# for a healthier future

FINANCIAL REPORT **2015-2016**

GREENYARD FOODS

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# CONSOLIDATED ANNUAL REPORT OF THE BOARD OF DIRECTORS

This annual report should be read in conjunction with the consolidated annual financial statements ('consolidated financial statements') of Greenyard Foods NV (the 'Group') and the related notes. These consolidated financial statements were approved for publication by the Board of Directors on 5 July 2016.

## MAIN HIGHLIGHTS IN 2015-2016

- Following a business combination with FieldLink Group (also referred to 'Univeg') and Peatinvest Group on 19 June 2015, new operating segments were determined, referred to Fresh and Horticulture respectively. The segments, such as defined in the consolidated financial statements of the previous accounting year, i.e. frozen and canning divisions, have been aggregated into one new third segment Prepared (as of 1 April 2015).
- As a result, the reported consolidated income statement includes the full year results of the formerly defined frozen and canning divisions, whereas it comprises the results of the Fresh and Horticulture segments as of the date of business combination.
- Consequently, an important part of the year-on-year REBITDA and net sales variances are attributable to the incorporation of Fresh and Horticulture results.
- However, on a-like-for-like basis, Fresh realised strong organic growth on sales and REBITDA which almost entirely compensated for the impact of the discontinuation of a German customer. In addition, early 2016, ripening activities started in Fresh Belgium.
- Prepared coped with ERP-related transition issues in France. Thanks to past investments, the impact from pricing pressure was curbed by operational efficiencies.
- Horticulture realised strong growth both in top line and margins.
- On 31 March 2016, the Group acquired Lutèce, the largest player in processing and selling preserved mushrooms. Lutèce is incorporated in the Prepared segment.

## 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. These are providing 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 results realised by the different segments and the positive prospects.

### Consolidated income statement

The reported consolidated income statement for the accounting year ended 31 March 2016 ('AY 15/16') includes twelve months of Prepared and nine and a half months of Fresh and Horticulture respectively. The reported consolidated income statement for the accounting year ended 31 March 2015 ('AY 14/15') includes twelve months of Prepared.

The presentation of the income statement of Greenyard Foods has changed from a presentation by nature to a functional income statement including:

- A reclassification of trade receivables and inventories write-offs as well as changes in provisions to REBITDA (€-1,9 million in AY 15/16 and €-2,3 million REBITDA in AY 14/15 respectively); and
- A reclassification of factoring fees from finance costs to REBITDA (€-0,4 million in AY 15/16 and AY 14/15 respectively).

The above changes are reflected in 'REBITDA (restated)', and will consistently be applied going forward.

### Sales

The increase of consolidated sales compared to the full year of last year by €2.567,8 million is predominantly driven by the business combinations with Fresh (€2.508,1 million) and Horticulture (€49,0 million), supported by a like-for-like increase of sales by €10,8 million (+1,7%) in Prepared.

### Operating result

Excluding the impact of first-time consolidation of Fresh (€57,7 million) and Horticulture (€5,7 million), REBITDA decreased by €8,3 million, which is primarily attributable to temporary operational transition issues following an ERP implementation in Prepared France and increased overall price pressure. Nevertheless, REBITDA gradually increased throughout the year thanks to prior year's investments to improve operational efficiencies.

As depreciation and amortisation of Prepared were in line with last year, and considering the effect of Fresh (€39,0 million) and Horticulture (€0,9 million), as well as the aforementioned items, operating result before non-recurring items decreased by €8,4 million on a like-for-like basis.

### Non-recurring items

Total net non-recurring income of €12,8 million (compared to €-2,4 million last year) primarily comprises the gain on purchase of Lutèce (€18,0 million), partly offset by transaction advisory fees (€6,0 million) related to the business combinations.

### Net finance income / (costs)

Consolidated net finance costs, amounting to €43,8 million in AY 15/16, mainly includes the net finance costs of Fresh (€22,6 million), which largely comprises interest expenses, fair value changes and bank charges, and the net finance costs of Prepared (€21,0 million). The like-for-like increase of Prepared net finance costs is primarily attributable to unrealised foreign exchange losses.

### Taxes

The corporate tax charges, amounting to €12,4 million in AY 15/16, reflect an effective tax rate of 42,0%. The increase thereof is mainly due to a number of non-tax deductible charges and profits which cannot be offset against tax losses carried forward. Mainly Fresh is facing a high tax rate of 50,8%, compared to 30,1% in Prepared.

## Consolidated income statement per operating segment

In order to analyse the underlying year-on-year performance of the different segments, unaudited pro-forma like-for-like figures (referred to 'LFL') were prepared, representing a full year year-on-year comparison for Fresh and Horticulture. We refer to a separate chapter of the consolidated financial statements, *"Like-for-like financial information"*.

### Fresh

On a consolidated basis, Fresh represents 78,3% of consolidated sales over AY 15/16, or a sales level of €2.508,1 million. REBITDA during this 9,5 months-period amounted to €57,7 million, which implies a margin of 2,3%.

### Prepared

| Segment Prepared Reported | AY 15/16 €'000 000 | AY 14/15 €'000 000 | Difference |
|---|---|---|---|
| Sales | 646,1 | 635,4 | 1,7% |
| REBITDA | 53,8 | 62,6 | -13,9% |
| REBITDA-margin % | 8,3% | 9,8% | |
| REBITDA restated | 51,6 | 59,9 | -13,9% |
| REBITDA-margin % (restated) | 8,0% | 9,4% | |

Due to alignment of income statement classification between the segments, REBITDA of Prepared reported 31 March 2015 was negatively impacted by €2,7 million which leads to €59,9 million as comparison base versus €62,6 million reported last year.

Prepared represents 20,2% of sales and reports a sales increase of 1,7%, mainly driven by volume growth and product mix variances (0,7%) as well as some foreign exchange impact (1,0%). Prepared realised an exceptionally good operational result last year, primarily as a result of high processing volumes.

This year, the combination of relatively high stock levels in Europe, challenging market circumstances as well as the ERP-related transition issues in France impacted Prepared's operations. This could not be compensated by the positive effect of increased efficiencies thanks to past investments, resulting in a total REBITDA (restated) drop of €-8,3 million in Prepared. As such, the Prepared segment reports a margin drop to 8,0%.

The issues associated with the ERP transition in France were the driver for the overall decrease in the Prepared segment with an impact over the AY of €-8,0 million. Various recovery and improvement initiatives have been implemented. Operational efficiencies more than doubled their impact towards €+4,1 million (versus the first half year €+1,9 million), clearly proving that ongoing investments increasingly contribute, boding well for future performance.

### Horticulture

On a consolidated basis, Horticulture represents 1,5% of overall sales over AY 15/16. REBITDA over the same period amounts to €5,7 million, which translates into a margin of 11,6%.

## Statement of financial position

The increase of the intangible fixed assets by €228,3 million compared to 31 March 2015 can be explained by the impact of the business combination in June 2015 (€+237,4 million: mainly includes customer relationships from Fresh for €225,5 million). This increase is partially compensated by the depreciation charges (€-11,9 million).

Total goodwill increases by €579,5 million following the business combination between Prepared, Fresh and Horticulture in June 2015. Total goodwill is allocated to Fresh (€477,0 million), Prepared (€78,9 million) and Horticulture (€33,9 million).

The increase of property, plant & equipment by €125,1 million can be explained by the impact of the business combination in June 2015 (+€127,9 million). Investments during the accounting period (€50,2 million) clearly outpaced the depreciation charges (€-42,8 million) but disposals were slightly negative as well (€-2,0 million). Negative foreign exchange rate fluctuations also had a significant impact of €-6,6 million. The combined impact of transfers, capital grants and reclassifications explain the remainder of the move.

Total inventories increase by €59,6 million compared per 31 March 2015 to €293,6 million per end of March 2016, of which €46,2 million in Fresh and €12,2 million in Horticulture following the business combinations. Within Prepared, total inventories increased only by mere €1,2 million. The seasonal character of the activities of Prepared had a considerable impact on the inventories of the Group in the first half of the accounting year, but as the winter season results in a decline of the inventories and further efforts for decreasing inventories were realised, inventories decreased again in the second half.

Consolidated current trade and other receivables increase as well by €280,1 million, which is mainly related to the incorporation of trade and other receivables of Fresh (€255,9 million), Horticulture (€20,5 million) and Lutèce (€20,2 million), following the business combinations. Within Prepared (€3,7 million) the impact was fairly limited.

Equity (including non-controlling interests) amounts to €728,3 million or 34,9% of the statement of financial position total as per 31 March 2016. This represents an increase by €506,5 million, which is mainly due to the increase of the share capital (€190,5 million) and share premiums (€303,6 million). The remaining increase of €12,3 million is explained by the net impact of consolidated reserves (€+11,2 million), non-controlling interests (€+3,7 million) and cumulative translation adjustments (€-2,5 million).

Greenyard Foods NV did not own treasury shares as per 31 March 2016 and 31 March 2015.

The post-employment benefits and other provisions increase by €36,9 million to an amount of €39,2 million, which mainly can be explained by the impact of the business combinations in June 2015 (Fresh €+37,6 million and Horticulture €+0,5 million, totalling €+38,1 million) and the business combination in March 2016 (Lutèce €+2,5 million) which is partly compensated by the use of provisions (€-6,5 million). The outstanding provisions per 31 March 2016 primarily have the character of provisions for employment benefits (€21,6 million), provisions for legal claims (€7,4 million), provisions for onerous contracts (€4,2 million) and provisions for decommissioning (€5,0 million).

The outstanding net debt increases by €146,9 million compared to end of March 2015, mainly due to the business combinations with Fresh (€+158,1 million) and Horticulture (€+7,7 million). Within Prepared, the net debt decreases by €18,8 million.

Consolidated current trade and other amounts payables increases as well by €579,6 million, which is almost entirely explained by the inclusion of Fresh (€+548,7 million). The remaining amount is almost equally spread between Prepared (€+15,6 million) and adding Horticulture to the consolidation (€+15,4 million).

There are no changes in valuation rules with a significant impact on the Group's reported results or financial position, apart from those included in note *"2.3 Valuation rules"*.

### Cash flow

The cash flow statement of AY 15/16 is not comparable to the same period of the previous year as a result of the business combination. Some key observations:

- The positive cash flow from operating activities predominantly results from the contribution of Fresh's working capital position since the date of the business combination.
- Cash flow from investing activities includes capital expenditure of all segments, investments in Veiling Haspengouw and the acquisition of Lutèce. This is partly offset by proceeds received by Fresh from the sale of assets related to the discontinuation of certain activities.
- Cash flow from financing activities mainly comprises repayments of borrowings and paid interests. A subordinated loan with Gimv was converted into equity prior to the business combination.

## DIVIDENDS

Greenyard Foods' Board of Directors proposes to pay a dividend of €0,20 per share. The dividend is subject to shareholder approval at the General Meeting of Shareholders, 16 September 2016. Ex-coupon date is 30 September 2016 and the dividend would be payable 4 October 2016. It is the Board's aim to have a stable, sustainable dividend going forward. This reflects the confidence from the Board of Director's in the future of the enlarged group.

## INVESTMENTS AND DISINVESTMENTS

The investments in intangible assets (including additions through business combinations) amounted to €240,5 million per 31 March 2016. These consist of 'software and licences' (€12,7 million of which €9,7 million through business combinations), 'customer relationships' (€225,5 million through business combinations) and 'other' (€2,2 million through business combinations).

The investments in property, plant & equipment amounted to €50,2 million per 31 March 2016. These consist of 'land and buildings' (€10,2 million), 'plant, machinery & equipment' (€20,7 million), 'furniture and vehicles' (€3,0 million), 'leasing' (€1,9 million) and 'assets under construction' (€14,4 million). The increase in property plant & equipment through business combinations amounted to €127,9 million per 31 March 2016. These consist of 'land and buildings' (€51,3 million), 'plant, machinery & equipment' (€60,8 million), 'furniture and vehicles' (€8,2 million), 'leasing' (€3,6 million) and 'assets under construction' (€4,0 million). The disposals of the Group amount to €2,0 million in AY 15/16.

## POSITION OF THE COMPANY: RISKS AND UNCERTAINTIES

The performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on its results are set forth below.

### Availability raw materials

The results of the Group may be adversely affected by shortage of produce and consumables. With regard to the production of frozen fruit and vegetables, Prepared obtains fresh supplies from 800 farmers in West Flanders, Belgium, France, Poland and Hungary. UK supplies are secured by agricultural cooperatives and various dealers. On the other hand, with regard to the production of canned fruit and vegetables, the supply of fresh produce is sourced from approximately 4.500 ha agricultural land in a radius of 100 km around the main processing site. Fresh obtains most of its supply from outside sources, of which approximately a quarter is sourced from the spot market and the remainder from third party suppliers, as well as related parties. Horticulture sources the majority of its raw materials through own production in Latvia and Poland. Horticulture also purchases specialty raw materials from long-lasting supply partners who have been working closely with the Group.

Although the processing segments of the Group intend to limit this risk by the geographical spread of its production sites, it remains possible that in certain cases, for example because of climate conditions (see also below) or soil exhaustion in fields for certain products, the segments would not be able to guarantee the supply of the quantities and quality required by the customers.

### Prices raw materials and other key supplies

In general, Prepared sources with pre-season fixed price annual contracts. Possible shortfalls in the market can be compensated by purchasing raw materials on the spot market. Depending on the type of fresh produce, the number of hectares and the expected yield (tons per hectare) are fixed. Even if the expected yield is not reached, the purchase price per ton is not adapted. Fresh, through its advances to third-party and related party growers, has a long position in agricultural products, which increases its risk of loss if prices of agricultural products decrease.

Despite the high level of attention dedicated to these aspects, the production of Prepared 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.

### Energy prices

Due to the high-energy intensity of the production, cooling, ripening and storage processes, the Group is strongly dependent on the evolution of energy prices (mainly gas, electricity and oil prices). The cost of diesel fuel has also an impact on the exploitation costs of the machinery used in the harvesting of peat (Horticulture).

## Sales prices

While price increases in product and raw materials may in certain cases enable the Group to renegotiate contracts with its customers or pass on the cost increase to its customers, due to the bargaining power of certain key customers, such as large retail distribution chains, such increases can in certain cases not be passed on, in all or in part, affecting the margin of the Group. While in the same cases, the Group has a decentralised pricing policy, leaving its local management to determine product prices taking into account local demand and market characteristics, this decentralised pricing policy may increase the Group's inability to pass on (central) cost increases to its customers.

Furthermore, fluctuations in sales prices caused by climate conditions, internationalization of the market and the competitive environment have a large influence on the profitability. In addition, sales prices are impacted by the competitive environment in which the Group is operating.

## Customer dependency

The Group faces a high customer concentration, i.e. top 10 customers represent approximately 65% of the annualised consolidated net sales.

The Group believes its customers make purchase decisions based on, among other things, price, product quality, consumer demand, customer service performance and desired inventory levels. Changes in the strategies or purchasing patterns of the customers may adversely affect the operating profit as the Group may not be in a position to sell the surplus produce or otherwise hedge its position since it can have longer-term obligations towards the growers from whom it sources the produce. Such changes in strategies or purchasing patterns are made easier by the fact that the Group and most of its largest customers do not operate on the basis of formal contractual arrangements, which allows these customers to terminate or amend their relationship with the Group.

Furthermore, the fact that the Group derives a substantial percentage of its revenues and net income from a small number of customers also gives these customers a substantial amount of leverage over the Group, in particular in negotiating their supply arrangements with the Group.

Customers may also reduce their purchases in response (i) to any price increase implemented by the Group, or as a result of a decision to switch to another supplier or begin sourcing (or to source a greater amount of) fresh produce directly from growers, and/or (ii) to changing trends in the industry.

## Climate conditions

The Group and their third-party and related party suppliers experience crop disease, insect infestation, severe weather conditions, such as floods, droughts, windstorms and hurricanes, and natural disasters, such as earthquakes, and other adverse environmental conditions from time to time.

Adverse environmental conditions and, more specifically unpredictable weather patterns, could result in production and price volatility. If adverse environmental conditions destroy crops planted by the Group's growers or prevent the Group from exporting them on a timely basis, it may lose its investment in those crops or its purchased fruit, or the cost of the produce may increase.

In so far as the Fresh segment is concerned, even though it acts to a certain extent on a free consignment basis for the produce growers, in practice, it often shares the risk of adverse environmental conditions with the growers given the growers' long-term relationship with the Fresh segment. Further, the Fresh segment occasionally finances crop production of certain of its growers and suppliers and may be adversely affected if it is not repaid or repayment is postponed due to adverse environmental conditions affecting those growers and suppliers or for any other reason.

In addition, in so far as Horticulture is concerned, the quality and the quantity of peat is also highly dependent on weather conditions. The harvest of peat is only possible after a natural drying cycle (i.e., wind or sun) and important precipitations will therefore reduce the volumes of peat that can be harvested. In addition, wet peat will be less stable, generate less fractioning, lower the quality of the substrates and be heavier to transport.

Along with other elements, such as soil fatigue in fields for specific crops, the weather conditions are a compelling reason for the Group to reduce its dependency on the harvest in a specific region as much as possible. This risk is managed by the international spread of the activities and by sustainable relations with agriculture.

### Seasonality

Seasonality is important for The Group. The combination of Prepared and Fresh has a compensating effect on seasonality and working capital dynamics. Generally Prepared has a production peak in the period from July to November with corresponding inventory build-up, whereas the demand is relatively stable during the year. This gives rise to high working capital swings in the last two quarters of the calendar year. In Fresh, a greater portion of the sales are realised during the first 2 calendar quarters, whereas the third and fourth calendar quarters typically have lower sales and less homogenous sales patterns than the first half of the accounting year. As Fresh has a negative working capital, the positive working capital of Prepared is offset with the negative working capital of Fresh and are compensated in the combined Group. Horticulture realises a greater portion of its revenues during the two first quarters of the year (especially between mid-January and mid-May).

Due to high seasonality, the reduction of production capacity can highly influence the results of the Group during high season and large inventories are to be held and financed. In respect of the frozen processing operations, since most vegetables for it are harvested in the period from July to November, production reaches a peak around this period. In order to guarantee the freshness of the products, the supplied vegetables must be processed as rapidly as possible. The capacity must therefore be adapted to the output during this period. However, demand for vegetables continues throughout the year and the vegetables must therefore be ready for delivery permanently. A reduction in capacity in the period between July and November can therefore adversely affect the results. In addition, seasonality means that during high season, inventories have to be built up. The reason is that for a large number of vegetable types, there is only one harvesting period a year. The Group tries to manage the inventory levels in order to cope with the demand of the whole year.

### Geopolitical changes

Governmental measures to curb inflation and speculation about possible future governmental measures have also contributed to the negative economic impact of inflation and have created general economic uncertainty. Depreciations of local currencies relative to the US Dollar or the Euro may also create additional inflationary pressures in local jurisdictions that may negatively affect the Group as depreciations generally curtail access to foreign financial markets and may prompt government intervention, including recessionary governmental policies.

In the past few years the US, the EU and the UN have increased their imposition of various sanctions and embargoes on trading with countries such as Iran, Syria, Sudan and others. Recently similar sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU. As the activities and operations of Group are worldwide, the Group and its competitors, distributors, suppliers and customers may not be able to comply with or suffer from such trading sanctions and embargoes.

### Product liability

If the produce sourced by the Group are alleged or proved to contain contaminants or bacteria affecting the safety or quality of its products, the Group may need to find alternative produce, delay production of its products, or discard or otherwise dispose of its products, which could adversely affect its results of operations. Additionally, if the presence of such contaminants or bacteria are not alleged or discovered until after the affected product has been distributed, the Group may need to withdraw or recall the affected product and the Group may experience adverse publicity or product liability claims.

The Group may also be exposed to product recalls, including voluntary recalls or withdrawals, and adverse public relations if its products are alleged to cause injury or illness or if the Group is alleged to have mislabelled or misbranded its products or otherwise violated governmental regulations. The Group may also voluntarily recall or withdraw products that it considers below its standards, whether for taste, appearance or otherwise, in order to protect their brand reputation. Consumer or customer concerns (whether justified or not) regarding the safety of the products of the Group could adversely affect its business. A product recall or withdrawal could result in substantial and unexpected expenditures, destruction of product inventory, and lost sales due to the unavailability of the product for a period of time, which could reduce profitability and cash flow.

In spite of the strict quality controls and the application of HACCP and ISO standards, the occurrence of quality problems and complaints cannot be completely ruled out. In particular, the differing legislation in Europe with regard to crop protection products constitutes a risk.

## Changes in legislation and regulations

The activities of the Group are subject to extensive regulation in each country in which it operates, including corporate governance, labour, tax, competition, environment and health and safety regulations. Failure to comply with existing laws and regulations might result in damages, fines and criminal sanctions being levied against the Group or the loss of its operating licenses and might adversely affect its reputation.

The governments of the countries in which the Group operates, or may operate in the future, could take actions that materially adversely affect it, including the taking, expropriation or condemnation of its assets or subsidiaries. The Group is also subject to a variety of government regulations in countries where it markets its products, including the United States, the EU, South America, Africa and Asia. If the Group fails to comply with applicable regulations, it could result in an order barring the sale of part or all of a particular shipment of the products of the Group or, possibly, the sale of any of its products for a specified period.

Compliance with future material changes in food safety or health-related regulations and increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-protection requirements or to regulate imported ingredients, might result in material increases in operating costs and might require interruptions in the operations of the Group to implement such regulatory changes, thereby affecting its profitability. There has been a broad range of proposed and promulgated national and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where the Group has interests or could have interests in the future. Although the Group has budgeted for future capital and operating expenditures to maintain compliance with environmental and health and safety regulations, there can be no assurance that such provisions would be sufficient.

The Group requires various approvals, licenses, permits and certificates to operate its business and facilities. The Group may be required to renew these approvals, licenses, permits and certificates or to obtain new approvals, licenses, permits and certificates. The Group cannot assure that in the future the relevant authorities will issue or renew any required approvals, licenses, permits or certificates in a timely manner or at all.

## Exchange rate risk

Revenue generated from subsidiaries or to markets outside the Eurozone is subject to adverse movements in foreign currency exchange rates, both in terms of the trading activities and also the translation of its financial statements. The Group generates approximately 10% of total sales in US Dollar, British Pound, Polish Zloty and other foreign currencies. Less than 8% of total cost of sales, more specifically related to sourcing of overseas fresh, is realised in US Dollar. Although the Group engages in natural and transactional hedging, there can be no assurance that the Group will be able to successfully mitigate such foreign exchange exposure, particularly over the long-term. In particular, concerns regarding the Eurozone sovereign debt crisis may result in increased volatility of Euro exchange rates.

## Interest rate risk

The interest rate risk of the Group is spread in fixed and floating interest rates. The Group issued a retail bond (Prepared) and senior secured notes (Fresh) with a fixed interest rate of 5% and 7,875% respectively. On the other hand, the Group is exposed to floating interest rates through the revolving credit facilities, factoring programs and term loans. The Group partly hedges variable interest rate exposure through interest rate swaps.

## Research and Development, Innovation and sustainability

### Product development and Innovation

Quality assurance is more important than ever in all Group activities. All employees are involved in the continuous effort to improve product and process quality. With respect to product development the Group is constantly taking account of market trends and consumer needs such as globalization, a concern for tasty and healthy food and convenience food with the goal of driving forward product innovation in each division. In the past accounting year, as well as in previous years, many new products, product varieties, dishes and packaging have been developed and successfully marketed.

The food processing (prepared) operations of Greenyard Foods continue to make investments in the best-performing and innovative machines and installations allowing them to develop products at a quick pace, in step with rapidly changing market trends.

Fresh, Prepared and Horticulture employ respectively 25, 10 and 5 dedicated permanent staff in order to transform all of these innovations into ecologically responsible, hygienic and profitable products. Development quality and the circulation of information throughout the organization are monitored throughout the process by the Group's own R&D department. Currently there are also a number of R&D programs in place, which are co-financed by external national and international institutions.

### Sustainability

Sustainability is an important pillar on which the strategy of Greenyard Foods is based. It is integrated within the Vision and Mission of the company and supported by a clear commitment is to supply our markets in the most sustainable way possible with healthy safe fruits and vegetables.

Greenyard Foods companies work with all stakeholders to improve environmental, social and economic sustainability in the following three key areas:

- Supply Chain: We reduce the environmental impact of our distribution and logistic operations.
- Society: We improve social standards within all aspects of our business.
- Sourcing: We pursue sustainable methods of sourcing.
- Fresh has a dedicated Global Sustainability Team which reports directly to the CEO.
- Greenyard Foods companies work on a wide range of issues which are relevant to improving the sustainability of their operations. These include farming policies, pesticide management, water stewardship, electricity consumption and green energy, waste management, recycling programs, supply chain efficiencies and packaging.

Greenyard Foods Companies also actively participate in a number of global and regional sustainability initiatives, for example GlobalGAP, idh/Sustainable Trade Initiative, Business Social Compliance Initiative, Sustainable Entrepreneurship Charter (an initiative of the Flemish Government, Voka and the Provincial Development Agency). Companies also engage with sustainability issues as members of their national industry organisations; some companies, such as UNIVEG Trade Spain, have even received industry awards in recognition of their sustainability activities.

These activities are used internally as a catalyst to develop the sustainability strategy of Greenyard Foods with the medium term goal of anchoring this in a measurable action plan based on continuous improvement. In this way we are contributing to a social environment that will offer coming generations the necessary opportunities and possibilities as well.

## Important events after balance sheet date

In April, after closing date, the intention to centralize the Ben Fresh activities towards Greenyard Food's logistical operations was announced. Ben Fresh is a successful Direct-Store-Delivery specialist of fresh produce, which witnessed strong growth in recent years. This allows us to respond better to future client demand and benefit from the state-of-the-art facilities of the group as well.

Also in April, there was the announcement that Koen Sticker, CFO, will leave the company at the end of July. Meanwhile, the search for a successor is ongoing and the market will be updated as soon as a successor can be made public.

The Group announced on 16 June 2016 the investment in the company's northeast US operations, with construction of a new state-of-the-art packing and cold storage facility. Located in New Jersey, this facility is strategically positioned within close proximity of the northeastern ports, a major receiving point for imported fresh produce in the US.

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 Greenyard Foods' annual report.

# CORPORATE GOVERNANCE STATEMENT

The general principles and provisions relating to the governance structure of Greenyard Foods, and more in particular the role and responsibilities, the composition and the functioning of the Board of Directors, its advisory Committees and the Leadership Team (previously the Management Committee), are described in Greenyard Foods Group's Corporate Governance Charter.

Greenyard Foods closely follows-up the developments and adjusts its corporate governance structure where necessary. The Board of Directors revises the Corporate Governance Charter regularly and where necessary, adaptations are made. During accounting year 15/16 ('AY 15/16') the Charter has been revised and amended following completion of the business combination. The amended Charter was approved by the Board of Directors of 5 July 2015.

The Corporate Governance Charter can be consulted on the website (www.greenyardfoods.com).

Greenyard Foods uses the Belgian Corporate Governance Code of 2009 as reference code.[1] This Corporate Governance Statement meets the rules provided by the Belgian Corporate Governance Code of 2009, except as explicitly otherwise stated and justified.

## BOARD OF DIRECTORS

The Board of Directors is the main decision-making body and decides on the values and the strategy of Greenyard Foods, on its risk profile and on the key elements of its strategy. The role of the Board of Directors is to aim for long-term success of the Greenyard Foods Group by means of efficient risk management and control. It procures that the necessary financial and human resources are available to enable Greenyard Foods to achieve its goals.

### Composition

The Board of Directors is composed of at least three directors. The directors are appointed by the General Shareholders' Meeting for a maximum term of six years. The Board of Directors makes a proposal to the General Shareholders' Meeting for the (re)appointment as director based upon the candidate list drawn up by the Nomination Committee.

During the period between 1 April 2015 and completion of the business combination (*i.e.* 19 June 2015), the Board of Directors consisted of eleven directors, of whom one performed a management role. Four directors were independent satisfying the conditions laid down in article 526*ter* of the Company Code.

As from 19 June 2015, the Board of Directors is composed of fourteen members. As per 31 March 2016, three of them are executive directors and three of them are independent within the meaning of article 526*ter* of the Company Code. The term of office of all directors expires immediately after the 2019 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2019.

Within the framework of article 96 §2, 6° of the Company Code and in view of the requirements on gender quota as laid down in new article 518*bis* of the Company Code, the company is taking steps to increase the number of female directors up to a third of all members.

Ms Fran Ooms, legal counsel of the company, has been appointed as secretary of the Board of Directors.

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[1] The Belgian Corporate Governance Code of 2009 can be consulted on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

| Director's name | Date of (re)appointment | Term of office ends on | Executive / non-executive | Independent / non-independent director |
|---|---|---|---|---|
| Deprez Invest NV rep. by Mr Hein Deprez | 19/06/2015[2] | AGM 2019 | Executive Chairman | Non-independent |
| The Marble BVBA rep. by Mr Luc Van Nevel | 19/06/2015[2] | AGM 2019 | Non-executive | Independent |
| Ms Hilde Laga | 25/11/2014[1] | AGM 2019 | Non-executive | Independent |
| Mr Frank Donck | 20/05/2011 | 19/06/2015[3] | Non-executive | Independent |
| Ardiego BVBA rep. by Mr Arthur Goethals | 19/06/2015[2] | AGM 2019 | Non-executive | Independent |
| Management Deprez BVBA rep. by Ms Veerle Deprez | 19/06/2015[2] | AGM 2019 | Non-executive | Non-independent |
| Mr Peter Gain | 19/06/2015[5] | AGM 2019 | Non-executive | Non-independent |
| Mr Thomas Borman | 19/06/2015[5] | AGM 2019 | Non-executive | Non-independent |
| Bonem Beheer BVBA [4] rep. by Mr Marc Ooms | 19/06/2015[2] | AGM 2019 | Non-executive | Non-independent |
| Mr Charles-Henri Deprez | 19/06/2015[5] | AGM 2019 | Executive[7] | Non-independent |
| Mr Peter Maenhout | 19/06/2015[2] | AGM 2019 | Non-executive | Non-independent |
| Mr Thomas Dewever | 24/01/2014 | 19/06/2015[3] | Non-executive | Non-independent |
| Mr Jozef Marc Rosiers | 19/06/2015[2] | AGM 2019 | Non-executive | Non-independent |
| Intal BVBA rep. by Mr Johan Vanovenberghe | 19/06/2015[5] | AGM 2019 | Non-executive | Non-independent |
| Mavac BVBA rep. by Ms Marleen Vaesen | 19/06/2015[2] | AGM 2019 | Executive (CEO) | Non-independent |
| Argalix BVBA rep. by Mr Francis Kint | 19/06/2015[5] | AGM 2019 | Non-executive[6] | Non-independent |

[1] On 19 June 2015, the Extraordinary General Shareholders' Meeting has permanently appointed Ms Hilde Laga, who was co-opted by the Board of Directors on 25 November 2014 to replace Vijverbos NV (represented by Mr Herwig Dejonghe, permanent representative) as director. Her mandate ends immediately after the 2019 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2019. As from 15 April 2015, she meets the criteria set out in article 526*ter* of the Company Code required to exercise the mandate of independent director.

[2] The Extraordinary General Shareholders' Meeting held on 19 June 2015 has reappointed the directors indicated in the table above prior to the 2015 Annual General Shareholders' Meeting following which meeting their mandate would expire. The directors are reappointed for a period of four years, which commences on 19 June 2015 and ends immediately after the 2019 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2019.

[3] Mr Frank Donck and Mr Thomas Dewever voluntary resigned as director as from 19 June 2015.

[4] The company name Bonem BVBA has been changed into Bonem Beheer BVBA on 28 September 2015.

[5] The Extraordinary General Shareholders' Meeting held on 19 June 2015 has appointed the directors indicated in the table above as non-independent directors for a period of four years, which commences on 19 June 2015 and ends immediately after the 2019 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2019.

[6] Mr. Francis Kint (as permanent representative of Argalix BVBA) voluntary resigned as Chief Operations Officer as from 1 September 2015. As from this date, the mandate of Argalix BVBA as director is non-executive.

[7] Mr. Charles-Henri Deprez holds an executive position as Finance Manager in Bakker Barendrecht B.V. (a subsidiary of the company) and therefore qualifies as executive director.

## Role of the Executive Chairman

As from 24 January 2014 until the date of completion of the business combination (*i.e.* 19 June 2015), Deprez Invest NV (represented by Mr Hein Deprez, permanent representative) was Chairman of the Board of Directors, without executive function. On 2 July 2015, the Board of Directors ratified the appointment of Deprez Invest NV (represented by Mr Hein Deprez, permanent representative) as Executive Chairman of the Board of Directors, starting as from 19 June 2015.

The Executive Chairman leads the Board of Directors in fulfilling its duties and acts as an intermediary between the shareholders, the Board of Directors and the management of the company. He also takes the lead in all initiatives to promote the effectiveness of the Board of Directors in accordance with the Corporate Governance Charter.

The Executive Chairman maintains a close relationship with the Chief Executive Officer, providing support and advice, while fully respecting the executive responsibilities of the Chief Executive Officer. In close cooperation with the Chief Executive Officer, the Executive Chairman devotes himself entirely to the follow-up of the strategic guidelines and of the input received from the Strategic Committee. He takes up a prominent role in facilitating and steering the strategic direction of the Group and actively participates in the merger and acquisition strategy and the implementation thereof. The company believes it is crucial to have an active chairman of the Board of Directors, who has a profound experience in each of the subsidiaries of the Group in order to steer the strategic decisions.

### Activity report

The Board of Directors meets at least six times a year on predefined dates and each time as such is necessary. Over the past AY 15/16, the Board of Directors met on fourteen occasions (of which three meetings were held by telephone conference).

During AY 15/16, the Board of Directors has been engaged with:

- Drawing up the annual and consolidated financial statements and approving the annual report;
- Convening and setting the agenda of the General Meetings of Shareholders;
- Evaluating and approving budgets, forecasts and investment projects for AY 15/16;
- Approving the strategic and financial long-range plans within the Group;
- Reviewing the financial and operational results of the Group;
- Supervising the Committees and the Leadership Team;
- Approving press releases;
- Monitoring reorganisations and changes in the Group’s structure and organisational chart;
- Evaluating and approving financing operations;
- Taking all necessary steps and decisions in view of:
  - the completion of the business combination between the Greenyard Foods Group, FieldLink group and Peatinvest group and the alignment within the new Group;
  - the acquisition of all shares of Lutèce Holding B.V.;
  - the joint venture with Veiling Haspengouw CVBA through acquisition of 50,01% of H-Fruit NV and 50% of H-Pack CVBA.

