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Consolidated income statements at
31 December 2007 and 2006

	NOTE	2007	2006
Income	4	366.669	326.718
Trade goods, raw and auxiliary materials	5	-185.885	-160.137
Services and miscellaneous goods	6	-78.335	-80.562
Wages and salaries	7	-72.147	-61.556
Depreciation costs		-17.955	-15.154
Impairments, write-offs and provisions	8	-1.077	1.279
Other operating income and expenses	9	-1.028	-482
Results of operating activities	10	10.242	10.106
Financial income	11	273	4
Financial expenses	12	-4.169	-2.373
Results of operating activities after net financing expenses		6.346	7.737
Tax	13	-277	-1.764
Profit of the year		6.069	5.973
Basic profit per share	30	3,51	3,76
Diluted profit per share	30	3,49	3,70

The NV Ter Beke is directly and indirectly 100 % owner of all subsidiaries (see note 33). The group's share of the result is therefore also 100 %.

Consolidated balance sheets at 31 december 2007 and 2006

	NOTE	2007	2006
ASSETS			
Fixed assets		161.173	134.537
Goodwill	14	38.030	25.401
Intangible fixed assets	15	2.691	2.757
Tangible fixed assets	16	115.971	103.162
Financial fixed assets	17	129	142
Deferred tax assets	18	4.352	3.075
Floating assets		86.597	73.621
Stocks	19	22.200	21.740
Trade- and other receivables	20	57.065	49.080
Cash and cash equivalents	21	7.332	2.801
Total assets		247.770	208.158
LIABILITIES			
Shareholder equity	22	74.421	71.715
Capital and issue premiums		52.942	52.640
Reserves		21.479	19.075
Minority interests		0	0
Deferred tax liabilities	18	17.811	20.138
Long-term obligations		65.921	32.443
Provisions	23	2.365	1.578
Long-term interest-bearing obligations	24	62.306	30.865
Other long-term obligations		1.250	
Short-term obligations		89.617	83.862
Short-term interest-bearing obligations	24	16.707	28.394
Trade liabilities and other debts	25	57.613	42.219
Staff wage liabilities		13.175	12.937
Tax liabilities		2.122	312
Total liabilities		247.770	208.158

Consolidated statement of changes in equity
at 31 december 2007 and 2006

	CAPITAL	CAPITAL	ISSUE	RESERVED	EXCHANGE RATE	TOTAL	NUMBER
		RESERVES	PREMIUMS	PROFITS	DEVIATION		OF
							SHARES
Balance on 1 January 2006	3.874	-137	25.654	15.965	3	45.359	1.369.017
Capital increase	1.001		22.273			23.274	353.954
Reserve own shares		-40				-40	
Result for the year				5.973		5.973	
Dividend				-2.875		-2.875	
Movements via reserves							
- Result from own shares				-15		-15	
- Share based payments		15				15	
- Calculation differences					24	24	
Balance on 31 December 2006	4.875	-162	47.927	19.048	27	71.715	1.722.971
Capital increase	21		286			307	7.200
Own share reserve		-9				-9	
Result for the year				6.069		6.069	
Dividend				-3.618		-3.618	
Movements via reserves							
- Result from own shares				-4		-4	
- Share based payments		4				4	
- Calculation differences					-43	-43	
Balance on 31 December 2007	4.896	-167	48.213	21.495	-16	74.421	1.730.171

Consolidated cash flow overview at 31 december 2007 and 2006

	NOTE	2007	2006
Operating activities			
Results of operating activities		10.242	10.106
Adjustments for:			
- Depreciation		17.955	15.154
- Change in impairments and write-offs		149	128
- Change in provisions		928	-1.407
- Proceeds from the sale of fixed assets		187	436
- Proceeds from share-based payment transactions		5	15
Changes in net operating capital			
- Changes in stocks		1.242	-2.475
- Change in trade and other receivables		-3.002	3.975
- Change in trade and other liabilities		7.022	-8.648
- Changes in other items		-41	81
Cash from operating activities		34.687	17.365
Tax paid		-1.402	-3.031
Net cash from operating activities		33.285	14.334
Investing activities			
Proceeds from the sale of tangible fixed assets		796	315
Investments in intangible fixed assets		-855	-875
Investments in tangible fixed assets		-20.058	-17.545
Net investments in financial fixed assets		13	-41
Takeover of subsidiaries	31	-11.990	-4.977
Net cash used in investing activities		-32.094	-23.123
Financing activities			
Proceeds from share issues		254	514
Proceeds from take-up of new loans		39.787	21.190
Dividend payments to shareholders		-3.622	-2.873
Interest paid (through P&L account)		-3.587	-2.432
Loan settlement		-28.696	-6.906
Repayment of financial leasing liabilities		-487	-604
Other financial resources/(expenses)		-309	
Net cash from financing activities		3.340	8.889
Net change in cash and cash equivalents		4.531	100
Cash funds at the beginning of the year		2.801	2.701
Cash funds at the end of the year		7.332	2.801

Significant accounting policies and notes

1. Summary of the most important valuation rules

DECLARATION OF CONFORMITY

Ter Beke NV (the “Entity”) is an entity domiciled in Belgium. The Entity’s consolidated financial statements cover the Entity Ter Beke NV, its subsidiaries and joint ventures (hereinafter jointly referred to as the “group”) and the group’s interest in affiliated companies. The consolidated financial statements were issued for publication by the Board of Directors on 28 February 2008. The consolidated financial statements were drawn up in accordance with the “International Financial Reporting Standards (IFRS)” as accepted within the European Union.

The consolidated statements are set out in EUR 1000’s. The consolidated financial statements have been drawn up on the basis of the historical cost method, with the exception of the derivatives and the financial assets available for sale, which are valued at “current value”. However, if no reliable market price or estimate of the current value is to hand, these financial assets will be valued on the historical cost basis. Assets included in the balance-sheet and obligations that are covered are valued at “current value” up to the amount of the covered risk. The valuation rules applied uniformly to the entire group and are consistent with the previous financial year. The comparative information has been reworked in accordance with the IFRS.

STANDARDS WHICH BECAME APPLICABLE FOR 2007

- IFRS 7 Financial Instruments: Disclosures (applicable for accounting years beginning on or after 1 January 2007)
- IAS 1 Presentation of Financial Statements - Amendment - Capital Disclosures (applicable for accounting years beginning on or after 1 January 2007)
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (applicable for accounting years beginning on or after 1 March 2006)
- IFRIC 8 Scope of IFRS 2 (applicable for accounting years beginning on or after 1 May, 2006)
- IFRIC 9 Reassessment of Embedded Derivatives (applicable for accounting years beginning on or after 1 June 2006)
- IFRIC 10 Interim Financial Reporting and Impairment (applicable for accounting years beginning on or after 1 November 2006)

STANDARDS ISSUED WHICH ARE NOT YET IN FORCE

At the time that these financial statements were approved for publication, the following standards and interpretations had been issued, but are not yet in force:

- IAS 1 Presentation of Financial Statements (annual periods beginning on or after 1 January 2009). This Standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005.
- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendment to IFRS 2 – Vesting Conditions and Cancellations (applicable for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation (annual periods beginning on or after 1 January 2009).
- IFRS 3 Business Combinations (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS Business Combinations as issued in 2004.
- IFRS 8 Operating Segments (applicable for accounting years beginning on or after 1 January 2009)
- Amendment to IAS 23 Borrowing Costs (applicable for accounting years beginning on or after 1 January 2009)
- IFRIC 11 IFRS 2 Group and Treasury share Transactions (applicable for accounting years beginning on or after 1 March 2007)
- IFRIC 12 Service Concession Arrangements (applicable for accounting years beginning on or after 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (applicable for accounting years beginning on or after 1 July 2008)
- IFRIC 14 'IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction' (applicable for accounting years beginning on or after 1 January 2008)

The members of the Board anticipate that adhering to these standards and interpretations will not have any material impact in future periods on the group's financial statements in the period in which they will have to be applied for the first time.

CONSOLIDATION PRINCIPLES

The consolidated financial statements cover financial information of Ter Beke NV, its subsidiaries and joint ventures and the group's share in the profits or losses of affiliated companies. A list of these entities is included in Note 33.

Subsidiaries included in the consolidation in accordance with the integral method

Subsidiaries are those over which Ter Beke NV exercises control. The term 'control' will be taken to mean that the Entity, directly or indirectly, can specify the financial and operational policy of an entity in order to gain benefits from its activities. The subsidiaries' financial statements are included in the consolidated financial state-

ments from the date on which such control begins till the date on which it ends. A list of the group's subsidiaries is included in Note 33.

Joint Ventures

A joint venture is a contractual agreement whereby Ter Beke NV and other parties set up an economic activity directly or indirectly, over which they exercise control jointly. Joint ventures are included in accordance with the proportional consolidation method. In 2007 and 2006 the group had no interests in joint ventures.

Investments in affiliated companies

Affiliated companies are those in which the group, directly or indirectly, has significant influence but not control over the financial and operational policy of the entity. This is assumed when the group has 20 % or more of the voting rights in the company. An investment in an affiliated company is processed in the consolidated financial statements in accordance with the equity method.

The results, assets and liabilities of affiliated companies are included in the financial statements in accordance with the equity method, unless the investment is classified as being held for sale and therefore must be processed in accordance with IFRS 5, Fixed assets held for sale and discontinued business activities. Investments in affiliated companies are initially included at cost price under the equity method, and then adapted to take account of the change in the investor's share of the net assets of the participation after takeover, minus any exceptional depreciation in the value of individual investments.

Any losses of an affiliated company that exceed the group's interests in that affiliated company (also taking account of all long-term interests that, in essence, form part of the group's net investments in that affiliated company) are not included.

The difference between the cost price of the investment and the investor's share in the net current value of the identifiable assets, obligations and conditional obligations of the affiliated company, which were included on the takeover date, are included as goodwill. This goodwill is included in the balance-sheet value of the investment and is tested against exceptional depreciations as part of the investment. The difference after re-assessment between the current value of the group share in the identifiable assets, obligations and conditional obligations of the affiliated company and the cost price of the affiliated company are immediately included in the Income statement.

