



# Milk. Our profession, our future.

Financial Report 2018



## Credits

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# A. Consolidated accounts

## 1. Consolidated balance sheet after appropriation

### ASSETS

(in €)	Codes	PERIOD 2018	PERIOD 2017
<b>FIXED ASSETS</b>	<b>21/28</b>	<b>237,668,123.09</b>	<b>253,009,739.26</b>
Intangible fixed assets	21	9,765,752.01	7,525,973.96
Positive consolidation differences	9920	-	335,724.67
Tangible fixed assets	22/27	226,968,087.95	244,049,237.14
Land and buildings	22	68,421,217.28	70,419,395.44
Plant, machinery and equipment	23	146,182,952.70	157,722,595.30
Furniture and vehicles	24	6,740,340.65	7,486,599.63
Leasing and other similar rights	25	-	-
Other tangible fixed assets	26	145,925.10	183,249.71
Assets under construction and advance payments	27	5,477,652.22	8,237,397.06
Financial fixed assets	28	934,283.13	1,098,803.49
Companies accounted for using the equity method	9921	810,847.20	975,141.20
Participating interests	99211	810,847.20	975,141.20
Other enterprises	284/8	123,435.93	123,662.29
Participating interests and shares	284	7,556.58	7,556.58
Amounts receivable	285/8	115,879.35	116,105.71
<b>CURRENT ASSETS</b>	<b>29/58</b>	<b>317,544,396.58</b>	<b>291,927,623.56</b>
Amounts receivable after more than one year	29	1,262,471.49	2,116,157.12
Other amounts receivable	291	1,262,471.49	2,116,157.12
Stocks and contracts in progress	3	133,104,802.60	129,880,238.69
Stocks	30/36	133,104,802.60	129,880,238.69
Raw materials and consumables	30/31	22,896,195.31	20,165,398.82
Finished goods	33	94,697,993.92	93,721,287.57
Goods purchased for resale	34	15,510,613.37	15,993,552.30
Amounts receivable within one year	40/41	181,204,577.51	158,610,273.24
Trade debtors	40	170,173,457.02	148,001,942.37
Other investments and deposits	41	11,031,120.49	10,608,330.87
Cash at bank and in hand	54/58	883,498.79	249,827.49
Deferred charges and accrued income	490/1	1,089,046.19	1,071,127.02
<b>TOTAL ASSETS</b>	<b>20/58</b>	<b>555,212,519.67</b>	<b>544,937,362.82</b>

## LIABILITIES

(in €)

	Codes	PERIOD 2018	PERIOD 2017
<b>EQUITY</b>	<b>10/15</b>	<b>141,759,967.83</b>	<b>139,544,453.57</b>
Capital	10	51,648,062.50	49,110,156.20
Issued capital	100	51,648,062.50	49,113,357.50
Uncalled capital	101	-	3,201.30
Share premium account	11	31.26	31.26
Consolidated reserves	9910	87,200,817.48	86,972,770.20
Translation differences	9912	2,730.77	2,730.77
Investment grants	15	2,908,325.82	3,458,765.14
<b>MINORITY INTERESTS</b>	<b>9913</b>	<b>-</b>	<b>62,980.47</b>
<b>PROVISIONS, DEFERRED TAXES AND LATENT TAXATION LIABILITIES</b>	<b>16</b>	<b>25,002,109.40</b>	<b>23,991,485.36</b>
Provisions for liabilities and charges	160/5	5,279,237.13	4,245,884.34
Pensions and similar obligations	160	2,598,449.43	2,985,879.09
Other liabilities and charges	164/5	2,680,787.70	1,260,005.25
Deferred taxes	168	19,722,872.27	19,745,601.02
<b>AMOUNTS PAYABLE</b>	<b>17/49</b>	<b>388,450,442.44</b>	<b>381,338,443.42</b>
Amounts payable after more than one year	17	125,623,183.00	126,494,530.00
Financial debts	170/4	125,623,183.00	126,244,530.00
Credit institutions	173	125,623,183.00	126,244,530.00
Other amounts payable	178/9	-	250,000.00
Amounts payable within one year	42/48	262,052,660.28	254,058,735.27
Current portion of amounts payable after more than one year falling due within one year	42	25,871,347.00	28,090,280.67
Financial debts	43	50,643,607.39	62,465,148.94
Credit institutions	430/8	50,643,607.39	62,465,148.94
Trade debts	44	155,631,756.65	141,396,972.49
Suppliers	440/4	155,631,756.65	141,396,972.49
Advances received on contracts in progress	46	7,658,294.00	-
Taxes, remuneration and social security	45	21,356,815.27	20,359,314.53
Taxes	450/3	3,022,735.65	2,083,086.43
Remuneration and social security	454/9	18,334,079.62	18,276,228.10
Other amounts payable	47/48	890,839.97	1,747,018.64
Accrual and deferred income	492/3	774,599.16	785,178.15
<b>TOTAL LIABILITIES</b>	<b>10/49</b>	<b>555,212,519.67</b>	<b>544,937,362.82</b>

