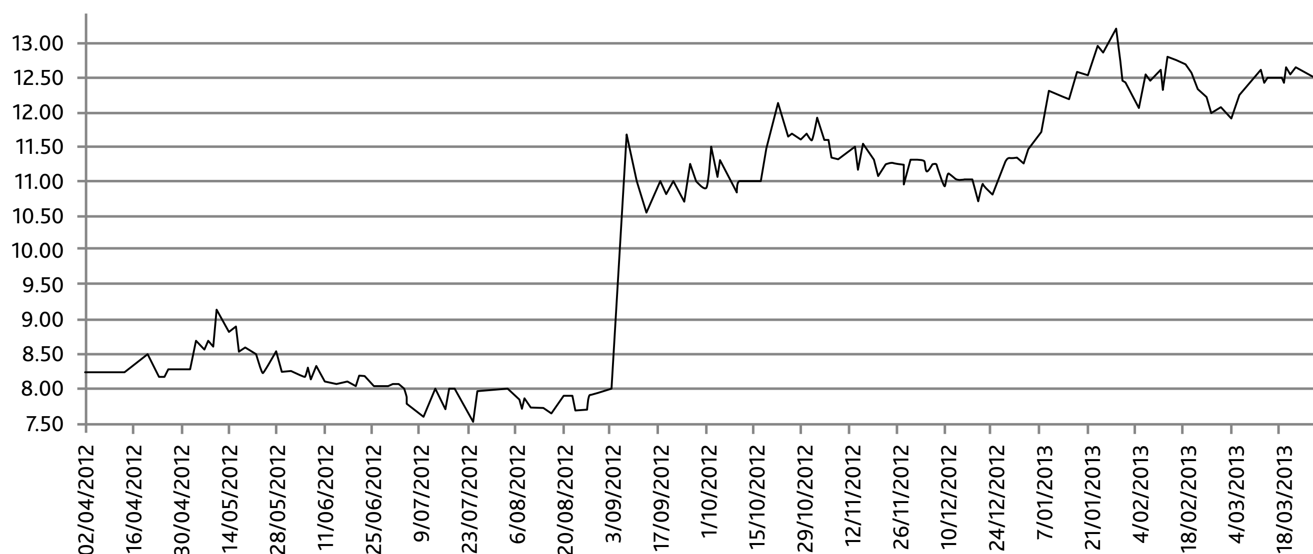
On 2 December 2011 the General Assembly of Pinguin NV issued 2,400,000 warrants for a total amount of €30.6 million (85% of the amount of the subordinate loan) with an initial exercise price of €12.75 which are subscribed by Gimv-XL (see note '6.13. Options and warrant plans').

SHARE TRADING EVOLUTION

The table below shows the key figures of the PinguinLutosa share:

	Financial year 2012-2013	Date	Financial year 2011-2012	Date
Highest price	13.20 €	29/01/2013	10.45 €	24/03/2011
Lowest price	7.50 €	24/07/2012	7.10 €	23/01/2012
Opening price	8.16 €	1/04/2012	9.67 €	3/01/2011
Closing price	12.47 €	28/03/2013	8.16 €	30/03/2012
Average daily trading volume	3,729		2,531	
Total number of shares	16,459,520		16,459,520	
Market capitalization	205,250,214 €		134,309,683 €	

The graph below shows the PinguinLutosa share price evolution during the 2012-2013 financial year:



TRADING VOLUME

The graph below shows the trading volume of PinguinLutosa shares by month:

Monthly trading volume	Financial year 2012-2013	Financial year 2011-2012
January		62,574
February		33,354
March		110,243
April	25,084	24,826
May	32,099	46,220
June	6,792	283,757
July	32,859	20,234
August	13,137	51,783
September	297,355	16,266
October	97,354	13,689
November	52,564	21,093
December	42,188	10,402
January	181,592	28,186
February	130,733	71,802
March	31,706	20,501

The average daily trading volume in 2012-2013 (12 months) was 3,729 shares, compared to 2,531 shares the year before (15 months).

CAPITAL STRUCTURE

On 31 March 2013 the capital was represented by 16,459,520 shares, which have the same rights.

SHAREHOLDER STRUCTURE

Every shareholder with at least 5% of the voting rights is required to comply with the act of 2 May 2007 concerning the disclosure of the major holdings, the Royal Decree of 14 February 2008 and the Company Code.

The legal thresholds of 5% apply. The people concerned are required to send a notification to the Commission for the Banking, Finance and Insurance Commission and to the company.

Based on the latest transparency declarations received by Pinguin NV on 23/02/2012 and 27/02/2012, the company's shareholder structure is as follows:

Shareholder structure 31/03/2013	Number of shares	%
Food Invest International	3,377,461	20.52%
2 D NV	3,243,293	19.70%
Agri Investment Fund	1,776,393	10.79%
Familie Dejonghe**	1,015,057	6.17%
Lur Berri SCA	934,264	5.68%
Sill SA	90,197	0.55%
Volys Star NV	42,894	0.26%
Gimv-XL***	2,842,228	17.27%
Public*	3,137,733	19.06%
TOTAL	**16,459,520**	**100.00%**

* *including shares at Primco, Degroof Corporate Finance and employees*

** *includes following shareholders: Vijverbos NV, Kofa BVBA, Koen Dejonghe, Herwig Dejonghe, Pinguin Invest NV and Burgerlijke Maatschap Dejonghe-Dejonckheere*

*** *includes following shareholders: Gimv-XL Partners Comm. Vennootschap, Gimv NV and Adviesbeheer Gimv-XL NV*

An overview of all current notifications received by Pinguin-Lutosa, and the corresponding shareholder structure, is available on our website www.greenyardfoods.com under the heading *"Financial information > Information for the shareholders > shareholder structure and transparency"*. The last transparency notification is published in the annual report of the company and on the website.

MAJOR CHANGES IN SHAREHOLDER STRUCTURE

In the accounting year that closed on 31 March 2013 (12 months) there were no major changes in shareholder structure.

ELEMENTS WHICH MIGHT HAVE AN IMPACT IN CASE OF A PUBLIC TAKEOVER BID

Pursuant to Article 34 of the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market, an overview of elements that could have an impact in the event of a public takeover bid for the shares of Pinguin NV is shown below.

Statutory limitation to the exercise of voting rights
Article 8 of the Articles of Association of Pinguin NV states that, if a shareholder has not fully paid up his shares as requested by the Board of Directors within the period stated by the Board of Directors, the exercise of the voting rights associated with the shares concerned will be legally suspended until such time as the payment has been completed. On 31 March 2013, however, the capital was fully paid up.

Shareholders' agreements that are known to the issuer and that could give rise to share transfer restrictions and/or limitations to the exercise of the voting rights.
The Board of Directors has no knowledge of shareholder agreements that could give rise to share transfer restrictions or to limitations to the exercise of the voting right, except for the following agreements:

- agreement of 1 September 2003 and September 2003, respectively, between STAK Pinguin (Food Invest International NV) and Volys Star NV and between STAK Pinguin and Sociëté Industrielle Laitière du Leon SA (SILL);
- agreement of 17 September 2003 between STAK Pinguin (Food Invest International NV) and Lur Berri SCA
- agreement of 15 February 2012 between Food Invest International NV, Agri Investment Fund CVBA (AIF) and Pinguin NV.
- agreement of 15 February 2012 between Gimv NV, Gimv-XL Partners Comm. VA, Adviesbeheer Gimv-XL NV (together Gimv XL), Food Invest International NV, Pinguin NV and Hein Deprez.

These shareholders agreements were originally entered into by STAK Pinguin. However, following the decertification of all certificates issued by STAK Pinguin the rights and obligations of STAK Pinguin were transferred to Food Invest International NV.

1. Agreement of 1 September 2003 and September 2003, respectively, between STAK Pinguin (Food Invest International NV) and Volys Star NV and between STAK Pinguin and Sociëté Industrielle Laitière du Leon SA (SILL).

These agreements do not provide for special control rights for the parties. The parties have not made any voting agreements.

The shareholders' agreements include both a right of first refusal in favour of STAK Pinguin (Food Invest International NV) and a tag-along right in favour of Volys Star NV and SILL, respectively:

(a) on the basis of the right of first refusal, Volys Star NV and SILL, respectively, commit to first offer their shares in Pinguin NV to STAK Pinguin (Food Invest International NV), if they wish to transfer all or some of their shares in Pinguin NV. The exercise period of the right of first refusal expires on 31 December 2013. The price at which the right of first refusal can be exercised is equal to the price offered by the prospective buyer to the perspective seller.

(b) on the basis of the tag-along right, Volys Star NV and SILL, respectively, have the right to sell their shares in Pinguin NV to a third party who acquires all or a majority of the shares that STAK Pinguin (Food Invest International NV) holds in Pinguin NV. The tag-along right can be exercised at the same price, conditions and modalities as those offered by the third party. The exercise period of the tag-along right expires on 31 December 2013.

2. Agreement of 17 September 2003 between STAK Pinguin (Food Invest International NV) and Lur Berri SCA

STAK Pinguin (Food Invest International NV) and Lur Berri SCA have entered into a shareholders' agreement. The agreement does not provide for special control rights for the parties. The parties have not made any voting agreements.

The shareholders' agreement comprises both a right of first refusal and a tag-along right:

(a) On the basis of the right of first refusal, each shareholder (STAK Pinguin (Food Invest International NV) or Lur Berri SCA) that wants to transfer all of its shares in Pinguin NV, commits to offer them first to the other shareholder (Lur Berri SCA or STAK Pinguin (Food Invest International NV)). The exercise period of the right of first refusal expires on 31 December 2013. The price at which the right of first refusal can be exercised is equal to the price offered by the prospective buyer to the prospective seller.

(b) on the basis of the tag-along right, Lur Berri SCA, to the extent that it does not exercise its right of first refusal, has the right to sell its shares in Pinguin NV to a third party who acquires all or a majority of the shares that STAK Pinguin (Food Invest International NV) holds in Pinguin NV. The tag-along right can be exercised at the same price, conditions and modalities as those offered by the third party. The exercise period of the tag-along right expires on 31 December 2013.

An anti-dilution clause has been included in the shareholders' agreement with Lur Berri SCA. To the degree that Lur Berri SCA would not be able to exercise its preferential rights to maintain the level of its participation in the event of a capital increase of Pinguin NV, a shareholders realignment or in absence thereof a transfer of preferential rights to Lur Berri SCA by STAK Pinguin (Food Invest International NV) or an additional issue of shares in favour of Lur Berri SCA has been provided for.

3. Agreement of 15 February 2012 between Food Invest International NV, Agri Investment Fund CVBA (AIF) and Pinguin NV.

This agreement does not provide for special control rights for the parties. The parties have not made any voting agreements.

The shareholders´ agreement contains both a right of first refusal in favour of Food Invest International NV and AIF and a tag-along right in favour of AIF:

(a) On the basis of the right of first refusal, each shareholder (Food Invest International NV, or AIF) that wishes to transfer all of its shares in Pinguin NV, undertakes to first offer them to the other shareholder (either Food Invest International NV, or AIF). The exercise period of the right of first refusal will expire on 15 February 2022. The price at which the right of first refusal can be exercised is equal to the price offered by the prospective buyer to the prospective seller.

(b) On the basis of the tag-along right, AIF, in so far as it does not exercise its right of first refusal, has the right to sell its shares in Pinguin NV to the third party who acquires all or a majority of the shares that Food Invest International NV holds in Pinguin NV. The tag-along right can be exercised at the same price, conditions and terms as those offered by the third party. The exercise period of the tag-along right will expire on 15 February 2022.

The shareholders´ agreement provides for a standstill period on the part of AIF that will expire on 1 December 2017.

4. Agreement of 15 February 2012 between Gimv NV, Gimv-XL Partners Comm. VA, Adviesbeheer Gimv-XL NV (together Gimv XL), Food Invest International NV, Pinguin NV and Hein Deprez.

These agreements do not provide for special control rights for the parties. The parties have not made any voting agreements.

The shareholders´ agreement contains a right of first refusal in favour of Food Invest International NV and a tag-along right in favour of Gimv-XL:

(a) On the basis of the right of first refusal, Gimv-XL undertakes, if it wishes to transfer at least 5% of the Pinguin NV shares and in so far as Food Invest International directly or indirectly still holds at least 30% of the Pinguin NV shares, to first offer them to Food Invest International NV. The exercise period of the right of first refusal will expire on 15 February 2022. The price at which the right of first refusal can be exercised is equal to the price offered by the prospective buyer to the prospective seller.

(b) On the basis of the tag-along right, Gimv-XL, in so far as it does not exercise its right of first refusal, has the right to sell its shares in Pinguin NV to the third party who acquires all or a majority of the shares that Food Invest International holds in Pinguin NV. The tag-along right can be exercised at the same price, conditions and terms as those offered by the third party. The exercise period of the tag-along right will expire on 15 December 2022.

The shareholders' agreement provides for a standstill period on the part of Food Invest International NV until the earliest of (i) 31 December 2016 or (ii) the day that Gimv-XL holds less than 10% of the outstanding capital of Pinguin NV. A standstill period is also provided for on the part of Gimv-XL which will expire on 1 January 2015.

Authority of the Board of Directors to issue or purchase own shares

In accordance with article 7 of the articles of association, the Board of Directors is authorised to increase the subscribed capital one or more times, as of the date of the notification by the FSMA to the company of a public takeover bid on the shares of the company, by contribution in cash with suspension or limitation of the preferential right of the existing shareholders or by contribution in kind in conformity with article 607, 2° of the Company Code. This authority was granted for a period of three years counting from the publication of the determination of the implementation of the capital increase that was decided at the Extraordinary General Meeting of 15 February 2012 and can be renewed.

Furthermore, in accordance with article 12 of the articles of association, the Board of Directors is expressly authorised, in compliance with the provisions of the Company Code, to acquire by purchase or exchange or to alienate its own shares, without a preliminary resolution of the General Meeting being required, directly or via a person acting in his own name, but for the account of the company, or via a direct subsidiary within the meaning of article 627 of the Company Code, if this acquisition or alienation is necessary in order to avoid an imminent serious disadvantage for the company. This authorisation applies for a period of three years counting from the publication of the authorisation resolution of the Extraordinary General Meeting of 2 December 2011. This authorisation can be renewed in accordance with article 620 of the Company Code.

Important agreements that take effect, undergo changes or expire in the event of changes of control of the company

In the context of the club deal financing, a 'Change of Control' clause has been included in the '€250,000,000 Senior Multicurrency Term and Revolving Facilities Agreement', as amended on 19 July 2011 between the PinguinLutosa Group and the bank syndicate with ING Belgium NV as Lead Arranger, providing for the bank to demand repayment of the credit in the event of a change of control over the capital of Pinguin NV.

CONTACTS

The investor relations team is available to answer shareholder and investor questions about the Group's activities, shares and other information requests (annual report, detailed accounts of Pinguin NV):

For the attention of Mr Steven D'haene
Pinguin NV
Romenstraat 3
B-8840 Westrozebeke (Staden)
Or by e-mail: investorrelations@pinguin.be

FINANCIAL CALENDAR

- Trading update Q1 accounting year 2013-2014:
  24 July 2013 (17:45 hrs)
- General Assembly 2012-2013:
  30 September 2013 at 14:00 hrs
  at Gent, Skaldenstraat 7c
- Announcement half-year results of the Group (01/04/2013-30/09/2013):
  22 November 2013 (17:45 hrs)
- Trading update Q3 accounting year 2013-2014:
  24 January 2014 (17:45 hrs)

VEGETABLES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for publication by the Board of Directors on 5 June 2013.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement *(in thousands of €)*	**Note (*)**	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
CONTINUED OPERATIONS			
Sales	5.1.	612,087	534,093
Increase/decrease (-) in inventories: finished goods and work in progress		3,714	2,406
Other operating income	5.2.	12,012	10,702
Raw materials, consumables and goods for resale	5.3.	-344,424	-327,240
Services and other goods	5.3.	-148,293	-129,468
Personnel costs	5.3.	-85,296	-73,309
Depreciation and amortization	5.3.	-20,271	-20,883
Impairment losses on assets	5.3.		
Impairments, write-offs	5.3.	-681	-1,495
Provisions	5.3.	-1,128	-450
Other operating charges	5.3.	-7,666	-4,643
Operating profit (EBIT)	**5.4.**	**20,055**	**-10,287**
Non-recurring income	5.4.		257
Non-recurring expenses	5.4.	-2,433	-17,963
Operating profit before non-recurrings (REBIT)	**5.4.**	**22,488**	**7,419**
Financial income	5.5.	2,201	1,085
Financial expenses	5.5.	-21,562	-24,420
Operating profit after net finance costs		**695**	**-33,622**
Taxes	5.6.	-66	11,592
Profit (loss) of the period from continued operations		**629**	**-22,030**
DISCONTINUED OPERATIONS			
Profit (loss) of the period from discontinued operations	**5.7.**	**10,957**	**7,975**
PROFIT (LOSS) OF THE PERIOD		**11,586**	**-14,055**
Attributable to:			
- The shareholders of PinguinLutosa (the 'Group')		11,102	-13,763
- Non-controlling interests		484	-292

Earnings per share *(in € per share)*	**Note (*)**	**31/03/2013**	**31/03/2012**[1]
Basic		0.68	-1.14
- Earnings per share from continued operations	5.8.	0.01	-1.80
- Earnings per share from discontinued operations	5.8.	0.67	0.66
Diluted		0.59	-1.14
- Earnings per share from continued operations	5.8.	0.01	-1.80
- Earnings per share from discontinued operations	5.8.	0.58	0.66

(*) The attached notes form an integral part of this income statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Profit (loss) of the period	**11,586**	**-14,055**
Other comprehensive income of the period		
Foreign currency translation differences for foreign operations	-150	345
Changes in consolidation scope		
Other comprehensive income of the period	-59	
Income tax relating to components of other comprehensive income		
Other comprehensive income (net of tax)	**-209**	**345**
Total comprehensive income of the period	**11,377**	**-13,710**
Attributable to:		
- The shareholders of PinguinLutosa (the 'Group')	10,893	-13,418
- Non-controlling interests	484	-292

1 The diluted earnings per share equals the basic earnings per share following the anti-dilutive character of the warrants cfr. IAS 33.41.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of €)*	**Note (*)**	**31/03/2013**	**31/03/2012**
NON-CURRENT ASSETS		**180,788**	**279,867**
Intangible fixed assets	6.1.	24,322	27,813
Goodwill	6.2.	10,233	61,790
Tangible fixed assets	6.3.	131,449	185,734
- Land and buildings	6.3.	26,383	29,863
- Plant, machinery and equipment	6.3.	102,242	150,031
- Furniture and vehicles	6.3.	1,517	3,359
- Other	6.3.	1,306	2,481
Financial fixed assets	6.4.	3,350	3,350
- Other non-current financial assets	6.4.	3,350	3,350
Deferred tax assets	6.7.	10,708	475
Long-term receivables (> 1 year)	6.6.	726	705
- Other receivables	6.6.	726	705
CURRENT ASSETS		**603,200**	**398,978**
Inventories	6.5.	200,516	236,836
- Raw materials and consumables	6.5.	21,839	27,433
- Work in progress and finished goods	6.5.	178,677	209,403
Amounts receivable	6.8.	85,060	123,708
- Trade receivables	6.8.	65,258	98,796
- Other receivables	6.8.	19,802	24,912
Other financial assets	6.20.	561	78
- Derivatives	6.20.	561	78
Cash and cash equivalents	6.9.	21,815	38,356
Assets classified as held for sale	6.19.	295,248	
TOTAL ASSETS		**783,988**	**678,845**

(*) The attached notes form an integral part of this statement of financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

EQUITY AND LIABILITIES *(in thousands of €)*	**Note (*)**	**31/03/2013**	**31/03/2012**
EQUITY		**182,181**	**171,400**
Share capital	6.10.	154,344	154,810
- Issued capital	6.10.	154,344	154,810
Share premium and other capital instruments	6.10.	14,309	14,309
Consolidated reserves		14,426	3,512
Cumulative translation adjustments		-3,199	-3,049
Non-controlling interests	6.14.	2,301	1,818
NON-CURRENT OBLIGATIONS		**72,375**	**87,074**
Provisions for pensions and similar rights	6.15./6.16.	1,536	1,046
Other provisions	6.15.	2,152	1,694
Financial debts at credit institutions	6.17.	2,167	2,485
- Finance leases	6.17.		22
- Bank loans	6.17.	100	195
- Other financial debts	6.17.	2,067	2,268
Interest-bearing liabilities	6.17.	39,089	38,519
- Convertible bond loans (with warrants)	6.17.	39,089	38,519
Other amounts payable	6.17.	3,128	3,128
Deferred tax liabilities	6.7.	24,302	40,202
CURRENT LIABILITIES		**529,431**	**420,371**
Financial debts at credit institutions	6.17.	197,572	193,115
- Finance leases	6.17.	3	364
- Bank loans: debts > 1 year payable within current year	6.17.	126,923	133,772
- Bank loans	6.17.	61,864	50,447
- Derivatives	6.20.	7,663	6,592
- Other financial debts	6.17.	1,119	1,940
Interest-bearing liabilities	6.17.	400	
- Convertible bond loans	6.17.	400	
Trade payables	6.18.	138,230	196,819
Advances received on contracts	6.18.	5	1
Tax payable	6.18.	5,062	7,086
Remuneration and social security	6.18.	14,837	18,975
Other amounts payable	6.18.	73,696	4,375
Liabilities related to assets held for sale	6.19.	99,629	
TOTAL EQUITY AND LIABILITIES		**783,987**	**678,845**

(*) The attached notes form an integral part of this statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The table below summarizes the changes in equity in 2011-2012 and 2012-2013:

Consolidated statement of changes in equity
(in thousands of €)

	Capital	Share premium	Treasury shares
Balance as at 1 April 2012	**154,810**	**14,309**	**0**
Profit (loss) of the period			
Other comprehensive income			
Total comprehensive income	**0**	**0**	**0**
Dividend payments			
Capital decrease from incorporating reserves			
Capital increase [2]	-466		
Changes in consolidation scope			
Others			
Balance as at 31 March 2013	**154,344**	**14,309**	**0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CONTINUED)

Consolidated statement of changes in equity
(in thousands of €)

	Capital	Share premium	Treasury shares
Balance as at 1 January 2011	**111,013**	**11,376**	**0**
Profit (loss) of the period			
Other comprehensive income			
Total comprehensive income	**0**	**0**	**0**
Dividend payments			
Capital increase [3]	43,797		
Capital decrease from incorporating reserves			
Changes in consolidation scope			
Others		2,933[4]	
Balance as at 31 March 2012	**154,810**	**14,309**	**0**

[2] *See note '6.10. Issued capital, share premiums and other capital instruments'*
[3] *See note "6.10. Share capital, share premiums and other capital instruments'.*
[4] *This share premium is related to the subordinated loan with warrants as shown in note"6.13. Options and warrant plans'.*

Attributable to the shareholders of PinguinLutosa				Non-controlling interests	Total equity
Translation differences	**Other reserves**	**Retained earnings**	**Total share of the Group**		
-3,049	**7,012**	**-3,500**	**169,582**	**1,818**	**171,400**
		11,102	11,102	484	11,586
-150		-59	-209		-209
-150	**0**	**11,044**	**10,894**	**484**	**11,377**
			-466		-466
		-129	-129	-1	-130
-3,199	**7,012**	**7,414**	**179,881**	**2,301**	**182,181**

Attributable to the shareholders of PinguinLutosa				Non-controlling interests	Total equity
Translation differences	**Other reserves**	**Retained earnings**	**Total share of the Group**		
-3,394	**7,460**	**10,299**	**136,754**	**1,960**	**138,714**
		-13,763	-13,763	-292	-14,055
345			345		345
345	**0**	**-13,763**	**-13,418**	**-292**	**-13,710**
	-448		43,349		43,349
		-36	2,897	150	3,047
-3,049	**7,012**	**-3,500**	**169,582**	**1,818**	**171,400**

CONSOLIDATED STATEMENT OF CASH FLOWS [5]

Consolidated statement of cash flows *(in thousands of €)*	**Note (*)**	**31/03/2013**	**31/03/2012**
CASH AND CASH EQUIVALENTS, OPENING BALANCE	**6.9.**	**15,581**	**26,220**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**94,276**	**18,859**
Operating profit (EBIT)	**5.4.**	**20,055**	**-10,287**
Income taxes	**5.6.**	**-2,567**	**-5,194**
Adjustments for non-cash items		**22,218**	**32,324**
Depreciation of tangible fixed assets	6.3.	18,198	17,164
Amortization of intangible fixed assets	6.1.	2,073	1,820
Increase/decrease (-) in amounts written off			1,898
Write-off on stock/trade receivables		819	1,495
Increase/decrease (-) in provisions	6.15.	1,128	450
Fair value adjustment included in income statement (stock)	5.4.		9,754
Gain (-)/ loss on disposal of fixed assets			-257
Increase/decrease (-) in working capital		**55,035**	**2,016**
Increase (-)/decrease in inventories		-546	12,162
Increase (-)/decrease in trade and other receivables	6.8.	16,619	1,374
Increase/decrease (-) in trade and other payables		40,386	-10,744
Effect of exchange rate on working capital		-1,424	-776
CASH FLOW FROM INVESTING ACTIVITIES (B)		**-74,093**	**-113,535**
Acquisitions (-)		**-74,093**	**-140,602**
Acquisition of intangible fixed assets		-761	-552
Acquisition of tangible fixed assets		-20,133	-22,571
Acquisition of subsidiaries	2.4.2.	-53,199	-114,925
Acquisition of CECAB Activity			-2,554
Disposals		**0**	**27,067**
Disposal of tangible fixed assets			290
Disposal of subsidiaries	2.4.2.		26,777
CASH FLOW FROM FINANCING ACTIVITIES (C)		**-14,268**	**83,634**
Capital increase	6.10.	-466	46,730
Increase long- and short-term funding		17,140	102,475
Decrease (-) long- and short-term funding		-15,419	-49,339
Net interests paid		-13,672	-12,532
Other financial charges		-1,851	-3,700
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		**6,381**	**-11,042**
Effect of exchange rate fluctuations		-147	404
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	**6.10.**	**21,815**	**15,581**

[5] *Cash flow from continued operations.*
(*) The attached notes form an integral part of this consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Pinguin NV is a company established in Belgium. Its legal address is Romenstraat 3, 8840 Westrozebeke. The consolidated financial statements of Pinguin NV for the financial year (12 months) ending on 31 March 2013 cover Pinguin NV and its subsidiaries ('the Group') and Pinguin NV's interests in associated companies and entities over which joint control is exercised.

The Group is active predominantly in three segments, deep-frozen vegetables, potatoes and canned goods. Within the deep-frozen vegetable segment, the production of deep-frozen culinary vegetable preparations and dishes ('convenience') forms an extension of the basic activity whereas within the canning segment the preparation of ready-to-eat food such as soups, sauces, dips and pasta dishes constitutes a broadening of the basic activity (processing of harvest-fresh fruit and vegetables).

The Group PinguinLutosa (www.greenyardfoods.com) is active predominantly in three segments, deep-frozen vegetables, potatoes and canned goods. Within the deep-frozen vegetable segment, the production of deep-frozen culinary vegetable preparations and dishes ('convenience') forms an extension of the basic activity where-as within the canning segment the preparation of ready-to-eat food such as soups, sauces, dips and pasta dishes constitutes a broadening of the basic activity (processing of harvest-fresh fruit and vegetables). Apart from the production and sales of deep-frozen potato products (chips and specialties), the Group also produces chilled pre-fried chips and potato flakes.

PinguinLutosa has seventeen production facilities as per 31 March 2013: Westrozebeke, Langemark, Leuze-en-Hainaut, St-Eloois-Vijve, Rijkevorsel and Bree (Belgium), Morēac, Comines and Ychoux (France), King's Lynn and Boston (UK), Baja (Hungary), Manschnow (Germany) and Dabrowa, Elk, Lipno and Adamow (Poland). In addition, the Company has sales offices in five continents.

PinguinLutosa's business is focused primarily on companies in the Food Industry, Food Service and Retail sectors. PinguinLutosa offers its customers a total "Vegetable Solution" concept, in line with a growing market trend towards "component cooking". The Group maintains its own R&D centre, focusing on product and process innovation.

The consolidated financial statements provide a general overview of the Group's activities and the results achieved. They give a true and fair view of the entity's financial position, financial performance and cash flows on a going concern basis.

On 5 June 2013 the consolidated financial statements were approved for publication by the Board of Directors.

2. FINANCIAL REPORTING PRINCIPLES

2.1. DECLARATION OF CONFORMITY

The present consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union.

2.2. NEWLY PUBLISHED STANDARDS AND INTERPRETATIONS WHICH ARE NOT YET APPLICABLE

The following (other) new Standards and Interpretations that came into application as from the period of 1st of April 2012 to 31st of March 2013 onwards have no or limited impact on the consolidated financial statements of the Group:

- Amendment to IFRS 1 ***"First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"*** (applicable for annual periods beginning on or after 1 July 2011);
- Amendment to IFRS 7 ***"Disclosures – Transfers of Financial Assets"*** (applicable for annual periods beginning on or after 1 July 2011);
- Amendment to IAS 12 ***"Income Taxes – Deferred Tax: Recovery of Underlying Assets"*** (applicable for annual periods beginning on or after 1 January 2012);

The Group did not apply prospectively to the 2012-2013 financial year the following new Standards and Interpretations, which had been issued but had not yet come into effect at the date of approval of this annual report:

- •IFRS 9 ***"Financial Instruments"*** and subsequent amendments (applicable for annual periods beginning on or after 1 January 2015, but not yet endorsed in EU);
- IFRS 10 ***"Consolidated Financial Statements"*** (applicable for annual periods beginning on or after 1 January 2014);
- IFRS 11 ***"Joint Arrangements"*** (applicable for annual periods beginning on or after 1 January 2014);
- IFRS 12 ***"Disclosures of Interests in Other Entities"*** (applicable for annual periods beginning on or after 1 January 2014);
- IFRS 13 ***"Fair Value Measurement"*** (applicable for annual periods beginning on or after 1 January 2013);
- IAS 27 ***"Separate Financial Statements"*** (applicable for annual periods beginning on or after 1 January 2014);
- IAS 28 ***"Investments in Associates and Joint Ventures"*** (applicable for annual periods beginning on or after 1 January 2014);
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013);
- Amendment to IFRS 1 ***"First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"*** (applicable for annual periods beginning on or after 1 January 2013);
- Amendment to IFRS 1 ***"First Time Adoption of International Financial Reporting Standards – Loans received from governments at a below market rate of interest"*** (applicable for annual periods beginning on or after 1 January 2013);
- Amendment to IFRS 7 ***"Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"*** (applicable for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 10, IFRS 12 and IAS 27 – ***Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities*** (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU);
- Amendment to IAS 1 "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income" (applicable for annual periods beginning on or after 1 July 2012);
- Amendment to IAS 12 ***"Income Taxes – Deferred Tax: Recovery of Underlying Assets"*** (applicable for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 19 ***"Employee Benefits"*** (applicable for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 32 ***"Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities"*** (applicable for annual periods beginning on or after 1 January 2014);
- IFRIC 20 ***"Stripping Costs in the Production Phase of a Surface Mine"*** (applicable for annual periods beginning on or after 1 January 2013).

At the present time the Group does not expect that the first-time application of these standards and interpretations will significantly affect the financial statements of the Group during the period of first-time application, with the exception of:

- IFRS 9 ***"Financial Instruments"*** (applicable for annual periods beginning on or after 1 January 2015, but not yet endorsed in EU), the application of which can significantly affect the classification and measurement of financial assets;

2.3. VALUATION RULES

In the accounting year 2012-2013 no major changes took place in the valuation rules compared with the previous reporting period.

(A) CONSOLIDATION PRINCIPLES

The consolidated annual financial statements consolidate the financial data of Pinguin NV and the enterprises over which it has control, i.e. its subsidiaries, after eliminating all material transactions within the Group.

Subsidiaries

Subsidiaries are those companies over which the parent company has control, i.e. the power to direct the financial and operating policy of a company in order to benefit from its activities. In assessing whether control exists, account is taken of potential voting rights that are exercisable or convertible at that time. Subsidiaries are those companies in which Pinguin NV has, directly or indirectly, over 50% of the voting rights or in which Pinguin NV can exercise, directly or indirectly, a decisive influence on policy.

Subsidiaries are fully consolidated. The financial statements of subsidiaries are included in the consolidated financial statements from the date that the parent company gains control until the date that it loses control. Equity and net result attributable to minority shareholders are shown separately in the statement of financial position and income statement respectively.

The financial statements of subsidiaries and joint ventures are drawn up for the same financial year as that of the parent company, based on uniform financial reporting principles for comparable transactions and other occurrences in similar circumstances.