If a group member carries out transactions with an affiliated company, profits and losses are eliminated up to the interests of the group in the affiliated company concerned. In 2007 and 2006 there were no affiliated companies.

Eliminations at consolidation

All intra-group balances and transactions, including profits not realised on intra-group transactions, are eliminated when the consolidated financial statements are drawn up. Profits not realised from transactions with affiliated companies are eliminated up to the amount of the group's interest in the entity. Profits not realised from transactions with affiliated companies are eliminated against the participation in those entities. The same

elimination rules apply to unrealised losses as for unrealised profits, with the difference that they are only eliminated if there is no indication of exceptional depreciation.

Mergers

The takeover method is used to process mergers. The cost of a merger is evaluated as the total current value, at the date of handover, of assets, issued equity capital instruments, obligations entered into or taken over, plus any costs directly attributable to the merger. Identifiably acquired assets, obligations taken over and conditional obligations that form part of a merger are initially valued at their current value on the takeover date, regardless of the existence of any minority interest. The difference between the cost of the merger and the group's interest in the net current value of the identifiable net assets is included as goodwill. If the cost of the merger amounts to less than the group's interest in the net current value of the identifiable net assets of the acquired subsidiary, the difference after re-assessment must immediately be included in the income statement.

FOREIGN CURRENCY

Transactions in foreign currency

Foreign currency transactions in the group's individual entities are included at the exchange rate in force on the date of transaction. Monetary assets and obligations in foreign currency are converted at the closing rate in force on the balance-sheet date. Profits and losses arising from transactions in foreign currency and from the conversion of monetary assets and obligations in foreign currency are included in the income statement. Any profit or loss on a non-monetary item is included in the income statement, unless it was directly included in the equity capital. For non-monetary items on which the profit or loss was directly included in the equity capital, any exchange-rate component of that profit or loss is also included in the equity capital.

Annual income statement of activities abroad

All the group's activities abroad are conducted in the Euro zone, except for SDF Foods Ltd, FreshMeals and TerBeke-Pluma UK Ltd. The assets and obligations of this foreign entity are converted to Euros at the exchange rate in force on the balance-sheet date. The income statement of this entity is converted each month to Euros at average rates close to the exchange rate on the transaction date. Conversion differences arising here from are processed directly via the equity capital.

The following exchange rate was used when drawing up the financial statements:

1 EURO IS EQUAL TO	2007	2006
Pound Sterling		
Closing rate	0,7334	0,6715
Average rate	0,6839	0,6715

SEGMENTED INFORMATION

IAS 14 defines a business segment as a clearly-distinguishable component of the group that supplies individual goods or individual services within a particular economic environment and that has an output and risk profile different from other business segments.

Reporting per segment is done in accordance with two segmentation bases.

In view of its mission, its strategic lines of force and its management structure, Ter Beke has opted as its primary segmentation basis to split up the group's activities into the group's two business activities (business segments): "Processed Meats and Fresh Ready Meals". The secondary segmentation basis shows the geographical areas where the group is active (geographical segment).

The profit or loss of a segment includes the income and expenses generated directly by a segment, including that part of the income and expenses to be attributed that can reasonably be attributed to the segment.

The assets and liabilities of a segment include the assets and liabilities pertaining directly to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding tax.

DISCONTINUED ACTIVITY

A discontinued activity is a clearly distinguishable component within the group's activities as a whole:

- which is disposed of or discontinued as part of a specific plan;
- which represents a separate, important business activity or a geographical area of activities;
- which can be distinguished operationally and for the purposes of financial reporting

INTANGIBLE ASSETS

Intangible assets are initially valued at cost price. Intangible assets are included if it is likely that the entity will enjoy the future economic advantages that go with them and if the costs thereof can be determined reliably. After their initial inclusion, intangible assets are valued at cost price less the accumulated depreciation and any accumulated exceptional depreciation accumulated. Intangible assets are depreciated linearly over their best

estimated period of use. The depreciation period and the depreciation method used are evaluated again each year at the closure of the reporting period.

Research and development

The expenses of research activities, included for the purpose of acquiring new scientific or technological knowledge, are included as expenses in the income statement as they arise. The expenses of development activities, in which the findings of research are applied in a plan or design for the production of new or substantially-improved products and processes, are included in the balance-sheet if the product or process is technically and commercially viable and the group has sufficient resources at its disposal to implement them. The activated expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Activated expenses for development are valued at cost price less the accumulated depreciation and exceptional depreciation.

All other expenses for development are included as a debit in the income statement as they arise. Since Ter Beke's development expenses do not fulfil the criteria for activation, these expenses are included as a debit in the income statement.

Other intangible assets

Other debits for internally-generated intangible assets - e.g., brand names - are included as a debit in the income statement as they arise. Other intangible assets - e.g., brand patents, computer software - acquired by the group are valued at cost price less the accumulated depreciation and exceptional depreciation.

Depreciation

Intangible assets are depreciated according to the linear method over their expected period of use, from the date on which they come into use.

The depreciation percentages applied are:

Computer software 20 %

Brand patents 10 %

GOODWILL

We speak of 'goodwill' when the cost of a merger on the takeover date exceeds the group's interest in the net current value of the identifiable assets, liabilities and conditional obligations of the party that has been taken over. Goodwill is initially included as an asset at cost price and is thereafter valued at cost price less any accumulated exceptional depreciation losses.

The cash-flow-generating unit to which goodwill is attributed is tested each year for an exceptional depreciation, and every time there is an indication that the unit might have undergone an exceptional depreciation by comparing the balance-sheet value of the unit with its saleable value. If the unit's saleable value is lower than the balance-sheet value, the exceptional depreciation loss will first be attributed at the balance-sheet value of the goodwill attributed to the unit and then to the other assets of the unit in proportion to the balance-sheet

value of each of the unit's assets. An exceptional depreciation loss that is included for goodwill may not be reversed in a later period. When a subsidiary or joint venture is sold, the allocated goodwill will be included in the determination of the profit or loss upon sale.

If the group's interest in the net current value of the identifiable assets, liabilities and conditional obligations exceeds the cost of the merger, the remaining surplus is immediately included in the income statement after re-assessment.

TANGIBLE FIXED ASSETS

Tangible assets are included if it is likely that the entity will enjoy the future economic advantages relating to the assets and if the costs thereof can be determined reliably.

Assets under ownership

Tangible fixed assets are valued at cost price or at manufacturing price less the accumulated depreciation and any accumulated exceptional depreciation. In addition to the purchase price, the cost price also includes, if applicable, taxes that cannot be reclaimed and all directly-attributable costs to make the asset ready for use. The manufacturing price of self-made tangible fixed assets includes the direct cost of materials, directing manufacturing costs, a proportional part of the fixed costs of materials and manufacturing, and a proportional part of the depreciation and reductions in value of assets used in the manufacturing. The financing costs are not activated.

Costs after first inclusion are only included in the balance-sheet in the balance-sheet value of an asset, or as a separate asset, if it is likely that the group will enjoy the future economic benefits thereof and these costs can be determined reliably. All other repair and maintenance costs are included in the income statement in the period in which they were incurred. The tangible fixed assets are depreciated in accordance with the linear method from the date they come into use and over the period of time they are expected to be used.

The main depreciation percentages currently applied are:

Buildings	3,33; 4 and 5 %
Installations	5 and 10 %
Machines and equipment	14,3; 20 and 33,3 %
Furniture and rolling stock	14,3; 20 and 33,3 %
Other tangible fixed assets	10 and 20 %

Land is not depreciated, since it is assumed that it has an unlimited period of use

GOVERNMENT SUBSIDIES

Government subsidies may only be included if it can be postulated with reasonable certainty that:

- the group will meet the conditions pertaining to the subsidies, and
- the subsidies will be received.

Government subsidies are systematically included as revenues over the periods which are needed to attribute these subsidies to the related costs they are intended to compensate for. A government subsidy that is received in compensation for debits or losses already incurred or for the purpose of providing immediate financial support to the group without future related costs is included as income in the period in which it is to be received.

Investment subsidies are deducted from the balance-sheet value of that particular asset.

Operating subsidies are included if they are received and reported as Other Operating Revenues.

LEASING

A lease contract is included as a financial lease if it transfers to the lessee most of the risks and benefits relating to the property. All other forms of leases are considered as operational leases.

The group as lessee

Financial leases - Assets held under a financial lease are included as group assets for amounts equal to the current value of the leased asset or, if it is lower, at the cash value of the minimum lease payments less the accumulated depreciation or exceptional depreciation losses. The liability to the lessor pertaining hereto is included in the balance-sheet as a liability under financial leases.

The minimum lease payments are included partly as financing costs and partly as settlement of the outstanding obligation in such a way that this results in constantly recurrent interest over the remaining balance of the obligation. The financing costs are included directly as a debit in the P&L account.

The amount of a leased asset to be depreciated is systematically attributed to each reporting period during the period of its expected use, on a basis that is consistent with the depreciation rules that the lessee applies to assets in ownership to be depreciated. If it is reasonably certain that the lessee will acquire the property at the

end of the lease period, the period of its expected use is the asset's period of use. Otherwise case, the asset is depreciated over the lease period or the period of use, if the latter is shorter.

Operational leases - Lease payments for operational leases must be included on a time-proportional basis during the lease period, unless a different systematic method of attribution is more representative of the time-pattern of the benefits that the user enjoys. Benefits (to be) received as an incentive to conclude an operational lease contract are also spread over the lease period on a time-proportional basis.

STOCKS

Stocks are value at the lowest value of the cost price or the yield value. The cost price is determined by means of the FIFO method. The cost price for goods being processed and finished products includes all conversion costs and other costs of bringing the stocks to their current location and to their current state/condition. The conversion costs include the production costs and the attributed fixed and variable production overhead costs (including depreciation). The yield value is the estimated sale price that the group believes it will make when selling the stocks in normal business, less the estimated costs of finishing the product and the estimated costs needed to effect the sale thereof.

