



ANNUAL
FINANCIAL REPORT
2012 | 2013

PinguinLutosa

CONSOLIDATED KEY FIGURES

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

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

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

ANNUAL FINANCIAL REPORT 2012-2013

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

PinguinLutosa Food Group

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(*) This information is part of the consolidated annual report of the Board of Directors.



SOUP



PREFACE

2012/13 was a positive year for PinguinLutosa. It was a year of further consolidation, but at the same time one of change, given the announced sale of the Lutosa division.

PinguinLutosa posted good results despite the uncertain economic situation. The consolidated turnover came to €876 million and the REBITDA was €63.5 million. Given that there is no comparable basis vis-à-vis the previous financial year (15 months) and the acquisitions at the end of 2011, we nevertheless wish to report that the Group hereby achieved its internally-set objectives.

This is a solid result given that in the past year we had a difficult harvest in vegetables such as peas and beans, with low production volumes. This resulted in higher production costs, which could be absorbed internally. The potato harvest was also disappointing, and we had to contend with rising prices and volumes that came under pressure.

The deep-frozen division, Pinguin, saw pressure on the volume because certain vegetables were insufficiently available due to a disappointing harvest: the pea harvest in the United Kingdom in particular failed to meet expectations. In addition, several improvement projects were implemented, so that we succeeded in meeting the established budgets. Moreover, the new spinach line was successfully commissioned, which is resulting in increased efficiency.

The first half of the year was normal within the potato division Lutosa, but then the harvest proved disappointing and the raw material prices rose very sharply. This called for sharp price increases, which pushed down the volume and thus the revenues.

The canning division, Scana Noliko, once again posted strong results, and for the first time achieved a turnover of €200 million in a single financial year. This reflects steady growth in a consolidated market, thanks to quality and innovations. The acquired canned goods activities are clearly reinforcing the PinguinLutosa Group in terms of topline and bottomline results.

It was also a year that brought substantial one-time expenses, together with - besides the further costs of the restructuring for the plants in the United Kingdom - the accounting treatment of the acquisitions and the accompanying acquisition costs and financing costs.

Last year, another €32.6 million were invested in upgrading our infrastructure and production units. In addition, work was done on more efficient production with continuous improvement according to "Lean" principles.

This result could only be obtained thanks to the enthusiasm and commitment of the members of the Group Management Team and all our employees, which contributed substantially to the achievement of our excellent results. We are looking forward to a strong sequel in 2013.

New name, mission and strategic priorities

Effective 1 September 2013, Pinguin NV is becoming Greenyard Foods NV. The name change is intended to highlight our international food Group's ambition to continue growing through an unambiguous focus on the processing and marketing of fruit and vegetables and ready-to-use preparations in deep-frozen and canned goods.

Greenyard Foods is a deliberately English name, designed to underline the Group's international character. Greenyard Foods stands for an authentic "fresh from the field" approach. With a wide range of delicious food products, produced from a strong passion for the profession and great respect for nature.

Together with the new name, a new mission was formulated:

"Greenyard Foods is a leading international processor of harvest-fresh fruit and vegetables into long-lasting, delicious and healthy food products. Our ready-to-use products are easy and quick to prepare and offer convenience as responsible added value.

Day after day, our employees provide innovative solutions to our customers with an absolute focus on quality, cost control and flexibility.

Over the entire chain from farmer to consumer, we strive for sustainability and long-term relationships with respect for human beings and the environment.”

Greenyard Foods intends to grow further in turnover and profitability. In so doing, the emphasis is placed on internal growth and the further consolidation of recent acquisitions. The Group has confidence in its future growth for several reasons. The Group has:

- a track record of growth in turnover and profit figures over the past 10 years;
- focus on products with strong potential, given that they correspond to fundamental consumer trends;
- vertical integration in the most productive crop-growing areas;
- international potential, thanks to a very broad geographical presence.

Greenyard Foods has established 4 strategic priorities to ensure this:

1. Growth through “consumer focus” and “customer intimacy”

Greenyard Foods produces food products that respond to and offer a full-fledged answer to consumer trends such as the striving for a healthy lifestyle and a healthy diet. They also offer time-saving culinary solutions. Our products help consumers simplify the preparation of meals and thus offer an attractive added value. In so doing, the development of innovative products is an important activity, and one which will be even further expanded in the future.