## 2. Consolidated income statement

(in €)	Codes	PERIOD 2018	PERIOD 2017
Operating income	70/76A	1,280,522,391.49	1,222,644,793.57
Turnover	70	1,263,162,193.19	1,210,426,497.06
Stocks of finished goods, work and contracts in progress: increase (decrease)	71	976,705.99	-849,805.33
Other operating income	74	15,674,973.92	13,027,556.90
Non-recurring operating income	76A	708,518.39	40,544.94
Operating charges	60/66A	1,270,764,043.96	1,219,036,802.41
Raw materials, consumables	60	957,874,800.82	927,721,509.79
Purchases	600/8	960,094,983.84	930,761,783.35
Stocks: decrease (increase)	609	-2,220,183.02	-3,040,273.56
Services and other goods	61	157,288,148.42	145,088,801.01
Remuneration, social security costs and pensions	62	118,304,799.95	112,374,845.96
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	630	32,093,968.05	31,042,865.48
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs)	631/4	-85,963.59	96,833.55
Provisions for liabilities and charges: Appropriations (uses and write-backs)	635/7	1,033,352.79	-301,317.62
Other operating charges	640/8	3,645,013.49	2,815,394.79
Non-recurring operating charges	66A	609,924.03	197,869.45
<b>OPERATING PROFIT (OPERATING LOSS)</b>	<b>9901</b>	<b>9,758,347.53</b>	<b>3,607,991.16</b>
Financial income	75/76B	1,798,288.84	1,791,782.71
Recurring financial income	75	1,798,288.84	1,791,782.71
Income from financial fixed assets	750	887.94	29,026.57
Income from current assets	751	34,666.72	43,286.43
Other financial income	752/9	1,762,734.18	1,719,469.71
Financial charges	65/66B	8,974,426.66	9,853,883.30
Recurring financial charges	65	8,974,426.66	9,853,866.72
Debt charges	650	6,343,353.02	7,384,567.03
Amounts written off positive consolidation differences	9961	335,724.67	369,361.00
Other financial charges	652/9	2,295,348.97	2,099,938.69
Non-recurring financial charges	66A	-	16.58
<b>GAIN (LOSS) FOR THE PERIOD BEFORE TAXES</b>	<b>9903</b>	<b>2,582,209.71</b>	<b>-4,454,109.43</b>

	Codes	PERIOD 2018	PERIOD 2017
Transfer from deferred taxes and latent taxation liabilities	780	709,246.68	7,441,236.22
Transfer to deferred taxes and latent taxation liabilities	680	685,039.33	575,128.24
Income taxes	67/77	423,478.42	331,985.84
Taxes	670/3	469,765.57	355,150.21
Adjustment of income taxes and write-back of tax provisions	77	46,287.15	23,164.37
<b>GAIN (LOSS) FOR THE PERIOD</b>	<b>9904</b>	<b>2,182,938.64</b>	<b>2,080,012.71</b>
Share in the result of the companies accounted for using the equity method	9975	37,706.00	64,643.80
Profits	99751	37,706.00	64,643.80
<b>CONSOLIDATED RESULT</b>	<b>9976</b>	<b>2,220,644.64</b>	<b>2,144,656.51</b>
Of which:			
Share of third parties	99761	-	-1,595.39
Share of the group	99762	2,220,644.64	2,146,251.90



### 3. Notes on the consolidated annual accounts

#### 1. List of the consolidated subsidiary companies and companies included using the equity method

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Method used (1)	Proportion of capital held (2) (in %)	Change of percentage of capital held (as compared to the previous period)
B.M.F. Lait sarl. – Rue de la Gare 3087 59299 Boeschepe – France	F	100.00	0.00
Milcobel Nederland b.v. – Demerstraat 29 4635 BT Huijbergen - The Netherlands	F	100.00	0.00
Milcobel 3 F CVBA – Fabriekstraat 141 9120 Beveren-Waas – Belgium – 0424.899.491	F	100.00	0.00
Cheeseline NV – Lieven Bauwensstraat 9 8200 Sint-Andries – Belgium – 0441.187.078	F	100.00	0.00
Kaasimport Dupont NV – Lieven Bauwensstraat 9 8200 Sint-Andries – Belgium – 0405.109.216	F	100.00	0.00
Ysco NV – Fabriekstraat 141 9120 Beveren-Waas – Belgium – 0472.336.451	F	100.00	0.00
Ysco France sas – Avenue de la 2e DB 53 61208 Argentan - Cedex – France	F	100.00	0.00
Ysco holding France sas – Rue de la Gare 3087 59299 Boeschepe – France	F	100.00	0.00
Belgomilk CVBA – Fabriekstraat 141 9120 Beveren-Waas – Belgium – 0870.017.447	F	100.00	0.00



NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Method used (1)	Proportion of capital held (2) (in %)	Change of percentage of capital held (as compared to the previous period)
Camal sa – Route de Légipont 12 4671 Barchon – Belgium – 0412.859.912	F	100.00	0.00
Héritage 1466 sa – Rue de Charneux 32 4650 Herve – Belgium – 0425.964.513	E4	20.00	0.00
DupontCheese Nederland b.v. – Escudoweg 1 2153 PC Nieuw-Vennep – The Netherlands – 800505177B01	F	100.00	0.00

(1) F: Full consolidation

E4: Joint subsidiary enterprise accounted for using the equity method where its activities cannot be closely integrated into the activities of the enterprise having the joint control (article 134, second al. of the aforementioned Royal Decree).

(2) Proportion of capital of those enterprises being held by the enterprises included in the consolidated accounts and persons acting in their own names but on behalf of these enterprises.

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## 2. Consolidation criteria and changes in the consolidation scope

If of any importance, Information and criteria governing the application of full consolidation, proportional consolidation and the equity method as well as those cases in which these criteria are departed from, and justification for such departures (Pursuant to Article 165, I. of the Royal Decree of 3 January 2001 in implementation of Company Law).

The full consolidation method was applied to all companies which are controlled directly or indirectly by the consolidating company, by law or in fact, and to companies over which control is shared. These companies have been included in the consolidated annual accounts using the full consolidation method or the equity method, according to the degree of integration into Milcobel. The participations in affiliated companies have been valued and included in the accounts using the equity method.

## 3. Valuation rules

Specification of the criteria of significant importance for valuation of the various items in the consolidated financial statements, in particular:

- the application and adjustments of depreciation, amounts written down and provisions for liabilities and charges, and revaluations (pursuant to article 165, VI.a. of the Royal Decree of 30 January 2001 in implementation of Company Law).
- the bases of translation applied to express in the consolidated accounts items which are, or originally were, expressed in a currency other than the currency in which the consolidated accounts are stated, and the translation in the consolidated accounts of the accounting statements of subsidiaries and associated enterprises governed by foreign law (pursuant to Article 165, VI.b. of the aforementioned Royal Decree).



## ASSETS

### Establishment costs

The establishment costs are depreciated on a straight-line basis at 20%.

### Intangible fixed assets

The acquisitions and brought in intangible fixed assets are booked on the asset side of the balance sheet at their acquisition price or brought in value and are depreciated on a straight-line basis in accordance with the following percentages:

	min.	max.
1. Research and development costs	20	20
2. Concessions, patents, licences, brands, etc..	10	20
3. Goodwill	10	20
4. Advance payments	0	0

### Consolidation differences

The consolidation differences represent the divergences between on the one hand the acquisition value and on the other the corresponding part of the equity capital on the date on which the shares have been acquired or a nearby date close to it.

Insofar as these differences originate from an over or under valuation of specific items on the asset or liabilities side, they will be allocated to it. The remaining difference is included in the consolidated accounts in the item “consolidation differences” on the asset or liabilities side of the balance sheet, depending on whether the acquisition value is higher or lower than the share in the (possibly recalculated) equity capital.

Activated consolidation differences are depreciated in a straight line over a five-year period. Additional or extraordinary depreciations are applied to these differences when, as a result of changes in economic circumstances, it is no longer justified to retain them at that particular value in the consolidated balance sheet.

Negative consolidation differences are booked to the liabilities side. They only benefit the consolidated profit & loss account to cover operational losses incurred for reasons existing at the time of the acquisition (overcapacity, staffing levels too high) and within a limited period of time. They are booked to code 9960 ‘Amounts written down on positive consolidation differences’.

### Tangible fixed assets

Tangible fixed assets are booked to the asset side of the balance sheet at their acquisition price (incl. additional costs) or their brought in value. Depreciations are booked according to the straight-line method (pro rata temporis) over the economic life.

The depreciation percentages are as follows:

	min.	max.
1. Industrial, administrative and commercial buildings	3	10
2. Plant, machinery and equipment	5	25
3. Vehicles	10	25
4. Office equipment and furniture	10	33
5. Other tangible fixed assets	3	20
6. Assets under construction and advance payments	0	0
7. Leasing and similar rights	according to the category to which the asset belongs	



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## Stocks

- Raw materials: acquisition value according to weighted average price or lower market value on balance sheet date for solid and liquid dairy produce and for ice cream activities
- Consumables and goods purchased for resale:
  - o acquisition value according to weighted average price or lower market value on balance sheet date for solid and liquid dairy produce and for ice cream activities;
  - o acquisition value according to FIFO method or lower market value on balance sheet date for liquid dairy produce;
  - o acquisition value according to the weighted average price, FIFO method or individualisation of the price of each component for the cheese distribution and this depending on the nature of the product. The acquisition value may not exceed the market value on the balance sheet date.
- Finished goods:
  - o valuation at manufacture price or market value, if this is lower on the balance sheet date;
  - o in addition to the purchasing cost of raw materials, consumer goods and consumables, the manufacture price includes production costs that are directly accountable to individual products or product groups.