Exceptional depreciation losses from tangible and intangible fixed assets (except for goodwill)

On every reporting date, the group investigates its balance-sheet values for tangible and intangible fixed assets for the purpose of determining whether there is an indication of a possible exceptional depreciation in an asset. If there is such an indication, the saleable value of the asset will be estimated so as to be able to determine the exceptional depreciation loss (if any). However, if it is not possible to determine the saleable value of an individual asset, the group will estimate the saleable value for the cash flow-generation unit to which the asset belongs.

The saleable value is the highest value of the current value minus the sale costs and its going-concern value. The going-concern value is determined by discounting the expected future cash flows, whereby a discount rate for taxes is used. This discount rate reflects the cash time-value of the money and the specific risks pertaining to the asset.

If the saleable value of an asset (or a cash flow-generating unit) is estimated to be lower than the balance-sheet value of the asset (or a cash flow-generating unit), the balance-sheet value is reduced to its saleable value. An exceptional depreciation loss is included immediately as a debit in the income statement. A previously-included exceptional depreciation loss is retracted if there is a change in the estimates used to determine the saleable value, but not for a higher amount than the net balance-sheet value that would have been determined if no loss through exceptional depreciation had been included in the previous years.

FINANCIAL INSTRUMENTS

Trade receivables

Trade receivables are initially booked at current value and are then valued at the amortised cost price calculated on the basis of the effective-interest method. Appropriate exceptional depreciation losses are included in the income statement for estimated non-realizable amounts if there are objective indications that an exceptional depreciation loss has occurred.

The amount of loss is specified as the difference between the balance-sheet value of the asset and the cash value of future, estimated cash flows made in cash at the original effective interest rate upon initial inclusion.

Investments

Investments are no longer included on the transaction date if the purchase or sale of the investment is linked to a contract whose conditions prescribe the delivery of the asset within the period generally prescribed or agreed on the market concerned. They are initially valued at the current value, plus the directly attributable transaction costs. For an investment that is not valued at current value, depreciations are incorporated in the income statement.

Investments held till maturity date

Promissory notes that the group definitely intends to hold till their maturity date (promissory notes held till maturity date), and are able to do so, are valued at the amortised cost price calculated by means of the effective-interest method, less any write-offs due to exceptional depreciation losses for the purpose of taking non-realizable amounts into consideration.

Such exceptional depreciation losses are included in the income statement if, and only if, there are objective indications of exceptional depreciation losses. Exceptional depreciation losses are retracted in subsequent periods when the rise in the saleable value can be objectively related to an event that took place after the write-off. The retraction may not exceed the amortised cost price as it would have been if the exceptional depreciation had not been included.

Other investments

Investments other than those held till maturity are classified as financial assets for sale which are valued after the first inclusion at current value. If no current value can be determined, they are valued at cost price. The profits and losses following changes in the current value are included directly in the equity capital until the financial asset is sold, or upon confirmation of exceptional depreciation losses. In this case the cumulative loss or profit that was directly included in the equity capital is transferred from the equity capital to the income statement. Exceptional depreciation losses included in the income statement on an investment in an equity capital instrument classified as available for sale are not retracted via the income statement.

An exceptional depreciation loss included in the income statement on a promissory note classified as available for sale is later retracted in the income statement if the rise in the current value of the instrument can be objectively related to an event that took place after the inclusion of the exceptional depreciation loss. With the exception of equity capital instruments, changes in the current value due to exchange-rate results are included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash values, directly redeemable deposits and other short-term, extremely liquid investments that can be immediately converted to cash, the amount of which is known and which bear no material risk of depreciation.

Financial obligations and equity capital instruments

Financial obligations and equity capital instruments issued by the group are classified on the basis of the economic reality of the contractual agreements and the definitions of a financial obligation and an equity capital instrument. An equity capital instrument is any contract that includes the residual interest in the group's assets, after deduction of all liabilities. The financial reporting principles regarding specific financial obligations and equity capital instruments are described below.

Bank loans

Interest-bearing bank loans and credit excesses are initially valued at current value and are then valued at the amortised cost price calculated on the basis of the effective-interest method. Any difference between the receipts (after transaction costs) and the pay-off or instalment of a loan is included over the loan period, in accordance with the rules for financial reporting on financing costs, which are applied by the group (see above).

Trade debits

Trade debits are initially booked at current value and are then valued at the amortised cost price calculated on the basis of the effective-interest method.

Equity capital instruments

Equity capital instruments issued by the company are included at the amount of the sums received (after deduction of directly attributable issue costs).

Derivatives

The group uses derivatives to limit risks with regard to unfavourable swings in exchange rates and interest rates arising from operational, financial and investment activities.

The group does not use these instruments for speculative purposes and does not hold any derivatives and does not issue derivatives for trading purposes. Derivatives are initially valued at cost price and at current value after first inclusion.

There are three sorts of hedging relations:

(a) Cash flow hedging

Changes in the current value of derivatives indicated as cash-flow hedges are included in the equity capital. The non-effective part is included in the income statement.

If the cash flow hedging of a fixed commitment or an expected future transaction leads to the inclusion of a non-financial asset or a non-financial obligation, then the profits or losses on the derived financial instrument incorporated earlier in the equity capital are included in the initial valuation of the asset or obligation when the asset or obligation is booked.

If the hedging of an expected future transaction leads to the inclusion of a financial asset or a financial obligation, the related profits or losses on the derived financial instrument incorporated directly in the equity capital are transferred to the income statement in the same period or periods in which the acquired asset or the commitment affects the income statement. If it is expected that (part of) the loss incorporated directly into the equity capital will not be realisable in one or more future periods, the expected non-realizable part is transferred to the income statement. For hedges that do not lead to the inclusion of an asset or an obligation, the amounts directly included in the equity capital are transferred to the income statement in the same period(s) in which the hedged expected future transaction affects the profit or loss.

(b) Current-value hedging

Changes in the current value of derivatives which were indicated and qualify as current-value hedging are included in the income statement, together with any change in the current value of the hedged asset or the hedged obligation which is to be attributed to the hedged risk.

(c) Hedging of a net investment in a foreign entity

Hedges of net investments in foreign entities are comparably incorporated as a cash-flow hedge. The part of the profit or loss on the hedging instrument for which it is confirmed that it is an effective hedge is directly included in the equity capital; the profit or loss on the non-effective part is immediately included in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge which is directly included in the equity capital is included in the income statement when the foreign entity is divested. The changes in the current value of derivatives that are not classified can be immediately included in the income statement as cash-flow hedging (on the basis of IAS 39).

Derivatives that cannot be classified as hedges

Certain derivatives do not qualify as hedging transactions. Changes in the current value of each derivative that does not qualify as a hedging transaction are immediately included in the income statement.

Redeemed own shares

If the group redeems its own shares, the amount paid - including directly attributable direct costs - is incorporated as a reduction in the equity capital. The revenue from the sale of own shares is directly included in the equity capital and has no impact on the net results.

Dividends

Dividends are included as a liability in the period in which they are formally allocated.

FIXED ASSETS HELD FOR SALE

Fixed assets and groups of assets that are divested are classified as 'held for sale' if their balance-sheet value will mainly be realized in a sale transaction and not through the continued use thereof. This condition is met solely if the sale is highly probable and the asset (or the group of assets being disposed of) is immediately available for sale in its current state. The management must have committed itself to a plan to sell the asset (or the group of assets being disposed of), which is expected to be considered for inclusion as a completed sale within one year of the classification date.

A fixed asset (or group of assets being disposed of) classified as held for sale will be included at the lowest value of its balance-sheet value and its current value minus the costs of sale.

Provisions

A provision will be included if:

- (a) the group has an existing obligation (legally enforceable or effective) as the result of an event in the past;
- (b) it is likely that an outflow of funds that contains economic advantages within it will be required to settle the obligation, and
- (c) the amount of the obligation can be reliably estimated.

The amount included as a provision must be the best estimate of the expenses required to settle the existing obligation on the balance-sheet date.

If the impact is important, provisions are determined by discounting the expected future cash flows, where-by a discount rate "for taxes" is used. This discount rate reflects the cash time-value of the money and the specific risks pertaining to the obligation.

A provision for reorganization is laid down when the group has approved a detailed and formalized plan for the reorganization and when the reorganization has either commenced or has been announced publicly. No provisions are laid down for costs relating to the group's normal activities. A provision for loss-making contracts will be laid down when the receivable economic benefits for the group are lower than the unavoidable cost related to the obligatory quid pro quo.

STAFF REMUNERATION

Staff remuneration comprises all forms of remuneration allocated by the entity in exchange for the services provided by the staff.

Staff remuneration includes:

- short-term staff pay, including such things as the wages, salaries and social security contributions, holiday money, continued pay during illness, profit-sharing and bonuses and payments in kind for the current staff members;
- payments after staff leave, including such things as pensions and life insurance;
- other long-term staff remuneration;
- compensation for dismissal;
- and share-based payments.

Pension arrangements

The group provides for pension arrangements for its employees mainly via defined contribution obligations and has only a limited number of defined benefit obligations.

Defined-contribution obligation

Contributions paid to these defined-contribution obligations are included immediately in the income statement.

Defined benefit obligation

The balance-sheet value of the defined benefit obligation is determined by the cash value of the payment obligations, taking account of the actuarial profits or losses not included, minus the pension costs for completed service not included, and of the current value of the pension fund investments. If this calculation results in a net surplus, then the value of the asset resulting here from is limited to the actuarial losses not included and pension costs for completed service and the cash value of the future payments from the pension scheme or the reductions in the future contributions to the pension scheme.

The inclusion of actuarial profits and losses is individually determined for each defined benefit obligation. If the net cumulative profits or losses not included come to more than 10 % of the cash value of the defined benefit obligation or, if higher, of the current value of the assets, then this surplus is included in the P&L account over the expected average remaining careers of the employees participating in the scheme. In all other cases, the actuarial profits or losses are not included. Pension costs for completed service are spread as a cost in accordance with the linear method over the average period until the benefits are allocated. If the benefits are already allocated upon the introduction of a new scheme or upon changes to an existing defined benefit obligation, pension costs for completed service are immediately included as a cost.

The cash value of the obligations under defined benefit obligations and the related pension costs are calculated by a qualified actuary in accordance with the projected unit credit method. The discount rate adopted is

equal to the yield on the balance-sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the group's obligations. The amount included in the P&L account consists of the pension costs allocated to the year of service, the financing cost, the expected yield from the pension fund investments and the actuarial profits and losses.

