



**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012**

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1. Consolidated income statement

<i>In thousands of euro</i>	Notes	Fiscal years ended	
		12/31/2012	12/31/2011
NET SALES	2	4,084,080	3,981,110
Purchases adjusted for changes in inventories	3	-2,610,293	-2,609,990
Personnel costs	4	-774,763	-726,125
Depreciation, amortization and provisions	5	-112,586	-110,560
Other current operating expense	6	-437,074	-403,766
CURRENT OPERATING PROFIT		149,364	130,669
Other operating expense	7	-41,774	-32,302
Other operating income	7	24,449	9,550
TOTAL OPERATING PROFIT		132,039	107,917
Financial expense	8	-42,099	-47,120
Financial income	8	20,009	15,849
Group share of results of associates	9	6,668	7,833
PROFIT BEFORE TAX		116,617	84,479
Taxes on income	10	-43,007	-34,293
Net income from continuing operations		73,610	50,186
Net income from operations discontinued or in process of sale	1.2	-41	10
NET INCOME FOR THE YEAR		73,569	50,196
Group share		63,564	43,613
Non-controlling interests		10,005	6,583
EARNINGS PER SHARE (in euro)	11		
Group share:			
• basic		4.49	3.07
• diluted		4.34	2.99
From continuing operations:			
• basic		4.49	3.07
• diluted		4.34	2.99

The notes provided are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of euro</i>	Notes	Fiscal years ended	
		12/31/2012	12/31/2011
NET INCOME FOR THE YEAR		73,569	50,196
Other comprehensive income:			
Foreign exchange differences		-7,246	-2,316
Change in fair value of available-for-sale financial assets		-271	-440
Change in fair value of cash flow hedges ⁽¹⁾		-2,440	-1,632
Other movements ⁽²⁾		-1,632	,
Other comprehensive income net of tax	22	-11,589	-4,388
TOTAL COMPREHENSIVE INCOME NET OF TAX		61,980	45,808
Group share		52,951	38,436
Non-controlling interests		9,029	7,372
<i>(1) Mainly relating to interest rates and raw materials.</i>			
<i>(2) Relating to IFRS adjustments for an equity accounted investment.</i>			

The notes provided are an integral part of these consolidated financial statements.

2. Consolidated balance sheet

ASSETS

<i>In thousands of euro</i>	Notes	12/31/2012	12/31/2011
Intangible assets	12	423,810	417,986
Property, plant and equipment	13	744,336	744,552
Other financial assets	14	45,408	43,981
Investments in associates	15	133,534	136,287
Non-current derivative financial instruments	19	1,517	7,403
Deferred tax assets	16	79,087	77,750
TOTAL NON-CURRENT ASSETS		1,427,692	1,427,959
Inventories and work in progress	17	368,538	357,939
Trade and other receivables	18	731,696	733,085
Tax credits		14,234	15,792
Derivative financial instruments	19	6,154	5,125
Other current financial assets	20	72,837	51,626
Cash and cash equivalents	21	416,820	448,345
TOTAL CURRENT ASSETS		1,610,279	1,611,912
Assets relating to operations discontinued or in process of sale	1.2	1,283	1,744
TOTAL ASSETS		3,039,254	3,041,615

EQUITY AND LIABILITIES

<i>In thousands of euro</i>	Notes	12/31/2012	12/31/2011
Paid-in capital		33,091	38,953
Reserves		820	10,617
Retained earnings		1,106,050	1,066,817
GROUP SHARE OF EQUITY		1,139,961	1,116,387
Non-controlling interests		66,862	64,722
TOTAL EQUITY	23	1,206,823	1,181,109
Provisions	24	58,948	51,660
Non-current borrowings	25	455,397	558,427
Other non-current liabilities	26	21	26
Non-current derivative financial instruments	28	2,679	1,144
Deferred tax liabilities	16	114,454	110,436
TOTAL NON-CURRENT LIABILITIES		631,499	721,693
Trade and other payables	27	821,996	805,759
Taxes on income payable		13,019	9,900
Derivative financial instruments	28	2,035	8,076
Bank borrowings	25	363,586	314,762
TOTAL CURRENT LIABILITIES		1,200,636	1,138,497
Liabilities relating to operations discontinued or in process of sale	1.2	296	316
TOTAL LIABILITIES		1,832,431	1,860,506
TOTAL EQUITY AND LIABILITIES		3,039,254	3,041,615

The notes provided are an integral part of these consolidated financial statements.

3. Consolidated statement of cash flows

<i>In thousands of euro</i>	Notes	Fiscal years ended	
		12/31/2012	12/31/2011
Net income from operations discontinued or in process of sale		-41	10
Net income from continuing operations		73,610	50,186
Taxes on income	10	43,007	34,293
Depreciation, amortization and provisions	5	112,586	110,560
Gains and losses on disposal of assets		-11,218	1,765
Group share of results of associates	9	-6,668	-7,833
Net financial expense		16,510	21,708
Other non-cash income and expense		22,993	27,911
Gross operating margin		250,820	238,590
Interest paid		-30,113	-31,712
Interest received		14,942	9,984
Taxes on income paid		-33,734	-22,236
Change in working capital	29	10,374	-22,724
Net cash from continuing operations		212,289	171,902
Net cash from operations discontinued or in process of sale		-41	-627
NET CASH FROM OPERATING ACTIVITIES		212,248	171,275
Acquisition of subsidiaries, operating units and non-controlling interests		-8,912	-35,294
Purchase of tangible and intangible non-current assets		-145,334	-141,705
Proceeds from disposal of assets		17,996	1,551
Acquisition/disposal of financial assets and changes in other current financial assets		-25,655	86,277
Merger adjustments		126	0
Dividends received from associates		3,538	3,957
Net investment associated with continuing operations		-158,241	-85,214
Net investment associated with operations discontinued or in process of sale		0	0
NET CASH USED IN INVESTING ACTIVITIES		-158,241	-85,214
Proceeds from exercise of share purchase options		,	,
Purchase of treasury shares	23	-6,785	-8,769
Proceeds from issue of share capital to non-controlling interests			3,357
Proceeds from borrowings		73,527	123,116
Repayment of borrowings		-123,212	-151,307
Dividends paid		-21,042	-25,735
Net financing associated with continuing operations		-77,512	-59,338
Net financing associated with operations discontinued or in process of sale			
NET CASH USED IN FINANCING ACTIVITIES		-77,512	-59,338
Impact of foreign exchange differences		560	1,118
Net increase/(decrease) in cash and cash equivalents		-22,945	27,841
Reclassification of cash and cash equivalents associated with operations discontinued or in process of sale		-20	
Opening cash and cash equivalents	21	359,279	331,438
CLOSING CASH AND CASH EQUIVALENTS	21	336,314	359,279

The notes provided are an integral part of these consolidated financial statements.

4. Consolidated statement of changes in equity

	Equity attributable to stockholders of the parent company				
	Paid-in capital (note 22)	Reserves (note 22)	Retained earnings	Non- controlling interests	Total consolidated equity
<i>In thousands of euro</i>					
EQUITY AT 01/01/2011	47,019	15,794	1,045,563	54,238	1,162,614
Dividends distributed	,	,	-22,669	-3,066	-25,735
Total comprehensive income at 12/31/2011	,	-5,177	43,613	7,372	45,808
Stock purchase option plans:	,	,	,	,	,
• Value of services provided	703	,	,	,	703
• Sale of treasury shares	,	,	,	,	,
Purchase of treasury shares	-8,769	,	,	,	-8,769
Common stock increase	,	,	,	3,357	3,357
Changes in consolidation scope:	,	,	,	,	,
• Purchase of minority interests	,	,	-119	1,083	964
• Put options granted to minority interests	,	,	429	1,738	2,167
EQUITY AT 12/31/2011	38,953	10,617	1,066,817	64,722	1,181,109
Dividends distributed	,	,	-17,006	-4,036	-21,042
Total comprehensive income at 12/31/2012	,	-9,797	62,748	9,029	61,980,
Stock purchase option plans:	,	,	,	,	,
• Value of services provided	923	,	,	,	923
• Sale of treasury shares	462,	,	,	,	462,
Purchase of treasury shares	-7,247	,	,	,	-7,247
Common stock increase	,	,	,	,	,
Changes in consolidation scope:	,	,	,	,	,
• Purchase of minority interests	,	,	-46	-523	-569
• Put options granted to minority interests	,	,	-6,463	-2,330	-8,793
EQUITY AT 12/31/2012	33,091	820	1,106,050	66,862	1,206,823

The notes provided are an integral part of these consolidated financial statements.