### Accounts receivable within one year

Accounts receivable are included at nominal value. Write downs are booked to these accounts receivable when their collectability is in doubt.

### Investments

Shares and fixed income securities: acquisition value.  
Credit balances at financial institutions: nominal value.

### Cash at bank and in hand

Valuation at nominal value.





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## LIABILITIES

### Consolidated reserves

The group reserves include the reserves and results carried forward of the consolidated company, raised with the share of the group in the results, after deduction of dividends, of the full and proportionally consolidated companies and the companies to which the equity method has been applied.

### Investment grants

Investment grants are valued at nominal value after deduction of deferred taxes.

### Provisions for risks and costs

The Board of Directors decides, on the basis of a prudent evaluation, which provisions should be made to cover the cost of early retirement, major repairs and maintenance, settlement of claims, supplied guarantees, hedge risks and possible other risks and costs that are probable or certain on the balance sheet date, but the extent of which is not yet known.

### Deferred tax and latent liabilities

Deferred tax and latent liabilities are booked:

- to the differences resulting from the application of the valuation rules of the group with respect to the statutory valuation rules of the group companies;
- to the temporary differences between accounting and tax results;
- to the granted not yet depreciated investment grants and untaxed gains values included in the company's equity capital.

### Amounts payable after one year and within one year

Amounts payable are booked at their nominal value.

### Deferred charges and accrued income

Revenue and costs are allocated to the period to which they apply.

### Foreign currency

Foreign currency receivables and payables are valued at the exchange rate applicable on the balance sheet date. Negative exchange rate differences are booked in results. Positive exchange rate differences are booked to transitory accounts on the liabilities side.

#### 4. Methods of calculating of deferred taxes

Detailed explanation on the methods applied in determining deferred taxes (deferral method, liability method, ...)

Deferred tax and latent liabilities are booked:

- to the differences resulting from the application of the valuation rules of the Group with respect to the statutory valuation rules of the Group companies;
- to the temporary differences between accounting and tax results;
- to the granted not yet depreciated iPLCestment grants and untaxed gains values included in the company's equity capital.

#### FUTURE TAXATION AND DEFERRED TAXES

Analysis of Heading 168 of the liabilities

Future taxation (*Pursuant to article 76 of the Royal Decree of 30 January 2001 in implementation of Company Law*)

Deferred taxes (*Pursuant to article 129 of aforementioned Royal Decree*)

(code 168)

19,722,872.27

19,853.44

19,703,018.83



## 5. Statement of intangible fixed assets

	RESEARCH AND DEVELOPMENT COSTS (code 210)	CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS (code 211)	GOODWILL (code 212)	ADVANCE PAYMENTS (code 213)
Acquisition value at the end of the previous period	78,772.10	21,311,096.94	7,033,113.27	1,709,729.97
Movements during the period				
Acquisitions, including produced fixed assets				5,609,209.10
Sales and disposals		7,300.00		1,139,869.87
Transfers from one heading to another		615,334.50		-615,334.50
Other movements				-0.01
<b>Acquisition value at the end of the period</b>	<b>78,772.10</b>	<b>21,919,131.44</b>	<b>7,033,113.27</b>	<b>5,563,734.69</b>
Depreciation and amounts written down at the end of the previous period		15,573,625.05	7,033,113.27	
Movements during the period				
Recorded		2,229,561.15		
Transferred from one heading to another				
Cancelled		7,300.00		
Other movements		0.02		
<b>Depreciation and amounts written down at the end of the period</b>		<b>17,795,886.22</b>	<b>7,033,113.27</b>	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>	<b>78,772.10</b>	<b>4,123,245.22</b>		<b>5,563,734.69</b>