Non-controlling interests

Non-controlling interests represent the shares of minority shareholders in the equity of subsidiaries which are not fully owned by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and presented in a separate line under the equity of the Group. The book value of non-controlling interests in net assets consists of:

- On the one hand, the amount of the non-controlling interests at the time of the original business combination, measured in accordance with IFRS 3 ***"Business Combinations (2008)"***. The revised Standard allows a choice of measurement: initial valuation at fair value or initial valuation at the minority shareholders' proportion of the fair values of net assets recognized on acquisition of a subsidiary (business combination) (see below in these notes under the heading 'business combinations'). The choice ('full goodwill'-option) can be made on a transaction-by-transaction basis.
- On the other hand, non-controlling interests' share in changes in equity since the acquisition date.

The losses in a consolidated subsidiary attributable to the non-controlling interests may be greater than the non-controlling interest in the equity of a subsidiary. Any such excess and any further losses applicable to the non-controlling interest are deducted from the non-controlling interests which makes it possible to have a negative amount under the revised Standard.

Business combinations

As from 1 January 2010 onwards, business combinations and acquisitions are accounted for using the purchase method in accordance with the revised Standard IFRS 3 *"Business combinations (2008)"*.

For each acquisition the cost, in order to obtain control over an entity, is measured as the total fair value, at the date of exchange, of relinquished assets, issued 'equity instruments' and liabilities entered into or taken over. The consideration transferred in a business combination includes the fair value, at the date of exchange, of the assets and liabilities resulting from a contingent consideration arrangement. The costs made by the acquirer that are directly attributable to the business combination are recognised as an expense in pro-

fit and loss as incurred, except for the costs of the issue of bonds or shares and similar instruments that are handled in accordance with IAS 32 and IAS 39.

Identifiable acquired assets, liabilities taken over and contingent liabilities which are part of a business combination are initially measured at their fair value at acquisition date, with the exception of fixed assets held for sale in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, which are measured at fair value minus the cost of selling them, regardless of the existence of any non-controlling interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Subsequent changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments are recognized in accordance with the relevant IFRS Standards (in equity or in profit or loss).

The 'full goodwill' option, which can be elected on a case by case basis, allows the acquirer to measure the non-controlling interest in the acquiree either at fair value or at its proportionate share of the acquiree's net assets.

In accordance with IFRS 3, the purchase of a non-controlling interest after control is obtained cannot be accounted for as a business combination but an appropriate accounting treatment is not foreseen in the current standard. As a consequence, the Group has decided to apply the accounting principles set out in IAS 27 (revised January 2008), "Consolidated and Separate Financial Statements", in this respect. Consequently, a purchase of a non-controlling interest after control is obtained is accounted for as a transaction between equity holders in that capacity. As such, the purchase of a non-controlling interest cannot give rise to goodwill or to a gain or loss in the income statement. Any difference between the fair value of the acquired non-controlling interest and the purchase consideration is recognized directly in equity. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in joint ventures and associated companies

Joint ventures are enterprises in which the Group enters into a contractual agreement with one or more parties to undertake, directly or indirectly, an economic activity over which they have joint control, i.e. that the strategic, financial and operating decisions on this activity require the unanimous agreement of the parties sharing control.

Associated companies are companies in which the Group exercises, directly or indirectly, significant influence, but has no control over the entity's financial and operating policy and which are neither subsidiaries nor joint ventures. This is presumed if the Group holds at least 20% or more of the companies' voting rights.

The consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method from the date when joint control or significant influence commences until the date when

joint control or significant influence ceases, except where the investment is classified as held for sale and then needs to be accounted for in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*.

Assets held for sale and discontinued operations
The financial information included for these companies is prepared using the accounting policies of the Group. Under the equity method investments in associated companies and joint ventures are initially recognized at cost and then adjusted to reflect changes in the investor's share in the net assets of the company subsequent to acquisition, less any impairment in the value of individual investments. Losses of an associated company that exceed the Group's interests in the associated company (also including all long-term interests which are in essence part of the Group's investments in this associated company) are not recorded, except to the extent that the Group has incurred obligations in respect of that associate.

The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. The investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill, which is assessed for possible impairment as part of this investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss ('badwill').

At 31 March 2012 and 31 March 2013 the Group had no interests in joint ventures and there were no associated companies.

Consolidation eliminations
All intra-group balances and transactions with subsidiaries, including unrealized gains on intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses are also eliminated unless the impairment is permanent.

Unrealized gains on transactions with associated companies and joint ventures are eliminated in the amount of the Group's interest in the entity. The same elimination rules apply to unrealized losses as for unrealized gains, with the difference that they are eliminated only where there is no indication for recording an impairment.

Finally, we would refer the reader to our consolidation scope, as mentioned in note *"7.1. Subsidiaries"*.

(B) FOREIGN CURRENCIES
The individual financial statements of each Group member are presented in the currency of the primary economic environment in which the entity is active (its functional currency). For the purpose of drawing up the consolidated annual accounts, the results and the financial position of each entity are expressed in euros, which is the functional currency of the parent company, and that in which the consolidated financial statements are presented.

Transactions in foreign currencies
A transaction undertaken in a foreign currency, when first recorded in the functional currency, is recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency on the date of the transaction. On every balance sheet date monetary items in a foreign currency are converted on the basis of the closing rate. Non-monetary assets and liabilities are converted at the exchange rate on the transaction date. Foreign exchange differences resulting from the settlement of monetary items or from the conversion of monetary items at exchange rates that differ from those at which they were translated when first recognised, are recognised in the income statement in the period in which they occur as realised or unrealised translation gains or losses. Realised or unrealised translation gains and losses are recognised in the financial result.

The Group enters into term contracts to hedge against exposure to certain exchange rate differences. We refer here to note "(u) derivatives" on the measurement rules for this type of financial instrument and to note *"6.20. Risk Management Policy"*, where this type of instrument is analyzed more closely.

Financial statements of foreign entities

Monetary assets, non-monetary assets and liabilities of foreign entities having a functional currency other than the euro are translated at the closing exchange rate at the balance sheet date. The benefits and charges in each income statement (including the comparative figures) are translated at the average exchange rate. All resulting translation differences are recognized in a separate equity line, more specifically 'translation differences'. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

The following exchange rates were used in preparing the financial statements:

			Closing rate
	31 march 2013	**31 march 2012**	**Change %**
1 GBP =	1.18500 €	1.20020 €	-1.3%
1 USD =	0.78000 €	0.74920 €	4.1%
1 PLN =	0.23900 €	0.23940 €	-0.2%
1 HUF =	0.00330 €	0.00340 €	-2.9%
1 BRL =	0.38510 €	0.40960 €	-6.0%
1 JPY =	0.00830 €	0.00900 €	-7.8%
1 CNY =	0.12420 €	0.11810 €	5.2%

			Average rate
	31 march 2013	**31 march 2012**	**Change %**
1 GBP =	1.22740 €	1.16150 €	5.7%
1 USD =	0.77670 €	0.72760 €	6.7%
1 PLN =	0.24010 €	0.24150 €	-0.6%
1 HUF =	0.00350 €	0.00350 €	0.0%
1 BRL =	0.38600 €	0.42990 €	-10.2%
1 JPY =	0.00940 €	0.00910 €	3.3%
1 CNY =	0.12310 €	0.11300 €	8.9%

The average rate has been calculated over the past twelve months (2011-2012: past fifteen months).

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. The cumulative amount of translation differences that were previously allocated to the non-controlling interests are taken out of consolidation, but are not reclassified to profit or loss.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount of translation differences is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture which includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount of translation differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period.

(C) SEGMENTED INFORMATION

IFRS 8 *"Operating segments"* requires disclosure of information about the Group's operating segments and requires a 'management approach', so that the segment information is presented on the same basis as for internal reporting purposes. Additional explanation about each of the operating segments is given in explanatory note *"4. Segmented information"*.

(D) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale, which represents a separate significant operating activity or geographical area of operations, is part of a coordinated plan to be disposed of as a separate significant business activity and which can be distinguished operationally and for financial reporting purposes.

The Group classifies a non-current asset (or a group of assets being disposed of) as held for sale when its carrying amount will be realized mainly in a sales transaction and not through the continued used of the same. This condition is fulfilled only when the sale is highly probable and the asset (or the group of assets being disposed of) is immediately available for sale in its present state.

For a sale to be highly probable, management must have committed itself to a plan for selling the asset (or group of assets being disposed of), which is expected to be recognized as a completed sale within one year of the classification date, and an active program to locate a buyer and complete the plan should be initiated. In addition the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value.

Immediately before the asset is classified for the first time as held for sale the Group measures the carrying amount of the asset (or of all assets and liabilities in the Group) in accordance with the applicable IFRSs. Non-current assets and groups of assets to be disposed of, when first recognized as held for sale, are measured at the lower of carrying amount and fair value less the cost of selling them, Impairment losses are recorded in the event of any initial or later write-down of an asset (or group of assets to be disposed of) to fair value minus the cost of selling it. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

(E) INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of titles, brand names, customer portfolios, software, licences and ownership and similar rights acquired from third parties or acquired by contribution, along with internally generated software. Intangible assets acquired in a business combination are initially measured at fair value which thus becomes its deemed cost; intangible assets acquired separately are initially measured at cost.

Intangible fixed assets with unlimited useful life

Intangible fixed assets with unlimited useful life are recorded at cost. No amortization is taken on intangible fixed assets with unlimited useful life, but these will be assessed annually to determine whether any impairment has taken place. Where the realizable value of these intangible fixed assets is lower than their carrying amount, an impairment loss will be recorded in the income statement. At the balance sheet data no intangible fixed assets with unlimited useful life were identified.

Intangible fixed assets with limited useful life

Intangible fixed assets with limited useful life are recorded at cost less accumulated amortization and any accumulated impairments. Intangible fixed assets having a limited useful life are amortized over their expected useful life by the straight-line method from the date on which the asset was available. The remaining useful life and the amortization method are assessed annually during the financial year end closing. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate.

The following useful lives are applied by the Group:

- Software 5 years
- Development costs 5 years
- Licences and ownership rights 5 years
- Lutosa brand name 10 years
- Customer portfolio Lutosa (Retail) 10 years
- Customer portfolio Lutosa (Food service) 7 years
- Customer portfolio Lutosa (Private label) 2 years
- Customer portfolio Scana Noliko Group 15 years

Where the fair value is lower than the carrying amount calculated in this way, impairments losses will be recorded in the income statement.

Research and development

Research expenditure undertaken with a view to acquiring new scientific or technical knowledge and insights is charged to the income statement when incurred.

Development expenditure, where the results are applied to a plan or a design for producing new or significantly improved products and processes, prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:

- the product or process is technically or commercially realisable;
- the Group intends to complete the intangible asset and either use it or sell it;
- the product or process can be used or sold;
- the assets are demonstrably likely to generate future economic benefits;
- the Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the Group can reliably assess the expenditure allocated to the intangible asset during its development.

The capitalized amount contains all costs that are directly attributable to the bringing into being and production of the asset, so that it can function in the way intended by management. An inprocess research and development project acquired in a business combination is recognized as an asset separately from goodwill if its fair value can be measured reliably.

Capitalized development costs are written off on a straight-line basis over the period during which benefits are expected to accrue, from the time that the product or process is ready for use.

(F) GOODWILL

Goodwill that arises upon a business combination is initially recorded as an asset on the day control is obtained ('acquisition date').

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized as an asset at cost, and subsequently measured at cost less any accumulated impairments.

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

The cash generating unit to which goodwill is attributed is tested annually for impairment, and also whenever an indication exists that the unit may have undergone an impairment, by comparing the carrying amount with its realizable value. The realizable value is the higher of the fair value minus costs to sell and value in use.

Where the realizable value of the cash generating unit is lower than its carrying amount, an impairment will first be recognized against the carrying amount of the goodwill attributed to the unit, and then against the other assets of the unit pro rata to the carrying amount of each asset in the unit. An impairment recognized on goodwill may not be reversed at a later date.

When a subsidiary, joint venture or associated company is sold, the goodwill attributed to it is taken into account in determining the gain or loss on the sale.

The Group policy with regard to the determination of goodwill on the acquisition of an associate is discussed above under the heading "a) consolidation principles".

(G) TANGIBLE FIXED ASSETS

Owned assets

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment acquired separately is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairments.

The cost consists of the initial purchase price together with all directly attributable costs incurred in order to make the asset able to function in the intended manner (non-refundable taxes, transport, etc.). The cost of a self-produced asset includes the cost of the materials, direct wage costs and a proportionate share of the production overhead.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale.

Subsequent costs

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, but only when it is probable that the future economic benefit linked to the item will flow to the Group and when the cost of the item can be reliably assessed. All other repair and maintenance costs are recognized in the income statement when incurred.

Depreciation

Depreciation is recorded by the straight-line method over the expected useful life of the asset. The depreciation of an asset begins as soon as it is ready for its intended use. The depreciation amount is charged to the income statement. No depreciation is taken on land and on properties under construction.

The remaining value and the useful life of an asset are reviewed at least at the end of every financial year, and where expectations differ from previous estimates, the change(s) are treated administratively as a change in estimate in accordance with IAS 8 ***"Changes in Accounting Estimates and Errors"***.

Initially the following average useful lives are applied:

- Buildings — 18 years
- Plant, machinery and equipment
  - Production — 13 - 16 years
  - Packing — 12 - 16 years
  - Energy — 13 - 20 years
  - Other — 12 - 15 years
- Furniture and vehicles — 6 years
- Other equipment — 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see section on "i) Impairment of assets" below). Gains and losses on the disposal of fixed assets, being the difference between the sales price and the carrying amount of the assets being disposed of, are recognized in the income statement.

Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognized in the balance sheet at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortized over the depreciation period of the underlying assets.

(H) LEASING

A leasing agreement is classified as a finance lease when almost all the risks and benefits of ownership are transferred to the lessee. All other forms of leases are regarded as operating leases.

Finance leases

At the beginning of the lease period finance leases are recognized as assets and liabilities at amounts equal to the fair value of the leased asset or, where lower, at the present value of the minimum lease payments. The corresponding liability towards the lessor is recorded in the balance sheet as a liability under a finance lease. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise the Company's incremental borrowing rate is used.

The minimum lease payments are recorded partly as financing costs and partly as repayment of the outstanding obligation. Financing costs are allocated to each period of the total lease period in such a way as to give a constant periodic rate of interest over the remaining balance of the obligation. Conditional lease payments are charged to income in the periods in which they are made.

The depreciable amount of a leased asset is systematically attributed to each reporting period during the period of expected use, on a basis consistent with the depreciation principles applied by the lessee to its directly owned assets. When it is reasonably certain that the lessee will acquire ownership at the end of the lease period, the expected period of use is equal to the useful life of the asset. Otherwise the asset is depreciated over the shorter of the lease period or the useful life.

Operating leases

Lease payments on operating leases must be charged to income pro rata temporis during the lease period, except where another systematic form of allocation is more representative for the time pattern of the user's benefit. Benefits (to be) received as an incentive to conclude an operating lease agreement are also spread pro rata temporis over the lease period.

Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

(I) IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

In accordance with IAS 36, an assessment is made, at each balance sheet date, in respect of the Group's tangible and intangible assets, as to whether there are indications that an impairment loss needs to be recognized on a particular asset. Where an indication exists of such impairment, the realizable value of the asset is estimated. The realizable value of an asset or a cash flow-generating unit is the higher of the fair value after deducting the cost of selling it and its value in use. To determine the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the specific risks attached to the asset.

An impairment loss is recognized whenever the carrying amount of an asset, or the cash flow generating unit to which the asset belongs, is higher than the realizable amount. Impairment losses are recognized directly to the income statement.

Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased. Whenever an impairment is reversed, the carrying amount of the asset is increased up to the revised estimate of its realizable amount, but in such a way that the increased carrying amount is no higher than the carrying amount that would have been determined if no impairment had been recognized on the asset in earlier years.

(J) INVENTORIES

Inventories are measured at the lower of cost (purchase costs or costs of conversion) by the FIFO (first-in, first-out) method and realizable value. The costs of conversion include all direct and indirect costs that are necessarily incurred in bringing the inventories to their present location and state. The net realizable value is the estimated sales price in the ordinary course of business, less the estimated costs of completion and the necessary costs of making the sale. Inventory is written down monthly on the basis of its market value. We refer to note *"6.5. Inventories"* for further information on the valuation of inventories.

According to IAS 41 *"Agriculture"*, own vegetables which are grown on rented land should be measured on initial recognition until the moment they are harvested at fair value minus costs to sell.

(K) FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: 'at fair value through profit or loss' (FaAFVTPL/FaHT), 'available-for-sale' (FaAFS), 'held-to-maturity' (Htm) and 'loans and receivables' (L&R). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Criteria for the first-time recognition and for the derecognition of financial assets

The purchase and sale of financial assets are recognized at completion date. This means that an asset is recognized on the date that it is received by the Group, and that it is derecognized on the date that the Group disposes of it.

Criteria for the valuation of financial assets

Financial assets are initially measured at cost, which is equal to the fair value of the purchase price, including transaction costs. For derivatives, transaction costs should be charged to income immediately. Financial assets, other than those at fair value through profit or loss, are tested for impairment when there is objective evidence that they could be impaired. An impairment loss is directly recognized in the income statement.

- Financial assets at fair value through the income statement (FaAFVTPL/FaHT)

  These include:

  (a) Financial assets which are initially recognized and measured at fair value, and where subsequent changes in fair value are passed through the income statement;

  (b) Financial assets held for trading purposes. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. This includes derivatives that do not serve to hedge a specific transaction.

Both these categories are measured on recognition at their fair value, with subsequent changes in this fair value passed through the income statement.

- Available-for-sale financial assets (FaAFS)
  Non-current available-for-sale assets include investments in entities which were not acquired principally for the purpose of selling in the short-term, and which are neither consolidated nor accounted for using the equity method. Available-for-sale financial assets are classified under the 'other non-current financial assets' heading of financial fixed assets. Available-for-sale financial assets are measured, after initial recognition, at fair value in the balance sheet. Investments in equities that are classified as available-for-sale financial assets but for which no price quotation on an active market is available, and the fair value of which cannot be reliably determined, are recognised at their historical cost less any impairments. Gains and losses deriving from changes in the fair value of available-for-sale assets are recorded directly to equity. When the participating interest is sold, received or otherwise disposed of, or when the carrying value of the participating interest is written down owing to an impairment, the accumulated profit (or loss) previously included in equity is transferred to the income statement.

- Held-to-maturity investments (Htm)
  Held-to-maturity investments are measured at cost, amortized using the 'effective interest method' less any impairments.

- Loans and receivables (L&R)
  Loans and receivables are measured at amortized cost less any impairments. Based on an examination of all amounts outstanding at balance sheet date, an estimate is made of all loans and receivables of which the ability to collect is in doubt. An impairment loss is recognized in the income statement in the amount of the difference between the carrying amount of the receivables and the current value of the estimated future cash flows. Loans and receivables include here trade receivables, other receivables, short-term financial assets, cash and cash equivalents.

(L) TRADE AND OTHER RECEIVABLES

Short-term trade receivables and other receivables are initially measured at fair value. At the end of the financial year, doubtful receivables are estimated based on an assessment of all outstanding amounts. Valuation allowances are recognized in the income statement whenever an objective proof exists that the asset has reduced in value.

The amount of the valuation allowance is determined as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate at the time of first recognition. No valuation allowances are taken by the Group for overdue amounts where collection is still deemed probable, for example because outstanding amounts are recoverable from the tax authorities or because the Group holds sufficient security. We refer to note *"6.8. Trade and other receivables"* for more information with regard to the accounting of write-offs.

(M) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and call deposits, short-term (< 3 months) investments, cheques and highly liquid short-term investments that can be immediately converted into cash, of which the amount is known and which contain no material risk of reduction in value.

(N) EQUITY INSTRUMENTS AND INTEREST-BEARING LIABILITIES: DISTINCTION

Equity instruments and interest-bearing liabilities issued by the Group are classified on the basis of the economic reality of the contractual agreements and the definitions of the interest-bearing instrument and the equity instrument.

Equity instruments

An equity instrument is any contract that consists of a remaining interest in the Group's assets, after deducting all liabilities. An equity instrument issued by the Group is recognized under equity on the basis of the income received less direct transaction costs.

Interest-bearing liabilities

Interest-bearing liabilities are measured initially at fair value, less attributable transaction costs. After initial valuation interest-bearing liabilities are recognized at their amortized cost price, with the difference between the initial amount and the redemption value taken into the income statement pro rata temporis based on the 'effective interest' method.

(O) EQUITY INSTRUMENTS

Equity instruments of the Group are not revalued.

Own shares

Own shares are deducted from equity and reported in the statement of changes in equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of own shares. Transaction costs directly attributable to the acquisition of own shares (after deducting any taxes) are also deducted from the equity attributable to the share-holders of the company. The result on the disposal of treasury shares sold or cancelled is recognized in retained earnings.

Dividends

Dividends are recognized as amounts payable in the period in which they are formally allotted, after approval by the General Meeting of Shareholders. Until such formal approval, the proposed dividends are included in the Group's consolidated equity.

(P) PROVISIONS

Provisions are set up in the statement of financial position whenever the Group has an existing (legally enforceable or 'de facto') obligation deriving from a past event and it is probable that an outflow of resources representing economic benefits will be necessary in order to complete the transaction, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate at the balance sheet date of the outflow needed in order to fulfill the existing obligation, eventually discounted where the time value of money is a relevant factor.

Reorganization or restructuring

A provision for reorganization costs is recorded in those cases where the Group has approved a detailed formal reorganization plan and has created a valid expectation among those involved that the reorganization will be carried out by beginning to implement the plan or by informing the parties involved of the key features of the same prior to the balance sheet date. Restructuring provisions include only the direct expenditure arising from the restructuring which is necessarily incurred on the restructuring and is not associated with the ongoing activities of the entity.

Environmental provisions

Environmental provisions are booked in accordance with applicable statutory duties on one hand and environmental policy developed by the Group on the other.

(Q) EMPLOYEE BENEFITS

Pension obligations ('defined contribution plans')

Employee pension plans in the Group take the form in Belgium of 'defined contribution' schemes as the legally required return is basically guaranteed by the insurance company. In such schemes the actuarial risk and the investment risk are borne entirely by the employee. Obligations relating to these plans are recognized directly in the income statement at the time incurred.

Defined pension schemes ('defined benefit plans')

The Group has no defined pension schemes, except for the ones in the acquired French subsidiaries of the CECAB Activity.

In defined benefit plans, the amount on the balance sheet (the 'net liability') corresponds to the present value of the gross liability, adjusted unrecorded past service costs. The 'present value of the gross liability of a defined benefit plan' is the present value of expected future payments required to settle the liability which results from the employee's service record in the previous periods.

The discounted value of the liability arising from defined pension rights and the assigned pension costs associated with

the year of service and prior service pension costs are calculated using the projected unit credit method. The discount rate corresponds to the rate of return on the balance sheet date on corporate bonds with a high degree of creditworthiness and a remaining term comparable with the term of the Group's liabilities.

'Actuarial gains and losses' include adjustments on the basis of experience (the consequences of differences between previous actuarial assumptions and what has actually happened) and the consequences of changes to actuarial assumptions. Actuarial gains and losses are recognized in the other comprehensive income at the moment they arise.

Share-based payments

Share option programs and warrant plans enable employees and senior management to acquire shares in the company. The fair value of the services received from employees is recognized as an expense. The total amount to be recognized as an expense during the vesting period is determined on the basis of the fair value of the share options granted, not taking into account the impact of market price-unrelated conditions. Account is taken of market price-related conditions in the assumptions concerning the expected number of share options that will become unconditional. At each balance sheet date the Group revises its estimates of the numbers of share options that will become unconditional. Where applicable, the impact of the revision of the original estimates is recognized in the income statement with a corresponding entry to equity over the remainder of the vesting period. If and when the options are exercised, equity is increased by the amount of the monies received.

Other long-term employee benefits

Other long-term employee benefits consist of future remuneration to which employees are entitled based on services rendered during the present or previous periods. These benefits are treated in the same way as defined pension schemes, except that all actuarial gains and losses are recognized immediately, no bandwidth is applied and all past service costs are recognized immediately.

The Group has no other long-term employee benefits.

(R) OTHER FINANCIAL LIABILITIES: BANK LOANS

Interest-bearing bank loans and overdrafts are measured initially at fair value after deduction of transaction costs, and are subsequently measured at their amortized cost calculated according to the effective interest method.

(S) OTHER FINANCIAL LIABILITIES: SUBORDINATED LOANS

Loans are initially recorded in the financial statements at fair value, net of transaction costs, and then at amortized cost. The difference between the income (net of transaction costs) and the redemption value is recognized in the income statement over the life of the loan by the effective interest method.

(T) OTHER FINANCIAL LIABILITIES: TRADE AND OTHER PAYABLES

Trade and other payables are measured at amortized cost.

(U) FINANCIAL ASSETS AND LIABILITIES: DERIVATIVES

Financial risk factors

The Group uses derivatives to limit risks relating to unfavorable foreign currency and interestrate fluctuations arising out of operating, financial and investment activities. It is the Group's policy not to speculate in financial derivatives. The Group uses foreign currency buy and sell options, interestrate swaps and other derivative instruments to control the impact of foreign currency and interestrate fluctuations. These financial instruments are used solely to hedge exposure to currency and interestrate risks.

Hedging instruments

The Group has opted not to apply hedge accounting. Should the Group decide in the future to apply hedge accounting, a formal documentation system would then be implemented in order to identify the underlying transaction as fast as possible when entering into new contracts, in order to establish whether the hedging instrument squares with the Group's risk management and to test the appropriateness of the hedging instrument on a permanent basis.

Valuation

Derivatives that represent economic hedging but do not fulfill the strict hedge accounting criteria as prescribed in IAS 39 *"Financial Instruments: Recognition and measurement",* are treated for accounting purposes as financial assets or financial liabilities measured at fair value (FaAFVPL/FIFVPL), with changes in value being passed through the income statement. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based upon the relevant market rates at the reporting date, In the case of interest-bearing derivatives, the fair values correspond to the clean price, excluding interest accrued.

(V) INCOME TAXES

Income taxes consist of current and deferred taxes.

The current tax liability is based on the fiscal profit for the year. The current tax is the amount of the income tax owed with respect to the fiscal profit of the period, together with any adjustments relating to prior periods. This amount is calculated based on local tax rates (or tax rates for which the legislative process is essentially completed) at balance sheet date. Current taxes for the current and prior periods are, in so far as not already paid, recognized as a liability. Where the amount already paid in respect of the current and prior periods is greater than the amount due in respect of this period, the balance is recorded as an asset.

Deferred taxes are recognized based on the 'liability' or balance method, for all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding fiscal carrying amount used in calculating the fiscal profit. In general deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that taxable profits are available for offsetting against deductible temporary differences. Such liabilities and receivables are not recognized when the temporary differences result from the first-time recognition of goodwill or from the first-time recognition (other than in a business combination) of other assets or liabilities in a transaction that has no effect whatsoever on the pre-tax profit, nor on the fiscal profit. The main temporary differences relate to the depreciation of tangible fixed assets, the effect of changed depreciations on the inventory valuation, the effect of changes in the inventory valuation method (full cost instead of direct cost) at the potato division and the canning division, the recognition of grants and the impact of the acquisitions.

Deferred tax liabilities are recognized for all taxable temporary differences relating to investments in subsidiaries, branches, associated companies and interests in joint ventures, unless the Group is able to determine when the temporary difference reverses and it is likely that the temporary difference will not reverse in the near future.

The carrying amount of a deferred tax liability should be assessed at every balance sheet date. The Group will reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient fiscal profit will be available to permit its application, in part or in whole, to the benefit of the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable to the period when the asset is recovered or the liability is settled. Deferred taxes must be taken as income or expenses into the income statement of the period, unless they refer to elements recognized directly to equity, in which case the deferred tax is also recognized directly to equity.

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to offset the recognized amounts and intends to settle the liability on a net basis, or to recover the asset at the same time as settling the liability.

(W) REVENUE

Revenue from the sale of goods

Revenue from the sale of goods is recognised when:

(a) the essential risks and benefits of ownership are transferred;
(b) the Group retains no de facto control or involvement which normally belongs to the owner;
(c) the amount of the revenue can be reliably determined;
(d) it is probable that the economic benefits relating to the transaction will flow to the Group;
(e) the costs already or still to be incurred in respect of the transaction can be reliably measured,

Revenue is measured at the fair value of the remuneration received or to which entitlement is obtained, and represents the amounts due and payable for goods and services delivered in the normal course of business, taking into account the amount of any trade, financial or volume discounts given by the Group.

In accordance with the IFRS standards, the transport costs charged on to customers are included under the heading 'sales'.

Government grants

Government grants are recognized at the time that reasonable certainty exists that the Group will fulfill the conditions attached to the grants and the grants will be received. Government grants are systematically recorded as income over the periods needed in order to attribute these grants to the related costs that they are intended to compensate. A government grant received by way of compensation for costs or losses already incurred or with a view to granting immediate financial support to the Group with no future related costs, is recorded as income of the period in which it is received.

Grants related to income

Grants related to income are presented as 'Other Operating Income'.

(X) FINANCE INCOME AND COSTS

Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree, Interest is recognized by the 'effective interest method' as specified under IAS 39 *"Financial Instruments: Recognition and Measurement"*. Dividend income from investments is recognized whenever the shareholders' rights to payment have been acquired.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables). All financial expenses are recognised at the time at which they arise. Financing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset (see heading "g) tangible fixed assets") are spread as an expense over the financing period using the effective interest method.

Foreign currency gains and losses

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(Y) NON-RECURRING INCOME AND CHARGES

Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group are presented on the face of the income statement as non-recurring items.

(Z) EVENTS AFTER BALANCE SHEET DATE

Events after balance sheet date concern the period between the balance sheet date and the date of the approval for publication of the financial statements.

Events after balance sheet date that refer back to situations that existed at the balance sheet date are incorporated into the financial statements. Events after balance sheet date that refer to situations arising only after the balance sheet date are mentioned in the notes only if they can have a significant impact.

2.4. CHANGES TO THE CONSOLIDATION SCOPE

2.4.1. Changes to the consolidation scope: accounting year ending on 31 March 2013

The following changes in the consolidation scope occurred during the 2012-2013 financial year:

Acquisition of participation in De Buitenakkers NV

On 21 December 2012, the Group took a 100% interest in the company De Buitenakkers NV, formerly a subsidiary of Food Invest International NV (current shareholder of Pinguin NV). The company includes the property (buildings and land with a total surface area of 23,689 m²) belonging to an industrial production site located in Manschnow, Germany. Earlier this property had been leased to the Group by Food Invest International NV.

The consideration transferred amounts to €0.2 million. The costs related to the acquisition of De Buitenakkers NV amount to €0.0 million.

The identifiable assets, liabilities and contingent liabilities and contingent liabilities of De Buitenakkers NV that meet all the criteria of IFRS *"Business combinations"* are taken into accounts at fair value on the acquisition date.

The table below shows the opening balance of De Buitenakkers NV:

ASSETS *(in thousands of €)*	**CONSOLIDATED IFRS balance sheet (net fair value) 31/12/2012**
	DE BUITENAKKERS NV
NON-CURRENT ASSETS	**600**
Tangible fixed assets	596
- Land and buildings	596
Deferred tax assets	4
CURRENT ASSETS	**147**
Amounts receivable	143
- Trade receivables	143
Cash and cash equivalents	4
ACQUIRED ASSETS	**747**

LIABILITIES *(in thousands of €)*	**CONSOLIDATED IFRS balance sheet (net fair value) 31/12/2012**
	DE BUITENAKKERS NV
NON-CURRENT OBLIGATIONS	**0**
Provisions for pensions and similar rights	
Other provisions	
Financial debts at credit institutions	
Other amounts payable	
Deferred tax liabilities	
CURRENT LIABILITIES	**643**
Financial debts at credit institutions	20
- Other financial debts	20
Trade payables	16
Tax payable	7
Other amounts payable	600
ACQUIRED LIABILITIES	**643**

The financial information concerning the balance sheets and income statements, prepared on the basis of Belgian recognition and valuation rules, relating to De Buitenakkers NV per 31 December 2012 was transformed into the IFRS-recognition and valuation principles of the Group ('fair value' exercise IFRS 3 for the opening balance sheet per 1 January 2013). Reporting within De Buitenakkers NV was based on Belgian recognition and valuation rules and not the IFRS recognition and valuation principles as applied by the Group.

On acquisition-date the excess of the sum of i) + ii) + iii) (where i) the consideration transferred to obtain control, ii) the amount of any non-controlling interests in the acquiree, and iii) the fair value of the acquirer's previously held equity interest in the acquiree (if any)) over the net amounts of the identifiable assets acquired and the liabilities assumed of De Buitenakkers NV amounted to €0.1 million.