5. Notes to the consolidated financial statements

Bongrain SA is a *Société Anonyme à Conseil d'Administration* (French limited liability company with a board of directors) domiciled and registered in France and whose registered office is located in Viroflay (78). Its shares are traded in on the Paris stock exchange.

Bongrain SA and its subsidiaries (hereafter the "Group") operate within two business segments: cheese products and other dairy products (*cf. note 2*).

The consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2013. Unless otherwise stated they are expressed in thousands of euro. They will become definitive after their approval by stockholders at the Annual General Meeting scheduled for April 25, 2013.

5.1 Basis of preparation of the consolidated financial statements

In accordance with European regulation CE N° 1606/2002 dated July 19, 2002 the Group's consolidated financial statements at December 31, 2012 have been prepared in accordance with the IFRS Framework as published by the IASB (International Accounting Standards Boards) and adopted by the European Union at that date, as well as on the basis of the International Financial Reporting Standards (IFRSs) published by the IASB. They reflect the individual financial statements of each Group entity which have been restated as necessary in accordance with the Group's accounting policies. They have been prepared using the historical cost accounting convention with the exception of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), biological assets and assets and liabilities subject to fair value hedges. Unless otherwise stated, accounting policies have been consistently applied to all the periods presented.

The preparation of financial statements in accordance with IFRS requires the exercise of judgment by management both for certain material accounting estimates and more generally in the application of certain accounting policies.

In accordance with IFRS 2, "Share-based Payment", only the share purchase option plans instituted after November 7, 2002, and that had not yet vested at January 1, 2005 have been recognized and accounted for as part of personnel costs. Earlier plans have not been retrospectively recognized.

The Group has applied with effect from 2012 the following standards which became obligatory for accounting periods beginning on or after January 1, 2012:

- IFRS 7 amendment related to transfers of financial assets.

Other amendments to standards and interpretations applicable on or after January 1, 2012 do not apply to the Group.

The Group has not made early application of standards and interpretations that will not become applicable until 2013, but reviews all such new standards and interpretations with a view to assessing their potential impact on reported performance and financial statement presentation in 2013. In this respect, it may be noted that the new version of IAS 19, "Employee Benefits", which abolishes use of the so-called corridor method, will have an impact on the Group's consolidated equity amounting to -€27 million as of January 1, 2012, and -€42 million as of December 31, 2012, excluding the impact of deferred taxation.

Application of IFRS 10 and 11 with effect from 2014 will result in the application of the equity method for consolidation of most of the company's investments currently subject to proportionate consolidation.

5.2 Bases of consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are fully consolidated, joint ventures are subject to proportionate consolidation and investments in associates are accounted for using the equity method.

5.2.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated and minority interests are disclosed in the balance sheet in a separate category of equity. Minority interests in profit or loss are presented distinctly in the income statement.

The acquisition of subsidiaries is accounted for using the purchase method as described in IFRS 3. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree (plus or less any subsequent price adjustments), but excluding any costs directly attributable to the business combination which are written off as incurred (to other operating expense) with the exception of:

- Issue costs for any equity instruments issued as consideration for the acquisition, which are deducted from equity; and
- Costs pertaining to any financial liabilities contracted for the purposes of the business combination, which are deducted from the applicable financial liabilities.

The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. Non-controlling interests are valued on the basis of:

- Either their share of the fair value at the acquisition date of the identifiable net assets of the acquiree (i.e. not taking goodwill into account);
- Or their share of the full fair value of the acquiree.

The amount of goodwill recognized at the date of control thus represents the difference between:

- Acquisition cost plus the value of any minority interests and plus the fair value at the acquisition date of any previous minority interests held; and
- The fair value of the identifiable net assets acquired.

Any "negative" goodwill arising as a result of the above calculation is immediately credited to profit or loss.

In the event of control arising as the result of successive purchases, the interests acquired prior to the date of control are readjusted to their fair value at the date of control by charging or crediting profit or loss.

As required by IAS 27, the impact of increases or decreases in percentage interests not affecting control is recognized directly in equity.

In the event of loss of exclusive control, the full impact of the disposal is recognized even if a residual interest is retained.

5.2.2 Interests in joint ventures

The existence of joint control is established on the basis of the Group's contractual arrangements with other parties. Entities under joint control are subject to proportionate consolidation from the date that joint control commences until the date that joint control ceases.

5.2.3 Investments in associates

An associate is an entity over whose financial and operating policy decisions the Group exerts significant influence without exercising control. The Group recognizes, in its consolidated financial statements, its share of the net assets of the investee from the date that significant influence commences until the date that significant influence ceases. If the Group's share of losses of an associate equals or exceeds its investment in the associate, the carrying amount of the investment is reduced to zero. Additional losses are not provided for unless the Group is legally or constructively liable for them.

5.2.4 Elimination of intragroup transactions and balances

Intragroup transactions and balances are eliminated, as are unrealized gains resulting from intragroup transactions. Unrealized gains resulting from transactions with associates or jointly controlled entities are eliminated to the extent of the Group's interest therein.

5.2.5 Assets held for sale, operations discontinued or in process of sale

A group of assets and liabilities is defined as held for sale when its carrying amount is intended to be recovered by means of a sale and not by its continuing use. Such classification requires that the assets be available for immediate sale and that their effective sale be highly probable. The assets, measured at the lower of their carrying amount or estimated net sales proceeds, are presented separately from other assets in the balance sheet as are the associated liabilities.

An operation in process of sale is defined as a business component either covered by a sale agreement, or discontinued/held for sale, and which either:

- Represents a significant activity or geographical zone for the Group; or
- Forms part of an overall proposal for disposal of a significant activity or geographical zone for the Group; or
- Is a material subsidiary acquired solely with a view to its subsequent resale.

There is no change in the balance sheet presentation of discontinued operations. Separate presentation of the income statement and cash flow statement data (for all periods presented) relating to discontinued operations is made if the associated impact is material.

5.2.6 Foreign currencies

Transactions of Group companies denominated in foreign currencies are initially translated at the exchange rates applying at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the exchange rates applying at the balance sheet date and any differences arising are recognized in profit or loss.

For consolidation purposes, Group entities' assets and liabilities expressed in foreign currencies are translated into euro using the exchange rates applying at the balance sheet date. Income and expense items are translated using the average exchange rates for the period or the specific rates applying at the transaction dates. Exchange differences arising from this process are recognized directly in other comprehensive income.

The goodwill and fair value adjustments associated with the acquisition of foreign operations are accounted for as assets and liabilities of the foreign operation and as such, are translated into euro using the exchange rates applying at the balance sheet date. The financial statements of Group companies operating in hyperinflationary economies are restated, using official indices, to reflect the changes in the general purchasing power of the local currencies, and are then translated into euro using the exchange rates applying at the balance sheet date.

5.2.7 Segment reporting

The Group's segment information is presented in accordance with IFRS 8, "Operating Segments".

The standard requires the presentation of segment information in accordance with the internal reporting format regularly used by the Chief Executive Officer, the main operational decision-taker, for the purposes of assessing the performance of each operating segment and allocating resources.