## 6. Statement of tangible fixed assets

	LAND AND BUILDINGS (code 22)	PLANT, MACHINERY AND EQUIPMENT (code 23)	FURNITURE AND VEHICLES (code 24)
Acquisition value at the end of the previous period	128,380,946.15	457,630,193.44	24,859,220.02
Movements during the period			
Acquisitions, including produced fixed assets		95,274.53	56,383.85
Sales and disposals	21,545.10	1,209,208.03	806,567.45
Transfers from one heading to another	2,506,225.91	11,856,722.68	1,131,965.56
Other movements		-51,233.05	-4,646.57
<b>Acquisition value at the end of the period</b>	<b>130,865,626.96</b>	<b>468,321,749.57</b>	<b>25,236,355.41</b>
Depreciation and amounts written down at the end of the previous period	57,961,550.71	299,907,598.14	17,372,620.39
Movements during the period			
Recorded	4,488,108.37	23,489,691.92	1,854,920.06
Cancelled	5,235.10	1,208,913.03	725,248.56
Transferred from one heading to another			
Other movements	-14.30	-49,580.16	-6,277.13
<b>Depreciation and amounts written down at the end of the period</b>	<b>62,444,409.68</b>	<b>322,138,796.87</b>	<b>18,496,014.76</b>
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>	<b>68,421,217.28</b>	<b>146,182,952.70</b>	<b>6,740,340.65</b>

	LEASING AND SIMILAR RIGHTS (code 25)	OTHER TANGIBLE FIXED ASSETS (code 26)	ASSETS UNDER CONSTRUCTION AND ADVANCED PAYMENTS (code 27)
Acquisition value at the end of the previous period	25,978.84	1,196,975.51	8,237,397.06
Movements during the period			
Acquisitions, including produced fixed assets		47,845.21	12,928,744.00
Sales and disposals		-47,845.21	241,419.90
Transfers from one heading to another		-417,984.37	-15,447,068.94
Other movements			
<b>Acquisition value at the end of the period</b>	<b>25,978.84</b>	<b>778,991.14</b>	<b>5,477,652.22</b>
Depreciation and amounts written down at the end of the previous period	25,978.84	1,013,725.80	
Movements during the period			
Recorded		31,686.55	
Cancelled			
Transferred from one heading to another			
Other movements		-412,346.31	
<b>Depreciation and amounts written down at the end of the period</b>	<b>25,978.84</b>	<b>633,066.04</b>	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>		<b>145,925.10</b>	<b>5,477,652.22</b>

## 7. Statement of financial fixed assets

	ENTERPRISES ACCOUNTED FOR USING THE EQUITY METHOD (code 280)	OTHER ENTERPRISES (code 282 and code 283)
<b>Participations</b>		
Acquisition value at the end of the previous period	945,829.90	7,556.58
Movements during the period		
Sales and disposals	202,000.00	
Acquisitions		6,000.00
<b>Acquisition value at the end of the period</b>	<b>743,829.90</b>	<b>7,556.58</b>
Movements during the period		
Recorded		
Cancelled		
Movements in the capital and reserves at the end of the previous period	29,311.30	
Movements during the period		
Share in the result for the financial period	37,706.00	
Other movements in the capital and reserves		
<b>Movements in the capital and reserves at the end of the period</b>	<b>67,017.30</b>	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>	<b>810,847.20</b>	<b>7,556.58</b>
<b>Amounts receivable</b>		
Net book value at the end of the previous period		116,105.71
Movements during the period		
Additions		11,421.64
Repayments		11,648.00
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>		<b>115,879.35</b>

## 8. Statement of consolidated reserves

<b>CONSOLIDATED RESERVES</b>		(code 9910)
Consolidated reserves at the end of the previous period		86,972,770.20
Movements during the period:		
Shares of the group in the consolidated income		2,220,644.64
Other movements		-1,992,597.36
Dividends		-1,992,597.36
<b>CONSOLIDATED RESERVES AT THE END OF THE PERIOD</b>		<b>87,200,817.48</b>

## 9. Statement of consolidation differences and differences resulting from the application of the equity method

<b>POSITIVE DIFFERENCES CONSOLIDATION</b>		(code 9920)
Net book value at the end of the previous period		335,724.67
Movements during the period:		
Depreciations		-335,724.67
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b>		<b>-</b>

## 10. Statement of amounts payable

<b>BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM</b>	<b>DEBTS WITHIN ONE YEAR (code 42)</b>	<b>BETWEEN ONE AND FIVE YEARS (code 17)</b>	<b>OVER FIVE YEARS (code 17)</b>
Financial debts	25,621,347.00	85,576,514.00	40,046,669.00
Credit institutions	25,621,347.00	85,576,514.00	40,046,669.00
Other amounts payable	250,000.00		
<b>TOTAL</b>	<b>25,871,347.00</b>	<b>85,576,514.00</b>	<b>40,046,669.00</b>