### Evaluation

Every two years the Board of Directors, led by its Executive Chairman, evaluates its size, composition and functioning, as well as those of its advisory Committees and the interaction with the Leadership Team. The Nomination Committee prepares this self-evaluation. The results of the formal evaluation procedure which was conducted by the Board of Directors in 2014 were highly satisfactory. A new evaluation is scheduled for accounting year 2016-2017.

The non-executive directors evaluate on a regular basis their interaction with the Leadership Team. To this end, they meet at least once a year without the presence of the Chief Executive Officer or the other executive directors.

The task performance as well as the role and responsibilities of an individual director are evaluated on a regular basis.

## AUDIT COMMITTEE

The Audit Committee has been set up to provide support to the Board of Directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense. In this respect, the Audit Committee is responsible for monitoring the financial reporting process, the efficiency of the internal control and risk management systems, the internal audit and its efficiency, the statutory audit of the annual and consolidated financial statements and the independency of the statutory auditor.

During AY 15/16, the Audit Committee consisted of:

- The Marble BVBA, Chairman and independent director, represented by Mr Luc Van Nevel, permanent representative;
- Mr Frank Donck[(3)], independent director;
- Management Deprez BVBA[(1)], represented by Ms Veerle Deprez, permanent representative;
- Mr Thomas Dewever[(1)];
- Mr Peter Maenhout[(2)];
- Ms Hilde Laga, independent director[(2)];
- Mr Thomas Borman[(2)].

[(1)] Member until 19 June 2015.

[(2)] Member as from 19 June 2015.

[(3)] Chairman and member until 19 June 2015.

The Chief Executive Officer and the Chief Financial Officer are invited to participate to the meetings of the Audit Committee.

Pursuant to article 96 §1, 9° of the Company Code, this report must contain justification of the independence and accounting and auditing competence of at least one member of the Audit Committee. According to the internal rules of conduct of the Audit Committee, the Audit Committee needs to have enough relevant experience in order to effectively fulfil its role. The Chairman of the Audit Committee, The Marble BVBA (represented by Mr Luc Van Nevel, permanent representative), independent director, has extensive experience and expertise in the accounting and auditing area. Mr Luc Van Nevel has an Economics degree from the Ghent University and a degree in Strategic Marketing from the North-western University of Chicago. Mr Luc Van Nevel began his career at the audit firm Touche Ross & Co and in 1975 moved to Samsonite. Within the Samsonite Corporation he held the position of President International Division moving on to Chairman and Chief Executive Officer until his retirement.

The majority of the Audit Committee is not composed of independent directors. The composition of the Audit Committee, which deviates from provision 5.2/4 of Appendix C of the Belgian Corporate Governance Code of 2009, is justified given that all members of the Audit Committee are sufficiently independent and qualified for fulfilling their role as member of this Committee.

The Audit Committee has been engaged with the following subjects during AY 15/16:

- Advising on the (re)appointment of the statutory auditor and its proposed fees for auditing the company and the Group;
- Monitoring the consolidated semi-annual and annual results of the Group and the company's annual and consolidated financial statements; monitoring the quarterly results of the Fresh Segment;
- Monitoring and evaluating the internal and external audit;
- Evaluating and controlling the one-to-one rules;
- Monitoring the audit plan 2016;
- Monitoring the company's internal control and risk management systems;
- Following-up on pending litigations and claims;
- Making recommendations in view of the completion of the business combination and the alignment within the new Group;
- Reviewing the financial integration process of the new Group post business combination including review of Group's revaluation rules.

The Audit Committee met on eight occasions over the past AY 15/16 (of which two meetings were held by telephone conference). The statutory auditor was invited to and attended four meetings.

## NOMINATION COMMITTEE

The Nomination and Remuneration Committee has been split into two separate committees (*i.e.* the Nomination Committee and the Remuneration Committee) as from 19 June 2015.

The Nomination Committee assists the Board of Directors with all matters relating to the appointment of the directors and the members of the Leadership Team.

The Nomination Committee has following members:

- Deprez Invest NV[(1)], Chairman, represented by Mr Hein Deprez, permanent representative;
- The Marble BVBA[(2)], independent director, represented by Mr Luc Van Nevel, permanent representative;
- Ardiego BVBA[(2)], independent director, represented by Mr Arthur Goethals, permanent representative;
- Management Deprez BVBA[(2)], represented by Ms Veerle Deprez, permanent representative.

(1) Member as from 19 June 2015.

(2) Already member of the Nomination and Remuneration Committee before its split into two separate committees.

Mr Peter Maenhout can participate to the meetings of the Nomination Committee in an advisory capacity. The Nomination Committee can invite the Chief Executive Officer or other individuals to the meetings, if it deems necessary. The Chief Executive Officer participates in any case to the meetings when it deliberates on the appointment of the members of the Leadership Team.

In derogation of provision 5.3/1 of Appendix D of the Belgian Corporate Governance Code of 2009, the Nomination Committee is not composed of a majority of independent directors. However, the company believes that in its current composition the Nomination Committee is composed with the best experts in terms of industry know how and nomination policy.

The Nomination and Remuneration Committee has met on one occasion during AY 15/16. This divergence from provision 5.3/6 of Appendix D of the Belgian Corporate Governance Code of 2009 - which recommends that the Nomination Committee should meet at least twice a year - is due to the fact that after completion of the business combination the Board has not engaged itself with matters related to the nomination of directors or members of the Leadership Team.

## Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Directors regarding the remuneration policy and the individual remuneration of the members of the Leadership Team and the directors. The Remuneration Committee also draws up a remuneration report.

The Remuneration Committee consists of:

- The Marble BVBA[(1)], Chairman and independent director, represented by Mr Luc Van Nevel, permanent representative;
- Ardiego BVBA[(1)], independent director, represented by Mr Arthur Goethals, permanent representative;
- Management Deprez BVBA[(1)], represented by Ms Veerle Deprez, permanent representative.

(1) Already member of the Nomination and Remuneration Committee before its split into two separate committees.

Mr Peter Maenhout can participate to the meetings of the Remuneration Committee in an advisory capacity. The Remuneration Committee can invite the Chief Executive Officer or other individuals to the meetings, if it deems necessary. The Chief Executive Officer participates in any case to the meetings when it deliberates on the remuneration of the members of the Leadership Team. Also the Executive Chairman of the Board of Directors can participate as advisor to the meetings of the Remuneration Committee, except when it deliberates about his remuneration package.

During AY 15/16, the Remuneration Committee met three times (of which one meeting was held in its capacity of Nomination and Remuneration Committee) to discuss on and make proposals regarding, amongst others:

- the remuneration policy for the directors, members of the Leadership Team and other key managers;
- the variable remuneration of the executive directors, members of the Leadership Team and other key managers.

In addition, the Remuneration Committee approved the remuneration report, which forms part of the corporate governance statement as included in the annual report, and submitted this to the Board of Directors.

## Strategic Committee

The mission of the Strategic Committee is to advise the Board of Directors with respect to the guidelines of general policy, the company's strategy and mergers and acquisitions.

The Strategic Committee is composed of:

- Deprez Invest NV, Chairman, represented by Mr Hein Deprez, permanent representative;
- Ardiego BVBA, independent director, represented by Mr Arthur Goethals, permanent representative;
- Mr Peter Gain(1);
- Mr Peter Maenhout;
- Mavac BVBA, represented by Ms Marleen Vaesen, permanent representative;
- Argalix BVBA(2), represented by Mr Francis Kint, permanent representative;
- Mr Jozef Marc Rosiers.

(1) Member as from 19 June 2015.

(2) Member as from 2 July 2015.

During AY 15/16, the Strategic Committee met four times (of which one meeting was held by telephone conference) and has been engaged with:

- Setting the agenda topics for accounting years 2015-2016 and 2016-2017;
- Discussing investment opportunities;
- Discussing the strategic and financial long-range plans within Group.

## TEMPORARY AD HOC COMMITTEE

The Board of Directors has set up - in accordance with article 522 of the Company Code - a temporary *ad hoc* committee for the purpose of advising the Board of Directors on the optimization of the company's financial structure. This *ad hoc* committee is composed of the Chief Executive Officer, Mr Peter Gain, Bonem Beheer BVBA (represented by Mr Marc Ooms) and Intal BVBA (represented by Mr Johan Vanovenberghe). The Chief Financial Officer is invited to participate to the meetings of this *ad hoc* committee.

## ATTENDANCE

| AY 15/16 | Board of Directors | Audit Committee | Nomination and Remuneration Committee(5) | Strategic Committee |
|---|---|---|---|---|
| Deprez Invest NV, rep. by Mr Hein Deprez | 14/14 | | | 4/4 |
| The Marble BVBA, rep. by Mr Luc Van Nevel | 13/14 | 8/8 | 3/3(6) | |
| Ms Hilde Laga | 12/14 | 6/6(4) | | |
| Mr Frank Donck | 6/6(1) | 2/2(3) | | |
| Ardiego BVBA, rep. by Mr Arthur Goethals | 12/14 | | 3/3(6) | 4/4 |
| Management Deprez BVBA, rep. by Ms Veerle Deprez | 14/14 | 2/2(3) | 3/3(6) | |
| Mr Peter Gain | 7/8(2) | | | 4/4 |
| Mr Thomas Borman | 7/8(2) | 4/6(4) | | |
| Bonem Beheer BVBA, rep. by Mr Marc Ooms | 14/14 | | | |
| Mr Charles-Henri Deprez | 7/8(2) | | | |
| Mr Peter Maenhout | 13/14 | 5/6(4) | 3/3(6) and (7) | 2/4 |
| Mr Thomas Dewever | 5/6(1) | 2/2(3) | | |
| Mr Jozef Marc Rosiers | 12/14 | | | 4/4 |
| Intal BVBA, rep. by Mr Johan Vanovenberghe | 7/8(2) | | | |
| Mavac BVBA, rep. by Ms Marleen Vaesen | 14/14 | | | 4/4 |
| Argalix BVBA, rep. by Mr Francis Kint | 6/8(2) | | | 2/4 |

(1) Six meetings of the Board of Directors (of which one was held by telephone conference) took place between 1 April 2015 and 19 June 2015, being the date on which Mr Frank Donck and Mr Thomas Dewever voluntary resigned as directors.

(2) Eight meetings of the Board of Directors (of which two were held by telephone conference) took place between 19 June 2015, being the date of appointment of the directors indicated in the table above, and closing date (*i.e.* 31 March 2016).

(3) Two meetings of the Audit Committee took place between 1 April 2015 and 19 June 2015, being the date on which the directors indicated in the table above voluntary resigned as members of the Audit Committee.

(4) Six meetings of the Audit Committee (of which two were held by telephone conference) took place between 19 June 2015, being the date of appointment of the directors indicated in the table above as members of the Audit Committee, and closing date (*i.e.* 31 March 2016).

[5] The Nomination and Remuneration Committee has been split into two separate committees by decision of the Board of Directors of 2 July 2015, with effect as from 19 June 2015.

[6] Before its split, the Nomination and Remuneration Committee met on one occasion. The Remuneration Committee met two times between 19 June 2015 and closing date (*i.e.* 31 March 2016). No meeting of the Nomination Committee was held.

[7] Mr Peter Maenhout participates to the meetings of the Remuneration Committee in an advisory capacity.

## MANAGEMENT COMMITTEE

The Board of Directors has authorized the Leadership Team (previously the Management Committee) with the day-to-day management of the company, taking into account the values, strategies, policies, plans and budgets established by the Board of Directors. The Leadership Team does not qualify as a management committee ("*directiecomité*"/"*comité de direction*") in accordance with article 524*bis* of the Company Code.

The Leadership Team consists per 31 March 2016 of:

- Mavac BVBA, Chief Executive Officer, represented by Ms Marleen Vaesen, permanent representative;
- Sticker Consulting BVBA[1], Chief Financial Officer, represented by Mr Koen Sticker, permanent representative;
- Haluvan BVBA, Managing Director of the frozen division, represented by Mr Hans Luts, permanent representative;
- Mr Dominiek Stinckens, Managing Director of the canning division;
- T-I BVBA[1], Managing Director of the Horticulture Segment, represented by Mr Stefaan Vandaele, permanent representative;
- Ms Irénke Meekma[2], Managing Director of Bakker Barendrecht B.V.;
- Qualexco BVBA[3], Head of Legal, represented by Mr Alexander Verbist, permanent representative.

[1] Member as from 19 June 2015.

[2] Member as from 17 September 2015.

[3] Member as from 21 September 2015.

Following the business combination, the mandate of Ms Valerie Vanhoutte as Chief Financial Officer and member of the Leadership Team (previously the Management Committee) has been terminated as per 19 June 2015.

Argalix BVBA, represented by Mr Francis Kint, has been appointed as Chief Operations Officer and member of the Leadership Team, starting as from 19 June 2015. He (as permanent representative of Argalix BVBA) voluntary resigned as per 1 September 2015.

In derogation of provision 6.2 of the Belgian Corporate Governance Code of 2009, the Leadership Team doesn't include all executive directors. Deprez Invest NV, Executive Chairman of the Board of Directors, represented by Mr Hein Deprez, and Mr Charles-Henri Deprez, executive director of the company, are not members of the Leadership Team. The Executive Chairman doesn't participate to the meetings, however the Chief Executive Officer reports to him on the daily management of the company and the subjects discussed within the Leadership Team during a weekly debrief meeting. Mr Charles-Henri Deprez, Finance Manager of Bakker Barendrecht B.V., is not a member of the Leadership Team as Bakker Barendrecht B.V., a subsidiary of the company, is already represented within the Leadership Team by its Managing Director, Ms Irénke Meekma.

The Leadership Team is assisted by a team of key persons active in each of the different business units in the Group.

The evaluation procedure which was conducted on 31 May 2016 with respect to AY 15/16 showed very positive results.

## STATUTORY AUDITOR

The auditing of the annual accounts and consolidated financial statements of the company has been entrusted to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Berkenlaan 8B, 1831 Diegem. Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA has been appointed as the company's statutory auditor for a period of three years, which ends immediately after the 2018 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2018. For the exercise of its duties, Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA is represented by Ms Charlotte Vanrobaeys and Mr Mario Dekeyser in the capacity as permanent representatives, both having their offices at Raymonde de Larochelaan 19A, 9051 Sint-Denijs-Westrem.

## TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Belgian Corporate Governance Code of 2009, 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 and members of the Leadership team and their respective permanent representatives have to give prior notice to the Board of Directors and the statutory auditor of all contemplated transactions between them and Greenyard Foods or one of its subsidiaries. Only the Board of Directors is authorised to decide whether Greenyard Foods or the subsidiary concerned may enter into such a transaction. The Board of Directors has to motivate its decision in its minutes and makes certain that the transaction is at arms' length. By way of exception, this prior approval by the Board of Directors is not required, if the contemplated transaction concerns a customary transaction for the company or its subsidiary and is executed under conditions in accordance with general market practice for comparable transactions.

### Application of article 523 of the Company Code

The procedure laid down in article 523 of the Company Code shall be applied in case a director or the permanent representative of a director-legal entity has a direct or indirect financial interest that is conflicting with a transaction or decision to be resolved upon by the Board of Directors. This procedure was applied seven times during AY 15/16.

### Completion of business combination between Greenyard Foods Group, FieldLink Group and Peatinvest Group

On 10 April 2015, 22 April 2015, 30 April 2015, 5 May 2015, 8 May 2015 and 15 June 2015, the Board of Directors deliberated and decided on a number of items in view of completion of the business combination between the Greenyard Foods Group, the FieldLink group and the Peatinvest group, with respect to which certain directors and their permanent representatives declared to have a conflict of interest in accordance with article 523 of the Company Code.

With respect to the conflict of interest resulting from these deliberations, reference was made during these meetings of the Board of Directors and therefore in the minutes of these meetings to the statement made in accordance with article 523 of the Company Code at the beginning of the meeting of the Board of Directors held on 3 March 2015.

The conflict of interest in relation to the business combination was recorded in the minutes of the meeting of 3 March 2015 as follows (free English translation):
"*Deprez Invest NV, Management Deprez BVBA and Bonem BVBA, in their capacity of director-legal entity of the company, and Hein Deprez, Veerle Deprez and Marc Ooms, in their capacity of permanent representative of their respective director-legal entity, declared that they have a conflicting financial interest within the framework of the business combination between Greenyard Foods Group, FieldLink group and Peatinvest group:*

- *Deprez Invest NV, Management Deprez BVBA and Bonem BVBA, in their capacity of director-legal entity of the company, and Hein Deprez, Veerle Deprez and Marc Ooms, in their capacity of permanent representative of their respective director-legal entity, are not only director of the company respectively permanent representative of a director-legal entity of the company and/or of one of the subsidiaries of the company, but also director respectively permanent representative of a director-legal entity of FieldLink NV or of one of the subsidiaries of the Univeg Group and, directly or indirectly, shareholder both of the company and its subsidiaries and of FieldLink NV and/or the subsidiaries of the Univeg Group.*
- *Deprez Invest NV and Management Deprez BVBA, in their capacity of director-legal entity of the company, and Hein Deprez and Veerle Deprez, in their capacity of permanent representative of their respective director-legal entity, are not only director of the company respectively permanent representative of a director-legal entity of the company and/or of one of the subsidiaries of the company, but also director respectively permanent representative of a director-legal entity of Peatinvest NV or of one of its subsidiaries and, directly or indirectly, shareholder both of the company and its subsidiaries and of Peatinvest NV and its subsidiaries.*

*They declared that, in accordance with article 523, §1, paragraph 4 of the Company Code, they would not be able to participate in the deliberations and the decisions concerning the business combination between Greenyard Foods Group, FieldLink group and Peatinvest group."*

In addition to the conflict of interest mentioned-above, an additional conflict of interest related to the business combination was raised during the Board of Directors held on 10 April 2015, 22 April 2015, 30 April 2015, 5 May 2015, 8 May 2015 and 15 June 2015, and recorded in the minutes of these meetings.

Mr Peter Maenhout and Mr Thomas Dewever, both in their capacity as directors of the company, declared to have a (functional) conflicting financial interest with respect to the approval of respectively, the “*Letter of Intent*” (raised during the meetings of 10 April 2015 and 22 April 2015) and the “*Partial Demerger and Contribution Agreement*” (raised during the meetings of 5 May 2015 and 8 May 2015), both concluded within the framework of the business combination.

The conflict of interest raised with respect to the “*Letter of Intent*” was recorded in the minutes of the meeting of the Board of Directors held on 10 April 2015 as follows (free English translation): “*As a shareholder of the company, Gimv NV, Gimv-XL Partners Comm.VA and Adviesbeheer Gimv-XL NV shall sign the “Letter of Intent” within the framework of the business combination between Greenyard Foods Group, FieldLink group and Peatinvest group. In accordance with article 8 of the “Letter of Intent” Gimv NV, Gimv-XL Partners Comm.VA and Adviesbeheer Gimv-XL NV, together with Deprez Holding NV, have the right to sell their integral or part of their participation in the company as part of a private placement that will take place immediately after the approval of the partial demerger of De Weide Blik NV, the contribution in kind by STAK FieldLink of its participation in FieldLink NV and the contribution in kind of the participation in Peatinvest NV. The conditions and modalities of this private placement were explained in article 8 of the “Letter of Intent” in the context of the business combination*.”

During the meetings of the Board of Directors of 22 April 2015, 5 May 2015 and 8 May 2015, with respect to the conflict of interest in relation to the approval of respectively, the “*Letter of Intent*” and the “*Partial Demerger and Contribution Agreement*” reference was made to the declaration mentioned-above given during the meeting of 10 April 2015.

The directors with a conflicting financial interest as set forth in article 523 of the Company Code did not participate in the deliberations and decisions on the agenda items relating to the business combination. The business combination was approved by the other directors and submitted for approval to the Extraordinary General Shareholders’ Meeting of 19 June 2015.

### Consultancy services provided by Intal BVBA to the company

On 1 June 2016, the Board of Directors decided on the consultancy services provided by Intal BVBA, represented by Mr Johan Vanovenberghe, to the company as from the business combination between the Greenyard Foods Group, FieldLink group and Peatinvest group. Mr Johan Vanovenberghe, as permanent representative of Intal BVBA, declared at the beginning of the Board meeting to have a conflicting financial interest within the meaning of article 523 of the Company Code with respect to this agenda item.

This conflict of interest was recorded in the minutes of the meeting of the Board of Directors held on 1 June 2016 as follows: “*Intal BVBA, in its capacity of director-legal entity of the Company, and Mr Johan Vanovenberghe, in his capacity of legal representative of a director-legal entity of the Company, declared to have a conflicting financial interest within the meaning of article 523 of the Company Code with respect to the agenda item regarding the monthly fee invoiced by Intal BVBA, represented by Mr Johan Vanovenberghe, for the consultancy services provided to the Company as from the business combination between the Greenyard Foods Group, FieldLink group and Peatinvest group.*

*After having made the above-mentioned statement, Mr Johan Vanovenberghe, as permanent representative of Intal BVBA, declared not to participate in the deliberation and voting on this agenda item. Mr Johan Vanovenberghe undertook to inform the Company’s statutory auditor of the application of article 523 of the Company Code immediately after the Board meeting.”*

The Board of Directors held on 1 June 2016 took the following decision with respect to this agenda item: *“The Board of Directors approved and ratified the monthly fee of €15.300 (VAT exclusive) invoiced by Intal BVBA, represented by Mr Johan Vanovenberghe, to the Company for the consultancy services provided to the Company as from the business combination between the Greenyard Foods Group, FieldLink group and Peatinvest group. The financial impact on the Company equals the fixed monthly remuneration of €15.300 (VAT exclusive) - which is considered an at arms’ length remuneration*.”

### Application of article 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 Greenyard Foods and companies affiliated to Greenyard Foods that are not subsidiaries of the former. This procedure was initiated during previous AY 14/15 in view of the assessment of the business combination and was closed on 8 May 2015.

The application of the procedure pursuant to article 524 of the Company Code was recorded in the minutes of the meeting of the Board of Directors held on 20 March 2015 as follows (free English translation):
"*Quotation from Mr Hein Deprez, Chairman of the Board of Directors of the company:*

> *"1. We are pleased to inform you that the application of article 524 of the Company Code with regard to the business combination between Greenyard Foods Group, FieldLink group and Peatinvest group was analysed today. Because of the fact that Deprez Holding NV presently holds control, directly and indirectly, over more than 50% of the voting rights of Greenyard Foods NV, it was concluded that the procedure of article 524 of the Company Code applies. This conclusion is included in a memorandum from Freshfields, advisor of the Univeg Group, which was reviewed and approved by Laga, advisor of Greenyard Foods NV. We share with you the memorandum and we recommend that this memorandum remains attached to these minutes.*
> *2. Article 524 entails that every decision or transaction concerning relations between a listed company (such as Greenyard Foods NV) and an affiliated company (and, according to the definitions, Deprez Holding NV is such a company) must first be subject of an independent assessment carried out by a committee of three independent directors. This committee must be assisted by one or more independent experts, appointed by the committee and at the expense of the company.*
> *In order to avoid that this procedure must be applied every time for certain – less important – decisions and the committee of three independent directors must deliberate and decide upon advice of the independent expert, we propose that these decisions are all ratified together in accordance with article 524 of the Company Code at the moment when the Board of Directors has to deliberate and decide in accordance with article 524 of the Company Code on major decisions.*
> *3. The committee describes the nature of the decision or transaction, assesses the business advantage or disadvantage for the company and for its shareholders. It estimates the financial impact thereof and determines whether or not the decision or transaction is of such nature as to cause to the company a disadvantage that – in light of the company's policy – is manifestly unlawful. If the committee does not resolve the decision or transaction to be manifestly unlawful, yet believes that it is not detrimental to the company, the committee shall clarify what benefits the decision or transaction offers that outweigh the mentioned disadvantages.*
> *4. It is now up to the independent directors to appoint an independent expert. We assumed that this would be Lazard and modified the mandate letter accordingly (along with a couple of comments that were recommended to us as standard comments on an engagement letter in the interest of Greenyard Foods NV). However, we are open to discuss this.*
> *5. We - on behalf of Deprez Holding NV - clearly understand that the independent directors have an important role in this respect and that Gimv and AIF also want to protect their interests herein. Without wishing to interfere with reporting lines, we would also like to give our input and vision to the independent experts.*
> *6. We shall then, independent of article 524 of the Company Code, also comply with article 523 of the Company Code (which concerns our personal conflict of interest as director) in this process. At this moment, no decisions concerning valuation or contractual documentation have already been taken, and we are advised by Freshfields that we do not yet have to apply this article with regard to the agenda items that are being discussed today.""*

Reference was made to this quotation in the minutes of the meetings of the Board of Directors of 10 April 2015, 22 April 2015, 30 April 2015, 5 May 2015, 8 May 2015 and 15 June 2015.

On 8 May 2015, a committee of independent directors, assisted by BNP Paribas Fortis NV as independent financial expert and Eubelius CVBA as independent legal expert, has advised the Board of Directors in accordance with article 524 of the Company Code with respect to the assessment of the business combination.

The conclusion of the advice of the committee of independent directors was as follows (free English translation):
"*[…]*
*VII. The opinion of the committee of independent directors*

*31. The Committee finalized this opinion on 8 May 2015 in view of the meeting of the board of directors of 8 May 2015 based on the information then available. The Committee reserves the right, should any further relevant information become available between 8 May 2015 and 19 June 2015 that may impact the content and/or the conclusion of this report, to submit an amended report to the board of directors.*
*32. The Committee of independent directors, assisted by BNP Paribas Fortis NV as independent financial expert and Eubelius CVBA as independent legal expert, has concluded unanimously that the creation of a combined group with fresh, frozen and canned vegetables and fruits is to the benefit of the Company and its shareholders.*

*The Committee is of the opinion, based on the reports of BNP Paribas Fortis NV and Lazard SPRL, financial expert appointed by the Company, that the exchange ratio of the Transaction (see VI.2) is not of the nature to cause a disadvantage to the Company which is, in the light of the Company's strategy, manifestly illegitimate and detrimental to the Company, taking into account that the Company does not provide any representations and warranties to the shareholders of the Univeg and Peatinvest Groups. To achieve this conclusion, the Committee takes into account the advice of Eubelius CVBA that the Company has for the most part received customary representations and warranties, considering also the overall equilibrium of the Transaction.*
*The Transaction entails certain consequences in terms of the financing of the newly composed Greenyard Foods group for which the Company has protected itself in the short term by means of the necessary waivers and a bridge facility agreement. In the longer term, the Company will have to pay due attention to the capital structure of the new group and appropriate covenants will have to be negotiated with the various lenders (in function of the new group structure). Management will have to endeavour to make this an opportunity for the benefit of the Company and its shareholders.*
*Finally, the structure of governance and management of the Company following the Transaction are to be in line with the recommendations of the Belgian Corporate Governance Code 2009.*
*Given the aforementioned considerations and after having discussed the terms of the Transaction with BNP and Eubelius, the Committee is of the opinion that the Transaction is not of a nature to cause detriment to the Company which, in the light of the strategy conducted by the Company, would be manifestly illegitimate. The Committee also believes that it is unlikely that the Transaction would lead to disadvantages for the Company that will not be outweighed by benefits to it resulting from the Transaction.*
*This conclusion will be included in the annual report of the Company.*
*[…]"*

The directors with no conflicting financial interest as set forth in article 524 of the Company Code agreed with this conclusion of the committee of independent directors.

For more detailed information with respect to transactions with related parties reference is made to note *"7.4 Related parties".*

### Measures for the prevention of market abuse

In accordance with provision 3.7 and guidelines laid down in Appendix B of the Belgian Corporate Governance Code of 2009, a dealing code has been adopted by the company to actively prevent possible breaches of legislation concerning insider trading and market manipulation by persons within the Greenyard Foods Group who have access to privileged information ('insiders'). In accordance with this dealing code, the Board of Directors keeps a list of insiders which is regularly updated.

The dealing code lays down a series of regulations and communication obligations for those insiders with regard to transactions in securities of Greenyard Foods, in accordance with the relevant legislation. The dealing code is part of the company's Corporate Governance Charter.

## REMUNERATION REPORT

### Description of the procedure applied during AY 15/16 for the development of a remuneration policy for and the determination of the remuneration of the directors and the members of the Leadership Team

The remuneration policy, including the attendance fees, for non-executive directors are set by the Board of Directors upon proposal of the Remuneration Committee, thereby taking into account market standards, the listed character and the scope of the company, the industry in which the Group operates and their role and their resulting responsibilities. The remuneration policy is subsequently submitted for approval to the General Shareholders' Meeting.

The Board of Directors develops the remuneration policy for the members of the Leadership Team with the aim to attract, motivate and retain highly qualified and promising management talent and to align the managers' interests with the interest of all company's stakeholders. The remuneration policy is set according to benchmark analyses carried out by independent external advisory companies. Each year, the Remuneration Committee evaluates the level and components of the remuneration and makes recommendations to the Board of Directors regarding the remuneration policy and remuneration of the members of the Leadership Team.

Upon advice of the Remuneration Committee and given the findings of a benchmark analysis carried out amongst similar companies, the Board of Directors has decided to propose to the 2016 Annual General Shareholders' Meeting to increase the annual fixed remuneration of the non-executive directors up to €25.000 as from accounting year 2016-2017. There are no other plans to substantially amend the current remuneration policy for the non-executive directors and members of the Leadership Team in the next two accounting years 2016-2017 and 2017-2018.

**Statement on the remuneration policy for the directors and the members of the Leadership Team with respect to AY 15/16**

**Remuneration policy for the non-executive directors**

The remuneration of the non-executive directors consists of a fixed remuneration of €15.000 per annum plus an additional attendance fee of €1.500 per meeting of the Board of Directors or an advisory Committee established within the Board of Directors which the director concerned attends (including the attendance through video or telephone conference). No attendance fees are due to the directors in case the meeting is not held physically, but by telephone conference. An advance on annual remuneration is paid to the directors at the end of the first six months of the accounting year. This remuneration covers all costs. All remuneration is paid on a pro-rata basis according to the duration of the director's term of office.

Non-executive directors are not entitled to performance-related remuneration. There are no pension plans for non-executive directors, nor do they receive any benefits-in-kind.

Upon proposal of the Remuneration Committee, the General Shareholders' Meeting may decide to grant an additional fixed remuneration to one or more independent or other non-executive directors for the additional efforts performed. The Board of Directors will - upon advice of the Remuneration Committee - propose to the 2016 Annual General Shareholders' Meeting regarding the accounting year ending on 31 March 2016 to approve the payment of an additional remuneration of €100.000 in total to the four (former) independent directors of the company (The Marble BVBA, represented by Mr Luc Van Nevel, Ms Hilde Laga, Ardiego BVBA, represented by Mr Arthur Goethals, and Mr Frank Donck) for the additional work carried out under article 524 of the Company Code during AY 15/16.

Intal BVBA, represented by Mr Johan Vanovenberghe, receives a fee for the consultancy services provided to the company and doesn't receive any additional compensation in his capacity of director. The monthly fee invoiced by Intal BVBA for the consultancy services provided during AY 15/16 amounted to €15.300 (VAT exclusive).

**Remuneration policy for the executive directors**

The executive directors, who hold an executive position in the company or one of its subsidiaries, do not receive any additional compensation for the execution of their mandate as director.

The Chief Executive Officer receives a management fee. Mr Charles-Henri Deprez receives a monthly fee for the services provided as Finance Manager of Bakker Barendrecht B.V. and for the assistance rendered to the company in projects at corporate level. The Executive Chairman of the Board of Directors receives a fixed remuneration per annum, which is paid on a quarterly basis.

**Remuneration policy for the members of the Leadership Team**

The remuneration of the Chief Executive Officer and the other members of the Leadership Team is determined by the Board of Directors on recommendation of the Remuneration Committee. Each year, the Remuneration Committee evaluates the remuneration policy developed for the members of the Leadership Team.

Their remuneration consists of a fixed remuneration and a variable remuneration in the form of an annual bonus (short-term incentives) and in particular cases long term incentives.

The variable remuneration always relates to performance over the past accounting year. When meeting the objectives set forward, the variable remuneration varies between 20% and 50% of the annual fixed remuneration calculated on a twelve-month basis and depends on the position of each member of the Leadership Team.
The variable remuneration in the form of an annual bonus is based on both quantitative parameters and qualitative parameters.

The long-term incentive plan approved by the Board of Directors is based on the cumulative financial results of the Group over a period of three accounting years. The plan varies between 10% and 20%, depending on the position of each member included in the plan.

There are no performance bonuses in the form of shares, share options or any other right to acquire shares awarded to the members of the Leadership Team (and the executive directors who are not members of the Leadership Team). Company's shares held by them have been purchased or on the stock exchange or through their participation in the 'Stichting Administratiekantoor' FieldLink which has been dissolved and liquidated in the meantime.

### Remuneration of the directors and the members of the Leadership Team with respect to AY 15/16

### Total annual remuneration of the directors

The total annual remuneration paid to the directors for the performance of their mandate during AY 15/16 amounted to €346.250. The table below includes the individual remuneration paid to each director with respect to AY 15/16. These amounts were calculated based on fourteen meetings of the Board of Directors (of which three meetings were held by telephone conference). In AY 15/16, the Audit Committee met eight times, the Remuneration Committee met three times (of which one meeting was held in its capacity of Nomination and Remuneration Committee) and the Strategic Committee met four times.

| Directors' remuneration | Fixed remuneration €'000 | Attendance fees €'000 | Total €'000 |
|---|---|---|---|
| Deprez Invest NV, rep. by Mr Hein Deprez | - | - | - |
| The Marble BVBA, rep. by Mr Luc Van Nevel | 15,0 | 27,0 | 42,0 |
| Ms Hilde Laga | 15,0 | 21,0 | 36,0 |
| Mr Frank Donck(1) | 3,1 | 9,0 | 12,1 |
| Ardiego BVBA, rep. by Mr Arthur Goethals | 15,0 | 21,0 | 36,0 |
| Management Deprez BVBA, rep. by Ms Veerle Deprez | 15,0 | 24,0 | 39,0 |
| Mr Peter Gain(2) | 11,9 | 10,5 | 22,4 |
| Mr Thomas Borman(2) | 11,9 | 13,5 | 25,4 |
| Bonem Beheer BVBA, rep. by Mr Marc Ooms | 15,0 | 16,5 | 31,5 |
| Mr Charles-Henri Deprez(5) | - | - | - |
| Mr Peter Maenhout | 15,0 | 25,5 | 40,5 |
| Mr Thomas Dewever(1) | 3,1 | 9,0 | 12,1 |
| Mr Jozef Marc Rosiers(4) | 15,0 | 16,5 | 31,5 |
| Intal BVBA, rep. by Mr Johan Vanovenberghe | - | - | - |
| Mavac BVBA, rep. by Ms Marleen Vaesen | - | - | - |
| Argalix BVBA, rep. by Mr Francis Kint(3) | 8,8 | 9,0 | 17,8 |
| **TOTAL** | **143,8** | **202,5** | **346,3** |

(1) Director until 19 June 2015.