Greenyard Foods also always strives to maintain long-term relationships with its customers by offering innovative solutions in different areas, such as logistics and product line.

2. Improvement of operational efficiency and, where possible, acquisition of production facilities

Greenyard Foods strives to further improve operational efficiency by constantly focusing on this and investments in the production units. In this way Greenyard Foods is following the strategy of purchasing the production facilities, where possible. These purchases help to accelerate further efficiency improvements.

In June 2013 the Group concluded an agreement with UFM, under which it acquired a majority share in the companies Vallée de la Lys SAS and Moréac Surgelés SAS in France, as well as all of the shares of the companies D’Aucy Polska in Poland and Bajaj Hutoipari in Hungary. In all the agreement covers 2 sites in France, 4 in Poland and 2 in Hungary. The negotiations to acquire the leased production site in Boston (United Kingdom) from GW Padley Vegetables Limited are also in an advanced stage.

3. Reduction of working capital

A third major pillar is control over the working capital, which is necessary in light of the capital-intensive character of the fruit and vegetables processing sector. Greenyard Foods has launched a number of programmes in order to even further optimise its working capital. The acquisition of production units will also have a positive effect on cash-flows by eliminating rental costs.

4. Further increasing the organisation’s efficiency

The fourth priority is to strengthen and increase the efficiency of the organisation through a result-oriented policy. For this we will continue to invest in our employees. Over the past 10 years the Group has grown quickly, in part through external growth. Further consolidation and standardisation of business processes is being implemented.



7

SAUCE

2013/14

PROSPECTS

In 2013/14 the Group is making a fresh start, with an unambiguous focus on fruit and vegetables and convenience/ready-to-eat preparations. This generates opportunities to further develop the international position. And as in recent years, in 2013/14 great efforts will once again be made in order to grow and consolidate the Group - and this in an unstable economic context, where the pressure on consumer prices can be expected to increase.

The strategic priorities for 2013/14 are the focus on further improving EBIT through turnover growth and further focusing on cost efficiencies and improvement of margins, the effective use of working capital, improvement of the organisation's efficiency through a reinforced HR policy with the necessary training courses for the personnel.

In the deep-frozen division, Pinguin, the growth strategy is continuing. We will also continue to further optimise our processes and specifically our supply chain so as to leverage our international cultivation and production activities. It is critical to translate the higher raw material prices into higher sales prices.

The canning division, Noliko, faces a new challenge: on the one hand, the growth strategy is being continued, primarily in the convenience activities (sauces, soups and pastas), while on the other the higher raw material prices must be translated into the sales prices. A new investment programme has been approved in order to further expand the production and storage capacity, so that we can satisfy customer needs and respond to specific market opportunities.

The synergies that exist between the canning division and the deep-frozen division will be further extended so as to drive up efficiency and optimise capacity utilisation. The cooperation between the divisions will make it easier to handle supply shortages or surpluses within the Group, which will further improve the relationships with the farmers.

The potato division was sold to McCain on 31 May 2013. From the moment of start-up of the sales process, this division has been shown as "discontinued operations". We are convinced that Lutosa will be able to further develop within McCain.

OPERA- TIONAL DEVELOP- MENTS

DEEP-FROZEN ACTIVITIES

The harvest and the production

In the past 12 months, the management of Pinguin has set itself concrete objectives for improving the operational efficiency in both production and packaging.

The results were in line with expectations. In the coming years, these efficiency improvements will continue to make a positive contribution in the results.

Firstly this is achieved through an improved harmonisation of the internal processes and procedures, and secondly our investment programmes produced the targeted return. Especially important here was the investment in Westrozebeke, with an entirely new spinach and beans freezing tunnel. All of the other sites also accomplished operationally what was expected of them.

The harvests are coordinated within the Group in detail, and we can say that in 2012 major additional steps were taken in the integration of the activities of the former Pinguin and CE-CAB. Depending on the cultivation area, the 2012 harvests were correct to mediocre.