## 11. Net turnover

<b>NET TURNOVER</b>			PERIOD 2018	PERIOD 2017
Aggregate turnover of the group in Belgium			333,277,682.50	341,944,691.12
<b>AVERAGE NUMBER OF PERSONS EMPLOYED AND PERSONNEL CHARGES</b>			PERIOD 2018	PERIOD 2017
Consolidated enterprises and fully consolidated enterprises				
Average number of persons employed (in units)			2,043	2,002
Workers			1,520	1,505
Employees			509	483
Management personnel			13	14
Other persons			1	
Personnel costs				
Remuneration, social security costs			117,989,022.07	112,042,965.37
Pensions			315,777.88	331,880.59
Average number of persons employed in Belgium by the enterprises concerned			1,843	1,800
<b>NON-RECURRING INCOME</b>			PERIOD 2018	PERIOD 2017
Non-recurring operating income			708,518.39	40,544.94
Capital gains on disposal of intangible and tangible fixed asset			63,067.10	5,631.88
Other non-recurring operating income			645,451.29	34,913.06
<b>NON-RECURRING EXPENSES</b>			PERIOD 2018	PERIOD 2017
Non-recurring operating charges			609,924.03	197,869.45
Capital losses on disposal of intangible and tangible fixed assets				8,880.46
Other non-recurring operating charges			609,924.03	188,988.99
Non-recurring financial charges				16.58
Amounts written off financial fixed assets				16.58

## 12. Rights and commitments not reflected in the balance sheet

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET	PERIOD 2018
Commitments to exchange rates	21,071,222.00
<p>Amount, nature and form concerning litigation and other important commitments</p> <ul style="list-style-type: none"> <li>- All engagements of the Milcobel Group by the banks have been honoured.</li> <li>- An engagement for a minimum turnover of 5,902 K euro for external storage.</li> <li>- Long term agreement of 9 years with the obligation to buy Alpha bottles, although with a possibility to stop the agreement - 1,990 K euro (early termination fee).</li> <li>- Commitment to purchase of raw materials and packaging for K Eur 92,893</li> </ul>	
<p>Commitments with respect to retirement and survivors' pensions in favour of their personnel or executives, at the expense of the enterprises included in the consolidation.</p> <p>The company has contracted a group insurance policy for its employees and managers with a Belgian insurance company.</p> <p>The costs are partially supported by the company and partially by the concerned person.</p>	
Nature and financial impact of significant events after the closing date	nihil

## 13. Relationships with affiliated enterprises and enterprises linked by participating interests but not included in the consolidation

AFFILIATED ENTERPRISES	PERIOD 2018	PERIOD 2017
Financial fixed assets		
Participating interests and shares	810,847.20	975,141.20
Transactions with enterprises linked by participating interests out of market conditions	nihil	nihil

## 14. Financial relationships with

DIRECTORS, INDIVIDUALS OR BODIES CORPORATE FROM THE CONSOLIDATED ENTERPRISES							PERIOD 2018
Total amount of remuneration granted in respect of their responsibilities in the consolidation enterprise, its subsidiary companies and its affiliated companies, including the amounts in respect of retirement pensions granted to former directors or managers.							906,464.29
AUDITORS OR PEOPLE THEY ARE LINKED TO							PERIOD 2018
Auditor's fees according to a mandate at the group level led by the company publishing the information							128,500.00
Fees for exceptional services or special missions executed in the company and its branches by the auditor							
Other attestation missions							14,325.00
Fees for exceptional services or special missions executed in the company and its branches by people they are linked to							
Tax consultancy							71,613.00
Other missions external to the audit							180,890.00

## 15. Derivatives not measured at fair value

For each category of derivative financial instruments	Hedged risk	Speculation / Hedging	Scope	Period : Booked value	Period : Real value	Preceding period: Booked value	Preceding period: Real value
Interest rate swap	Interest	Hedging	163206667	0.00	3,716,874.03	0,00	5,265,133.91





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# B. Other documents to be filed under Belgian company law

## 1. Consolidated Annual Accounts 2018

In accordance with legal and statutory obligations, we are delighted to report the consolidated annual accounts of Milcobel cvba as on December 31, 2018.

### ASSETS

#### II. INTANGIBLE FIXED ASSETS (9,765,752 EUROS)

These concern mainly investments in software (3.5 million euros) and the purchase of greenhouse gas allowances.

#### III. TANGIBLE FIXED ASSETS (226,968,087 EUROS)

The investments for the financial year amount to 13.1 million euros.

#### V. FINANCIAL FIXED ASSETS (934,283 EUROS)

Companies with a participating interest (810,847 euros) are related to Héritage 1466 SA.

#### VII. STOCK (133,104,802 EUROS)

Stock represents 24% of the balance sheet total and have increased with 3% compared to last year.

#### VIII. AMOUNTS RECEIVABLE WITHIN 1 YEAR (181,204,578 EUROS)

The amounts receivable have increased with 14% compared to last year.

### LIABILITIES

#### IX. PROVISIONS AND DEFERRED TAXATION (25,002,109 EUROS)

The item deferred taxation (19,722,872 euros) is mainly due to the difference between the business economic and fiscal valuation of tangible fixed assets.