(2) Director as from 19 June 2015.

(3) Executive director during the period between 19 June 2015 and 1 September 2015. Non-executive director as from 1 September 2015.

(4) Mr Jozef Marc Rosiers' fees are paid to the company Agri Investment Fund CVBA.

(5) Mr Charles-Henri Deprez receives a monthly fee for the services provided as Finance Manager of Bakker Barendrecht B.V. and the assistance rendered to the company in projects at corporate level following an agreement which took effect on 1 September 2015. The monthly fee invoiced by Mr Charles-Henri Deprez between 1 September 2015 and 31 December 2015 amounted to €12.500 (VAT exclusive). As from 1 January 2016, this monthly remuneration of €12.500 (VAT exclusive) has been divided in a fixed part (80%) and variable part (20%).

### Annual remuneration of Executive Chairman of the Board of Directors

Prior to the business combination, the fixed annual remuneration of the Chairman of the Board of Directors amounted to €90.000. Following the business combination he was appointed Executive Chairman as his role in facilitating and steering the strategic direction of the Group as well as the Group's merger and acquisition strategy became more prominent. As a result of his extensive responsibilities, his total fixed annual remuneration increased up to €600.000 as from 19 June 2015. The combination of both amounts resulted in a total remuneration of €473.083 for AY 15/16.

### Annual remuneration of the Chief Executive Officer

The Chief Executive Officer has a management contract and receives a fixed remuneration that includes all social security charges, taxes and defined contributions within the framework of pension schemes. In addition, the Chief Executive Officer receives a variable remuneration.

For AY 15/16, the total fixed remuneration paid to Mavac BVBA, represented by Ms. Marleen Vaesen, as Chief Executive Officer, amounted to €566.477. The total variable remuneration for AY 15/16 was €490.800. The total amount of expenses of €29.166 was reimbursed during AY 15/16.

No non-statutory benefits were paid out, not in cash, or in the form of share options or warrants.

### Total annual remuneration of the members of the Leadership Team (excluding Chief Executive Officer)

| Components of total annual remuneration | AY 15/16[2] €'000 | AY 14/15[1] €'000 |
|---|---|---|
| Total basic remuneration | 1.477 | 828 |
| Total variable remuneration | 448 | 226 |
| Pensions | 15 | 26 |
| Other benefits | 60 | 71 |
| **TOTAL** | **2.001** | **1.151** |

[1] As per 31 March 2015, the Leadership Team (previously the Management Committee) was composed of three members (excluding Chief Executive Officer). Vijverbos NV, represented by Mr Herwig Dejonghe, permanent representative, voluntary resigned as Chief Operations Officer as from 24 November 2014.

[2] As per 31 March 2016, the Leadership Team is composed of six members (excluding Chief Executive Officer), of whom two are members as from 19 June 2015 and two of them have become member as from respectively 17 September 2015 and 21 September 2015. Argalix BVBA, represented by Mr Francis Kint, has been appointed as Chief Operations Officer as from 19 June 2015 and has voluntary resigned as per 1 September 2015. Following the business combination, the mandate of Ms Valerie Vanhoutte as Chief Financial Officer has been terminated as per 19 June 2015.

For AY 15/16, the total annual remuneration paid to the members of the Leadership Team (excluding Chief Executive Officer) amounted to €2,0 million.

All remuneration is paid on a pro-rata basis according to the duration of the term of office of the members of the Leadership Team.

The other benefits consist mainly of the reimbursement of expenses incurred by members who operate on a self-employed basis on behalf of the Greenyard Foods Group (being, amongst others, travel and accommodation expenses, etc.). For the members who are employees, the other benefits concern the fringe benefits such as a company car, defined contributions within the framework of pension schemes, healthcare and hospitalisation insurance and the reimbursement of travel and accommodation expenses.

There were no stock options awarded to the Leadership Team members during AY 15/16.

### Evaluation criteria for the remuneration of the members of the Leadership Team and the executive directors

The members of the Leadership Team and the executive directors, with the exception of the Executive Chairman of the Board of Directors, receive a variable remuneration in addition to the fixed remuneration.

The variable remuneration consists of an annual bonus (short-term incentives) and in particular cases long-term incentives.

The annual bonus plan is based on the attainment of a certain number of targets, with a maximum between 75% and 100% for the quantitative collective targets (REBITDA, REBIT, working capital and net debt) and a maximum of 25% for the qualitative individual targets related to the member’s individual performance (such as, amongst others, the efficiency of certain processes, the delivery of a number of projects, etc.).

The evaluation period corresponds to the accounting year of the company. The payment takes place in the following accounting year. The quantitative calculation is performed by the Chief Financial Officer on the basis of audited figures. The evaluation of the qualitative individual targets is done by the Chief Executive Officer in consultation with the Remuneration Committee and the Board of Directors. The Remuneration Committee gives each year its recommendations on the bonus plan.

The 2015 Annual General Shareholders' Meeting with respect to AY 14/15 has approved dispensation with the application of article 520*ter*, second paragraph of the Company Code for AY 15/16. The Board of Directors will propose to the 2016 Annual General Shareholders' Meeting with respect to AY 15/16 to ratify in accordance with article 520*ter* of the Company Code the payment of variable remuneration to the members of the Leadership Team and executive directors during the aforementioned accounting year ending on 31 March 2016.

The long-term incentive plan as approved by the Board of Directors is 100% based on quantitative targets over three accounting years. The AY 14/15 was the first year of the long-term incentive plan for which payment will be made after closing of accounting year 2016-2017. The conditions of the new long-term incentive plans are approved by the Board of Directors on an annual basis.

**Severance pay for members of the Leadership Team**

In accordance with article 554 of the Company Code the agreements concluded with the members of the Leadership Team (including CEO) after 3 May 2010 provide for severance pay not exceeding twelve months' remuneration.

In the event of early termination, the Board of Directors justifies and decides, on recommendation of the Remuneration Committee, whether the Leadership Team member concerned (including Chief Executive Officer), qualifies for severance pay, and the basis on which it is calculated.

No severance payment was made following the voluntary resignation of Argalix BVBA, represented by Mr Francis Kint, as Chief Operations Officer. Ms Valerie Vanhoutte whose mandate as Chief Financial Officer was terminated following completion of the business combination, has been appointed as Corporate Finance Director as from this date.

**Recovery provision**

The company does not dispose of recovery rights with regard to the variable remuneration of the members of the Leadership Team or the executive directors should it be awarded on the basis of incorrect financial data.

**Other information to be communicated pursuant to article 96 of the Company Code and article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market**

This section contains the information required to be disclosed under the legislation mentioned-above and not included in other parts of the annual report.

**Information regarding specific control rights of certain holders of securities**

According to article 5 of the company's articles of association, all shares represent an equal share in the company's assets.

**Information regarding limitations by law or the articles of association on the exercise of voting rights**

Article 8 of the company's articles of association 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 held will be suspended automatically until such time as the payment has been completed.

In accordance with article 10 of the company's articles of association, the Board of Directors may suspend exercise of the rights attaching to a share if the share concerned belongs to two or more persons or if the rights associated with the share concerned are divided among several persons, until such time as a single person is designated as the shareholder vis-à-vis the company.

#### Information regarding the rules for amending the articles of association

Article 30 of the company's articles of association is applicable.

#### Information regarding the rules on appointment and replacement of directors

The Board of Directors makes a proposal to the General Shareholders' Meeting for the (re)appointment as director based upon the candidate list drawn up by the Nomination Committee. Before each (re)appointment, an assessment of the competency, the know-how and experience already available and required at the level of the Board of Directors is executed. In case of the appointment of a new director, the Chairman of the Nomination Committee ascertains that the Board of Directors has sufficient information on the candidate. For each vacant position of independent director, the Nomination Committee initiates the search and proposes at least two (and preferably more) candidates to the Board of Directors. In addition to the criteria laid down in article 526*ter* of the Company Code, the appointment as independent director will only be taken into consideration if the candidate-independent director also meets the criteria stipulated in the company's Corporate Governance Charter. The decision of the Board of Directors to propose a candidate-independent director for (re)appointment to the General Shareholders' Meeting requires a two third majority. The mandate ends immediately after the Annual General Shareholders' Meeting until which the director has been appointed. Retiring directors are eligible for reappointment.

The mandate of the directors will end at the Annual General Shareholders' Meeting of the year in which the director concerned (or its permanent representative) reaches the age of seventy. Exceptions to this age limit can be proposed by the Board of Directors to the General Shareholders' Meeting. The mandate of the directors may be withdrawn at any time by simple majority in the General Shareholders' Meeting.

In the event of an early vacancy on the Board of Directors, the remaining directors manage the company and are entitled to temporarily fill the vacancy until the General Shareholders' Meeting has appointed a new director.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors of Greenyard Foods NV is responsible for monitoring the risks that are specific to the Group and for the evaluation of the effectiveness of the internal control.

The Board of Directors has approved an internal control system based on the Committee of Sponsoring Organisations of the Treadway Commission ('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

The Group performs a conscious risk management based on the implementation of an internal control system and 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.

#### Audit Committee

Without prejudice to the responsibilities of the Board of Directors as a whole, the Audit Committee monitors the effectiveness of the internal control and risk management systems set up by the management of the Group 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.

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

In addition, the management team gives a regular update to the Audit Committee on the pending disputes. In that respect, a quantified risk assessment and classification is carried out.

### Internal audit

The Group has a professional internal audit department. The Audit Committee reviews the internal audit's risk assessment, the internal audit charter and annual internal audit plan and regularly receives internal audit reports for review and discussion. The mission of the internal audit department is to provide independent, objective assurance and support, designed to add value and improve the Group's operations and systems of internal controls.

The Internal audit Department assists the Group with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal control deficiencies identified by internal audit are communicated in a timely manner to management and periodic follow-up is performed to ensure corrective action has been taken.

### 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; hereby risks are prioritized and action plans are implemented;
- 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 internal audit reports are always discussed with local management and a summary is discussed with the Audit Committee on a regular basis.

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

### Financial reporting and communication

The financial reporting and communication process of the Group 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 Greenyard Foods NV and its subsidiaries. The financial department provides the accounting figures under the supervision of the chief accountant or financial director of each subsidiary. 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 Greenyard Foods. In particular, it reviews the relevance and the consistency of the application of the accounting standards used within the Group and '*inter alia'* on the criteria for the consolidation of the accounts of the companies of the 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 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 Executive 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 and the internal audit department.

The external auditor carries out an annual evaluation of the internal controls related to the risk associated with the financial statements of the Group. In that regard, the external auditor makes recommendations concerning the internal control and risk management systems when appropriate, which are formalised in annual management letter. Management undertakes actions to handle the findings and thereby achieve an even better control environment. Those measures are followed up and the Audit Committee is monitoring if the Executive Management Committee is fulfilling the recommendations presented by the external auditor.

# INFORMATION FOR SHAREHOLDERS

## Shares

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

The share capital on 31 March 2016 was represented by 44.372.585 shares which have the same rights. All shares are listed on the continuous market of Euronext Brussels, more specifically in the compartment C (small caps) of this market.

Market capitalisation on 31 March 2016 was €591,5 million.

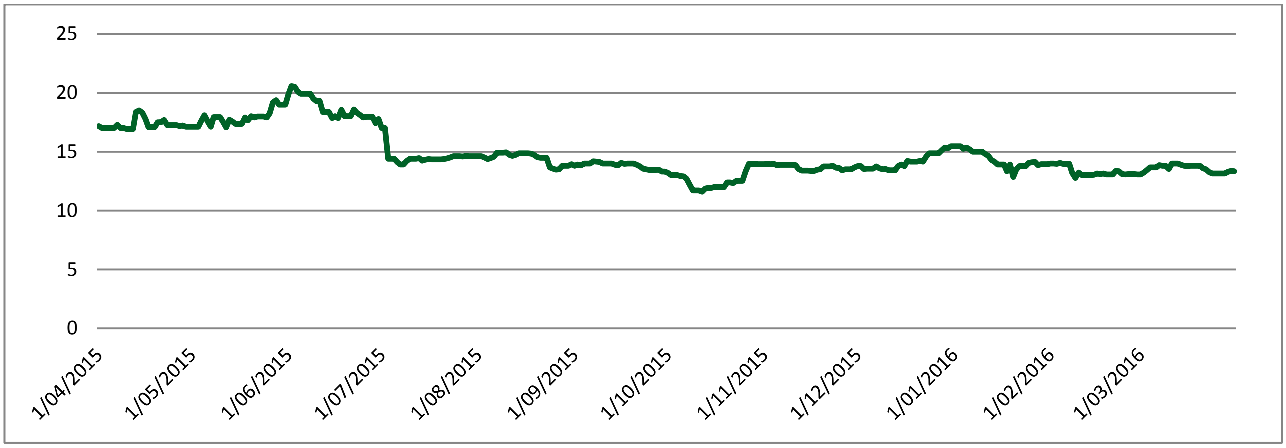
On 2 December 2011 the General Assembly of Greenyard Foods NV issued 2.400.000 warrants subscribed by Gimv-XL, for a total amount of €30,6 million with an initial exercise price of at least €12,75, which was adjusted to €10,66 resulting from the capital decrease of Greenyard Foods in September 2013. The warrants were entirely exercised by Gimv-XL with the business combination between Prepared, Fresh and Horticulture in June 2015. No warrants are outstanding anymore in Greenyard Foods per 31 March 2016. (We refer to note "*6.13 Options and warrant plans")*.

## Share trading evolution

The table below shows the key figures of the Greenyard Foods share:

| | AY 15/16 | Date | AY 14/15 | Date |
|---|---|---|---|---|
| Highest price | € 21,25 | 2/06/2015 | € 17,30 | 9/03/2015 |
| Lowest price | € 11,59 | 12/10/2015 | € 10,65 | 17/10/2014 |
| Opening price | € 17,16 | 1/04/2015 | € 11,30 | 1/04/2014 |
| Closing price | € 13,33 | 31/03/2016 | € 16,60 | 31/03/2015 |
| Average daily trading volume | 23.002 | | 3.382 | |
| Total number of shares | 44.372.585 | | 16.459.520 | |
| Market capitalization | € 591.486.558 | | € 273.228.032 | |

The graph below shows the Greenyard Foods share price evolution during accounting year 15/16 ('AY 15/16'):



## Trading volume

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

| Monthly trading volume | AY 15/16 | AY 14/15 |
|---|---|---|
| April | 214.970 | 70.017 |
| May | 108.608 | 45.175 |
| June | 140.199 | 48.618 |
| July | 1.204.902 | 67.588 |
| August | 453.581 | 28.541 |
| September | 294.720 | 35.791 |
| October | 1.251.165 | 35.834 |
| November | 413.418 | 54.037 |
| December | 591.802 | 31.935 |
| January | 472.507 | 2.227 |
| February | 322.526 | 119.853 |
| March | 374.050 | 302.852 |

The average daily trading volume in 2015-2016 was 23.002, compared to 3.382 shares the year before.

## Capital structure

On 31 March 2016 the capital was represented by 44.372.585 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 Financial Services and Market Authority (FSMA) and to the company.

The company's shareholder structure as per 31 March 2016 is as follows:

| Shareholder structure | Number of shares | % |
|---|---|---|
| Deprez Holding NV | 12.908.419 | 29,09% |
| Food Invest International NV | 3.784.829 | 8,53% |
| 2 D NV | 3.243.293 | 7,31% |
| Sujajo Inv. | 3.957.145 | 8,92% |
| Green Valley | 3.157.145 | 7,12% |
| Gimv XL | 2.187.828 | 4,93% |
| Agri Investment Fund CVBA | 1.776.393 | 4,00% |
| Groupe d'Aucy | 642.441 | 1,45% |
| Public | 12.715.092 | 28,66% |
| **TOTAL** | **44.372.585** | **100,00%** |

An overview of all current notifications received by Greenyard Foods, 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"*.

## Major changes in shareholder structure

As per 2 July, Gimx XL and Deprez Holding sold 5.520.000 shares via an accelerated bookbuilding at €14,5 per share. The transaction resulted in a drop of the Deprez Family towards 44,9% of the shares and Gimv XL diminished its stake towards 4,9%.

In the accounting year that closed on 31 March 2016 there were no other 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 Greenyard Foods NV is shown below.

### Statutory limitation to the exercise of voting rights

Article 8 of the Articles of Association of Greenyard Foods 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 2016, 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 shareholders' agreements that could give rise to share transfer restrictions or to limitations on exercising voting rights, except for the following agreements:

- Agreement dated 30 August 2013 between Food Invest International NV, Groupe d'Aucy (formerly known as Union Fermière Morbihannaise SCA) and Greenyard Foods. As per 2 December 2014, Deprez Holding NV joined this concerted action;
- Agreement dated 8 May 2015 between Deprez Holding NV, Mr Hein Deprez, Food Invest International NV, Gimv NV, Gimv-XL Partners Invest Comm. V., Adviesbeheer Gimv-XL NV (the Gimv entities are jointly referred to as "Gimv-XL"), Agri Investment Fund CVBA ("AIF") and Greenyard Foods.

The two other shareholders' agreements concluded in respect of Greenyard Foods on 15 February 2012 have been terminated with effect as from completion of the business combination.

**1. Agreement dated 30 August 2013 between Food Invest International NV, Groupe d'Aucy and Greenyard Foods**

As per 2 December 2014, Deprez Holding NV joined this concerted action. This agreement doesn't provide for any special control rights for the parties.

The agreement comprises a call option in favour of Deprez Holding NV / Food Invest International NV, which can be exercised from 1 August 2013 until 31 July 2017. Upon exercise by Deprez Holding NV / Food Invest International NV of their call option, Groupe d'Aucy commits itself to sell its 642,441 shares to Deprez Holding NV / Food Invest International NV.

The agreement also contains a put option in favour of Groupe d'Aucy. Upon exercise by Groupe d'Aucy of its put option, Deprez Holding NV / Food Invest International NV commit themselves to buy the 642,441 shares held by Groupe d'Aucy. The put option can be exercised from 1 August 2017 until 1 August 2018.

**2. Agreement dated 8 May 2015 between Deprez Holding NV, Mr Hein Deprez, Food Invest International NV, Gimv-XL, AIF and Greenyard Foods**

This agreement has been concluded for a term of maximum five years.

The agreement contains an obligation for the parties to allow each of Gimv-XL and AIF to have at all times one director on the Board of Directors and to vote at any General Shareholders' Meeting in favour of the appointment of one of the candidates proposed by Gimv-XL and AIF. This right shall respectively terminate when Gimv-XL and AIF hold less than 5% of the shares. AIF will however be entitled to have a director on the Board of Directors even if it holds less than 5% of the shares during an interim period of two years starting on the date of completion of the business combination.

The agreement provides for a lock-up undertaking by Deprez Holding NV towards Gimv-XL not to sell shares in such a number that it would hold less than 30% of the shares in the company. In addition, the agreement contains provisions relating to the process applying to a secondary sale and includes a tag along right in favour of Gimv-XL.

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

The following agreements take effect, undergo changes or expire in the event of change of control over the company:

- The Multi-Country Factoring Syndication Agreement concluded on 1 March 2016 between the company and certain of its subsidiaries (as ‘Original Clients’), of the one part, and ING Commercial Finance BELUX NV (as ‘Agent’), BNP Paribas Fortis Factor NV, KBC Commercial Finance NV and Belfius Commercial Finance NV, of the other part; and
- The €158,500,000 Term and Revolving Facilities Agreement originally dated 16 December 2013, as amended and restated from time to time, concluded between the company and certain of its subsidiaries (as ‘Borrowers’ and ‘Guarantors’), of the one part, and KBC Bank NV, ING Belgium NV/SA, Belfius Bank NV/SA, BNP Paribas Fortis NV/SA, Natixis and Caisse d’Épargne Nord France Europe (as ‘Arrangers’), KBC Bank NV (as ‘Agent’) and ING Bank NV (as ‘Security Agent’), of the other part; and
- The Indenture dated 15 November 2013 between Univeg Holding B.V. (as ‘Issuer’), FieldLink NV (as ‘Parent’ and ‘Guarantor’) and the guarantors parties hereto, on the one part, and Citibank, N.A., London Branch (as ‘Trustee’, ‘Principal Paying Agent’ and ‘Transfer Agent’), Citigroup Global Markets Deutschland AG (as ‘Registrar’) and ING Bank NV (as ‘Security Agent’); and
- The Senior Facility Agreement dated 14 November 2013 between FieldLink NV and certain of its subsidiaries (as ‘Original Borrowers’ and ‘Original Guarantors’), of the one part, and ABN AMRO Bank NV, ING Belgium SA/NV and KBC Bank NV (as ‘Arranger’), ABN AMRO Bank NV (as ‘Agent’), ING Bank NV (as ‘Security Agent’) and KBC Bank NV (as ‘Documentation Agent’).

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

In accordance with article 7 of the company’s articles of association, the Board of Directors is authorized in the event of a public takeover bid over securities of the company, to increase the company’s share capital in one or more times in accordance with article 607 of the Company Code, as of the date of the notification by the FSMA to the company, by contribution in cash with suspension or limitation of the preferential rights of the existing shareholders or by contribution in kind and/or by the issue of voting securities, which whether or not represent the share capital, or the issue of securities conferring a right to subscribe to or acquire such securities even where such securities or rights are not offered by priority to the shareholders in proportion to the share capital that is represented by their shares. This authority was granted for a period of three years counting from the date of the resolution taken by the Extraordinary General Shareholders’ Meeting of 19 June 2015.

Furthermore, in accordance with article 12 of the articles of association, the Board of Directors is authorized, 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 Shareholders’ 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 authorization applies for a period of three years counting from the publication of the resolution of the Extraordinary General Shareholders’ Meeting of 19 September 2014. This authorization can be renewed in accordance with article 620 of the Company Code.

The Board of Directors is permitted to acquire by acquisition or exchange the maximum number of shares permitted under article 620 of the Company Code at a price equal to the price at which those shares are listed on a stock exchange in the European Union at the time of that acquisition or exchange. This power is valid for a period of five years counting from the publication of the resolution of the Extraordinary General Shareholders’ Meeting of 19 September 2014. This authorization can be renewed in accordance with article 620 of the Company Code.

## 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 Greenyard Foods NV):

For the attention of Mr Kris Kippers
Greenyard Foods NV
Strijbroek 10
BE -2860 Sint-Katelijne-Waver
Or by e-mail: investorrelations@greenyardfoods.com

## FINANCIAL CALENDAR

| | |
|---|---|
| Q1 trading update AY 16/17: | 30 August 2016 (after market) |
| General Assembly AY 15/16: | 16 September 2016 (14:00 hrs) |
| Announcement of half-year results (01/04/2016-30/09/2016): | 22 November 2016 (after market) |

# LIKE-FOR-LIKE FINANCIAL INFORMATION

Pro-forma unaudited management (also referred to as 'LFL') results were prepared for comparison purposes, as if the management results for the continued operations of Fresh and Horticulture are included in twelve months in both comparative periods.

| Greenyard Foods<br>LFL | AY 15/16<br>€'000 000 | AY 14/15<br>€'000 000 | Difference |
|---|---|---|---|
| Sales | 3.967,3 | 4.012,2 | -1,1% |
| REBITDA | 136,2 | 144,1 | -5,5% |
| REBITDA-margin % | 3,4% | 3,6% | |
| Net result | 17,0 | - | |
| NFD | 382,9 | 421,3 | -9,1% |
| NFD/REBITDA | 2,8 | 2,9 | |

The comments on segment reporting for accounting year 15/16 ('AY 15/16') will be limited to the description of the pro-forma consolidated management results for Fresh and Horticulture. These segments were not included in consolidation last year. For Prepared, there are no differences between the reported and the like-for-like results.

## Consolidated income statement per operating segment

### Fresh

| Segment Fresh<br>LFL | AY 15/16<br>€'000 000 | AY 14/15<br>€'000 000 | Difference |
|---|---|---|---|
| Sales | 3.248,8 | 3.310,5 | -1,9% |
| REBITDA | 75,4 | 75,7 | -0,5% |
| REBITDA-margin % | 2,3% | 2,3% | |

Fresh accounts for 81,9% of LFL sales in AY 15/16. The Fresh segment delivered strong performance in the 12 months ending March 2016. Sales were flat organically to €3.248,8 million. This performance was realised thanks to solid growth at the existing client base in the core markets and despite the discontinuation of a large German client with sales surpassed 10% of Fresh' total annual sales. Growth markets for Fresh (UK, France and the US) continued their rise and posted 11% sales increase. Throughout the year, new investments were made and will drive further growth and profitability going forward. Pricing was generally healthy on the Continent and the product mix continues to be positively impacted by strong demand in exotics, Ready-To-Eat and mixes. Divestments of The Fruit Farm Group and other farming operations impacted top line negatively by 2,1% whereas FX was slightly positive (+0,6%).

REBITDA was almost flat (-0,5%) to €75,4 million. The Fresh segment almost fully compensated the margin drop resulting from the discontinuation of a German customer within 12 months-time. This was achieved thanks to a very strong performance at the existing client base, combined with restoring profitability of underperforming activities. After a drop of 7,4% in the first semester, REBITDA was up more than 9% in the second semester.

### Prepared

| Segment Prepared Reported | AY 15/16 €'000 000 | AY 14/15 €'000 000 | Difference |
|---|---|---|---|
| Sales | 646,1 | 635,4 | 1,7% |
| REBITDA | 53,8 | 62,6 | -13,9% |
| REBITDA-margin % | 8,3% | 9,8% | |
| REBITDA restated | 51,6 | 59,9 | -13,9% |
| REBITDA-margin % (restated) | 8,0% | 9,4% | |

Due to alignment of P&L classification between the segments, REBITDA of Prepared reported March 2015 was negatively impacted by €2,7 million which leads to €59,9 million as comparison base versus €62,6 million reported last year.

Prepared represents 16,3% of sales and reports a sales increase of 1,7%, mainly driven by volume growth and product mix variances (0,7%) as well as some foreign exchange impact (1,0%). Prepared realised an exceptionally good operational result last year, primarily as a result of high processing volumes.

This year, the combination of relatively high stock levels in Europe, challenging market circumstances as well as the ERP-related transition issues in France impacted Prepared’s operations. This could not be compensated by the positive effect of increased efficiencies thanks to past investments, resulting in a total REBITDA (restated) drop of €-8,3 million in Prepared. As such, the Prepared segment reports a REBITDA-margin drop of 13,9% to 8,0%.

The issues associated with the ERP transition in France were the driver for the overall decrease in the Prepared segment with an impact over the AY 15/16 of €-8,0 million. Various recovery and improvement initiatives have been implemented. Operational efficiencies more than doubled their impact towards €+4,1 million (versus the first semester €+1,9 million), clearly proving that ongoing investments increasingly contribute, boding well for future performance.

### Horticulture

| Segment Horticulture LFL | AY 15/16 €'000 000 | AY 14/15 €'000 000 | Difference |
|---|---|---|---|
| Sales | 72,4 | 66,3 | 9,2% |
| REBITDA | 9,2 | 8,5 | 9,2% |
| REBITDA-margin % | 12,7% | 12,8% | |

Horticulture represents 1,8% of LFL sales for AY 15/16. These activities did have an excellent year with sales growth of 9,2%, in line with the first semester reported 10,5% growth. The growth is the result of ongoing solid organic sales growth driven by innovative products (+4%) combined with new anti-cyclical winter products, launched in August, which added 5% to top line.

REBITDA improved by 9,2% thanks to strong top line growth and a good peat harvest. Cost control and ongoing efficiency improvements further supported margins. On the other hand, operating leverage was absent due to start-up costs related to the launch of the new winter products.

# CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for publication by the Board of Directors on 5 July 2016.

# CONSOLIDATED INCOME STATEMENT[2]

| Consolidated income statement | Note (*) | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| Revenue from sales | | 3.203.201 | 635.370 |
| Cost of sales | 5.1 | -2.968.823 | -561.990 |
| **Gross profit/(loss)** | | **234.378** | **73.380** |
| Selling, marketing and distribution expenses | 5.1 | -72.866 | -17.045 |
| General & administrative expenses | 5.1 | -108.700 | -31.258 |
| Other operating income | 5.3 | 8.190 | 4.459 |
| **Operating profit/(loss) before non-recurring items** | | **61.001** | **29.537** |
| Non-recurring items from operating activities | 5.4 | 12.813 | -2.383 |
| **Operating profit/(loss) after non-recurring items** | | **73.814** | **27.154** |
| Finance income | 5.5 | 10.738 | 10.899 |
| Finance costs | 5.5 | -54.564 | -17.382 |
| **Net finance income/(costs)** | | **-43.826** | **-6.483** |
| Share of profit/(loss) of equity accounted investments | | -584 | - |
| **Profit/(loss) before income tax** | | **29.404** | **20.670** |
| Income tax expense/(income) | 5.6 | -12.363 | -9.894 |
| **Profit/(loss) for the period from continuing operations** | | **17.041** | **10.777** |
| DISCONTINUED OPERATIONS | | | |
| Profit/(loss) for the period from discontinued operations (attributable to owners of the parent) | | - | **-** |
| PROFIT/(LOSS) FOR THE PERIOD | | 17.041 | 10.777 |
| Attributable to: | | | |
| - The shareholders of Greenyard Foods (the Group) | | 16.693 | 10.591 |
| - Non-controlling interest | | 348 | 186 |

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

[2] The presentation of the income statement of Greenyard Foods has changed from a presentation by nature to a functional income statement including a reclassification of write-off in trade receivables and inventory and change in provisions with an impact on REBITDA (€-1,9 million in AY 15/16 and €-2,3 million REBITDA in AY 14/15 respectively) and a reclassification of factoring fees from finance costs to REBITDA (€-0,4 million in AY 15/16 and AY 14/15 respectively). These changes are reflected in 'REBITDA (restated)', and will be consistently applied going forward. For a definition of REBITDA and REBIT we refer the reader to financial definitions at the end of this document.