Segment results represent the operating results for each segment after appropriate allocation of head office overhead and research and development costs.

Segment assets comprise all the applicable current and non-current assets, including allocation of those head office assets used by operating segments and of the Group's interests in entities accounted for using the equity method.

5.2.8 Income statement

Expenses are classified in the income statement according to their nature: purchases (raw materials, additives, utilities etc.) adjusted for changes in inventories, personnel costs, depreciation and amortization and other current operating expense (professional fees, rent etc.).

5.2.9 Measurement bases and definitions

5.2.9.1 NET SALES

Net sales comprise third party sales of goods and services net of all rebates. Net sale are recognized when the significant risks and rewards of ownership of the goods or benefit from the services have been transferred to the buyer, and are measured at the fair value of the consideration received or receivable. Disposals of surplus milk, exchanges of milk and sales of by-products are recognized as part of the net cost of raw material purchases.

For customer loyalty programs, the portion of net sales equating with benefits granted for use in the future is deferred, based on the fair value of the benefits, and is credited to the income statement at the time the benefits are used.

5.2.9.2 LEASES

Leases under which the lessor retains a substantial portion of the risks and rewards incidental to ownership of the leased assets are classified as operating leases. Operating lease payments (net of any incentives provided by the lessor) are recognized as an expense on a straight-line basis over the lease term.

5.2.9.3 CURRENT OPERATING PROFIT

Current operating profit is as defined by CNC recommendation 2009-R.03 and does not take into account other operating income and expense resulting from unusual or abnormal events that only occur infrequently.

5.2.9.4 FINANCIAL INCOME AND EXPENSE

Financial expense includes both the interest payable on third party borrowings and bank commissions payable.

Financial income includes both the interest receivable from deposits with third parties, the foreign exchange differences associated with financial assets and liabilities and the gains and losses arising from interest rate hedging instruments accounted for through profit or loss.

5.2.9.5 TAXES ON INCOME

Taxes on income comprise both current and deferred tax. The tax effect of items accounted for directly in equity is also recognized directly in equity.

As provided for by IAS 12, "Income taxes", deferred tax, calculated using the balance sheet liability method, is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized in respect of all taxable temporary differences with the exception of goodwill. Deferred tax assets are recognized, in respect of both tax losses carried forward and other deductible temporary differences, to the extent that it is probable that adequate future taxable profits will be available to absorb them. At each balance sheet date, the carrying amount of net deferred tax assets is reviewed in the light of the Group's three-year plans, and impairment is recognized whenever the expectations of profit, and therefore of tax charges, are not adequate to ensure their recoverability.

Deferred tax assets and liabilities are measured using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effect of changes in tax rates is recognized in profit or loss with the exception of the portion relating to items recognized directly in equity.

5.2.9.6 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment owned by the Group are recognized at historical cost less accumulated depreciation and impairment losses. Each component is depreciated on a straight-line basis over its estimated useful life and taking any residual value into account.

The principal estimated useful lives are as follows:

• Building, fixtures and fittings	10 to 30 years
• Plant and equipment	5 to 20 years
• Tooling, furniture, computer equipment and miscellaneous items	3 to 15 years
• Vehicles	4 to 7 years

Land is not depreciated.

Interest financing the construction of items of property, plant and equipment is recognized in accordance with IAS 23 (revised). Subsequent expenditure is recognized in profit or loss as incurred unless it increases the capacity of the assets concerned to generate future economic benefits.

Leases under which substantially all the risks and rewards incidental to ownership of the leased assets are transferred to the Group are classified as finance leases. In this case, the leased property is initially recognized in the balance sheet at an amount equal to its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease, and is subsequently measured at this amount less depreciation, and less any impairment losses, calculated on the same basis as for other similar assets. The associated finance is classified as a financial liability.

Investment grants are deducted from the gross amount of the assets financed.

5.2.9.7 INTANGIBLE ASSETS

Intangible assets comprise goodwill and other acquired intangible assets such as management information systems, intellectual property rights, other rights of use (e.g. exclusive distribution rights, leasehold rights etc.) and brands.

Goodwill, including goodwill in respect of milk collection zones, represents the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired measured as of the date of acquisition. Goodwill relating to investments in associates is included within the carrying amount of the investments. Goodwill is tested for impairment on an annual basis (or whenever indications of impairment are noted) and is measured at cost less accumulated impairment losses (which are not reversible). The gain or loss recognized on disposal of an entity takes account of the carrying amount of related goodwill (which is therefore derecognized). For the purpose of impairment testing, goodwill is allocated to the cash-generating unit, or groups of cash-generating units, associated with the business combinations giving rise to the goodwill. A cash-generating unit generally equates with a geographical zone.

Purchased intangible assets are recognized at historical cost and amortized on a straight-line basis over their estimated useful lives when determinable, which is the case for management information systems (3 to 7 years), intellectual property rights (based on the length of legal protection afforded) and other rights of use (based on the contractual arrangements). The useful lives of purchased brands are of indefinite length so they are not amortized; instead, their estimated useful lives are reviewed annually, or more often if any indication of impairment arises, and any impairment loss is recognized on the same basis as for goodwill.

Costs of acquisition of software licenses and other costs directly attributable to installation of the software are recognized as assets, whilst software running costs, and costs of maintenance, are recognized in profit or loss as incurred. Development costs (comprising personnel costs and an appropriate overhead allocation) which confer unique qualities on software or related products acquired by the Group are recognized as assets inasmuch as they are expected to generate future economic benefits for the Group and are amortized over the estimated useful lives of the associated software.

Research expenditure is recognized in profit or loss as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following can be demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) The intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probable future economic benefits, e.g. by demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group's development costs are related to new products and are not capitalized as the probability of obtaining future economic benefits can only be confirmed once the products have been launched.

5.2.9.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives are not depreciated but are subject to annual impairment testing. Depreciable assets are subject to impairment testing whenever indications exist that their carrying amount may exceed their recoverable amount. Impairment losses are recognized as other operating expense on the basis of any excess of carrying amounts over recoverable amounts and are first allocated as a reduction of any related amount of goodwill. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is calculated by discounting, using the Group's weighted average cost of capital adjusted for the geographical risks inherent in the asset (and for inflation in the case of countries outside the euro zone), the future cash flows expected to be derived from the asset (based on three-year forecasts approved by management plus a terminal value assuming no further growth). Assets are grouped into cash-generating units defined as the smallest identifiable groups of assets that generate largely independent cash flows.

Brands are tested for impairment by estimating the future cash flows expected to be derived from the branded product with the flows that could be expected for an unbranded product.

With the exception of goodwill, prior impairment losses for non-financial assets are reviewed for potential reversal at each annual or interim balance sheet date.

5.2.9.9 FINANCIAL ASSETS

Financial assets (other than own equity instruments) with a maturity in excess of one year include non-current receivables and other financial instruments such as investments in respect of which the Group exercises neither control nor significant influence. These assets are classified, depending on the Group's intention in acquiring them, as held-to-maturity investments or available-for-sale financial assets, and they are recognized immediately the Group undertakes to purchase them.

Non-interest-bearing receivables are measured at their fair value based on market rates of interest.

The majority of the Group's financial assets are classified as available for sale or held to maturity.

Financial assets available for sale are measured at their fair value with changes in fair value recognized in other comprehensive income except in the case of material or lasting impairment, in which case the associated losses are charged to profit or loss. When assets are disposed of, the accumulated fair value adjustments previously recognized in equity are transferred to profit or loss. Fair value is determined on the basis of market prices at the time contracts are signed or, if no market price is available, by using appropriate discounted cash flow modeling techniques incorporating market data.

Non-current receivables and other debt instruments barred from sale by contract are designated as held-to-maturity investments and measured at amortized cost less any applicable impairment losses.