Redundancy pay

Redundancy payments are included as an obligation and a cost if a group entity demonstrably commits itself either to:

- the termination of the employment of an employee or group of employees before normal pension date;
- or the allocation of redundancy pay in consequence of an offer to encourage voluntary retirement (early retirement pensions).

If redundancy payments are due after twelve months following the balance-sheet date, then they are discounted at a discount rate equal to the yield on balance-sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the group's obligations.

Variable pay

The variable pay of clerical staff and management is calculated on the basis of financial core-figures and the balanced scorecards. The expected amount of the variable pay is included as a cost in the reporting period concerned.

Share-based payments

The cost of the group's obligation in relation to share-option schemes is the current value of these instruments. This current value is determined by means of the current value of the shares on the allocation date. The total amount included as an expense over the waiting period is determined taking account of the current value of the allocated options. Conditions that must be met in order to make the options unconditional are included in the assumptions when calculating the number of options that are expected to be exercisable. At the end of every accounting year, the group reviews the number of options that are expected to be exercisable. Any impact of this review is included in the P&L account, together with an adjustment to the equity capital over the remaining waiting period.

TAXES ON PROFITS

The taxes on profits include the taxes on profits and deferred taxes. Both taxes are included in the P&L account, except in those cases where it concerns components that are part of the equity capital. In this last case the inclusion proceeds via the equity capital. The term 'taxes on profits' is taken to mean those that are levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance-sheet date, in common with adjustments to the taxes due over the previous reporting periods. Deferred taxes are calculated according to the balance-sheet method and arise mainly from the differences between the balance-sheet value of assets and liabilities in the balance-sheet and the tax basis of those assets and liabilities.

The amount of deferred taxes is based on the expectations regarding the realisation of the balance-sheet value of the assets and liabilities, whereby use is made of the tax assessment rates known on the balance-sheet date.

A deferred tax liability is only included if it is sufficiently certain that the tax credit and the unused fiscal losses can be set off against taxable profits in the future. Deferred tax liabilities are reduced to the extent that it is no longer likely that the tax saving can be realised. Deferred taxes are also calculated on temporary differences arising from participations in subsidiaries, unless the group can decide on the time when the temporary difference is reversed and it is unlikely that the temporary difference will be reversed in the near future.

REVENUES

Revenues are included if it is likely that the entity will enjoy the economic advantages relating to the transaction and if the amount thereof can be determined reliably. Turnover is reported after taxes and discounts.

SALE OF GOODS – Revenues from the sale of goods are included if all the following conditions are met:

- (a) the group has transferred the essential risks and benefits of owning the goods to the buyer;
- (b) the group does not maintain actual control over the sold goods or the involvement that usually accrues to the owner;
- (c) the amount of the revenue can be reliably determined;
- (d) it is likely that the economic benefits relating to the transaction will go to the group, and
- (e) the costs incurred or to be incurred in relation to the transaction can be reliably valued.

In order to encourage customers to pay immediately, the group grants discounts for payments in cash. Such discounts are included as a reduction in the revenue at the time of invoicing.

Royalties – Royalties are included according to the attribution principle in accordance with the economic reality of the contract concerned.

Rental revenues – Rental revenues are included directly in the income statements on a linear basis, spread over the rental period.

Financial revenues – Financial revenues comprise the interest received, the dividends received, the exchange-rate revenues and the revenues from hedging instruments that are included in the income statement.

Interest – Interest is included on a proportional basis that takes account of the effective duration of the asset to which it relates (the effective-interest method).

Dividends – Dividends are included at the time when the shareholder has been given the right to receive the payment thereof. Exchange-rate differences from non-company activities and profits from hedging instruments for non-company activities are also presented under financial revenues.

EXPENSES

Expenses per type of cost are shown in the income statement. Expenses that relate to the reporting period or to previous reporting periods are included in the income statement, regardless of when the expenses are paid. Expenses can only be transferred to a subsequent period if they fulfil the definition of an asset.

Purchases – Purchases of trade goods, raw materials and auxiliary materials and purchased services are included at cost price, after deduction of the permitted trading discounts.

Research and development, advertising and promotional costs and system development costs – Research, advertising and promotional costs are included in the income statement in the period in which they were incurred. Development costs and system development costs are included in the income statement in the period in which they were incurred if they do not meet the criteria for activation.

Financing costs – Financing costs include such things as the interest on loans, exchange-rate losses and losses on hedging instruments that are included in the income statement. Exchange-rate differences from non-operating activities and losses from hedging instruments for non-operating activities are also presented under financing costs.

2. Consolidation circle

The consolidated annual income statement of the group for 2007 includes the Company and 27 consolidated subsidiaries over which the Company exercises control (note 33). The consolidated financial statement for 2006 includes 27 consolidated subsidiaries.

The accounts of SDF Foods Ltd. were included for the first time in the consolidation from 1 January 2007. On 11 January 2007 the Company reached an agreement on the acquisition of 100 % of these shares in exchange for a consideration of 1.800.000 £.

The accounts of Berkhout Holding BV and Berkhout Verssnijlijn BV were also included for the first time in the consolidation from 1 September 2007. On 14 September 2007, the Company reached an agreement on the acquisition of 100% of these shares in exchange for a consideration of 9.5 million EUR. This amount was increased on 31 December 2007 with 2.500.000 EUR as certain additional goals were reached.

In the course of 2007, L&S Distri BV and Langeveld/Sleegers BV merged. In addition, the companies TerBeke-Pluma France SA and Pluma SARL were liquidated.

3. Reporting per segment

Ter Beke is a food group, specializing in the development, production and sale of processed meats and fresh ready meals in Europe. At the end of 2007 the Ter Beke group had a workforce of 1.838. (full-time equivalents on December 31 2007 and the average number of temporary workers in 2007). The group's management structure and the internal and external reporting systems have been set up in accordance with these business activities.

Ter Beke's primary reporting format therefore covers the organization around the two product groups:

- The "Processed Meats" business segment develops, produces and sells a range of processed meats including, salami, cooked ham, poultry, other cooked meats, pâtés and preserved meats.
- The "Ready Meals" business segment develops, produces and sells fresh ready meals including lasagne, pizza, pasta dishes and sauces.

Ter Beke's secondary reporting format shows the four geographical regions in which the group is active - Belgium, the Netherlands, France, Great Britain and the rest of Europe. The rest of Europe includes Germany, Switzerland, Spain, Portugal, Ireland, Austria, Denmark and the Czech Republic.

The profit or loss of a segment includes the income and expenses generated directly by a segment, including that part of the income and expenses to be allocated that can reasonably be attributed to the segment. Financial costs and taxes are not attributed to the segments.

The assets and liabilities of a segment include the assets and liabilities pertaining directly to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding tax. Assets and liabilities per segment include the intangible fixed assets, goodwill, tangible fixed assets and the elements of the operational working capital. All other assets and liabilities have not been allocated to the business segments and are mentioned as "not allocated". Assets and liabilities per segment are presented before elimination of inter-segment positions. Arm's length conditions are taken as a basis for inter-segment transfer pricing. The investment expenses per segment include the cost of the acquired assets with an expected period of use of more than one year. In this segment reporting the same valuation rules are used as in the consolidated financial statements.

The division of the net turnover per region is based on the geographical location of the external clients. The division of the total assets and investment expenses per region is based on the geographical location of the assets. The investment expenses per segment include the cost of the acquired assets with an expected economic lifetime of more than one year.

KEY DATA PER BUSINESS SEGMENT

	PROCESSED MEATS	2007 READY MEALS	TOTAL	PROCESSED MEATS	2006 READY MEALS	TOTAL
Segment income statement						
Segment income	242.479	124.190	366.669	206.114	120.604	326.718
Segment Results	8.899	4.151	13.050	9.849	3.703	13.552
Non-allocated results			-2.808			-3.446
Net financing cost			-3.896			-2.369
Tax			-277			-1.764
Consolidated result			6.069			5.973
Segment balance sheet						
Segment assets	161.016	80.597	241.613	132.677	70.844	203.521
Non-allocated assets			6.157			4.637
Total consolidated assets			247.770			208.158
Segment liabilities	69.843	35.115	104.958	80.413	34.075	114.488
Non-allocated liabilities			142.812			93.670
Total consolidated liabilities			247.770			208.158
Other segment information						
Investments						
Tangible fixed assets	8.618	11.289		7.811	7.978	
Intangible fixed assets	19	21		346	253	
Depreciations and non-cash costs	9.888	8.871		6.939	6.535	
Non current depreciations and non-cash costs	850	1.100		-1.500		

KEY DATA PER GEOGRAPHICAL SEGMENT

	2007	2006
Third party turnover		
Belgium	169.654	164.313
The Netherlands	112.059	86.282
France	26.393	24.933
UK	29.600	26.133
Other	28.963	25.057
	366.669	326.718
Segment assets		
Belgium	170.952	141.850
The Netherlands	46.512	47.429
France	16.450	13.463
Other	13.856	5.416
	247.770	208.158
Segment investments		
Belgium	18.382	14.723
The Netherlands	2.229	954
France	296	1.109
Other	6	0
	20.913	16.786

4. Operating revenues

	2007	2006	%
Revenues from the sale of goods	366.669	326.718	12,2%

In April 2006, Ter Beke merged with the processed meats group Pluma. In the consolidated results of 2006, Pluma was included as of 1 April 2006 (9 months). The consolidated results of 2007 contain a full year of Pluma results.

In January 2007, the group took over the English agent SDF Foods in order to strengthen its position on the English market. The results of SDF Foods were included in the consolidation of 2007 for twelve months.

In September 2007, the group acquired the Dutch company Berkhout Verssnijlijn. This acquisition fits with the groups strategic choice for slicing and prepacking. Berkhout was included in the consolidation as of 1 September 2007 (four months).

The above changes in the consolidation circle are the main reasons for the turnover increase of the total group with 12% from 326,7 to 366,7 million EUR.

In 2007, Ter Beke focussed on the increase of the profitability of its customer- and productportfolio.