| Earnings per share (in € per share) | Note (*) | AY 15/16 | AY 14/15 |
|---|---|---|---|
| **Basic** | | **0,44** | **0,64** |
| Earnings per share from continued operations | 5.7 | 0,44 | 0,64 |
| Earnings per share from discontinued operations | 5.7 | - | - |
| **Diluted** | | **0,44** | **0,56** |
| Earnings per share from continued operations | 5.7 | 0,44 | 0,56 |
| Earnings per share from discontinued operations | 5.7 | - | - |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Consolidated statement of comprehensive income | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **Profit/(loss) for the period** | **17.041** | **10.777** |
| Remeasurements on post employment benefit obligations, gross | -2.414 | 264 |
| Deferred tax on remeasurements on post employment benefit obligations | 613 | -32 |
| **Items that will not be reclassified to profit or loss** | **-1.801** | **232** |
| Cash flow hedges, gross | -5.321 | -588 |
| Deferred tax on cash flow hedges | 1.809 | 200 |
| Currency translation differences, gross | -2.541 | 1.154 |
| Fair value reserve | 87 | - |
| **Items that may be reclassified to profit or loss** | **-5.966** | **766** |
| **Other comprehensive income for the period** | **-7.766** | **998** |
| **Total comprehensive income for the period** | **9.275** | **11.775** |
| Total comprehensive income attributable to: | | |
| The shareholders of the Group | 8.978 | 11.589 |
| Non-controlling interest | 296 | 186 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Assets | Note (*) | 31 March 2016<br>€'000 | 31 March 2015<br>€'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **1.286.162** | **294.265** |
| Property, plant and equipment | 6.1 | 380.866 | 255.726 |
| Land and buildings | | 163.458 | 115.146 |
| Plant, machinery and equipment | | 188.412 | 133.007 |
| Furniture and vehicles | | 9.277 | 2.438 |
| Leasehold improvements | | 5.402 | - |
| Assets under construction | | 14.317 | - |
| Other | | - | 5.135 |
| Goodwill | 6.2 | 589.875 | 10.340 |
| Intangible assets | 6.3 | 249.703 | 21.433 |
| Biological assets | 6.4 | 21.081 | - |
| Investments in associates and joint ventures | 6.6 | 7.141 | - |
| Other financial assets | | 187 | 5 |
| Other non-current financial assets | | - | 5 |
| Available for sale financial assets | | 187 | - |
| Deferred tax assets | 6.7 | 10.871 | 6.699 |
| Trade and other receivables | 6.9 | 26.438 | 62 |
| **CURRENT ASSETS** | | **800.326** | **335.683** |
| Biological assets | | 80 | - |
| Inventories | 6.8 | 293.587 | 233.964 |
| Trade and other receivables | 6.9 | 360.944 | 80.858 |
| Trade receivables | | 265.702 | 60.446 |
| Other receivables | | 95.242 | 20.412 |
| Other financial assets | | 7.765 | 355 |
| Financial instruments: derivatives | 6.5 | 2.994 | 355 |
| Available for sale financial assets | | 529 | - |
| Financial assets at fair value | 6.5 | 4.243 | - |
| Cash and cash equivalents | 6.10 | 137.949 | 20.506 |
| **TOTAL ASSETS** | | **2.086.488** | **629.948** |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| Equity and liabilities | Note (*) | 31 March 2016<br>€'000 | 31 March 2015<br>€'000 |
|---|---|---|---|
| **EQUITY** | | **728.292** | **221.830** |
| Issued capital | 6.12 | 288.392 | 97.845 |
| Share premium and other capital instruments | 6.12 | 317.882 | 14.309 |
| Consolidated reserves | | 114.670 | 103.480 |
| Cumulative translation adjustments | | -4.370 | -1.869 |
| Non-controlling interests | | 11.718 | 8.065 |
| **NON-CURRENT LIABILITIES** | | **534.864** | **207.601** |
| Employment benefit provisions | 6.14 | 21.620 | 1.616 |
| Provisions for other liabilities & charges | 6.15 | 11.396 | 760 |
| Financial debts at credit institutions | 6.16 | 13.787 | 6.662 |
| Finance leases | | 818 | - |
| Bank loans | | 12.969 | 6.662 |
| Other financial liabilities | | 440.856 | 174.749 |
| Subordinated loans with warrants | 6.16 | - | 25.065 |
| Bond loans | 6.16 | 436.494 | 149.684 |
| Derivatives | 6.5 | 4.362 | - |
| Trade and other payables | | 1.051 | 791 |
| Deferred tax liabilities | 6.7 | 46.154 | 23.023 |
| **CURRENT LIABILITIES** | | **823.332** | **200.517** |
| Provisions for other liabilities & charges | 6.15 | 6.223 | - |
| Financial debts at credit institutions | 6.16 | 72.678 | 60.888 |
| Finance leases | | 692 | - |
| Bank loans | | 71.986 | 60.888 |
| Other financial liabilities | | 3.592 | 14.519 |
| Bond loans | 6.16 | - | 12.000 |
| Other financial debts | 6.16 | 9 | 6 |
| Derivatives | 6.5 | 3.584 | 2.513 |
| Trade and other payables | 6.17 | 740.838 | 125.110 |
| Trade payables | | 616.540 | 93.086 |
| Taxes payable | | 25.123 | 9.767 |
| Remuneration and social security | | 36.385 | 15.645 |
| Other amounts payable | | 62.791 | 6.613 |
| **TOTAL EQUITY AND LIABILITIES** | | **2.086.488** | **629.948** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Equity per AY 15/16 | Attributable to shareholders of the Group | | | | | | | | Non- | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premiums | Retained earnings | Cash flow hedge reserve | Foreign currency translation | Fair value reserve | Defined benefit liability | Total | controlling interest | |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| BALANCE AT THE END OF THE PRECEDING PERIOD | 97.845 | 14.309 | 103.867 | -388 | -1.869 | - | - | 213.764 | 8.066 | 221.830 |
| **Profit/(loss) for the period** | **-** | **-** | **16.706** | **-** | **-** | **-** | **-** | **16.706** | **336** | **17.042** |
| - Cash flow hedges, gross | - | - | - | -5.321 | - | - | - | -5.321 | - | -5.321 |
| - Deferred tax on cash flow hedges | - | - | - | 1.809 | - | - | - | 1.809 | - | 1.809 |
| - Exchange differences on the translation of foreign operations, gross | - | - | - | - | -2.501 | - | - | -2.501 | -41 | -2.542 |
| - Remeasurements of the defined benefit liability (asset), gross | - | - | - | - | - | - | -2.506 | -2.506 | - | -2.506 |
| - Deferred tax on remeasurements of the defined benefit liability (asset) | - | - | - | - | - | - | 706 | 706 | - | 706 |
| - Fair value reserve | - | - | - | - | - | 87 | - | 87 | - | 87 |
| **Other comprehensive income** | **-** | **-** | **-** | **-3.512** | **-2.501** | **87** | **-1.801** | **-7.726** | **-41** | **-7.767** |
| Total comprehensive income for the period | - | - | 16.706 | -3.512 | -2.501 | 87 | -1.801 | 8.979 | 295 | 9.275 |
| - Capital increase | 190.546 | -11.376 | - | - | - | - | - | 179.170 | - | 179.170 |
| - Scope and other changes | - | 314.950 | -289 | - | - | - | - | 314.661 | 3.356 | 318.017 |
| BALANCE AT THE END OF THE PERIOD | 288.392 | 317.882 | 120.284 | -3.900 | -4.370 | 87 | -1.801 | 716.574 | 11.718 | 728.292 |

| Equity per AY 14/15 | Attributable to shareholders of the Group | | | | | | | | Non- | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premiums | Retained earnings | Cash flow hedge reserve | Foreign currency translation reserve | Fair value reserve | Defined benefit liability | Total | controlling interest | |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| BALANCE AT THE END OF THE PRECEDING PERIOD | 97.845 | 14.309 | 93.063 | - | -3.023 | - | - | 202.194 | 9.742 | 211.936 |
| **Profit/(loss) for the period** | **-** | **-** | **10.591** | **-** | **-** | **-** | **-** | **10.591** | **186** | **10.777** |
| - Cash flow hedges, gross | - | - | - | -588 | - | - | - | -588 | - | -588 |
| - Deferred tax on cash flow hedges | - | - | - | 200 | - | - | - | 200 | - | 200 |
| - Exchange differences on the translation of foreign operations, gross | - | - | - | - | 1.154 | - | - | 1.154 | - | 1.154 |
| - Remeasurements of the defined benefit liability (asset), gross | - | - | 264 | - | - | - | - | 264 | - | 264 |
| - Deferred tax on remeasurements of the defined benefit liability (asset) | - | - | -32 | - | - | - | - | -32 | - | -32 |
| **Other comprehensive income** | **-** | **-** | **232** | **-388** | **1.154** | **-** | **-** | **998** | **186** | **1.184** |
| Total comprehensive income for the period | - | - | 10.823 | -388 | 1.154 | - | - | 11.589 | 186 | 11.775 |
| - Scope and other changes | - | - | -9 | - | - | - | - | -9 | -1.862 | -1.871 |
| - Other | - | - | -10 | - | - | - | - | -10 | - | -10 |
| BALANCE AT THE END OF THE PERIOD | 97.845 | 14.309 | 103.867 | -388 | -1.869 | - | - | 213.764 | 8.066 | 221.830 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| Consolidated cash flow statement | Note (*) | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|---|
| **CASH AND CASH EQUIVALENTS, OPENING BALANCE** | 6.10 | **20.506** | **15.023** |
| **CASH FLOW FROM OPERATING ACTIVITIES (A)** | | **218.257** | **57.365** |
| **Operating profit (EBIT)** | | **73.814** | **27.545** |
| **Income taxes paid** | | **-15.518** | **-7.410** |
| **Adjustments for non-cash items** | | **33.863** | **34.624** |
| Fair value adjustments biological assets | | -1.455 | - |
| Gain on bargain purchase | | -18.252 | - |
| Amortization of intangible assets | | 15.562 | 2.032 |
| Depreciation of property, plant & equipment | | 39.112 | 28.318 |
| Increase/decrease (-) in amounts written off | | 227 | 527 |
| Write-off on stock/trade receivables | | 3.341 | 2.188 |
| Increase/decrease (-) in provisions | | -4.973 | 526 |
| Gain (-)/ loss on disposal of subsidiaries | | - | 1.424 |
| Gain (-)/ loss on disposal of fixed assets | | 301 | -390 |
| **Increase (-) /decrease in working capital** | | **126.098** | **2.606** |
| Increase (-)/decrease in inventories | | 17.566 | -11.738 |
| Increase (-)/decrease in trade and other receivables | | -8.149 | 1.992 |
| Increase/decrease (-) in trade and other payables | | 124.107 | 2.637 |
| Effect of exchange rate on working capital | | -7.425 | 9.714 |
| **CASH FLOW FROM INVESTING ACTIVITIES (B)** | | **-45.083** | **-48.385** |
| **Acquisitions (-)** | | **-61.532** | **-50.607** |
| Acquisition of intangible assets and property, plant & equipment | | -53.896 | -50.607 |
| Acquisition of subsidiaries (**) | | -7.636 | - |
| **Disposals** | | **16.449** | **2.222** |
| Disposal of property, plant & equipment | | 9.393 | 578 |
| Disposal of subsidiaries | | 7.056 | 1.644 |
| **CASH FLOW FROM FINANCING ACTIVITIES (C)** | | **-52.501** | **-865** |
| Capital increase | | 25.584 | - |
| Long- and short-term funds obtained | | - | 42.000 |
| Long- and short-term funds paid (-) | | -45.285 | -28.219 |
| Net interests paid | | -26.261 | -13.341 |
| Other financial charges | | -6.540 | -1.305 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **120.673** | **8.115** |
| Effect of exchange rate fluctuations | | -3.231 | -2.632 |
| **CASH AND CASH EQUIVALENTS, CLOSING BALANCE** | 6.10 | **137.948** | **20.506** |

*(*) The attached notes form an integral part of this consolidated statement of cash flows.*

*(**) consists of cash entered into scope through the business combination with Fresh (€6,7 million cash less €8,5 million overdrafts), with Horticulture (€ 4,7 million cash) and the consideration paid for the business combination with Lutèce (€-8,3 million) and H-Pack and H-Fruit (€-2,0 million).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Greenyard Foods NV is domiciled in Belgium in Sint-Katelijne-Waver and is listed on the continuous market of Euronext Brussels under the code 'GRYFO'. Greenyard Foods is a global market leader in fresh and prepared fruit & vegetables, as well as growing media. The Group is the business combination of Prepared, ranked second in frozen and fifth in canned fruit & vegetables in Europe, Fresh, ranked second in fresh fruit & vegetables worldwide and Horticulture, ranked third in soil improvers in Europe.

The mission of the Group is to make lives healthier by helping people enjoy fruit & vegetables at any moment of the day in an easy, fast and pleasurable way.

Greenyard Foods has operations worldwide and serves a global customer base among which most of the leading retailers in Europe. The Group counts close to 8.200 staff active in 27 countries worldwide.

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 July 2016 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

**A. Standards, interpretations and amendments effective in 2015-2016**

The following (other) new Standards and Interpretations that came into application as from the period of 1 April 2015 to 31 March 2016 onwards have no or limited impact on the consolidated financial statements of the Group:

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015);
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015);
- Amendments to IAS 19 *"Employee Benefits - Employee Contributions"* (applicable for annual periods beginning on or after 1 February 2015);
- IFRIC 21 "*Levies"* (applicable for annual periods beginning on or after 17 June 2014);

**B. Standards, interpretations and amendments that are not yet effective at March 2016 and have not been early adopted**

The Group did not apply prospectively to the 2015-2016 accounting 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 2018 but not yet endorsed in the EU);
- IFRS 15 "*Revenue from Contracts with Customers"* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU);
- IFRS 16 "*Leasing"* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU);
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU);

- Amendments to IFRS 10 and IAS 28 "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU);
- Amendments to IFRS 11 *"Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU);
- Amendments to IAS 1 *"Presentation of Financial Statements – Disclosure Initiative"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU);
- Amendments to IAS 16 and IAS 38 *"Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU);
- Amendments to IAS 16 and IAS 41 *"Agriculture: Bearer Plants"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU);
- IFRS 14 "*Regulatory Deferral Accounts"* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU).

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 2018, but not yet endorsed in EU), the application of which can significantly affect the classification and measurement of financial assets;
- IFRS 15 "*Revenue from Contracts with Customers"* (applicable for annual periods beginning on or after 1 January 2017), for which the Group is still in process of analysing the potential impact;
- IFRS 16 "*Leasing"* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU), for which the Group is still in process of analysing the potential impact.

## 2.3 VALUATION RULES

In AY 15/16 no major changes took place in the valuation rules compared with the previous reporting period, apart from the changes that arose from the business combinations (see also note "*2.4 Changes to the consolidation scope"*).

### A. Consolidation principles

The consolidated annual financial statements consolidate the financial data of Greenyard Foods 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, when the following three elements are applicable:

- The parent company has power over the investee;
- The parent company is exposed, or has rights, to variable returns from its involvement with the investee; and
- The parent company has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts or circumstances indicate that there are changes in one or more of the three elements of control listed above.

The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 are drawn up for the same accounting 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"*. 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 recognised 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.

**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".*

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 profit 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 recognised 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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and any resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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 IFRS). 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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent 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"*.

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 recognised 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 recognised 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 ('gain on bargain purchase').

### Consolidation eliminations

All intra-group balances and transactions with subsidiaries are eliminated when preparing the consolidated financial statements.

Unrealised 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 unrealised losses as for unrealised gains, with the difference that they are eliminated only where there is no indication for recording an impairment.

Unrealised foreign exchange gains and losses on intra-group balances are not eliminated.

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 euro, which is the functional currency of the parent company, and that in which the consolidated financial statements are presented.

#### Transactions in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

The Group enters into term contracts to hedge against exposure to certain exchange rate differences. We refer here to heading *"(v) derivatives"* on the measurement rules for this type of financial instrument and to note *"6.18 Risk Management Policy"*, where this type of instrument is analysed 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 adjustments are recognised in a separate equity line, more specifically 'translation adjustments'. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation adjustment is allocated to the non-controlling interests.

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

| | Closing rate | | Average rate | | |
|---|---|---|---|---|---|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 - 12 months | 31/03/2016 - 9,5 months | 31/03/2015 - 12 months |
| 1 USD = | € 0,8783 | - | - | € 0,9051 | € 0,7924 |
| 1 GBP = | € 1,2633 | € 1,3670 | € 1,3655 | € 1,3616 | € 1,2741 |
| 1 RUB = | € 0,0131 | - | - | € 0,0136 | - |
| 1 PLN = | € 0,2349 | € 0,2440 | € 0,2366 | € 0,2348 | € 0,2386 |
| 1 BRL = | € 0,2429 | € 0,2832 | € 0,2548 | € 0,2451 | € 0,3208 |
| 1 CZK = | € 0,0370 | - | - | € 0,0369 | - |
| 1 CLP = | € 0,0013 | - | - | € 0,0013 | - |
| 1 HUF = | € 0,0032 | € 0,0033 | € 0,0032 | € 0,0032 | € 0,0032 |
| 1 PEN = | € 0,2669 | - | - | € 0,2791 | - |

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 adjustments 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 adjustments 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 adjustments 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. Segment reporting"*.

### 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 realised 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 recognised 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 recognised 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 assets

Intangible assets consist of titles, brand names, customer relationships, software, licenses 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 assets with limited useful life

Intangible assets with limited useful life are recorded at cost less accumulated amortisation and any accumulated impairments. Intangible assets having a limited useful life are amortised 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 amortisation method are assessed annually during the accounting year end closing. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate.

Following the business combinations as described in note *"2.4 Changes in consolidation scope"*, the client portfolio of Fresh and the licenses for the acquired licenses of rented peat bogs were also included.

The following economic useful lives are applied by the Group:

| Item | Years | Method |
|---|---|---|
| Software | 3-5 | Straight-line |
| Concessions, licenses and ownership rights | 3-5 | Straight-line |
| Customer relationships | 15-25 | Straight-line |
| Licenses of rented peat bogs | Individual basis (based on contractual lifetime) | Straight-line |

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 capitalised 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 Group can reliably assess the expenditure allocated to the intangible asset during its development.

The capitalised 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 in-process research and development project acquired in a business combination is recognised as an asset separately from goodwill if its fair value can be measured reliably.

Capitalised 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 recognised as an asset at cost, and subsequently measured at cost less any accumulated impairments.

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

The 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 recoverable amount. The recoverable amount is the higher of the fair value minus costs to sell and value in use.

Where the recoverable amount of the cash generating unit is lower than its carrying amount, an impairment will first be recognised 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 recognised 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 in Chapter *"2.3 Valuation Rules"*.

### G. Biological assets

The Group operates a growing and sourcing activity of daffodils in the UK Cornwall region. Flowers are grown using bulbs which are planted providing a yearly flower which is cut and sold. Until the bulbs and flowers are harvested, these are considered as biological assets within the scope of *IAS 41 "Agriculture"*. The bulbs reproduce themselves every 5 years resulting in the so-called 'multiplication' effect.

The most appropriate and representative method for assessing the fair value in accordance with *IAS 41 "Agriculture"* is considered to be the net present value of the daffodil flowers held for production. The Group has established, based on historical information, a clear profitability reporting on own production and sourced production. This allows the Group to clearly forecast future performance and to implement a more consistent approach enabling a net present value approach to measure the fair value of these assets.

A gain or loss arising on initial recognition of these assets at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in profit or loss for the period in which it arises. Farming costs such as day-to-day maintenance are expensed.

The value of the bulbs excludes the land upon which the plants are planted and the fixed assets utilised in the upkeep of planted areas.

### H. Property, plant & equipment

#### Owned assets

The Group has opted for the historical cost model and not for the revaluation model. Property, plant & equipment acquired separately are initially measured at cost. Property, plant & equipment acquired in a business combination are initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant & equipment is 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 capitalised 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 recognised 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 recognised 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 accounting 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".*

Following ranges for economic useful lives are used by the Group:

| Item | Years | Method |
|---|---|---|
| Owned buildings | 3-40 | Straight-line |
| Refurbishment buildings | 3-40 | Straight-line |
| Land improvements | 3-13 | Straight-line |
| Plant and machinery | 3-20 | Straight-line |
| Vehicles | 3-10 | Straight-line |
| Hardware | 3-5 | Straight-line |
| Furniture, and non-electronic office equipment | 3-10 | Straight-line |

#### Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognised 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 amortised over the depreciation period of the underlying assets.

### I. 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 recognised 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.

### J. Impairment of property, plant & equipment and intangible assets

In accordance with IAS 36, an assessment is made, at each balance sheet date, in respect of the Group's property, plant & equipment and intangible assets, as to whether there are indications that an impairment loss needs to be recognised on a particular asset. Where an indication exists of such impairment, the realisable value of the asset is estimated. The realisable 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 pre-tax 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 recognised whenever the carrying amount of an asset, or the cash flow generating unit to which the asset belongs, is higher than the realisable amount. Impairment losses are recognised directly to the income statement.

Reversal of impairment losses recognised in prior years is included as income when there is an indication that the impairment losses recognised 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 realisable 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 recognised on the asset in earlier years.

### K. Inventories

Inventories are measured at the lower of cost (purchase costs or costs of conversion) by the FIFO (first-in, first-out) method and realisable 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 realisable 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.

Inventories are subject to a 'Net Realisable Value' (NRV) principle, in which the average inventory price for each vegetable subgroup 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.

## L. 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 recognised at completion date. This means that an asset is recognised on the date that it is received by the Group, and that it is derecognised 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 recognised in the income statement.

- *Financial assets at fair value through profit and loss (FaAFVTPL/FaHT)*
  These include:
  a) Financial assets which are initially recognised 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 impairment. 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, amortised using the 'effective interest method' less any impairment.

- *Loans and receivables (L&R)*
  Loans and receivables are measured at amortised cost less any impairment. 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 recognised 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.

### M. Trade and other receivables

Short-term trade receivables and other receivables are initially measured at fair value. At the end of the accounting year, doubtful receivables are estimated based on an assessment of all outstanding amounts.

Valuation allowances are recognised 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 *“6.9 Trade and other receivables”* for more information with regard to the accounting of write-offs.

Allowances against the trade receivables are established based on the Company's knowledge of customers' financial condition, historical loss experience and account payment status compared to invoice payment terms. Allowances are recorded and charged to expense when an account is deemed to be uncollectible. Recoveries of trade receivables previously reserved in the allowance are credited to income.

### N. 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.

### O. 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 recognised under equity on the basis of the income received less direct transaction costs.

Equity instruments of the Group are not revalued.

#### Dividends

Dividends are recognised 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.

#### Distinction with interest bearing liabilities

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.

Interest bearing liabilities are measured initially at fair value, less attributable transaction costs. After initial valuation interest bearing liabilities are recognised at their amortised 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.

### 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 recognised as a provision is the best estimate at the balance sheet date of the outflow needed in order to fulfil the existing obligation, eventually discounted where the time value of money is a relevant factor.

### Reorganisation or restructuring

A provision for reorganisation costs is recorded in those cases where the Group has approved a detailed formal reorganisation plan and has created a valid expectation among those involved that the reorganisation 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.

## Q. Employee benefits

### Pension obligations ('defined contribution plans')

In the 'defined contribution plans', the actuarial risk and the investment risk are borne entirely by the employee. Obligations relating to these plans are recognised directly in the income statement at the time incurred.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans. Before 2015 the defined contribution plans in Belgium were basically accounted for as defined contribution plans. New legislation dated December 2015 however triggered the qualification as defined benefit plan and the recognition of a net defined benefit obligation.

### Defined pension obligations ('defined benefit plans')

In defined benefit plans, the amount on the balance sheet (the 'net liability') corresponds to the present value of the gross liability, reduced by potential plan assets. 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 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.

The benefit expenses included in the income statement relates to current and past service cost, interest expenses and interest income.

'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 and return on plan assets (excluding interest income) are recognised in the other comprehensive income at the moment they arise.

'Past service costs' refers to the increase in the present value of the gross obligation for services that were delivered by employees in previous periods and that arise in the current period from the introduction of or changes in the remunerations after retirement. Past service costs are immediately recognised in the income statement.

### 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 and are recognised immediately, in the income statement.

## 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 amortised 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 amortised cost. The difference between the income (net of transaction costs) and the redemption value is recognised 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 amortised cost.

The application of IFRIC 21 lead to the fact that several levies were no longer be allowed to be spread over the calendar year, as the obligating event occurs at a specific point of time and after which the Group could no longer avoid the outflow of economic benefits by its own actions.

### U. Financial assets and liabilities: derivatives

#### Financial risk factors

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

#### Hedging instruments

The financial derivatives which are economic hedges (to limit risks from adverse exchange rate and interest rate fluctuations) and which meet the strict criteria of IAS 39 *“Financial instruments: recognition and valuation”*, are included as cash flow hedges, whereas in previous reporting period no cash flow hedging was applied. The effective portion of the change in fair value of derivative financial instruments that are identified as cash flow hedges is recognised in other comprehensive income. The gain or loss on the ineffective portion is immediately reported in the income statement. Amounts accumulated in equity are reclassified to the income statement in the periods in which the financial instrument in question impacts the income statement.

A formal documentation system has been 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 fulfil 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/FlFVPL), 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. The fair value of interest rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty.

### 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, recognised 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 recognised 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 recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that taxable profits are available for offsetting against deductible temporary differences. Such liabilities and receivables are not recognised 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 property, plant & equipment, the effect of changed depreciations on the inventory valuation, the effect of changes in the inventory valuation method (full cost instead of direct cost), the recognition of grants and the impact of the acquisitions.

Deferred tax liabilities are recognised 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 deferred tax assets 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 recognised directly to equity, in which case the deferred tax is also recognised directly to equity.

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to offset the recognised 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 all 5 conditions are met:

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’.

Trade goods include goods produced for the purpose of sale and goods purchased for resale.

The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### Revenue from sales of services

By using its distribution centres, the Group offers its customers a complete logistics and distribution solution for all their fresh produce. Furthermore, the Group delivers supporting services including packaging and repacking.

When the outcome of a transaction involving the rendering of services is estimated reliably, revenue associated with the transaction is recognised when the services are rendered. The outcome of a transaction is estimated reliably when all the following conditions (4) are satisfied:

- The amount of revenue is measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction are measured reliably.

In general, these services are invoiced as they are performed and the amounts directly recognised in the income statement and do not require the measurement of the stage of completion. The exception is mostly when the nature of the goods require treatment over a longer timeframe.

#### Government grants

Government grants are recognised at the time that reasonable certainty exists that the Group will fulfil 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 acquire. Interest is recognised by the 'effective interest method' as specified under IAS 39 *"Financial Instruments: Recognition and Measurement*". Dividend income from investments is recognised whenever the shareholders' rights to payment have been acquired.

#### Finance costs

Finance costs comprise interest expense on borrowings and interest on instalments of financial leasing, 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 *"h) property, plant & equipment"*) are spread as an expense over the financing period using the effective interest method.

### Y. Non-recurring income and charges and non-IFRS-measures

Non-recurring items are those that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the financial statements. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposals and on IFRS 3 acquisition accounting and the effect of the accelerated repayment of certain debt facilities.

The non-IFRS measures are included in these consolidated financial statements because management believes they are useful to certain investors, securities analysts and other interested parties as additional measures of performance.

The Group presents non-IFRS measures in addition to financial measures determined in accordance with IFRS. Non-IFRS measures as reported by the Group may differ from similar measures presented by other companies.

#### 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

The following changes in the consolidation scope occurred during the AY 15/16:

### Business combination Prepared, Fresh and Horticulture per 19 June 2015

On 19 June 2015, the business combination took place between Prepared, Fresh and Horticulture with the objective to create a global leader in fruit and vegetables. The combination was conducted through a contribution of 100% of shares of Fresh and through a contribution of 100% of shares of Horticulture against newly issued Greenyard Foods shares.

Consequently, Greenyard Foods became the parent company of the newly formed Group with year-end closing as per 31 March. Both contributions of Fresh and Horticulture are considered as separate business combinations included in the scope of IFRS 3. Each of the three companies has built a strong market position. Together these positions can be strengthened via consumer oriented innovation and category management, allowing to build on the complementarity of fresh and prepared fruit and vegetables. By doing so, Greenyard Foods continues to align its business model to important trends in retail and consumer needs.

The joint mission of the combined Greenyard Foods Group is: “To make lives healthier by helping people enjoy fruit and vegetables at any moment, easy, fast and pleasurable whilst fostering nature”.

The combined Greenyard Foods Group’s strategy aims at creating an industry leader by consumer based category management beyond the boundaries of fresh and prepared fruit and vegetables along the following axes:

1. **Leverage on merger by a consumer based approach**
   The consumer based approach is based on an analysis of drivers and barriers of vegetable and fruit consumption. This objective is to leverage the complementarity between Fresh and Prepared rather than competing among the different types. As a result four consumer segments are identified for consumer based activation and innovation. The segments and some examples are:
   - Health driven consumers; e.g. leverage & expand fresh salads/mixes, info on nutritional value, tools to stimulate ‘5 a Day’ etc.;
   - Convenience driven consumers; e.g. offering of ready to eat fruit, developing more convenient products etc.;
   - Sustainability driven consumers; e.g. exploiting provenance, underline benefits of plant based diet, help to reduce waste by e.g. offering the right assortment/ sizes etc.;
   - Pleasure/taste driven consumers; e.g. strengthening in-store theatre, offering more variety, combining pleasure *“grow your own”* with purchased products, maximize taste by insuring proper preparation method.

2. **Leverage on merger via consumer based category management**
   Greenyard Foods Group will build on its partnerships with retailers to help them differentiate towards their shoppers via assortment and activation. This will also allow retailers to get efficiencies while keeping focused on end consumers.

**3. Leverage on merger by consumer based innovation**

The consumer segments highlighted above will be the basis for in product innovation. This will range from introducing new products to meet the need for convenience and variety i.e. new mixes of vegetables with e.g. pre-cooked rice or pasta to allow for a quick, tasty and nutritious meal. Also will we look at innovations to create new consumption moments e.g. juices, fruit on the go.

**4. Leverage the digital trend with a consumer platform**

The new combined Group will start an inspirational platform to stimulate fruit and vegetables consumption by offering relevant info/ tips on health, on how to consume sufficient fruit and vegetables etc.

**5. Leverage on merger to establish the group as an authority in fruit and vegetables**

The combined Greenyard Foods Group aims to take a leading role and leverage its unique position by working with Key Opinion Leaders e.g. on the development of the Coalition Agreement around healthier lifestyles. Also by cooperation in developing public awareness campaigns around fruit and vegetables and by supporting the revision of the Food Pyramid with research data.

The key characteristics for the Combined Greenyard Foods Group are:

- Unique global player in fresh and prepared fruit & vegetables and growing media;
- Prepared, Fresh and Horticulture have an M&A track record. The acquisition criteria are:
  - Sales and distribution companies with strong connection with key retailers in countries with high market share for organised retail with priority in North/ West Europe and the Americas
  - Production and/or sourcing companies active in key regions for the cultivation of a specific product, best in class producer or exporter, full control of the supply chain or potential to reach this
  - Financial considerations, such as EBITDA improvement potential, fair acquisition multiple and no deterioration of our fundamental financials;
- Excellent sourcing capabilities;
- Control of the supply chain between the independent growers and retailers;
- Long standing relationships with blue chip retailers;
- Unique logistic and distribution capabilities;
- A leader in food safety and corporate social responsibility through e.g. investing in breeder program, water management, social empowerment, sector cooperation, use of GPS sowing machines, waste reduction, energy saving;
- Strong management team and deeply engaged shareholders.

## Fresh contribution

Fresh (www.Univeg.com) is a worldwide supplier of fresh produce, active in the fields of Fruit & Vegetables, Flowers & Plants, Convenience products, Transport & Logistics. Fresh has operations worldwide and serves a global customer base. Fresh employs per end of June 2015 5.550 staff and is active in 26 countries.

The results of Fresh are incorporated in Greenyard Foods consolidation as from 19 June 2015 onwards, the moment that Greenyard Foods NV acquired control and management. The activities of Fresh are included in the segment Fresh (see note "*4. Segment reporting"*).

The transactions flow of the Fresh contribution can be summarized as follows:

- The contribution in kind of 4,61% shares of Fresh held by the STAK FieldLink (the certificate holders of Fresh are directors and senior management of Fresh and certain local managers of the operating entities);
- The transfer of assets (95,39% of total shares Fresh) and liabilities (an interest bearing debt of €2,48 million towards Fresh) of De Weide Blik NV ('DWB') by way of partial demerger into the Company.

The identifiable assets, liabilities and contingent liabilities of the Fresh Segment that meet all the criteria of IFRS 3 *"Business combinations"* are taken into account at fair value on the contribution date.

In accordance with IFRS 3 §37 the consideration (in this transaction consisting in the newly issued ordinary equity instruments/shares of Greenyard Foods) contributed in a business combination is measured at fair value at the contribution date, which was 19 June 2015 (date of the general shareholders' meeting approving the contributions). The fair value of the new shares of Greenyard Foods is therefore based on the share price at that date. In order to prepare the pro-forma financial information and determine the goodwill, the Company used the share price of Greenyard Foods as per 19 June 2015, being €18,55. In total 21.998.869 new shares Greenyard Foods were issued, resulting in a consideration contributed of €408.079.020.

On contribution date the excess of the sum of i)+ii)+iii) (where i) the consideration contributed to obtain control, ii) the amount of any non-controlling interests in the acquiree, and iii) the fair value of the contributor's previously held equity interest in the acquiree (if any)) over the net amounts of the identifiable assets acquired and the liabilities assumed of Fresh amounted to €546,0 million.

The goodwill resulting from the contribution of the shares in Fresh (via the DWB partial demerger and the Fresh contribution) is calculated as follows:

| **Consolidation goodwill Fresh** | **Net fair value per 19/06/2015 €'000** |
|---|---|
| Total consideration contributed | 408.079 |
| Non-controlling interests | 3.036 |
| **Contribution price** | **411.115** |
| Fair value of contributed assets and liabilities | -134.590 |
| **Fair value contributed assets and liabilities** | **-134.590** |
| **Goodwill on contribution date** | **545.706** |

The net assets of Fresh include the reported IFRS equity of Fresh as presented in the table below.

| Opening balance sheet | Consolidated IFRS balance sheet Fresh on 19/06/2015 €'000 |
|---|---|
| **ASSETS** | |
| Property, plant and equipment | 80.030 |
| Biological assets | 21.813 |
| Intangible assets | 228.802 |
| Investments accounted for using the equity method | 5.310 |
| Deferred income tax assets | 5.554 |
| Available-for-sale financial assets | 187 |
| Trade and other receivables | 29.705 |
| **Non-current assets** | **371.402** |
| Biological assets | 157 |
| Inventories | 53.088 |
| Trade and other receivables | 258.939 |
| Derivative financial instruments | 4.376 |
| Available-for-sale financial assets | 529 |
| Financial assets at fair value | 6.152 |
| Cash and cash equivalents (excluding bank overdrafts) | 6.747 |
| **Current assets** | **329.987** |
| **Assets held for sale** | **10.768** |
| **Total assets** | **712.157** |
| **LIABILITIES** | |
| Borrowings | 287.150 |
| Deferred income tax liabilities | 22.946 |
| Post-employment benefits | 16.401 |
| Derivative financial instruments | 3.937 |
| Provisions for other liabilities and charges | 14.063 |
| **Non-current liabilities** | **344.497** |
| Trade and other payables | 475.676 |
| Borrowings | 18.623 |
| Derivative financial instruments | 837 |
| Provisions for other liabilities and charges | 7.114 |
| **Current liabilities** | **502.250** |
| **Total liabilities** | **846.747** |
| **Total net assets** | **-134.590** |

The financial information concerning the balance sheets (under IFRS valuation rules) relating to Fresh per 19 June 2015 is transformed into the IFRS-recognition and valuation principles of the Group (‘fair value’ exercise IFRS 3 for the opening balance sheet per 19 June 2015). The accounting of this business combination is considered to be complete.

The sales and net result of the activities of Fresh from their contribution date (19 June 2015) to 31 March 2016 amount to €2.508,1 million and €7,2 million respectively.

An estimate for the accounting period of 12 months ending as per 31 March 2016 of the impact as if Fresh activities had been included in the Group’s results from the start of the accounting year (1 April 2015) gives sales of €3.248,8 million and a net result of €8,4 million respectively.

In accordance with IFRS standards, the direct transaction costs related to the capital increase (€-2,0 million) are deducted from the share capital of Greenyard Foods NV.

The costs related to the contribution of Fresh (€2,0 million) are taken directly in the income statement under the non-recurring costs and income.

## Horticulture contribution

Peatinvest NV and its subsidiaries have been involved in the horticultural sector for 30 years and employ 400 staff. Horticulture (www.peltracom.be) has 9 production sites in 4 countries and supplies growers throughout the world with a wide range of substrates for growing plants, fruit and vegetables marketed under the Peltracom brand for the professional market and Agrofino for the hobby market.

The results of Horticulture are included in the consolidation scope of Greenyard Foods as from 19 June 2015 onwards, the moment that Greenyard Foods NV acquired control and management. The activities of Horticulture are included in the segment Horticulture (see note *"4. Segment reporting"*).

This transaction includes the contributions in kind of all shares of Horticulture held by the current shareholders of Horticulture (i.e. 95,12% by Deprez Holding and 4,88% by management of Peatinvest).

In accordance with IFRS 3 §37 the consideration (in this transaction consisting in the newly issued ordinary equity instruments/shares of Greenyard Foods) contributed in a business combination is measured at fair value at the contribution date, which was 19 June 2015 (the date of the general shareholders' meeting approving the contributions). The fair value of the new shares of Greenyard Foods is therefore based on the share price at that date. In order to prepare the pro-forma financial information and determine the goodwill, the Company used the share price of Greenyard Foods as per 19 June 2015, being €18,55. In total 3.514.196 new shares Greenyard Foods were issued, resulting in a consideration contributed of €65.188.336.

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 Horticulture amount to €33,9 million.