5.2.9.10 INVENTORIES

Inventories are measured at the lower of cost and net realizable value.

Purchased milk is measured at actual purchase cost at the balance sheet date. Milk produced by the Group's dairy herds is measured at its fair value at the date of production less estimated point-of-sale costs. Goods purchased for resale are measured at actual purchase cost. Work in progress and manufactured products are measured at cost, including direct conversion costs and an allocation for production overhead (including depreciation of production facilities), but excluding any borrowing costs.

Inventory movements for non-dairy raw materials and goods purchased for resale are accounted for on a first-in, first-out (FIFO) basis, whilst other inventories are measured on a weighted average cost basis.

If net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, is lower than cost as described above, the difference is recognized as an impairment loss.

5.2.9.11 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognized at their fair value and subsequently measured at amortized cost, using the effective interest method, less any applicable impairment losses. Impairment losses are recognized whenever indications exist that the Group will be unable to recover amounts due totally and in accordance with the timing provided for at the original transaction dates. Such indications may include significant financial difficulties on the part of the debtor, a probability that the debtor may be involved in bankruptcy or financial restructuring, or non-payment. The amount of any impairment loss is based on the excess of the asset's carrying amount over the present value of future cash flows discounted at the asset's initial effective interest rate, and is recognized as part of other operating expense. Trade and other receivables also include prepaid expenses.

Bad debts are written off when the debtor's irremediable default has been proven e.g. by receipt of a certificate of irrecoverableness or by expiry of any basis for legal claim.

5.2.9.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank deposits and other fixed rate investments subject to an insignificant risk of changes in value and with a maturity of no more than three months at the acquisition date. Bank deposits with maturities in excess of three months may also be classified as cash equivalents so long as they provide from the outset the option for cancellation at will, or at least every three months, without penalty. Other investments with maturities in excess of three months (or of less than three months, but subject to changes in their value) are classified as "Other current financial assets" in accordance with IAS 7 and as recommended by the *Autorité des Marchés Financiers* (AMF, the French financial market regulator).

Cash and cash equivalents are measured at their fair value with changes in fair value recognized in profit or loss.

Negotiable securities held with a view to short-term gain are measured at their fair value with changes in fair value recognized in profit or loss. Fair value is determined on the basis of market prices or, if no market price is available, by using appropriate discounted cash flow modeling techniques incorporating market data.

5.2.9.13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage its business exposure to foreign currency risk, interest rate risk and certain commodity price risks. The principal derivatives utilized by the Group are firm or optional forward exchange contracts, raw material forward purchases or options and contracts providing for the exchange of foreign currencies or interest rates.

All derivatives are measured at their fair value which is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data.

In certain circumstances, hedge accounting may be applied to financial instruments which are designed to compensate, wholly or partly, for changes in the fair value of recognized assets or liabilities or unrecognized firm commitments, or for variability in the cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or for changes in

the value of a net investment in a foreign operation. The effectiveness of hedges is assessed at regular intervals and at least once per quarter.

Fair value hedges comprise derivatives designed to hedge exposure to foreign currency and/or interest rate risk. The gain or loss from remeasuring such hedging instruments at fair value at the balance sheet date is recognized in profit or loss, whilst the gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged items and is also recognized in profit or loss.

Derivatives may also be used to hedge the exposure to variability in cash flows of future transactions such as export sales, purchases of plant and equipment denominated in foreign currencies, commodity purchases (whether in terms of price variability or foreign currency risk) and borrowings. Gains or losses relating to the effective portion of such hedges are recognized in other comprehensive income, in a specific cash flow hedge reserve, whilst the ineffective portion of such gains or losses is recognized in profit or loss. When the hedged forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified as part of the cost of acquisition of the asset or liability.

Derivatives are equally used to reduce the exposure to foreign currency risk of net investments in foreign operations. Changes in the fair value of such instruments are recognized directly in other comprehensive income until such time as the foreign operation is disposed of.

Trading derivatives include derivatives used in accordance with the Group's hedging policies, but to which hedge accounting is not applied, as well as derivatives acquired in order to attain targeted returns on investment portfolios. Changes in the fair value of such derivatives are recognized in profit or loss.

5.2.9.14 PAID-IN CAPITAL

Paid-in capital is included as part of equity. Costs directly attributable to the issue of new equity shares or options are recognized in equity, net of tax, as a deduction from the issue proceeds.

When a Group company purchases shares of the Company (treasury shares), the amount of consideration paid, including any directly attributable costs net of tax, is treated as a deduction from consolidated equity pending any cancellation, re-issue or sale. In the event of re-issue or sale, the amount of consideration received, less any directly attributable costs net of tax, is added to the amount of consolidated equity.

5.2.9.15 SHORT, MEDIUM AND LONG-TERM BORROWINGS

Interest-bearing debts are initially recognized at their fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest method. They are classified as current liabilities unless the Group has an unconditional right to defer repayment for at least twelve months after the balance sheet date.

5.2.9.16 PUT-OPTIONS GRANTED TO NON-CONTROLLING STOCKHOLDERS

Under IAS 32, when non-controlling stockholders dispose of put options in respect of their investments, those interests are reclassified as financial liabilities measured at the present value of the exercise prices for the options.

Under the revised version of IAS 27 applicable with effect from January 1, 2010, any difference between the exercise price of options granted and the historical value of the applicable non-controlling interests classified as financial liabilities is eliminated by adjusting the Group share of equity. Bongrain has chosen to freeze any differences in respect of put options granted prior to the revision of IAS 27, but to adjust the Group share of equity for any subsequent changes in the estimated exercise value of options. The impact of unwinding the discounted value of the financial liability continues to be recognized in profit or loss.

5.2.9.17 EMPLOYEE BENEFITS AND SHARE-BASED PAYMENT

In accordance with the laws and practices of each country, Group companies incur obligations for pensions and other retirement or early retirement benefits and for other provident or miscellaneous benefits such as long service medals etc. These obligations generally apply to all employees and/or ex-employees of the companies concerned.

In the case of defined contribution plans and of short-term benefit obligations, annual expense is recognized on the basis of the contributions payable or benefits earned.

In the case of defined benefit plans, benefit obligations are estimated using the projected unit credit method based on the particular rules applicable to each plan as well as on actuarial assumptions for such matters as mortality rates, staff turnover and salary increases. Future obligations are discounted using rates determined by reference to market yields on high quality corporate bonds (or on government bonds if there is no deep market in corporate bonds) in the currencies of, and for similar terms to, the obligations.

The Group has opted to apply the "corridor" method in recognizing actuarial gains and losses, under which the cumulative gains and losses arising from changes in actuarial assumptions or improved experience do not require recognition before the date at which they exceed the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any related plan assets. The excess is then recognized on a systematic basis over the expected average remaining working lives of the employees participating in each plan.

Past service cost following the introduction of, or changes to, a defined benefit plan is recognized immediately as an expense to the extent that benefits are already vested but is otherwise recognized on a straight-line basis over the average period until the benefits become vested. For each plan, if the defined benefit obligation less any related plan assets and less any unrecognized gains and losses is a net liability, the amount is disclosed within "Provisions"; if the net amount is an asset, it is disclosed within "Other financial assets".

Post-employment benefit costs are classified as personnel costs with the exception of financial costs and the expected return on plan assets which are classified as financial income or expense.

Certain subsidiaries propose other post-employment benefits mainly in the form of long-service benefits the cost of which is estimated on an actuarial basis and charged to profit or loss over the applicable service periods. Actuarial gains and losses and past service costs are recognized immediately i.e. without application of the corridor method.