In line with the trend of recent years, we note a further increase of the sale of prepacked processed meats as opposed to a decrease of the sale of over the counter products.

The turnover increase with regard to ready meals confirms the trend of the last years. Notwithstanding the termination by FreshMeals of a number of important volume-contracts in France, a turnover increase of 3% was realised in comparison with 2006.

5. Trade goods, raw and auxiliary materials

	2007	2006
Purchases	184.484	161.746
Stock changes	1.401	-1.609
Total	185.885	160.137

6. Services and miscellaneous goods

	2007	2006
Sale-related expenses	32.772	32.563
Production-related expenses	37.683	40.909
Other	7.880	7.090
Total	78.335	80.562

7. Wages and salaries

Wages and salaries in 2007 amounted to EUR 72,147 (000) compared to EUR 61,556 (000) in 2006.

Wages and salaries can be split up as follows:

	2007	2006
Wages and salaries	50.252	41.627
Social security contributions	16.505	15.186
Other personnel costs	5.390	4.743
Total	72.147	61.556

8. Impairments, write-offs and provisions

	2007	2006
Impairments	149	128
Provisions	928	-1.407
Total	1.077	-1.279

9. Other operating income and expenses

	2007	2006
Recovery of wage-related costs	466	538
Recovery of logistic costs	98	269
Government grants	20	94
Profits from the sale of assets	79	45
Insurance recoveries	349	224
Losses in value	-384	-603
Local tax	-1.405	-1.404
Other	-251	355
Total	-1.028	-482

10. Profits/losses of operating activities

	2007	2006	%
Profit of operating activities	10.242	10.106	1,3%
Non current operating activities	1.950	-1.500	
Current profit of operating activities	12.192	8.606	41,7%

The EBITDA (operational result + depreciations + amortisations + provisions for risks and costs) increases by 5.3 million EUR (22.1%) compared with 2006. This is the result of the increase in turnover, but also of an improved product mix. The pressure on margins resulting from increasing raw material prices negatively influences the result.

FreshMeals was able to further strengthen its position as market leader in Belgium in the course of 2007, in part through the continued brand investments in Come a casa. As previously announced, in 2006 a number of contracts were concluded in the French market at margins that were too low. These contracts were either renegotiated or terminated by FreshMeals in the course of 2007.

At the end of May 2007 the group announced that it had ended talks on a possible takeover of Normandie Plats Cuisinés. In the first half of 2007 a number of one-off costs were also incurred in the context of splitting the 2 core activities of the group in 2 separate legal entities as from 1 January 2007. These costs entirely imputed on the EBITDA result.

The recurrent operating result (REBIT) increased by 3.6 million EUR (+41.7%) compared with 2006, after the net increase in depreciations and provisions by approximately 1.7 million EUR. The increase in depreciations is mainly the consequence of the above-mentioned changes in the consolidation circle and of the investment programme of 2006 and 2007.

Compared with 2006, one-time non-current results of 3.5 million EUR influence the operating result (EBIT).

In 2006 this result was positively influenced by reversing a provision of 1.5 Million EUR.

In 2007 Ter Beke established a non-current provision of 1.1 Million EUR in relation to the activities in France. Taking account of the effects of the re-negotiated contracts and the contracts terminated by FreshMeals in the French market, the group has decided to adapt the French commercial and administrative organisation and the production structures of the factory in Alby-sur-Chéran to the new situation. This re-organisation should permit Ter Beke to further restore the profitability of the French activities.

The group has also decided to book non-current accelerated depreciations (impairment) of 0.9 Million EUR on tangible fixed assets of which the expected lifespan could have to be shortened. This shortening of the lifespan can be the consequence of various studies that were initiated in order to further optimise and specialise the production sites within the group in order to improve profitability.

All these non-current elements cause the operating result (EBIT) to only increase by 0.1 million EUR (+1.3%) compared with 2006.

11. Financial income

	2007	2006
Interest income	149	0
Other	124	4
Total	273	4

12. Financing expenses

	2007	2006
Interest costs on loans	3.248	2.073
Interest costs on leasing	229	245
Negative exchange rate differences	438	6
Bank costs	110	114
Revaluation of financial instruments	-9	-48
Other	153	-17
Total	4.169	2.373

13. Tax

TAXES BOOKED IN THE INCOME STATEMENT	2007	2006
Tax on profits		
Financial year	3.184	1.448
Previous financial years	-186	68
Deferred tax liabilities		
Effect of temporary differences	856	1.326
Deferred tax on the loss of the current financial year	-3.577	-1.078
Total tax in the income statement	277	1.764

The tax rate in Belgium amounts to 33.99 % (2006: 33.99 %). For the other countries, the tax rates applicable in those countries are used.

RELATIONSHIP BETWEEN THE TAX BURDEN AND THE ACCOUNTING PROFIT	2007	2006
Accounting profit before tax	6.345	7.737
Tax at the Belgian tax rate	2.157	2.630
(2007 : 33,99% and 2006 : 33,99%)		
Effect on the different tax rates of the foreign companies	-387	-116
Effect of the expenses not deductible against tax	519	371
Realisation of previously not-acknowledged tax receivables	-1.466	-836
Notional interest deduction	-316	-215
Other effects	-230	-70
Actual tax burden	277	1.764
Actual tax percentage	4,4%	22,8%

14. Goodwill

	2007	2006
Goodwill		
Start of the financial year	27.141	19.173
Acquisitions	12.629	7.968
End of the financial year	39.770	27.141
Exceptional value reductions		
Start of the financial year	1.740	1.740
Exceptional impairment losses		
End of the financial year	1.740	1.740
Net balance sheet value end of the financial year	38.030	25.401

During the year, the group acquired SDF Foods Ltd. for approximately EUR 1.8 million £. The goodwill booked amounted to EUR 1,9 million. The group was fully consolidated from 1 January 2007. In September 2007, the group acquired Berkhout Verssnijlijn for an amount of 12 million EUR (9,5 million EUR and an additional 2,5 million EUR). The goodwill booked amounted to 10,7 million EUR. The group opted to allocate the goodwill to its segments. In 2007, this means EUR 31,922 (000) for the processed meats and EUR 6,108 (000) for the fresh ready meals. Every year, the group carries out an "Impairment" analysis on this goodwill by means of the discounted cash flow method.

This calculation is based on budget estimates on the one hand, supplemented by projections over the estimated lifetime of the most important production installations, and, on the other hand, on growth percentages determined on the basis of available sector information. The used discount rate is the marginal interest rate of the entity.

15. Intangible fixed assets

	2007 SOFTWARE	2006 SOFTWARE
Acquisition value		
Start of the financial year	11.333	10.031
Extension consolidation circle	265	2.200
Acquisitions	855	875
Transfers and discontinuations	-147	-1.773
End of the financial year	12.306	11.333
Depreciations		
Start of the financial year	8.576	7.317
Extension consolidation circle	195	1.538
Depreciation	991	1.494
Transfers and discontinuations	-147	-1.773
End of the financial year	9.615	8.576
Net balance sheet value end of the financial year	2.691	2.757

16. Tangible fixed assets

TANGIBLE FIXED ASSETS 2007	Land and assets	Installations machines & equipment	Furniture and rolling stock	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	93.598	171.968	4.587	5.126	81	2.645	278.005
Extension consolidation circle		9.457	432	5.999	0	0	15.888
Acquisitions	2.662	16.086	401	90	0	819	20.058
Transfers and discontinuations	-62	-1.844	-262	-567	0	-267	-3.002
Transfer from/to other entries	966	1.412				-2.378	0
Translation differences							0
End of the financial year	97.164	197.079	5.158	10.648	81	819	310.949
Depreciation							
Start of the financial year	40.600	123.947	4.013	3.084	55	0	171.699
Extension consolidation circle	0	4.902	291	0	0	0	5.193
Depreciation	3.425	12.226	254	605	8	0	16.518
Transfers and discontinuations	-31	-1.912	-215	-331	0	0	-2.489
Transfer from/to other entries							0
Translation differences		0					0
End of the financial year	43.994	139.163	4.343	3.358	63	0	190.921
Impairment							
Start of the financial year							0
Extension consolidation circle							0
Addition	850						850
Reduction							0
End of the financial year	850	0	0	0	0	0	850
Net capital grants							
Start of the financial year	680	2.449	15	0	0	0	3.144
Extension consolidation circle							0
New allocations							0
Other	92	363	6				461
Depreciation	-64	-334	0	0	0	0	-398
End of the financial year	708	2.478	21	0	0	0	3.207
Net balance sheet value on 31 December 2007	51.612	55.438	794	7.290	18	819	115.971

TANGIBLE FIXED ASSETS 2006	Land and assets	Installations and machines and equipment	Furniture and rolling stock	Leasing	Other	Assets under construction	Total
Acquisition value							
Start of the financial year	62.308	110.205	3.349	1.075	80	1.315	178.332
Extension consolidation circle	30.160	61.891	1.588	3.834	1	0	97.474
Acquisitions	1.771	11.465	171	46		2.458	15.911
Transfers and discontinuations	-275	-12.730	-521	-186	0		-13.712
Transfer from/to other entries	-366	1.137	0	357		-1.128	0
End of the financial year	93.598	171.968	4.587	5.126	81	2.645	278.005
Depreciation							
Start of the financial year	30.851	80.869	2.598	591	47	0	114.956
Extension consolidation circle	7.187	44.945	1.462	1.935			55.529
Depreciation	3.108	10.322	251	486	8		14.175
Transfers and discontinuations	-546	-12.189	-298	72	0		-12.961
Transfer from/to other entries							0
End of the financial year	40.600	123.947	4.013	3.084	55	0	171.699
Net capital grants							
Start of the financial year	425	1.372	31	0	0	0	1.828
Extension consolidation circle	323	162				0	485
New allocations		1.349	0				1.349
Depreciation	-68	-434	-16				-518
End of the financial year	680	2.449	15	0	0	0	3.144
Net balance sheet value on 31 December 2006	52.318	45.572	559	2.042	26	2.645	103.162

In relation to the takeover contract for the business units Pronto, Les Nutons and l'Ardennaise from Unilever Belgium NV, a 99-year ground lease contract had been concluded in July 1996 for the use of the land and buildings. The buildings are included as financial leasing, the land under operational leasing.