The goodwill resulting from the contribution of the shares in Horticulture is calculated as follows:

| Consolidation goodwill Horticulture | Net fair value per 19/06/2015 €'000 |
|---|---|
| Total consideration contributed | 65.188 |
| Non-controlling interests | 47 |
| **Contribution price** | **65.235** |
| Fair value of contributed assets and liabilities | -31.298 |
| **Fair value contributed assets and liabilities** | **-31.298** |
| **Goodwill on contribution date** | **33.937** |

The net assets of Horticulture include the reported IFRS equity of Horticulture as presented in the table below.

| Opening balance sheet | Consolidated IFRS balance sheet Horticulture on 19/06/2015 €'000 |
|---|---|
| **ASSETS** | |
| Property, plant and equipment | 21.335 |
| Intangible assets | 7.372 |
| Deferred income tax assets | 2.128 |
| Trade and other receivables | 2 |
| **Non-current assets** | **30.837** |
| Inventories | 10.645 |
| Trade and other receivables | 19.190 |
| Cash and cash equivalents (excluding bank overdrafts) | 4.728 |
| **Current assets** | **34.564** |
| **Total assets** | **65.401** |
| **LIABILITIES** | |
| Borrowings | 8.550 |
| Deferred income tax liabilities | 3.003 |
| Post-employment benefits | 129 |
| Provisions for other liabilities and charges | 547 |
| **Non-current liabilities** | **12.229** |
| Trade and other payables | 17.007 |
| Borrowings | 4.867 |
| **Current liabilities** | **21.874** |
| **Total liabilities** | **34.103** |
| **Total net assets** | **31.298** |

The financial information concerning the balance sheets (under IFRS valuation rules) relating to Horticulture per 19 June 2015 is transformed into the IFRS-recognition and valuation principles of the Group ('fair value' exercise IFRS 3 for the opening balance sheet per 19 June 2015). The accounting of this business combination is considered to be complete.

The sales and net result of the activities of Horticulture from their contribution date (19 June 2015) to 31 March 2016 amount to €49,0 million and €-0,1 million respectively.

An estimate for the accounting period of 12 months ending as per 31 March 2016 of the impact as if the activities of Horticulture had been included in the Group's results from the start of the accounting year (1 April 2015) gives sales of €72,4 million and a net result of €2,8 million respectively.

In accordance with IFRS standards, the direct transaction costs related to the capital increase (€-0,3 million) are deducted from the share capital of Greenyard Foods NV.

The costs related to the contribution of Horticulture (€0,1 million) are taken directly in the income statement under the non-recurring costs and income.

### Business combination with Veiling Haspengouw

On 28 August 2015 the Board of Directors of Greenyard Foods announced the successful closing of a formal cooperation agreement, through which the Group acquired a shareholding in two subsidiaries of Veiling Haspengouw, H-Fruit (50,01% or 1.000.000 shares) and H-Pack (50,00% or 17.500 shares), that include together 125 staff. The collective objective will be to provide

Veiling Haspengouw's growers with a broader channel to market and transparent returns for their produce, whilst ensuring that Veiling Haspengouw continues as a cooperative. The transaction was facilitated by financing from AIF, the investment fund of the Boerenbond.

The price that was paid for the acquisition of 50,01% of the shares (or 1.000.000 shares) of H-Fruit amounts to €1.000.000.
The price that was paid for the acquisition of 50,00% of the shares (or 17.500 shares) of H-Pack amounts to €1.000.001.

The companies H-Fruit and H-Pack are included in consolidation according to the equity method.[3]

| Consolidation gain on bargain purchase H-Pack and H-Fruit | Net fair value per 28/08/2015 €'000 |
|---|---|
| Total consideration transferred | 2.000 |
| **Contribution price** | **2.000** |
| Fair value of acquired assets and liabilities | 2.204 |
| **Fair value acquired assets and liabilities** | **2.204** |
| **Gain on bargain purchase on acquistion date** | **-204** |

The net assets of H-Fruit and H-Pack (subsidiaries of Veiling Haspengouw) include the reported IFRS equity of H-Fruit and H-Pack (subsidiaries of Veiling Haspengouw) as presented in the tables below. As per date of this report, the Group included as much as possible fair value measurements based upon available information. 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 recognised in accordance with the relevant IFRS Standards (in equity or in profit or loss). The accounting of the business combination is ongoing as per date of this financial report.

[3] Management concludes that H-Fruit and H-Pack have to be accounted for as a joint venture (equity accounting) in the consolidated statements of Greenyard Foods Group since joint control is required over the decisions of the relevant activities with unanimous consent of Fresh and Veiling Haspengouw.

| Opening balance sheet | Consolidated IFRS balance sheet H-Fruit and H-Pack on 28/08/2015 €'000 |
|---|---|
| **ASSETS** | |
| Property, plant and equipment | 2.736 |
| Intangible assets | 3.830 |
| Deferred income tax assets | 927 |
| **Non-current assets** | **7.492** |
| Inventories | 613 |
| Trade and other receivables | 3.304 |
| Cash and cash equivalents (excluding bank overdrafts) | 366 |
| **Current assets** | **4.284** |
| **Total assets** | **11.776** |
| **LIABILITIES** | |
| Borrowings | 4.201 |
| Deferred income tax liabilities | 51 |
| Provisions for other liabilities and charges | 99 |
| **Non-current liabilities** | **4.351** |
| Trade and other payables | 1.459 |
| Borrowings | 1.558 |
| **Current liabilities** | **3.017** |
| **Total liabilities** | **7.367** |
| **Total net assets** | **4.409** |

## Business combination Lutèce per 31 March 2016

Lutèce (www.lutece.nl) is a global market leader in the supply of high quality canned mushrooms. The Company has two modern production facilities in the south of the Netherlands, in Velden and Horst which is nearby the currently existing canning facilities, and has approximately 190 employees. Lutèce realises annual sales of €105,2 million and carries low single digit EBITDA margins. This is a very complementary business compared to our existing activities of the canning division. Moreover, Lutèce is equipped with state-of-the-art production facilities.

The results of Lutèce are included in the consolidation scope of Greenyard Foods as from 31 March 2016 onwards, the date on which Greenyard Foods NV acquired control and management. Consequently, the balance sheet is included as the date of acquisition, 31 March 2016. The activities of Lutèce are included in the segment Prepared (see note *"4. Segment reporting"*).

The identifiable assets, liabilities and contingent liabilities of Lutèce that meet all the criteria of IFRS 3 *"Business combinations"* are taken into account at fair value on the contribution date.

Following a repositioning, C4C Holding BV decided to sell the shares of Lutèce Holding BV and its affiliate Lutèce BV (all referred to 'Lutèce') to Greenyard Foods with closing date 31 March 2016. This transaction occurred for a consideration significantly below the fair value of the underlying net assets at that date. As such, this results in a gain on bargain purchase of €18,0 million. However, the Group is currently initiating and implementing a number of initiatives to sustainably restore the underperforming operations of Lutèce resulting in subpar margins for the time being. Furthermore, the Group aims to realise synergies with the other canning operations within the Group gradually over time. The gain on bargain purchase resulting from the acquisition of the shares in Lutèce is calculated as follows:

| Consolidation gain on bargain purchase Lutèce | Net fair value per 31/03/2016 €'000 |
|---|---|
| Total consideration transferred | 8.307 |
| **Contribution price** | **8.307** |
| Fair value of acquired assets and liabilities | 26.356 |
| **Fair value acquired assets and liabilities** | **26.356** |
| **Gain on bargain purchase on acquistion date** | **-18.049** |

The net assets of Lutèce include the reported IFRS equity of Lutèce as presented in the table below.

| Opening balance sheet | Consolidated IFRS balance sheet Lutèce on 31/03/2016 €'000 |
|---|---|
| **ASSETS** | |
| Property, plant and equipment | 26.263 |
| **Non-current assets** | **26.263** |
| Inventories | 15.582 |
| Trade and other receivables | 20.158 |
| Derivative financial instruments | 442 |
| **Current assets** | **36.182** |
| **Total assets** | **62.445** |
| **LIABILITIES** | |
| Borrowings | 14.248 |
| Deferred income tax liabilities | 1.079 |
| Post-employment benefits | 858 |
| Provisions for other liabilities and charges | 350 |
| **Non-current liabilities** | **16.536** |
| Trade and other payables | 18.085 |
| Provisions for other liabilities and charges | 1.468 |
| **Current liabilities** | **19.553** |
| **Total liabilities** | **36.089** |
| **Total net assets** | **26.356** |

The financial information concerning the balance sheet (under IFRS valuation rules) relating to Lutèce per 31 March 2016 is transformed into the IFRS-recognition and valuation principles of the Group ('fair value' exercise IFRS 3 for the opening balance sheet per 31 March 2016).

As per date of this report, the Group included fair value measurements based upon available information. 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 recognised in accordance with the relevant IFRS Standards (in equity or in profit or loss). The accounting of the business combination is ongoing as per date of this financial report.

An estimate of net sales and net result for the accounting period of 12 months ending as per 31 March 2016 of the impact, as if Lutèce activities had been included in the Group's results as of 1 April 2015, amount to €105,2 million and €-2,3 million respectively.

The costs, primarily comprising advisory and legal fees, related to the acquisition of Lutèce (€0,7 million) are taken directly in the income statement under the non-recurring costs and income.

# 3. USE OF ESTIMATES

Preparing the financial statements in accordance with the IFRS Standards requires management to make judgments, 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 assets and property, plant & equipment, deferred tax assets and provisions:

- Impairment losses on goodwill:
  The Group tests goodwill and cash generating units annually and each time when there is an indicator 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;
- Useful lives of intangible assets and property, plant & equipment:
  As described in the valuation rules above, the Group reviews the estimated useful lives of intangible assets and property, plant & equipment at the end of each reporting period. Where expectations differ from previous estimates, the change(s) are treated administratively as a change in estimate.
- Impairment losses (or reversal of impairment losses) on intangible assets and property, plant & equipment:
  - At every reporting date the Group examines whether any indication exists of a possible impairment of intangible assets and property, plant & equipment;
  - 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 recognised 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 litigations, taking advice in particular from outside experts.

The estimates, judgments 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 regularly 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

Given the impact from the business combinations with Univeg (or also referred to 'FieldLink Group') and Peatinvest, and to facilitate the understanding of the Group's underlying performance, the Group changed its segment reporting for purposes of result announcement and internal review by senior management. In accordance with IFRS 8 "Segment reporting", the segments Fresh (former FieldLink Group), Prepared (former Greenyard Foods Group) and Horticulture (including soil improvers – former Peatinvest Group) are determined. The segments canning division and frozen division as reported in the consolidated financial statements for the accounting year ended 31 March 2015, have been aggregated into Prepared for the current accounting year, as of 1 April 2015 retroactively. The management team judges the results of the segments based on the REBITDA. 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 liabilities). An overview of the companies included in the different segments is provided in note *"7.1 Subsidiaries".*

The same valuation rules are used in this segment reporting as in the consolidated financial statements per end of March 2015, apart from the changes mentioned in *"2.3 Valuation rules"*.

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 Non-recurring items"*.

The assets and liabilities of a segment are those belonging directly to it. Assets and liabilities per segment are presented before elimination of intersegment positions. Intersegment transfer pricing is based on market conditions.

### Information about major customers

The segments have built up an elaborated and diversified client portfolio, both in type of clients and geographical spread.

The sales to the three major customers increased and amounts to 47,0% of the total sales in AY 15/16 (previous accounting year 19,8%). Other than these main three customers, there are no individual customers which represent more than 10% of total revenues (for current and previous accounting year). The sales to the 10 major customers amount to 62,0% of the total sales in AY 15/16.

### Geographical information

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

| Sales | AY 15/16 | AY 14/15 |
|---|---|---|
| Germany | 32,0% | 12,6% |
| The Netherlands | 21,4% | 6,9% |
| Other countries - Europe | 15,6% | 16,4% |
| Belgium | 10,6% | 10,8% |
| The United Kingdom | 10,1% | 23,3% |
| France | 6,6% | 21,8% |
| Other - non-Europe | 3,7% | 8,3% |
| **TOTAL** | **100,0%** | **100,0%** |

The percentage increase of sales to German and Dutch customers compared to the previous accounting year can mainly be explained by the business combination with Fresh and Horticulture.

The table below shows the geographical spread of non-current assets in accordance with IFRS 8.33 by means of exceeding a materiality of 10%. Non-current assets as shown below do not include goodwill, available for sale financial assets and deferred tax assets.

| Geographical spread of non-current assets | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Belgium | 248.772 | 157.730 |
| The Netherlands | 111.230 | - |
| The United Kingdom | 99.427 | 51.209 |
| Germany | 68.178 | - |
| France | 64.704 | 44.484 |
| Other countries | 92.919 | 23.798 |
| **TOTAL** | **685.229** | **277.220** |

Additional disclosures about each of these segments are shown in the report of the Board of Directors.

The tables below provide a summary of the performance of each business segment, for the twelve month periods ended 31 March 2015 and 31 March 2016 (remark: period ending as per 31 March 2016 only includes 9,5 months for Fresh and 9,5 months for Horticulture).

| AY 15/16 | Continuing operations | | | | |
|---|---|---|---|---|---|
| | Fresh €'000 | Prepared €'000 | Horticulture €'000 | Eliminations €'000 | Consolidated €'000 |
| **INCOME STATEMENT** | | | | | |
| **Net sales** | **2.508.554** | **646.153** | **48.987** | **-492** | **3.203.201** |
| Sales to external customers | 2.508.075 | 646.139 | 48.987 | - | 3.203.201 |
| Intersegment sales | 479 | 14 | - | -492 | - |
| REBITDA | 57.682 | 53.820 | 5.706 | - | 117.208 |
| Adjustments to new (functional) P&L presentation | - | -2.250 | - | - | -2.250 |
| **REBITDA (restated)** | **57.682** | **51.570** | **5.706** | **-** | **114.958** |
| Non-recurring result | -1.241 | 14.145 | -91 | - | 12.813 |
| Operating result before non-recurring items | 38.972 | 21.567 | 914 | - | 61.453 |
| Adjustments to new (functional) P&L presentation | - | -450 | - | - | -450 |
| **Operating result before non-recurring items (restated)** | **38.972** | **21.117** | **914** | **-** | **61.001** |
| Operating result | 37.731 | 35.710 | 823 | - | 74.265 |
| Adjustments to new (functional) P&L presentation | - | -450 | - | - | -450 |
| **Operating result (restated)** | **37.731** | **35.260** | **823** | **-** | **73.814** |
| Finance income and costs (*) | -22.595 | -21.018 | -215 | - | -43.826 |
| Share of profit/(loss) of equity accounted investments | -584 | - | - | - | -584 |
| **Result before taxes** | **14.552** | **14.242** | **608** | **-** | **29.404** |
| Taxes | -7.386 | -4.292 | -685 | - | -12.363 |
| **Result after taxes** | **7.166** | **9.951** | **-77** | **-** | **17.041** |
| **ASSETS AND LIABILITIES per 31 March** | | | | | |
| Total segment assets | 1.308.205 | 740.735 | 64.605 | -27.056 | 2.086.488 |
| Total segment liabilities | 930.093 | 424.652 | 33.467 | -30.017 | 1.358.195 |
| Total segment non-current assets (**) | 359.594 | 300.519 | 25.116 | - | 685.229 |
| **OTHER** | | | | | |
| Net debt | 158.085 | 217.124 | 7.716 | - | 382.925 |
| CAPEX | 18.747 | 32.635 | 1.798 | - | 53.180 |
| Net working capital | -270.254 | 184.823 | 15.512 | - | -69.919 |

(*) For covenant reporting purposes, Prepared net interest expense amount to €14,1 million in AY 15/16.
(**) Excludes goodwill, available for sale financial assets and deferred tax assets.

| AY 14/15 | Continuing operations | | | | |
|---|---|---|---|---|---|
| | Fresh | Prepared | Horticulture | Eliminations | Consolidated |
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| **INCOME STATEMENT** | | | | | |
| **Net sales** | **-** | **635.370** | **-** | **-** | **635.370** |
| Sales to external customers | - | 635.370 | - | - | 635.370 |
| Intersegment sales | - | - | - | - | - |
| REBITDA | - | 62.565 | - | - | 62.565 |
| Adjustments to new (functional) P&L presentation | - | -2.678 | - | - | -2.678 |
| **REBITDA (restated)** | **-** | **59.887** | **-** | **-** | **59.887** |
| Non-recurring result | - | -2.383 | - | - | -2.383 |
| Operating result before non-recurring items | - | 29.927 | - | - | 29.927 |
| Adjustments to new (functional) P&L presentation | - | -391 | - | - | -391 |
| **Operating result before non-recurring items (restated)** | **-** | **29.537** | **-** | **-** | **29.537** |
| Operating result | - | 27.545 | - | - | 27.545 |
| Adjustments to new (functional) P&L presentation | - | -391 | - | - | -391 |
| **Operating result (restated)** | **-** | **27.154** | **-** | **-** | **27.154** |
| Finance income and costs | - | -6.483 | - | - | -6.483 |
| Share of profit/(loss) of equity accounted investments | - | - | - | - | - |
| **Result before taxes** | **-** | **20.670** | **-** | **-** | **20.670** |
| Taxes | - | -9.894 | - | - | -9.894 |
| **Result after taxes** | **-** | **10.777** | **-** | **-** | **10.777** |
| **ASSETS AND LIABILITIES per 31 March** | | | | | |
| Total segment assets | - | 629.948 | - | - | 629.948 |
| Total segment liabilities | - | 408.118 | - | - | 408.118 |
| Total segment non-current assets (*) | - | 277.220 | - | - | 277.220 |
| **OTHER** | | | | | |
| Net debt | - | 235.956 | - | - | 235.956 |
| CAPEX | - | 51.237 | - | - | 51.237 |
| Net working capital | - | 195.280 | - | - | 195.280 |

(*) Excludes goodwill, available for sale financial assets and deferred tax assets.

# 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The reported consolidated income statement for AY 15/16 includes (i) twelve months of Prepared and (ii) nine and a half months of Fresh and Horticulture respectively (as from 19 June 2015 onwards). The reported consolidated income statement for AY 14/15 only includes twelve months of Prepared.

## 5.1 OPERATING CHARGES BY NATURE

| Operating expenses | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Cost of goods | 2.176.468 | 248.087 |
| Transport | 236.680 | 41.864 |
| Packing - Warehousing & Farming | 293.079 | 170.085 |
| Personnel & Temporary Workforce Costs | 216.255 | 89.428 |
| Other | 46.340 | 12.526 |
| **Cost of sales (*)** | **2.968.823** | **561.990** |
| Rentals | 11.081 | 1.477 |
| Maintenance and repair | 3.383 | 368 |
| Personnel expenses | 97.547 | 16.801 |
| Utilities | 2.349 | 768 |
| Travel and representation | 8.753 | 2.909 |
| Office expenses | 2.661 | 703 |
| Fees | 15.534 | 4.280 |
| Insurance | 5.930 | 4.147 |
| Information and communication technology | 8.519 | 2.515 |
| Depreciation | 14.752 | 2.891 |
| Quality | 535 | 409 |
| Other | 10.524 | 11.034 |
| **Other operating expenses** | **181.567** | **48.303** |
| **TOTAL** | **3.150.389** | **610.292** |

(*) Contain rental costs, personnel expenses, depreciations and other direct operating expenses.

## 5.2 PERSONNEL COSTS

| Personnel expenses | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Wages and salaries | 187.363 | 74.017 |
| Social security costs | 37.985 | 11.664 |
| Pension costs - defined benefit plans | 960 | 80 |
| Pension costs - defined contribution plans | 1.739 | 340 |
| Termination benefits | 237 | 22 |
| Temporary workforce | 72.425 | 15.562 |
| Other employee benefit expenses | 13.092 | 4.543 |
| **TOTAL** | **313.802** | **106.228** |
| **Included within cost of sales** | **216.255** | **89.428** |
| **Included within other operating expenses** | **97.547** | **16.801** |

## 5.3 OTHER OPERATING INCOME

| Other operating income | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Income from rentals | 1.655 | 34 |
| Indemnities received | 1.076 | 147 |
| Gain/loss on disposal of fixed assets | -172 | 81 |
| Costs passed on to growers | 1.449 | - |
| Operating subsidies | 374 | 86 |
| Recharge of costs from frozen division to CECAB | 235 | 327 |
| Recharges processing fees | 324 | - |
| Sale of waste | 868 | 755 |
| Received business taxes | - | 556 |
| Others | 2.381 | 2.474 |
| **TOTAL** | **8.190** | **4.459** |

## 5.4 NON-RECURRING ITEMS

| Non-recurring items | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **Non-recurring costs** | **-6.629** | **-2.781** |
| Merger & acquisition costs | -6.001 | - |
| Impairment loss on disposal of assets in Polish subsidiary | - | -527 |
| Restructuring costs Polish organization | - | -426 |
| Costs related to the legal reorganization in Hungary | - | -405 |
| Loss on disposal of frozen activities in Aquitaine (France) and of real estate company in Manschnow (Germany) | - | -1.423 |
| Others | -628 | - |
| **Non-recurring income** | **19.442** | **398** |
| Impact acquisition accounting on inventory valuation Fresh | 1.184 | - |
| Gain on bargain purchase (Lutèce and H-Fruit) | 18.253 | - |
| Gain on sale of real estate in Belgium | - | 390 |
| Others | 5 | 8 |
| **Net non-recurring costs (-) / income** | **12.813** | **-2.383** |

The gain on bargain purchase primarily relates to the business combination with Lutèce (€18,0 million). We refer to “*2.4 Changes to the consolidation scope*”.

## 5.5 FINANCE INCOME AND COSTS

| Finance income and costs | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Bank borrowings and bond | -30.878 | -14.012 |
| Shareholder loans | 3 | - |
| Factoring interest | -2.958 | -663 |
| Defined benefits interests | -384 | -32 |
| **Total interest expense** | **-34.216** | **-14.706** |
| Foreign exchange losses | -17.041 | -1.017 |
| Bank charges | -1.015 | - |
| Other finance charges | -4.070 | -1.524 |
| Realised net interest expense on interest rate swaps | -319 | - |
| Fair value losses on interest rate swaps: held for trading | 2.098 | -135 |
| **Other finance costs** | **-20.347** | **-2.676** |
| **Finance cost** | **-54.564** | **-17.382** |
| Net foreign exchange gains | 9.000 | 10.731 |
| Other interest income | 1.737 | 168 |
| **Finance income** | **10.738** | **10.899** |
| **Net finance costs** | **-43.826** | **-6.483** |

## 5.6 INCOME TAXES

| Income taxes | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Current tax on profits for the year | -11.035 | -9.121 |
| Adjustments in respect of prior years | 864 | -27 |
| **Total current tax** | **-10.171** | **-9.148** |
| Increase/decrease of temporary differences | -2.192 | -746 |
| **Total deferred tax** | **-2.192** | **-746** |
| **TOTAL** | **-12.363** | **-9.894** |

| Reconciliation theoretical Belgian tax rate with effective tax rate | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **Profit before tax** | **29.404** | **20.670** |
| Theoretical tax rate | 33,99% | 33,99% |
| Tax calculated at statutory Belgian tax rate applicable to profits | -9.995 | -7.026 |
| Effect of different tax rates in other countries | 158 | 365 |
| **Theoretical tax charge** | **-9.836** | **-6.661** |
| **Average theoretical tax rate** | **33,45%** | **32,22%** |
| Tax effects of: | | |
| - Timing differences | - | -27 |
| - Permanent differences | 285 | 471 |
| - Effect of losses incurred by subsidiaries for which no deferred tax asset is recognized | -3.231 | -3.315 |
| - Utilization tax losses | -326 | 6 |
| - Other | 745 | -367 |
| **Effective tax charge** | **-12.363** | **-9.893** |
| **Effective tax rate** | **42,04%** | **47,86%** |

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

The corporate tax charges in AY 15/16, based on legally consolidated numbers, entailing 9,5 months of consolidation of Fresh and Horticulture, amounted to €12,4 million. This implies a corporate consolidated effective tax rate of 42,0%. The tax rate is above the normalized level due to a number of nontax deductible charges and profits which cannot be offset against tax losses carried forward. Despite the high tax level, a saving of €1,7 million was generated, ahead of the targeted €1,0 million savings in year one. Going forward, we see room for further optimizations.

## 5.7 EARNINGS PER SHARE

| **Earnings per share per AY 15/16** | **Basic** | **Diluted** |
|---|---|---|
| Weighted average number of ordinary shares *(in numbers)* | 38.271.369 | 38.271.369 |
| Dilution effect of warrants *(in numbers)* | - | - |
| **Weighted average number of ordinary shares** *(in numbers)* | **38.271.369** | **38.271.369** |
| **Net profit (loss) attributable to ordinary shareholders** *(in thousands of €)* | **16.693** | **16.693** |
| Net profit (loss) from continuing operations | 16.693 | 16.693 |
| Net profit (loss) from discontinued operations | - | - |
| **Earnings per share** *(in € per share)* | **0,44** | **0,44** |
| Earnings per share from continuing operations | 0,44 | 0,44 |
| Earnings per share from discontinued operations | - | - |

| **Earnings per share per AY 14/15** | **Basic** | **Diluted** |
|---|---|---|
| Weighted average number of ordinary shares *(in numbers)* | 16.459.520 | 16.459.520 |
| Dilution effect of warrants *(in numbers)* | - | 2.400.000 |
| **Weighted average number of ordinary shares** *(in numbers)* | **16.459.520** | **18.859.520** |
| **Net profit (loss) attributable to ordinary shareholders** *(in thousands of €)* | **10.591** | **10.591** |
| Net profit (loss) from continuing operations | 10.591 | 10.591 |
| Net profit (loss) from discontinued operations | - | - |
| **Earnings per share** *(in € per share)* | **0,64** | **0,56** |
| Earnings per share from continuing operations | 0,64 | 0,56 |
| Earnings per share from discontinued operations | - | - |

When calculating the profit (loss) per share as at 31 March 2015, 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).

# 6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

When comparing the consolidated statement of financial position, one needs to take into account that most of the movements in assets and liabilities are mainly due to the inclusion of Fresh and Horticulture following the business combinations dated June 2015.

## 6.1 PROPERTY, PLANT & EQUIPMENT

| Property, plant & equipment per AY 15/16 | Land and buildings €'000 | Plant, machinery and equipment €'000 | Furniture and vehicles €'000 | Leasing €'000 | Other €'000 | Assets under construction €'000 | TOTAL €'000 |
|---|---|---|---|---|---|---|---|
| **ACQUISITION VALUE** | | | | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | 137.528 | 209.268 | 5.371 | -4.051 | 7.168 | - | 355.284 |
| Additions | 10.205 | 20.660 | 2.970 | 1.959 | - | 14.370 | 50.164 |
| Change in scope: business combinations | 106.865 | 210.008 | 54.238 | 6.486 | - | 4.560 | 382.157 |
| Sales and disposals | -2.309 | -8.184 | -3.048 | - | - | -260 | -13.801 |
| Change in scope: disposal of subsidiaries | - | - | -125 | - | - | - | -125 |
| Transfer from one heading to another | 3.559 | 6.577 | -1.889 | 6.501 | -7.168 | -3.322 | 4.257 |
| Translation differences | -4.302 | -5.880 | -478 | -1 | - | -457 | -11.118 |
| **BALANCE AT THE END OF THE PERIOD** | 251.547 | 432.449 | 57.039 | 10.895 | - | 14.892 | 766.821 |
| **DEPRECIATIONS AND IMPAIRMENT LOSSES** | | | | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | 22.382 | 76.260 | 2.933 | -4.051 | 2.034 | - | 99.558 |
| Depreciation | 9.869 | 28.984 | 2.939 | 1.038 | - | - | 42.830 |
| Impairment losses | - | - | - | - | - | - | - |
| Change in scope: business combinations | 55.543 | 149.238 | 46.045 | 2.890 | - | 591 | 254.307 |
| Reversals after sales and disposals | -1.885 | -7.181 | -2.859 | 5 | - | - | -11.920 |
| Change in scope: disposal of subsidiaries | - | - | -55 | - | - | - | -55 |
| Transfer from one heading to another | 2.706 | 22 | -962 | 5.610 | -2.034 | - | 5.341 |
| Translation differences | -526 | -3.285 | -278 | - | - | -16 | -4.105 |
| **BALANCE AT THE END OF THE PERIOD** | 88.089 | 244.037 | 47.763 | 5.492 | - | 575 | 385.955 |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | 163.458 | 188.412 | 9.277 | 5.402 | - | 14.317 | 380.866 |

| Property, plant and equipment per AY 14/15 | Land and buildings €'000 | Plant, machinery and equipment €'000 | Furniture and vehicles €'000 | Leasing €'000 | Other €'000 | Assets under construction €'000 | TOTAL €'000 |
|---|---|---|---|---|---|---|---|
| **ACQUISITION VALUE** | | | | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | 120.341 | 191.332 | 4.692 | 2.329 | 4.475 | - | 323.169 |
| Additions | 3.961 | 23.260 | 1.262 | - | 2.537 | - | 31.020 |
| Change in scope: business combinations | 17.598 | 2.165 | - | - | - | - | 19.763 |
| Sales and disposals | -113 | -7.082 | -415 | -241 | - | - | -7.851 |
| Taken out of consolidation following disposal of subsidiaries | -5.290 | -5.978 | -268 | -6.139 | - | - | -17.675 |
| Transfer from one heading to another | 110 | 28 | 1 | - | - | - | 139 |
| Translation differences | 921 | 5.543 | 99 | - | 156 | - | 6.719 |
| **BALANCE AT THE END OF THE PERIOD** | 137.528 | 209.268 | 5.371 | -4.051 | 7.168 | - | 355.284 |
| **DEPRECIATIONS AND IMPAIRMENT LOSSES** | | | | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | 17.568 | 64.504 | 2.396 | -460 | 1.043 | | 85.051 |
| Depreciation | 7.471 | 19.267 | 846 | - | 1.187 | - | 28.771 |
| Impairment losses | - | 539 | - | - | - | - | 539 |
| Reversals after sales and disposals | -59 | -7.183 | -228 | -241 | - | - | -7.711 |
| Change in scope: disposal of subsidiaries | -2.602 | -3.436 | -158 | -3.350 | -282 | - | -9.828 |
| Transfer from one heading to another | -11 | -33 | 11 | - | 33 | - | - |
| Translation differences | 14 | 2.602 | 65 | - | 52 | - | 2.733 |
| **BALANCE AT THE END OF THE PERIOD** | 22.382 | 76.260 | 2.933 | -4.051 | 2.034 | - | 99.558 |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | 115.146 | 133.007 | 2.438 | - | 5.134 | - | 255.726 |

The investments in property plant & equipment amounted to €50,2 million per 31 March 2016. These consist of 'land and buildings' (€10,2 million), 'plant, machinery & equipment' (€20,7 million), 'furniture and vehicles' (€3,0 million), 'leasing' (€1,9 million) and 'assets under construction' (€14,4 million).

The investments in property plant & equipment through business combinations amount to €127,9 million per 31 March 2016. These consist of 'land and buildings' (€51,3 million), 'plant, machinery & equipment' (€60,8 million), 'furniture and vehicles' (€8,2 million), 'leasing' (€3,6 million) and 'assets under construction' (€4,0 million).

The disposals of the Group amount to €2,0 million in AY 15/16.

The net total transfer from one heading to another relates to a transfer of software from plant, machinery & equipment and furniture and vehicles.

In the accounting year ending as per 31 March 2016, no financing costs are attributable 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.

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 property, plant & equipment for impairment.

Approximately €88,0 million out of total property, plant & equipment is secured under the current financing programs of the Group. We refer to note "*7.3 Off-Balance Sheet Commitments*" in this respect.

## 6.2 GOODWILL

This note relates to the goodwill upon the consolidation of subsidiaries. The increase of the goodwill by €579,5 million can be explained by the impact of the business combinations in June 2015. Further details with regard to the acquisition of the shares of Fresh and Horticulture per 19 June 2015 and the determination of related goodwill is described in note "*2.4 Changes in consolidation scope*" in this financial report.

| Goodwill per cash generating unit | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Fresh segment | 477.029 | - |
| Prepared segment | 78.910 | 10.340 |
| Horticulture segment | 33.937 | - |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | **589.875** | **10.340** |

The Group tests the goodwill for impairment annually and when there are indications that the value of goodwill is decreased. The Group's impairment test for goodwill is based on value in use calculations which are based on a discounted cash flow model.

The goodwill related to the contribution of Fresh in June 2015 amounts to €545,7 million. From this goodwill, an amount of €68,7 million is resulting from synergies from the business combination with Fresh and Horticulture and that amount has been allocated to Prepared. As per 31 March 2016 there are no indications that the carrying value of the goodwill of Fresh may be impaired.

The goodwill related to the Prepared segment results from the aforementioned business combination (€68,7 million), and past acquisitions in 2011 and 2007 (€10,3 million). As per 31 March 2016 there are no circumstances that indicate that the carrying value of the goodwill for the segment Prepared is impaired.

The goodwill related to the contribution of Horticulture in June 2015 amounts to €33,9. As per 31 March 2016 there are no indications that the carrying value of the goodwill of Horticulture is impaired.

| Goodwill | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **ACQUISITION VALUE** | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **10.340** | **10.259** |
| Change in scope: business combinations | 579.643 | - |
| Change in scope: disposal of subsidiaries | - | -81 |
| Translation differences | -108 | 162 |
| **BALANCE AT THE END OF THE PERIOD** | **589.875** | **10.340** |
| **IMPAIRMENT LOSSES** | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **-** | **-** |
| Impairment losses: addition | - | - |
| **BALANCE AT THE END OF THE PERIOD** | **-** | **-** |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | **589.875** | **10.340** |

### Assumptions related to the impairment tests at 31 March 2016

At 31 March 2016 the Group performed its annual impairment test for each cash generating unit, i.e. segments Fresh, Prepared and Horticulture. For each segment, the recoverable amount has been determined based on a value in use calculation cash flow projections from the financial budget of 2016/2017 and long range plan for the subsequent financial periods until 2020/2021 (together referred to 'LRP').

#### Fresh

The LRP takes into account a margin improvement resulting in an expected average EBITDA margin of 2,8% (compared to 2,3% for the period 2015/2016), and an average sales growth of 0,7% over the period 2016/2017-2020/2021, in accordance with the strategic targets. The value in use is based on cash flow forecasts over a period of 5 years and also on a perpetuity of cash flows as of then with a growth rate of 1,0%. Cash flows are discounted at an after-tax discount rate of 7,1% which was benchmarked with the WACC provided by the analysts. 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 €420,3 million. The major sensitivities for the impairment tests are the (perpetual) growth rate, EBITDA % variance, and the discount rate. This headroom would reduce to zero if the (perpetual) growth which is applied in calculating the value in use were to fall by 506 base points (or a rate of -4,1%), or if the after-tax discount rate was to rise by 470 base points (or a rate of 11,8%). When applying an EBITDA margin for both the forecast as well as the perpetual period of 2,3%, the headroom would decrease from €420,3 million to €200,0 million. Based on the above assumptions the Group has concluded that no impairment losses need to be recorded at 31 March 2016 on the goodwill of the Fresh segment.