The Group has instituted a remuneration plan involving the attribution of stock options. The fair value of the services rendered by employees in exchange for the stock options is recognized as an expense such that the total expense recognized over the period of acquisition of rights equates with the fair value (as of the date of allocation) of the options granted. At each balance sheet date, the Group reassesses the number of options liable to be exercised and, if necessary, recognizes an adjustment in profit or loss and a corresponding adjustment in equity. The consideration received when options are exercised, net of any directly attributable transaction costs, is credited to share capital (for the nominal share amount) and to share premium for the surplus.

5.2.9.18 OTHER PROVISIONS

Provisions for site restoration, restructuring, legal action and other risks are recognized when the Group is under a legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Restructuring provisions, which include amounts relating to penalties for termination of leases and employee termination benefits, are not recognized until detailed plans have been prepared and implementation has commenced or valid expectations as to the discharge of the obligation have otherwise been created (notably by an announcement). Provisions are never recognized for future operating losses.

When there exist a certain number of similar obligations, the probability that an outflow of resources may be required to discharge the obligations is considered for the category of obligations taken as a whole and, albeit the probability of an outflow of resources for each individual element may be low, if it is probable that a certain outflow of resources will be required to discharge the category of obligations as a whole, a provision is recognized.

The amount recognized as a provision is the best estimate of the present value of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each liability. Unwinding of discount is recognized as part of net financial expense.

5.2.10 Management of financial risk

5.2.10.1 FINANCIAL RISK

The Group's activities expose it to different types of financial risk: market risk, credit risk and liquidity risk. The Group engages in risk management, sometimes involving the use of derivative financial instruments, in order to minimize the potentially unfavorable effects of these risks on the Group's financial performance.

Risk management is carried out in accordance with policies approved by the Board of Directors. Financial risks are identified, measured and hedged in close cooperation with the Group's operating units. Specific procedures for each transaction category specify the instruments which may be employed, the maximum authorized amounts, the authorized counterparties and the controls to be applied.

5.2.10.2 MARKET RISK

Market risk may be defined as the exposure to changes in factors such as foreign exchange rates, interest rates and the price of equity instruments, liable to affect the Group's financial performance or the value of its financial instruments. Management of market risk is designed to contain such exposure within acceptable limits whilst optimizing the tradeoff between risk and profitability. As regards raw material prices (mainly for milk, butter and powder), the Group can only manage the associated risks where organized markets exist and this is only the case in the USA.

5.2.10.3 FOREIGN CURRENCY RISK

The Group has an international presence but suffers little exposure to foreign currency risk given that its products are for the most part locally manufactured. Foreign currency risk otherwise applies to forecast commercial transactions, recognized assets and liabilities denominated in foreign currency and net investments in foreign operations.

The Group uses firm or optional forward exchange contracts to hedge its exposure to foreign currency risk in respect of forecast commercial transactions and recognized assets and liabilities. In this respect, the Group's policy is to hedge approximately 80% of the amount of its forecast transactions in each significant foreign currency for the coming 12 months.

The Group possesses certain investments in foreign operations whose net assets are exposed to foreign currency risk.

5.2.10.4 INTEREST RATE RISK

The Group is exposed to interest rate risk on its borrowings. Borrowings initially contracted at variable rates expose the Group to the risk of variation in future cash flows, whilst borrowings initially contracted at fixed rates expose the Group to the risk of changes in fair value. The Group adapts its policy in respect of hedging of interest rate risk according to the evolution of interest rates and of its borrowings.

5.2.10.5 CREDIT RISK

Credit risk may be defined as the exposure to loss as a result of the failure of a customer, or of the counterparty to a financial instrument, to honor its contractual obligations. The risk is essentially associated with trade receivables (cf. note 18), investments (cf. note 14) and derivative financial instruments with asset balances (cf. note 19).

The Group does not have material exposure to credit risk, since it has implemented policies which enable it to ensure that customers purchasing its products present appropriate credit credentials. The Group also selects its banking partners in such a way as to spread its deposits and requirements for derivative financial instruments judiciously and to ensure that it deals with first class banks and financial institutions, thus avoiding any material concentration of financial risks.

5.2.10.6 LIQUIDITY RISK

Liquidity risk arises when certain counterparties are liable not to discharge their obligations for financing or investment. In terms of financing, the Group ensures its liquidity via a policy of confirmed medium- and long-term facilities which are only partially used. In terms of investment, liquidity is ensured by limiting recourse to non-monetary investments (cf. notes 25 and 28).

5.2.10.7 ESTIMATION OF FAIR VALUES

Fair value is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data.

The fair value of trade and other receivables and payables is assumed to equate with their nominal amount less any applicable impairment losses.

5.2.10.8 CRITICAL JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions liable to affect the value of the Group's assets, liabilities, equity and earnings. Such estimates and assumptions mainly relate to the valuation of goodwill and other intangible assets, provisions, post-employment benefit obligations and deferred tax. Estimates are prepared on the basis of the information available at the time the financial statements are prepared and are detailed in the applicable notes (cf. notes 7, 12, 13, 16 and 24).

5.2.10.9 CAPITAL MANAGEMENT

The Group's policy is to maintain a sufficient level of equity to preserve the confidence of its investors and creditors and of the market in general and to sustain the future development of its operations.

The Group's employees hold 1.54% of the parent company's ordinary shares via a company savings plan.

The Group occasionally repurchases its own shares. The rhythm of any purchases is determined by the perceived requirements of capital management and by the market price. Shares are mainly acquired within the framework of the Group's stock option plans. Decisions for the purchase or resale of shares are taken on an ad hoc basis.

No changes were made in the Group's capital management policy during 2012.

Neither the parent company nor its subsidiaries are subject to any specific external requirements in respect of capital.

NOTE 1. CHANGES IN CONSOLIDATION SCOPE AND OPERATIONS DISCONTINUED OR IN PROCESS OF SALE

1.1 Changes in consolidation scope

The following main changes took place in 2012:

- The Group acquired 100% of Les Vergers des Coteaux du Périgord SAS on July 24, 2012. The company is classified within the other dairy products reporting segment.
- The Group sold a 20% interest in Fromagerie des Doukkala SA (Morocco), generating a €11 million capital gain.

The following changes took place in 2011:

- Milkaut (Argentina) became a 98.34% controlled subsidiary on January 28, 2011. The company is classified within the other dairy products reporting segment.
- The Group acquired 80% of Sinodis Limited, a Chinese food distributor, on September 29, 2011. The company is classified within the other dairy products reporting segment.

1.2 Operations discontinued or in process of sale

Operations discontinued or in process of sale contributed the following amounts to the consolidated income statements presented herein:

<i>In thousands of euro</i>	Income statements	
	2012	2011
Net sales		
Current operating profit/(loss)	-19	-21
Operating profit/(loss)	-20	321
Profit/(loss) before tax	-41	301
Taxes on income		-291
Net income from discontinued operations	-41	10

No amount of income or expense related to the operations held for sale has been recognized directly in equity.

The consolidated assets and liabilities at December 31, 2012 and 2011 relating to operations discontinued or in process of sale were as follows:

<i>In thousands of euro</i>	12 31 2012	12 31 2011
Non-current assets	1,075	1,493
Current assets	208	251
TOTAL ASSETS IN PROCESS OF SALE	1,283	1,744
Non-current liabilities		
Current liabilities	296	316
TOTAL LIABILITIES	296	316

NOTE 2. SEGMENT REPORTING

The Group's segment reporting reflects the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The data reported is prepared in accordance with the Group's accounting framework.

Two operating segments are distinguished:

The **cheese products segment**: manufacture and distribution of branded cheeses and cheese specialties in most markets;

The **other dairy products segment**: manufacture and distribution of fresh butter and cream for mass consumption, food service products such as fresh and long-life cream, dessert preparations, cheese for pizzas, spreads, butter for baking and milk-based preparations for international luxury hotels, as well as technical butters and highly specialized dairy proteins for the food, nutrition and health industries.