The table below shows a calculation of the consolidation goodwill at acquisition date:

Consolidation goodwill De Buitenakkers NV *(in thousands of €)*	**Net fair value per 31/12/2012**
Total consideration transferred	185
Non-controlling interests	
Fair value of the previously held equity interest	
Acquisition price	**185**
Fair value acquired assets and liabilities	104
Fair value acquired assets and liabilities	**104**
Goodwill on acquisition date	**81**

Other changes

In the accounting period 2012-2013 the name of the parent company and of several subsidiaries has changed: 'PinguinLutosa NV" has been renamed 'Pinguin NV', 'PinguinLutosa Foods UK Ltd.' has been renamed 'Pinguin Foods UK Ltd.' 'PinguinLutosa Foods Polska Sp. Z o.o.' has been renamed 'Pinguin Foods Polska Sp. Z o.o.' and 'PinguinLutosa Foods Hungary Kft.' has been renamed 'Pinguin Foods Hungary Kft.'. In addition, the name of several sales offices has changed: 'PinguinLutosa Deutschland Gmbh' has been renamed 'Pinguin Foods Deutschland Gmbh' and 'PinguinLutosa CEE Gmbh' has been renamed 'Pinguin Foods CEE Gmbh'.

2.4.2. Changes to the consolidation scope: accounting year ending on 31 March 2012

The following changes in the consolidation scope occurred during the financial year ending on 31 March 2012:

Business combination Scana Noliko Group

On 19 July 2011 the acquisition of the shares of Scana Noliko Group was closed formally. Scana Noliko Group (www.Scana-Noliko.be) is a strongly growing, internationally active food products company and comprises the companies Scana Noliko Holding NV, Scana Noliko NV, Scana Noliko Ltd., Scana Noliko Real Estate NV and BND CVBA. Besides the processing of harvest-fresh vegetables and fruit, it is also active in the preparation of convenience food products such as soups, sauces, dips and pasta dishes. This is being commercialised under private label and own brand in cans, glass jars or flexible packaging. There are 2 establishments in Bree and Rijkevorsel, employing 563 people in total as per 19 July 2011.

The figures of Scana Noliko Group were included in the consolidation scope of PinguinLutosa as from 1 July 2011 onwards, the moment that Pinguin NV acquired control and management. The activities of Scana Noliko Group are included in the canning segment (see note '4. Segment information').

This acquisition again represents a major step forward for PinguinLutosa, extending its product range with high quality preserved foods in can or glass jars. The strengths of Scana Noliko Group in agro, production, technology and R&D, in combination with the extensive commercial network of PinguinLutosa, complement each other perfectly and strengthen the organisation of PinguinLutosa even further. The acquisition of Scana Noliko Group further strengthens the profitability of PinguinLutosa, and consequently lays a strong base for the future.

PinguinLutosa has paid €117.4 million for all the shares in the companies mentioned above. This amount includes a deferred payment in an amount of €1.8 million at an interest

rate of 6%, payable end of July 2012. This transaction was financed as follows:

1. Partly by a private capital increase of €44.0 million which was fully subscribed on 15 February 2012 by the Gimv-XL fund, Food Invest International NV and Agri Investment Fund CVBA. 4,888,889 new shares were created at an issue price of €9.0 per share.
2. Partly by a subordinated loan with warrants for an amount of €36.0 million issued by Gimv-XL fund, repayable after 7 years at an interest rate of 6.8%.
3. The realisation of the real estate of Scana Noliko Group in an amount of €30.0 million via Food Invest International NV (including a deferred payment of €1.8 million).
4. The balance will be realised from part of the trade receivables.

The costs related to the acquisition of Scana Noliko Group are taken directly in the income statement as per 31 March 2012 under the heading 'services and other goods: external advisory' and amount to €0.8 million (see note '5.4. Non-recurring costs and income).

The identifiable assets, liabilities and contingent liabilities and contingent liabilities of the Scana Noliko Group that meet all the criteria of IFRS "*Business combinations"* are taken into accounts at fair value on the acquisition date with the exception of all the shares of Scana Noliko Real Estate NV and the real estate classified as held for sale in accordance with IFRS 5 *"Non-current assets held for sale and discontinued operations"*, which are recorded at fair value less costs to sell. However the real estate company Scana Noliko Real Estate NV was directly sold through to Food Invest International NV on 19 July 2011 in an amount of €27.5 million and the real estate from the site in Rijkevorsel was at its turn sold in the autumn of 2011 by Scana Noliko Rijkevorsel NV (asset deal) to De Binnenakkers NV (founded by Food Invest International NV and Scana Noliko Real Estate NV) in an amount of €2.5 million.

On acquisition-date the excess of the sum of i) + ii) + iii) (where i) the consideration transferred to obtain control, ii) the amount of any non-controlling interests in the acquiree, and iii) the fair value of the acquirer's previously held equity interest in the acquiree (if any)) over the net amounts of the identifiable assets acquired and the liabilities assumed of Scana Noliko Group amounted to €6.0 million.

The table below shows a calculation of the consolidation goodwill at acquisition date:

Consolidation goodwill Scana Noliko Group *(in thousands of €)*	**Net fair value per 30/06/2011**
Total consideration transferred	117,360
Non-controlling interests	
Fair value of the previously held equity interest	
Acquisition price	**117,360**
Fair value of acquired assets and liabilities	111,373
Fair value acquired assets and liabilities	**111,373**
Goodwill on acquisition date	**5,987**

The table below shows the opening balance of Scana Noliko Holding NV:

ASSETS *(in thousands of €)*	**CONSOLIDATED IFRS balance sheet (net fair value) 30/06/2011**
	SCANA NOLIKO HOLDING NV (CONSO)
NON-CURRENT ASSETS	**77,822**
Intangible fixed assets	25,239
Goodwill	
Tangible fixed assets	51,563
- Land and buildings	
- Plant, machinery and equipment	49,497
- Furniture and vehicles	1,302
- Other	164
- Assets under Construction and prepayments	599
Financial fixed assets	
- Other non-current financial assets	
Deferred tax assets	1,011
Long-term receivables (> 1 year)	9
- Other receivables	9
CURRENT ASSETS	**134,531**
Inventories	75,616
- Raw materials and consumables	10,901
- Work in progress and finished goods	64,716
Amounts receivable	27,337
- Trade receivables	24,116
- Other receivables	3,221
Other financial assets	
- Derivatives	
- Term accounts	
Cash and cash equivalents	685
Assets held for sale	30,893
ACQUIRED ASSETS	**212,353**

LIABILITIES *(in thousands of €)*	**CONSOLIDATED IFRS balance sheet (net fair value)) 30/06/2011**
	SCANA NOLIKO HOLDING NV (CONSO)
NON-CURRENT OBLIGATIONS	**44,503**
Provisions for pensions and similar rights	428
Other provisions	
Financial debts at credit institutions	18,863
- Finance leases	
- Bank loans	18,863
- Bond loans	
- Other financial debts	
Other amounts payable	
Deferred tax liabilities	25,213
CURRENT LIABILITIES	**56,477**
Financial debts at credit institutions	25,052
- Finance leases	
- Bank loans: debts > 1 year payable within current year	4,802
- Bank loans	8,641
- Derivatives	11,048
- Other financial debts	561
Financial debts at credit institutions	
Trade payables	23,130
Advances received on contracts	
Tax payable	1,794
Remuneration and social security	4,786
Other amounts payable	611
Liabilities held for sale	1,104
ACQUIRED LIABILITIES	**100,980**

The financial information concerning the balance sheets and income statements, prepared on the basis of Belgian recognition and valuation rules, relating to Scana Noliko Holding NV as per 30 June 2011 was transformed into the IFRS-recognition and valuation principles of the Group ('fair value' exercise IFRS 3 for the opening balance sheet per 1 July 2011). Reporting within Scana Noliko Holding NV was based on Belgian recognition and valuation rules and not the IFRS recognition and valuation principles as applied by the Group.

The gross contractual value of the trade and other receivables amounted to €27.3 million as per 30 June 2011.

Given the planned real estate transaction, the assets and liabilities of the company Scana Noliko Real Estate NV (including land an buildings at Bree) and the land and buildings of Scana Noliko Rijkevorsel NV were presented as assets available for sale (IFRS 5) in a total amount of €30.9 million and as liabilities available for sale (IFRS 5) in a total amount of €1.1 million. The assets and liabilities of the company Scana Noliko Real Estate NV and the land and buildings held for sale of Scana Noliko Rijkevorsel NV were valued, upon their initial classification in the opening balance sheet, at fair value (€30.0 million: global acquisition price of €27.5 million for all the shares of Scana Noliko Real Estate NV (including land and buildings at Bree) and €2.5 million for the land and

buildings of Scana Noliko Rijkevorsel NV)) and were sold as per 19 July 2011 (all the shares of Scana Noliko Real Estate NV) and as per 19 December 2011 (sale 'tréfonds' buildings Scana Noliko Rijkevorsel NV). We refer to note '6.3. Tangible fixed assets' for more information with regard to the sale and rent-back transaction.

The table below shows the main categories of assets and liabilities of the Group that were sold and were classified as held for sale at the acquisition as per 30 June 2011:

Assets held for sale (in thousands of €)	**CONSOLIDATED IFRS balance sheet (net fair value)**
Fair value of land and buildings Scana Noliko Group (at Rijkevorsel & Bree (Scana Noliko Real Estate))	27,812
Other assets Scana Noliko Real Estate NV:	
- Other financial assets: participation in de Binnenakkers NV	99
- Trade receivables	2,978
- Other receivables	4
- Cash and cash equivalents	1
AMOUNT AS PER 30 JUNE 2011	**30,893**

Liabilities held for sale *(in thousands of €)*	**CONSOLIDATED IFRS balance sheet (net fair value)**
- Deferred taxes	706
- Trade payables	59
- Tax payable	298
- Remuneration and social security	41
AMOUNT AS PER 30 JUNE 2011	**1,104**

We note that in preparing this interim consolidated balance sheet, no account was taken of the valuation of the stocks under IAS 41 'Agriculture´, given that its character was too negligible.

The sales and net result of the activities of Scana Noliko Group from their acquisition date (1 July 2011) to 31 March 2012 amounted to €141.9 million and €1.1 million respectively. For further comments we refer to the annual report of the Board of Directors as per 31 March 2012.

An estimate for the accounting period of 15 months ending as per 31 March 2012 of the impact as if the Scana Noliko Group activities had been included in the Group's results from the start of the financial year (1 January 2011) gives sales of €234.2 million and a net result of €5.6 million respectively.

Business combination deep-frozen vegetable division of the French CECAB ('CECAB Activity')

On 1 September 2011 PinguinLutosa finalised the acquisition of the CECAB Activity. The deal includes 7 production sites: 2 sites in France (Moréac and Comines), 1 site in Hungary (Baja) and 4 sites in Poland (Lipno, Adamow, Elk and Dabrova). Apart from the entire acquisition of 100% of the shares of the sales companies of the CECAB Activity, in France (CGS SAS and CGB SAS) and Brazil (D'Aucy do Brazil Ltda), PinguinLutosa additionally acquired a number of non-controlling participations (10.0%) in the CECAB companies that hold the

production infrastructure and rent the land and buildings to PinguinLutosa (**'CECAB Entities':** see below). The value of these participations was determined on the basis of the share in the statutory equity on the acquisition date (see note *"6.4. Other Financial investments"*). It was decided to have the acquisition coincide with the start of the new sales season as at 1 September 2011, which means that as of that moment the operational and commercial activities were entirely in the hands of PinguinLutosa.

Together these 7 sites have a production capacity of 150,000 tonnes per year. Together with the production capacity of the deep-frozen vegetable division of PinguinLutosa, the total capacity then amounts to 420,000 tonnes. The sales of the CECAB Activity amounted to €145.4 million in 2010, whereas sales of the deep-frozen vegetable division of PinguinLutosa in 2010 amounted to €233.2 million.

The investment for the acquisition of the above-mentioned participations for PinguinLutosa amounts to €5.7 million. In addition, both parties have agreed upon a result-driven acquisition price (earn-out) of the business and the commercial fund which starts as from 2012 onwards and can amount to a maximum of €6.0 million. This earn-out arrangement has no time limit and depends on the attainment of a target EBITDA. This earn-out was discounted and was included as goodwill for an amount of €3.1 million.

The costs related to the acquisition of the CECAB Activity are taken directly in the income statement as per 31 March 2012 under the heading *'services and other goods: external advisory'* and amount to €0.6 million, whereas these amounted to €0.4 million as per 31 December 2010 (see note *'5.4. Non-recurring costs and income*).

The CECAB Activity provides economies of scale, competences in terms of agronomy, additional growing areas, additional production techniques and a strong market position in certain countries. The ambition for the CECAB Group is to ally itself with a well-known player in the sector, in order to thus become an even more major European player in the deep-frozen vegetable sector. For PinguinLutosa, this approach signified yet another important step in the Group's continued development, since it expanded the deep-frozen vegetable activities by over 50%. The production sites and the markets of the CECAB Group (d'Aucy Frozen Foods) are highly complementary with those of PinguinLutosa´s deep-frozen vegetable division. The synergy of means of production and geographic markets will lead to a further optimal development of the strengths of both groups.

The CECAB Group and PinguinLutosa are convinced that the combination of the expertise regarding production, logistics, agronomy and sales, combined with the very strong focus on efficiency and cost awareness will be the basis for good profitability in the future. The CECAB Group will remain closely involved with the operations and will manage the financing of working capital for the activities that have been transferred. It will also continue to manage the financing of future investments at the sites (see below).

Within the framework of the acquisition of the CECAB Activity, in 2011 PinguinLutosa set up in France, Poland and Hungary a number of operational subsidiaries, namely Pinguin Foods Polska Sp. Z.o.o. (Poland), Pinguin Foods Hungary Kft. (Hungary) and Pinguin Comines SAS (France). These subsidiaries concluded with the local entities belonging to the CECAB Activity (namely D´Aucy Polska Sp. Z.o.o. (Poland), Bajaj Hutoipari Zrt. (Hungary), D´Aucy Frozen Foods Hungary (Hungary), Sica Vallee de la Lys SAS (France) and Moréac Surgélés SAS (France) (**the CECAB Entities**)) the following bilateral agreements with regard to the activities on the production sites of the CECAB Activity:

- 6-year leases under which the buildings and machinery on the production sites are leased by the CECAB Entities to the subsidiaries of Pinguin NV;

- Supply and financing agreements where in each case:
  - the CECAB Entity is given responsibility for supplying the raw materials to the production site in the quantities and types as defined by PinguinLutosa;

- the CECAB Entity finances the cost price of the raw materials by means of a supplier credit;
- the subsidiary of PinguinLutosa is put in charge of the production, the deep-freeze process and the storage of the vegetables and fruit that were delivered by the CECAB Entity;
- the subsidiary of PinguinLutosa may at any time purchase the products at the production cost price by submitting a purchase order and undertakes to purchase the products entirely at the latest one year after production.

Finally, PinguinLutosa and the CECAB Group also concluded a "transition services agreement" for the provision of services within the framework of the transfer of the IT systems, invoice collection systems, human resources management, marketing and administration.

The identifiable assets, liabilities and contingent liabilities of the Scana Noliko Group that meet all the criteria of IFRS *"Business combinations"* are taken into accounts at fair value on the acquisition date.

The table below shows the impact on the consolidated balance sheet at acquisition date:

ASSETS *(in thousands of €)*	**Net fair value Subconsolidated CECAB Activity 31/08/2011**
FIXED ASSETS	**342**
Intangible fixed assets	32
Tangible fixed assets	73
Financial fixed assets	96
Deferred tax assets	141
CURRENT ASSETS	**101,893**
Inventory	65,716
Accounts receivable	33,030
Cash and cash equivalents	3,146
ACQUIRED ASSETS	**102,235**

LIABILITIES *(in thousands of €)*	**Net fair value Subconsolidated CECAB Activity 31/08/2011**
NON-CURRENT OBLIGATIONS	**11,192**
Provisions	566
Other payables	9,741
Deferred tax liabilities	886
CURRENT LIABILITIES	**88,934**
Trade payables	85,842
Tax payable	2,144
Remuneration and social security	948
ACQUIRED LIABILITIES	**100,126**

On acquisition-date 1 September 2011 the excess of the sum of i)+ii)+iii) (whereby i) the consideration transferred to obtain control, including the result-driven earn-out, ii) the amount of any non-controlling interests in the acquiree, and iii) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed of the CECAB Activity amounted to €2.9 million. The table below shows a calculation of the consolidation goodwill at acquisition date:

Consolidation goodwill CECAB Activity* *(in thousands of €)*	**Net fair value per 31/08/2011**
Total consideration transferred*	1,918
Earn-out	3,127
Non-controlling interests	
Fair value of the previously held equity interest	
Acquisition price	**5,045**
Fair value of acquired assets and liabilities	2,108
Fair value of acquired assets and liabilities	**2,108**
Goodwill on acquisition date	**2,937**

** for a 100% participation in the companies CGS S.A.S., CGB S.A.S. and D'aucy do Brasil Ltda.*

The tangible fixed assets are situated in the CECAB Entity in which as of 1 September 2011 Pinguin NV holds a participating interest of 10%. It is these last-mentioned companies which in turn lease the tangible fixed assets to the Pinguin-Lutosa entities. The Group did not take over any brands in this asset deal, thus no value was assigned to the intellectual property. The brand "d'Aucy" can be used temporarily, in exchange for a royalty. No value was assigned to this brand due to the fact that the focus of the Group for deep-frozen vegetables is primarily oriented on the private label market and because of the uncertainty of commercial success.

The stocks of the CECAB Activity were taken over on the basis of the stocks actually present on 31 August 2011. On the takeover date in the subsidiaries of PinguinLutosa a value adjustment was booked on the stock of €64.7 million, firstly the upward adjustment to the fair value of the stock of the subsidiaries of PinguinLutosa for an amount of €2.9 million, and secondly the booking of the repurchase obligation of €61.8 million for the stock of the CECAB Entity (see above) which under IFRS must be fully included on the balance sheet of the subsidiaries of PinguinLutosa. In addition, under IFRS standards as of the takeover date of 31 August 2011 provisions for pensions were booked for a total amount of €0.4 million.

Following this asset deal, the existing trade receivables and payables were acquired. Employees were transferred over, together with the attendant social security obligations. No additional liabilities arose at the acquisition date from this operation within the meaning of IAS 19. 666 people were transferred over at acquisition date. The Group also took over the existing customer contracts and customer relations for the CECAB Activity. Given the annual character of the customer contracts and their volatility, it was decided not to assign any value to them.

The sales and net result of the activities of the CECAB Activity from their acquisition date (1 September 2011) to 31 March 2011 amounted to €96.6 million and €1.0 million respectively. For further comments we refer to the annual report of the Board of Directors as per 31 March 2012.

An estimate for the accounting period of 15 months ending 31 March 2012 of the impact as if the CECAB Activity had been included in the Group's results from the start of the financial year (1 January 2011) gives sales of €172.0 million. An estimate of the impact as if the CECAB Activity had been included in the Group's results from the start of the financial year (1 January 2011) on the net result cannot be provided since the internal management figures up till the result after taxes as in the new business model were not available for the period preceding the acquisition by PinguinLutosa.

New companies

In 2011 a number of new companies were established following the acquisition of the CECAB Activity (01/09/2011: see 'business combination deep-frozen vegetable division CECAB' above), more specifically 'Pinguin Comines SAS', 'Pinguin Foods Polska Sp. Z o.o.' and 'Pinguin Foods Hungary Kft.'. These companies, which are 100% owned by the Group, were fully consolidated for the last 7 months of the financial year ending 31 March 2012.

The sales, operating result and net result of the activities of these companies from their date of foundation to 31 March 2012 amounted to €28.0 million, €0.4 million and €-0.5 million respectively.

Mergers

On 31 March 2012, in Belgium a silent merger was undertaken of Scana Noliko NV and Scana Noliko Rijkevorsel NV, with a retroactive accounting effect as from 1 January 2012 onwards. This merger was part of the plan to simplify the group structure.

Dissolution and liquidation

Effective 16 September 2011 the company Pinguin Hong Kong Ltd. was dissolved and liquidated. This liquidation also fits within the aim of simplifying the group structure.

3. USE OF ESTIMATES

Preparing the financial statements in accordance with the IFRS Standards requires management to make judgements, estimates and assumptions that can have an impact on the reported amounts of assets and liabilities, contingent liabilities and assets, income and costs, and elements thereof that are mentioned in the notes.

The estimates made on the reporting date reflect conditions as they existed on that date. The main estimates, judgments and underlying assumptions relate primarily to determining impairments of goodwill, the intangible and tangible fixed assets, deferred tax assets and provisions:

- Impairment losses on goodwill:
  The Group tests goodwill and cash generating units annually for impairment where indications exist that goodwill and cash generating units may have fallen in value. This analysis is based on assumptions such as market evolution and market share, evolution of the margins, EBITDA/sales ratio, discount rates and working capital/sales ratio;
- Impairment losses (or reversal of impairment losses) on (in)tangible fixed assets:
  - At every reporting date the Group examines whether any indication exists of a possible impairment of (in)tangible fixed assets;
  - At every reporting date the Group examines whether any indication exists that an impairment recorded on an asset in a previous reporting period has reduced or no longer exists;
- The recording and calculation of provisions for tax and environmental risks and for restructurings;
- Deferred tax assets:
  Deferred tax assets relating to carried-forward tax losses are recognized only to the extent that it is probable that sufficient taxable profit will exist in the future in order to recover the carried-forward tax losses. In estimating this, the Group takes into account elements such as budgets, long-term strategies and tax planning opportunities;
- Provisions:
  At every year end the Group estimates the future risks and costs of pending disputes, taking advice in particular from outside experts.

The estimates, judgements and related assumptions as described above are based on past experience and on various other factors that are considered reasonable in the given circumstances. The actual outcomes can differ from these estimates. The estimates and underlying assumptions are constantly reassessed.

Management believes that a reasonable basis exists for the estimates and assumptions and that these reflect in the best possible way the outlook for the Group.

4. SEGMENT REPORTING

The information that is reported for PinguinLutosa to the Group's 'chief operating decision makers' with a view to assessing the results and allocating resources, is based on three operating segments, which are further broken down by geographic location. This segmentation basis is employed to allocate resources to the different segments and enables the performance of those segments to be assessed. The management team judges the results of the segments based on the net result after taxes. The assets and liabilities per segment are those belonging directly to it, including the elements that can reasonably be attributed to the segment (tax assets and tax liabilities are included in segment assets and segment obligations).

For internal 'management reporting' the Group is therefore divided into three segments based on products belonging either to the deep-frozen vegetable segment, to the potato segment or to the canning segment where the geographic location is an additional segmentation basis per operating segment.

The **results from continued operations** include the results of the deep-frozen vegetable segment and the canning segment. In accordance with IFRS 5, the results of the potato segment were included in the result from discontinued operations following the plan to dispose of these activities (see note '5.7. Discontinued operations'). The Group's various companies are included in the following segments:

- Deep-frozen vegetable segment: includes the companies Pinguin NV, Pinguin
  Langemark NV, Pinguin Aquitaine S.A.S., Pinguin Foods UK Ltd, Pinguin Salads BVBA, CGS S.A.S., Pinguin Comines S.A.S., Pinguin Foods Polska Sp. Z.o.o., Pinguin Foods Hungary Kft and the sales offices MAC Sarl, Pinguin Foods Deutschland GmbH, Pinguin Foods CEE Gmbh, CGB S.A.S. and D'aucy do Brazil Ltda.
- Canning segment: includes the companies Scana Noliko Holding NV, Scana Noliko NV, Scana Noliko Ltd and BND CVBA.

The distribution of the turnover was allocated to the different countries based on the place where the sales occur, this means on the level of the legal entity that performs the sale. The column 'others' comprises the production companies in the United Kingdom, France, Poland and Hungary and the sales offices of this division.

The same valuation rules are used in this segment reporting as in the consolidated financial statements.

The result of a segment contains the income and costs generated directly by that segment, including the portion of the general income and costs that can reasonably be attributed to the segment. For a further explanation of the one-off income and one-off charges we refer to note *"5.4. Operating result (EBIT)"*. The negative net result in Belgium in the deep-frozen vegetable segment can be mainly explained by the fact that the financing costs are booked on the level of the parent company.

The assets and liabilities of a segment are those belonging directly to it. With primary segment reporting structured according to the geographic location of the assets, it was easy to attribute the balance sheet items to the respective segments. Assets and liabilities per segment are presented before elimination of intersegment positions. Intersegment transfer pricing is based on market conditions.

Information about major customers

Sales of the Group out of transactions with external customers do not include individual customers that represent 10% or more of sales of the Group. This is the case for current accounting year and previous accounting year.

The Group (continued operations) sells its products in more than 90 countries across the world. The table below gives an overview of sales by customer location.

Sales *(in thousands of €)*		**31/03/2013 (12 months)**		**31/03/2012 (15 months)**
United Kingdom	146,272	23.90%	147,167	27.55%
France	136,702	22.33%	115,202	21.57%
Germany	80,876	13.21%	71,378	13.36%
Belgium	65,989	10.78%	42,848	8.02%
Other EU-countries	112,967	18.46%	118,690	22.23%
Other	69,281	11.32%	38,808	7.27%
Total sales	**612,087**	**100%**	**534,093**	**100%**

The United Kingdom represents 30.4% of the sales of the deep-frozen vegetable division in accounting year 2012/2013 (last accounting year 34.4% over 15 months), whereas 10.9% in the canning division. The percentage decrease of sales to British customers in the deep-frozen vegetable division compared to the previous accounting year can be explained by the contribution of the sales of the CECAB Activity to a number of other sales markets such as France, Poland, Hungary and a series of other countries both inside and outside the EU during 12 months in the accounting year 2012/2013 compared to 7 months in the previous accounting year.

In the accounting year ending 31 March 2013, sales to the 5 largest customers amounted to 24.0% of total sales from continued operations (2011-2012 accounting year: 23.6%). The main customers within the deep-frozen vegetable division and canning division are quite similar to each other. Also the contributions of the CECAB-activities and the canning division for 12 months in accounting year 2012/2013 are leading to a concentration of major customers that slightly increased compared to previous accounting year.

The tables below provide a summary of the **results from continued operations** of each operating business segment, for the twelve month period ended 31 March 2013 and the fifteen month period ended 31 March 2012.

A more detailed discussion of the segment information (continued and discontinued operations) is provided in the report of the Board of Directors.

The column ‘others’ of the deep-frozen vegetable division comprises the production companies in the United Kingdom, France, Poland and Hungary and the sales offices of this division.

Segmented information of continued operations per operating segment is given in the table below:

31/03/2013 (12 months) *(in thousands of €)*	**Belgium (subconsolidated)**	**Others**
RESULTS		
Sales	**161,188**	**334,399**
- sales to external customers	129,078	278,645
- intersegment sales	32,111	55,754
Total operating income	**165,107**	**340,511**
Operating result (EBIT)	**1,161**	**6,082**
Depreciation and impairment losses on assets	7,069	3,909
Write-offs recognized in comprehensive income	877	-296
Provisions	55	1,044
Operating cash flow (EBITDA)	**9,161**	**10,379**
Financial income	1,834	974
- Interest charges	2,530	57
Financial expenses	-14,981	-5,898
- Interest income	-11,367	-4,407
Result before taxes	**-11,987**	**1,159**
Income taxes	5,343	-1,832
Net result	**-6,644**	**-673**
Non-recurring income		
Non-recurring expenses	-102	-2,331
Operating result before non-recurrings (REBIT)	**1,262**	**8,413**
ASSETS AND LIABILITIES		
Segment assets	573,084	190,430
Segment obligations	353,385	171,831
Segment non-current assets (**)	448,788	33,672
OTHER INFORMATION		
Number of interim employees (year end)*	54	258
Number of employees (year end)*	476	1,127

(*) In number of full-time equivalents
(**) The table above shows the geographical spread of fixed assets in accordance with IFRS 8.33 by means of exceeding a materiality of 10%.

Deep-frozen vegetable segment		Canning segment			
Eliminations	Subconsolidation	Belgium (subconsolidated)	Subconsolidation	Eliminations	Consolidated (continued operations)
-84,219	**411,368**	**206,556**	**206,556**	**-5,837**	**612,087**
	407,722	204,346	204,346		612,068
-84,219	3,646	2,211	2,211	-5,837	19
-88,023	**417,595**	**216,780**	**216,780**	**-6,562**	**627,813**
	7,243	**12,813**	**12,813**		**20,055**
	10,978	9,292	9,292		20,271
	581	100	100		681
	1,099	29	29		1,128
	19,901	**22,233**	**22,233**		**42,134**
-2,432	376	1,854	1,854	-29	2,201
-2,432	155	63	63	-29	188
2,432	-18,447	-3,144	-3,144	29	-21,561
2,432	-13,343	-1,525	-1,525	29	-14,838
	-10,827	**11,523**	**11,523**		**695**
	3,511	-3,576	-3,576		-65
	-7,317	**7,947**	**7,947**		**630**
	0				0
	-2,433				-2,433
	9,676	**12,813**	**12,813**		**22,488**
-104,392	659,122	204,907	204,907	-375,289	488,740
-75,134	450,082	84,530	84,530	-32,435	502,177
-29,258	453,665	69,977	69,977	-342,854	180,788
	312	127	127		439
	1,604	646	646		2,250

The column 'others' of the deep-frozen vegetable division comprises the production companies in the United Kingdom, France, Poland and Hungary and the sales offices of this division.

Segmented information of continued operations per operating segment is given in the table below:

31/03/2012 (15 months) (in thousands of €)	**Belgium (subconsolidated)**	**Others**
RESULTS		
Sales	**196,462**	**271,764**
- sales to external customers	155,137	237,076
- intersegment sales	41,325	34,688
Total operating income	**204,428**	**276,914**
Operating result (EBIT)	**-6,836**	**-7,807**
Depreciation and impairment losses on assets	9,948	4,348
Write-offs recognized in comprehensive income	702	1,388
Provisions	8	471
Operating cash flow (EBITDA)	**3,822**	**-1,600**
Financial income	564	612
- Interest charges	407	101
Financial expenses	-17,095	-4,189
- Interest income	-10,185	-3,147
Result before taxes	**-23,367**	**-11,386**
Income taxes	9,215	2,417
Net result	**-14,152**	**-8,967**
Non-recurring income	257	
Non-recurring expenses	-3,144	-7,927
Operating result before non-recurrings (REBIT)	**-3,949**	**120**
ASSETS AND LIABILITIES		
Segment assets	566,383	193,426
Segment obligations	287,998	173,193
Segment non-current assets (**)	440,965	31,805
OTHER INFORMATION		
Number of interim employees (year end)*	82	282
Number of employees (year end)*	445	935

(*) In number of full-time equivalents
(**) The table above shows the geographical spread of fixed assets in accordance with IFRS 8.33 by means of exceeding a materiality of 10%.

Deep-frozen vegetable segment		Canning segment			
Eliminations	Subconsolidation	Belgium (subconsolidated)	Subconsolidation	Eliminations	Consolidated (continued operations)
-72,989	**395,237**	**142,643**	**142,643**	**-3,787**	**534,093**
	392,213	141,880	141,880		534,093
-72,989	3,024	763	763	-3,787	0
-77,317	**404,025**	**147,532**	**147,532**	**-4,356**	**547,201**
	-14,643	**4,356**	**4,356**		**-10,287**
	14,296	6,587	6,587		20,883
	2,090	-595	-595		1,495
	479	-29	-29		450
	2,222	**10,319**	**10,319**		**12,540**
-204	972	126	126	-13	1,085
-204	304	81	81	-13	372
204	-21,080	-3,353	-3,353	13	-24,420
204	-13,128	-1,224	-1,224	13	-14,339
	-34,751	**1,129**	**1,129**		**-33,622**
	11,632	-40	-40		11,592
	-23,119	**1,089**	**1,089**		**-22,030**
	257		0		257
	-11,071	-6,892	-6,892		-17,963
	-3,829	**11,248**	**11,248**		**7,419**
-99,841	659,968	191,943	191,943	-357,840	494,071
-70,777	390,414	79,317	79,317	-14,994	454,737
-29,063	443,707	73,132	73,132	-342,854	173,985
	364	166	166		530
	1,380	604	604		1,984

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

When comparing **the consolidated income statement from continued operations** it needs to be remarked that the past year (closing as per 31 March 2013) includes a 12 month period starting as from 1 April 2012 until 31 March 2013, whereas the comparative results related to the previous prolonged accounting year ending per 31 March 2012 included a period of 15 months, starting as from 1 January 2011 until 31 March 2012. The year-end figures of previous year contain twice the months of January until March, a period in which specifically for the deep-frozen vegetable division there is nearly no production and this period is used to perform major overhaul and investment programs. The seasonality also has an impact within the canning division, but is more limited than the seasonality in the deep-frozen vegetable division due to the production of winter vegetables and the convenience activities of the canning division.