In Belgium, France and Poland the target production volumes could be attained. The sites in the United Kingdom and Hungary saw themselves confronted with capricious weather conditions. During the season our colleagues in the United Kingdom had to deal with long, intense rains, as a result of which it was impossible to get all of the contracted peas from the field in good time. By contrast, the extremely warm climate in Hungary meant that the corn yield was less than anticipated. This situation in the two countries caused the production volumes in these two regions to fall below our expectations. In the past financial year, total production amounted to 346,000 tonnes.

The lower harvest on the one hand and the improved performance on the other were able to largely offset one another, so that in the final analysis we can make a positive assessment of this financial year. It is also important that the further integration of the entire supply chain organisation generated results.

The price negotiations for the fresh vegetables for the new season were concluded at the beginning of 2013 and proceeded on the assumption of rising prices for most vegetables, with a sharp increase in the purchase price for beans and peas.

Supply chain

The focus on the supply chain organisation continued within the framework of the intensive cooperation between the different entities within Pinguin. The excellent interaction resulted in a limited number of shortages of goods within the Group, despite the reduced supply of fresh vegetables in the United Kingdom and Hungary.

In addition, we were also able to make optimal use of our internal storage capacity, thanks to a clear view of the needs in the different countries during the season. The attention paid to this internal service is an integral part of our total vision of efficient production and delivery to our end customers.

The Polish factories are a good base of operations for Poland, the Scandinavian countries, Russia and the Baltic States and Germany, since the Polish production today is to a significant degree attuned to the demand from Germany. It was for this reason that the production site in Manschnow, on the border between Germany and Poland, was purchased at the end of 2012. Until then this site had been leased and it offers major storage possibilities.

Through the acquisition of the factory in Hungary, the Group's presence there opens up primarily commercial prospects to countries of Central Europe, Romania, Bulgaria and the countries of the former Yugoslavia.

The total production of the past financial year amounted to 346,000 tonnes.

Packaging activities

Over the past year (12 months) 419,000 tonnes were packaged, which - vis-à-vis the comparable period last year - means an increase of more than 9.9%. Westrozebeke and King's Lynn (United Kingdom) made good progress relative to the established budget objectives. This means that the recent investments in King's Lynn are proving to be profitable and the targeted results are being booked.

The focus on the management level in the different countries has led to each improvement that is made generating a permanent result and is an important component of the continuous striving for improvements within Pinguin. In the coming months as well the division will take further steps and initiatives so as to continue advancing successfully along this path.

Internal organisation and integration

The further integration of the commercial activities of Pinguin and CECAB received sufficient attention over the past year. The focus here lies primarily on logistical operations and "cross selling" opportunities, especially for the distant export regions.

During 2012 Pinguin Foods UK Ltd. made major efforts to have its activities supported by SAP® as of the new budget year. This project was delivered within budget and on time.

In 2013 more work will be done on the further optimisation and more intensive use of the possibilities offered by the existing ERP package in Belgium and in the United Kingdom. We also began to implement the same platform in Hungary and Poland.

Exchange rates

A weak pound/strong euro ratio is good for the competitive position of the deep-frozen vegetable division in the United Kingdom, and bad for importing vegetables and ready-to-eat dishes from the continent. Last year started off with a strong euro/weak pound. The euro then steadily weakened, until by July 2012 the euro/pound ratio was at its lowest level in the past 2 years. However, the situation then recovered, so that we were actually able to close the financial year with an even stronger euro than at the start of the year. The continuation of a strong euro/weak pound ratio in 2013 can have a further positive influence on our competitive position in the United Kingdom, since PinguinLutosa has opted to continue focusing on products of British origin as a response to the import of deep-frozen vegetables from the continent.

THE CANNING ACTIVITIES

The harvest and the production

The past year's harvest was normal, so that the programme could be almost fully achieved. Only for beans were there a number of production programmes that could not be completely implemented. In agricultural terms, last year was a good one. Due to the long winter, sowing was done late, and so the new season might begin with a week of delay. The new production season begins in June with the processing of peas, followed by carrots, broad beans,... For the 2013 harvest, the weather conditions in the second quarter of the calendar year are important, because that is when the planting and sowing period is situated. With regard to the sowing plan, we can say that in the meantime we are back on schedule. Although we cannot make up for the lost time, on an annual basis it is still too early to draw any conclusions.