The Group's summarized income statement by operating segment may be reconciled as follows to its overall income statement:

<i>In thousands of euro</i>	Cheese products		Other dairy products		Other items		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Net sales by segment	2,614,131	2,592,490	1,556,085	1,465,478	45,947	64,476	4,216,163	4,122,444
Inter-segment revenue	-69,321	-58,218	-30,802	-32,167	-31,960	-50,949	-132,083	-141,334
Third party net sales	2,544,810	2,534,272	1,525,283	1,433,311	13,987	13,527	4,084,080	3,981,110
Charges for depreciation, amortization and provisions	-82,623	-80,903	-23,246	-22,926	-6,717	-6,731	-112,586	-110,560
Current operating profit/(loss)	110,558	113,731	56,161	30,937	-17,355	-13,999	149,364	130,669
Restructuring costs	-5,089	-6,701	-4,208	-630			-9,297	-7,331
Impairment of assets	-19,423	-13,138	-930	-2,082			-20,353	-15,220
Segment profit/(loss)	86,046	93,892	51,023	28,225	-17,355	-13,999	119,714	108,118

Assets employed by operating segment may be reconciled as follows to the Group's balance sheet:

Total assets of which:	1,937,565	1,961,654	918,867	866,767	182,822	213,194	3,039,254	3,041,615
Investments in associates	62,290	64,021	67,918	69,285	3,326	2,981	133,534	136,287

Cash flows by operating segment may be reconciled as follows to the Group's cash flows:

Investment in tangible and intangible non-current assets	85,012	79,339	48,603	28,109	11,719	34,257	145,334	141,705
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Reconciliation of segment profit to net income for the year:

	2012	2011
Segment profit	119,714	108,118
Other operating expense	-9,492	-8,990
Other operating income	21,817	8,789
Operating profit	132,039	107,917
Financial expense	-42,099	-47,120
Financial income	20,009	15,849
Group share of results of associates	6,668	7,833
Profit before tax	116,617	84,479
Taxes on income	-43,007	-34,293
Net income from operations discontinued or in process of sale	-41	10
Net income for the year	73,569	50,196

Net sales and investment in tangible and intangible non-current assets by geographical zone:

<i>In thousands of euro</i>	France	Rest of Europe	Rest of the world
Net sales			
2012	1,282,489	1,612,994	1,188,597
2011	1,276,839	1,679,955	1,024,316
Investment in tangible and intangible non-current assets			
2012	85,924	33,695	25,715
2011	97,307	27,207	17,191
Total assets			
2012	2,401,745	415,982	221,527
2011	2,381,234	457,083	203,298

NOTE 3. PURCHASES ADJUSTED FOR CHANGES IN INVENTORIES

<i>In thousands of euro</i>	2012	2011
Raw materials and goods consumed	-2,714,790	-2,807,688
Changes in inventory	12,933	32,898
Expenditure capitalized	3,086	1,238
Other consumption	-221,294	-206,952
Sales of surpluses and by-products and exchanges of milk	309,772	370,514
	-2,610,293	-2,609,990

NOTE 4. PERSONNEL COSTS

<i>In thousands of euro</i>	2012	2011
Gross remuneration	-497,657	-464,120
Social contributions	-210,559	-194,551
Profit-sharing	-13,634	-12,175
Temporary personnel	-53,584	-55,931
Grants received	671	652
	-774,763	-726,125

The Group had an average of 18,870 employees (including temporary employees) in 2012 (compared with 18,551 in 2011), of whom 7,694 were employed in France, 5,922 in the rest of Europe and 5,254 in the rest of the world.

Of employees working in France 17% were employed as managers, 28% as technicians or supervisors and 55% as operatives.

NOTE 5. DEPRECIATION, AMORTIZATION AND PROVISIONS

<i>In thousands of euro</i>	2012	2011
Depreciation and amortization	-112,827	-110,696
Movements on operating provisions	241	136
	-112,586	-110,560

NOTE 6. OTHER CURRENT OPERATING EXPENSE

<i>In thousands of euro</i>	2012	2011
Purchased services ⁽¹⁾	-401,107	-370,242
Taxes other than taxes on income	-39,424	-37,155
Other current operating income ⁽²⁾	3,457	3,631
	-437,074	-403,766

(1) Including €0.6 million of acquisition costs (€1.7 million in 2011)

(2) Including €3.4 million of research tax credits (€3.2 million in 2011)

NOTE 7. OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense for 2012 included net impairment of certain assets (€20.4 million), industrial restructuring (€9.3 million), net costs of litigation including in respect of tax (€1.4 million), gains on disposal of financial assets (€11.3 million) and other net income (€2.5 million).

Other operating income and expense for 2011 included net impairment of certain assets (€15.2 million), industrial restructuring (€7.4 million), net costs of litigation including in respect of tax (€4.5 million) and other net income (€4.4 million). The Group has made appropriate valuation adjustments to investments in associates.

The impairment losses recognized in 2012 and 2011 follow systematic impairment testing of all cash-generating units including intangible assets with indefinite useful lives as well as testing of other cash-generating units for which indications of impairment had been noted.

The main assumptions applied in determining value in use related to:

- Market trends;
- The trend in prices for milk, butter and powder;
- Foreign exchange rates and hedging costs, inflation and interest rates;
- Discount factors.

The assumptions used were based on market data when available (for foreign exchange and interest rates etc.) or failing that, were determined on the basis of internal historical data adjusted for anticipated changes in market conditions.

The discount rates applied reflect the Group's average weighted cost of capital adjusted by risk factors for each country in which the Group operates and for inflation outside the eurozone. The adjusted rates are as follows:

- 4.5% for Japan;
- 6% for Western Europe;
- 6.5% for the United States;
- 7.5% for Southern Europe;
- Between 7% and 12% for the European Union Member States of Central and Eastern Europe, China, Chile and Brazil;
- Between 13% and 21% for Serbia, Russia, Ukraine, India, Uruguay, Egypt and Argentina.

In 2012 the outlook for the Group's long-range plan took account of new trends in the markets and competition, as well as of the difficult economic situation of certain countries not expected to exit from economic crisis in the near future, resulting in the recognition of €22.1 million of impairment losses against tangible assets including €21 million for the Southern European cash-generating unit and €1.1 million for specific underutilized assets. €1.9 million of impairment losses previously recognized against tangible assets in Japan were reversed.

At the end of December 2012, the cumulative impairment losses amounted to €68.8 million concentrated on Southern Europe (€38.5 million), Eastern Europe (€20.3 million) and the Middle East (€5.2 million).

A change of 0.5% in the discount factors applied would have an impact of plus or minus €3 million on the impairment losses recorded against the main cash-generating units already subject to impairment.

In 2011 the outlook for the Group's long-range plan, in terms of new trends in the markets and competition, resulted in the recognition of €15.2 million of impairment losses against intangible assets of certain cash-generating units including €8.9 million in Central and Eastern Europe, €4.3 million in the Middle East and €2 million in Latin America.

NOTE 8. NET FINANCIAL EXPENSE

<i>In thousands of euro</i>	2012	2011
Interest payable ⁽¹⁾	-26,597,	-27,196
Bank commissions	-5,990	-5,414
Other net financial expense	-7,394	-9,158
Net result of interest rate hedging ⁽³⁾	-2,118	-3,643
Net foreign exchange losses		-1,709
FINANCIAL EXPENSE	-42,099	-47,120
Financial income ⁽²⁾	17,002	15,849
Net foreign exchange gains	3,007	
FINANCIAL INCOME	20,009	15,849
Net financial expense	-22,090	-31,271
<i>Of which: net interest payable ^{(1) + (2) + (3)}</i>	-11,713	-14,990

The improvement in net financial expense essentially reflects the fall in short-term interest rates and favorable foreign exchange impacts.