17. Financial assets

	2007	2006
Receivables and securities in cash	129	142
Total	129	142

18. Deferred tax assets and liabilities

The deferred tax claims and liabilities are attributable to the following headings

	2007	2006
Debts	0	-180
Tangible fixed assets	7.717	8.640
Stocks	0	-53
Receivables	4	-10
Provisions	-417	56
Deferred tax assets and liabilities Ter Beke Luxemburg	12.851	11.685
Tax loss carry forwards	-4.352	-3.075
Tax loss carry forwards deducted from other entries	-2.344	0
Deferred tax (assets) and liabilities	13.459	17.063

The deferred tax assets in the balance sheet relate to loss carry forwards in Ter Beke France SA. The tax-deductible losses of TerBeke-Pluma NV were deducted from the deferred tax liabilities on other items. Management believes these will be realized in the future on the basis of the long term business plan for these companies.

The group did not acknowledge EUR 406 (000) in deferred tax assets on tax-deductible losses because it is insufficiently certain that these will be realized in the near future.

19. Stocks

	2007	2006
Raw and auxiliary materials	15.064	13.904
Work in progress	2.959	2.886
Finished goods	3.652	4.723
Trade goods	525	227
Total	22.200	21.740

20. Trade and other receivables

	2007	2006
Trade receivables	49.295	41.717
Subsidies receivable	0	695
VAT to be reclaimed	3.693	2.852
Tax to be reclaimed	1.274	1.659
Accrued and deferred accounts	1.158	653
Interest receivable	0	93
Other	1.645	1.411
Total	57.065	49.080

Our trade receivables are not interestbearing.

The average number of days of customer credit for the group is 45.

The amount of booked impairments on trade receivables incorporated as a cost in the income statement is 75,000 EUR in 2007

21. Cash and cash equivalents

	2007	2006
Short-term financial assets	5.998	1.278
Sight accounts	1.329	1.517
Cash	5	6
Total	7.332	2.801

The short-term financial assets consist entirely of short-term investments with financial institutions with a maximum duration of 3 months.

22. Equity capital

The various components of the equity capital, together with the changes between 31 December 2006 and 31 December 2007 are shown in the Consolidated Transaction Summary of the Equity Capital.

CAPITAL

The Company's issued capital amounted to EUR 4,896 (000) on 31 December 2007, divided into 1,730,171 fully paid-up ordinary shares without nominal value. Dividends are payable on all these shares, which have the same voting rights.

Through the conversion of warrants, 7.200 shares were created in 2007 and 11.700 in 2006. The average strike price for these 7.200 warrants was EUR 42,535.

On 31 December 2007, there was a total of 8.800 allocated warrants outstanding, giving entitlement to a total of 8.800 shares with an average exercise price of EUR 48,38 per share. The warrants are granted to key employees whom the shareholders wish to bind to the company in the long term. In 2007, 4.100 warrants expired (average option price: EUR 59). If all allocated warrants are effectively converted, the consequence for the shareholders of Ter Beke would be a dilution of 0.51 %.

SHARE-BASED PAYMENTS

Summary of existing warrant plans

During the period ending on 31 December 2007, the group had the outstanding warrant plans described below.

SUMMARY OF EXISTING WARRANT PLANS

Plan	Offer	Outstanding on 31 Dec 07	Exercise price
2000	09 March 01	2000	31,30
2002	03 June 02	2200	42,59
2003	02 June 03	450	42,78
2003	27 December 04	4150	60,54

The share option plans were allocated by the Extraordinary General Meetings. Warrants with a fixed exercise price each give entitlement to one Ter Beke NV share at an exercise price equal to the average of the closing prices for the share on Euronext Brussels during the thirty days preceding the offer date. The period of these warrants is 5 years.

In view of the developments in stock-market prices for Ter Beke shares and in view of the law of 24 December 2002, the exercise period for the existing plans was extended by the Extraordinary General Meeting of 28 May 2003 by three years. The warrants are granted to key employees whom the shareholders wish to bind to the company in the long term – 21 employees are considered for this. Options allocated under these warrant plans are exercisable from the third anniversary of the date of receipt and if the employment conditions mentioned in the scheme are met.

Accounting treatment of share-based payments

In relation to these share option plans, the estimate current value per warrant was calculated with the aid of the Black-Scholes option model. Account was taken of the following assumptions:

CURRENT ASSUMPTIONS PER WARRANT PLAN

	Plan 2003 02 Jun 03	Plan 2003 27 Dec 04
Share price	42,78	60,5
Exercise price	42,78	60,5
Volatility	34%	14%
Dividend yield	4,50%	3,30%
Risk-free interest	3,01%	3,10%
Value per warrant	9,23	5,45
Number of allocated warrants	5.150	5.550
Estimated exercise	75%	75%

The expected volatility is based on the historical volatility over the last 250 days, quoted on Bloomberg RIC HVD for Ter Beke shares on the day the warrant plan was allocated. The estimated yield from dividends is determined by means of the dividend yield of the year preceding the offer of the warrant plan. The expected duration of the option is the estimated average exercise period. The risk-free interest is equal to the 5-year IRS on the day the warrant plan was offered.

The movements in options are as follows:

	2007	2006
Number of outstanding warrants		
Start of the financial year	20.100	32.700
Exercise	-7.200	-11.700
Lapsed	-4.100	-900
End of the financial year	8.800	20.100

In the income statement, EUR 4 (000) was included as a cost in 2007 and EUR 15 (000) in 2006 for the share-based payments.

OWN SHARE RESERVE

The reserve for own shares contains the acquisition value of the own shares held by the group. On 31 December 2006 the group held 1.745 own shares compared to 3.153 own shares on 31 December 2007.

EXCHANGE-RATE DIFFERENCES

The exchange-rate differences contain both the exchange-rate differences arising from the conversion of the annual income statements of foreign activities that are not considered as being activities by the Company itself, and the exchange-rate differences deriving from the conversion of the obligation that covers the net investment of the Company in a foreign entity.

DIVIDENDS

On 28 February 2008, the Board of Directors proposed paying out EUR 3,633,359.10 or EUR 2.10 per share. This dividend has still not been approved by the Ter Beke General Shareholders Meeting and has therefore not been yet included in the accounts.

23. Staff remuneration

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The group and its subsidiaries provide for pension schemes and other staff benefits. On 31 December 2007 the total net debt for pension schemes and similar obligations, also including redundancy payments was EUR 2,365 (000). This was EUR 1,578 (000) as at 31 December 2006.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	OBLIGATIONS UNDER IAS 19 DEFINED BENEFIT PLAN	OTHER PROVISIONS	TOTAL PROVISIONS
1 January 2006	1.357	42	1.399
Extension consolidation circle	386		386
Service cost	95		95
Interest cost	79		79
Actuarial effect	36		36
Payments and reversals	-375	-42	-417
31 December 2006	1.578	0	1.578
Extension consolidation circle	0		0
Service cost	-17		-17
Interest cost	71		71
Actuarial effect	0		0
Payments and reversals	-371	4	-367
Other		1.100	1.100
31 December 2007	1.261	1.104	2.365

DEFINED CONTRIBUTION PLANS

The Ter Beke companies contribute to public or privately-managed pension or insurance funds under the fixed contribution schemes relating to staff remuneration. Once the contribution is paid, the group's companies have no further payment obligations. The periodical contributions constitute a cost for the year in which they are owed. In 2006 this cost amounted to EUR 1.243 (000). In 2007 this was EUR 1,012 (000). The provisions mainly consist of restructuring provisions which were set up primarily in 1998 and 1999 and of defined benefit obligations under IAS 19.

24. Interest-bearing obligations

2007	MATURITY PERIOD			TOTAL
	WITHIN THE YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	
Interest bearing obligations				
Credit institutions	15.795	50.118	5.888	71.801
Leasing debts	912	6.286	14	7.212
TOTAL	16.707	56.404	5.902	79.013

2006	MATURITY PERIOD			TOTAL
	WITHIN THE YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	
Interest bearing obligations				
Credit institutions	27.920	27.096	2.707	57.723
Leasing debts	474	1.062		1.536
TOTAL	28.394	28.158	2.707	59.259

The loans from credit institutions consist of:

- short-term straight loans with a duration of less than one month for EUR 1,121 (000);
- long-term credits with a fixed interest rate for a EUR 53,385 (000);
- long-term credits whereby the interest rates are regularly reviewed for agreed periods of less than one year for EUR 17,295 (000).

The current value of the loans corresponds to the nominal value included in the balance-sheet.

WEIGHTED AVERAGE INTEREST RATE AT YEAR END	2007	2006
Loans with fixed interest rate	5,00%	4,49%
Loans with variable interest rate	5,92%	4,89%

Minimum payments credit institutions (including interests):

MINIMUM PAYMENTS CREDIT INSTITUTIONS (INCLUDING INTERESTS)	2007
- less than 1 year	19.212
- more than 1 and less than 5 years	56.147
- more than 5 years	6.170

In order to hedge the risk of rising interest rates, the group makes use of an interest option (see Note 26). The group has sufficient short-term credit lines to fulfil its short-term requirements. In order to obtain the aforementioned obligations from to credit institutions, the group did not pledge any assets, nor were guarantees given by third parties.

The minimum financial lease payments (including interests) are:

MINIMUM FINANCIAL LEASE PAYMENTS (INCLUDING INTERESTS)	2007	2006
- less than 1 year	980	477
- more than 1 and less than 5 years	6.363	640
- more than 5 years	14	574

The group leases certain assets under financial leasing. The average duration is 3 years. The interest is established at the start of the contract. All leasing contain a fixed repayment scheme. In all cases the underlying asset is the legal property of the leasing company.

25. Trade liabilities and other debts

	2007	2006
Trade debts	55.209	41.243
Dividends	98	102
Other	2.306	874
Total	57.613	42.219

26. Risks derived from financial instruments

Exposure to risks relating to interest rates and exchange rates are a consequence of the normal conduct of the group's business activities. Derived financial instruments are used to limit these risks. The group's policy forbids the use of derived financial instruments for trading purposes.

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rates.