In the April-June period, the processed quantities are the result of the end of the previous season and the start of the new one. An early start to the new season and a late conclusion of the previous one lead to a good utilisation and spread in this period. Due to the climatological conditions, the new season this year will probably begin later than last year, which can result in less being produced in the April-June period than had been forecasted. This will shift the centre of gravity of the production to later quarters.

For most vegetables, the negotiations with the farmers have led to an increase in the raw material prices up to the current known level in Flanders. The primary packagings are glass jars and cans. Glass prices are increasing, while cans are showing a slightly rising to stable evolution.

Supply chain

Scana Noliko works primarily with small to medium-sized transporters. Given that the transport of canned goods is a complex activity, the transporters are trained by our own logistical specialists.

In recent years, Scana Noliko has regularly invested in the construction of its own storage facilities on the sites in Bree and Rijkevorsel. Prompted by the rising demand, the construction of an extra storage space for 14,800 pallet places has now begun. Scana Noliko's philosophy has always been to temporarily compensate for storage shortages through external storage. When the shortages become continuous, it invests in its own storage capacity.

Logistical agreements are made with the suppliers of primary packagings (can, glass & covers) so that primary packagings are stored at Scana Noliko at those moments when the stock of blank products is lowest.

Packaging activities

Scana Noliko has flexible automated packaging lines. Part of the division's strategy is to be a "cost differentiator", which entails a high degree of flexibility. Thus on an annual basis Scana Noliko has to make over 40,000 changes to the packaging lines. These involve the form, content, volume, labels,... of the glass and tin packages. This is only possible if it is done at the lowest cost and with maximum automation. Therefore, each of the seven packaging lines is equipped with the best available technology in terms of packaging methods and quality control.

The final packaging is not done immediately after the filling, but only at the moment when the end customer is known. This substantially increases the flexibility, but also makes it possible to perform an additional quality control via gamma bridges and X-rays, because Scana Noliko strives for perfect quality in its packaging activities as well.

Almost all sales are made in Europe. In addition there are a limited number of customers in Canada, the USA, Japan and Australia, primarily for vegetables. Our sales territory thus essentially lies within a radius of approximately 750 km around the company. Scana Noliko is projecting a further increase in sales volumes. Within Europe, Scana Noliko expects stable to modest growth for Southern Europe and the Benelux.

In Germany and France Scana Noliko currently sees itself confronted with somewhat less favourable market conditions and intense competition. Further growth is expected in Scandinavia and the United Kingdom. The latter is partly determined by the exchange rate between the euro and the British pound. As an exporter, the canning division - unlike the deep-frozen vegetable division - benefits from a weaker euro.

Internal organisation and integration

In the area of integration, a number of new projects have been implemented. For example, several files - such as insurance policies, power supplies and temporary workers - were dealt with together and successfully concluded. The existing collaboration in the areas of production and agriculture as well as purchasing is naturally being continued. The HR platform that has been set up took its first steps and will be further deployed in the coming months.

Sales are entirely directed from the headquarters in Bree, supplemented only by a local commercial representation in the United Kingdom. This approach will be maintained, given the specific character of this market. The exchange of commercial contacts with the deep-frozen division remains on the agenda. This has already led to the start-up of a number of concrete agreements. For example, intensive work is being done on other markets such as Australia and Japan.





VEGETABLES

SALES NETWORK AND MARKETS

Towards a new approach for the sales network.

At the start of the new financial year and during the spring of 2012 PinguinLutosa optimised its sales offices for deep-frozen vegetable and potato products. Via the 18 sales offices our products reached 110 countries. Overseas sales have risen by 55% in deep-frozen vegetables and 21% in deep-frozen potato products compared to 5 years ago. This striking growth is the result of 5 years of synergy in the overseas sales offices of PinguinLutosa.

Scana Noliko has its own specific sales network for vegetables, fruit and prepared products in cans. The direction takes place primarily from the headquarters in Bree. Along with a sharp increase in sales in the United Kingdom, Germany and Scandinavia, Scana Noliko also experienced substantial overseas growth (20%). However, overseas sales remain limited by the need to use a special tropical canning process that entails a different sterilisation method.

The announced sale of the potato products division Lutosa to McCain on 19 October 2012 opened up the discussion about a new approach for the sales network in the deep-fro-

zen division Pinguin. The Lutosa and Pinguin sales activities continued to be carried out via the joint offices. Where possible, the office has already been split into a Pinguin and a Lutosa division.