#### Prepared

The LRP takes into account a margin improvement resulting in an expected average EBITDA margin of 9,0% (compared to 8,4% for the period 2015/2016), and an average sales growth of 5,2% over the period 2016/2017-2020/2021, in accordance with the strategic targets. The value in use is based on cash flow forecasts over a period of 5 years and also on a perpetuity of cash flows as of then with a growth rate of 1,7%. Cash flows are discounted at an after-tax discount rate of 6,9% which was benchmarked with the WACC provided by the analysts. 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 €108,4 million. The major sensitivities for the impairment tests are the (perpetual) growth rate, EBITDA % variance, and the discount rate. This headroom would reduce to zero if the (perpetual) growth which is applied in calculating the value in use were to fall by 147 base points (or a rate of +0,2%), or if the after-tax discount rate was to rise by 97 base points (or a rate of 7,9%). When applying an EBITDA margin for both the forecast as well as the perpetual period of 8,4%, the headroom would decrease by €103,7 million to €4,7 million. Based on the above assumptions the Group has concluded that no impairment losses need to be recorded at 31 March 2016 on the goodwill of the Prepared segment.

**Horticulture**

The LRP takes into account a margin improvement resulting in an expected average EBITDA margin of 14,0% (compared to 13,3% for the period 2015/2016), and an average sales growth of 3,1% over the period 2016/2017-2020/2021, in accordance with the strategic targets. The value in use is based on cash flow forecasts over a period of 5 years and also on a perpetuity of cash flows as of then with a growth rate of 2,0%. Cash flows are discounted at an after-tax discount rate of 6,6% which was benchmarked with the WACC provided by the analysts. 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 €59,4 million. The major sensitivities for the impairment tests are the (perpetual) growth rate, EBITDA % variance, and the discount rate. This headroom would reduce to zero if the (perpetual) growth which is applied in calculating the value in use were to fall by 556 base points (or a rate of -3,6%), or if the after-tax discount rate was to rise by 413 base points (or a rate of 10,7%). When applying an EBITDA margin for both the forecast as well as the perpetual period of 13,0%, the headroom would decrease by €18,6 million to €40,8 million. Based on the above assumptions the Group has concluded that no impairment losses need to be recorded at 31 March 2016 on the goodwill of the Horticulture segment.

**Methodology related to the tests on impairment losses per 31 March 2015**

The methodology is similar to the one discussed above.

## 6.3 INTANGIBLE ASSETS

| Intangible assets per AY 15/16 | Software and licences €'000 | Customer relationships €'000 | Other €'000 | TOTAL €'000 |
|---|---|---|---|---|
| **ACQUISITION VALUE** | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **4.901** | **25.023** | **908** | **30.832** |
| Additions | 3.016 | - | - | 3.016 |
| Change in scope: business combinations | 33.158 | 225.535 | 2.249 | 260.942 |
| Sales and disposals | -491 | - | -37 | -528 |
| Transfer from one heading to another | 447 | 26 | -441 | 33 |
| Translation differences | -153 | -2 | -1 | -156 |
| **BALANCE AT THE END OF THE PERIOD** | **40.878** | **250.582** | **2.678** | **294.139** |
| **DEPRECIATIONS AND IMPAIRMENT LOSSES** | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **3.063** | **6.252** | **83** | **9.398** |
| Depreciation | 3.071 | 8.710 | 129 | 11.910 |
| Impairment losses | 137 | - | 1.128 | 1.265 |
| Change in scope: business combinations | 23.500 | - | - | 23.500 |
| Reversals after sales and disposals | -474 | - | - | -474 |
| Transfer from one heading to another | -1.055 | - | -10 | -1.065 |
| Translation differences | -99 | 1 | -1 | -99 |
| **BALANCE AT THE END OF THE PERIOD** | **28.143** | **14.963** | **1.329** | **44.435** |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | **12.735** | **235.619** | **1.348** | **249.703** |

Following the business combinations as described in note *"2.4 Changes in consolidation scope"*, the client portfolio of Fresh in an amount of €225,5 million was acquired. This client portfolio has a remaining useful life of 25 years.

| Intangible assets per AY 14/15 | Software and licences €'000 | Customer relationships €'000 | Other €'000 | TOTAL €'000 |
|---|---|---|---|---|
| **ACQUISITION VALUE** | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **4.662** | **25.023** | **1.517** | **31.202** |
| Additions | 456 | - | - | 456 |
| Sales and disposals | -37 | - | - | -37 |
| Change in scope: disposal of subsidiaries | -89 | - | -618 | -707 |
| Transfer from one heading to another | -139 | - | - | -139 |
| Translation differences | 48 | - | 9 | 57 |
| **BALANCE AT THE END OF THE PERIOD** | **4.901** | **25.023** | **908** | **30.832** |
| **DEPRECIATIONS AND IMPAIRMENT LOSSES** | | | | |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **2.852** | **4.585** | **648** | **8.085** |
| Depreciation | 313 | 1.667 | 53 | 2.033 |
| Reversals after sales and disposals | -34 | - | - | -34 |
| Classification as fixed assets held for sale | -75 | - | -618 | -693 |
| Transfer from one heading to another | 7 | - | - | 7 |
| **BALANCE AT THE END OF THE PERIOD** | **3.064** | **6.252** | **83** | **9.399** |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | **1.837** | **18.771** | **825** | **21.433** |

## 6.4 BIOLOGICAL ASSETS

| Biological assets | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **NET CARRYING AMOUNT AT THE END OF THE PRECEDING PERIOD** | **-** | **-** |
| Change in scope: business combinations | 21.813 | - |
| Change in fair value through P&L | 1.342 | - |
| Translation differences | -2.074 | - |
| **NET CARRYING AMOUNT AT THE END OF THE PERIOD** | **21.081** | **-** |

As described in the financial reporting principles, biological assets consist of daffodil bulbs and are measured at fair value. Over the years, the Group has expanded its bulb varieties to more than 360 varieties currently in portfolio. All varieties are grouped under the following categories:

- Early varieties: these can be harvested in January;
- Mid varieties: harvested February-March, this is the normal period (all other growers have production as well);
- Late varieties: harvested in April, which is very challenging due to weather uncertainties (and low production from competitors).

The assets producing the flowers are the actual bulbs in the ground which form the basis for revenue assurance and future growth. As these bulbs generate an extra bulb (also producing a flower) after 5 years, the number of bulbs in the ground will increase year on year. In order to contemplate this into the valuation model, a "multiplicator" effect has been applied (after 5 year, a bulb generates an extra bulb with flower production, excluding waste). As it is common practice to sell bulbs each year, the assumption was taken that a substantial amount of bulbs generated in the ground, are sold. The remainder is used to further grow flowers and fulfill the extra demand of customers. A year-on-year sales increase of 1% is the best estimate going forward. No impact of increasing yields is taken into account. Growth rate was set at 0%. All costs are based on the actual performance of the previous year, including a 2% inflation rate. Potential savings going forward are not taken into account. All these assumptions are reflected in the discounted cash flow ('DCF') model using a post-tax discount rate of 10,7%.

During AY 15/16 the fair valuation of the bulbs has been reassessed based upon an update of the DCF model, which has resulted in an increased value of €1,3 million.

## 6.5 OTHER FINANCIAL ASSETS

### Financial instruments: derivatives

| Financial instruments: derivatives | 31 March 2016 Assets €'000 | 31 March 2016 Liabilities €'000 | 31 March 2015 Assets €'000 | 31 March 2015 Liabilities €'000 |
|---|---|---|---|---|
| Interest rate swaps - held-for-trading | - | 286 | - | - |
| Interest rate swaps - cash flow hedging | 782 | 5.445 | - | 932 |
| Foreign exchange derivatives - held-for-trading | 708 | - | 355 | - |
| Foreign exchange derivatives - cash flow hedges | 1.504 | 2.214 | - | 1.582 |
| **TOTAL** | **2.994** | **7.945** | **355** | **2.513** |
| Less non-current portion | - | (4.362) | - | - |
| **CURRENT PORTION** | **2.994** | **3.584** | **355** | **2.513** |

### Financial assets at fair value

| Long-term other receivables included within other receivables | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Bond The Fruit Farm Group | 4.214 | - |
| Other securities | 29 | - |
| **TOTAL** | **4.243** | **-** |

Fresh owned growing companies located in Turkey, South Africa, Costa Rica, Uruguay, Surinam and Brazil, which were carved out and sold to The Fruit Farm Group ('TFFG') in December 2014. This transaction was financed through shareholder equity and the issuance of a bond. As per 31 March 2016 Fresh still owns €4,2 million of the TFFG bond. The bond is quoted on the Luxembourg Stock Exchange, which is the basis for the fair value valuation.

## 6.6 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

| Name of associate | Description of interest | 31 March 2016 | 31 March 2015 |
|---|---|---|---|
| Grupo Yes Procurement Marketing SL | Procurement of fruit & vegetables for export purposes in Spain | 50% | - |
| Logidis Sistem SL | Bundling transport of fresh products using subcontractors in Spain | 50% | - |
| Mahindra Univeg Private Ltd | Import and export hub in India | 40% | - |
| H-Pack | Sorting and packaging services, mainly of apples and pears | 50% | - |
| H-Fruit | Sourcing and sales, mainly of apples and pears | 50% | - |
| Lunasoft | Software developer | 50% | - |

| Investments accounted for using equity method | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| BALANCE AT THE END OF THE PRECEDING PERIOD | - | - |
| Share of profit/(loss) | -584 | - |
| Changes in scope: business combination | 7.764 | - |
| Exchange differences | -39 | - |
| BALANCE AT THE END OF THE PERIOD | 7.141 | - |

The amounts below represent the Group's share of the aggregated revenue and expenses, assets and liabilities of all the associates and joint ventures except for the newly acquired Lunasoft NV (consideration paid of €0,3 million) as no figures are available yet.

| Investments accounted for using equity method | Assets | | Liabilities | | Net assets | |
|---|---|---|---|---|---|---|
| | 31 March 2016 €'000 | 31 March 2015 €'000 | 31 March 2016 €'000 | 31 March 2015 €'000 | 31 March 2016 €'000 | 31 March 2015 €'000 |
| Grupo Yes Procurement Marketing SL | 9.108 | - | 2.685 | - | 6.422 | - |
| Logidis Sistem SL | 4.145 | - | 3.037 | - | 1.108 | - |
| Mahindra Univeg Private Ltd | 2.569 | - | 1.117 | - | 1.452 | - |
| H-Pack | 5.273 | - | 3.425 | - | 1.848 | - |
| H-Fruit | 11.971 | - | 10.994 | - | 978 | - |
| Lunasoft | - | - | - | - | - | - |

| Investments accounted for using equity method | Revenue | | Expenses | | Profit after tax | |
|---|---|---|---|---|---|---|
| | AY 15/16* €'000 | AY 14/15 €'000 | AY 15/16* €'000 | AY 14/15 €'000 | AY 15/16* €'000 | AY 14/15 €'000 |
| Grupo Yes Procurement Marketing SL | 21.521 | - | 20.888 | - | 632 | - |
| Logidis Sistem SL | 18.072 | - | 17.980 | - | 91 | - |
| Mahindra Univeg Private Ltd | 6.515 | - | 6.777 | - | -262 | - |
| H-Pack | 3.764 | - | 4.324 | - | -560 | - |
| H-Fruit | 32.170 | - | 33.192 | - | -1.022 | - |
| Lunasoft | - | - | - | - | - | - |

* Includes 9,5 months

There are no contingent liabilities relating to the Group's interest in the associates incurred jointly with other investors and no contingent liabilities arising because the investor is severally liable for all or part of the liabilities of the associate.

## 6.7 DEFERRED TAX ASSETS AND LIABILITIES

| Deferred taxes (net carrying amount) | AY 15/16 | | AY 14/15 | |
|---|---|---|---|---|
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| | €'000 | €'000 | €'000 | €'000 |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **6.698** | **23.023** | **8.888** | **25.653** |
| Increase/decrease (-) via income statement | -3.561 | -1.369 | -325 | 363 |
| Increase/decrease (-) via equity | 9.680 | 7.155 | 5.004 | 5.044 |
| Change in scope: business combinations | 49.409 | 68.756 | - | - |
| Change in scope: disposal of subsidiaries | - | - | -9 | -1.166 |
| Translation differences | - | -56 | 11 | - |
| Set-off of assets and liabilities | -51.355 | -51.355 | -6.871 | -6.871 |
| **BALANCE AT THE END OF THE PERIOD** | **10.871** | **46.154** | **6.698** | **23.023** |

| Deferred taxes (allocation) | AY 15/16 | | AY 14/15 | |
|---|---|---|---|---|
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| | €'000 | €'000 | €'000 | €'000 |
| Intangible and property, plant and equipment | 9.049 | 85.159 | 5.338 | 22.655 |
| Other financial assets (derivatives) | 1.769 | 90 | 360 | - |
| Other financial liabilities: Bond loans | 2.698 | 0 | - | - |
| Inventories | 406 | 6.933 | 117 | 3.961 |
| Trade and other receivables | -10 | 1.438 | 88 | - |
| Hedging reserves | - | 426 | 104 | - |
| Provisions | 4.720 | 3.147 | 623 | 29 |
| Current liabilities | - | -463 | - | - |
| Other financial debts | 611 | 779 | 212 | 3.250 |
| Fiscal losses | 42.982 | - | 6.728 | - |
| **TOTAL DEFERRED TAXES RELATED TO TEMPORARY DIFFERENCES** | **62.226** | **97.510** | **13.570** | **29.894** |
| Set-off of assets and liabilities | -51.354 | -51.355 | -6.871 | -6.871 |
| **NET DEFERRED TAX ASSETS / LIABILITIES** | **10.871** | **46.154** | **6.699** | **23.023** |

The deferred tax assets as per 31 March 2016 amount to €10,9 million. At 31 March 2016 the Group has recognised €43,0 million deferred tax assets on deductible temporary differences on the basis of its budget forecasts.

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

| Unrecognised deferred tax assets (gross) | AY 15/16 | AY 14/15 |
|---|---|---|
| | €'000 | €'000 |
| Losses carried forward and other recoverable tax amounts | 146.768 | 70.152 |
| **TOTAL** | **146.768** | **70.152** |

## 6.8 INVENTORIES

| Inventories | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Raw materials and consumables | 39.366 | 23.115 |
| Work in progress and finished goods | 254.221 | 210.848 |
| **TOTAL** | **293.587** | **233.964** |

A part of inventories is secured under the current financing programs of the Group. We refer to note "*7.3 Off-Balance Sheet Commitments*" in this respect.

## 6.9 TRADE AND OTHER RECEIVABLES

| Trade and other receivables | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Trade receivables | 99 | 99 |
| Valuation allowances on trade receivables | -99 | -99 |
| **Trade receivables net** | **-** | **-** |
| Other receivables | 24.005 | 55 |
| Guarantee deposits | 393 | 7 |
| Prepayments | 2.039 | - |
| **Other receivables net** | **26.438** | **62** |
| **Non-current** | **26.438** | **62** |
| Trade receivables | 270.665 | 62.246 |
| Valuation allowances on trade receivables | -4.963 | -1.800 |
| **Trade receivables net** | **265.702** | **60.446** |
| Other receivables | 48.201 | 15.628 |
| Valuation allowances on other receivables | -46 | - |
| Prepaid expenses and accrued income | 20.219 | 4.759 |
| Prepayments | 26.868 | 25 |
| **Other receivables net** | **95.242** | **20.412** |
| **Current** | **360.944** | **80.858** |

The other receivables mainly relate to related party receivables, VAT, other recoverable taxes and deposits.

Prepaid expenses and accrued income mainly relates to prepayments on maintenance contracts, rent and IT costs.

Management believes that the fair value does not differ significantly from the carrying value.

### Aging analysis of trade receivables and valuation allowances

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 | 31 March 2016 | | | 31 March 2015 | | |
|---|---|---|---|---|---|---|
| | Gross | Valuation allowances | Net | Gross | Valuation allowances | Net |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Not overdue | 190.851 | - | 190.851 | 40.011 | - | 40.011 |
| Overdue less than 30 days | 60.548 | - | 60.548 | 12.867 | - | 12.867 |
| Overdue between 30 and 60 days | 5.852 | -3 | 5.849 | 2.757 | - | 2.757 |
| Overdue more than 60 days | 13.415 | -4.960 | 8.455 | 6.611 | -1.800 | 4.811 |
| **Net book value of trade receivables** | **270.665** | **-4.963** | **265.702** | **62.246** | **-1.800** | **60.446** |

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 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 short-term receivables | 31 March 2016 | | 31 March 2015 | |
|---|---|---|---|---|
| | Trade receivables < 1 year €000 | Other receivables < 1 year €000 | Trade receivables < 1 year €000 | Other receivables < 1 year €000 |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **-1.800** | **-** | **-1.893** | **-** |
| Addition | -1.396 | -2 | -230 | - |
| Non-recoverable amounts (use) | 360 | 1 | 224 | - |
| Reversal | 407 | - | 69 | - |
| Translation differences | - | - | -8 | - |
| Changes in scope: business combinations | -2.533 | -45 | 37 | - |
| **BALANCE AT THE END OF THE PERIOD** | **-4.963** | **-46** | **-1.800** | **-** |

### Current and non-current trade and other receivables in foreign currencies

| Trade and other receivables: foreign currencies | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| GBP | 42.109 | 77.127 |
| USD | 24.508 | 222 |
| PLN | 20.412 | 9.505 |
| CZK | 19.087 | - |
| Other | 5.045 | - |

### Factoring

In 2014, a number of companies within Fresh entered into a multi-country syndicated factoring agreement, pursuant to which previously existing bilateral factoring arrangements were repaid and terminated. In accordance with the syndicated factoring agreement, trade receivables are sold to certain receivables financing companies on a basis which is non-recourse. The financing obtained through the factoring has an off-balance character. The syndicated factoring agreement also contains a negative pledge, a maximum dilution ratio, a leverage test and a maximum program amount.

Fresh companies in The United Kingdom, France, Germany, The Netherlands, Italy, Austria and Belgium participate in the syndicated factoring program which is subject to an overall limit of €350,0 million.

On 1 March 2016, a number of companies within Prepared entered also into a multi-country syndicated factoring agreement, pursuant to which previously existing bilateral factoring arrangements were repaid and terminated. The syndicated factoring agreement of Prepared is aligned to the syndicated factoring agreement of Fresh, which was initiated in 2014.

Prepared companies in Belgium, the Netherlands and France participate into the syndicated factoring agreement which is subject to an overall limit of €125,0 million.

Besides the above multi-country syndicated factoring programs only the US entity of Fresh entered into a bilateral factoring agreement. The UK entity of Prepared has also a bilateral factoring agreement (which will be terminated on 19 July 2016, pursuant to which the entity will participate in the multi-country syndicated factoring program).

Factoring is used only with customers accepted for credit insurance by the commercial finance institution and excludes intra-group receivables. The commercial finance institution only accepts credit insurers with at least an investment grade rating.

As of 31 March 2016 €358,6 million of financing was obtained through the multi-country syndicated factoring programs (€54,6 million as of 31 March 2015 through bilateral factoring agreements). The late payment risk related to the factoring has been assessed as immaterial in AY 14/15 and AY 15/16.

In accordance with IAS 39 *"Financial instruments: Recognition and Measurement"*, all non-recourse trade receivables, included in these factoring programs, are derecognised for the non-continuing involvement part.

The Group's exposure to credit, exchange rate and interest rate risks is further described in greater detail in note *"6.18 Risk Management Policy".*

An important part of trade and other receivables is secured under the current financing programs of the Group. We refer to note "*7.3 Off-Balance Sheet Commitments*" in this respect.

## 6.10 CASH AND CASH EQUIVALENTS

| Cash and cash equivalents | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Banks | 172.517 | 20.506 |
| Overdrafts | -34.567 | - |
| **TOTAL** | **137.949** | **20.506** |

## 6.11 FINANCIAL INSTRUMENTS BY CATEGORY

| Financial assets by category per 31 March 2016 | Note | Loans and receivables €'000 | Assets at fair value through profit and loss €'000 | Derivatives used for hedging €'000 | Available-for-sale €'000 | TOTAL €'000 |
|---|---|---|---|---|---|---|
| Available-for-sale financial assets | | - | - | - | 716 | 716 |
| Derivative financial instruments | 6.5 | - | 708 | 2.286 | - | 2.994 |
| Trade and other receivables excluding | 6.9 | 358.475 | - | - | - | 358.475 |
| Financial assets at fair value | 6.5 | - | 4.243 | - | - | 4.243 |
| Cash and cash equivalents | 6.10 | 137.949 | - | - | - | 137.949 |
| **Assets as per 31 March 2016** | | **496.424** | **4.950** | **2.286** | **716** | **504.377** |

| Financial assets by category per 31 March 2015 | Note | Loans and receivables €'000 | Assets at fair value through profit and loss €'000 | Derivatives used for hedging €'000 | Available-for-sale €'000 | TOTAL €'000 |
|---|---|---|---|---|---|---|
| Available-for-sale financial assets | | - | - | - | - | - |
| Derivative financial instruments | 6.5 | - | 355 | - | - | 355 |
| Trade and other receivables excluding prepayments | 6.9 | 80.895 | - | - | - | 80.895 |
| Financial assets at fair value | | - | - | - | - | - |
| Cash and cash equivalents | 6.10 | 20.506 | - | - | - | 20.506 |
| **Assets as per 31 March 2015** | | **101.401** | **355** | **-** | **-** | **101.756** |

## 6.12 ISSUED CAPITAL, SHARE PREMIUMS AND OTHER CAPITAL INSTRUMENTS AND NUMBER OF SHARES

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 long term. This policy guarantees a financially strong Group with solid financial ratios, which leads to a maximisation of the value of the share of the Group. There were no changes in capital management during the past accounting year apart from those mentioned below.

| Movements of issued capital | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **97.845** | **97.845** |
| Conversion warrants: capital increase of 19 June 2015 | 14.729 | - |
| Fresh Group contribution and De Weide Blik partial demerger: capital increase of 19 June 2015 | 84.727 | - |
| Horticulture Group contribution: capital increase of 19 June 2015 | 21.566 | - |
| Incorporation of share premiums in capital | 71.818 | - |
| Costs related to capital increase (IAS 32) | -2.294 | - |
| **BALANCE AT THE END OF THE PERIOD** | **288.392** | **97.845** |

| Ordinary shares, issued and fully paid (number) | AY 15/16 | AY 14/15 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **16.459.520** | **16.459.520** |
| Conversion warrants: capital increase of 19 June 2015 | 2.400.000 | - |
| Fresh contribution and De Weide Blik partial demerger: capital increase of 19 June 2015 | 21.998.869 | - |
| Horticulture contribution: capital increase of 19 June 2015 | 3.514.196 | - |
| **BALANCE AT THE END OF THE PERIOD** | **44.372.585** | **16.459.520** |

| Movement of authorised capital | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **101.011** | **101.011** |
| Movements of the period | - | - |
| **BALANCE AT THE END OF THE PERIOD** | **101.011** | **101.011** |

As part of the contributions, as described in note *"2.4 Changes to the consolidation scope"* in this financial report, all share premiums are incorporated into capital. As a result capital increased with €71,8 million.

In addition, in accordance with IFRS Standards the costs of the capital increase of June 2015 were deducted from the capital (€2,3 million as per 31 March 2016). The capital of the Group consisted at 31 March 2016 of 44.372.585 shares without nominal value.

| Movements of share premiums and other capital instruments | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **14.309** | **14.309** |
| Conversion warrants: capital increase of 19 June 2015 | 10.855 | - |
| Fresh Group contribution and De Weide Blik partial demerger: capital increase of 19 June 2015 | 11.153 | - |
| Horticulture Group contribution: capital increase of 19 June 2015 | 38.434 | - |
| Incorporation of share premiums in capital | -71.818 | - |
| Goodwill: increase of other Financial instruments | 314.950 | - |
| **BALANCE AT THE END OF THE PERIOD** | **317.882** | **14.309** |

In accordance with the calculations included in note *"2.4 Changes to the consolidation scope"*, a goodwill of €579,6 million was recorded for the business combination with Fresh and Horticulture. Following the full consolidation method of subsidiaries, the financial fixed assets (€158,3 million) and the equity of the companies (excluding the non-controlling interests) that were contributed (€-106,4 million) need to be eliminated on the acquisition date. Consequently, the share premiums and other capital instruments increased by €315,0 million.

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 €101,0 million.

## 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

As per 19 June 2015, Gimv-XL subscribed to 2.400.000 new shares by exercising its 2.400.000 warrants at an exercise price of €10,66.

## 6.14 PENSION OBLIGATIONS

### Defined contribution plans

For defined-contribution plans, the Group pays contributions to pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due. The contributions paid during AY 15/16 amount to €1,7 million.

**Belgian defined contribution plans**

The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return. Pension legislation was amended at the end of 2015 and defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market as from 1 January 2016 onwards. For 2016 the minimum guaranteed rate of return becomes 1,75% on employer contributions and employee contributions. The old rates (3,25% on employer contributions and 3,75% on employee contributions) continue to apply to the accumulated past contributions in the group insurance as at 31 March 2016. The amendment in the legislation does not result in a material obligation to be accounted for by the Group.

### Defined benefit plans and other employee benefits

The costs relative to IAS 19 provisions are recorded under personnel expenses whereas the interest component is recognised in finance costs.

The Group operates several defined benefit plans, four for employees in the Netherlands, three for employees in Germany, one for employees in the USA, one for employees in Italy and one in France. The actuarial valuation method used is the projected unit credit cost method. This method allocates future accruals to the year in which the benefit is earned. The sum of accruals for prior years is the liability for the present value of defined benefit obligations. The plan assets were valued at fair market value taking into account the present value of the expected future cash flows.

One of the plans in which the Group participates is the Gustav Scipio Stiftung Fund (GUSS), a multi-employer defined benefit pension fund. The assets and liabilities attributable to each member of the fund at the end of each accounting year are determined by an independent actuary, as are the contributions due from members. The ratio of contribution obligations is determined within the Articles of Association of GUSS. Contributions are based upon the ratio of unfunded liabilities between members. Unfunded liabilities are determined as the fund liabilities minus assets allocated to members. If, according to the annual actuarial report, the Group has no further obligations to beneficiaries of the plan and ceases to be liable under the GUSS, it will be entitled to a reimbursement payment in cash minus any negative tax impact on the other members. According to articles of association of GUSS, entities are not liable for liabilities of the other entities within the fund. In the event of a wind-up of the fund, all assets and liabilities will be split between members in the proportions determined by an independent actuary. Such a wind-up will require approval from the Board of GUSS Directors and the Bremen State Authority.

The Group has several other long term benefit obligations such as jubilee and post-employment benefit obligations such as early retirement. The other employee benefit obligations are provided for as from the moment the commitment exists.

The provisions for employment benefits increased significantly due to the business combination with Fresh.

| Employment benefits | 31 March 2016<br>€'000 | 31 March 2015<br>€'000 |
|---|---|---|
| Balance sheet obligations for defined benefit plan | 19.074 | 1.200 |
| Balance sheet obligations other employment benefits | 2.546 | 416 |
| **Statement of financial position** | **21.620** | **1.616** |

| Defined benefits - income statement | 31 March 2016<br>€'000 | 31 March 2015<br>€'000 |
|---|---|---|
| Employee benefit expense | 960 | 80 |
| Interest expense | 384 | 32 |
| **Income statement** | **1.344** | **112** |

The expected employer contributions to be paid for 2016-2017 amount to €1,0 million.

| Defined benefit - amounts recognised in the statement of financial position | 31 March 2016<br>€'000 | 31 March 2015<br>€'000 |
|---|---|---|
| Present value of defined benefit obligation | 50.743 | 1.200 |
| Fair value of plan assets | (31.669) | - |
| **Net liability in the statement of financial position** | **19.074** | **1.200** |

| Movement in defined benefit obligation | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **1.200** | **1.204** |
| Change in scope: business combinations | 45.073 | - |
| Current service cost | 847 | 80 |
| Past service cost | 18 | - |
| Interest cost | 1.047 | 32 |
| Experience (gain)/loss | 178 | (17) |
| (Gain)/loss due to Demographic Assumption Changes | 174 | - |
| (Gain)/loss due to Financial Assumption Changes | 3.156 | 56 |
| Remeasurements | 3.508 | 39 |
| Expected plan participant contributions | 362 | - |
| Benefits paid | (1.563) | (156) |
| Translation differences | 252 | - |
| **BALANCE AT THE END OF THE PERIOD** | **50.743** | **1.200** |

| Movement in fair value of plan assets | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | **-** | **-** |
| Change in scope: business combinations | 29.388 | - |
| Interest income | 663 | - |
| Actual Expenses, Taxes and Premiums paid | (95) | - |
| Employer contributions | 1.394 | - |
| Plan participant contributions | 362 | - |
| Return on plan assets (excluding interest income) | 1.002 | - |
| Benefits paid from plan assets | (1.200) | - |
| Translation differences | 155 | - |
| **BALANCE AT THE END OF THE PERIOD** | **31.669** | **-** |

| Development of accumulated other comprehensive income | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Experience (gain)/loss | 178 | (17) |
| (Gain)/loss due to Demographic Assumption Changes | 174 | - |
| (Gain)/loss due to Financial Assumption Changes | 3.156 | 56 |
| Return on plan assets (excluding interest income) | (1.002) | - |
| **TOTAL OF MOVEMENT IN OTHER COMPREHENSIVE INCOME** | **2.506** | **39** |

| Defined benefit - expense recognised in the income statement | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|
| Current service cost | 847 | 80 |
| Past service cost | 18 | - |
| Interest cost | 1.047 | 32 |
| Interest income | (663) | - |
| Actual Expenses, Taxes and Premiums paid | 95 | - |
| **Expense recognised in income statement** | **1.344** | **112** |

The actuarial assumptions and average duration of the major plans are detailed below.

| Principal actuarial assumptions | The Netherlands | | Germany | |
|---|---|---|---|---|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Discount rate | 2,1% | - | 2,1% | - |
| General wage increases | 1,8% | - | 2,0% | - |
| Inflation | 1,8% | - | 1,8% | - |
| Average duration of pension plans | 22 | - | N/A | - |

| Principal actuarial assumptions | Italy | | USA | |
|---|---|---|---|---|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Discount rate | 2,1% | - | 3,6% | - |
| General wage increases | 2,3% | - | N/A | - |
| Inflation | 1,8% | - | 1,8% | - |
| Average duration of pension plans | 10 | - | 10 | - |

For the major plans the sensitivity on the defined benefit obligation is as follows:

| Sensitivity of defined benefit obligation - major plans | DBO at discount rate - 0,50% | DBO at discount rate | DBO at discount rate + 0,50% |
|---|---|---|---|
| The Netherlands | 24.110 | 21.627 | 19.492 |
| Germany | 15.647 | 14.472 | 13.427 |
| Italy | 2.076 | 1.941 | 1.823 |
| USA | 3.961 | 3.801 | 3.654 |
| **DBO at 31 March 2016** | **45.794** | **41.842** | **38.396** |

| Detail of plan assets | Insurance contracts | Equity | Corporate bonds | Cash |
|---|---|---|---|---|
| The Netherlands | 100% | - | - | - |
| Germany | - | - | 96% | 4% |
| USA | - | 61% | 36% | 3% |

## 6.15 PROVISIONS

| Provisions per AY 15/16 | Legal claims | Decommis-sionning | Onerous contracts | Environment Costs | Restructuring | Tax exposure | Other | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| **BALANCE AT THE END OF THE PRECEDING PERIOD** | 760 | - | - | - | - | - | - | 760 |
| Additional provisions | 362 | 21 | 812 | - | 151 | 90 | - | 1.436 |
| Unused amounts reversed | -11 | -358 | -368 | - | -762 | -4 | - | -1.502 |
| Used during period | -1.133 | -60 | -949 | - | -3.401 | -941 | - | -6.484 |
| Change in scope: business combinations | 7.393 | 5.383 | 4.795 | 150 | 4.775 | 1.045 | - | 23.542 |
| Miscellaneous movements | - | 1 | - | - | - | - | - | 1 |
| Conversion differences | -18 | -2 | -108 | - | - | -5 | - | -132 |
| **BALANCE AT THE END OF THE PERIOD** | **7.353** | **4.985** | **4.183** | **150** | **763** | **185** | **-** | **17.619** |
| **Analysis of total provisions** | | | | | | | | |
| Non-current | 5.095 | 4.985 | 1.032 | 150 | - | 133 | - | 11.396 |
| Current | 2.258 | - | 3.151 | - | 763 | 52 | - | 6.223 |
| **TOTAL** | **7.353** | **4.985** | **4.183** | **150** | **763** | **185** | **-** | **17.619** |

| Provisions per AY 14/15 | Legal claims €000 | Decommissioning €000 | Onerous contracts €000 | Environment Costs €000 | Restructuring €000 | Tax exposure €000 | Other €000 | TOTAL €000 |
|---|---|---|---|---|---|---|---|---|
| BALANCE AT THE END OF THE PRECEDING PEF | 1.054 | - | - | - | - | - | - | 1.054 |
| Additional provisions | 293 | - | - | - | - | - | - | 293 |
| Used during period | (57) | - | - | - | - | - | - | (57) |
| Change in scope: disposal of subsidiaries | (563) | - | - | - | - | - | - | (563) |
| Translation differences | 32 | - | - | - | - | - | - | 32 |
| BALANCE AT THE END OF THE PERIOD | 760 | - | - | - | - | - | - | 759 |
| Analysis of total provisions | | | | | | | | |
| Non-current | 760 | - | - | - | - | - | - | 760 |
| Current | - | - | - | - | - | - | - | - |
| TOTAL | 760 | - | - | - | - | - | - | 760 |

The provision for legal claims entering into scope (€7,4 million) following the business combination mainly relates to ending tax litigations and import licenses within Fresh. The major part of this claim is still outstanding as per 31 March 2016.

Obligations arising from lease agreements require the Group to decommission several buildings at the end of the lease contract. The outstanding provision at year-end (€5,0 million) predominantly relates to the Fresh segment for leased buildings in Germany.

The increase in provision for onerous contracts relating to operating lease agreement with unfavorable terms compared to the market terms, is mainly caused by the business combination with Fresh (€3,3 million) and Lutèce (€1,5 million).