NOTE 9. GROUP SHARE OF RESULTS OF ASSOCIATES

<i>In thousands of euro</i>	2012	2011
Group share of results before tax	6,668	7,833
Group share of taxes on income	-1,614	-701
	5,054	7,132

The Group's share of results of associates is attributable to the cheese products segment for €4.4 million, the other dairy products segment for €0.3 million and unallocated transactions for €0.3 million.

NOTE 10. TAXES ON INCOME

Taxes on income may be broken down as follows:

<i>In thousands of euro</i>	2012	2011
Tax borne by associates	-1,614	-701
Current tax	-38,290	-25,454
Deferred tax	-3,103	-8,138
	-43,007	-34,293

The Group's effective tax charge differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

<i>In thousands of euro</i>	2012	2011
Profit before tax	116,617	84,479
Theoretical tax based on national tax rates	38,554	28,838
Tax impact of:		
• Non-taxable profits and non-deductible expenses	-3,163	-1,696
• Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	5,431	5,381
• Tax credits	-1,174	-2,538
• Use of tax losses not previously recognized and Impairment of net deferred tax assets ⁽¹⁾	3,760	1,888
• Tax rate changes affecting deferred tax	-111	478
• Other items ⁽²⁾	-290	1,942
Income tax charge	43,007	34,293
Weighted average tax rate	36,88 %	40,59 %

(1) *Deferred tax assets are recognized in respect of tax losses carried forward to the extent that their recovery appears probable. In 2012 the Group's forecast taxable profits for the three coming years have required the recognition of €8.4 million of impairment losses against its deferred tax assets compared with €5.8 million in 2011.*

(2) *Including tax losses of associates not giving rise to recognition of deferred tax assets.*

The capping of tax losses carried forward resulted in additional consolidated current tax charges of €3.8 million for 2012 and €0.8 million for 2011. The other new tax measures applicable in 2012 had an additional impact of €2.9 million.

NOTE 11. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing Bongrain SA's share of consolidated net income by the weighted average number of shares outstanding during each period with the exception of treasury shares held by the parent company (see note 22).

<i>In thousands of euro</i>	2012	2011
Net income attributable to shareholders of Bongrain SA	63,564	43,613
Weighted average number of shares in circulation	14,165,945	14,202,547
Basic earnings per share	4,49	3,07

Diluted earnings per share is calculated by increasing the weighted average number of shares outstanding by the number of additional shares which would be created assuming the exercise of all outstanding share purchase options.

<i>In thousands of euro</i>	2012	2011
Net income attributable to shareholders of Bongrain SA	63,564	43,613
Weighted average number of shares in circulation	14,165,945	14,202,547
Dilutive effect of share purchase options	473,016	404,808
Adjusted weighted average number of shares	14,638,961	14,607,355
Diluted earnings per share	4,34	2,99

Dividends paid in 2012 and 2011 amounted respectively to €1.20 and €1.60 per share. The Board of Directors will propose at the Annual General Meeting on April 25, 2012 that a dividend of €1.30 be distributed in respect of the fiscal year ending December 31, 2012.

NOTE 12. INTANGIBLE ASSETS

<i>In thousands of euro</i>	Goodwill ⁽¹⁾	Intellectual property rights and brands ⁽²⁾	Other rights of use	Total
At 12/31/2010				
Cost	237,971	192,026	24,496	454,493
Cumulative amortization and impairment losses	-1,441	-51,400	-14,371	-67,212
CARRYING AMOUNT	236,530	140,626	10,125	387,281
2011				
Opening carrying amount	236,530	140,626	10,125	387,281
Foreign exchange differences	212	-130	137	219
Acquisitions		2,082	2,726	4,808
Disposals		-13	-3	-16
Impairment (note 6)	-164	-1		-165
Change in consolidation scope	30,040	4,088	440	34,568
Amortization charge		-6,629	-2,082	-8,711
Impact of operations discontinued or in process of sale		2		2
CARRYING AMOUNT	266,618	140,025	11,343	417,986
At 12/31/2011				
Cost	268,223	203,709	27,982	499,914
Cumulative amortization and impairment losses	-1,605	-63,684	-16,639	-81,928
CARRYING AMOUNT	266,618	140,025	11,343	417,986
2012				
Opening carrying amount	266,618	140,025	11,343	417,986
Foreign exchange differences	-104	-161	-38	-303
Acquisitions		4,300	11,093	15,393
Disposals		-15	-6	-21
Impairment (note 6)		-1	3	2
Change in consolidation scope	-130		244	114
Amortization charge		-7,347	-2,014	-9,361
Impact of operations discontinued or in process of sale				
CARRYING AMOUNT	266,384	136,801	20,625	423,810
At 12/31/2012				
Cost	267,989	208,850	36,849	513,688
Cumulative amortization and impairment losses	-1,605	-72,049	-16,224	-89,878
CARRYING AMOUNT	266,384	136,801	20,625	423,810

(1) Net goodwill for the cheese products reporting segment amounted to €99.3 million (2011: €99.4 million) and that for the other dairy products segment amounted to €167.1 million (2011: €167.2 million).

(2) Net brands for the cheese products reporting segment amounted to €90.8 million (2011: €90.9 million) and that for the other dairy products segment amounted to €22.3 million (2011: €21.3 million).

(3) The goodwill applicable to changes in consolidation scope is subject to change during the twelve months following the date of acquisition.

Intangible assets with indefinite lives had a carrying amount of €379.5 million at December 31, 2012 compared to €378.8 million at December 31, 2011. They comprise goodwill and brands.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of euro</i>	Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other items	Total
At 12/31/2010					
Cost	36,792	550,291	1,218,429	196,975	2,002,487
Cumulative depreciation, amortization, impairment	-797	-336,641	-842,270	-112,877	-1,292,585
CARRYING AMOUNT	35,995	213,650	376,159	84,098	709,902
2011	,	,	,	,	,
Opening carrying amount	35,995	213,650	376,159	84,098	709,902
Foreign exchange differences	183	-845	-1,956	-485	-3,103
Acquisitions	4,007	43,212	63,930	26,740	137,889
Disposals	-1,284	-181	-987	-436	-2,888
Impairment (note 7)	-972	-7,564	-6,800	-90	-15,426
Reversal of impairment (note 7)	1	7	338	73	419
Change in consolidation scope	841	10,406	8,785	659	20,691
Amortization charge	,	-22,618	-70,165	-9,891	-102,674
Impact operations in process of sale	-479	228	,	-7	-258
CARRYING AMOUNT	38,292	236,295	369,304	100,661	744,552
At 12/31/2011	,	,	,	,	,
Cost	40,321	527,944	1,303,234	219,419	2,090,918
Cumulative depreciation, amortization, impairment	-2,030	-291,649	-933,930	-118,758	-1,346,367
CARRYING AMOUNT ⁽¹⁾	38,292	236,295	369,304	100,661	744,552
2012	,	,	,	,	,
Opening carrying amount	38,292	236,295	369,304	100,661	744,552
Foreign exchange differences	-301	-627	-1,268	-884	-3,080
Acquisitions	374	18,547	84,152	26,425	129,498
Disposals	-335	-142	-917	-2,643	-4,037
Impairment (note 7)		-7,201	-13,987	-955	-22,143
Reversal of impairment (note 7)	1	1,517	348		1,866
Change in consolidation scope		585	107	34	726
Amortization charge	,	-22,296	-71,068	-10,102	-103,466
Impact operations in process of sale	217	203	,		420
CARRYING AMOUNT	38,248	226,881	366,671	112,536	744,336
At 12/31/2012	,	,	,	,	,
Cost	40,209	544,457	1,357,784	235,651	2,178,101
Cumulative depreciation, amortization, impairment	-1,961	-317,576	-991,113	-123,115	-1,433,765
CARRYING AMOUNT ⁽¹⁾	38,248	226,881	366,671	112,536	744,336
Gross finance lease items	126	42,846	14,066	7,628	64,666
Depreciation of finance lease items	,	-28,949	-10,831	-3,832	-43,612
(1) Of which: net finance lease items	126	13,897	3,235	3,796	21,054

The expense for leased items of property, plant and equipment amounted to €39.4 million in 2012 and €37.2 million in 2011.