The big growth in the deep-frozen division on the overseas markets, both endogenously and via the acquisition of d'Aucy Frozen Food in 2011, ensured that a sufficient volume is realised in most sales offices so as to be able to continue to profitably operate these offices even after Lutosa's departure.

In Brazil the split already took place in the previous financial year. Deep-frozen vegetables are sold there via d'Aucy do Brazil, our own sales office since the acquisition of the CECAB Activities in 2011.

A striking development in the deep-frozen vegetable division has been the growth of the convenience department in Canada, UK, Australia and Japan. This has scored well especially amongst retailers in the United Kingdom, and the business is growing strongly.

PINGUIN- LUTOSA

product portfolio

PinguinLutosa today offers a very broad portfolio of products:

Vegetables and vegetable mixes

The delicious vegetables, bursting with vitamins and taste, are easy to prepare and available throughout the year. The vegetable mixes of PinguinLutosa can be used to serve hearty and colourful creations in no time at all. The range goes from traditional vegetables and mixes such as peas, beans, cauliflower, soup vegetables, broccoli mix, etc., to more exotic and sometimes less familiar varieties: lotus root, rapeseed salad, baby corn cobs, king hua mix, etc. Most of the vegetables are available in different sizes and cuts (cubes, slices, slivers, etc.) depending on what they are to be used for. For the preparation of frozen vegetables, a variety of cooking methods are available, such as steaming, simmering, stir-frying, etc.

Scana Noliko Group has an extensive range of carefully-selected quality vegetables. Freshness comes first: virtually year round fresh vegetables supply the production lines. The harvest period starts at the beginning of May with the first summer vegetables. In the following summer months and autumn the different harvests succeed one another, in order to bring the cycle to a close only in the early spring with the winter vegetables, such as salsify.

Aromatic herbs

Individually Quickly Frozen (IQF) herbs can be used to add taste to all of your dishes. In hot dishes, the soft-leaf herbs are only added at the end of the preparation. Other, woodier herbs are perfect taste-enhancers in stews. In cold dishes, the herbs are added during preparation, thus giving the aromas time to blend with the other ingredients. A sample of the range: parsley, chives, garlic, shallots, basil, etc.

Organic vegetables and vegetable mixes

PinguinLutosa offers an extensive range of organic vegetables to meet the demand for organic vegetables and environmentally-friendly crops. These vegetables are primarily sold to industrial customers for further processing, for example to produce baby foods.

Scana Noliko is also actively responding to the increasing trend towards the use of organic products. For example, the majority of the range of vegetable, fruit and potato products are also offered in an organic variant. In addition, the Scana Noliko Group also offers a wide choice of organic dishes: organic soups, various ravioli and other pasta preparations and a number of sauces.

Fruit

PinguinLutosa processes fruits at its own sites, and works as well with carefully selected partners. The selection and the harvest of the best varieties are done when the fruits are sweetest. Fruit from around the world, stored with care for the enjoyment. A sample of the range: strawberries, raspberries, blueberries, blackberries and red currants, berry mix, exotic fruit salad, etc.

Since the beginning of 2010 Scana Noliko has a separate factory in Rijkevorsel for the treatment of fruits. Apples form the basis for the fruit compotes and fruit purée variations, possibly supplemented with other types of fruit. Cherries in syrup and a wide offer of exotic fruits complete the range.

Convenience cuisine, pasta and rice

Convenience offers a wide variety of vegetable recipes and applications. There is an extensive selection of al dente vegetables, pre-fried and grilled vegetables, spiced vegetables or vegetables with sauce. The Convenience range also includes soups, sauces and prepared vegetables in mini-portions (such as red cabbage with apple or creamed spinach), prepared dishes in trays, vegetable mixes in steam pouches (for steaming in the microwave). In close collaboration with the customer, the R&D team creates all kinds of preparations to fulfil the customer's taste requirements and preferences.

IQF al dente pasta only needs to be defrosted or regenerated. They are ideal in combination with PinguinLutosa vegetable mixes or finished with the mini-portion sauces. A sample of the range: spaghetti, penne, farfalle, fusilli, etc.