In Fresh a restructuring provision was accounted for in view of the discontinued commercial activities with a German customer for whom the outstanding amount at the date of the business combination with Fresh entered into scope. As per 31 March 2016 most of the provision was used. Furthermore a restructuring provision for the Fresh flower business in the Netherlands was included in order to improve the profitability of the business through relocation of the activities and through change of the local management. As per 31 March 2016 this provision was partly used.

For further information concerning pending disputes we refer to note *"7.2 Main Disputes"*.

## 6.16 INTEREST BEARING LIABILITIES

This note provides information on the contractual conditions governing the Group's interest bearing liabilities. It covers the financial debts. The present note gives an overview of the long-term liabilities and those maturing within the year. This note does not cover the MTM ('marked to market') values of the financial instruments.

As per 14 November 2013 the Fresh Segment issued a bond loan with a gross coupon of 7,875% fixed interest for a nominal amount of €285,0 million. On that same date a revolving facility agreement in an amount of €90,0 million was signed, of which as per year end an amount of €0,0 million was drawn as financial debt.

As per 5 July 2013 the Prepared Segment issued a bond loan with a gross coupon of 5,0% fixed interest for a nominal amount of €150,0 million. On 16 December 2013 a term and revolving facility agreement in an amount of €158,5 million was signed, of which as per year end an amount of €68,0 million was drawn as financial debt.

Both credit facilities were signed on the one hand to finance the peaks in working capital needs and on the other hand to support the growth of the Group. By issuing the bond loan and signing of the credit facility agreements, the foundations were built for a stable financing structure in the medium term in order to realise the strategic plan.

| Interest bearing liabilities per 31 March 2016 | Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 years €'000 | TOTAL €'000 |
|---|---|---|---|---|
| **Interest bearing liabilities > 1 year** | **-** | **446.221** | **4.060** | **450.281** |
| Finance leases | - | 818 | - | 818 |
| Bank loans (credit institutions) | - | 8.909 | 4.060 | 12.969 |
| Bond loans | - | 436.494 | - | 436.494 |
| **Interest bearing liabilities < 1 year** | **72.687** | **-** | **-** | **72.687** |
| Finance leases | 692 | - | - | 692 |
| Bank loans (credit institutions) | 71.986 | - | - | 71.986 |
| Other financial debts | 9 | - | - | 9 |
| **TOTAL** | **72.687** | **446.221** | **4.060** | **522.968** |

| Interest bearing liabilities | Fixed €'000 | Variable €'000 | TOTAL €'000 |
|---|---|---|---|
| **Total** | 436.494 | 86.474 | 522.968 |

| Interest bearing liabilities | Secured €'000 | Non-secured €'000 | TOTAL €'000 |
|---|---|---|---|
| **Total** | 522.959 | 9 | 522.968 |

| Interest bearing liabilities per 31 March 2015 | Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 years €'000 | TOTAL €'000 |
|---|---|---|---|---|
| **Interest bearing liabilities > 1 year** | **-** | **181.411** | **-** | **181.411** |
| Bank loans (credit institutions) | - | 6.662 | - | 6.662 |
| Bond loans | - | 149.684 | - | 149.684 |
| Subordinated loan with warrants | - | 25.065 | - | 25.065 |
| **Interest bearing liabilities < 1 year** | **72.891** | **-** | **-** | **72.891** |
| Bank loans (credit institutions) | 59.384 | - | - | 59.384 |
| Bond loans | 12.000 | - | - | 12.000 |
| Other financial debts | 1.507 | - | - | 1.507 |
| **TOTAL** | **72.891** | **181.411** | **-** | **254.302** |

| Interest bearing liabilities | Fixed €'000 | Variable €'000 | TOTAL €'000 |
|---|---|---|---|
| **Total** | 188.256 | 66.047 | 254.303 |

| Interest bearing liabilities | Secured €'000 | Non-secured €'000 | TOTAL €'000 |
|---|---|---|---|
| **Total** | 254.037 | 266 | 254.303 |

## Bank loans

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 through multi-country programs and available cash. The Group's short-term interest bearing liabilities were drawn down mainly in the form of fixed-term advances over floating (Euribor) rates and bear a margin ranging between 2,75% and 3,75%. The withdrawn amount on the Prepared Revolving Credit Facility (RCF) as per 31 March 2016 amounts to €68,0 million. After deduction of the related transaction costs the outstanding net debt amounts to €66,8 million. The remainder of the short term bank loans relates to the Horticulture segment.

On 31 March 2016 an amount of €6,7 million of term loans was outstanding on the Term and Revolving facility of Prepared. Furthermore, Horticulture has outstanding term loans of €6,3 million as of 31 March 2016 included in the long term bank loans.

Fresh has bilateral credit facilities between individual entities belonging to Fresh and financial institutions in an amount of €28,1 million. The outstanding position per 31 March 2016 amounts to €0,0 million.

The average interest rate for outstanding debts with financial institutions amounted at 31 March 2016 to 2,9% (at 31 March 2015: 2,5%).

For the loans outstanding at 31 March 2016, 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 2016 is nil. For this reason, no regularization of any defaults was required prior to the publication date of the approved annual accounts.

All interest bearing liabilities per 31 March 2016 are expressed in euro and concluded at market conditions.

We refer to note *"7.3 Off-Balance Sheet Commitments"* for further information on bank covenants and the rights and commitments not included in the balance sheet.

### Bond loans

On 5 July 2013 Prepared (Greenyard Foods NV) issued a bond loan with a nominal amount of €150,0 million, a gross coupon of 5,0% fixed interest and due in 2019. In accordance with IFRS, the costs (€-0,3 million) of this loan have been presented as a negative of this loan. For a discussion on the covenants related to this bond loan we refer to note "*7.3 Off-Balance Sheet Commitments"*.

On 14 November 2013 Fresh (Univeg Holding BV) issued senior secured notes with a gross coupon of 7,875% due in 2020. The nominal amount that was issued is €285,0 million, the outstanding amount on senior secured notes per 31 March 2016 relates to the quoted bond loan of €286,7 million. Fresh has bought a small part of these bonds and keeps these bonds in an amount of €1,0 million (fair value as per 31 March 2016).

| Fresh Bond Loan | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Nominal value of bond loan | 285.000 | - |
| Bond Fresh at fair value | -1.045 | - |
| Bond issuance costs | -7.525 | - |
| Fair value bond loan: business combinations | 11.979 | - |
| Amortisation fair value of bond loan | -1.665 | - |
| **TOTAL** | **286.743** | **-** |

### Other loans

The other financial debts as per 31 March 2016 consist of negative bank balances.

## 6.17 TRADE AND OTHER PAYABLES

The trade and other payables include other amounts payable, mainly relating to accrued interest and other accrued charges.
The table below gives an overview of the current and non-current trade and other payables in foreign currency.

| Trade and other payables: foreign currencies | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| GBP | 45.283 | 205 |
| USD | 17.143 | 491 |
| PLN | 19.279 | - |
| CZK | 15.775 | - |
| Other | 3.560 | - |

## 6.18 RISK MANAGEMENT POLICY

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk, interest rate risk and other risks), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance as a result of the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain market risk exposures.

Financial risk management is carried out by a central treasury department ("Group Treasury") under policies discussed by the Board of Directors . Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides principles for managing each of these risks which are summarized below.

This note places the users of the Group's financial statements in a position to judge the nature and extent of the abovementioned risks 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.

Certain of the Group's financing agreements, that were concluded prior to the business combination by Fresh, Horticulture and Prepared, contain covenants that restrict the Group's ability to engage in certain transactions with third parties and/or between these segments. Consequently, the Group needs to consider these restrictions when responding to changing business and economic conditions.

### 1. Market risk

The market risk is the risk of changes in market parameters, such as foreign exchange rates and interest rates, which will influence Group performance 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 financial derivatives in the normal course of business in order to manage the market risk. All these transactions are carried out under the guidelines set by the Audit Committee. It is Group policy not to undertake speculative transactions.

#### 1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The US dollar and the British pound are the most important non-euro currencies. Of minor importance are the Polish zloty, the Australian and Canadian dollar and the Romanian Lei. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Outstanding foreign currency receivables and liabilities per balance sheet date:

| Foreign currency exposure per 31 March 2016 | Receivables €'000 | Payables €'000 | Net exposure €'000 |
|---|---|---|---|
| GBP | 138.035 | 78.549 | 59.486 |
| USD | 47.685 | 39.149 | 8.535 |
| PLN | 32.682 | 22.139 | 10.543 |
| CZK | 28.716 | 25.389 | 3.326 |
| Other | 6.961 | 5.414 | 1.548 |

| Foreign currency exposure per 31 March 2015 | Receivables €'000 | Payables €'000 | Net exposure €'000 |
|---|---|---|---|
| GBP | 77.127 | 205 | 76.922 |
| USD | 222 | 491 | -269 |
| PLN | 9.505 | - | 9.505 |

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; the amounts consist only of receivables and payables in a currency other than the functional currency of the entity holding them.

Changes in foreign exchange rate can cause transaction and translation risks.

a) Transaction risk with respect to outstanding receivables and liabilities
The receivables and liabilities in foreign currency can give rise to a realised 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.

b) Translation risk in relation to the income statement
The impact of change in foreign currency exchange rate concerns primarily the recognition of the statement of financial position and the income statement subsidiaries reporting in a non-euro currency.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group Treasury. To manage its foreign exchange risk arising from future commercial transactions, the Group uses foreign exchange forward contracts. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency.

The Group Treasury's foreign exchange risk management practice applies following hedging ratios per currency pair:

| Period | Hedging ratios |
|---|---|
| Up to 3 months | 100%-75% |
| Over 3 months up to 6 months | 75%-50% |
| Over 6 months and up to 1 year | 50%-0% |

If required for commercial reasons, a future cash flow can be hedged at 100%.

### 1.2 Foreign exchange sensitivity

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 percentage of 10% fluctuation in foreign exchange rates is taken into account calculating the foreign exchange sensitivity below.

### Transaction risk with respect to outstanding receivables and payables

The following table demonstrates the sensitivity to a reasonably possible change in USD, GBP and PLN ,with all other variables held constant. The impact on the Group's profit before taxes is due to foreign exchange gains/(losses) on translation of USD, GBP and PLN-denominated trade receivables/payables, change in fair value of USD, GBP and PLN foreign exchange derivatives contracts classified as held-for-trading and foreign exchange gains/(losses) on translation of USD, GBP and PLN-denominated borrowings (excluding bank overdrafts). The exposure to foreign currency changes for all other currencies is not material.

We calculated the effect of a potential 10% variation of the foreign exchange rate against the euro:

| Foreign exchange sensitivity on outstanding receivables and payables | Effect on profit before taxes per 31 March 2016 €'000 | Effect on equity per 31 March 2016 €'000 | Effect on profit before taxes per 31 March 2015 €'000 | Effect on equity per 31 March 2015 €'000 |
|---|---|---|---|---|
| GBP | | | | |
| +10% | -5.408 | 2.140 | -6.993 | - |
| -10% | 6.610 | -2.616 | 8.547 | - |
| USD | | | | |
| +10% | -776 | -3.708 | 24 | - |
| -10% | 948 | 4.532 | -30 | - |
| PLN | | | | |
| +10% | -958 | -1.057 | -864 | - |
| -10% | 1.171 | 1.292 | 1.056 | - |

### Translation risk in relation to income statement

The table below shows the effect on net result of a possible change in euro against foreign currency keeping all other variables at a constant level.

| Foreign exchange sensitivity on income statement | Realised result per 31 March 2016 €'000 | Impact 10% increase of euro compared to foreign currency on income statement €'000 | Impact 10% decrease of euro compared to foreign currency on income statement €'000 | Realised result per 31 March 2015 €'000 | Impact 10% increase of euro compared to foreign currency on income statement €'000 | Impact 10% decrease of euro compared to foreign currency on income statement €'000 |
|---|---|---|---|---|---|---|
| BRL | 786 | 79 | -79 | 957 | 87 | -87 |
| CLP | -359 | -36 | 36 | - | - | - |
| CZK | 108 | 11 | -11 | - | - | - |
| GBP | -1145 | -115 | 115 | 1.959 | 178 | -178 |
| HUF | -923 | -92 | 92 | 737 | 67 | -67 |
| PLN | -105 | -11 | 11 | -887 | -81 | 81 |
| USD | -7 | -1 | 1 | - | - | - |

### 1.3 Interest rate risk

For managing interest rate risk, the Group balances its outstanding financing facilities with as well fixed as variable interest costs. For the financing facilities with variable interest rates, the Group uses financial instruments to hedge the risk of unfavorable interest rate fluctuations.

The variable interest rate debt of Fresh arises mainly from this revolver credit facility and the financing retrieved from the Pan European syndicated multi-currency factoring program. To hedge the interest rate risk of the Pan-European multi-currency factoring program, Fresh entered into new interest rate hedges in a total nominal amount of €65,0 million.

The interest exposure of Fresh on the former senior facility loan, ended in November 2013, was hedged through variable-to-fixed interest rate swaps. The still outstanding variable-to-fixed interest rate swaps, in a total nominal amount of €40,0 million, related to this loan expire at the latest mid 2016.

The interest rate exposure of Prepared is mainly caused by the variable interest rate on the outstanding revolver credit facility. Prepared has hedged this risk by a number of Interest Rate Swaps (IRS) in a total nominal amount of €5,5 million.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest bearing positions.

The Group has credit outstanding mainly in euro and a small amount in British pound. The split by currency is provided below:

| Financial liabilities | 31 March 2016 | | 31 March 2015 | |
|---|---|---|---|---|
| | €'000 | Interest rate | €'000 | Interest rate |
| **Floating interest rate** | | | | |
| EUR | 86.474 | 2,90% | 68.352 | 1,78% |
| GBP (in € terms) | - | - | 207 | -0,02% |
| **Fixed interest rate** | | | | |
| EUR | 436.494 | 6,88% | 188.256 | 4,19% |
| GBP (in € terms) | - | - | - | - |
| **TOTAL** | **522.968** | | **256.815** | |

### 1.4 Interest rate sensitivity

Despite the Group's intention to reduce the level of indebtedness, and hence to decrease 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 future net result will be subject to interest rate fluctuations.

| Interest rate sensitivity | Nominal value per 31 March 2016 €'000 | Impact 20 base points increase of interest rate €'000 | Impact 20 base points decrease of interest rate €'000 | Nominal value per 31 March 2015 €'000 | Impact 20 base points increase of interest rate €'000 | Impact 20 base points decrease of interest rate €'000 |
|---|---|---|---|---|---|---|
| Loans | 83.384 | 11 | -11 | 66.047 | 132 | -132 |
| IRS | 120.503 | 445 | -448 | 2.513 | - | - |

### 1.5 Interest rate risk: maturity of financial assets and liabilities

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 assets and liabilities:

| Remaining terms of financial assets and liabilities per 31 March 2016 | Category of instruments | Average effective interest rate % | Total carrying value €'000 | < 1 year €'000 | 1- 5 year €'000 | > 5 year €'000 |
|---|---|---|---|---|---|---|
| **Assets and liabilities with fixed interest rates** | | | **436.494** | **-** | **436.494** | **-** |
| Bond loans | FLmaAC | 6,88% | 436.494 | - | 436.494 | - |
| **Assets and liabilities with floating interest rates** | | | **220.355** | **210.628** | **9.727** | **-** |
| Cash and cash equivalents | L&R | - | 137.949 | 137.949 | - | - |
| Guaranteed bank loans | FLmaAC | 2,90% | 80.895 | 71.986 | 8.909 | - |
| Financial lease obligations | n/a | 2,00% | 1.510 | 692 | 818 | - |

<u>**Categories of instruments**</u>

L&R: Loans and receivables

FLmaAC: Financial Liabilities measured at amortised cost

| Remaining terms of financial assets and liabilities per 31 March 2015 | Category of instruments | Average effective interest rate % | Total carrying value €'000 | < 1 year €'000 | 1- 5 year €'000 | > 5 year €'000 |
|---|---|---|---|---|---|---|
| **Assets and liabilities with fixed interest rates** | | | **188.255** | **13.507** | **174.748** | **-** |
| Bond loans | FLmaAC | 5,00% | 149.683 | - | 149.683 | - |
| Subordinated loans with warrants | FLmaAC | 6,75% | 37.065 | 12.000 | 25.065 | - |
| Other guaranteed financial liabilities | FLmaAC | 0,00% | 1.507 | 1.507 | - | - |
| **Assets and liabilities with floating interest rates** | | | **66.047** | **59.385** | **6.662** | **-** |
| Guaranteed EUR bank loan | FLmaAC | 3,04% | 65.781 | 59.119 | 6.662 | - |
| Other unguaranteed loans | FLmaAC | -0,02% | 266 | 266 | - | - |

**Categories of instruments**
FLmaAC: Financial Liabilities measured at amortised cost

## 1.6 Foreign exchange risk and interest rate risk: derivatives financial instruments

### Foreign exchange risk hedging

For hedging foreign exchange risks the Group uses forward contracts, whereby it seeks to hedge a major part of its monthly foreign currency net income.

### Interest rate risk hedging

The Group has used financial instruments to hedge the risks of unfavorable interest rate fluctuations. The Group wishes to keep its net interest cost as stable as possible and does not want to be confronted with uncontrollable and unfavorable fluctuations in interest rates. The use of variable interest rate loans carries with it the risk of changes in cash flows in case of rising or decreasing interest rates.

A number of Interest Rate Swaps (IRS) have been concluded with Belgian banks. In an interest rate swap the Group commits to pay or receive the difference between the interest amount between a fixed and a floating interest rate calculated on a notional amount. This type of agreement allows the Group to absorb fluctuations due to changes in the market value of the variable interest rate debt.

### Nominal amounts per maturity date

| Outstanding derivatives: nominal amounts per maturity date | 31 March 2016 | | | 31 March 2015 | | |
|---|---|---|---|---|---|---|
| | Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 years €'000 | Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 years €'000 |
| **Foreign exchange risk** | | | | | | |
| Term contracts | 238.466 | 845 | - | 27.439 | - | - |
| **Interest rate risk** | | | | | | |
| IRS | 40.000 | 75.000 | 5.503 | 13.000 | 10.000 | 8.200 |
| **TOTAL** | **278.466** | **75.845** | **5.503** | **40.439** | **10.000** | **8.200** |

For the term contracts hedge accounting is applied. For the IRS related to the former senior facility loan (€40,0 million), no hedge accounting is applied. For the remainder of the IRS nominal amounts (€80,5 million) hedge accounting is applied.

The foreign exchange forward contract expires in 29 September 2017 at the latest. The maturity date of the IRS is no later than 21 November 2024.

### Fair value by type of derivative

The fair value of foreign exchange derivatives is based on the (available) market price. Where the market price is not available, the fair value is estimated using other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly.

The fair value of interest rate 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 fair value of the interest rate swap is determined by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

| Fair value by type of derivative | 31 March 2016 | | | | | 31 March 2015 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net Position | Included in income statement | Included in equity | Assets | Liabilities | Net Position | Included in income statement | Included in equity |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Foreign exchange risk** | | | | | | | | | | |
| Term contracts | 2.212 | 2.214 | -2 | 1.097 | 128 | 355 | 1.582 | -1.227 | -638 | - |
| **Interest rate risk** | | | | | | | | | | |
| IRS | 782 | 5.731 | -4.949 | 1.830 | -5.847 | - | 932 | -932 | 503 | - |
| **Net assets/liabilities** | **2.994** | **7.945** | **-4.951** | **2.927** | **-5.719** | **355** | **2.514** | **-2.159** | **-135** | **-** |

### 1.7 Other market risks

Other market risks that are unrelated to risks in relation to financial instruments are determined by fluctuations in availability and prices of raw materials, sales prices and weather conditions.

We refer to the section 'Position of the company: risks and uncertainties' in the report of the Board of Directors.

## 2. Credit risk

Credit risk is the risk of financial loss to the Group through a customer or a financial 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 credit insurance programs with international credit insurance companies.

For the other instrument classes the credit risk is limited or non-existent, given that counterparties are banks with a high creditworthiness.

### 2.1 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.

### 2.2 Impairment losses

The contribution of impairment losses recognised during the accounting 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 €0,0 million at 31 March 2016 (€0,0 million at 31 March 2015). The net result on loans and receivables (> 1 year) was €0,0 million for the accounting year ending on 31 March 2016 (€0,0 million at 31 March 2015).

## 3. Share price risk

During the accounting 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

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.

For operating entities not part of a cash pool scheme, surplus cash held over and above balances required for working capital management are transferred to the Group Treasury.
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2016 Prepared had €82,0 million of unused available lines under its Term and Revolving Credit facility (per 31 March 2015: €57,0 million).

At 31 March 2016 Fresh had €87,5 million (€2,5 million used for the issuance of bank guarantees) of unused available lines under its Revolving Credit facility.

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 *"6.18.1.3 Interest rate risk"*) and the interest bearing liabilities (note *"6.16 Interest bearing liabilities"*).

The following table shows the Group's contractually agreed (undiscounted) cash flows 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 per 31 March 2016 | Contractually agreed undiscounted cash flows Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 year €'000 | TOTAL €'000 |
|---|---|---|---|---|
| Guaranteed bank loans | 71.123 | 10.652 | 2.899 | 84.673 |
| Bond loan | 29.871 | 547.327 | - | 577.198 |
| Trade and other debts | 679.331 | 1.051 | - | 680.382 |
| **Financial debts: non-derivatives** | **780.325** | **559.030** | **2.899** | **1.342.254** |
| IRS | 2.111 | 3.043 | 146 | 5.299 |
| Forward Contracts | -444 | 5 | - | -439 |
| **Financial debts: derivatives** | **1.667** | **3.047** | **146** | **4.860** |
| **Total undiscounted cash flows** | **781.992** | **562.078** | **3.045** | **1.347.114** |

| Remaining terms of financial debts per 31 March 2015 | Contractually agreed undiscounted cash flows Due within 1 year €'000 | Due between 1 and 5 years €'000 | Due after 5 year €'000 | TOTAL €'000 |
|---|---|---|---|---|
| Other guaranteed financial liabilities | 1.507 | - | - | 1.507 |
| Guaranteed EUR bank loan | 60.818 | 2.700 | 3.328 | 66.846 |
| Bond loan | 7.436 | 179.747 | - | 187.183 |
| Convertible loans with warrants | 13.335 | 31.344 | - | 44.679 |
| Trade and other debts | 99.201 | - | - | 99.201 |
| **Financial debts: non-derivatives** | **182.297** | **213.791** | **3.328** | **399.416** |
| IRS | 336 | 740 | 191 | 1.268 |
| Options | 2.035 | - | - | 2.035 |
| **Financial debts: derivatives** | **2.371** | **740** | **191** | **3.302** |
| **Total undiscounted cash flows** | **184.668** | **214.531** | **3.519** | **402.718** |

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 assets and liabilities 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.

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

| 31 March 2016 | Category in accordance with IAS 39 | Net carrying amount 31/03/2016 | Amounts recognized in balance sheet in accordance with IAS 39 | | | Amounts recognized in balance sheet in accordance with IAS 17 | Fair value 31/03/2016 |
|---|---|---|---|---|---|---|---|
| | | | Amortized cost | Fair value recognized in equity | Fair value recognized in profit or loss | | |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **LIABILITIES** | | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | | |
| Financial debts at credit institutions | | | | | | | |
| Finance leases | n/a | 818 | 818 | - | - | - | - |
| Bank loans | FLmaAC | 12.969 | 12.969 | - | - | - | 12.866 |
| Interest bearing liabilities | | | | | | | |
| Bond loans | FLmaAC | 436.494 | 436.494 | - | - | - | 446.822 |
| **CURRENT LIABILITIES** | | | | | | | |
| Financial debts at credit institutions | | | | | | | |
| Finance leases | n/a | 692 | 692 | - | - | - | - |
| Bank loans: debts > 1 year payable within current year | FLmaAC | 71.986 | 71.986 | - | - | - | 72.189 |
| Other financial debts | FLmaAC | 9 | 9 | - | - | - | - |

| 31 March 2015 | Category in accordance with IAS 39 | Net carrying amount 31/03/2015 | Amounts recognized in balance sheet in accordance with IAS 39 | | | Amounts recognized in balance sheet in accordance with IAS 17 | Fair value 31/03/2015 |
|---|---|---|---|---|---|---|---|
| | | | Amortized cost | Fair value recognized in equity | Fair value recognized in profit or loss | | |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **ASSETS** | | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | | |
| Other financial fixed assets | FaAFS | 30 | 30 | - | - | - | n.a.* |
| **LIABILITIES** | | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | | |
| Financial debts at credit institutions | | | | | | | |
| Bank loans | FLmaAC | 6.662 | 6.662 | - | - | - | 6.299 |
| Interest bearing liabilities | | | | | | | |
| Subordinated loans with warrants | FLmaAC | 25.065 | 25.065 | - | - | - | 28.348 |
| Bond loans | FLmaAC | 149.683 | 149.683 | - | - | - | 165.648 |
| **CURRENT LIABILITIES** | | | | | | | |
| Financial debts at credit institutions | | | | | | | |
| Bank loans: debts > 1 year payable within current year | FLmaAC | 778 | 778 | - | - | - | 922 |
| Interest bearing liabilities | | | | | | | |
| Subordinated loans with warrants | FLmaAC | 12.000 | 12.000 | - | - | - | 13.279 |

* 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 accounting year the Group has not used external 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 revolving credit facilities. We refer *"7.3 Off-Balance commitments".*

Following the contractual agreements with some financial institutions overdrafts were presented net from cash. For financial derivatives no offsetting has been applied.

## 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 targets 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 *"6.16 Interest bearing liabilities"*.

The Group has solvency and gearing ratio's which are aligned with the sector. The gearing ratio is a bank covenant for Prepared under the Retail Bonds and the revolving facility agreement Solvency and Gearing are closely followed-up and the capital structure is presented at regular intervals to the Audit Committee and the Board of Directors.

## 7. 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 per 31 March 2016 | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | TOTAL €'000 |
|---|---|---|---|---|
| Financial assets at fair value | | | | |
| Derivatives | - | 2.994 | - | 2.994 |
| TFFG Bond | 4.214 | - | - | 4.214 |
| Biological assets | - | - | 21.081 | 21.081 |
| **Total assets at fair value** | **4.214** | **2.994** | **21.081** | **28.289** |
| Financial liabilities at fair value | | | | |
| Derivatives | - | 7.945 | - | 7.945 |
| **Total liabilities at fair value** | **-** | **7.945** | **-** | **7.945** |

| Assets and liabilities at fair value per 31 March 2015 | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | TOTAL €'000 |
|---|---|---|---|---|
| Financial assets at fair value | | | | |
| Derivatives | - | 355 | - | 355 |
| **Total assets at fair value** | **-** | **355** | **-** | **355** |
| Financial liabilities at fair value | | | | |
| Derivatives | - | 2.513 | - | 2.513 |
| **Total liabilities at fair value** | **-** | **2.513** | **-** | **2.513** |

During the past financial year, there were no transfers of financial assets or liabilities between levels 1 and 2.

For more detail on TFFG bond we refer to note *"6.5 Other financial assets"*.

# 7. OTHER ELEMENTS

## 7.1 SUBSIDIARIES

The parent company of the Group is Greenyard Foods, Sint-Katelijne-Waver, Belgium. The subsidiaries and associates of the Group as per 31 March 2016 are presented below.

### Segment Fresh

**Subsidiaries**

| Fresh: Subsidiaries | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| FieldLink NV | Belgium | Full | 100% | - |
| Univeg Belgium NV | Belgium | Full | 100% | - |
| Ben Fresh NV en/of De Pelsmaeker NV | Belgium | Full | 51% | - |
| Fresh Transport NV | Belgium | Full | 100% | - |
| Nova-Veg Logistics NV | Belgium | Full | 100% | - |
| Univeg Holding B.V. | The Netherlands | Full | 100% | - |
| Univeg Fruitpartners B.V. | The Netherlands | Full | 100% | - |
| Univeg B.V. | The Netherlands | Full | 100% | - |
| Univeg Trade Benelux B.V. | The Netherlands | Full | 100% | - |
| Univeg Finance B.V. | The Netherlands | Full | 100% | - |
| Univeg Nederland Exploitatie B.V. | The Netherlands | Full | 100% | - |
| Bakker Barendrecht B.V. | The Netherlands | Full | 100% | - |
| Bakker Barendrecht Transport B.V. | The Netherlands | Full | 100% | - |
| Holland Crop B.V. | The Netherlands | Full | 100% | - |
| Bakker Centrale Inkoop B.V. | The Netherlands | Full | 100% | - |
| Univeg Flower Trade B.V. | The Netherlands | Full | 100% | - |
| Univeg Supply Chain Services B.V. | The Netherlands | Full | 100% | - |
| Univeg Katope France S.A.S. | France | Full | 100% | - |
| Champaris S.A. | France | Full | 75% | - |
| Agrisol S.A. | France | Full | 100% | - |
| Delta Stocks S.a.r.l. | France | Full | 100% | - |
| Univeg Germany Beteiligungs GmbH | Germany | Full | 100% | - |
| Univeg Germany GmbH & Co KG | Germany | Full | 100% | - |
| Univeg Trade International GmbH | Germany | Full | 100% | - |
| Univeg Deutschland GmbH[(1)] | Germany | Full | 94% | - |
| Univeg Handelsgesellschaft GmbH | Germany | Full | 100% | - |
| Univeg Direct Fruit Marketing GmbH | Germany | Full | 100% | - |
| Pastari Gemusevertrieb GmbH & Co KG | Germany | Full | 60% | - |
| Univeg Austria GmbH | Austria | Full | 100% | - |
| Univeg Trade Spain S.A. Unipersonal | Spain | Full | 100% | - |
| Univeg Logistics Portugal SA | Portugal | Full | 100% | - |
| Univeg Trade Italia Srl | Italy | Full | 100% | - |
| Winchester Growers Ltd | UK | Full | 100% | - |
| Winchester Bulb Growers Ltd | UK | Full | 100% | - |
| Univeg Katope UK Ltd | UK | Full | 100% | - |
| Pastari International Ltd | Turkey | Full | 60% | - |
| Univeg Trade Poland SA | Poland | Full | 100% | - |
| Univeg Logistics Poland Sp. Z o.o. | Poland | Full | 100% | - |
| Univeg Real Estate LLC | Russia | Full | 100% | - |
| Atabel SA | Belarus | Full | 99,77% | - |
| Bakker Trans sro | Czech Republic | Full | 100% | - |
| Bakker sro | Czech Republic | Full | 100% | - |
| Univeg Bulgaria EOOD | Bulgaria | Full | 100% | - |
| Univeg America Co | US | Full | 100% | - |
| Seald Sweet LLC | US | Full | 90% | - |
| Univeg Logistics America Inc | US | Full | 100% | - |
| Seald Sweet West International Inc | US | Full | 90% | - |
| DFM Brasil Ltda | Brazil | Full | 100% | - |
| Univeg Katope Brasil Ltda | Brazil | Full | 100% | - |
| Univeg Katope Peru SAC | Peru | Full | 95% | - |
| Univeg Peru SAC | Peru | Full | 99% | - |
| Univeg Chili Ltda | Chili | Full | 100% | - |
| Univeg Colombia SAS | Colombia | Full | 100% | - |

[(1)] The Group holds 94% of the shares of Univeg Deutschland. Based on the signed share purchase agreement of 6% of the shares, the Group remains eligible to all past and future profits of Univeg Deutschland. As a result, Univeg Deutschland is consolidated for 100.

**Associates**

| Fresh: Associates | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| Grupo Yes Procurement Marketing SL | Spain | Equity method | 50% | - |
| Logidis Sistem SL | Spain | Equity method | 50% | - |
| Mahindra Univeg Private Ltd | India | Equity method | 40% | - |
| H-Pack CVBA | Belgium | Equity method | 50% | - |
| H-Fruit NV | Belgium | Equity method | 50,01% | - |
| Lunasoft BVBA | Belgium | Equity method | 50% | - |

**Investments recorded at cost**

| Fresh: Investments recorded at cost | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| Pison Srl | Italy | Not consolidated | 25% | - |
| Campoverde Spa Agricola | Italy | Not consolidated | 2% | - |
| Export Frutta Puglia ARL | Italy | Not consolidated | 9% | - |
| Carpe Naturam Soc. Consortile ARL | Italy | Not consolidated | 9% | - |
| Project Fruit Chile SA | Chili | Not consolidated | 5% | - |

## Segment Prepared

**Subsidiaries**

| Prepared: Subsidiaries | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| Pinguin Foods CEE GMBH(1) | Austria | Full | 100% | 100% |
| Pinguin Salads BVBA | Belgium | Full | 100% | 100% |
| Pinguin Langemark NV | Belgium | Full | 100% | 99,99% |
| Noliko Holding NV(1)(4) | Belgium | Full | 100% | 100% |
| Noliko Investments NV(4) | Belgium | Full | 100% | 100% |
| Noliko NV(4) | Belgium | Full | 100% | 100% |
| BND CVBA(1)(4) | Belgium | Full | 25% | 25% |
| D'aucy do Brasil Ltda | Brazil | Full | 100% | 100% |
| Moréac Surgelés S.A.S. | France | Full | 66% | 66% |
| Vallée de la lys S.A.S. | France | Full | 66% | 66% |
| Pinguin Comines S.A.S. | France | Full | 100% | 100% |
| CGS S.A.S. | France | Full | 100% | 100% |
| CGB S.A.S. | France | Full | 100% | 100% |
| M.A.C. S.A.R.L | France | Full | 100% | 100% |
| Pinguin Polska sp. z.o.o.(2) | Poland | Full | 100% | 100% |
| Pinguin Foods Polska sp. z.o.o. | Poland | Full | 100% | 100% |
| Pinguin Foods Hungary Kft. | Hungary | Full | 100% | 100% |
| Pinguin Foods UK Ltd | UK | Full | 100% | 100% |
| KL Foods Ltd(1) | UK | Full | 0% | 100% |
| Noliko Ltd(4) | UK | Full | 100% | 100% |
| Lutèce Holding B.V.(3)(4) | The Netherlands | Full | 100% | - |
| Lutèce B.V.(3)(4) | The Netherlands | Full | 100% | - |

(1) In liquidation/liquidated.

(2) Renamed.

(3) Acquired entity.

(4) Part of canning division.