For this reason, in the middle of 2004 the group purchased a CAP for EUR 5 million, with a strike price of 3.75 % with the Euribor 6 months as reference interest and a duration from 1 January 2005 to 30 December 2008. This CAP offers protection against interest rates rising above 3.75 % and makes it possible to benefit further from the current low interest rates. This contract is not allocated as a hedging instrument with regard to IAS 39. Profits or losses arising from the valuation of this derived financial instrument at the current value are booked in the P&L account.

EXCHANGE-RATE RISK

The exchange-rate risk consists of possible fluctuations in the value of financial instruments resulting from exchange-rate fluctuations. The group is exposed to an exchange-rate risk on the sales, purchases and interest-bearing loans expressed in a currency other than the local currency of the company (Pound Sterling, etc.). On 31 December 2007 there were no outstanding exchange contracts. On 31 December 2007, the group had a net position in Pound Sterling of £ 2.788 (000), on 31 December 2006 this position was £2.523 (000).

CREDIT RISK

The credit risk is the risk that one of the contracting parties fails to honour his obligations with regard to the financial instrument, giving rise to a loss for the other party. The management has worked out a credit policy and exposure to the credit risk is monitored continually.

- Credit risks on trade receivables:
credit risks on all customers are monitored constantly
- Credit risks on liquidities and short-term investments:
short-term investments are made in easily-tradable securities or in fixed-term deposits in reputable banks.
- Transactions with derived financial instruments:
transactions with derived financial instruments are only permitted with counter-parties that have a high degree of creditworthiness.

27. Operational leasing

The group hires its cars and a number of freight vehicles under a number of operational leasing contracts. Future payments under this non-terminable operational leasing amount to:

OPERATIONAL LEASING	2007	2006
- less than 1 year	796	677
- more than 1 and less than 5 years	1317	1.347
- more than 5 years		
Total	2.113	2.024

28. Liabilities not appearing in the balance sheet

The group has not set up any sureties as a guarantee for debts or obligations to third parties.

The total purchase obligations in relation to major investment projects for which the respective contracts had already been assigned or orders placed amounted on 31 December 2007 to EUR 2,364 (000) (2006: EUR 1,799 (000)).

29. Transactions with affiliated parties, directors and members of the executive committee

REMUNERATION OF DIRECTORS

In 2007 the compensation policy was prepared by the Nomination & Compensation Committee and approved by the Board of Directors. The compensations of the executive directors are structured in a fixed part, a variable part that is defined as a function of an evaluation by the Compensation Committee, and long-term incentives such as a pension plan and stock options. Effective 1 January 2006, the compensation policy was included as an integral part of the Corporate Governance Charter of the group. The remunerations of the members of the Board of Directors and the Executive Committee in relation to the financial year 2006 can be summarized as follows:

in million EUR	2007	2006
Compensation Board members Ter Beke NV for the execution of their mandate	0,2	0,2
Total cost for the group of the members of the Executive Committee (7), exclusive of the compensation for the execution of their Board membership within Ter Beke NV	2,4*	1,8

(*The increase compared to 2006 can be explained by a higher variable pay, the inclusion of the remuneration of Eddy Van der Pluym for a complete year compared to 7 months in 2006 and the arrangement agreed upon with Dirk Van de Walle.)

TRANSACTIONS WITH OTHER PARTIES

Transactions with related parties primarily concern commercial transactions and are based on the “at arms length” principle; The costs and revenues relating to these transactions are immaterial within the framework of the consolidated income statement.

For 2007 no reports were received from directors or management within the framework of the provisions concerning related transaction, as included in the Corporate Governance Charter. For the application of the conflict of interest rules (articles 523 and 524 of the Companies Code) we refer to the annual report chapter on corporate governance.

30. Profit per share

The calculation of the ordinary Profit Per Share is based on a net profit to be allocated to the ordinary shareholders of EUR 6,069 (000). (2006: EUR 5,973 (000)) and a weighted average number of outstanding ordinary shares during the year of 1,727,118 (2006: 1,588,088).

The weighted average number of outstanding ordinary shares was calculated as follows:

PROFIT PER SHARE	2007	2006
Number of outstanding ordinary shares per 1 January financial year	1.722.971	1.369.017
Effect of issued ordinary shares	4.147	219.071
Weighted average number of outstanding ordinary shares per 31 December financial year	1.727.118	1.588.088
Net profit	6.069	5.973
Average number of shares	1.727.118	1.588.088
Profit per share	3,51	3,76

DILUTED PPS

In calculating the PPS after dilution, the weighted average number of shares is adjusted by taking account of all the potential ordinary shares that could give rise to dilution. This concerns the warrant plans in 2006 and 2007. The warrant scheme plan consists of 8.800 outstanding warrants as per 31 December 2007.

CALCULATION DILUTED PROFIT PER SHARE	2007	2006
Net profit	6.069	5.973
Average number of shares	1.727.118	1.588.088
Dilution effect warrant plans	13.538	27.122
Adjusted average number of shares	1.740.656	1.615.210
Diluted profit per share	3,49	3,70

31. Impact of acquisitions

TRANSACTIONS IN 2007

On 11 January 2007, the group acquired all the shares of SDF Foods Ltd. for an amount of 1,8 million £. This amount was entirely financed with external financing. SDF was included in the consolidation from 1 January 2007 and the takeover was booked according to the integral consolidation method.

Through the acquisition of SDF, the group strengthened its position on the English market.

In 2007 SDF made a profit of EUR 198 (000), without however taking account of financial costs, structural changes and other efforts undertaken by the group with regard to this acquisition. The non-consolidated turnover in 2007 amounted to EUR 2.490 (000). This amount consists for the larger part of turnover generated by the group, which in 2006 was recorded through the turnover of TerBeke-Pluma to SDF.

On 14 September 2007, the Company reached an agreement on the acquisition of 100% of the shares of Berkhout Holding BV and Berkhout Verssnijljin BV for an amount of 9.5 million EUR. This amount was financed with external financing. This amount was increased with 2.5 million EUR on 31 December 2007 after a number of additional goals were reached. The Berkhout accounts were included for the first time in the consolidation as of 1 September 2007 and the takeover was booked according to the integral consolidation method.

The acquisition of Berkhout fits with the group's strategic choice for slicing and prepacking.

In 2007, Berkhout made a profit of EUR 487 (000) (4 months), without taking into account the financing cost, structural changes and other group efforts with regard to this acquisition. The turnover of Berkhout amounted to EUR 15.340 (000) (4 months).

IMPACT OF THE ACQUISITION

All amounts in EUR 1000's	Berkhout	SDF	2007
Tangible fixed assets	10.502	266	10.768
Receivables > 1 year	0	0	0
Stocks	1.702	0	1.702
Trade receivables	2.780	1.871	4.651
Other claims	540	177	717
Cash and cash equivalents	2	207	209
Long-term interest-bearing obligations	-8.170	0	-8.170
Other long-term obligations	-1.250	0	-1.250
Provisions	0	0	0
Deferred tax liabilities	0	0	0
Financial debts < 1 year	-980	0	-980
Trade debts	-3.679	-1.731	-5.410
Other payable items	-2.502	-165	-2.667
Total net assets	-1.055	625	-430
Goodwill created on the acquisition	10.686	1.943	12.629
Payment in shares	0	0	0
Takeover payment paid (*)	9.631	2.568	12.199
Cash and cash equivalents acquired	-2	-207	-209
Net outgoing cashflow	9.629	2.361	11.990

(*) Take over price + expenses

The annual turnover of Berkhout under Dutch GAAP amounted to EUR 43 million. The statutory result under Dutch GAAP amounted to EUR 836.022. Dutch GAAP valuation standards vary from IFRS valuation standards.

32. Important assumptions regarding the future and other major sources of uncertainties in estimates

THE MATTER OF THE LUXEMBOURG REINSURANCE COMPANY

The Belgian tax authorities dispute the deductibility of insurance premiums that Ter Beke NV has been paying since 1992 to cover certain risks to a Belgian insurance company, which partly reinsures these risks with a Luxembourg company owned by the group. The authorities have established additional tax assessments up to and including the financial year 2004. Ter Beke NV disputes these assessments and has lodged an objection to them in due time, and will also do this for future assessments on this dispute. Under the IFRS, the group has provided the requisite deferred taxes for these premiums. The Board of Directors of Ter Beke NV has come to the conclusion that, on the basis of the matters arising in the case and the advice of its legal advisors, the tax debt is not owed to the Belgian tax authorities. For this reason, Ter Beke entered a petition to the appropriate

court in 2005 for the purpose of obtaining judgment in this dispute. The court of first instance, in a judgement of 4 May 2007, upheld the Company's arguments. The tax administration lodged an appeal against this judgement. If the company is nevertheless declared to be in the wrong in appeal, the result would be that short-term tax liabilities would increase by EUR 12 million and the deferred taxes would decrease by the same amount.