Apart from the above-mentioned effect of seasonality, it needs to be remarked as well that in the prolonged accounting year 2011-2012 (15 months) two acquisitions took place (CECAB Activity and Scana Noliko Group (canning division)). In addition the accounting period ending as per 31 March 2012 included consequently the consolidated results of 15 months for Pinguin NV, consisting of:

(i) 15 months of results of PinguinLutosa (before the acquisitions of the CECAB Activity and Scana Noliko Group), and
(ii) 9 months of results of Scana Noliko Group (included as from 19 July 2011 onwards). These results are included in the canning segment.
(iii) 7 months of results of the CECAB Activity (acquisition effective as from 1 September 2011 onwards). These results are included in the deep-frozen vegetable segment.

In the year-end closing of the current accounting year 2012-2013 (12 months), the results of the CECAB Activity and the results of Scana Noliko are included for 12 months in the results from continued operations. The financial year running from 1 April 2012 to 31 March 2013 gives for the first time a normal view of the consolidated results of the PinguinLutosa Group including these two acquisitions for a period of 12 months.

These factors mentioned above are indicating that a correct objective comparison between both accounting years is very difficult. In order to give a better objective picture, the impact of the acquisition of the CECAB Activity and the Scana Noliko Group are again shown seperately. At the same time:

- In column 3 the figures of the CECAB Activity are added in order to show the impact of the acquisition of the CECAB Activity in the previous accounting year. The financing costs for the acquisition and the acquisition costs are not included in these figures.
- In column 4 the figures of Scana Noliko Group are added in order to show the impact of the acquisition of Scana Noliko Group in the previous accounting year. The financing costs for the acquisition and the acquisition costs are not included in these figures.

Consolidated income statement *(in thousands of €)*	**01/04/2012-31/03/2013**	**01/01/2011-31/03/2012**	**01/09/2011-31/03/2012**	**01/07/2011-31/03/2012**
	Pinguin-Lutosa Group (12 months)	**Pinguin-Lutosa Group (15 months)**	**Subconsolidation of CECAB activity [6] (7 months)**	**Subconsolidation of canning division [7] (9 months)**
Sales	612,087	534,093	96,594	141,880
Increase/decrease (-) in inventories: finished goods and work in progress	3,714	2,406	12,599	-243
Other operating income	12,012	10,702	993	5,105
Raw materials, consumables and goods for resale	-344,424	-327,240	-75,570	-82,168
Services and other goods	-148,293	-129,468	-22,543	-28,047
Personnel costs	-85,296	-73,309	-13,191	-21,870
Depreciation and amortization	-20,271	-20,883	-18	-6,587
Impairment losses on assets				
Impairments, write-offs	-681	-1,495	-489	595
Provisions	-1,128	-450	-83	29
Other operating charges	-7,665	-4,643	-458	-1,540
Operating result (EBIT)	**20,055**	**-10,287**	**2,968**	**4,356**
Operating cash flow (EBITDA)	**42,135**	**28,914**	**3,558**	**10,321**
Non-recurring income		257		
Non-recurring expenses	-2,433	-17,963	-2,914	-6,892
Operating result before non-recurrings (REBIT)	**22,488**	**7,419**	**5,881**	**11,246**
Operating cash flow before non-recurrings (REBITDA)	**43,523**	**36,076**	**6,471**	**17,211**
Financial income	2,201	1,085	409	127
Financial expenses	-21,561	-24,420	-2,094	-3,342
Operating profit after net finance costs	**695**	**-33,622**	**1,283**	**1,130**
Taxes	-66	11,592	-314	-40
PROFIT (LOSS) OF THE PERIOD FROM CONTINUED OPERATIONS	**629**	**-22,030**	**968**	**1,090**
DISCONTINUED / CONTINUED OPERATIONS				
Profit (loss) of the period from discontinued operations	**10,957**	**7,975**		
PROFIT (LOSS) OF THE PERIOD	**11,586**	**-14,055**	**968**	**1,090**
Attributable to:				
- The shareholders of PinguinLutosa (the 'Group')	11,102	-13,763	968	1,039
- Non-controlling interests	484	-292		52

6. The amounts presented include the net contribution (figures after elimination of intercompany amounts on the level of PinguinLutosa Group) of the subconsolidated CECAB Activity to the consolidated figures.

7. The amounts presented include the net contribution (figures after elimination of intercompany amounts on the level of PinguinLutosa Group) of the subconsolidated canning division to the consolidated figures.

5.1. SALES

The Group's **sales from continued operations** consist mainly of the sale of deep-frozen vegetable products. In addition the Group's activities focus as well on the processing of harvest-fresh fruit and vegetables and the preparation of ready-to-eat food such as soups, sauces, dips and pasta dishes, mainly in glass and canned (Scana Noliko Group). Scana Noliko Group was acquired as per 1 July 2011, which makes that the sales of canned goods represent a period of 9 months in the consolidated sales.

Sales *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Sales 'Deep-frozen'	407,741	392,213
Sales 'Canned'	204,346	141,880
Total sales	**612,087**	**534,093**

During the accounting year 2012/2013 the Group's **consolidated sales from continued operations** increased by 14.6% compared to prior accounting year (15 months). This increase is largely the direct consequence of the two acquisitions that took place in the previous financial year: (2011/2012) the turnover of the CECAB Activity was included in the results of previous accounting year for 7 months and the sales of Scana Noliko Group was included in the group sales for 9 months. These factors make an accurate, objective comparison of the sales more difficult.

The sales of the deep-frozen vegetable division amounted to €407.7 million during the accounting year ending as per 31 March 2013 and represents 66.6% of total sales from continued operations. Sales increased by 3.96% or €15.5 million compared to the previous accounting year, which is mainly due to the contribution of the CECAB-activity for 12 months during accounting year 2012/2013 compared to 7 months during previous accounting year. The total volumes sold within the deep-frozen vegetable division increased by 0.8% in the accounting year 2012-2013 (12 months) compared to the previous accounting year that included 15 months.

The canning division takes €204.3 million of the consolidated **revenue from continued operations** of the current accounting year ending as per 31 March 2013 for its account, which represents 33.4% of the consolidated revenue from continued operations over the same period. No comparables of Scana Noliko are available because the division was only included for 9 months during the previous accounting year.

5.2. OTHER OPERATING INCOME

Other operating income *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Operating subsidies	711	529
Refund of property tax		1,793
Costs passed on to growers (canning division)	3,507	2,648
Costs passed on in the context of storage	124	525
Sale of waste	1,179	799
Insurance compensation received	137	199
Realised capital gain	665	586
Costs passed on in the context of the delivery of green energy	282	193
Recharge of services	1,978	2,013
Recharge of costs from deep-frozen vegetable division to CECAB	1,243	10
Other	2,186	1,407
Total	**12,012**	**10,702**

The increase in **other operating income from continued operations** during the financial year 2012/2013 (12 months) compared to the financial year 2011/2012 (15 months) by €1.3 million is partially attributable to re-billings to growers from Scana Noliko Group for an amount of €0.9 million (such as seeds, cultivation and harvesting works, transport, etc.). Scana Noliko Group was included in the consolidation scope of PinguinLutosa as from July 2011 on-wards. The increase of the other operating income with €0.8 million consists of several items with a relatively minor impact and is mainly due to the contribution of the CECAB activity and the canning division for 12 months in accounting year 2012/2013 compared to the previous accounting year (respective contribution of 7 and 9 months).

The 'other' item above consists primarily of packaging materials invoiced to customers (mainly pallets), the sale of used cooking fats and the invoicing of diverse costs.

5.3. OPERATING CHARGES

The Group's **operating charges from continued operations** can be broken down as follows:

Operating charges *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Raw materials, consumables and goods for resale	**-344,424**	**-327,240**
Purchase of fresh vegetables, fruits and ingredients	-108,458	-102,088
Purchase of frozen vegetables of external parties	-136,895	-127,856
Purchase of packing materials	-73,508	-61,457
Storage and work by third parties	-16,024	-28,637
Other	-9,539	-7,202
Services and other goods	**-149,498**	**-129,468**
Transport	-32,667	-26,445
Energy	-30,949	-27,146
Maintenance + IT	-19,745	-18,535
Rent (forklifts, hardware, buildings, ...)	-17,960	-15,377
Interim wages	-19,333	-18,827
Other	-27,639	-23,138
Personnel costs	**-85,479**	**-73.309**
Depreciation and (reversal of (-)) impairment losses on assets	**-20,271**	**-20,883**
Depreciation	-20,271	-20,883
Impairment losses on assets		
Write-downs and provisions	**-1,809**	**-1,945**
Write-down of inventories	-303	-819
Write-down of trade debtors	-378	-676
Provisions	-1,128	-450
Other operating charges	**-6,278**	**-4,643**
Total	**607,758**	**-557,488**

As already indicated above, when comparing **the operating costs from continued operations** it must, apart from the different length of the accounting periods, also be noted that two acquisitions took place in the previous financial year: the costs of the CECAB Activity were included in the results of last accounting year for 7 months and the costs of Scana Noliko Group were included for 9 months. Moreover, in contrast to the presentation in the consolidated profit and loss overview, a change in presentation was made as of financial year 2012-2013: in the above table, the one-time other operating costs from the heading 'other operating costs' were presented according to the actual nature of these costs. In practice, these factors make an accurate, objective comparison of the operating costs more difficult.

The heading **'Raw materials, consumables and goods for resale' from continued operations** increased by €17.2 million to €344.4 million over the accounting year ending as per 31 March 2013 versus €327.2 million as per the end of the previous accounting year. This increase is mainly due to the inclusion of the activities of the canning division (€+38.3 million) and the inclusion of the CECAB Activity (€+28.3 mil-

lion). The remaining decrease of the comparable deep-frozen vegetable activities compared to the previous accounting period (€-49.4 million) can be mainly explained by the fact that the previous accounting year consisted of 15 months compared to 12 months in the accounting year 2012/2013. A comparison with the same 12 months of the previous accounting year results in a decrease of €-25.3 million. This decrease is mainly resulting from lower production levels of deep-frozen vegetables compared to the previous accounting year due to bad weather circumstances resulting in lower purchases of raw materials.

The heading **'Services and other goods' from continued operations** increased by €20.0 million to €149.5 million in the accounting year 2012-2013 ending as per 31 March 2013 (12 months) versus €129.5 million as per 31 March 2012 (15 months). This increase is mainly due to the inclusion of the activities of the canning division (€+10.4 million) and the inclusion of the CECAB Activity (€+24.6 million). The remaining decrease of the heading 'services and other goods' of the comparable deep-frozen vegetable activities compared to the previous accounting period (€-15.0 million) is also explained by the fact that the previous accounting year consisted of 15 months compared to 12 months during this accounting year. The major decrease is taking place in the energy and the interim costs when comparing the deep-frozen vegetable division over the same 12 months of as well current as the previous accounting year (total impact €-3.4 million), which is also explained by a lower production as explained in the previous paragraph.

The heading **'Personnel costs' from continued operations** increased by €12.2 million to €85.5 million over the accounting year ending as per 31 March 2013 (12 months) versus €73.3 million over the previous accounting year ending as per 31 March 2012 (15 months). This increase is mainly due to the inclusion of the CECAB activity (€+10.4 million) and the activities of the canning division (€+8.7 million). The comparable deep-frozen vegetable activities represent €30.1million of the personnel costs from continued operations, a decrease by €-6.9 million compared to the previous accounting year, which is mainly due to the fact that the previous accounting year consisted of 15 months compared to 12 months during the accounting year 2012/2013.

The heading '**Depreciation charges' from continued operations** decreased by €-0.6 million over the accounting year ending as per 31 March 2013 (12 months) versus the previous accounting year ending as per 31 March 2012 (15 months). This decrease is mainly due to the contribution of the depreciation of the existing deepfrozen vegetable division of the 12 month current accounting year compared to 15 months in the previous accounting year (€-3.3 million), which is larger than the increase of contribution of the canning division by €2.7 million. The heading 'Impairments and write-offs' resulted in a cost of €0.7 million in the current accounting period compared to a cost of €1.5 million in the previous accounting year. The heading 'Provisions' moved from a cost of €0.4 million in the previous accounting year to a cost of €1.1 million in the current accounting year.

The heading 'write-downs and provisions' contained a number of non-recurring elements in the previous accounting year 2011/2012, whereas such costs are included in the heading "other operating expenses" in the accounting year 2012/2013. For a detailed discussion the reader is referred to note *"5.4. Operating result (EBIT)".*

The heading **'Other operating charges' from continued operations** increased by €1.6 million over the accounting year 2012/2013 ending as per 31 March 2013 (12 months) versus the previous accounting year ending as per 31 March 2012 (15 months). This increase is mainly due to the integration of the CECAB Activity in an amount of €3.1 million, of which €0.8 million consists of tax charges other than corporate taxes and recharges from CECAB in an amount of €1.7 million. The remaining decrease of the other operating charges from continued operations with €1.5 million is on the one hand due to a decrease of the contribution of Scana Noliko (€-0.8 million) and on the other hand resulting from the comparable deepfrozen vegetable activities (€-0.7 million) contributing in consolidation for 12 months compared to 15 months during the previous accounting year.

5.4. OPERATING RESULT (EBIT)

The operating profit from continued operations amounts to €20.0 million as per 31 March 2013 (12 months), versus €-10.3 million as per 31 March 2012 (15 months). We refer to the consolidated annual report of the Board of Directors for a more detailed discussion of the operating profit from continued operations.

Operating result, including effect of non-recurring events

Operating result *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Operating result (EBIT)	**20,055**	**-10,287**

Effect of non-recurring events

Non-recurring costs and income *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Operating result before non-recurring costs and income (REBIT)	**22,488**	**7,419**
Non-recurring costs	**-2,433**	**-17,963**
Costs related to closing of site in Bourne / Easton	-1,593	-1,249
Provision for claim relating to clearing and repair costs when the rented site in Bourne/ Grimsby was vacated	-491	-464
Restructuring costs: dismissal fees	-181	
Costs related to the intention for acquisition of the CECAB asset companies	-22	
Impairment loss on disposal of machinery in Belgium		-1,626
Restructuring costs King's Lynn site		-2,303
Impact acquisition accounting on inventory valuation Scana Noliko Group		-6,841
Impact acquisition accounting on inventory valuation CECAB Activity		-2,914
Costs related to the acquisition of Scana Noliko Group		-829
Costs related to the acquisition of CECAB Activity		-606
Provision for claim with respect to the Pinguin Aquitaine SAS subsidies		-463
Claim related to a tax issue		-231
Provision for compensation for damages related to cleaning and repair works on the property and water-purification installation of third parties at Ychoux		-26
Others	-146	-411
Non-recurring income	**0**	**257**
Gain on disposal of tangible fixed assets		257
Net non-recurring costs (-) / income	**-2,433**	**-17,706**
Operating result (EBIT)	**20,055**	**-10,287**

The **non-recurring costs from continued operations** included within the operating result as per 31 March 2013 amount to €2.4 million and are entirely related to the deep-frozen vegetable division. The non-recurring costs are mainly related to the British subsidiaries for an amount of €2.3 million and are consisting of the remaining costs resulting from the closure of the sites in Bourne and Easton (€1.6 million) and a provision for a dilapidation claim related to the rented sites in Bourne and Grimsby (€0,5 million). The non-recurring costs related to the Belgian subsidiaries amount to €0.1 million.

The operating results for the accounting year ending as per 31 March 2013 do not include **non-recurring income from continued operations**.

The **one-off expenses from continued operations** included in the operating result at 31 March 2012 in an amount of €18.0 million relate on the one hand to the deep-frozen vegetable division (€10.3 million) and on the other hand to the canning division (€7.7 million).

The **one-off profits from continued operations** included in the operating result at 31 March 2012 amount to €0.3 million.

The 2011-2012 financial year includes a net non-recurring cost from continued operations of €17.7 million. For the accounting period ending as per 31 March 2013 this figure is a net non-recurring cost of €2.4 million (difference of € -15.3 million).

5.5. FINANCIAL INCOME AND EXPENSES

The **financial income and expenses of the Group from continued operations** can be broken down as follows:

Financial income and expenses *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
FINANCIAL INCOME	**2,201**	**1,085**
Operating financial income		
- Interest income on loans granted	188	372
- Other operating financial income	261	47
Non-operating financial income		
- Valuation to fair value of derivatives	1,311	117
- (Un)realized exchange results and conversion differences	441	549
FINANCIAL EXPENSES	**-21,561**	**-24,420**
Operating financial expenses		
- Interest charges on interest-bearing liabilities	-14,790	-14,239
- Interest on leasing	-48	-100
Non-operating financial expenses		
- (Un)realized exchange results and translation differences	-2,002	-1,325
- Valuation to fair value of derivatives	-1,898	-5.475
- Other	-2,823	-3,280
TOTAL FINANCIAL RESULT	**-19,360**	**-23,335**

The **financial result from continued operations** in the past financial year (12 months) decreased compared to previous financial year (15 months). This decrease by €4.0 million is mainly the effect of a positive change in the fair value of financial instruments (IRS).

The **net interest charges from continued operations** of the accounting year ending as per 31 March 2013 amount

to €-14.7 million, which represent an increase of €0.7 million compared to the previous accounting year (15 months). The increase is mainly due to an increased interest cost related to the club deal facility resulting from an average higher outstanding loan amount in the accounting year 2012/2013 compared to the previous accounting year. However, this increase of the interest cost related to the higher outstanding loan amount is partly compensated by a generally decreased interest rate during the accounting year.

The **non-operating financial result from continued operations** for the period ending as per 31 March 2013 increased by €4.4 million compared to previous accounting year (€-5.0 million as per 31 March 2013 compared to €-9.4 million as per 31 March 2012). This increase is mainly the result of an increase in fair value (marked-to-market value) of financial instruments in an amount of €4.8 million as per 31 March 2013 compared to a negative impact of €-5.4 million as per 31 March 2012. These concern the interest rate swaps (IRS) that were concluded for the adjusted club deal financing and include hedges against a possible increase in interest rates. The lowered Euribor had a negative impact on the valuation of the interest-hedging instruments. The non-operating financial result is also influenced by a net exchange rate loss of €-1.6 million as at 31 March 2013 compared to a net exchange rate loss of €-0.8 million as at 31 March 2012, primarily caused by the lower valuation of the British pound in the financial year 2012/2013 compared to the previous accounting year.

The **other financial expenses from continued operations** of €2.8 million consist on the one hand of bank charges and the operating costs related to the invoice discounting facility. On the other hand this category also includes the costs of the club deal financing which are taken into the income statement over the course of the financing term (€0.7 million as per 31 March 2013). The other financial expenses from continued operations of the accounting year ending as per 31 March 2012 (€-3.3 million) included a number of non-recurring elements.

We refer to note *"7.3. Commitments"* for a further explanation of the club deal financing.

5.6 INCOME TAXES

Tax charges recorded in the income statement *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
- Current taxes for the year	-3,887	1,216
- Adjustment to current taxes in respect of prior periods	-17	1,103
- Deferred taxes	3,838	9,273
TOTAL TAX CHARGE REPORTED IN THE INCOME STATEMENT	**-66**	**11,592**

Relationship between tax charge and accounting profit *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Result before taxes (profit/loss (-))	695	-33,622
Theoretical tax rate	33.99%	33,99%
Tax expense (-)/income at the Belgian tax rate	-236	11,428
Effect of different tax rates in other countries	-446	-944
Theoretical tax charge	**-683**	**10,484**
Average theoretical tax rate	**98.27%**	**-31.18%**
Tax effect of:		
- Non-deductible expenses	-593	-671
- Deduction of risk capital	1,402	1.132
- Current tax adjustments relating to prior periods	-17	1.103
- Deferred tax adjustments relating to prior periods	-116	
- Movement of taxed reserves		266
- Non-recognised deferred tax assets on tax losses	-1,926	2
- Non-recognised deferred tax assets	-2,733	
- Utilization of deferred tax assets non previously recognized	-275	
- Recognition of deferred tax assets previously recognized	3,755	-745
- Other	1,120	19
Effective tax charge	**-66**	**11,592**
Effective tax rate	**9.57%**	**-34.48%**

The taxes expressed in the income statement arise on the one hand from the results of the financial year and on the other hand from temporary differences between local and IFRS valuation rules, which give rise to deferred taxes.

In addition to **the income taxes from continued operations** on the results of the accounting year ending as per 31 March 2013 of €-3.9 million, positive **deferred taxes from continued operations** were recorded for an amount of €3.8 million. These positive deferred taxes include amongst others the recognition of a deferred tax asset on tax losses carried forward for the Belgian subsidiaries of the deep-frozen vegetable division in an amount of €3.5 million (see also note *"6.7. Deferred tax assets and deferred tax liabilities"*). This had a total negative tax effect of €-0.1 million over the current accounting year. During the previous accounting year (15 months) this had a total positive tax effect of €11.6 million.

For the reporting period ending on 31 March 2012, the tax rate used in the United Kingdom amounted to 26.0%. As from April 2012 onwards and for the reporting period which ended on 31 March 2013 a different tax rate of 24.0% is used. This change in tax rate had no significant impact on the calculation of the taxes in Pinguin Foods UK Ltd.

For a detailed discussion the reader is referred to note *"6.7. Deferred tax assets and deferred tax liabilities".*

5.7. DISCONTINUED OPERATIONS

Plan to sell the potato division

On 19 October 2012 McCain Foods and PinguinLutosa Food Group announced that they have signed a Share Purchase Agreement for the sale of Pinguin's Lutosa division to McCain Foods. The agreement is based on an enterprise value of the division of €225 million. It encompasses Lutosa's operations in production, marketing and distribution of frozen, chilled and dehydrated potato products, as well as the Lutosa brand.

On 28 May 2013 the European competition authorities authorised the Lutosa division sale to McCain. This transaction was finalised and concluded on 31 May 2013 and included the entire Lutosa division. A surplus value of approx. 4 euros per share was achieved for this transaction.

Hence as per 31 March 2013 the potato division is presented in accordance with IFRS 5 Discontinued operations as a 'disposal group' or discontinued operation.

Details of the assets and liabilities related to assets held for sale are shown in note *"6.19. Assets and liabilities related to assets classified as held for sale"*.

Analysis of the result of the period from discontinued operations (potato division)

When comparing **income statements from discontinued operations** it should also be noted that the past financial year (ended on 31 March 2012) covered a period of 15 months. The current financial year ending on 31 March 2013, on the other hand, covered a period of 12 months.

The results from the discontinued operations that are included in the consolidated income statement are presented below. The discontinued operations are, in accordance with IFRS 5, classified and accounted for as a disposal group related to discontinued operations as per 31 March 2013. The comparative profit and loss account and cash flow statement from discontinued operations have been represented as 'discontinued operations'.

In accordance with IFRS 5 Discontinued operations the depreciation charges of the fixed assets of the potato division needed to be stopped in the current accounting period as from the moment the potato division was considered as a disposal group, which is as from September 2012 onwards. The positive effect on the EBIT of this application of IFRS 5 on the potato division amounts to €5.8 million.

Profit (loss) from discontinued operations *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Sales	267,490	301,803
Increase/decrease (-) in inventories: finished goods and work in progress	15,685	11,264
Other operating income	6,682	6,511
Expenses (operating and financial)	-273,210	-307,254
Loss on the remeasurement to fair value less costs to sell		
Operating result after net financing costs	**16,647**	**12,324**
Attributable income tax expense	-5,690	-4,349
Profit / (loss) of the period from discontinued operations	**10,957**	**7,975**
Attributable to:		
- The shareholders of PinguinLutosa (the 'Group')	10,956	7,974
- Non-controlling interests	1	1

The Group's sales **from discontinued operations** consist of the sales from the potato division of the Group. The sales of the potato division amounts to €267.5 million in the accounting year ending as per 31 March 2013, which represent a decrease of -11.4% or €-34.3 million compared to previous accounting year. This decrease is explained by the fact that the accounting year 2012/2013 consists of 12 months compared to 15 months in the previous accounting year.

The EBITDA **from discontinued operations** of the accounting year ending as per 31 March 2013 amounted to €19.7 million. This realized EBITDA is €-6.1 million lower compared to the previous accounting year. The evolution of EBITDA between both accounting years is also difficult to explain because of the different number of months between both accounting years, but the realized operating cash flow is meeting the expectations.

The one-off charges included in the operating result at 31 March 2013 amount to €1.7 million and mainly relate to advisory costs related to the sales transaction of the potato division (€1.5 million) and severance payments (€0.2 million).

Cash flow from discontinued operations *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Net cash flow from operating activities (A)	-61,200	2,843
Net cash flow from investing activities (B)	42,002	-6,778
Net cash flow from financing activities (C)	8,102	-2,059
NET CASH FLOW (A + B + C)	**-11,096**	**-5,994**

5.8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's share in the net result by the weighted average number of shares outstanding during the year (total number of shares – own shares).

Earnings per share *(in € per share)*	**31/03/2013 (12 months)**	**31/03/2013 (12 months)**
	Basic	**Diluted**
Weighted average number of ordinary shares (in numbers)	16,459,520	16,459,520
Dilution effect of warrants (in numbers: note 6.13.)		2,400,000
Weighted average number of ordinary shares (in numbers)	**16,459,520**	**18,859,520**
	16,459,520	18,859,520
Net profit (loss) attributable to ordinary shareholders (in thousands of €)	**11,102**	**11,102**
- Net profit (loss) from continued operations	146	146
- Net profit (loss) from discontinued operations	10,956	10,956
Earnings per share (in € per share)	**0.68**	**0.59**
- Earnings per share from continued operations	0.01	0.01
- Earnings per share from discontinued operations	0.67	0.58

Earnings per share *(in € per share)*	**31/03/2012 (15 months)**	**31/03/2012 (15 months)**
	Basic	**Diluted**[8]
Weighted average number of ordinary shares (in numbers)	12,053,087	12,053,087
Dilution effect of warrants (in numbers: note 6.13.)		2,400,000
Weighted average number of ordinary shares (in numbers)	**12,053,087**	**12,684,666**
Net profit (loss) attributable to ordinary shareholders (in thousands of €)	**-13,763**	**-13,763**
- Net profit (loss) from continued operations	-21,737	-21,737
- Net profit (loss) from discontinued operations	7,974	7,974
Earnings per share (in € per share)	**-1.14**	**-1.14**
- Earnings per share from continued operations	-1.80	-1.80
- Earnings per share from discontinued operations	0.66	0.66

When calculating the profit (loss) per share as at 31 March 2013, account was taken of 2,400,000 warrants that were allocated on 2 December 2011 to Gimv-XL (conversion ratio of 1 share per allocated warrant).

[8] The diluted earnings per share equals the basic earnings per share following the anti-dilutive character of the warrants cfr. IAS 33.41.

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In accordance with the planned sale of the potato division, which was announced at the end of October 2012, the assets and liabilities related to the assets of the potato division were included as 'assets classified as held for sale' and "liabilities related to assets classified as held for sale' as per 31 March 2013. See also note *"6.19. Assets and liabilities related to assets classified as held for sale"*.

6.1. INTANGIBLE FIXED ASSETS

Software, brand name and customer base *(in thousands of €)*	**31/03/2013 Software**	**31/03/2013 Commercial fund**	**31/03/2013 Brand name Lutosa**	**31/03/2013 Customer base Lutosa**	**31/03/2013 Customer base Scana Noliko**	**31/03/2013 Other**	**31/03/2013 TOTAL**
ACQUISITION VALUE							
BALANCE AT THE END OF THE PRECEDING PERIOD	**5,103**	**23**	**654**	**4,497**	**25,000**	**0**	**35,277**
Additions	440					321	761
Acquisitions through business combinations							
Sales and disposals							
Classification as fixed assets held for sale	-1,637		-654	-4,497			-6,788
Taken out of consolidation following disposal of subsidiaries							
Transfer from one heading to another	320					300	620
Translation differences	-1						-1
Other movements							
BALANCE AT THE END OF THE PERIOD	**4,225**	**23**	**0**	**0**	**25,000**	**621**	**29,869**
DEPRECIATIONS AND IMPAIRMENT LOSSES							
BALANCE AT THE END OF THE PRECEDING PERIOD	**2,738**	**0**	**294**	**3,182**	**1,250**	**0**	**7,464**
Depreciation	400		28	217	1,667	62	2,374
Impairment losses							
Reversals							
Withdrawals after sales and disposals							
Classification as fixed assets held for sale	-565		-322	-3,399			-4,286
Taken out of consolidation following disposal of subsidiaries							
Transfer from one heading to another	-6						-6
Translation differences							
Other movements							
BALANCE AT THE END OF THE PERIOD	**2,568**	**0**	**0**	**0**	**2,917**	**62**	**5,547**
NET CARRYING AMOUNT BEFORE INVESTMENT GRANTS	**1,657**	**23**	**0**	**0**	**22,083**	**559**	**24,322**
Net investment grants							
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**1,657**	**23**	**0**	**0**	**22,083**	**559**	**24,322**

The decrease of the heading **'intangible fixed assets from continued operations'** as per 31 March 2013 by €3.5 million is primarily related on the one hand to the presentation of the software and the valuation of the brand and the client relationships of the potato division as 'assets held for sale' (€2.5 million as per 31 March 2013; €2.8 million as per 31 March 2012) and on the other hand to the depreciation charges from continued operations during the financial year (€2.1 million). The decrease was only partially compensated by the investments of €0.4 million (software, more precisely licences for SAP®) and the activation of the start-up costs of the activities in Manschnow (€0.3 million). In addition, SAP implementation costs in an amount of €0.4 million have been included in the United Kingdom as a transfer from the heading 'tangible fixed assets'. As per 31 March 2013 the intangible assets from continued operations mainly include the client relationships of the canning division, as well as software licences.

Software, brand name and customer base (in thousands of €)	**31/03/2012 Software**	**31/03/2012 Commercial fund**	**31/03/2012 Brand name Lutosa**	**31/03/2012 Customer base Lutosa**	**31/03/2012 Customer base Scana Noliko**	**31/03/2012 TOTAL**
ACQUISITION VALUE						
BALANCE AT THE END OF THE PRECEDING PERIOD	**3,687**	**0**	**654**	**4,497**	**0**	**8,838**
Additions	1,169					1,169
Acquisitions through business combinations	247	23			25,000	25,270
Changes in consolidation scope						
Sales and disposals						
Transfer from one heading to another						
Translation differences						
Other movements						
BALANCE AT THE END OF THE PERIOD	**5,103**	**23**	**654**	**4,497**	**25,000**	**35,277**
DEPRECIATIONS AND IMPAIRMENT LOSSES						
BALANCE AT THE END OF THE PRECEDING PERIOD	**1,888**	**0**	**212**	**2,532**	**0**	**4,632**
Depreciation	850		82	650	1,250	2,832
Impairment losses						
Reversals						
Withdrawals after sales and disposals						
Transfer from one heading to another						
Translation differences						
Other movements						
BALANCE AT THE END OF THE PERIOD	**2,738**	**0**	**294**	**3,182**	**1,250**	**7,464**
NET CARRYING AMOUNT BEFORE INVESTMENT GRANTS	**2,366**	**23**	**360**	**1,315**	**23,750**	**27,813**
Net investment grants						
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**2,366**	**23**	**360**	**1,315**	**23,750**	**27,813**

6.2. GOODWILL

This note relates to the goodwill upon the consolidation of subsidiaries. The principal movements in goodwill of continued operations are the following:

Goodwill *(in thousands of €)*	**31/03/2013**	**31/03/2012**
ACQUISITION VALUE		
BALANCE AT THE END OF THE PRECEDING PERIOD	**61,790**	**52,832**
Additions	81	8,924
Deconsolidations on sale of subsidiaries	-51,622	
Classification as fixed assets held for sale		
Translation differences	-16	34
Transfers		
Elimination of goodwill on the purchase of non-controlling interests		
Restatements		
BALANCE AT THE END OF THE PERIOD	**10,233**	**61,790**
IMPAIRMENT LOSSES		
BALANCE AT THE END OF THE PRECEDING PERIOD	**0**	**0**
Impairment losses: addition		
Sales and disposals		
Translation differences		
BALANCE AT THE END OF THE PERIOD	**0**	**0**
NET CARRYING AMOUNT AT THE END OF THE PRIOR PERIOD	**61,790**	**52,832**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**10,233**	**61,790**

The goodwill of the potato division in an amount of €51.6 million is presented as 'asset classified as held for sale' as per 31 March 2013, this following the planned sale of this division (See note '5.7. Discontinued operations'). The goodwill related to the acquisition of Scana Noliko Group amounts to €6.0 million, the goodwill related to the acquisition of the CECAB Activity amounts to €2.9 million and the goodwill related to Christian Salvesen Foods amounts to €1.2 million. For further information we refer to note *'2.4.2. Changes in consolidation scope'*.