## **X. DEBTS OVER MORE THAN ONE YEAR (125,623,183 EUROS)**

The financial debts mainly relate to fixed credits entered into with various banks. In 2018, 25.0 million euros of loans were taken out and 25.9 million euros of loans repaid.

## **XI. DEBTS OVER MAXIMUM 1 YEAR (262,052,660 EUROS)**

The debts have increased with 3% compared to last year.

## **RESULTS**

### **I. & II. OPERATING RESULTS**

Sales achieved in the year 2018 amount to 1,263 million euros.

The turnover can be split as follows:

- 996 million realised from dairy activities;
- 267 million realised from ice cream activities;

### **IV. & V. FINANCIAL RESULTS**

Debt servicing costs have decreased compared to the previous year.

## **EVENTS AFTER BALANCE SHEET DATE**

No significant events occurred after the balance sheet date that would profoundly affect future activities.

## **FINANCIAL TOOLS**

The exchange risk for significant sales contracts agreed in foreign currency is covered by currency contracts. A great deal of the short-term interest bearing debts are covered by interest covers aiming at reducing the impact of interest variations. Most of the long-term interest bearing debts are covered at fixed interest rates.

## **PROSPECTS**

Market conditions remain stable for the B2B activities.

## **RESEARCH AND DEVELOPMENT**

Existing research and development activities are continued in the various divisions.

## **RISKS AND UNCERTAINTIES**

In addition to general business risks, the Milcobel group is facing risks specifically associated with a dairy business. Calamities could be the cause of serious disruption in milk supplies and the production and sales process. This risk is limited by the introduction of a quality assurance system (DQA).

Kallo, 12 march 2019

D. Ryckaert  
President

G. Vermander  
Vice-President

## C. Statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Milcobel CVBA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 20 June 2017, following the proposal formulated by the board of directors. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the consolidated accounts of Milcobel CVBA for 11 consecutive years.

### **Report on the consolidated accounts**

#### ***Unqualified opinion***

We have performed the statutory audit of the consolidated accounts of the Group, which comprise the balance sheet as at 31 December 2018, and the profit and loss account for the year then ended, and the notes to the consolidated accounts, characterised by a balance sheet total of EUR'000 555.213 and a profit and loss account showing a profit for the year of EUR'000 2.221.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and financial position as at 31 December 2018, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

#### ***Basis for unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB for the years ending as from 31 December 2018, which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

### ***Responsibilities of the board of directors for the preparation of the consolidated accounts***

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### ***Statutory auditor's responsibilities for the audit of the consolidated accounts***

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Other legal and regulatory requirements**

### ***Responsibilities of the board of directors***

The board of directors is responsible for the preparation and the content of the directors' report.

### ***Statutory auditor's responsibilities***

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and to report on these matters.