33. Group companies

The parent company of the group, Ter Beke NV of Beke 1, B-9950 Waarschoot, Belgium, was the parent company of the following companies as per 31 December 2007:

NAME AND FULL ADDRESS OF THE COMPANY	EFFECTIVE HOLDING IN %
Ter Beke Vleeswarenproductie NV - Beke 1, 9950 Waarschoot - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Waarschoot - Belgium	100
Ter Beke Holding BV – Burgemeester De Manlaan 2, 4837 BN Breda - The Netherlands	100
FreshMeals Nederland BV - Burgemeester De Manlaan 2, 4837 BN Breda - The Netherlands	100
Ter Beke International BV - Burgemeester De Manlaan 2, 4837 BN Breda - The Netherlands	100
Ter Beke (Deutschland) GmbH - Alt-Engeldorfer Strasse 71, 50997 Köln - Germany	100
FreshMeals UK Ltd. - Hill House, 1 Little New Street, London EC2A 3TR - UK	100
FreshMeals Ibérica SARL - Via de las Dos Castillas , 33 Complejo Empresarial Atica, Edificio 6 Planta 3a- Oficina B1, 28224 Pozuelo de Alarcon, Madrid - Spain	100
Ter Beke Luxembourg SA - 19, rue de Bitbourg - L - 1273 Luxembourg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
N.S.Vamos et Cie .SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - Zone Industrielle des Grands Vris, 74540 Alby-sur-Chéran - France	100
Gefra Onroerend Goed BV - Ovenberg 11, 6596 DP Milsbeek - The Netherlands	100
Langeveld-Sleegers BV - Ovenberg 11, 6596 DP Milsbeek - The Netherlands	100
TerBeke-Pluma NV – Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV – Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Atny BV - Prins Bernhardplein 200, 1097 JB Amsterdam – The Netherlands	100
Binet SA – Route de Hermée 2, 4040 Herstal – Belgium	100
TerBeke-Pluma UK Ltd – Highclere House 180 Main Road Biggin Hill, Kent TN163BB – UK	100
Pluma Fleishwarenvertrieb GmbH – Nordstrasse 30, B-47798 Krefeld – Germany	100
TerBeke-Pluma Nederland BV - Prins Bernhardplein 200, 1097 JB Amsterdam – The Netherlands	100
FreshMeals NV - Beke 1, 9950 Waarschoot - Belgium	100
SDF Foods Ltd – Hillbrow Road, Esher, Surrey KT10 9NW – UK	100
H.J.Berkhout Holding BV – Grotenoord 41, 3341 LT Hendrik-Ido-Ambacht – Netherlands	100
H.J.Berkhout Verssnijlijn BV – Grotenoord 41, 3341 LT Hendrik-Ido-Ambacht – Netherlands	100

34. Events after year-end

TERBEKE-PLUMA EXAMINES ACQUISITION FRESH CONCEPT

On 29 February 2008, Ter Beke announced that it is engaged in exclusive talks on the possible acquisition of Fresh Concept SA, located in Marcinelle.

Fresh Concept is a service-slicer (comparable to Ter Beke Veurne, Langeveld Slegers and Berkhout) with a turnover of approximately 11,5 million EUR and approximately 45 employees.

35. FEES OF THE STATUTORY AUDITOR

In relation to the financial year 2007, the Statutory Auditor and the companies with whom the Statutory Auditor has a working relationship, invoiced to the group additional fees for a total amount of EUR 171 (000). These fees concern tax consultancy [EUR 125 (000)] and other control-assignments [EUR 46 (000)]. In relation to the statutory audit of Ter Beke NV, the Statutory Auditor invoiced a fee of EUR 201 (000).

Report of the statutory auditor on the consolidated financial statements

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of TER BEKE 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. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 247,770 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 6,069 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have

replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2007, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Kortrijk, 29 February 2008

The statutory auditor

DELOITTE Bedrijfsrevisoren

BV o.v.v.e. CVBA

Represented by Dirk Van Vlaenderen

Abbreviated financial statements Ter Beke NV

BALANCE SHEET	2007	2006
Fixed assets	81.260	80.594
I. Formation costs	53	80
II. Intangible fixed assets	0	1
III. Tangible fixed assets	1.335	640
IV. Financial fixed assets	79.872	79.873
Floating assets	85.006	65.533
V. Receivables on more than 1 year	20	20
VI. Stocks		0
VII. Receivables on no more than 1 year	80.342	65.040
VIII. Cash investments	4.007	114
IX. Liquidities	371	212
X. Accrued and deferred amounts	266	147
Total assets	166.266	146.127
Shareholders' equity	60.514	63.352
I. Capital	4.896	4.875
II. Issue premiums	48.213	47.927
IV. Consolidated reserves	3.360	3.307
Legal reserves	649	649
Unavailable reserves	1.624	1.571
Tax-free reserves	679	679
Available reserves	408	408
V. Transferred result	4.045	7.243
Provisions and deferred taxes	0	0
Debts	105.752	82.775
X. Debts, more than 1 year	0	0
XI. Debts, no more than 1 year	105.748	82.669
XII. Accrued and deferred accounts	4	106
Total liabilities	166.266	146.127

Income statement

	2007	2006
Operating revenues	12.141	211.135
Turnover	137	209.505
Stock changes	0	420
Produced fixed assets		0
Other operating revenues	12.004	1.210
Operating costs	11.015	209.212
Trade goods, raw and auxiliary materials	155	92.613
Services and miscellaneous goods	7.537	103.872
Salaries, social security and pensions	2.961	9.859
Write-offs and depreciation on intangible and tangible fixed assets	298	2.712
Depreciation on stocks and trade receivables	0	0
Provision for risks and costs	0	23
Other operating costs	64	133
Operating profit	1.126	1.923
Financial income	3.447	1.779
Financial expenses	-3.700	-2.606
Result of ordinary business operations before tax	873	1.096
Exceptional income	1	14
Exceptional expenses	-39	-3
Profit before tax	835	1.107
Tax on profits	-346	-373
Result for the year after tax	489	734

The valuation and conversion rules for the statutory financial statements of the parent company meet the Belgian standards (BE GAAP). The consolidated financial statements were drawn up in accordance with the IFRS. Both valuation rules differ widely from each other.

Report of the statutory auditor on the abbreviated financial statements

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments and information.

Unqualified audit opinion on the financial statements

We have audited the financial statements of TER BEKE NV for the year ended 31 December 2007, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 166,266 (000) EUR and a profit for the year of 489 (000) EUR.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the 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 company's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2007 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the financial statements:

- The directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- No transactions have been undertaken or decisions taken in violation of the company's articles or the Companies Code such as we would be obliged to report to you. The appropriation of the results proposed to the general meeting is in accordance with the requirements of the law and the company's articles.

Kortrijk, 29 February 2008

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Dirk Van Vlaenderen

Information and financial calendar

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Financial calendar

General meeting 2008

Thursday 29 May 2008

Dividend payment

The net dividend of 1.575 EUR per share is payable from 16 June 2008 onwards on presentation of coupon no. 20 at the counters of Fortis Bank, KBC, ING, Bank Degroof and Petercam N.V.

Results first semester 2008

29 August 2008 after market close

Tradin update third quarter 2008

12 November 2008 after market close

Annual result 2008

At the latest 30 April 2009

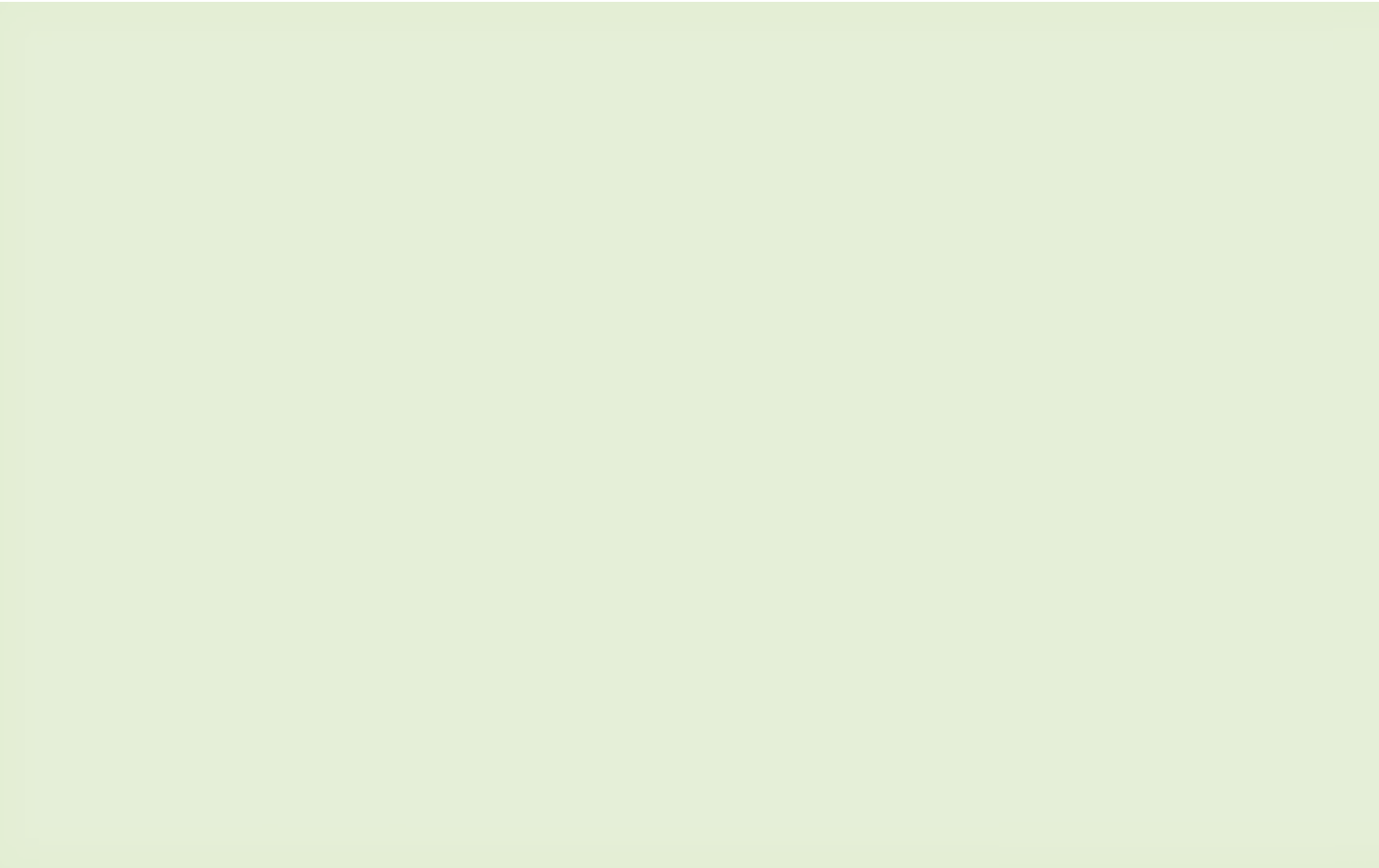
The Dutch version of this annual report is regarded as the sole official version.

Ce rapport annuel est également disponible en français.

Dit jaarverslag is ook verkrijgbaar in het Nederlands op de maatschappelijke zetel.

Our thanks go out to all our employees, whose involvement in the achievement of the company's objectives and whose dynamism allow us to attain the reported results and to have confidence in the future.

Total creation: www.colorstudio.be



Headquarters and site Ter Beke Waarschoot