IAS 36 requires the carrying value of goodwill acquired in a business combination to be allocated in a reasonable and consistent basis to each cash flow generating unit or smallest group of cash flow generation units. The goodwill on a cash flow generating unit acquired over the course of the financial year is tested at the time of acquisition.

The Group tests the goodwill for impairment annually and at intervals when there are indications that the value of goodwill may have dropped.

Assumptions related to the impairment tests at 31 March 2013

The goodwill related to the deep-frozen vegetable segment consists on the one hand of goodwill related to the acquisition of the CECAB Activity in 2011 (€2.9 million) and on the other hand the acquisition of the segment 'Christian Salvesen Foods' in 2007 (€1.2 million)). An impairment test has been made for the entire deep-frozen vegetable division. The 20-year cash flow forecasts for the deep-frozen vegetable division are for the first year based on the financial budget of 2013/2014 which has been approved by management and the Board of Directors and for the next 6 years based on the financial business plan which has been made for several

purposes. The remaining 13 years have been extrapolated based on the financial business plan. The value in use is based on cash flow forecasts over a period of 20 years and also on a perpetuity of cash flows for 20 years with a growth rate of 1.5%. The EBITDA margin that is applied is equal to the EBITDA margin that is planned from budget in accounting year 2013/2014 and from the financial business plan for the following 6 years, which continue during the remaining 13 years. Cash flows are discounted at an after-tax discount rate of 7.7%. The results of this test have shown that the value in use exceeds the carrying value of the cash flow generating unit (the 'headroom') by €25.5 million. The major sensitivities for the impairment tests are the EBITDA margin and the discount rate. This 'headroom' would reduce to zero if as from the first year onwards the EBITDA margin which is applied in calculating the value in use were to fall by 173 base points or if the after-tax discount rate were to rise by 85 base points. Based on the above assumptions the Group has decided that no impairment losses need to be recorded at 31 March 2013 on the goodwill of the CECAB Activity as part of the deep-frozen vegetable segment.

The goodwill related to the acquisition of the canning division in 2011 amounts to €6.0 million and is fully attributed to the canning segment. The 20-year cash flow forecasts are for the first year based on the financial budget of 2013/2014 which has been approved by management and the Board of Directors and for the next 6 years based on the financial business plan which has been made for several purposes. The remaining 13 years have been extrapolated based on the financial business plan. The value in use is based on cash flow forecasts over a period of 20 years and also on a perpetuity of cash flows for 20 years with a growth rate of 1.0%. The EBITDA margin that is applied is equal to the EBITDA margin that is planned from budget in accounting year 2013/2014 and from the financial business plan for the following 6 years, which continue during the remaining 13 years. Cash flows are discounted at an after-tax discount rate of 7.7%. The results of this test have shown that the value in use exceeds the carrying value of the cash flow generating unit (the 'headroom') by €78.5 million. The major sensitivities for the impairment tests are the EBITDA margin and the discount rate. This 'headroom' would reduce to zero if as from the first year onwards the EBITDA margin which is applied in calculating the value in use were to fall by 459 base points or if the after-tax discount rate were to rise by 344 base points. Based on the above assumptions the Group has decided that no impairment losses need to be recorded at 31 March 2013 on the goodwill of the canning segment.

Methodology related to the tests on impairment losses per 31 March 2012

The methodology is identical to the one discussed above.

The carrying amount of **goodwill from continued operations** and related impairment losses have been allocated as follows:

Goodwill per cash generating unit *(in thousands of €)*	**31/03/2013 Net carrying amount**	**31/03/2012 Net carrying amount**
Potato division		51,622
Deep-frozen vegetable division (ex-Christian Salvesen Foods)	1,228	1,244
Deep-frozen vegetable division ex-CECAB ('Cecab Activity')	2,937	2,937
Deep-frozen vegetable division ('De Buitenakkers NV')	81	
Canning division	5,987	5,987
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**10,233**	**61,790**

6.3. TANGIBLE FIXED ASSETS

The **tangible fixed assets from continued operations** decreased by €-54.3 million from €185.7 million as per 31 March 2012 to €131.4 million as per 31 March 2013. On the one hand the tangible assets of the potato division have been presented as 'assets held for sale' (€61.0 million as per 31 March 2013; €51.4 million as per 31 March 2012). On the other hand the tangible fixed assets from continued operations further increased by €6.6 million compared to the situation as per 31 March 2012 following the acquisitions in the accounting year (€+31.8 million, including €0.6 million of acquisitions through business combinations), the depreciation charges and the write-offs in the various entities (€-22.6 million) and the remaining combined impact of the transfers, disposals and the negative foreign exchange rate fluctuations (€-2.6 million).

The investments in **tangible fixed assets from continued and discontinued operations** (including acquisitions through business combinations) amount to €31.8 million as per 31 March 2013. The increase of the heading 'acquisition through business combinations' by €0.6 million is mainly related to the acquisition of the land and buildings of De Buitenakkers NV in Manschnow (see note *'2.4.1.Changes in consolidation scope'*). In the United Kingdom the assets under construction include SAP implementation costs in an amount of €0.4 million which are recorded under the heading 'intangible fixed assets'.

The investments in **tangible fixed assets from continued operations** include investments in the headings "land and buildings" (€0.5 million), "plant, machinery and equipment" (€15.3 million), "furniture and vehicles" (€0.6 million) and "other tangible fixed assets" (€0.7 million).

The investments in the heading 'land and buildings' (€0.5 million) relate primarily to the deep-frozen vegetable division in Belgium (€0.3 million) and Pinguin Aquitaine SAS (€0.1 million).

The investments in the heading 'plant, machinery and equipment' (€15.8 million) relate on the one hand primarily to the deep-frozen vegetable division in Belgium (€5.7 million), Pinguin Foods UK Ltd. (€3.9 million) and on the other hand to the canning division (€4.8 million):

- The major 'plant, machinery and equipment' investments at 31 March 2013 at Pinguin NV (€5.4 million) relate to the finalisation of the investment project relating to the new spinach and bean line (€1.8 million), a new cooking boiler for the soups and sauces line (€0.3 million) and several replacement and optimization investments (€3.3 million). During the 2012-2013 financial year, Pinguin Langemark NV invested €0.3 million under 'plant, machinery and equipment', mainly in a new packaging line for the convenience activities.
- The major investments at 31 March 2013 at Pinguin Foods UK Ltd relate to a water purification installation (€1.0 million), sorters in the production and packaging halls (€0.9 million) and various optimisation investments in the packaging halls and the freezers (€0.5 million) at the King's Lynn site.
- For the accounting year ending 31 March 2013 the canning division invested in the heading 'plant, machinery and equipment' at the Bree site (€4.3 million), mainly in replacement and optimization investments in the convenience activities (€1.3 million), several replacement investments (€1.2 million) and optimization investments (€1.5 million) in various production lines in the vegetables hall and finally various optimization investments in the packaging hall (€0.2 million). In addition, the canning division invested in 'plant, machinery and equipment' at the site at Rijkevorsel for an amount of €0.5 million, mainly in a pasteurizer (€0.4 million).

The investments in 'other tangible fixed assets' (€0.7 million) relate primarily to the canning division (€0.7 million):

- For the accounting year ending as per 31 March 2013 the canning division invested in the heading 'other tangible fixed assets' at the Bree site (€0.7 million), mainly in architectural adjustments for the new line in the convenience activities (€0.1 million), various renovation activities on floors and roofs (€0.2 million) and various small repairs on the buildings (€0.4 million).

The heading 'Reclassification as assets held for sale' by a net amount of €61.0 million is mainly related to the planned sale of the potato division (see note *'5.7. Discontinued operations'*).

The heading 'disposals' (€-1.8 million) is on the one hand related to the disposals of a packing hall infeed system on the site in King's Lynn and various disposals following the ceasing of activities on the site in Bourne in the United Kingdom (€-1.4 million).

In the accounting year ending as per 31 March 2013, no financing costs were attributed directly to the acquisition, construction or production of an eligible asset and activated in accordance with IAS 23 as part of the cost price of that asset.

Tangible fixed assets at 31 March 2013 *(in thousands of €)*	**Land and buildings**	**Plant, machinery and equipment**	**Furniture and vehicles**	**Leasing**	**Other**	**Assets under construction**	**31/03/2013**
ACQUISITION VALUE							
BALANCE AT THE END OF THE PRECEDING PERIOD	**39,607**	**233,388**	**6,421**	**2,602**	**2,834**	**0**	**284,852**
Additions	449	23,185	1,430		1,518	4,652	31,234
Acquisitions through business combinations	596						596
Sales and disposals		-4,672	-163				-4,835
Reclassification as assets held for sale	-1,577	-92,218	-4,676	-102	-2,480	-2,703	-103,756
Deconsolidated following sale of subsidiaries							
Transfers from one heading to another	307	1,033	78		-375	-1,949	-906
Translation differences		-453	-10		-1		-464
Other							
BALANCE AT THE END OF THE PERIOD	**39,382**	**160,263**	**3,080**	**2,500**	**1,496**	**0**	**206,721**
DEPRECIATIONS AND IMPAIRMENT LOSSES							
BALANCE AT THE END OF THE PRECEDING PERIOD	**11,692**	**83,688**	**3,109**	**-823**	**353**	**0**	**98,019**
Depreciation	1,851	19,345	893	267	221		22,577
Impairment losses		30					30
Reversal after sales and disposals		-2,853	-144				-2,997
Reclassification as assets held for sale		-40,110	-2,293	-54	-301		-42,758
Deconsolidated following sale of subsidiaries							
Transfers from one heading to another	7	-277	3		-83		-350
Translation differences		-252	-7				-259
Other							
BALANCE AT THE END OF THE PERIOD	**13,550**	**59,571**	**1,561**	**-610**	**190**	**0**	**74,262**
NET CARRYING AMOUNT BEFORE INVESTMENT GRANTS AND RECLASS LEASING	**25,832**	**100,692**	**1,519**	**3,110**	**1,306**	**0**	**132,459**
Net investment grants	-357	-652	-1				-1,010
Reclass leasing	908	2,202		-3,110			
NET CARRYING AMOUNT AT THE END OF THE PERIOD (31 MARCH 2013)	**26,383**	**102,242**	**1,518**	**0**	**1,306**	**0**	**131,449**

Tangible fixed assets at 31 March 2012 (in thousands of €)	**Land and buildings**	**Plant, machinery and equipment**	**Furniture and vehicles**	**Leasing**	**Other**	**Assets under construction**	**31/03/2012**
ACQUISITION VALUE							
BALANCE AT THE END OF THE PRECEDING PERIOD	**36,137**	**157,049**	**4,602**	**2,775**	**1,223**	**0**	**201,786**
Additions	1,925	26,513	795		1,410	4,624	35,267
Acquisitions through business combinations	27,812	49,919	1,337		172	599	79,839
Sales and disposals	-27,844	-4,470	-313	-306			-32,933
Reclassification as assets held for sale							
Transfers from one heading to another	1,577	3,488		128	30	-5,223	
Translation differences		889		5	-1		893
Other							
BALANCE AT THE END OF THE PERIOD	**39,607**	**233,388**	**6,421**	**2,602**	**2,834**	**0**	**284,852**
DEPRECIATIONS AND IMPAIRMENT LOSSES							
BALANCE AT THE END OF THE PRECEDING PERIOD	**9,492**	**59,270**	**2,023**	**-1,264**	**170**	**0**	**69,691**
Depreciation and reversal of depreciation (-)	2,298	24,430	1,331	604	183		28,846
Impairment losses		1,914					1,914
Reversal after sales and disposals	-98	-2,293	-248	-293			-2,932
Reclassification as assets held for sale							
Transfers from one heading to another		-127		127			
Translation differences		494	3	3			500
Other							
BALANCE AT THE END OF THE PERIOD	**11,692**	**83,688**	**3,109**	**-823**	**353**	**0**	**98,019**
NET CARRYING AMOUNT BEFORE INVESTMENT GRANTS AND RECLASS LEASING	**27,915**	**149,700**	**3,312**	**3,425**	**2,481**	**0**	**186,833**
Net investment grants	-363	-735	-1				-1,099
Reclass leasing	2,311	1,066	48	-3,425			
NET CARRYING AMOUNT AT THE END OF THE PERIOD (31 MARCH 2012)	**29,863**	**150,031**	**3,359**	**0**	**2,481**	**0**	**185,734**

In accordance with IAS 16, estimates with regard to residual value, useful life and depreciation methods are reviewed annually and any significant changes in estimates have to be notified. As such, the Group tested the useful life of the tangible fixed assets for under- and overvaluation. The review did not reveal any need to adapt useful lives for the present period, but these will be reviewed annually and will be kept up-to-date.

At 31 March 2013 the Group's fixed assets were encumbered as follows:

- Subscription on mortgages: €2.0 million (31 March 2012: €2.0 million)
- Mortgage mandates: €18.0 million (31 March 2012: €18.0 million)

6.4. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets *(in thousands of €)*	31/03/2013	31/03/2012
ACQUISITION VALUE		
BALANCE AT THE END OF THE PRECEDING PERIOD	**3,730**	**380**
Additions		
Acquisitions through business combinations		3,350
Disposals and closures		
Translation differences		
Transfers		
Changes in the consolidation method		
BALANCE AT THE END OF THE PERIOD	**3,730**	**3,730**
IMPAIRMENT LOSSES		
BALANCE AT THE END OF THE PRECEDING PERIOD	**-380**	**-380**
Impairment losses: addition		
Impairment losses: reversal		
Translation differences		
Transfers		
Changes in the consolidation method		
BALANCE AT THE END OF THE PERIOD	**-380**	**-380**
NET CARRYING AMOUNT AT THE END OF THE PRIOR PERIOD	**3,350**	**0**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**3,350**	**3,350**

The heading **other non-current financial assets from continued operations** covers all unconsolidated investments. In addition, these are investments in unlisted entities and these investments are not significant in the context of the consolidated Group. As no reliable estimate can be made of the fair value of the other participating interests, financial assets for which no active market exists are valued at cost less any impairments.

Following the acquisition of the CECAB Activity on 1 September 2011, PinguinLutosa additionally acquired a number of non-controlling participations (each time 10%) in the CECAB-Entities that hold the production infrastructure and the land and buildings and rent these to PinguinLutosa (see note *"2.4.2. Changes in consolidation scope"*, more specifically the companies D'aucy Polska Sp. Z.o.o., Bajaj Hutoipari Zrt, S.A.S. Vallée de la Lys and S.A.S. Moréac Surgelés. The total net book value of these participations amounts to €3.3 million per 31 March 2013, the same as per the previous year end.

6.5. INVENTORIES

Inventories *(in thousands of €)*	31/03/2013	31/03/2012
Raw materials and consumables (deep-frozen vegetable segment)	11,063	9,359
Raw materials and consumables (potato segment)		7,704
Raw materials and consumables (canning segment)	10,776	10,370
Finished goods (deep-frozen vegetable segment)	110,829	116,288
Finished goods (potato segment)		28,858
Finished goods (canning segment)	67,848	64,257
Total inventories	**200,516**	**236,836**

Inventories are subject to a 'Net Realizable Value' (NRV) principle, in which the average inventory price for each vegetable sub-group is compared with the average outstanding contract price for the same subgroup. Write-downs are also recorded for obsolete, i.e. slow-moving, inventory. The write-down for

slow-moving stock and the write-down resulting from the NRV test are recorded in the income statement as write-off.

During the accounting year 2012-2013, **inventories from continued operations** have decreased from €236.8 million at 31 March 2012 to €200.5 million at 31 March 2013. This decrease can be mainly explained by the presentation of the inventories of the potato division as 'assets classified as held for sale' (€36.6 million as per 31 March 2012). **Inventories from continued operations** remained more or less unchanged compared to prior accounting period: €200.6 million at 31 March 2013 compared to €200.3 million at 31 March 2012.

Inventories of the deep-frozen vegetable segment

The total stock of the vegetable division amounts to €121.9 million as at 31 March 2013 compared to €125.6 million as at 31 March 2012, or a decrease of €-3.7 million. Stocks of deep-frozen vegetables hit their lowest point in May-June (right before the production season) and reach their peak after the vegetable season, i.e. in December. At the British subsidiary the inventory volume at 31 March 2013 amounted to 43,159 tons, which is 13,947 tons less than at 31 March 2012. These lower inventory volumes are mainly resulting from lower production volumes (-37%) within this entity during the accounting year 2012/2013 compared to the last accounting year. These lower production volumes are due to bad weather circumstances. In Belgium the inventory volume amounted to 66,205 tons at 31 March 2013, which is 9,8% higher compared to the situation at the end of the prior accounting year. The production volumes of the Belgian activities during the accounting year 2012/2013 were 2.7% higher compared to the previous accounting year. This has the consequence that the remaining increase of the inventory is due to an increased inventory valuation.

The stocks of the CECAB Activity include on 31 March 2013 the stock of the subsidiaries of PinguinLutosa for an amount of €54.7 million (31 March 2012: €50.7 million) and, on the other hand, the booking of the repurchase obligation of €23.9 million (31 March 2012: €29.4 million) of the stock from the CECAB Entity (see note *"2.4.2. Business combinations"*) which under IFRS must be fully included on the balance sheet of the subsidiaries of PinguinLutosa.

The total gross amount of inventory which is eligible for NRV write-down at 31 March 2013 was €23.4 million (31 March 2012: €23.1 million). The NRV provision at 31 March 2013 amounted to €1.3 million (31 March 2012: €2.3 million). The write-down for slow-moving stock amounted to €3.7 million at year-end (31 March 2012: €2.7 million).

Inventories of the canning segment

In the canned foods sector, the peak of the summer season falls in the months of July to September. During the winter months there are - as far as vegetables are concerned - major productions primarily in salsify, potatoes, legumes and market carrots. Overall, of course, the production of convenience products (sauces and pastas) is important, constituting approximately 25% of the total production of Scana Noliko Group, and it is distributed very uniformly over the year, so that seasonal dependency plays no role here. The inventory value of the canning division increased with €4.0 million as per 31 March 2013 compared to the previous accounting year. However, the inventory volumes decreased with 1.2 million theoretical litres, but an increase of the average inventory value resulted in a general increase of the inventory of the canning division.

The total gross amount of inventory of the canning division which is eligible for NRV write-down at 31 March 2013 was €68.9 million (31 March 2012: €74.6 million). The NRV provision at 31 March 2013 amounted to €0.9 million (31 March 2012: €0.7 million). The write-down for slow-moving stock amounted to €0.1 million at year-end (31 March 2012: €0.2 million).

6.6. LONG-TERM RECEIVABLES

Long-term receivables *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Trade receivables	**0**	**0**
Trade receivables	99	99
Valuation allowances on trade receivables	-99	-99
Other receivables	**726**	**705**
Other receivables	769	748
Valuation allowances on other receivables	-43	-43
Total	**726**	**705**

Long-term receivables from continued operations as per 31 March 2013 mainly consist of an amount of €0.6 million (31 March 2012: €0.6 million) which includes a long term receivable towards the CECAB Group relating to a recovery of a defined benefit plan. It relates to a defined benefit plan which is included in the books of two ex-CECAB entities for which the CECAB Group has committed itself to take care of this plan. In addition long-term receivables mainly consist of cash guarantees and bails. The outstanding amount of long-term receivables slightly decreased compared to the previous year and consists mainly of elements from the potato division, which is not included anymore in the continued operations as per 31 March 2013.

Valuation allowances on long-term receivables *(in thousands of €)*	**31/03/2013**		**31/03/2012**	
	Trade receivables > 1 year	**Other receivables > 1 year**	**Trade receivables > 1 year**	**Other receivables > 1 year**
BALANCE AT THE END OF THE PRECEDING PERIOD	**-99**	**-43**	**-99**	**-43**
Addition				
Non-recoverable amounts				
Reversal				
Translation differences				
Changes in the consolidation scope				
BALANCE AT THE END OF THE PERIOD	**-99**	**-43**	**-99**	**-43**

6.7. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes (net carrying amount)
(in thousands of €)

	31/03/2013		31/03/2012	
	Deferred tax assets	**Deferred Tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
BALANCE AT THE END OF THE PRECEDING PERIOD	**475**	**40,202**	**0**	**27,429**
Increase/decrease (-) via income statement	-95	-3,824	4,485	-8,291
Increase/decrease (-) via equity	16,299	16,390	11,306	11,151
First consolidation			1,011	26,309
Deconsolidations				
Classification as assets held for sale		-22,482		
Translation differences	59	46	49	-20
Set-off of assets and liabilities	-6,030	-6,030	-16,376	-16,376
BALANCE AT THE END OF THE PERIOD	**10,708**	**24,302**	**475**	**40,202**

Deferred taxes (allocation)
(in thousands of €)

	31/03/2013		31/03/2012	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Intangible and tangible fixed assets	6,151	25,517	8,224	50,107
Financial fixed assets (derivatives)	2,605	178	2,251	
Bond loan				
Inventories	64	3,560	218	5,278
Trade and other receivables	47		19	
Provisions	365	26	385	23
Other financial debts	126	1,051		1,170
Fiscal losses	7,430		5,803	
TOTAL DEFERRED TAXES RELATED TO TEMPORARY DIFFERENCES	**16,788**	**30,332**	**16,900**	**56,578**
Unrecognised deferred tax assets in respect of deductible temporary differences	-50		-49	
Set-off of assets and liabilities	-6,030	-6,030	-16,376	-16,376
NET DEFERRED TAX ASSETS / LIABILITIES	**10,708**	**24,302**	**475**	**40,202**

As per 31 March 2013 the Group has recognized **deferred tax assets from continued operations** in a total amount of €10.7 million, which represents an increase of €10.2 million compared to the situation as per 31 March 2012. This increase includes on the one hand the recognition of a deferred tax asset on tax losses carried forward for the Belgian subsi-

diaries Pinguin NV and Pinguin Langemark NV in an amount of €3.5 million (see also note '5.6. Income taxes), based on future taxable profits as shown in the current approved business plan for the coming 5 to 7 years. On the other hand this increase can be explained by changed presentation of the deferred tax asset on the buy-back (end of 2012) of the Pinguin client portfolio from PinguinLutosa Foods NV (€6.1 million) following the different accounting treatment between local and IFRS rules related to intangible fixed assets. Following the adjusted presentation of the statement of financial position from continued and discontinued operations under IFRS 5 (following the planned sale of the potato division: see above), this deferred tax asset in an amount of €6.1 million was included in the assets from continued operations, whereas this deferred tax asset was previously fully compensated with deferred tax liabilities (following the different accounting treatment between local and IFRS rules relating to tangible fixed assets).

Deferred tax liabilities from continued operations decreased from €40.2 million at 31 March 2012 to €24.3 million at 31 March 2013, mainly following the presentation of the deferred tax liabilities of the potato division as 'liabilities related to assets classified as held for sale' (€22.6 million as per 31 March 2012). On the other hand this decrease was mainly compensated by the changed presentation of the deferred tax asset on the buy-back (end of 2012) of the Pinguin client portfolio from PinguinLutosa Foods NV (€6.1 million).

At 31 March 2013 the Group had not recognized any other deferred tax assets on deductible temporary differences on the basis of its budget forecasts.

No deferred tax assets are recognized on the tax losses carried forward as mentioned below. The following table sets out the deductible elements for which no deferred taxes have been recognized, but against which future taxable profits can be offset. The figures given are gross amounts.

Unrecognised deferred tax assets (in thousands of €)	**31/03/2013**	**31/03/2012**
Deductible temporary differences	149	144
Losses carried forward and other recoverable tax amounts	16,964	15,579
Total	**17,113**	**15,723**

There is no limitation in time on the above-mentioned unrecognized tax assets.

6.8. TRADE AND OTHER RECEIVABLES

Trade and other receivables *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Trade receivables	**65,258**	**98,796**
Trade receivables	66,040	99,242
Doubtful trade receivables	818	1,214
Valuation allowances on trade receivables	-1,600	-1,660
Other receivables	**19,802**	**24,912**
Other receivables	13,190	17,763
Valuation allowances on other receivables		
Prepaid expenses and accrued income	6,612	7,149
Total	**85,060**	**123,708**

As per 31 March 2013, the outstanding short-term **trade and other receivables from continued operations** amounted to €85.1 million, compared to €123.7 million as per 31 March 2012. This considerable decrease by €-38.6 million is mainly due to the presentation of the short-term trade and other receivables of the potato division as 'assets classified as held for sale' (€26.6 million as per 31 March 2012). The remaining decrease of the trade and other receivables is due to a factoring facility that has been entered into in the canning division during the accounting year 2012/2013 with the consequence of a one-off decrease of the trade receivables.

The other receivables mainly relate to VAT and other taxes recoverable.

Deferred charges mainly relate to insurance premiums, expenses related to maintenance contracts, rent, prepayments of IT costs and cliché costs for packaging.

Aging analysis of trade receivables

An analysis is provided below, which shows the aging of the invoiced sales and of the credits extended to customers, including impairments on these amounts.

Aging of trade receivables *(in thousands of €)*		31/03/2013			31/03/2012	
	Gross	**Valuation allowances**	**Net**	**Gross**	**Valuation allowances**	**Net**
Not overdue	50,864		50,864	78,927		78,927
Overdue less than 30 days	10,438		10,438	13,739		13,739
Overdue between 30 and 60 days	1,973		1,973	3,078		3,078
Overdue more than 60 days	3,583	-1,600	1,983	4,712	-1,660	3,052
Net book value of trade receivables	**66,858**	**-1,600**	**65,258**	**100,456**	**-1,660**	**98,796**

At the end of March 2013 the valuation allowance on trade and other receivables amounted to €1.6 million (31 March 2012: €1.7 million). The valuation allowances on trade and other receivables are determined by the management: when amounts are more than 30 days overdue, then for the part that is not covered by a credit insurance an estimation is made with regard to the recoverability and in such an event (bankruptcy, etc.) a 50% or 100% provision is recorded. No valuation allowances are taken by the Group for overdue amounts where collection is still deemed probable, for example because outstanding amounts are recoverable from the tax authorities or because the Group holds sufficient security. The table below gives the movements of valuation allowances on trade and other receivables.

Valuation allowances on receivables < 1 year (in thousands of €)	31/03/2013		31/03/2012	
	Trade receivables < 1 year	**Other receivables < 1 year**	**Trade receivables < 1 year**	**Other receivables < 1 year**
BALANCE AT THE END OF THE PRECEDING PERIOD	**-1,660**	**0**	**-1,096**	**0**
Addition	-882		-271	
Non-recoverable amounts	14			
Reversal/use	269			
Translation differences				
Changes in the consolidation scope	659		-293	
BALANCE AT THE END OF THE PERIOD	**-1,600**	**0**	**-1,660**	**0**

Management believes that the fair value does not differ significantly from the carrying value.

Factoring

Factoring is used only with customers accepted for credit insurance by the factor and excludes intra-Group receivables.

The Group has been making use of factoring for the Belgian group companies since November 2007 and as from 2009 onwards, there was a partial off-balance sheet financing of the receivables of the British affiliate Pinguin Foods UK Ltd. and as from April 2012 onwards the Group applies factoring in the Belgian canning division.

In this way the Group immediately and definitively receives 90% of the value of sold receivables. The balance is received upon payment by the customer to the financial institution. This is a partial off-balance-sheet financing of the receivables of the Belgian and British group companies. This sale is with partial recourse. In this way no credit risk remains in respect of the sold receivables other than the credit risk on 10% of the value of the sold receivables.

The financial institution purchasing the receivable charges an interest cost for the period between the sale of the receivables and final payment by the customer. This margin is substantially lower than the prevailing margin on working capital credit lines with financial institutions. The late payment risk retained by the Group is limited in time. The continuing involvement of the Group in the transferred receivables is limited in this way to 10% of the value of the receivables and the maximum amount of the late payment risk.

The portion of the sold receivables from continued operations (at 31 March 2013: €65.8 million - at 31 March 2012: €80.5 million from continued and discontinued operations) which remains on the balance sheet amounts to €16.3 million (31 March 2012: €33.3 million from continued and discontinued operations). This includes an amount for the maximum risk of late payment at 31 March 2013 of €0.2 million (at 31 March 2012: €0.5 million). The corresponding financial obligation amounts to €0.2 million (at 31 March 2012: €0.5 million).

The Group's exposure to credit, exchange rate and interest-rate risks is further described in greater detail in note *"6.20. Risk Management Policy"*.

For the factoring there is no pledge mandate.

6.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents from continued operations consist of liquid assets held by the Group in the form of cash and of deposit accounts with original maturities of no more than three months. The carrying value of these assets is approximately equivalent to their fair value.

Cash and cash equivalents *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Banks	21,815	38,356
Short-term bank deposits		
Total	**21,815**	**38,356**

6.10. ISSUED CAPITAL, SHARE PREMIUMS AND OTHER CAPITAL INSTRUMENTS

Management aims to provide a solid capital base. This capital base allows a large confidence of investors, suppliers and the market to establish and to have a solid base for the future development of the Group. Management aims to obtain financial stability in both the short and longterm. This strong policy guarantees a financially strong Group with solid financial ratios, which lead to a maximisation of the value of the share of the Group. There were no changes in capital management during 2012-2013. The Group is not exposed to external requirements with regard to capital.

Evolution of issued capital *(in thousands of €)*	**31/03/2013**	**31/03/2012**
BALANCE AT THE END OF THE PRECEDING PERIOD	**154,810**	**111,013**
Capital increase of 12 February 2012: Private		44,000
Incorporation of available reserves without issuance of new shares (15 February 2012)		448
Costs related to capital increase (IAS 32)	-466	-651
BALANCE AT THE END OF THE PERIOD	**154,344**	**154,810**

Ordinary shares, issued and fully paid *(number)*	**31/03/2013**	**31/03/2012**
BALANCE AT THE END OF THE PRECEDING PERIOD	**16,459,520**	**11,570,631**
Capital increase of 15 February 2012: private		4,888,889
BALANCE AT THE END OF THE PERIOD	**16,459,520**	**16,459,520**

Authorized capital *(in thousands of €)*	**31/03/2013**	**31/03/2012**
BALANCE AT THE END OF THE PRECEDING PERIOD	**157,500**	**50,000**
Extraordinary General Meeting of 15 February 2012		107,500
BALANCE AT THE END OF THE PERIOD	**157,500**	**157,500**

The Board of Directors is authorized, for a period of 5 years from the publication of the deed in the annexes to the Belgian Official Journal (2 March 2012), to increase the capital of the company in one or more instalments up to a maximum amount of €157.5 million.

Financial year 1 April 2012 – 31 March 2013

The capital increase of 15 February 2012 brought the capital to €154.8 million. The capital of the Group consisted at 31 December 2010 of 16,459,520 shares without nominal value. In accordance with IFRS standards, the costs of the capital increase of 15 February 2012 (€0.5 million) were deducted from capital at 31 March 2013.

There were no other changes in issued capital during the financial year ending as per 31 March 2013.

Financial year 1 January 2011 – 31 March 2012

On 15 February 2012 the Extraordinary General Meeting of PinguinLutosa decided to undertake a capital increase within the authorized capital and with suspension of the right of pre-emption, in favour of Gimv-XL Partners Comm. VA, Gimv NV, Adviesbeheer Gimv-XL NV, Food Invest International NV and Agri Investment Fund CVBA. The capital increase of €44.0 million took place, subject to subscription and full payment by contribution in cash, which was established on 15 February 2012.

In addition the capital was increased by means of incorporation of the available reserves of €0.4 million without issuance of new shares.

Prior to the above decision, the capital amounted to €111.0 million. The capital increase brought the capital to €154.8 million. The capital of the Group consisted at 31 March 2012 of 16,459,520 shares without nominal value. In accordance with IFRS standards, the costs of the capital increase (€0.7 million) were deducted from capital at 31 March 2012.

There were no other changes in issued capital during the financial year ending as per 31 March 2012.

In accordance with IAS 32 the warrants of the subordinated loan of €36.0 million granted by Gimv-XL (see note *"6.13. Stock options and warrant plans"* and *"6.17. Interest-bearing liabilities"*) are valued (€2.9 million) and presented as a component of equity under the heading 'share premiums and other capital instruments'.

6.11. OWN SHARES

			Number of treasury shares (b)		
	Number of ordinary shares	Number of shares issued (a)	Held by parent	Held by subsidiaries	Total number of shares outstanding (a) - (b)
As at 1 April 2012	**16,459,520**	**16,459,520**	**0**	**0**	**16,459,520**
Capital increase					
Purchase/sale of treasury shares					
As at 31 March 2013	**16,459,520**	**16,459,520**	**0**	**0**	**16,459,520**

Financial year 1 April 2012 – 31 March 2013
The company did not trade any of its own shares in the financial year ending on 31 March 2013. It held none of its own shares at that date.