White and yellow rice form part of the Group's standard line. These ready-to-use products are always ready in just a few seconds.

The Scana Noliko Group has an extensive range of convenience products, including ready-to-use vegetable preparations, soups, dip sauces, cooking sauces and pastas. It keeps up with the most recent culinary and demographic trends in terms of taste and packaging.

Potatoes

The Scana Noliko Group processes exclusively small, waxy potato varieties which are carefully-selected for their quality. A staggered supply ensures a constant offer of fresh potatoes virtually throughout the year. Almost all conceivable combinations are possible: peeled or unpeeled, in slices, in cubes or as whole potatoes. This is offered in several packaging options, such as glass jars and tin cans, all in a variety of sizes.

SUSTAIN- ABILITY

In addition to efficiency and an absolute focus on quality, sustainability and corporate social responsibility are important pillars on which the strategy of the PinguinLutosa Group rests. Corporate sustainability itself is defined as the art of harmoniously combining the three elements of people, planet and profit.

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

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

A few concrete current action items are presented below:

Sustainable agriculture

For PinguinLutosa, everything begins with agriculture, and so sustainable agriculture is one of the most important pillars in our sustainability policy. Growing sustainably means engaging in practices that are economical, efficient, ecological and socially acceptable.

The Group's agronomists immerse themselves in this professional area via projects with customers, suppliers and organisations within the sector. By disseminating their knowledge to the growers, they encourage and motivate the latter to incorporate sustainability in all aspects of their policies. Central aspects in this respect include: limiting the negative impact on the environment - such as nutrient and pesticide residues - , care for biodiversity and sustainable use of water and energy.

The exchange of knowledge amongst the agronomists from the Group's different sites throughout Europe and an international network of growers allows the Group to disseminate information so that successful and sustainable ideas can find fertile ground everywhere.

A concrete project: the Pinguin Sustainable Agriculture Charter.

At the beginning of 2013 Pinguin awarded several loyal farmers a Sustainable Agriculture certificate. In order to receive this certificate, the farmers have to meet a number of conditions. Account is taken of the use of chemicals and the way in which the soil, water, biodiversity, energy and waste are dealt with. The intention is to each year motivate more farmers to engage together with Pinguin in order to ensure a better future for coming generations.

The field-grown vegetables are purchased almost entirely from growers associations that are recognised on the European level and inspected according to the strictest international standards. The growers associations work on the basis of an Operational Programme in which environmental control plays a prominent role. The system is further guaranteed via unannounced external inspections and, where possible, via ISO14001 certification.

Water

Given the Group's extremely intensive water consumption in the production processes, all of the production units have been equipped since day one with an optimal water purification installation and purified recovered water is used as much as possible within the limits of food safety and quality. In order to minimise the pressure exerted on the ground water by the production units in West Flanders, these sites increasingly use delivered drinking-quality water supplied from the potable water system (in collaboration with the Flemish Water Agency). All of the production sites have demonstrated a decrease in their water consumption over the past five years.

Energy

Given the nature of the Group's production processes, all production units are major consumers of energy, and saving energy is very important not just for ecological but also for economic reasons. In addition to the investments of the past few years in purchasing 100% green electricity and the optimisation of our own biogas-fuelled engines with the CHP that is coupled to it, in 2011 4,521 photovoltaic solar panels were commissioned at the production unit in Westrozebeke. With a total installed power of 1,031.75 kW peak, an annual average of 890,000 kWh is produced, which corresponds to the annual energy consumption of around 255 families!

At Scana Noliko (also in 2011): 1 314 panels, 302 kW peak, 265,000 kWh/year, 75 families. On top of this, in Bree since 2008 more than 10% of our annual energy consumption (2,000,000 kWh/year) has been generated in our own bio-gas CHP.

Packaging materials

In close consultation with the Group's suppliers of packaging materials, wherever possible actions are taken to change packaging material and reduce the quantity while maintaining optimal assurances of quality. For example, the packing film is being adapted per product line on the basis of the parameters of ink reduction and film thickness. Through a well-chosen layout and a thorough knowledge of the product application, the amount of ink used is being substantially reduced. These are important but essential steps towards a more environmental as well as a more cost-price efficient use of packaging materials. Also, the applicability of bioplastics for a number of product references within the group is being further studied within the context of an IWT project.