### ***Aspects related to the directors' report on the consolidated accounts***

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

### ***Statement related to independence***

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

St-Stevens-Woluwe, 7 May 2019

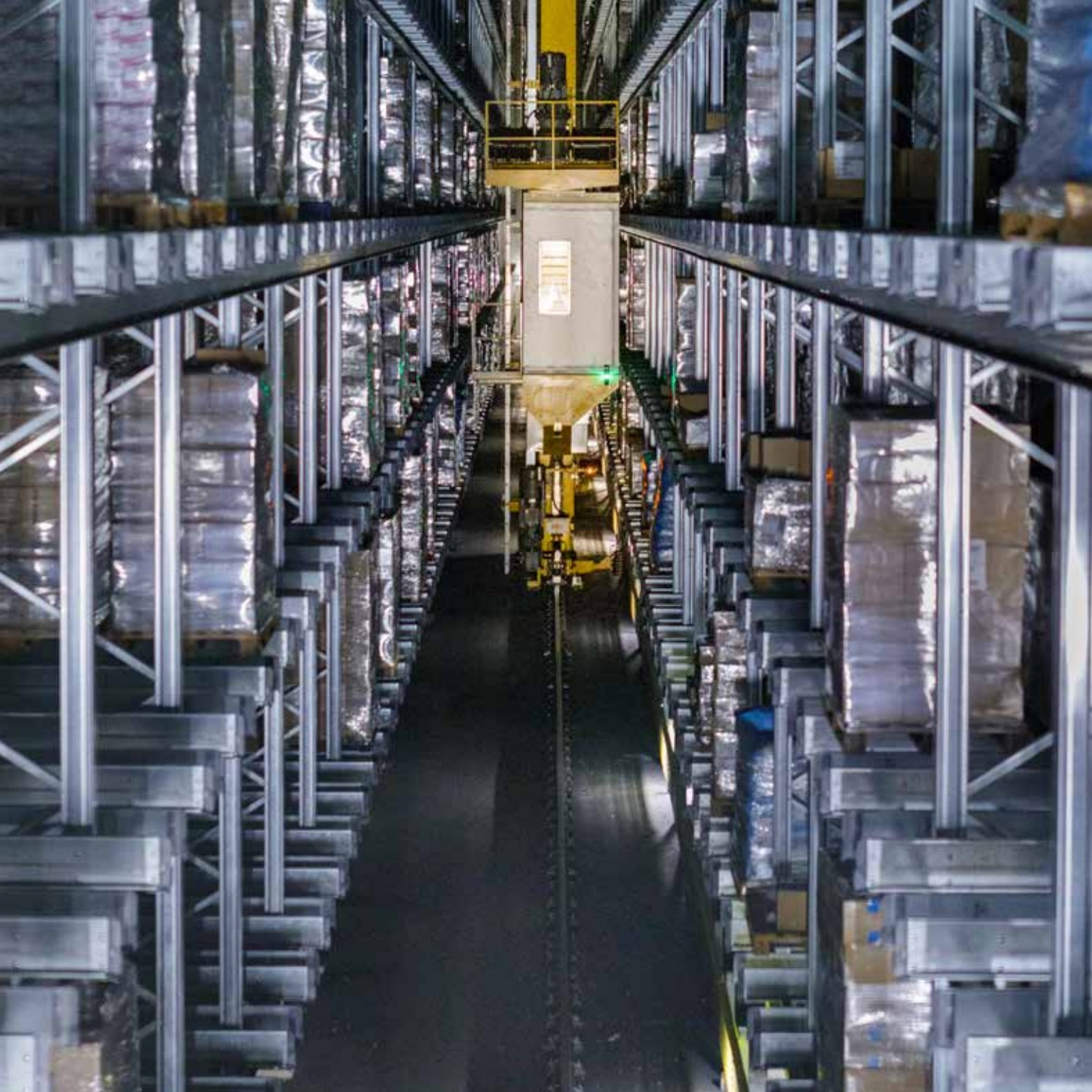
The statutory auditor

PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren CVBA

Represented by

Révisieur d'Entreprises / Bedrijfsrevisor





## D. Consolidated cash flow

(in €)	PERIOD 2018	PERIOD 2017
<b>A. OPERATING ACTIVITIES</b>		
consolidated result, share of group	2,220,644.64	2,146,251.90
third party share	0.00	-1,595.39
depreciation of fixed assets	32,093,968.05	31,042,865.48
provisions	1,033,352.79	-301,317.62
depreciation of positive consolidation differences	335,724.67	369,361.00
deferred taxes	-22,728.75	-6,866,107.97
<i>= cash flow</i>	<i>35,660,961.40</i>	<i>26,389,457.40</i>
movement in stocks	-3,224,563.91	-2,190,468.23
movement in trade accounts receivable	-22,171,514.65	-20,409,749.89
movement in other accounts receivable	-422,789.62	-2,043,121.64
movement in trade debts	14,234,784.16	12,102,157.40
movement in other debts	7,799,616.07	1,132,586.62
movement in accrued and deferred accounts	-28,498.16	346,065.14
<i>= movement in requirement for working capital</i>	<i>-3,812,966.11</i>	<i>-11,062,530.60</i>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>31,847,995.29</b>	<b>15,326,926.80</b>
<b>B. INVESTMENT ACTIVITIES</b>		
additions of intangible fixed assets	-5,609,209.10	-2,023,712.02
additions of tangible fixed assets	-13,128,247.59	-23,103,461.34
adjustment of intangible fixed assets	586,089.40	541,257.64
reclassifications of intangible fixed assets	553,780.50	192,052.34
reclassifications of tangible assets	344,989.88	295,588.64
movements in financial fixed assets	164,520.36	15,126.59
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-17,088,076.55</b>	<b>-24,083,148.15</b>

	PERIOD 2018	PERIOD 2017
<b>C. FINANCING ACTIVITIES</b>		
increase of investment loans	25,000,000.00	4,000,000.00
repayment of financial debts	-25,921,346.96	-26,979,431.17
movement in other long-term debts	-250,000.00	-250,000.00
movement in other long-term receivables	853,685.63	879,282.71
movement in shareholders' equity	1,987,501.99	2,517,849.47
movement in minority interests	-62,980.47	0.00
paid dividends	-1,992,632.37	-1,873,271.16
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-385,772.18</b>	<b>-21,705,570.15</b>
<b>= NET CASH ( A+B+C )</b>	<b>14,374,146.56</b>	<b>-30,461,791.50</b>
<b>+ OPENING CASH</b>	<b>-64,134,255.16</b>	<b>-33,672,463.66</b>
<b>= CLOSING CASH (*)</b>	<b>-49,760,108.60</b>	<b>-64,134,255.16</b>

(\*) cash = 'deposits' + 'cash at bank' + 'short-term financial debts to credit institutions'

**Milcobel CVBA**

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Ed. june 2019