Financial year 1 January 2011 – 31 March 2012
The company did not trade any of its own shares in the financial year ending on 31 March 2012. It held none of its own shares at that date.

6.12. DIVIDENDS

No dividends were declared during the past three financial years. The directors propose that no dividends be declared in respect of the current year (see note *"7.3. Commitments")*.

6.13. STOCK OPTION AND WARRANT PLANS

Option plans
There are currently no option plans outstanding for members of the Management Committee or senior management.

Warrant plans
In order to finance part of the acquisition price of Scana Noliko Group (see note '2.4. Changes in consolidation scope', on 19 July 2011 PinguinLutosa reached an agreement with Gimv-XL whereby a subordinate loan with warrants for €36.0 million was granted to PinguinLutosa as described:

- Gimv-XL Partners Comm,VA: € 21,186,193.24
- Gimv NV: € 12,962,080.92
- Adviesbeheer Gimv-XL NV: € 1,851,725.84

On 2 December 2011 the General Assembly of PinguinLutosa issued 2,400,000 warrants for a total amount of €30.6 million (85% of the amount of the subordinated loan) with an initial exercise price of €12.75 which are subscribed by Gimv-XL.

Gimv-XL subscribed the following number of warrants:

- Gimv-XL Partners Comm,VA: 1,412,413
- Gimv NV: 864,139
- Adviesbeheer Gimv-XL NV: 123,448

Each warrant initially entitles its holder to subscribe to one new share when paying the exercise price. However there are several anti-dilution mechanisms foreseen, whereby the issue price and the number of shares to which each warrant is entitled can be adjusted in case of a change of the par value of the shares following a split of shares, consolidation, requalification of categories of shares etc., in case of a merger, split, merger purchase of own shares, capital decrease diluting issuance of shares, etc..

The warrants have a term of five years as from the date of issuance and they can be exercised at any moment during this period. In case of a partial exercise at least 25% of the warrants need to be exercised together. Up until the 1st of January 2015 the payment of the exercise price of the warrants can only occur by Gimv-XL following a contribution in kind of the debt receivables that Gimv-XL has towards PinguinLutosa under the loan agreement.

Warrants	Date of issuance	Number	Exercise price (in €))	Outstanding at the end of the period
Issue	2/12/2011	2,400,000	12.75	2,400,000
Buy back - annulment				
Expiry				

The warrants expire on 02/12/2016. No warrants were exercised for the period ending 31 March 2013. Consequently there is a possible dilutive effect.

At this moment, in the Group there are no share option plans or warrant plans for employees, managers or members of the Management Committee.

6.14. NON-CONTROLLING INTERESTS

Non-controlling interests *(in thousands of €)*	31/03/2013	31/03/2012
BALANCE AT THE END OF THE PRECEDING PERIOD	**1,818**	**1,960**
Increase/decrease (-) in ownership		
Share of net profit of subsidiaries	483	-292
Dividend pay-out		
Capital increases		
Changes in the consolidation scope		151
Translation differences		
Other		
BALANCE AT THE END OF THE PERIOD	**2,301**	**1,818**

As last year, the Group has a 99.99% shareholding in Pinguin Langemark NV, a 25.0% shareholding in BND CVBA, a shareholding of 99.99% in D'aucy do Brazil Ltda, a 98.1% shareholding in Lutosa América Latina Ltda, a 99.9% shareholding in Pinguin Foods Deutschland Gmbh, a 99.8% shareholding in M.A.C. Sarl and a 52.0% shareholding in Pinguin Aquitaine SAS.

Pinguin Aquitaine SAS reported a net gain of €0.9 million for the period to 31 March 2013. 48.0% of this result has therefore been included under the heading 'non-controlling interests'. BND CVBA reported a net gain of €0.1 million for the period to 31 March 2013. 75.0% of this result has therefore been included under the heading 'non-controlling interests'.

6.15. PROVISIONS

Provisions *(in thousands of €)*	**Provisions for pensions and similar rights**	**Provisions for other liabilities and charges**	**Total**
BALANCE AT THE BEGINNING OF THE PRECEDING PERIOD	**26**	**1,257**	**1,283**
Translation differences		16	16
Additional provisions	1,028	973	2,001
Reversal of unutilized provisions			
Provisions utilized during the year	-8	-553	-561
Changes due to the passage of time and change in the discount rate applied			
BALANCE AT THE END OF THE PRECEDING PERIOD	**1,046**	**1,694**	**2,740**
BALANCE AT THE END OF THE PRECEDING PERIOD	**1,046**	**1,694**	**2,740**
Translation differences		-14	-14
Additional provisions	898	504	1,402
Reversal of unutilized provisions			
Provisions utilized during the year	-408	-32	-440
Changes due to the passage of time and change in the discount rate applied			
BALANCE AT THE END OF THE PERIOD	**1,536**	**2,152**	**3,688**

The **provisions from continued operations** at 31 march 2013 increased by €1.0 million compared to the situation as per 31 March 2012.

At 31 March 2013 the provision for 'pensions and similar rights' relates to an agreed early retirement pension settlement in an amount of €0.4 million (per 31 March 2012: €0.4 million) and a defined benefit plan in an amount of €1.1 million, which is fully due to the French entities of the CECAB Activity (per 31 March 2012: €0.6 million). The provision for the defined benefit plan remained quite stable as per 31 March 2013 compared to the previous accounting year.

The 'provisions for other liabilities and charges' amounted as per 31 March 2013 to €2.2 million (as per 31 March 2012: €1.7 million) and increase by €0.5 million compared to prior year. This increase is mainly due to higher provisions within the British subsidiary for an amount of €0.5 million relating to a claim for clearing and repair of the leased sites at Bourne and Grimsby. A provision of €0.5 million was already outstanding for these clearing and repair costs as per 31 March 2012.

For further information concerning pending disputes we refer to note *"7.2. Pending Disputes"*.

6.16. PENSION OBLIGATIONS

Defined contribution plans

The Group's pension plans provide for the payment of clearly determined amounts to pension institutions. These employer's contributions are charged against income in the year to which they relate. Since 1 January 2004 Belgian legislation has required a minimum return to be guaranteed on contributions paid into a defined contribution plan. Given that this minimum return is guaranteed essentially by the insurance institution, the pension cost is the same as the contributions due by the employer.

During the financial year ending as per 31 March 2013 (12 months) the Group made payments of €0.3 million (continued operations) under defined contribution schemes (as per 31 March 2012 (15 months): €0.6 million from continued and discontinued operations).

Defined benefit plans

There are no defined benefit plans within the Group, except within the acquired French subsidiaries of the CECAB Activity. As per 31 March 2013 a provision has been recorded for a total amount of €1.1 million (as per 31 March 2012: €0.6 million).

Assumptions for the period ending on	31/03/2013
Discount rate	3,6% (start of the year) / 2,5% (end of the year)
Expected rates of future salary increases	2,00%
Defined benefit plans: average remaining working life of plan participants	25 years
Mortality tables	Insee 2004-2006

CHANGE IN PRESENT VALUE OF THE BENEFIT OBLIGATION

The present value of the benefit obligation has changed as follows:

Present value of the benefit obligation *(in thousands of €)*	31/03/2013
Present value of the benefit obligation at beginning of the period	**590**
Service Cost: Employer	65
Interest Cost	24
Past service cost	327
Actuarial losses / (gains)	59
Present value of the benefit obligation at end of the period	**1,064**
Defined Benefit Obligations - Wholly or partially funded plans	
Defined Benefit Obligations - Wholly unfunded plans	1,064

CHANGE IN NET AMOUNT OF THE BENEFIT OBLIGATION RECORDED IN THE STATEMENT OF FINANCIAL POSITION

The net amount of the benefit obligation recorded in the statement of financial position has changed as follows:

Changes in the net amount of the benefit obligation *(in thousands of €)*	31/03/2013
Net amount recognized at beginning of period	**590**
Net expense recognised in the statement of comprehensive income	102
Employer contributions / direct benefit payments (cash payments)	
Net actuarial losses / (gains) recognized via other comprehensive income	59
Net amount recognized at end of period	**750**

Expenses included in the statement of comprehensive income can be specified as follows:

Expenses included in the statement of comprehensive income *(in thousands of €)*	**31/03/2013**
Current Service Cost (employer)	65
Interest Cost	23
Past service cost - recognised in prior year	14
Net Expense recognised - Defined Benefit plans	**102**

Financial position	
Defined benefit obligations – unfunded plans	**1,064**
Shortage / (surplus)	1,064
Unrecognized past service cost	(313)
Net liability / (asset) in statement of financial position	**751**
Liability recognised in the statement of financial position	751
Asset recognised in the statement of financial position	

6.17. INTEREST-BEARING LIABILITIES

This note provides information on the contractual conditions governing the Group's interest-bearing liabilities from continued operations. It covers the financial debts. The present note gives an overview of the long-term liabilities and those maturing within the period. This note does not cover the MTM ('marked to market') values of the financial instruments.

The interest-bearing liabilities (short-term and long-term) from continued operations increased from €227.5 million at 31 March 2012 to €231.6 million at 31 March 2013.

These movements are mainly explained by:

- Contractual repayments of the investment credits of the club deal financing.
- An increase of the short-term portion of working capital financing. No significant new loans or leasings were concluded.

Financial debts due after one year rose from €41.0 million at 31 March 2012 to €41.3 million at 31 March 2013, while financial debts due within one year rose from €186.5 million at 31 March 2012 to €190.3 million at 31 March 2013.

The **interest-bearing liabilities from continued operations** at 31 March 2013 can be broken down as follows:

Interest-bearing liabilities at 31 March 2013 *(in thousands of €)*	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing liabilities > 1 year		**5,306**	**35,950**	**41,256**
- Finance leases				
- Bank loans (credit institutions)		100		100
- Subordinated bond loan		4,402	34,687	39,089
- Other financial debts		804	1,263	2,067
Interest-bearing liabilities < 1 year	**190,309**			**190,309**
- Finance leases	3			3
- Bank loans (credit institutions): debts > 1 year due within current year	126,923			126,923
- Bank loans (credit institutions)	61,864			61,864
- Subordinated bond loan	400			400
- Other financial debts	1,119			1,119
Total	**190,309**	**5,306**	**35,950**	**231,565**

Interest-bearing liabilities *(in thousands of €)*	**Fixed**	**Variable**	**Total**
Total	**40,701**	**190,864**	**231,565**

Interest-bearing liabilities *(in thousands of €)*	**Secured**	**Non-secured**	**Total**
Total	**230,261**	**1,304**	**231,565**

The **interest-bearing liabilities from continued operations** at 31 March 2012 can be broken down as follows:

Interest-bearing liabilities at 31 March 2012 *(in thousands of €)*	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing liabilities > 1 year		**5,447**	**35,557**	**41,004**
- Finance leases		22		22
- Bank loans (credit institutions)		195		195
- Subordinated bond loan		4,402	34,117	38,519
- Other financial debts		828	1,440	2,268
Interest-bearing liabilities < 1 year	**186,523**			**186,523**
- Finance leases	364			364
- Bank loans (credit institutions): debts > 1 year due within current year	133,772			133,772
- Bank loans (credit institutions)	50,447			50,447
- Subordinated bond loan				
- Other financial debts	1,940			1,940
Total	**186,523**	**5,447**	**35,557**	**227,527**

Interest-bearing liabilities *(in thousands of €)*	**Fixed**	**Variable**	**Total**
Total	**40,581**	**186,946**	**227,527**

Interest-bearing liabilities *(in thousands of €)*	**Secured**	**Non-secured**	**Total**
Total	**225,691**	**1,836**	**227,527**

Subordinated bond loans

On 2 December 2011, 2,400,000 warrants were created in connection with the issuing of a subordinated bond loan by Gimv-XL in an amount of €36.0 million, minus the warrants which have been valued in accordance with IAS 32 (€2.9 million) which were issued as a component of equity ('share premiums and other capital instruments'). For a further discussion of the warrants we refer to note '6.13. Stock option plans and warrant plans'. The warrants have a term of 5 years. Interest amounts to 6.8% of which 1.8% is capitalised. Interests are payable per quarter at the end of the term. After the first recognition in the financial statements, the bond loan is treated at amortized cost using the effective interest method. The effective interest rate at 31 March 2013 was 8.4%. The €1.0 million increase in the subordinated bond loan with Gimv-XL as per 31 March 2013 is fully explained by the normal contractual repayments that are compensated by the capitalisation of the interests. No accelerated repayments have been made.

The subordinated loan of Scana Noliko Group towards De Mijnen NV becomes due at 31 December 2016. The capital repayment has been postponed until 31 December 2013, after that period the borrowed amount of €4.8 million needs to be repaid over a period of three years and payable per quarter as from 31 March 2014 onwards. The effective interest rate amounts to 8.0% per 31 March 2013.

Bank loans

The Group's short-term interest-bearing liabilities were drawn down mainly in the form of fixed-term advances at fixed margins over floating (Euribor) rates. Short-term bank loans rose from €184.2 million to €188.8 million at 31 March 2013.

The evolution of short-term bank loans recorded in the financial statements is the situation at a particular point in time. Short-term bank debt varies in function of inventories, the factoring of receivables via an invoice discounting facility, and available cash. Following the plan to sell the potato division (see note '5.7. Discontinued operations'), the Group has the intention to repay the existing club deal debts which explains the decision to record the complete club deal as short term debts. Due to this reclass in an amount of €114.5 million the liquidity ratio (see definitions at the end of this annual report) is 113.9% instead of 145.4% in the case that these loans would be recorded as long term debts. In addition, capital repayments are due on investment credit used (capex line from the club deal financing), leading to an increase in the heading 'credit institutions: debts > 1 year due within current year'.

All interest-bearing liabilities are expressed in euros or pounds sterling. The total interest-bearing liabilities in pounds sterling amounted at 31 March 2013 to £10.6 million (31 March 2012: £11.3 million). This decrease can be explained by the normal repayment of the credits from the club deal financing and the financial leasing.

All interest-bearing liabilities are concluded at market conditions. The average interest rate for outstanding debts with financial institutions amounted at 31 March 2013 to 3.2% (at 31 March 2012: 4.6%).

For the loans outstanding at 31 March 2012 and 31 March 2013, no defaults or violations were established with regard to redemption payments and the provisions relating to principal and interest. The total amount of such loans with anomalies at 31 March 2012 and 31 March 2013 is nil. For this reason no regularisation of any defaults was required prior to the publication date of the approved annual accounts.

Supported by the banking syndicate, the reference shareholders of PinguinLutosa and the previous shareholders of Scana Noliko Group, PinguinLutosa has managed on 19 July 2011 to replace and extend the existing financing of PinguinLutosa as well as that of Scana Noliko Group. In total a credit facility of €250.0 million has been negotiated (club deal financing). We refer to note *"7.3. Commitments"* for further information on bank covenants and potential breaches on covenants and the rights and commitments not included in the balance sheet.

Finance leases

Finance leases *(in thousands of €)*	**Minimum lease payments**		**Present value minimum lease payments**	
	31/03/2013	**31/03/2012**	**31/03/2013**	**31/03/2012**
Due within 1 year	3	371	3	364
Due between 1 and 5 years		23		22
Due after 5 years				
Total	**3**	**394**	**3**	**386**

The largest interest-bearing liabilities as per 31 March 2012 were the finance lease agreements for the buildings, plant, machinery and equipment at Pinguin Aquitaine SAS and plant, machinery and equipment at Pinguin Foods UK Ltd..

Other financial debts

The other financial debts as per 31 March 2013 consist on the one hand of a loan of €0.1 million from the Agence d'Eau to Pinguin Aquitaine SAS (31 March 2012: €0.1 million) and on the other hand of a deferred payment following the sale and rent back transaction relating to the property of the potato division ('Lutosa Group') in an amount of €2.2 million

as per 31 March 2013 (31 March 2013: €2.4 million). This decrease of the other financial debts by €1.9 million compared to the situation as per 31 March 2012 can be mainly explained by the normal contractual repayments in Pinguin Aquitaine SAS, the repayment of a vendor loan towards Gimv-XL in order to finance the acquisitions of 2011-2012 in an amount of €1.7 million and the reduction of the deferred payment due to the sale and rent back transaction (€0.2 million).

6.18. TRADE AND OTHER PAYABLES (SHORT-TERM)

Short-term trade and other payables *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Trade payables and accrued expenses	138,230	196,819
Tax payable	5,062	7,086
Remuneration and social security payable	14,837	18,975
Advances received	5	1
Other amounts payable	73,265	3,721
Deferred income	431	654
Total	**231,830**	**227,256**

The **short-term debts and other payables from continued operations** increased by €4.6 million from €227.3 million at 31 March 2012 to €231.8 million at 31 March 2013.

The increase by €4.6 million results on the one hand from the decrease of the liabilities of the potato division which were included in the consolidated statement of financial position as per 31 March 2012, whereas per 31 March 2013 these are presented as 'liabilities related to assets classified as held for sale' (see note *'6.19. Assets and liabilities related to assets classified as held for sale'*). This reclassification resulted in a decrease of €-53.7 million. On the other hand the other payables have increased significantly in an amount of €69.5 million, which can be explained by the current account from continued operations with the potato division in an amount of €74.2 million, which is also the result of to the reclassification of the liabilities of the potato division in the statement of financial position.

As a result, the decrease of the short-term trade and other payables amounts to €-15.9 million as per 31 March 2013 compared to the previous year. This decrease can be practically totally explained by a decrease of the outstanding payables as per 31 March 2013, partially as a consequence of a lower production during the accounting year 2012/2013 compared to the year before.

6.19. ASSETS AND LIABILITIES RELATED TO ASSETS AND LIABILITIES RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE

IFRS requires fixed assets to be transferred to this heading when the Board of Directors has passed a resolution to sell assets and sufficient certainty exists that the assets in question will be effectively disposed of within a foreseeable period (generally 1 year).

Following the decision in September 2012 to sell the Lutosa Group, the net assets have been presented as assets and liabilities held for sale at the end of the accounting period. As per 31 March 2013 there were no other fixed assets held for sale.

Fixed assets held for sale *(in thousands of €)*	**31/03/2013**	**31/03/2012**
BALANCE AT THE END OF THE PRECEDING PERIOD	**0**	**0**
Increase	195,619	
Decrease		
Translation differences		
BALANCE AT THE END OF THE PERIOD	**195,619**	**0**

The main assets and liabilities related to discontinued operations (see note '5.7. Discontinued operations') at the end of the reporting period are detailed as follows:

Assets and liabilities related to assets classified as held for sale *(in thousands of €)*	**31/03/2013**
Intangible fixed assets	2,493
Goodwill	51,622
Tangible fixed assets	61,000
Long-term receivables	39
Inventories	53,530
Amounts receivable	114,582
Other financial assets	303
Cash and cash equivalents	11,679
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**295,248**
Provisions	61
Financial debts at credit institutions (LT)	47
Deferred tax liabilities	17,258
Financial debts to credit institutions (ST)	7,139
Trade payables	57,509
Advances received on contracts	4
Tax payable	11,905
Remuneration and social security	5,696
Other amounts payable	10
TOTAL LIABILITIES RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE	**99,629**
NET ASSETS RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE	**195,619**

The goodwill of the potato division in an amount of €51.6 million is presented as 'asset classified as held for sale' as per 31 March 2013, this following the planned sale of this division (See note *'5.7. Discontinued operations'.*)

6.20. RISK MANAGEMENT POLICY

In exercising its business activity, the Group is exposed to market risks (currency, interestrate and other risks) and to credit and liquidity risks. Derivatives are used to reduce the risk attached to exchange rate and interest-rate fluctuations. The derivatives used consist primarily of "over-the-counter" financial instruments, in particular option contracts and interest-rate swaps concluded with first-class banks. Not being listed on an active market, these derivatives are valued on the basis of a valuation model. It is Group policy not to undertake speculative transactions. 'Hedge accounting' under the strict application conditions of the IFRS is not applied at this moment.

This note places the users of the Group's financial statements in a position to judge the nature and extent of the abovementioned risks arising out of financial instruments, to which the Group is exposed at the reporting date. It also sets out the Group's objectives, principles and procedures for managing risk and the methods used for measuring this risk. Further quantitative information is provided throughout these consolidated financial statements.

- Market risk: foreign exchange risks
  Like any company with non-euro sales, the Group runs the usual exchange rate risks. The Group is subject to fluctuations in the exchange rates that could lead to profit or loss in foreign exchange transactions. The British pound is the most important non-euro currency for the group. In addition, there are also purchase and sale contracts in USD. This is limited and the Group strives for a natural hedging. Through the acquisition of the CECAB Activity, the Polish zloty, the Hungarian forint and the Brazilian real are also currencies that are used.The Group concludes foreign exchange contracts that entitle it in each case to buy (forward purchases) or sell (forward sales) a certain quantity of foreign currency. The Group also concludes agreements giving it the right, but not the obligation, to sell (put option) a specified quantity of foreign currency (GBP) at an agreed price during a specified period or at a specified date. The option-holder pays the seller a premium as remuneration for the risk during the life of the agreement. Combinations of call and put options are used in order to keep hedging costs as low as possible. These agreements are concluded in order to minimize the Group's foreign exchange risk, mainly in respect of a significant portion of the activities undertaken with countries outside the Eurozone (the chief example being the UK).

- Market risk: interest-rate risk
  For managing interest-rate risk the Group makes limited use of financial instruments with a view to reduce the impact of any interest-rate rises. These instruments match the way the company finances its credit needs with short-term fixed-rate borrowings. An interest-rate swap involves swapping interest-rate conditions during the period, or part of the period of a borrowing. An interest-rate cap protects the holder of this financial instrument against interest rates rising above a predetermined level, whilst an interest-rate floor protects against interest rates falling below a pre-determined level.

- Credit risk
  Credit risk is the risk of a counterparty or its bank being unable to fulfil its contractual obligations. The Group reduces this risk by means of an active debtor policy including such steps as formulating payment conditions, formulating collection procedures, credit insurance and setting internal limits. We refer also to note *"6.8. Trade and other receivables"* for further information on the factoring agreements.

- Liquidity risk
  Liquidity risk is the risk of having insufficient resources in order to fulfil direct obligations, which are settled in cash or other financial assets. The Group's approach to liquidity is to ensure, as far as possible, that sufficient liquidity is available at all times to meet liabilities as these fall due, under both normal and abnormal circumstances, without exposing itself to unacceptable losses or damaging the Group's reputation. We refer as well to note *"7.3. Commitments"* for further information on the bank covenants.

Within the Group the Board of Directors carries total responsibility for supervising the Group's risk management structure. Financial management describes and names the risks and is tasked with developing and controlling the Group's risk management policy. Financial management reports on a regular basis to the Board of Directors.

The first task of the Group's risk management policy is to identify the risks to which the Group is exposed. Analysis of these risks then leads to an appropriate structure of risk limitation and control. The risk management policy and risk management system are regularly reviewed to reflect changes in market conditions and in the Group's activities. The Group also seeks to develop a disciplined, constructive and controlled environment by means of training, standards and procedures, in such a way that every employee knows his role, obligations and responsibilities.

The Board of Directors assesses the application of the risk management policy and the prescribed procedures and reviews the appropriateness of the risk management structure in relation to the risks to which the Group is exposed.

A number of risks are managed with the help of derivatives. The Group limits itself here to forward contracts and interest-rate swaps (IRS).

1. Market risk

The market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will influence Group income or the value of its financial instruments. The objective is to control and manage this market risk within the limits of acceptable parameters, whilst optimizing the *'return on risk'*.

The Group buys and sells derivatives in the normal course of business, and also uses financial instruments in order to manage the market risk. All these transactions are carried out under the guidelines set by the Audit Committee. The Group does not, however, use 'hedge accounting'.

In its application of IAS 39 *"Financial instruments"* the Group has classified the financial instruments used to cover its interest-rate risk as economic hedges that do not fulfil the requirements for *'hedge accounting'*. They are therefore valued at fair value with changes in fair value, as a result of the effect of the interest-rate difference, recognized in the income statement.

1.a.1. Foreign exchange risk

The foreign exchange risk relates to possible variations in the value of financial instruments as a result of exchange rate fluctuations. The Group is exposed to exchange risks from the fact that a considerable portion of its activities (buying and selling) are undertaken outside the Eurozone, mainly in pounds sterling and US dollars. The derivatives are intended to hedge the Group's exposure to currency risks in GBP and the USD (see note *"1.c. Foreign exchange risk and interest-rate risk: financial instruments (derivatives)"*).

Outstanding foreign currency receivables and liabilities at balance sheet date at Group level break down as follows:

Outstanding amounts in foreign currencies exposed to foreign exchange risk *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Amounts receivable		
GBP (in € terms)	31,958	32,284
USD (in € terms)	297	2,101
PLN (in € terms)	7,488	
Liabilities		
GBP (in € terms)	1,384	907
USD (in € terms)	877	345
PLN (in € terms)		

These amounts relate to both receivables and liabilities from/to third parties and to intra-Group receivables and liabilities which represent a foreign exchange risk at balance sheet date. In other words these amounts consist only of receivables and payables in a currency other than the functional currency of the entity holding them.

The receivables in PLN have increased due to an increase of the open position of Pinguin NV with Pinguin Foods Polska Sp.z.o.o.

The Group realizes a substantial portion of its sales outside the Eurozone, mainly in the United Kingdom.

Deep-frozen vegetable division

The sales of the deep-frozen vegetable division are directed primarily at the Eurozone (approx. 54.3% of 2012-2013 2013 **sales from continued operations**; approx. 56% of 2011-2012 sales). In addition, the deep-frozen vegetable division realizes around 30% of its sales in the UK, whereas only 15% is exported to the rest of the world.

A portion of the working capital needs of Pinguin Foods UK Ltd. are financed under the club deal financing in GBP by loans made directly to Pinguin Foods UK Ltd.. The remaining needs are financed by the parent company. In the past the entire needs were financed by the parent company.

Canning division

The sales of the canning division are directed primarily at the Eurozone (approx. 85% of 2012-2013 **sales from continued operations**; approx. 83% of July 2011-March 2012 sales). In addition, the canning division realizes around 11% of its sales in the UK, and another 4% is exported to the rest of the world. Given that prices in the UK are set in GBP, a reduction in value of the GBP negatively impacts net profit. The cash flows from on-going sales to the UK in GBP are fully hedged by forward contracts. Sales outside Europe are fully invoiced in EUR.

The impact of the pound sterling, Polish zloty and Hungarian forint on the Group's results is to be found at two levels: transaction risk and translation risk.

An additional impact is that of the sales offices that report in foreign currencies (Scana Noliko UK Ltd and D'aucy do Brazil Ltda). This risk is situated at the translation risk level.

a) Transaction risk with respect to outstanding receivables and liabilities

The receivables and liabilities in pound sterling, Polish zloty and Hungarian forint can, upon payment in euro, give rise to a realized gain or loss depending on whether the daily exchange rate at the time of receipt and payment differs from the exchange rate at the time the receivable or payable is recorded.

We point out that a transaction risk also affects outstanding receivables and liabilities in USD.

b) Translation risk in relation to the income statement

This translational risk relates mainly to the inclusion of the figures of Pinguin Foods UK Ltd., Pinguin Foods Polska Sp.z.o.o. and Pinguin Foods Hungary Kft., but also applies to the sales offices that report in foreign currencies (Scana Noliko UK Ltd and D'aucy do Brazil Ltda) (see note *"7.1. Subsidiaries"*).

The impact of the GBP exchange rate concerns primarily the recognition of the statement of financial position and the income statement of Pinguin Foods UK Ltd, Pinguin Foods Polska Sp.z.o.o. and Pinguin Foods Hungary Kft. The related functional currencies are the pound sterling, Polish zloty and Hungarian forint. This means that, in the case of a net profit of for example GBP 1,000 (over a certain period), an average rise/fall of the GBP against the euro of for example 10% (over the same period) will also increase/decrease the euro net profit by 10%.

c) Translation risk in relation to equity

In addition the exchange rate also affects the reserves and the value of the participating interest that Pinguin NV holds in the capital of Pinguin Foods UK Ltd., Pinguin Foods Polska Sp.z.o.o and Pinguin Foods Hungary Kft. and the sales offices Scana Noliko UK Ltd. and D'aucy do Brazil Ltda. Under the consolidation rules, capital and reserves are converted at the historical exchange rate. Whenever the exchange rate changes, the difference between the closing rate at a particular date and the historical rate will be recorded as a translation difference under the heading "equity".

1.a.2. Foreign exchange sensitivity

A sensitivity percentage of 10% is taken in determining the foreign exchange risk, In reality the fluctuations, as in 2012-2013, can be greater than 10%, which can change the sensitivity proportionally.

2012-2013

1 € =	Closing rate 31 March 2013	Average rate 2012-2013	Possible closing rate 31 March 2013	Possible average rate 2012-2013	Possible exchange rate volatility expressed in %
Pound sterling	0.84	0.81	0.76 - 0.93	0.73 - 0.90	10%
US dollar	1.28	1.29	1.15 - 1.41	1.16 - 1.42	10%
Polish zloty	4.18	4.16	3.77 - 4.60	3.75 - 4.58	10%
Hungarian forint	303.03	285.71	272.73 - 333.33	257.14 - 314.29	10%

2011-2012

1 € =	Closing rate 31 March 2012	Average rate 2011-2012	Possible closing rate 31 March 2012	Possible average rate 2011-2012	Possible exchange rate volatility expressed in %
Pound sterling	0.83	0.86	0.75 - 0.92	0.77 - 0.95	10%
US dollar	1.33	1.37	1.20 - 1.47	1.24 - 1.51	10%
Polish zloty	4.18	4.14	3.76 - 4.59	3.73 - 4.55	10%
Hungarian forint	294.12	285.71	264.71 - 323.53	257.14 - 314.29	10%

The sensitivity analysis is applied only to outstanding monetary business in foreign currencies. It covers both external loans and intra-Group loans and receivables in foreign currency, as well as trade receivables and liabilities, in so far as the foreign currency differs from the functional currency of the entity holding them.

a) Transaction risk with respect to outstanding receivables and payables

Based on the average volatility of the GBP, USD and PLN against the € during the past reporting period, we have made a reasonable estimate, as follows, of the effect of a potential variation of the GBP, USD and PLN exchange rates against the €:

Foreign exchange sensitivity on outstanding receivables and payables *(in thousands of €)*	**Net balance sheet position per 31 March 2013**	**Impact 10% increase of euro compared to foreign currency on open position**	**Impact 10% decrease of euro compared to foreign currency on open position**	**Net balance sheet position per 31 March 2012**	**Impact 10% increase of euro compared to foreign currency on open position**	**Impact 10% decrease of euro compared to foreign currency on open position**
Pound sterling	30,574	-3,057	3,057	31,377	-3,138	3,138
US dollar	-580	58	-58	1,756	-176	176
Polish zloty	7,488	-749	749	N/A	N/A	N/A

b) Translation risk in relation to income statement

As per 31 march 2013 20% of the Group's sales from continued operations are realized by Pinguin Foods UK Ltd. (at 31 March 2012: 26%), which operates in pounds sterling. These results are converted into the Group's functional currency, which is the euro. Based on an analysis of exchange rate developments over the past financial year, we have made a reasonable estimate of an effect of a potential variation in the GBP against the euro, and the same has been done for the Polish zloty and the Hungarian forint following the acquisition of the CECAB Activity:

- If the euro had risen/fallen by 10% against the GBP, and all other variables remaining constant, the net result would have been €0.5 million higher/lower at 31 March 2013 (at 31 March 2012: €0.9 million higher/ lower).

The impact of exchange rate fluctuations in respect of Pinguin Foods Hungary Kft., Pinguin Foods Polska Sp.z.o.o and the sales offices that report in foreign currencies (Scana Noliko UK Ltd. and D'aucy do Brazil Ltda.) on the Group result at 31 March 2013 is €0.2 million (at 31 March 2012: nil).

c) Translation risk in relation to equity

If the euro had risen/fallen by 10% against the GBP, and all other variables remaining constant, the translation differences in equity would have been €1.1 million lower/higher at 31 March 2013 (at 31 March 2012: €2.1 million lower/higher).

The impact of exchange rate fluctuations in respect of Pinguin Foods Hungary Kft., Pinguin Foods Polska Sp.z.o.o and the sales offices that report in foreign currencies (Scana Noliko UK Ltd. and D'aucy do Brazil Ltda.) on the Group's shareholders' equity at 31 March 2013 is €0.4 million (at 31 March 2012: €0.4 million).