Carbon Footprint

By studying the flow of goods and through collaboration with other frozen logistics companies, the Group is searching for ways to avoid unnecessary transport movements. The partnership of the Group with Partner Logistics Europe is a start for substantially reducing CO₂ in goods distribution.

The processing of seasonal open-air or field-grown vegetables from our own region also makes a major contribution to CO₂ reduction via the food chain. These vegetables are grown outdoors (no greenhouses), in the most fertile soils and in a naturally mild and precipitation-rich climate.

Together with 2 other companies from the sector, PinguinLutosa is participating in a pilot project on 'multimodal' transport. This project has been running successfully since 2011 and still has a promising future: specifically, it involves the bundling of export flows in the direction of Northern Italy by rail. In addition, our logistical department is constantly looking for other sustainable initiatives and alternative routes are sought via shipping and at various multimodal destinations. This innovative logistical collaboration creates not just a cost-efficient solution, but also increases the service to the customers (punctual service) and on top of that results in a

substantial improvement in the sustainability of the logistical processes (the carbon footprint of this route falls by +/- 50%).

In addition, the degree of loading remains a major lever for reducing the carbon footprint in the transport area, so this is continuously monitored via KPIs and is actively being raised by, for example, offering trade goods.

Valorisation of secondary flows

A team of environmental experts is working every day to devise ways to process the remainders of waste and secondary flows from the various production processes in an as ecologically and economically responsible manner as possible. They are constantly on the look-out for new recovery methods and new sales markets. By sorting the various secondary flows very precisely, the remaining waste is reduced to a minimum and the flow for 'recycling or reuse' increases: eg. wood, cardboard, metals, plastics, waste of vegetables, glass, etc....

In the first instance, one seeks to limit secondary flows as far as possible. In addition, increasing emphasis has been placed in recent years on reuse through fermentation with energy recovery. The possibilities for generating alternative energy (wind, biomass, CHP, etc.) on our own sites are carefully studied.



VEGETABLES





FRUIT

HUMAN RESOURCES: people

Every modern and forward-looking company is based on its employees.

PinguinLutosa strives for a highly-effective HR policy under which everyone works towards the same company objective and priorities, skills and talents are recognised and employees receive opportunities to develop themselves.

Last year, with external specialised assistance, the HR policy and the most important HR processes, systems and initiatives in the divisions and sites were mapped out and quantified. In 2013/14 this will form the basis for further developing the HR strategy and policy for the group. Work will be done on the vertical and horizontal integration of the HR policy in the business management. Clear priorities were also established for 13/14 in order to further strengthen the HR policy. A number of group and local initiatives will be evaluated in order to build on this in the future.

Communication and information are also an important part of the HR policy. Periodically the company publishes a personnel magazine which deals with a wide range of issues, offering information about the results, audits, new products,

trade fairs in which the company has participated, etc. Modern communication techniques are used in the company's communication. For example, the new mission, name and strategic priorities were explained via a video message of the CEO to all employees.

PinguinLutosa strives to have a sustainable personnel policy. We try to create a healthy, green and safe working environment. We want to be a place where our employees can develop themselves, wish to do their best and where their contributions are recognised and appreciated. A process-driven "continuous improvement" approach, assured by means of quality programmes, is continuously conducted with new ideas and initiatives that focus on hygiene, efficiency, work safety, energy savings.

The job market is changing: it is becoming increasingly important to be flexible and to invest in employees. Training courses play a major role in this effort. Pinguin invests in its employees through both training courses and on-the-job training. When they first start working or move to a new position, employees get the necessary educational possibilities in order to further develop themselves.

The photography of the Annual Financial Report.

Continuing to the previous years, the Annual Financial Report of PinguinLutosa offers a platform to renowned Belgian photographers to give a personal interpretation to a facet of our activities. In previous editions, Michiel Hendryckx and Jimmy Kets have already given their interpretation. This year Jelle Vermeersch brings the theme 'preparations' into the picture.

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Only the Dutch version is the official version. The French and English versions are translations of the original Dutch version. The consolidated financial statements for the financial year ending as per 31 March 2013 are also available in Dutch and French on our website www.greenyardfoods.com.