**Investments recorded at cost**

| Prepared: Investments recorded at cost | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| Tomates D'Aquitaine S.A.S. | France | Not consolidated | 14% | 14% |

### Segment Horticulture

**Subsidiaries**

| Horticulture: Subsidiaries | Country of incorporation | Consolidation method | 31 March 2016 % of interest | 31 March 2015 % of interest |
|---|---|---|---|---|
| Peatinvest NV | Belgium | Full | 100% | - |
| Peltracom NV | Belgium | Full | 100% | - |
| Agrofino Transport BVBA | Belgium | Full | 100% | - |
| Norland S.A. | Belgium | Full | 100% | - |
| Hollas sp. z.o.o. | Poland | Full | 100% | - |
| Misas Kudra AS | Latvia | Full | 99% | - |
| Greenyard Horticulture France SAS | France | Full | 100% | - |

### Significant restrictions

There are no significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over an associate) on the ability of associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity, except for those mentioned in note *"7.3 Off-Balance Sheet Commitments"*), with the approval of the majority shareholder.

There are no significant restrictions on the company's or its subsidiaries ability to access or use the assets and settle the liabilities of the Group, except for those mentioned in note *"7.3 Off-Balance Sheet Commitments"*).

### Changes in the consolidation scope

We refer to note *"2.4 Changes to the consolidation scope"* for a discussion of the changes in the consolidation scope for the accounting year ending on 31 March 2016.

## 7.2 MAIN DISPUTES

### Tax dispute D'Aucy do Brasil Ltda

D'Aucy do Brasil Ltda has received a 'carto consulta' from the state of Sao Paolo which allows it to apply 0% ICMS (Tax on Circulation of Goods and Services) since frozen vegetables are considered basic and natural products and no ICMS is payable on such products. The local tax authorities consider that the ICMS is however payable on the importation of frozen vegetables and impose an administrative penalty. This is a general practice for the whole industry of frozen vegetables. The total litigations of Greenyard Foods in this respect amount to R$ 22,5 million (€6,4 million) (being ICMS tax of R$ 18,4 million (€5,2 million) and penalties of R$ 4,1 million (€1,2 million)). Greenyard Foods is of the opinion that no ICMS is payable and no provision has been recorded.

Legal proceedings are still pending. The number of cases won in final appeal has gradually increased over the past reporting period and current legal court cases are in favour of the method applied by the company.

In addition, Greenyard Foods has a right of recourse against the CECAB group for the ICMS claims between 2010 and September 2011 (the date on which Greenyard Foods has acquired the CECAB operations in Brazil).

**Dispute false bananas' licenses Univeg Trade Italia S.r.l.**

In 2002, Univeg Trade Italia S.r.l. (formerly known as Bocchi Import Italia S.r.l.) received a claim from the Italian, Greek and Portuguese tax authorities for an aggregate amount of approximately €5,8 million, relating to custom duties which were allegedly not paid on the import of bananas from October 1998 to November 1999. The tax authorities claimed that false licenses were used by the company for trading bananas. The claim of the Italian tax authorities has been settled for a total amount (including interests) of €3,8 million. In Portugal, the company has lost on appeal and has paid an amount of €1,9 million. (including interests). The Greek tax authorities claim the payment of €2,1 million (including interests). The legal proceedings before Greek High Court are still pending.

**Garlic dispute Univeg Trade Italia S.r.l.**

In total, 31 claims have been brought against Univeg Trade Italia S.r.l. (formerly known as Bocchi Import Italia S.r.l.) and other Group companies (formerly belonging to the Univeg group) regarding the custom clearance of garlic imported from China in the period 2005-2007. The claims relate to the fact that at the time of export, Univeg Trade Italia S.r.l. had not yet identified the final customers and therefore issued the required documents in its own name and paid the customs invoice. Once the final customers were identified, the Chinese importer issued credit notes to Univeg Trade Italia S.r.l. and issued correct invoices to the final customers. The tax authorities allege that this amounts to the prohibited sale of licenses. The legal proceedings before Italian Supreme Court are pending. It was agreed with the tax authorities to settle the total outstanding due amount of €1,3 million in 36 instalments without prejudice and with reservation of all rights, in order to avoid further accrual of interest while awaiting the outcome of the legal proceedings.

**Bulbex Dispute**

In 2004, Univeg Finance B.V. (formerly known as Bulbex B.V.) divested certain shareholdings to (indirectly) Fred and Cees Moolenaar. It was agreed that all receivables which Nos Corps Beheer B.V., a company indirectly controlled by Fred and Cees Moolenaar, had on the company would be waived, which waiver is now challenged on grounds that it would not apply in certain circumstances. Univeg Finance B.V. lost the case in first instance and filed appeal on the argument that such excepting circumstances did not apply and that, moreover the waiver was unconditional and without reserve. Appeal is pending.

## 7.3 OFF-BALANCE SHEET COMMITMENTS

There are significant changes to contingencies compared with the previous reporting period, this following the business combination with Fresh and Horticulture.

**Commitments concerning purchases of property, plant and equipment and fresh vegetables**

Per 31 March 2016 and 31 March 2015, the Group committed for the purchase of property, plant & equipment and fresh vegetables in an amount of:

| Purchase commitments | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Fresh vegetables and fruit | 111.443 | 110.259 |
| Property, plant & equipment | 9.413 | 4.194 |
| Other | 147 | - |
| **TOTAL** | **121.003** | **114.453** |

The Group has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh vegetables harvested in AY 15/16. The contracted amounts can still fluctuate as a function of climate conditions and market prices for fresh vegetables.

### Commitments concerning 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 non-cancellable rental and lease contracts by maturity period.

| Rent and operating leases: future payments | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Within 1 year | 48.467 | 8.113 |
| Between 1 and 5 years | 136.824 | 27.165 |
| After 5 years | 166.903 | 28.625 |
| **TOTAL** | **352.194** | **63.903** |

The expenses included in the statement of comprehensive income are included in table below:

| Rent and operating leases: expenses | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|
| Expenses included in statement of comprehensive income (forklifts, hardware, buildings,…) | 41.079 | 5.948 |
| **TOTAL** | **41.079** | **5.948** |

### Factoring

In accordance with IAS 39 *"Financial instruments: Recognition and Measurement"*, all non-recourse trade receivables, included in these factoring programs, are derecognised for the non-continuing involvement part.

As at 31 March 2016, total derecognised trade receivables amount to €358,6 million.

### Bank covenants & undertakings

**Prepared**

On 5 July 2013 Greenyard Foods NV issued a retail bond with a nominal amount of €150,0 million and a gross coupon of 5,0% and a period of 6 years.

On 19 October 2015, the Court of Appeal in Ghent has homologated the decisions of the second Bondholders Meeting which was held on 24 July 2015. An approval was received on the change of activities of Greenyard Foods and the 'ring-fencing' of the Greenyard Foods retail bond as a result of the business combination on 19 June 2015.

This retail bond consists of following covenants that are tested on an annual basis at year end and are published on the website of the company using a conformity agreement. As the retail bond is ring-fenced, the covenants are only relevant to Prepared:

- EBITDA relative to interest payments (≥ 3,00 as at 31 March 2016)
- debt relative to balance sheet total (≤ 0,65 as at 31 March 2016)

There were no covenant breaches per 31 March 2016.

In addition, on a semi-annual basis a "guarantor cover requirement" must be satisfied for the retail bond. Thereby the total assets of Greenyard Foods together with the Guarantors under the retail bond amount to no less than 75% of the Group's Total Consolidated Assets. This is also reported in the conformity declaration.

On 16 December 2013, Greenyard Foods entered into a revolving credit facility of €158,5 million for a period of 5 years with a consortium of banks. This consists of a Revolving Credit Facility (RCF) of €150,0 million and a Term Loan of €8,5 million, repayable in periodical instalments. The Revolving credit facility has been amended per 30 June 2015 to 'ring-fence' the financing facility to the Prepared segment.

The revolving credit facility bears an interest which is the sum of EURIBOR and margin. The margin is based on the Greenyard Foods leverage and is maximally 3,35%.

The revolving credit facility includes a clause related to 'change of control' and some general covenants included in loan documentation, such as restrictions on dividend distribution. Generally, dividend distribution needs to comply with legal obligations, may not lead to gearing covenant breach and may not exceed the free cash flow.

The following financial covenants are included in the documentation of the revolving credit facility, which are tested on an annual basis at year-end and reported to the lenders. The covenants are only related to Prepared as this borrowing facility is ring-fenced:

- interest cover ratio : EBITDA / interest payments (≥3,00 per 31 March 2016)
- debt / total assets (≤ 0,65 per 31 March 2016)
- CAPEX covenant (maximum €35,8 million per 31 March 2016)
- total permitted indebtedness (€325,0 million per 31 March 2016)

There were no covenant breaches per 31 March 2016.

**Fresh**

On 15 November 2013, Univeg Holding issued Senior Secured Notes for €285,0 million with a coupon of 7,875% and maturing on 15 November 2020. The notes were rated B3/CCC+.

On or after 15 November 2016, Univeg Holding may on any one or more occasions redeem all or a part of the Notes, at the following redemption prices (expressed as percentages of principal amount): 103,938% as from 15 November 2016, 101,969% as from 15 November 2017 and 100,000% as from 15 November 2018.

The Senior Secured Notes documentation includes a clause related to 'change of control' and certain covenants, such as the restriction on dividend distribution.

On 14 November 2013, Univeg Holding and Univeg Belgium entered into a €90,0 million super senior multicurrency revolving credit facility agreement (RCF) with a consortium of banks maturing on 14 November 2018.
The Revolving Credit Facility includes an accordion feature pursuant to which additional commitments for an amount comprised between €10,0 million and €25,0 million may be available by the existing lenders.

The revolving credit facility bears an interest which is the sum of LIBOR/ EURIBOR and margin. The margin is based on the Fresh segment leverage and is maximally 3,75%.

The covenants as included in the documentation of the Senior Secured Notes are also applicable for the Revolving Credit Facility. Some additional covenants as typically included in loan documentation were added.

The documentation of the Revolving Credit Facility includes leverage as financial covenant. This financial covenant only covers the Fresh segment as the financing facility is 'ring-fenced'. The leverage covenant per 31 March 2016 was 3,90 for Fresh and there was no covenant breach.

**Restrictions on dividend**

The terms of the revolving credit facility impose a number of restrictions relating to the dividend distribution by Greenyard Foods NV as explained in the section "*Bank covenants & undertakings*".

### Securities

The notes and revolving credit facility of Fresh are secured through different types of assets, including:

- Pledge on the intercompany (trade and non-trade) receivables of the major Dutch, German and Belgian Fresh subsidiaries;
- Pledge on the receivables of the most important Dutch, Belgian, German and Spanish Fresh subsidiaries related to insurance claims;
- Pledge on VAT and tax receivables, as well as subsidies granted by government of the most important Belgian subsidiaries;
- Silent pledge on the trade receivables of the most important Dutch, German, Belgian and Spanish subsidiaries;
- Pledge on the bank accounts of the most important Dutch, Belgian, Spanish and German subsidiaries;
- Pledge on moveable assets of the most important Dutch subsidiaries;
- Pledge on the shares of the most important Dutch, Belgian, Italian, German, UK, French and Spanish affiliates.

The retail bond and revolving credit facility of Prepared are secured through different types of assets, including:

- Pledge on the business assets, shares and bank accounts of the most important Belgian, French, Polish, Hungarian and UK subsidiaries;
- Mortgage mandate and registered mortgage for the most important Belgian, Polish, Hungarian and UK subsidiaries.

Total secured tangible assets, inventories and receivables amount to €640,7 million as at 31 March 2016 (compared to €477,0 as per 31 March 2015), of which €65,0 million relating to mortgage mandates and €9,7 million to registered mortgages. The increase of the aforementioned secured assets is primarily attributable to the business combination with Fresh.

On a quarterly basis, Fresh communicates to the security agent the values of all securities.

### Bank & corporate guarantees

As of 31 March 2016 the Group has outstanding bank guarantees in an amount of €14,2 million and outstanding corporate guarantees in an amount of €23,0 million. Of these amounts, bank guarantees in an amount of €2,6 million and outstanding corporate guarantees in an amount of €0,8 million were not in the ordinary course of business. Main purpose of the guarantees are for tax authorities, landlords and suppliers.

## 7.4 RELATED PARTIES

Transactions between Greenyard Foods 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.

### Groupe D'Aucy

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 sub-sectors that process and market agricultural products. Before, UFM SCA was the owner of CECAB Group. As per 19 June 2015 there was a merger between CECAB and UFM (Union Fermière Morbihannaise SCA). As from that date onwards the name CECAB has changed into Groupe d'Aucy.

During the AY 15/16 following new important related parties were included following the contribution of Fresh and Horticulture:

### The Fruit Farm Group

The Fruit Farm Group, acting on behalf of its subsidiaries, entered into a fruit sales, marketing and distribution agreement with FieldLink NV from December 2014 to December 2019, acting on behalf of its affiliated companies. Under this agreement, The Fruit Farm Group has appointed Fresh as its exclusive agent to handle, distribute and market fruit on a free consignment basis with a floor price mechanism. Fresh is paid a commission on the final sales price to its customer. The goods are transported by The Fruit Farm Group's subsidiaries to the port of destination on a CIF basis whereby expenses, custom duties and risks are borne by The Fruit Farm Group's subsidiaries. Fresh will make pre-season advances available to The Fruit Farm Group's subsidiaries. The advances are deducted from the final sales price realised by Fresh, net of expenses, prior to payment to The Fruit Farm Group's subsidiaries. In the event that at the end of a season there is a balance due to Fresh, The Fruit Farm Group's subsidiary and Fresh will agree on payment terms.

### Orchards Invest Services

Orchards Invest Services, acting on behalf of its subsidiaries, entered into a fruit sales, marketing and distribution agreement with FieldLink NV from January 2012 to June 2017, acting on behalf of its affiliated companies. Under this agreement, Orchards Invest Services has appointed Fresh as its exclusive agent to handle, distribute and market fruit on a free consignment basis with a floor price mechanism. Fresh is paid a commission on the final sales price to its customer. The goods are transported by Orchards Invest Services' subsidiaries to the port of destination on a CIF basis whereby expenses, custom duties and risks are borne by the Orchards Invest Services' subsidiaries. Fresh will make pre-season advances available to the Orchards Invest Services' subsidiaries. The advances are deducted from the final sales price realised by Fresh, net of expenses, prior to payment to Orchards Invest Services. In the event that at the end of a season there is a balance due to Fresh, Orchards Invest Services and Fresh will agree on payment terms.

### Rent De Weide Blik Real Estate Poland Sp.z.o.o.

Fresh rents buildings with De Weide Blik Real Estate Poland Sp.z.o.o.

| **Related parties** | **31/03/2016 €'000** | **31/03/2015 €'000** |
|---|---|---|
| **Groupe d'Aucy (former Union Fermière Morbihannaise SCA, CECAB Appro Vegetal)** | | |
| Purchase of products, services and other goods | 19.753 | 15.282 |
| Sales of products, services and other goods | 5.934 | 3.124 |
| Outstanding receivables | 488 | 438 |
| Outstanding payables | 254 | 446 |
| **The Fruit Farm Group** | | |
| Purchase of products, services and other goods | 44.773 | - |
| Sales of services and other goods | 3.106 | - |
| Interest and similar revenue | 413 | - |
| Trade receivable incl advances | 6.913 | - |
| Trade payables | 596 | - |
| Other receivables (current account/loans) | 13.352 | - |
| **Orchards Invest Services** | | |
| Purchase of products, services and other goods | 4.249 | - |
| Sales of services and other goods | 674 | - |
| Interest and similar revenue | 322 | - |
| Trade receivable incl advances | 8.150 | - |
| Trade payables | 369 | - |
| Other receivables (current account/loans) | 7.910 | - |
| **De Weide Blik** | | |
| Purchases of services and other goods | 1.939 | - |
| Sales of services and other goods | 416 | - |
| Sales of associates(*) | 5.058 | - |
| Trade receivable incl advances | 429 | - |
| Trade payables | 29 | |
| Other receivables (current account/loans) | 135 | - |
| **Gimv-XL and related companies** | | |
| Purchase of services and other goods | 71 | - |
| Financial expenses | 1.763 | 3.245 |
| Outstanding payables | - | 37.065 |
| **Vijverbos NV** | | |
| Purchase of services and other goods | - | 430 |
| Loss on sale of participation Pinguin Aquitaine | - | 2.036 |
| Outstanding payables | - | 462 |
| **Koen Dejonghe** | | |
| Purchases of services and other goods | 1.500 | - |
| **Associates** | | |
| Purchase of products, services and other goods | 13.901 | - |
| Sales of services and other goods | 907 | - |
| Interest and similar revenue | 66 | - |
| Trade receivable incl advances | 1.588 | - |
| Trade payables | 2.966 | - |

(*) The associates sold were included in assets held for sale in the Fresh opening balance.

The Board of Directors and key management team of the Group changed during the accounting year resulting from the business combination taken place on 19 June 2015 between Prepared, Fresh and Horticulture. The remuneration of the Board of Directors and key Management Team can be summarized as follows in AY 15/16:

| **Related parties: remunerations** | **31 March 2016 €'000** | **31 March 2015 €'000** |
|---|---|---|
| Board of Directors | 819 | 352 |
| Key management team | 3.084 | 1.395 |

The above-mentioned remunerations all have a short-term character.

The Board of Directors' remuneration includes the cost of the Executive Chairman.

The key management team includes the CEO and the members of the Leadership Team (see chapter 'Corporate Governance statement' in the annual report).

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

Between 31 March 2016 and the date on which this annual report was released for publication, the following significant events after the balance sheet date have occurred:

In April, after closing date, the intention to centralize the Ben Fresh activities towards Greenyard Food's logistical operations was announced. Ben Fresh is a successful Direct-Store-Delivery specialist of fresh produce, which realised strong growth in recent years. This allows us to respond better to future client demand and benefit from the state-of-the-art facilities of the group as well.

Also in April, there was the announcement that Koen Sticker, CFO, will leave the company at the end of July. Meanwhile, the search for a successor is ongoing and the market will be updated as soon as a successor can be made public.

Greenyard Foods announced on 16 June 2016 the investment in the company's northeast US operations, with construction of a new state-of-the-art packing and cold storage facility. Located in New Jersey, this facility is strategically positioned within close proximity of the northeastern ports, a major receiving point for imported fresh produce in the US.

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

During the accounting year from 1 April 2015 to 31 March 2016, additional services for a total amount of €1,8 million were provided by the statutory auditor and persons working under cooperative arrangements with him. These services consist of supplementary audit services, tax and legal advisory services of which €1,6 million is related to business combinations.

The audit fees charged to the Group for the accounting year ending 31 March 2016 amounted to €1,5 million.

All additional fees were presented in advance to the Audit Committee for approval. The Group's Audit Committee gave a positive decision on this extension.

# STATEMENT FROM THE RESPONSIBLE PERSONS

Declaration regarding the information given in this annual report for the 12 months period ended 31 March 2016.

Sint-Katelijne-Waver, 5 July 2016

The undersigned, in the name and on behalf of Greenyard Foods 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 Greenyard Foods NV, including its consolidated subsidiaries;
- The annual report for the 12 months period ended 31 March 2016 contains a true and fair statement of the important events, the results and the position of Greenyard Foods NV, including its consolidated subsidiaries, as well as a comment on the principal risks and uncertainties confronting the Group.

Deprez Invest NV, represented by Mr Hein Deprez, president of Board of Directors
Mavac BVBA, represented by Mrs Marleen Vaesen, CEO
Koen Sticker BVBA, represented by Mr Koen Sticker, CFO

# STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

## Greenyard Foods NV

### Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 March 2016

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2016, 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.

### Report on the consolidated financial statements – Unqualified opinion

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

The consolidated statement of financial position shows total assets of 2,086,488 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 16,693 (000) EUR.

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

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

*Statutory auditor's responsibility*

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

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

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

Deloitte.

*Unqualified opinion*

In our opinion, the consolidated financial statements of Greenyard Foods NV give a true and fair view of the group's net equity and financial position as of 31 March 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

## Report on other legal and regulatory requirements

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

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

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

Gent, 5 July 2016

**The statutory auditor**

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

Mario Dekeyser

Charlotte Vanrobaeys

# CONDENSED STATUTORY ACCOUNTS OF THE PARENT COMPANY GREENYARD FOODS NV, ACCORDING TO BELGIAN ACCOUNTING STANDARDS

### Parent company statutory accounts

The statutory financial statements of the parent company, Greenyard Foods NV, are presented below in a condensed form. The statutory auditor issued an unqualified report on the financial statements of Greenyard Foods NV. In accordance with Belgian company law, the directors' report and financial statements of the parent company, Greenyard Foods 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:

Greenyard Foods NV

Strijbroek 10

BE -2860 Sint-Katelijne-Waver

Belgium

www.greenyardfoods.com

## Condensed statutory accounts of Greenyard Foods NV

| | ASSETS | Codes | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|---|---|
| | FIXED ASSETS | 20/28 | 309.929 | 269.731 |
| I. | **Formation expenses** | **20** | **3.575** | **2.391** |
| II. | **Intangible assets** | **21** | **15.398** | **16.783** |
| III. | **Tangible assets** | **22/27** | **28.223** | **28.783** |
| | A. Land and buildings | 22 | 7.110 | 5.658 |
| | B. Plant, machinery and equipment | 23 | 20.012 | 22.666 |
| | C. Furniture and vehicles | 24 | 178 | 235 |
| | D. Leasing and other similar rights | 25 | 0 | 0 |
| | E. Other tangible assets | 26 | 11 | - |
| | F. Assets under construction and advance payments | 27 | 913 | 223 |
| IV. | **Financial assets** | **28** | **262.732** | **221.773** |
| | A. Affiliated enterprises | 280/1 | 262.708 | **221.751** |
| | 1. Participating interests | 280 | 262.708 | **221.751** |
| | 2. Amounts receivable | 281 | - | - |
| | B. Other enterprises linked by participating interests | 282/3 | - | - |
| | 1. Participating interests | 282 | - | - |
| | 2. Amounts receivable | 283 | - | - |
| | C. Other financial assets | 284/8 | 24 | **21** |
| | 1. Shares | 284 | - | - |
| | 2. Amounts receivable and cash guarantees | 285/8 | 24 | **21** |
| | CURRENT ASSETS | 29/58 | 422.903 | 266.975 |
| V. | **Amounts receivable after more than one year** | **29** | **311.070** | **154.268** |
| | A. Trade debtors | 290 | - | - |
| | B. Other amounts receivable | 291 | 311.070 | 154.268 |
| VI. | **Stocks and contracts in progress** | **3** | **34.228** | **35.601** |
| | A. Stocks | 30/36 | 34.228 | 35.601 |
| | 1. Raw materials and consumables | 30/31 | 1.398 | 1.458 |
| | 2. Work in progress | 32 | - | - |
| | 3. Finished goods | 33 | 32.830 | 34.143 |
| | 4. Goods purchased for resale | 34 | - | - |
| | 5. Immovable property acquired or constructed for | 35 | - | - |
| | 6. Advance payments | 36 | - | - |
| | B. Contracts in progress | 37 | - | - |
| VII. | **Amounts receivable within one year** | **40/41** | **65.535** | **60.516** |
| | A. Trade debtors | 40 | 34.988 | 28.064 |
| | B. Other amounts receivable | 41 | 30.547 | 32.452 |
| VIII. | **Investments** | **50/53** | - | - |
| | A. Own shares | 50 | - | - |
| | B. Other investments and deposits | 51/53 | - | - |
| IX. | **Cash at bank and in hand** | **54/58** | **11.268** | **16.208** |
| X. | **Deferred charges and accrued income** | **490/1** | **802** | **382** |
| | TOTAL ASSETS | 20/58 | 732.831 | 536.705 |

| | LIABILITIES | Codes | 31 March 2016 €'000 | 31 March 2015 €'000 |
|---|---|---|---|---|
| | **CAPITAL AND RESERVES** | **10/15** | **363.683** | **174.060** |
| **I.** | **Capital** | **10** | **293.852** | **101.011** |
| | A. Issued capital | 100 | 293.852 | 101.011 |
| | B. Uncalled capital | 101 | - | - |
| **II.** | **Share premium account** | **11** | **-** | **11.376** |
| **III.** | **Revaluation surplus** | **12** | **-** | **-** |
| **IV.** | **Reserves** | **13** | **11.028** | **10.176** |
| | A. Legal reserve | 130 | 4.300 | 3.448 |
| | 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** | **58.797** | **51.488** |
| | Loss carried forward (-) | 141 | - | - |
| **VI.** | **Investment grants** | **15** | **6** | **8** |
| | **PROVISIONS AND DEFERRED TAXATION** | **16** | **219** | **193** |
| **VII.** | **Provisions and deferred taxation** | **16** | **219** | **193** |
| | A. Provisions for liabilities and charges | 160/5 | 218 | 191 |
| | 1. Pensions and similar obligations | 160 | 31 | 20 |
| | 2. Taxation | 161 | - | - |
| | 3. Major repairs and maintenance | 162 | - | - |
| | 4. Other liabilities and charges | 163/5 | 188 | 171 |
| | B. Deferred taxation | 168 | 1 | 2 |
| | **CREDITORS** | **17/49** | **368.929** | **362.453** |
| **VIII.** | **Amounts payable after more than one year** | **17** | **207.251** | **232.356** |
| | A. Financial debts | 170/4 | 207.251 | 232.356 |
| | 1. Subordinated loans | 170 | - | 26.423 |
| | 2. Unsubordinated debentures | 171 | 150.000 | 150.000 |
| | 3. Leasing and other similar obligations | 172 | - | - |
| | 4. Credit institutions | 173 | - | - |
| | 5. Other loans | 174 | 57.251 | 55.933 |
| | 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 | 178/9 | - | - |
| **IX.** | **Amounts payable within one year** | **42/48** | **146.709** | **116.343** |
| | A. Current portion of amounts payable after more than one year | 42 | - | 12.000 |
| | B. Financial debts | 43 | 72.635 | 60.000 |
| | 1. Credit institutions | 430/8 | 72.635 | 60.000 |
| | 2. Other loans | 439 | - | - |
| | C. Trade debts | 44 | 38.753 | 31.310 |
| | 1. Suppliers | 440/4 | 38.753 | 31.310 |
| | 2. Bills of exchange payable | 441 | - | - |
| | D. Advances received on contracts in progress | 46 | - | - |
| | E. Taxes, remuneration and social security | 45 | 3.487 | 3.245 |
| | 1. Taxes | 450/3 | 171 | 191 |
| | 2. Remuneration and social security | 454/9 | 3.316 | 3.053 |
| | F. Other payables | 47/48 | 31.834 | 9.789 |
| **X.** | **Accrued charges and deferred income** | **492/3** | **14.969** | **13.754** |
| | **TOTAL LIABILITIES** | **10/49** | **732.831** | **536.705** |

| | INCOME STATEMENT | Codes | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|---|---|
| **I.** | **Operating income** | **70/74** | **174.727** | **164.440** |
| | A. Turnover | 70 | 161.296 | 158.090 |
| | B. Increase (+) ; Decrease (-) in stocks of | | | |
| | finished goods. work and contracts in progress | 71 | -1.826 | -1.439 |
| | C. Own construction capitalised | 72 | - | - |
| | D. Other operating income | 74 | 15.257 | 7.788 |
| **II.** | **Operating charges (-)** | **60/64** | **-171.720** | **-163.000** |
| | A. Raw materials. consumables and goods for resale | 60 | -106.378 | -106.397 |
| | 1. Purchases | 600/8 | -106.728 | -105.718 |
| | 2. Increase (-) ; Decrease in stocks (+) | 609 | 350 | -678 |
| | B. Services and other goods | 61 | -36.422 | -30.988 |
| | C. Remuneration, social security costs and pensions | 62 | -18.045 | -16.683 |
| | D. Depreciation of and other amounts written off | | - | - |
| | formation expenses. intangible and tangible | 630 | -6.231 | -6.050 |
| | fixed assets | | - | - |
| | E. Increase (+) ; Decrease (-) in amounts written | | - | - |
| | off stocks. contracts in progress and trade | 631/4 | 100 | -643 |
| | debtors | | - | - |
| | F. Increase (+) ; Decrease (-) in provisions for | 635/7 | -28 | -138 |
| | liabilities and charges | 640/8 | - | - |
| | G. Other operating charges | | -4.717 | -2.100 |
| | H. Operating charges capitalised as reorganization | 649 | - | - |
| **III.** | **Operating profit (+)** | **70/64** | **3.006** | **1.440** |
| | **Operating loss (-)** | **64/70** | **-** | **-** |
| **IV.** | **Financial income** | **75** | **35.663** | **9.584** |
| | A. Income from financial fixed assets | 750 | 1 | 0 |
| | B. Income from current assets | 751 | 12.169 | 7.758 |
| | C. Other financial income | 752/9 | 23.493 | 1.825 |
| **V.** | **Financial charges (-)** | **65** | **-21.657** | **-17.073** |
| | A. Interest and other debts charges | 650 | -14.356 | -16.010 |
| | B. Increase (+) ; Decrease (-) in amounts written off | 651 | -3 | - |
| | current assets other than mentioned under II. E | | - | - |
| | C. Other financial charges | 652/9 | -7.298 | -1.063 |
| **VI.** | **Profit on ordinary activities before taxes (+)** | **70/65** | **17.012** | **-** |
| | **Loss on ordinary activities before taxes (-)** | **65/70** | **-** | **-6.049** |
| **VII.** | **Extraordinary income** | **76** | **28** | **87** |
| | A. Reversal of Extraordinary depreciation of and extraordinary amounts | | - | - |
| | written off on formation expenses, intangible and tangible fixed assets | 760 | - | - |
| | B. Reversal of amounts written off on financial fixed | 761 | - | - |
| | C. Reversal of provisions for extraordinary liabilities and charges | 762 | - | - |
| | D. Gain on disposal of fixed assets | 763 | 28 | 87 |
| | E. Other extraordinary income | 764/9 | - | - |
| **VIII.** | **Extraordinary charges (-)** | **66** | **-** | **-2.659** |
| | A. Extraordinary depreciation of and extraordinary | | - | - |
| | written off on formation expenses, intangible and tangible fixed assets | 660 | - | - |
| | 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 | - | -2.659 |
| | E. Other extraordinary charges | 664/8 | - | - |
| | F. Extraordinary charges capitalised as reorganization costs (-) | 669 | - | - |
| **IX.** | **Profit for the period before taxes (+)** | **70/66** | **17.040** | **-** |
| | **Loss for the period before taxes (-)** | **66/70** | **-** | **-8.621** |
| **IX bis.** | **A. Transfer from deferred taxation (+)** | **780** | **1** | **2** |

| | INCOME STATEMENT | Codes | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|---|---|
| | **B. Transfer to deferred taxation (-)** | **680** | **-** | **-** |
| **X.** | **Income taxes (-)/(+)** | **67/77** | **-5** | **-6** |
| | A. Income taxes | 670/3 | -5 | -6 |
| | B. Adjustment of income taxes and write-back of tax provisions | 77 | - | - |
| **XI.** | **Profit of the period (+)** | **70/67** | **17.036** | **-** |
| | **Loss of the period (-)** | **67/70** | **-** | **-8.625** |
| **XII.** | **Transfer from untaxed reserve (+)** | **789** | **-** | **-** |
| | **Transfer to untaxed reserve (-)** | **689** | **-** | **-** |
| **XIII.** | **Profit for the period available for appropriation (+)** | **70/68** | **17.036** | **-** |
| | **Loss for the period available for appropriation (-)** | **68/70** | **-** | **-8.625** |

| | APPROPRIATION ACCOUNT | Codes | AY 15/16 €'000 | AY 14/15 €'000 |
|---|---|---|---|---|
| **A.** | **Profit to be appropriated** | **70/69** | **68.524** | **51.488** |
| | **Loss to be appropriated (-)** | **69/70** | **-** | **-** |
| | 1. Profit for the period available for appropriation | 70/68 | 17.036 | - |
| | Loss for the period available for appropriation (-) | 68/70 | - | -8.625 |
| | 2. Profit brought forward | 790 | 51.488 | 60.113 |
| | Loss brought forward (-) | 690 | - | - |
| **B.** | **Transfers from capital and reserves** | **791/2** | **-** | **-** |
| | 1. From capital and share premium account | 791 | - | - |
| | 2. From reserves | 792 | - | - |
| **C.** | **Transfers to capital and reserves (-)** | **691/2** | **-852** | **-** |
| | 1. To capital and share premium account | 691 | - | - |
| | 2. To legal reserve | 6920 | -852 | - |
| | 3. To other reserves | 6921 | - | - |
| **D.** | **Result to be carried forward** | **14** | **58.797** | **51.488** |
| | 1. Profit to be carried forward | 693 | 58.797 | 51.488 |
| | 2. Loss to be carried forward (-) | 793 | - | - |
| **E.** | **Shareholders' contribution in respect of losses** | **794** | **-** | **-** |
| **F.** | **Distribution of profit (-)** | **694/6** | **8.875** | **-** |
| | 1. Dividends | 694 | 8.875 | - |
| | 2. Directors' emoluments | 694 | - | - |
| | 3. Other allocations | 696 | - | - |

**Auditor's report**

The auditor has issued an unqualified audit opinion on the statutory accounts of Greenyard Foods NV.

# FINANCIAL DEFINITIONS

| | |
|---|---|
| EBIT | Result from operating activities. |
| EBITDA | EBIT corrected for write-offs and depreciation charges. |
| Fresh | FieldLink Group and its subsidiaries (see overview in note "*7.1 Subsidiaries*"). |
| Interest Cover | EBITDA over the last 12 months/ net interest charges over the last 12 months. |
| Leverage | Net debt / REBITDA over the last 12 months. |
| LFL | Like-for-like: this includes the period of 12 months from 1 April to 31 March. |
| Liquidity | Current assets (including assets classified as held for sale)/ current liabilities (including liabilities related to assets classified as held for sale). |
| Net debt / NFD | Interest bearing debts (at nominal value), less derivatives, bank deposits, cash and cash equivalents. |
| Non-recurring items | Non-recurring items are those that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the financial statements. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and on IFRS 3 acquisition accounting and the effect of the accelerated repayment of certain debt facilities. |
| Horticulture | Peatinvest Group and its subsidiaries (see overview in note "*7.1 Subsidiaries*"). |
| Prepared | Greenyard Foods NV, including its subsidiaries of the frozen division and its canning division (see overview in note "*7.1 Subsidiaries*"). |
| Quasi equity | Equity including convertible subordinated bond loans. |
| REBIT | EBIT + non-recurring result from continuing operating activities. |
| REBITDA | EBITDA + non-recurring result from continuing operating activities. |
| REBITDA margin | REBITDA compared to sales. |
| Solvency | Equity (share of the Group + non-controlling interests) / balance sheet total. |
| AY 15/16 | Accounting year ended 31 March 2016. |
| AY 14/15 | Accounting year ended 31 March 2015. |

GREENYARD
FOODS