1.b.1. Interest-rate risk

The Group has credit outstanding in GBP and euro. The distribution by currency is given below:

Financial liabilities		**31/03/2013**		**31/03/2012**
	in thousands of €	**interest rate**	**in thousands of €**	**interest rate**
Floating interest rate				
EUR	186,013	1.28%	180,164	2.96%
GBP (in EUR terms)	12,514	1.14%	13,374	2.62%
Fixed interest rate				
EUR	40,701	2.47%	40,398	4.81%
GBP (in EUR terms)			183	5.20%
Total	**239,228**		**234,119**	

At 31 March 2013, 83.0% of the outstanding financial debt of the Group was at variable interest rates (at 31 March 2012: 82.7%). Under the club deal financing the Group has opted to finance itself mainly at floating interest rates (straight loans). To hedge against interest-rate changes, the Group proceeded to conclude a number of IRS contracts. These contracts hedge 67% of the acquisition financing.

1.b.2 Interest-rate risk: interest-rate sensitivity

Had interest rates in GBP (Libor) risen/fallen by 50 basis points, and with all other parameters remaining constant, this would have had a negative/positive impact on the financial results, for the credits with a floating interest rate, of €0.1 million for the period to 31 March 2013 (€0.1 million for the period to 31 March 2012).

Had interest rates in EUR (Euribor) risen/fallen by 50 basis points, and with all other parameters remaining constant, this would have had a negative/positive impact on the financial results, for the EUR credits with a floating interest rate, of €0.9 million for the period to 31 March 2013 (€0.9 million for the period to 31 March 2012).

Despite the Group's intention to reduce the level of indebtedness, and hence the sensitivity of net result to interest-rate fluctuations, and despite the hedging strategy on the basis of bank derivatives, it cannot be excluded that the Group's net result will in future be subject to interest-rate fluctuations.

1.b.3 Interest-rate risk: maturity of financial instruments

The table below gives an overview of the average effective interest rates and remaining terms at balance sheet date for the different types of financial instruments:

Remaining terms of financial instruments *(in thousands of €)*			**31/03/2013**			
	Category of instruments	**Average effective interest rate %**	**Total carrying value**	**< 1 year**	**1- 5 year**	**> 5 year**
Instruments with fixed interest rates			**65,866**	**22,764**	**3,802**	**39,300**
Other financial assets	FaAFS		3,350			3,350
Held-to-maturity investments	Htm					
Cash and cash equivalents	L&R		21,815	21,815		
Guaranteed bank loans	FLmaAC	5.50%	195	95	100	
Financial lease obligations	n/a	5.60%	3	3		
Unguaranteed bank facilities	FLmaAC					
Liabilities to credit institutions	FLmaAC					
Bond loans	FLmaAC	4.92%	39,489	400	4,402	34,687
Other guaranteed financial liabilities	FLmaAC	0.00%	68	43	25	
Other non-guaranteed financial liabilities	FLmaAC	5.02%	946	408	-725	1,263
Instruments with variable interest rates			**190,865**	**74,864**	**116,001**	**0**
Guaranteed GBP bank loan	FLmaAC	2.22%	12,335	5,815	6,520	
Guaranteed EUR bank loan	FLmaAC	1.93%	178,172	68,691	109,481	
Other guaranteed loans	FLmaAC	0.00%				
Other unguaranteed loans	FLmaAC	0.12%	358	358		

Category of instruments

L&R: Loans and receivables
FaHT: Financial asset Held for Trading
FaAFS: Available-For-Sale Financial assets
Htm: Held-to-maturity investments
FLmaAC: Financial Liabilities measured at amortised cost
FIHT: Financial Liabilities Held for Trading

Remaining terms of financial instruments *(in thousands of €)*	**Category of instruments**	**Average effective interest rate %**	**Total carrying value**	**< 1 year**	**1- 5 year**	**> 5 year**
						31/03/2012
Instruments with fixed interest rates			**82,287**	**37,933**	**5,447**	**38,907**
Other financial assets	FaAFS		3,350			3,350
Held-to-maturity investments	Htm					
Cash and cash equivalents	L&R		38,356	38,356		
Guaranteed bank loans	FLmaAC	5.28%	298	103	195	
Financial lease obligations	n/a	4.84%	386	364	22	
Unguaranteed bank facilities	FLmaAC					
Liabilities to credit institutions	FLmaAC					
Bond loans	FLmaAC	7.58%	38,519		4,402	34,117
Other guaranteed financial liabilities	FLmaAC	0,00%	71	22	49	
Other non-guaranteed financial liabilities	FLmaAC	3.61%	1,307	-912	779	1,440
Instruments with variable interest rates			**186,946**	**186,946**	**0**	**0**
Guaranteed GBP bank loan	FLmaAC	4.74%	13,148	13,148		
Guaranteed EUR bank loan	FLmaAC	3.89%	173,269	173,269		
Other guaranteed loans	FLmaAC					
Other unguaranteed loans	FLmaAC	0.98%	529	529		

Category of instruments

L&R: Loans and receivables
FaHT: Financial asset Held for Trading
FaAFS: Available-For-Sale Financial assets
Htm: Held-to-maturity investments
FLmaAC: Financial Liabilities measured at amortised cost
FIHT: Financial Liabilities Held for Trading

1.c. Foreign exchange risk and interest-rate risk: financial instruments (derivatives)

In its application of IAS 39 "Financial instruments" the Group has classified the financial instruments used to cover its interest-rate risk and foreign exchange rate risk as economic hedges that do not fulfil the requirements for 'hedge accounting'. They are therefore valued at fair value with changes in fair value, as a result of the effect of the interest-rate difference, recognized in the profit and loss account.

Foreign exchange risk

For hedging foreign exchange risks the Group works with forward contracts, whereby it seeks to hedge 50% to 75% of its monthly GBP income. There is no certainty that the Group's hedging strategy can sufficiently protect its operating results against the consequences of exchange rate fluctuations.

The Group is covered as at 31 March 2013 via various instruments in a notional amount of €23.3 million (31 March 2012: €25.0 million).

Interest-rate risk

The Group has used financial instruments to hedge the risks of unfavourable interest-rate fluctuations. The Group wishes to keep its net interest cost as low as possible and does not want to be confronted with uncontrollable fluctuations in interest rates. The use of variable interest-rate credits carries with it the risk of major changes in cash flows in case of rising interest rates.

To this end a number of Interest-Rate Swaps (IRS) and interest-rate caps with Knock-Outs have been concluded with a number of Belgian banks. In an interest-rate swap the Group commits to paying or receiving the difference between the interest amount at fixed and floating interest rates calculated on a nominal amount. This type of agreement allows the Group to absorb fluctuations due to changes in the market value of the fixed interest-rate debt. To limit the cost of these instruments, a number of Floor contracts with Knock-Ins have been concluded simultaneously.

To manage the interest-rate risk the Group is covered as at 31 March 2013 via various instruments in a notional amount of €171.0 million (31 March 2012: €198.4 million).

Nominal amounts per maturity date

The following table gives an overview of the outstanding derivatives on the basis of the nominal amounts per maturity date.

Outstanding derivatives: nominal amounts per maturity date *(in thousands of €)*	**31/03/2013**			**31/03/2012**		
	Due within 1 year	**Due between 1 and 5 years**	**Due after 5 years**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**
Foreign exchange risk						
Term contracts	23,317			25,024		
Options						
Interest-rate risk						
IRS	10,000	161,000		27,364	166,000	
Caps					5,000	
Total	**33,317**	**161,000**	**0**	**52,388**	**171,000**	**0**

The maximum hedging term for these instruments runs until July 2016.

The increase in notional hedging amounts and the number of instruments is explained by the repayment scheme of the renegotiated club deal financing as from July 2011 onwards. At the end of March 2013, the remaining term is thus between 1 and 4 years.

Fair value by type of derivative

The fair value of derivatives is based on the (available) market price. This information is provided by the Group's financial institutions with which the financial instruments have been concluded. Where the market price is not available, the fair value is estimated. The intrinsic or fair value of an option consists out of the intrinsic value and the time value. The fair value of the interest-rate swap is determined by discounting expec-

ted future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

The open instruments at balance sheet date have a total fair value ('marked to market value') of €-7.1 million at 31 March 2013 (31 March 2012: €-6.5 million). The net result in the financial year ending on 31 March 2013 on the financial assets and liabilities valued at fair value is €-0.6 million (31 March 2012: €-5.4 million).

Fair value by type of derivative *(in thousands of €)*	**Assets**		**Liabilities**		**Net Position**		**Recorded in profit and loss accounts**	
					31/03/2013	**31/03/2012**	**31/03/2013**	**31/03/2012**
Foreign exchange risk								
Term contracts	561	78	174	462	387	-384	771	-384
Options								
Interest-rate risk								
IRS			7,489	6,130	-7,489	-6,130	-1,359	-4.974
Interest-rate caps								
Net assets/liabilities	**561**	**78**	**7,663**	**6,592**	**-7,102**	**-6,514**	**-588**	**-5.358**

Fair value hierarchy included in the statement of financial position

The table below analyses financial instruments of the Group initially measured at fair value, sorted by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities at fair value *(in thousands of €)*				**31/03/2013**
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- derivatives		561		561
Total assets at fair value		561		561
Financial liabilities at fair value through profit and loss				
- derivatives		7,663		7,663
Total liabilities at fair value		**7,663**		**7,663**

Assets and liabilities at fair value *(in thousands of €)*				**31/03/2012**
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- derivatives		78		78
Total assets at fair value		**78**		**78**
Financial liabilities at fair value through profit and loss				
- derivatives		6,592		6,592
Total liabilities at fair value		**6,592**		**6,592**

During the past financial year, there were no transfers of financial assets or liabilities between levels 1 and 2.

1.d. Other market risks

Other market risks that are unrelated to risks in relation to financial instruments are determined by fluctuations in sales prices and weather conditions.

Sales prices are defined by changes in supply and demand. Demand is affected primarily by climate, increased internationalization of the market, and marketing campaigns. Supply is influenced mainly by availability of raw materials.

Changing weather conditions have an extremely large impact on the availability of vegetables and potatoes. Along with other elements like soil fatigue for certain crops, weather conditions force the PinguinLutosa Group to reduce as far as possible their dependence on the harvest in a particular region.

The deep-frozen vegetable division and the canning division work in principle with fixed annual contracts, where the purchase price per vegetable is fixed for the entire season before the vegetables are sown or planted. Within the deep-frozen vegetable division any shortfalls can be compensated by purchases of frozen products on the free market. The price fluctuations of recent years are explained in particular by fluctuations in the price of fresh vegetables.

The supply of raw materials is guaranteed by a limited number of suppliers. The deep-frozen vegetable division procures fresh vegetables mainly from over 800 farmers located in the area around the parent company in West Flanders and Northern France. At Pinguin Foods UK Ltd and Pinguin Aquitaine, this takes place via about 15 agricultural cooperatives and various dealers. The provisioning for the CECAB Activity comes from local farmers in France, Poland and Hungary.The deep-frozen vegetable division has further extended its procurement possibilities by concluding cooperation agreements with a number of deep-frozen vegetable groups in Spain, Germany, Italy, Hungary and other countries. The provisioning of the canning division comes from around 4,500 ha of agricultural land, within a radius of 100 km around Bree.

Despite the great care devoted to these aspects, production remains dependent on temporary weather phenomena. Climate conditions can influence supplies and raw materials prices. Harvest yields can fluctuate greatly as a function of weather conditions. These can lead to surpluses or shortages with pressure on sales prices or loss of productivity.

2. Credit risk

Credit risk is the risk of financial loss to the Group through a customer or a financial instrument counterparty being unable to fulfil its contractual obligations. This risk originates in most cases from the Group's customer receivables and investments.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer portfolio. To protect itself against customer defaults and bankruptcies the Group uses the services of an international credit insurance company, and also applies internal customer credit limits. Management has developed a credit policy and credit risk exposure is continuously monitored. Any customer whose credit exceeds a

specified amount is subjected to a credit check. Following credit checking these customers are subdivided into categories. Customers who represent a high risk factor are treated according to the credit policy that the Group has developed. Credit risk covers only the instrument class of 'loans and receivables' (L&R).

To further limit the credit risk of customers failing to meet their payment obligations, the Group has implemented some time ago credit insurance with an international credit insurance company for all customers. The Group has an invoice discounting facility, whereby the Group sells a portion of its receivables to a financial institution, which enables it to turn receivables into cash more quickly. We refer to note *"6.8. Trade and other receivables"* for further information on invoice discounting.

For the other instrument classes the credit risk is limited or non-existent, given that counterparties are banks with a high creditworthiness.

2.a.1 Exposure to credit risk

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. The carrying amount is reported including impairments. The maximum exposure to credit risk at the balance sheet date is given in the tables below:

Net carrying amount of financial assets 31/03/2013 *(in thousands of €)*	**Category of instruments in accordance with IAS 39**	**Gross value 31/03/2013**	**Impairment losses 31/03/2013**	**Net carrying amount 31/03/2013**
Other financial fixed assets	FaAFS	3,350		3,350
Long-term receivables (> 1 year)	L&R	868	-142	726
Trade receivables	L&R	66,859	-1,600	65,259
Other receivables	L&R	19,802		19,802
Derivatives	FaHT	561		561
Short-term deposits	L&R			
Cash and cash equivalents	L&R	21,815		21,815
Total		**109,905**	**-1,742**	**108,163**

Net carrying amount of financial assets 31/03/2012 *(in thousands of €)*	**Category of instruments in accordance with IAS 39**	**Gross value 31/03/2012**	**Impairment losses 31/03/2012**	**Net carrying amount 31/03/2012**
Other financial fixed assets	FaAFS	3,350		3,350
Long-term receivables (> 1 year)	L&R	847	-142	705
Trade receivables	L&R	100,456	-1,660	98,796
Other receivables	L&R	24,912		24,912
Derivatives	FaHT	78		78
Short-term deposits	L&R			
Cash and cash equivalents	L&R	38,356		38,356
Total		**164,649**	**-1,802**	**162,847**

At balance sheet date there were no noteworthy concentrations of credit risk. The reader is referred here to note *"6.8. Trade and other receivables"*.

2.a.2 Impairment losses

The contribution of impairment losses recognized during the financial year has been presented by its financial asset category under the specific headings of the statement of financial position.

The total amount of interest on financial assets subject to impairment was nil at 31 March 2013 (nil at 31 March 2012). The net result on loans and receivables (> 1 year) was nil for the financial year ending on 31 March 2013 (nil at 31 March 2012).

3. Share price risk

During the financial year the Group did not hold any investments in shares classified as available for sale. The Group was not exposed to any major share price risk. The net result on the available-for-sale financial assets is nil.

4. Liquidity risk

Liquidity risk is the risk of having insufficient resources in order to fulfil direct obligations which are settled in cash or other financial assets. The Group's approach to liquidity is to ensure, as far as possible, that sufficient liquidity is available at all times to meet liabilities as these fall due, under both normal and abnormal circumstances, without exposing itself to unacceptable losses or damaging the Group's reputation.

The Group uses the 'Activity Based Costing' (ABC) cost price model to estimate the cost price of its products. This helps ensure better management of cash flow requirements. The Group makes sure that it has sufficient available liquidity to meet expected operating costs for a 60 day period, including meeting its financial obligations. This excludes, however, the potential impact of extreme, unforeseeable circumstances, such as a natural disaster.

At 31 March 2013 the Group had €54.0 million of unused available lines for investments (at 31 March 2012: €65.1 million).

In today's economic and banking climate, the company keeps strict watch on its financing structure and is constantly analysing the existing and required amounts and types of financing.

For a discussion of the existing lines and their terms and conditions the reader is referred to the analyses of the interest-rate risks (note *"6.20.1.b. Interest-rate risk"*) and the interest-bearing liabilities (note *"6.17. Interest-bearing liabilities"*).

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities. Only net interest payments and principal repayments are included. The contractual maturity is based on the earliest date on which the Group is required to pay.

Remaining terms of financial debts *(in thousands of €)*	**Category of instruments**	**31/03/2013**				
		Contractually agreed undiscounted cash flows				
		due within 6 months	**due between 6 months and 1 year**	**due between 1 and 5 years**	**due after 5 year**	**Total**
Financial lease obligations	n/a	3				3
Unguaranteed bank facilities	FLmaAC					
Liabilities to credit institutions	FLmaAC					
Other guaranteed financial liabilities	FLmaAC	31	12	25		68
Other non-guaranteed financial liabilities	FLmaAC	965	197	1,544	1,182	3,888
Guaranteed GBP bank loan	FLmaAC	5,655	418	8,378		14,451
Guaranteed EUR bank loan	FLmaAC	63,827	7,256	113,763		184,846
Convertible bond loans with warrants	FLmaAC	1,002	1,406	12,435	41,837	56,680
Other guaranteed loans	FLmaAC					
Other unguaranteed loans	FLmaAC					
Trade debts	FLmaAC	138,230				138,230
Other debts	FLmaAC	73,265				73,265
Financial debts: non-derivatives		**282,978**	**9,289**	**136,145**	**43,019**	**471,431**
IRS	FIHT	1,631	1,636	6,435		9,702
Options	FIHT	17,142	5,670			22,812
Financial debts: derivatives		**18,773**	**7,306**	**6,435**	**0**	**32,514**
Total undiscounted cash flows		**301,751**	**16,595**	**142,580**	**43,019**	**503,945**

Remaining terms of financial debts *(in thousands of €)*	Category of instruments	31/03/2012 Contractually agreed undiscounted cash flows: due within 6 months	due between 6 months and 1 year	due between 1 and 5 years	due after 5 year	Total
Financial lease obligations	n/a	228	142	23		393
Unguaranteed bank facilities	FLmaAC					
Liabilities to credit institutions	FLmaAC					
Other guaranteed financial liabilities	FLmaAC	11	12	48		71
Other non-guaranteed financial liabilities	FLmaAC	1,831	194	1,545	1,490	5,060
Guaranteed GBP bank loan	FLmaAC	525	6,163	8,485		15,173
Guaranteed EUR bank loan	FLmaAC	53,745	8,657	129,455		191,857
Convertible bond loans with warrants	FLmaAC	986	990	14,843	41,837	58,656
Other guaranteed loans	FLmaAC					
Other unguaranteed loans	FLmaAC					
Trade debts	FLmaAC	196,819				196,819
Other debts	FLmaAC	3,721				3,721
Financial debts: non-derivatives		**257,865**	**16,158**	**154,399**	**43,327**	**471,749**
IRS	FIHT	1,925	1,907	9,209	704	13,745
Options	FIHT	18,744	6,281			25,025
Financial debts: derivatives		**20,669**	**8,188**	**9,209**	**704**	**38,770**
Total undiscounted cash flows		**278,534**	**24,346**	**163,608**	**44,031**	**510,519**

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities are not included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

5. Financial instruments by class and category

The table below gives an overview of the various classes of financial assets and liabilities with their respective net balance sheet carrying amounts and their respective fair values and analysed by their measurement category in accordance with IAS 39 *"Financial Instruments: Recognition and Measurement*" or IAS 17 "*Leases"*.

Cash and equivalents, other financial investments, treasury investments, trade and other receivables, loans and receivables have mostly short maturities. For this reason the net carrying amount at closing date approximates the fair value. Trade payables have in general also short maturities and for this reason the net carrying amounts at maturity approximate their fair value. The fair value of interest-bearing liabilities is calculated as the present value of the future cash flows. The fair value of the derivatives is calculated using standard financial valuation models using market data.

31/03/2013 (in thousands of €)	Category in accordance with IAS 39	Net carrying amount 31/03/2013	Amounts recognised in balance sheet in accordance with IAS 39			Amounts recognised in balance sheet in accordance with IAS 17	Fair value 31/03/2013
			Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss		
ASSETS							
NON-CURRENT ASSETS							
Other financial fixed assets	FaAFS	3,350	3,350				n.a.*
Other non-current receivables	L&R	726	726				726
CURRENT ASSETS							
Trade receivables	L&R	65,258	65,258				65,258
Other receivables	L&R	19,802	19,802				19,802
Derivatives	FaHT	561			561		561
Short-term deposits	L&R						
Cash and cash equivalents	L&R	21,815	21,815				21,815
LIABILITIES							
NON-CURRENT LIABILITIES							
Financial debts at credit institutions							
- Finance leases	n.a.						
- Bank loans	FLmaAC	100	100				99
- Bonds	FLmaAC						
- Other financial debts	FLmaAC	2,067	2,067				2,330
Interest-bearing liabilities							
- Convertible bond loans	FLmaAC	39,089	39,089				48,774
Other amounts payable	FLmaAC	3,128	3,128				3,128
CURRENT LIABILITIES							
Financial debts at credit institutions							
- Finance leases	n.a.	3				3	3
- Bank loans: debts > 1 year payable within current year	FLmaAC	126,923	126,923				123,630
- Bank loans	FLmaAC	61,864	61,864				62,035
- Derivatives	FlHT	7,663			7,663		7,663
- Other financial debts	FLmaAC	1,119	1,119				1,169
Interest-bearing liabilities							
- Convertible bond loans	FLmaAC	400	400				400
Trade payables	FLmaAC	138,230	138,230				138,230
Other amounts payable	FLmaAC	73,696	73,696				73,696
Total by category in accordance with IAS 39							
Loans and receivables	L&R	107,601	107,601				107,601
Financial assets Held for Trading	FaHT	561			561		561
Financial liabilities Held for Trading	FlHT	7,663			7,663		7,663
Available-for-sale financial assets	FaAFS	3,350	3,350				n.a.*
Held-to-maturity investments	Htm						
Financial liabilities measured at amortised cost	FLmaAC	446,617	446,617				453,491

** As no reliable estimate can be made of the fair value of the other participating interests, financial assets for which no active market exists are valued at cost less any impairments.*

31/03/2012 (in thousands of €)	**Category in accordance with IAS 39**	**Net carrying amount 31/03/2012**	**Amounts recognised in balance sheet in accordance with IAS 39**			**Amounts recognised in balance sheet in accord-ance with IAS 17**	**Fair value 31/03/2012**
			Amortized cost	**Fair value recognized in equity**	**Fair value recognized in profit or loss**		
ASSETS							
NON-CURRENT ASSETS							
Other financial fixed assets	FaAFS	3,350	3,350				n.a.*
Other non-current receivables	L&R	705	705				705
CURRENT ASSETS							
Trade receivables	L&R	98,796	98,796				98,796
Other receivables	L&R	24,912	24,912				24,912
Derivatives	FaHT	78			78		78
Short-term deposits	L&R						
Cash and cash equivalents	L&R	38,356	38,356				38,356
LIABILITIES							
NON-CURRENT LIABILITIES							
Financial debts at credit institutions							
- Finance leases	n.a.	22				22	22
- Bank loans	FLmaAC	195	195				193
- Bonds	FLmaAC						
- Other financial debts	FLmaAC	2,268	2,268				2,531
Interest-bearing liabilities							
- Convertible bond loans	FLmaAC	38,519	38,519				48,814
Other amounts payable	FLmaAC						
CURRENT LIABILITIES							
Financial debts at credit institutions							
- Finance leases	n.a.	364				364	364
- Bank loans: debts > 1 year payable within current year	FLmaAC	133,772	133,772				137,669
- Bank loans	FLmaAC	50,447	50,447				50,876
- Derivatives	FIHT	6,592			6,592		6,592
- Other financial debts	FLmaAC	1,940	1,940				2,016
Trade payables	FLmaAC	196,819	196,819				196,819
Other amounts payable	FLmaAC	4,375	4,375				4,375
Total by category in accordance with IAS 39							
Loans and receivables	L&R	162,769	162,769				162,769
Financial assets Held for Trading	FaHT	78			78		78
Financial liabilities Held for Trading	FIHT	6,592			6,592		6,592
Available-for-sale financial assets	FaAFS	3,350	3,350				n.a.*
Held-to-maturity investments	Htm						
Financial liabilities measured at amortised cost	FLmaAC	428,336	428,336				443,293

** As no reliable estimate can be made of the fair value of the other participating interests, financial assets for which no active market exists are valued at cost less any impairments.*

During the present financial year the Group has not used financial assets as security for liabilities or contingent liabilities, and it is not required to meet contractual obligations in this respect. The shares of the subsidiaries have been pledged to guarantee the club deal financing.

6. Capital structure

The Group constantly seeks to optimize its capital structure (balance between debts and equity) with a view to maximize shareholder value. The Group strives for a flexible structure in terms of periodicity and credit type, which enables it to grab potential opportunities. The various capital components are discussed in the note on equity and in note *"6.17. Interest-bearing liabilities".*

There are no target ratios set for solvency or gearing. The Group seeks to follow the prevailing norms for the market and sector. The capital structure is presented at regular intervals to the Audit Committee and the Board of Directors.

7. OTHER ELEMENTS

7.1. SUBSIDIARIES

The parent company of the Group is Pinguin NV, Westrozebeke, Belgium. At 31 March 2013 there were 29 subsidiaries included in the consolidated financial statements by the full consolidation method.

Name, full address of the registered office and, for companies governed by Belgian law, the VAT or national number	Proportion of the capital held (in %)	Change of percentage of capital held (as compared to previous period)	Voting rights (%)
Pinguin NV Romenstraat 3 8840 Westrozebeke (Staden) BE 0402.777.157	100.00%	0.00%	100.00%
Pinguin Langemark NV Poelkapellestraat 71 8920 Langemark BE 0427.768.317	99.99%	0.00%	99.99%
Pinguin Salads BVBA Sneppestraat 11 A 8860 Lendelede BE 0437.557.793	100.00%	0.00%	100.00%
Pinguin Aquitaine S.A.S. Avenue Bremontier 40160 Ychoux 40160 Ychoux France	52.00%	0.00%	52.00%
Pinguin Comines S.A.S. Chemin des Rabis - BP 97 59560 Comines (Sainte Marguerite) France	100.00%	0.00%	100.00%
CGB S.A.S. ZA Le Barderff - Morêac - BP 20227 56502 Locminé Cedex France	100.00%	0.00%	100.00%
CGS S.A.S. ZA Le Barderff - Morêac - BP 20227 56502 Locminé Cedex France	100.00%	0.00%	100.00%
Pinguin Foods UK Ltd Scania Way King's Lynn GB-PE30 4LR Norfolk United Kingdom	100.00%	0.00%	100.00%
Pinguin Foods Polska Sp.z.o.o. ul. Tytoniowa 22 04-228 Warszawa Poland	100.00%	0.00%	100.00%

Pinguin Foods Hungary Kft. Nagy Istvan ut 36 6500 Baja Hungary	100.00%	0.00%	100.00%
D'aucy do Brasil Ltda Rua Alvarenga 1422 – Butantã 05509-003 São Paulo - SP Brazil	100.00%	0.00%	100.00%
Pinguin Foods CEE GMBH Franzosengraben 20 1030 Wien Austria	100.00%	0.00%	100.00%
Pinguin Foods Deutschland GMBH Dorfplatz 20 50129 Bergheim Germany	99.90%	0.00%	99.90%
De Buitenakkers NV Kasteeldreef 13 9111 Belsele BE 0840.479.363	100.00%	+100.00%	100.00%
M.A.C. SARL Rue Jean Goujon 8 75008 Paris France	99.80%	0.00%	99.80%
Scana Noliko NV Kanaal-Noord 2002 3960 Bree BE 0437.126.936	100.00%	0.00%	100.00%
Scana Noliko Holding NV Kanaal-Noord 2002 3960 Bree BE 0865.259.301	100.00%	0.00%	100.00%
Scana Noliko Ltd. Kennel Ride SL5 7NT ASCOT Berkshire United Kingdom	100.00%	0.00%	100.00%
BND CVBA Kanaal-Noord 2002 3960 Bree BE 0462.012.681	25.00%	0.00%	25.00%
PinguinLutosa Foods NV Zone industrielle du Vieux-Pont 5 7900 Leuze-en-Hainaut BE 0418.162.347	100.00%	0.00%	100.00%
G&L Van den Broeke - Olsene NV Schoendalestraat 221 8793 St.-Eloois-Vijve (Waregem) BE 0420.902.202	100.00%	0.00%	100.00%
Vanelo NV Moerbosstraat 50 8793 St.-Eloois-Vijve (Waregem) BE 0458.234.829	100.00%	0.00%	100.00%

Lutosa UK Ltd PO BOX 83 St Ives Cambridgeshire PE27 5PD United Kingdom	100.00%	0.00%	100.00%
Lutosa España SA C/ Diego Ayllon, 8 - 3°B 28043 Madrid Spain	100.00%	0.00%	100.00%
Lutosa América Latina Ltda Av. das Americas, 500 - bl. 4 - Cob 317 CEP22640-100 Rio de Janeiro / RJ Brazil	98.12%	0.00%	98.12%
PinguinLutosa Japan K.K. 208 Palais Royal Rokubancho 6-1 Rokubancho Chiyoda ku Tokyo 102-0085 Japan	100.00%	0.00%	100.00%
PinguinLutosa Foods Shanghai Ltd 7-B, Orient International Science & Technology Palace No.58 XiangCheng Road 200122 Shanghai China	100.00%	0.00%	100.00%
Lutosa France SARL Rue du Président Roosevelt 26 59150 Wattrelos France	100.00%	0.00%	100.00%
PinguinLutosa Italia SRL Via Zara 45 20013 Magenta (MI) Italy	100.00%	0.00%	100.00%

Changes in the consolidation scope

We refer to note "*2.4. Changes in the consolidation scope*" for a discussion of:

- the changes in the consolidation scope for the financial year ending on 31 March 2013
- the changes in the consolidation scope for the financial year ending on 31 March 2012

Companies that are neither subsidiaries nor associated companies

The companies Tomates d'Aquitaine SAS, D'aucy Polska Z.o.o., Bajaj Hutoipari Zrt, Vallée de la Lys S.A.S. and Moréac Surgelés S.A.S. are not included in the consolidation scope, because the Group does not have the power to beneficially control their financial and operational policy, nor does it have significant direct or indirect influence on these companies.

Name, full address of the registered of-fice and, for companies governed by Belgian law, the VAT or national number	Proportion of the capital held (in %)	Data from the most recent period of which annual accounts are available 30-06-2012		
		Currency unit	Equity	Net result
Tomates d' Aquitaine S.A.S. 35, rue Pierre Pinson 24100 Bergerac France	14.28%	EUR	525,017	-98,813

Name, full address of the registered of-fice and, for companies governed by Belgian law, the VAT or national number	Proportion of the capital held (in %)	Data from the most recent period of which annual accounts are available 31-12-2012		
		Currency unit	Equity	Net result
D'aucy Polska Z.o.o. ul, Tytoniowa 22 04-228 Warszawa Poland	10.00%	PLN	15,818,907	5,086,819
Bajaj Hutoipari Zrt Nagy Istvãn ut 36 6500 Baja Hungary	10.00%	HUF	1,591,215,635	-454,577,464
S.A.S. Vallée de la Lys Rue de la distillerie - BP97 59560 Comines (Sainte Marguerite) France	10.00%	EUR	5,574,366	997,397
Moréac Surgelés S.A.S. ZA Le Barderff - Moréac - BP 20227 56502 Locminé Cedex France	10.00%	EUR	18,895,258	-42,079

7.2. PENDING DISPUTES

Pending disputes at 31 March 2013

DISPUTE WITH MAXWELL CHASE TECHNOLOGIES

In the dispute with regard to Maxwell Chase Technologies LLC, the judgement by the Court of appeal in Ghent on 24 September 2012 was positive for PinguinLutosa and the compensation request was rejected. This judgment was served. The opposing party can't go in cassation anymore so this case is finally closed and the opposing party needs to pay the court costs. Pinguin has always claimed that it was not involved in this case and this is now confirmed.

DISPUTE PINGUIN FOODS UK LTD, (EASTON)

In Pinguin Foods UK Ltd there is a dispute with the owners of the rented site in Easton (United Kingdom) related to clearing and repair costs when the rented site in Easton was vacated. The maximum claim amounts to £1.2 million. By way of precaution and without including any admission of guilt, a partial provision has been made of £0.7 million (Easton, Bourne and Grimsby sites). During the past financial year this provision has been increased to £1.1 million (Easton, Bourne and Grimsby sites). This amount has been repaid after balance sheet date.

DISPUTE PINGUIN SALADS BVBA

With respect to an occupational accident, there is a dispute with regard to a compensation for damages not covered by the occupational health insurer. The potential financial impact is estimated at €0.2 million.

7.3. COMMITMENTS

Commitments concerning investments in tangible fixed assets

At 31 March 2013 the deep-frozen vegetable division had commitments to acquire fixed assets in an amount of €0.7 million (at 31 March 2012: €3.5 million). This mainly relates to investments in Belgium for wooden boxes and cutting machines in an amount of €0.4 million, whereas in Pinguin Aquitaine the commitments mainly relate to various investments to buildings in a total amount of €0.3 million.

At 31 March 2013 the canning division had commitments to acquire fixed assets in an amount of €1.5 million (at 31 March 2012: €1.4 million). This mainly relates to amongst others new filling machines (€0.2 million), upgrade of sorting machines (€0.2 million), replacement of weighing installation (€0.1 million), groundwater wells and storage tanks in Rijkevorsel (€0.1 million) and water recovery and steam boilers (€0.1 million).

Procurement of fresh vegetables

The deep-frozen vegetable division has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh vegetables from the harvests in the financial year 2013-2014. Contracts totaling €57.5 million (together with the United Kingdom, Poland, Hungary and France), for the procurement of fresh vegetables, had been concluded at 31 March 2013 (at 31 March 2012: €51.3 million). This amount can fluctuate as a function of climate conditions and market prices for fresh vegetables.

The canning division has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh vegetables from the harvests in the financial year 2013-2014. Contracts totaling €0.8 million for the procurement of fresh vegetables had been concluded at 31 March 2013 (at 31 March 2012: €0.3 million). This amount can fluctuate as a function of climate conditions and market prices for fresh vegetables.

Rent and operating leases

The Group has concluded rental and lease contracts, mainly for buildings and vehicles. The tables below give an overview of the current value of rental and lease contracts by maturity period.

Rent and operating leases: future payments *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Within 1 year	20,393	25,305
Between 1 and 5 years	73,679	89,403
After 5 years	72,535	107,189
Total	**166,607**	**221,898**

The decrease of the amount of rent and leasing debts as per 31 March 2013 compared to 31 March 2012 by €-55.3 million is mainly explained by the presentation of the rent and leasing debts of the potato division as discontinued operations (impact per 31 March 2012: €52,8 million). The rent and leasing debts of the potato division include the sale and rent back transaction involving the potato division real estate. In 2007 a rental contract has been concluded for a 15 year term at a nominal annual cost of €4.2 million.

The amount of rent and leasing debts of the deep-frozen vegetable division and the canning division amounted to €169.1 million as per 31 March 2012 and did not change significantly for the period between 1 April 2012 and 31 March 2013.

In the deep-frozen vegetable division, the CECAB Group retains the production infrastructure and the land and buildings and rents them out to PinguinLutosa. A lease was concluded for a period of 6 years commencing on 1 September 2011 with a nominal annual cost of €5.2 million (see note *"2.4. Changes in the consolidation scope"*). In addition, the amount as per 31 March 2012 mainly included the rental of external storage in Wisbech for a 12 year

term with a nominal annual cost of €2.4 million and of the contract to the rental of external storage in Ieper and in Comines for a 15 year term at a common nominal annual cost of €3.0 million.

For the canning division, as at 31 March 2012 operational lease obligations are included for an amount of €43.9 million. This amount for the canning division primarily includes €42.5 million in future lease obligations as a result of the Sale and Rent Back Operation on the property of the sites in Bree and Rijkevorsel, while the remaining amount includes rental obligations for forklift trucks.

The expenses included in the statement of comprehensive income from continued operations are included in table below:

Rent and operating leases: expenses *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Expenses included in statement of comprehensive income (forklifts, hardware, buildings, ...)	17,648	14,987
Total	**17,648**	**14,987**

Option

PinguinLutosa has heads of terms agreed to purchase the land and buildings of the former Padley Vegetables Ltd. (now integrated into Pinguin Foods UK Ltd.) in July 2013 for £4.6 million.

PinguinLutosa has a right of first refusal to purchase the production infrastructure and the land and buildings that are currently leased by the CECAB Group to PinguinLutosa, with exclusion of the site in Moréac, and this after the period of 6 years commencing on 1 September 2011.

Bank guarantees

There is a bank guarantee outstanding in an amount of €0.2 million until 2013 in favour of OVAM (Flemish Public Waste Company) to guarantee the decontamination of polluted soil, and a bank guarantee of €0.1 million in favour of the Roeselare Customs and Excise office.

Bank covenants & undertakings

Supported by the banking syndicate, the reference shareholders of PinguinLutosa and the previous shareholders of Scana Noliko Group, PinguinLutosa has managed on July 19 2011 to replace and extend the existing financing of PinguinLutosa as well as that of Scana Noliko Group. In total a credit facility of €250.0 million (club deal financing), has been negotiated, which consists of:

(i) A €130.0 million term loan. This loan is repayable in periodical instalments, with the largest instalment (60% of the loan) at final maturity at the end of the five year term. The term loan has been drawn partly in pounds sterling and partly in euros.
(ii) A €60.0 million revolving credit facility during the same five year term. This loan is repayable in periodical instalments.
(iii) A €60.0 million line for future investments during the same five year term. This line is repayable in periodical instalments, with the largest instalment (70% of the outstanding aggregate amount) at final maturity at the end of the five year term.

The applicable interest rate on the various tranches of the club deal financing amounts to ´euribor + margin´, where this additional margin can amount to a maximum of 3% and depends on the ´leverage ratio´. In order to cover for the variability of the euribor, the company hedged in 2012-2013 and concluded a number of IRS´s for a nominal value of €171.0 million. The maximum hedging term for these instruments runs until July 2016.

The existing guarantees of Scana Noliko Group have been released and replaced by a guarantee structure based primarily on limited power of attorney to pledges on general business assets and pledges on general business assets, limited power of attorney to pledge on general business assets and a pledge on the general business assets. The agreement includes a change of control clause that in case of a change of control an early repayment of the facilities is foreseen.

In accordance with IAS 39.43, the transaction costs related to the renegotiation of the club deal for a total amount of €2.2 million are recorded as a deduction of the interest-bearing liabilities and are taken into result over the term of the financing.

Within the framework of the club deal financing that was renegotiated on 19 July 2011, several restrictions were also imposed in connection with the dividend policy to be employed. Specifically, in the event of a possible dividend payment, account is to be taken of the outstanding financial debt as a result of the club deal financing and a part is reserved for continuing to scale down debt.

The club deal financing also provides an early repayment obligation in a number of cases such as: (a) Hein Deprez no longer has control over Food Invest International NV; (b) Food Invest International NV no longer possesses (directly or indirectly) at least 30% of the share capital of Pinguin NV; (c) Pinguin NV no longer has control over certain of its subsidiaries or (d) the shares of a subsidiary of Pinguin NV are listed on a regulated market. In such cases the company needs to fully repay the outstanding debts.

Following the renegotiation of the covenant package in March 2012 as from the first quarter of 2012 a number of changed covenants have been included:

(i) net financial debt /REBITDA ratio (≤ 3.50 at 31 March 2013)
(ii) REBITDA/interest payments ratio (≥ 4.00 at 31 March 2013)
(iii) cash flow/capital and interest repayments ratio (≥1.00)
(iv) the extent of investments (for calendar year ending as per 31 December 2012 fixed at maximum €34.5 million)
(v) the extent of invoice discounting (for calendar year ending as per 31 March 2013 fixed at €70.0 million)

The margin applicable on the credits is dependent on performance against these covenants. For a calculation of the ratios under items (i),(ii) and (iii) a period of 12 months preceding the date of the examination must be taken into account. These covenants must be fulfilled on a quarterly basis, and reporting to the credit providers is therefore also made on a quarterly basis.

PinguinLutosa reports to the providers of credit on a quarterly basis. The first testing of the covenants occurred on 31 December 2011. Per 31 December 2011 the company breached the covenant relating to the cash flow cover. For the period up till 30 June 2012 a temporarily adjusted cash flow cover covenant has been agreed on (from 1 to -1.35). Per 31 March 2012 and per 30 September 2012 PinguinLutosa complied with this adjusted covenant, as well as with the other existing covenants.

Following the sale of the potato division, it has been decided to repay the entire club deal debts. Awaiting the finalisation of this transaction, a waiver of the existing covenants up till 30 June 2013 has been agreed with the banks. Hence no testing was needed as per 31 March 2013. Therefore we refer to the section 'Important events after balance sheet date'. Due to the planned early repayment with the proceeds from the sale, these debts have been booked entirely as short term debts.

Due to this reclass the liquidity ratio is 113.9% instead of 145.4% in the case that the loans would be recorded as long term debts.

Restrictions on dividend

The terms of the club deal financing impose a number of restrictions relating to the dividend distribution by Pinguin NV. As a function of the leverage ratio, the amount that can be paid out as a dividend is limited to a maximum of 40% of the cash flow. If the leverage falls below a specific limit (1.5 times the cash flow), the limitation is lifted.

Off-balance sheet commitments

Off-balance sheet commitments: guarantees *(in thousands of €)*	**31/03/2013**	**31/03/2012**
Registered lien on general assets	15,000	15,000
Mandate on general assets	236,241	237,477
Mortgage mandate	18,000	18,000
Registered mortgage	2,000	2,000
Joint guarantee	1,572	3,204
Total	**272,814**	**275,681**

7.4. RELATED PARTIES

Transactions between Pinguin NV and its subsidiaries, which are related parties, have been eliminated in the consolidation and are therefore not included in this note. The Group has no participating interests in joint ventures, nor in associated enterprises which could therefore not be classified as related parties. The Group does have a participating interest in Tomates d'Aquitaine SAS. This falls under the IAS 24 definition of related parties, but is not included in this note, as there have been no further transactions beyond the taking of the interest.

For an overview of the application of articles 523 and 524 of the Company Code, we refer to the chapter ˝Corporate Governance˝ in the Annual Report.

European Food Transport (EFT) NV

EFT NV is a company that is part of the Univeg Group and, as such, is partially controlled, directly or indirectly, by Mr Hein Deprez (permanent representative of Deprez Invest NV and indirectly via Deprez Holding NV the controlling shareholder of Food Invest International NV). EFT NV is active as a transport company for the national and international transport and distribution of food products. In that capacity, PinguinLutosa sometimes uses the services of EFT NV.

Shipex NV

Shipex NV is a company that is partially controlled by Ms Veerle Deprez (permanent representative of Management Deprez BVBA). Shipex NV is a major 'freight forwarder' (sea and air freight; containers). In that capacity, PinguinLutosa sometimes uses the services of Shipex NV.

Les Prés Salés NV

Les Prés Salés NV is a real estate company which has acted as a party in the sale and rent back of the real estate of the Lutosa Group. Les Prés Salés NV's shareholders are Food Invest International NV and Deprez Holding NV. There are no other shareholders.

Union Fermière Morbihannaise SCA

Union Fermière Morbihannaise SCA is a French agricultural cooperative with its origin in Bretagne. The company is active in livestock, grain production, vegetable production and in several subsectors that process and market agricultural products. UFM SCA is the owner of CECAB Group. The CECAB Activity was integrated with PinguinLutosa on 1 September 2011 (see note *"2.4. Business combinations")*.

CECAB Entity

Within the framework of the acquisition of the CECAB Activity (see note *"2.4. Changes in consolidation scope"*), in 2011 PinguinLutosa set up in France, Poland and Hungary a number of operational subsidiaries, namely Pinguin Foods Polska Sp. Z.o.o. (Poland), Pinguin Foods Hungary Kft. (Hungary) and Pinguin Comines SAS (France). These subsidiaries concluded with the local entities belonging to the CECAB Activity (namely D'Aucy Polska Sp. Z.o.o. (Poland), Bajaj Hutoipari Zrt. (Hungary), D'Aucy Frozen Foods Hungary (Hungary), Sica Vallée de la Lys SAS (France) and Moréac Surgélés SAS (France) (the CECAB Entities)) the following bilateral agreements with regard to the activities on the production sites of the CECAB Activity:

- 6-year leases under which the buildings and machinery on the production sites are leased by the CECAB Entities to the subsidiaries of Pinguin NV;
- Supply and financing agreements where in each case:
  - the CECAB Entity is given responsibility for supplying the raw materials to the production site in the quantities and types as defined by PinguinLutosa;
  - the CECAB Entity finances the cost price of the raw materials by means of a supplier credit;
  - the subsidiary of PinguinLutosa is put in charge of the production, the deep-freeze process and the storage of the vegetables and fruit that were delivered by the CECAB Entity;
  - the subsidiary of PinguinLutosa may at any time purchase the products at the production cost price

by submitting a purchase order and undertakes to purchase the products entirely at the latest one year after production.

Finally, PinguinLutosa and the CECAB Group also concluded a "transition services agreement" for the provision of services within the framework of the transfer of the IT systems, invoice collection systems, human resources management, marketing and administration.

Scana Noliko Real Estate NV

Scana Noliko Real Estate NV is a real estate company which has acted as a party in the sale and rent back of the real estate of the Scana Noliko Group in Bree. Scana Noliko Real Estate NV's shareholders are Food Invest Internaional NV and De Binnenakkers NV. There are no other shareholders.

Food Invest International NV

Food Invest International NV is a holding company which is directly controlled by Deprez Holding NV and where Union Fermière Morbihannaise SCA is the second shareholder. There are no other shareholders. Food Invest International NV acted as party in the Scana Noliko Transaction.

Fomaco BVBA

Fomaco BVBA is a management company. The shareholders are the 5 members of the management team of Scana Noliko Group. There are no other shareholders. Fomaco BVBA delivers specialised management advice.

Gimv XL and related companies

Gimv XL is the global name for funds that were founded by GIMV as core shareholder together with the Vlaamse Participatiemaatschappij (VPM). Following the acquisition of Scana Noliko Group it has become a shareholder of Pinguin NV and in addition it granted a subordinated convertible bond loan to Pinguin NV.

Related parties *(in thousands of €)*	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
Transactions and outstanding balances with related parties:		
Univeg and associated companies		
- Purchase of products, services and other goods	278	67
- Sales of products, services and other goods	4	1,299
- Outstanding receivables	6	8
- Outstanding payables		67
Shipex NV		
- Purchase of services and other goods	22,610	7,259
- Outstanding payables		1,699
Les Prés Salés NV		
- Purchase of goods and services (rent and property tax)		7,286
- Advance payment of goods and services (rent)		
Union Fermière Morbihannaise SCA and related companies		
- Purchase of products, services and other goods	3,384	3,031
- Sales of products, services and other goods	6,878	1,897
- Outstanding receivables	585	859
- Outstanding payables	438	762
CECAB-entity (D'Aucy Polska Sp. Z.o.o., Bajaj Hutoipari Kft., D'aucy Frozen Foods Hungary Kft., Sica Vallée de la Lys S.A.S., Moréac Surgelés S.A.S.)		
- Purchase of products, services and other goods (rent)	270,826	88,020
- Sales of products, services and other goods	101,863	45,029
- Outstanding receivables	2,770	2,513
- Outstanding payables	43,700	38,797
Scana Noliko Real Estate NV		
- Purchase of goods and services (rent)	4,525	3,266
- Outstanding receivables		9
- Outstanding payables	23	115
Food Invest International NV		
- Financial revenue		74
- Outstanding receivables		1,824
Fomaco BVBA		
- Purchase of goods and services	422	78
- Advance payment of goods and services	34	
Gimv-XL and related companies		
- Financial charges	2,824	2,048
- Outstanding payables	34,688	35,541

Total key management includes the Board of Directors, the CEO, the COO and the members of the Management Committee (see chapter 'Corporate Governance statement' in the annual report).

Related parties: key management (in thousands of €)	31/03/2013 (12 months)	31/03/2012 (15 months)
Transactions and outstanding balances with related parties:		
Board of Directors		
- Purchase of services and other goods	474	367
- Outstanding payables		
CEO and COO		
- Purchase of services and other goods	537	495
- Outstanding payables		
Management comittee		
- Purchase of services and other goods	1,077	928
- Outstanding payables		

The disclosures relating to the Belgian Corporate Governance Code are included in the chapter 'Corporate Governance statement' in the annual report.

7.5. EVENTS AFTER THE BALANCE SHEET DATE

Status of the sale of the Lutosa division to McCain

On 28 May 2013 the European competition authorities authorised the Lutosa division sale to McCain. This transaction was finalised and concluded on 31 May 2013 and included the entire Lutosa division. A surplus value of approx. 4 euros per share was achieved for this transaction.

Club deal financing

The proceeds from the Lutosa division sale were primarily used to repay all existing club deal debts. On 31 May 2013 this repayment was effectively made and the existing securities on assets were removed.

Status issuance of bond loan

On 14 June 2013 Pinguin has closed successfully the issuance of a bond loan for €150 million with a term of 6 years. The payment date will be the 5th of July, 2013

Status of agreement with CECAB with a view of acquiring four real estate companies held by Union Fermière Morbihannaise SCA

On 20 June 2013 Pinguin NV signed an agreement with the company under French law Union Fermière Morbihannaise SCA (UFM) with regard to the acquisition of four real estate companies, currently held 90% by UFM and 10% by Pinguin NV. The parties have agreed that the enterprise value that needs to be paid by Pinguin NV (Greenyard Foods) is set at €45 million, based on the figures as per 31 March 2013. The estimated finalisation of the transaction is set on 31 August 2013.

Status of name change

On 18 July 2013 Pinguin organises an Extraordinary General Meeting in order to decide on the one hand over the name change into Greenyard Foods as per 1 September 2012, on the other hand the capital decrease of €2.4 per share and finally the change of the registered office.

There are no other major events subsequent to the balance sheet date which have a major impact on the further evolution of the company.

7.6. NON-AUDIT MISSIONS UNDERTAKEN BY THE STATUTORY AUDITOR + RELATED PARTIES

During the financial year from 1 April 2012 to 31 March 2013, assignments in an amount of €1.1 million were undertaken by the statutory auditor and persons working under cooperative arrangements with him. These assignments consisted of supplementary audit services, tax and legal advisory services.

The audit fees charged to the Group for the financial year ending 31 March 2013 amounted to €0.3 million.

Additional tax and legal advisory activities were presented in advance to the Audit Committee for approval. The Group's Audit Committee gave a positive decision on this extension.

POTATOES

STATEMENT FROM THE RESPONSIBLE PERSONS

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Declaration regarding the information given in this annual report for the 12 months period ended 31 March 2013.

The undersigned, in the name and on behalf of Pinguin NV, declare that, as far as they are aware:

- The financial statements, established in conformity with the applicable accounting standards, give a true and fair view of the equity, the financial position and the results of Pinguin NV, including its consolidated subsidiaries;
- The annual report for the 12 months period ended 31 March 2013 contains a true and fair statement of the important events, the results and the position of Pinguin NV, including its consolidated subsidiaries, as well as a comment on the principal risks and uncertainties confronting the Group.

- MAVAC BVBA, represented by Mrs Marleen Vaesen, CEO
- The New Mile BVBA, represented by Mr Steven D'haene, CFO
- The Marble BVBA, represented by Mr Luc Van Nevel, president of the Board of Directors

STATUTORY AUDITOR'S REPORT

ON THE CONSOLI-DATED FINANCIAL STATEMENTS

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Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
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Pinguin NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 March 2013

The original text of this report is in Dutch

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

Report on the consolidated financial statements – Unqualified opinion

We have audited the accompanying consolidated financial statements of Pinguin 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. These consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 783,988 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 11,102 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards 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. 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 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 company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of Pinguin NV give a true and fair view of the group's net equity and financial position as of 31 March 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify the scope of our audit opinion on the consolidated financial statements:

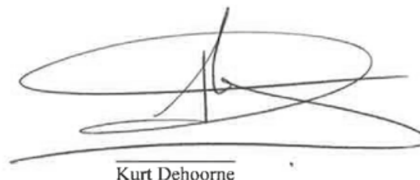
- The directors' report on the consolidated financial statements includes the information required by law, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

Kortrijk, 6 June 2013

The statutory auditor

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

Mario Dekeyser



Kurt Dehoorne

CONDENSED STATUTORY ACCOUNTS OF THE PARENT COMPANY PINGUIN NV, ACCORDING TO BELGIAN ACCOUNTING STANDARDS

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Parent company statutory accounts

The financial statements of the parent company, Pinguin NV, are presented below in a condensed form. The statutory auditor issued an unqualified report on the financial statements of Pinguin NV. In accordance with Belgian company law, the directors' report and financial statements of the parent company, Pinguin NV, together with the statutory auditor's report, will be deposited with the National Bank of Belgium as provided by law.

They are available on our website www.greenyardfoods.com and on request from:
Pinguin NV
Romenstraat 3
BE - 8840 Westrozebeke (Staden)
Belgium
www.greenyardfoods.com

Condensed statutory accounts of Pinguin NV

	ASSETS *(in thousands of €)*	Codes	31/03/2013	31/03/2012
	FIXED ASSETS	**20/28**	**419,101**	**348,797**
I.	**Formation expenses**	**20**	**3,050**	**3,658**
II.	**Intangible assets**	**21**	**18,890**	**208**
III.	**Tangible assets**	**22/27**	**31,668**	**32,635**
	A. Land and buildings	22	6,642	5,108
	B. Plant, machinery and equipment	23	24,808	15,096
	C. Furniture and vehicles	24	218	197
	D. Leasing and other similar rights	25		
	E. Other tangible assets	26		
	F. Assets under construction and advance payments	27		12,233
IV.	**Financial assets**	**28**	**365,493**	**312,296**
	A. Affiliated enterprises	280/1	362,152	308,957
	1. Participating interests	280	359,673	306,478
	2. Amounts receivable	281	2,479	2,479
	B. Other enterprises linked by participating interests	282/3	3,321	3,321
	1. Participating interests	282	3,321	3,321
	2. Amounts receivable	283		
	C. Other financial assets	284/8	20	18
	1. Shares	284		
	2. Amounts receivable and cash guarantees	285/8	20	18
	CURRENT ASSETS	**29/58**	**124,622**	**107,644**
V.	**Amounts receivable after more than one year**	29		
	A. Trade debtors	290		
	B. Other amounts receivable	291		
VI.	**Stocks and contracts in progress**	**3**	**36,207**	**34,021**
	A. Stocks	30/36	36,207	34,021
	1. Raw materials and consumables	30/31	2,255	1,787
	2. Work in progress	32		
	3. Finished goods	33	33,952	32,233
	4. Goods purchased for resale	34		
	5. Immovable property acquired or constructed for resale	35		
	6. Advance payments	36		
	B. Contracts in progress	37		

	ASSETS (continued) *(in thousands of €)*	**Codes**	**31/03/2013**	**31/03/2012**
VII.	**Amounts receivable within one year**	**40/41**	**85,385**	**67,230**
	A. Trade debtors	40	21,383	49,575
	B. Other amounts receivable	41	64,002	17,655
VIII.	**Investments**	**50/53**	**0**	**0**
	A. Own shares	50		
	B. Other investments and deposits	51/53		
IX.	**Cash at bank and in hand**	**54/58**	**2,748**	**6,100**
X.	**Deferred charges and accrued income**	**490/1**	**282**	**293**
	TOTAL ASSETS	**20/58**	**543,723**	**456,441**

	LIABILITIES *(in thousands of €)*	**Codes**	**31/03/2013**	**31/03/2012**
	CAPITAL AND RESERVES	**10/15**	**158,923**	**167,081**
I.	**Capital**	**10**	**157,500**	**157,500**
	A. Issued capital	100	157,500	157,500
	B. Uncalled capital	101		
II.	**Share premium acount**	**11**	**11,376**	**11,376**
IIII.	**Revaluation surplus**	**12**		
IV.	**Reserves**	**13**	**7,013**	**7,013**
	A. Legal reserve	130	285	285
	B. Reserves not available for distribution	131	25	25
	1. In respect of own shares held	1310		
	2. Other	1311	25	25
	C. Untaxed reserves	132	1,477	1,477
	D. Reserves available for distribution	133	5,226	5,226
V.	**Profit carried forward**	**140**		
	Loss carried forward (-)	**141**	**-16,986**	**-8,845**
VI.	**Investment grants**	**15**	**20**	**37**
	PROVISIONS AND DEFERRED TAXATION	**16**	**70**	**64**
VII.	**Provisions and deferred taxation**	**16**	**70**	**64**
	A. Provisions for liabilities and charges	160/5	62	48
	1. Pensions and similar obligations	160	34	18
	2. Taxation	161		
	3. Major repairs and maintenance	162		
	4. Other liabilities and charges	163/5	28	30
	B. Deferred taxation	168	8	16
	CREDITORS	**17/49**	**384,730**	**289,296**
VIII.	**Amounts payable after more than one year**	**17**	**39,137**	**38,668**
	A. Financial debts	170/4	39,137	38,668
	1. Subordinated loans	170	37,095	36,448
	2. Unsubordinated debentures	171		
	3. Leasing and other similar obligations	172		
	4. Credit institutions	173		
	5. Other loans	174	2,042	2,220
	B. Trade debts	175		
	1. Suppliers	1750		
	2. Bills of exchange payable	1751		
	C. Advances received on contracts in progress	176		
	D. Other amounts payable after more than one year	178/9		

	LIABILITIES (continued) *(in thousands of €)*	**Codes**	**31/03/2013**	**31/03/2012**
IX.	**Amounts payable within one year**	**42/48**	**344,567**	**248,983**
	A. Current portion of amounts payable after more than one year	42	111,315	86,335
	B. Financial debts	43	55,178	41,918
	1. Credit institutions	430/8	55,000	40,000
	2. Other loans	439	178	1,918
	C. Trade debts	44	34,135	33,174
	1. Suppliers	440/4	34,135	33,174
	2. Bills of exchange payable	441		
	D. Advances received on contracts in progress	46		
	E. Taxes, remuneration and social security and social security	45	3,399	2,089
	1. Taxes	450/3	421	133
	2. Remuneration and social security	454/9	2,978	1,955
	F. Other amounts payable	47/48	140,540	85,468
X.	**Accrued charges and deferred income**	**492/3**	**1,026**	**1,645**
	TOTAL LIABILITIES	**10/49**	**543,723**	**456,441**

	INCOME STATEMENT *(in thousands of €)*	**Codes**	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
I.	**Operating income**	**70/74**	**152,470**	**163,541**
	A. Turnover	70	145,802	159,235
	B. Increase (+) ; Decrease (-) in stocks of finished goods. work and contracts in progress	71	2,588	-14
	C. Own construction capitalised	72		
	D. Other operating income	74	4,080	4,321
II.	**Operating charges (-)**	**60/64**	**-146.985**	**-154.860**
	A. Raw materials. consumables and goods for resale	60	106,021	117,434
	1. Purchases	600/8	106,488	116,924
	2. Increase (-) ; Decrease in stocks (+)	609	-467	510
	B. Services and other goods	61	19,856	15,894
	C. Remuneration, social security costs and pensions	62	13,400	13,407
	D. Depreciation of and other amounts written off formation expenses. intangible and tangible fixed assets	630	5,674	5,654
	E. Increase (+) ; Decrease (-) in amounts written off stocks. contracts in progress and trade debtors	631/4	1,078	14
	F. Increase (+) ; Decrease (-) in provisions for liabilities and charges	635/7	14	-10
	G. Other operating charges	640/8	942	2,467
	H. Operating charges capitalised as reorganization costs (-)	649		
III.	**Operating profit (+)**	**70/64**	**5,485**	**8,682**
	Operating loss (-)	**64/70**		
IV.	**Financial income**	**75**	**3,110**	**673**
	A. Income from financial fixed assets	750		
	B. Income from current assets	751	3,088	643
	C. Other financial income	752/9	22	30
V.	**Financial charges (-)**	**65**	**-15,195**	**-14,639**
	A. Interest and other debts charges	650	14,040	14,032
	B. Increase (+) ; Decrease (-) in amounts written off current assets other than mentioned under II. E	651		-500
	C. Other financial charges	652/9	1,155	1,107
VI.	**Profit on ordinary activities before taxes (+)**	**70/65**		
	Loss on ordinary activities before taxes (-)	**65/70**	**-6,600**	**-5,284**

	INCOME STATEMENT (continued) *(in thousands of €)*	**Codes**	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
VII.	**Extraordinary income**	**76**	**58**	**281**
	A. Adjustments to depreciation of and to other amounts written off on intangible and tangible fixed assets	760		
	B. Adjustments to amounts written of on financial fixed assets	761		
	C. Adjustments to provisions for extraordinary liabilities and charges	762		
	D. Gain on disposal of fixed assets	763	58	281
	E. Other extraordinary income	764/9		
VIII.	**Extraordinary charges (-)**	**66**	**-1,608**	**-1,435**
	A. Extraordinary depreciation of and extraordinary amounts written off on formation expenses, intangible and tangible fixed assets	660	19	
	B. Amounts written off on financial fixed assets	661		
	C. Provisions for extraordinary liabilities and charges	662		
	D. Loss on disposal of fixed assets	663	20	
	E. Other extraordinary charges	664/8	1,569	1,435
	F. Extraordinary charges capitalised as reorganization costs (-)	669		
IX.	**Profit for the period before taxes (+)**	**70/66**		
	Loss for the period before taxes (-)	**66/70**	**-8,150**	**-6,439**
IX bis.	**A. Transfer from deferred taxation (+)**	**780**	**8**	**17**
	B. Transfer to deferred taxation (-)	**680**		
X.	**Income taxes (-)/(+)**	**67/77**	**0**	**-1**
	A. Income taxes	670/3		3
	B. Adjustment of income taxes and write-back of tax provisions	77		2
XI.	**Profit of the period (+)**	**70/67**		
	Loss of the period (-)	**67/70**	**-8,142**	**-6,423**
XII.	**Transfer from untaxed reserve (+)**	**789**		
	Transfer to untaxed reserve (-)	**689**		
XIII.	**Profit for the period available for appropriation (+)**	**70/68**		
	Loss for the period available for appropriation (-)	**68/70**	**-8,142**	**-6,423**

	APPROPRIATION ACCOUNT *(in thousands of €)*	**Codes**	**31/03/2013 (12 months)**	**31/03/2012 (15 months)**
A.	**Profit to be appropriated**	**70/69**		
	Loss to be appropriated (-)	**69/70**	**-16,986**	**-8,845**
	1. Profit for the period available for appropriation	70/68		
	Loss for the period available for appropriation (-)	68/70	-8,142	-6,423
	2. Profit brought forward	790		
	Loss brought forward (-)	690	-8,844	-2,422
B.	**Transfers from capital and reserves**	**791/2**	**0**	**0**
	1. From capital and share premium account	791		
	2. From reserves	792		
C.	**Transfers to capital and reserves (-)**	**691/2**	**0**	**0**
	1. To capital and share premium account	691		
	2. To legal reserve	6920		
	3. To other reserves	6921		
D.	**Result to be carried forward**	**14**	**-16,986**	**-8,845**
	1. Profit to be carried forward	693		
	2. Loss to be carried forward (-)	793	-16,986	-8,845
E.	**Shareholders' contribution in respect of losses**	**794**	**0**	**0**
F.	**Distribution of profit (-)**	**694/6**	**0**	**0**
	1. Dividends	694		
	2. Directors' emoluments	694		
	3. Other allocations	696		

Going concern

The company suffered a substantial loss over the last two financial years, which resulted in carried-forward losses as at 31 March 2012 and as at 31 March 2013. The Board of Directors drew up the accounts in continuity and justifies this on the basis of the proposed budgets and future plans. The Board of Directors is convinced that, after the capital increase, the equity is sufficiently high as to allow the activities to be organised in such a way that the profitability can be maintained in the future.

Auditor's report

The auditor has issued an unqualified audit opinion on the statutory accounts of Pinguin NV.

FINANCIAL DEFINITIONS

Operating income	The sum of the categories 'sales', 'increase/decrease (-) in inventories work in progress and goods for resale' and 'other operating income'.
Cashflow	REBITDA – Capital investments + evolution working capital – income taxes
Cashflow Cover	Cashflow over the last 12 months / (net interest charges + capital payments of bank loans over the last 12 months).
EBIT	Result from operating activities.
EBITDA	Result before interests, taxes, depreciation charges and write-offs = Result from operating activities + write-offs + depreciation charges + write-offs on stock and commercial receivables + other receivables + non-recurring result (part related to the provisions).
Interest Cover	REBITDA over the last 12 months/ net interest charges over the last 12 months.
Leverage	Net financial debt / REBITDA over the last 12 months.
Liquidity	Current assets (including assets classified as held for sale)/ current liabilities (including liabilities related to assets classified as held for sale).
Margin on operating income	Margin of the related category compared to operating income.
Net financial debt	Interest-bearing debts less receivables from loans, derivatives, bank deposits, cash and cash equivalents.
Non-recurring elements	Operating charges and revenu that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group.
Quasi equity	Equity including convertible subordinated bond loans.
REBIT	EBIT + non-recurring result.
REBITDA	EBITDA + non-recurring result.
ROE	Return on equity (share of the Group + non-controlling interests). Result of the Group / equity (share of the Group + non-controlling interests).
Solvability	Equity (share of the Group + non-controlling interests) / balance sheet total.
Free operating cash flow	Cash flow from operating activities – cash flow from investing activities.

The photography of the Annual Financial Report.
Continuing to the previous years, the Annual Financial Report of PinguinLutosa offers a platform to renowned Belgian photographers to give a personal interpretation to a facet of our activities. In previous editions, Michiel Hendryckx and Jimmy Kets have already given their interpretation. This year Jelle Vermeersch brings the theme 'preparations' into the picture.

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Only the Dutch version is the official version. The French and English versions are translations of the original Dutch version. The consolidated financial statements for the financial year ending as per 31 March 2013 are also available in Dutch and French on our website www.greenyardfoods.com.