Bank borrowings of €1.5 million were secured against land and buildings at December 31, 2012 (2011: €1.6 million).

In 2012, investment grants of €7.6 million were deducted from the cost of the assets financed (2011: €8.4 million).

Items of property, plant and equipment under construction amounted to €63 million (2011: €60 million).

NOTE 14. OTHER FINANCIAL ASSETS

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Available-for-sale financial assets	8,670	7,517
Held-to-maturity investments	15,307	18,797
Loans and receivables	27,136	22,922
Impairment losses	-5,705	-5,255
	45,408	43,981

The impairment losses mainly relate to non-controlling interests classified as held-to-maturity investments.

NOTE 15. INVESTMENTS IN ASSOCIATES

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
At January 1	136,287	131,619
Change in consolidation scope	-2,640	5,600
Result for the period	5,054	7,132
Dividends paid	-3,676	-3,936
Other items	-1,633	-4,934
Impact of foreign exchange differences	142	806
CLOSING BALANCE	133,534	136,287

The principal companies accounted for using the equity method are Capsa and Emmi Fondue in which the Group's interests amount respectively to 27% and 34%.

<i>In thousands of euro</i>	2012		2011	
100% basis	Capsa	Emmi Fondue	Capsa	Emmi Fondue
Assets	382,276	90,298	411,150	116,683
Equity	204,193	70,908	209,010	76,503
Liabilities	178,083	19,390	202,140	40,180
Net sales	643,793	72,594	670,289	94,736
Net income	-446	3,164	9,686	13,789

Albeit the Group holds less than 20% of Rupp and Financière Louis, it exerts significant influence via its representation on the Boards of Directors of both these companies which are therefore consolidated using the equity method as required by IAS 28.7.

NOTE 16. DEFERRED TAX

Deferred tax recognized in the balance sheet reflects all the temporary differences existing between the carrying amounts of consolidated assets and liabilities and their amounts for tax purposes.

Deferred tax assets relate principally to liabilities for taxes and social contributions, and for employee benefits, in respect of which tax deductibility is subordinated to the effective payment of amounts. They also relate to prior period tax losses carried forward mainly for periods in excess of five years.

Unrecognized deferred tax assets amounted to €44.7 million at December 31, 2012 and €41.3 million at December 31, 2011, mainly relating to tax losses.

Deferred tax liabilities relate principally to differences in the rhythm of depreciation of property, plant and equipment and amortization of intangible assets for accounting purposes and for tax purposes in the various countries where the Group is present.

The €3.1 million deferred tax charge recognized for the year is essentially the result of the impairment of deferred tax assets.

A €1.4 million deferred tax adjustment was recognized in other comprehensive income to take account of the change in fair value of the Group's available-for-sale securities and other financial instruments.

The Group has decided to treat CVAE tax as a tax on income and as a result, recognized an applicable deferred tax liability of €3.3 million as of December 31, 2009. With effect from 2010, the total current and deferred charge for CVAE tax is included as part of the same line item.

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Intangible assets and property, plant and equipment	23,293	17,821
Provisions	15,412	11,537
Provisions for employee benefits	7,409	5,983
Financial instruments and other financial assets	6,715	5,677
Tax losses	62,441	70,091
Other deferred tax assets	8,556	7,945
Deferred tax assets	123,826	119,054
Impairment of deferred tax assets	-44,739	-41,304
Net deferred tax assets	79,087	77,750
Intangible assets and property, plant and equipment	100,862	96,642
Financial instruments and other financial assets	7,423	7,018
Other deferred tax liabilities	6,169	6,776
Deferred tax liabilities	114,454	110,436

NOTE 17. INVENTORIES AND WORK IN PROGRESS

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Raw materials, work in progress and miscellaneous items	180,443	179,428
Goods purchased for resale	23,249	21,180
Finished products	177,652	167,775
Impairment losses	-12,806	-10,444
	368,538	357,939

The impairment losses relate essentially to inventories of intermediate and finished products. A charge of €2.2 million was made in 2012 compared with a reversal of €2.3 million in 2011.

NOTE 18. TRADE AND OTHER RECEIVABLES

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Trade receivables	631,347	633,609
Payroll and tax receivables (excluding taxes on income)	63,617	71,045
Miscellaneous receivables	34,537	34,612
Prepayments and other miscellaneous items	14,833	13,159
Impairment losses	-12,638	-19,340
	731,696	733,085

The Group has little exposure to credit risk in respect of its trade receivables, given that our products are essentially sold to major distributors and that the associated receivables are often covered by specific insurance, thus leaving only residual amounts subject to risk. A total non-guaranteed amount of €2 million was more than six months overdue as of December 31, 2012 compared with €2.6 million as of December 31, 2011.

A net reversal of impairment of €0.5 million was recognized in 2012 compared to a net charge of €0.1 million in 2011.

Prepaid expenses mainly comprise insurance and rent.

NOTE 19. FINANCIAL ASSETS – DERIVATIVES

<i>In thousands of euro</i>	December 31, 2012		Maturity in 2013		Maturity beyond 2013	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	375	,	375	,	,	,
Interest rate swaps ⁽¹⁾	157	62,000			157	62,000
Currency derivatives		,		,		,
Instruments held for trading:						
Currency derivatives	5,445	60,687	5,445	60,687		
Interest rate derivatives ⁽²⁾	1,360	335,000			1,360	335,000
Commodity derivatives	334	,	334	,		
	7,671		6,154		1,517	
Of which: classified as current	6,154	,	6,154	,		
Of which: classified as non-current	1,517	,		,	1,517	,

(1) Maturity in 2015.

(2) Maturity in 2017 (165,000), 2018 (150,000) and 2019 (20,000).

<i>In thousands of euro</i>	December 31, 2011		Maturity in 2012		Maturity beyond 2012	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	396		396			
Interest rate swaps ⁽³⁾	2,954	109,330	1	3,000	2,953	106,330
Currency derivatives	35	,	35	,		
Instruments held for trading:						
Currency derivatives	3,758	36,754	3,758	36,754		
Interest rate derivatives ⁽⁴⁾	4,450	335,000			4,450	335,000
Commodity derivatives	935	,	935	,		
	12,528		5,125		7,403	
Of which: classified as current	5,125	,	5,125	,		
Of which: classified as non-current	7,403	,		,	7,403	,

(3) Maturity in 2026.

(4) Maturity in 2017 (165,000), 2018 (150,000) and 2019 (20,000).

NOTE 20. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets comprise short-term investments not meeting all the criteria, based on analysis of the related issue prospectuses and of market data, enabling them to be recognized as cash equivalents.

NOTE 21. CASH AND CASH EQUIVALENTS

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Cash	130,889	189,316
Cash equivalents	285,931	259,029
TOTAL	416,820	448,345

Cash equivalents essentially comprise available-for-sale financial assets (term deposits, shares in unit trusts etc.).

Cash and cash equivalents per the statement of cash flows may be reconciled as follows to the Group's consolidated balance sheets:

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Cash and cash equivalents	416,820	448,345
Net cash and cash equivalents for operations discontinued or in process of sale (IFRS 5)		37
Bank overdrafts and financial current account payables	-80,506	-89,103
CASH AND CASH EQUIVALENTS	336,314	359,279

NOTE 22. BREAKDOWN BY NATURE OF OTHER COMPREHENSIVE INCOME

<i>In thousands of euro</i>	Period from January 1 to December 31, 2012			Period from January 1 to December 31, 2011		
	Pre-tax amount	Tax effect	Net of tax amount	Pre-tax amount	Tax effect	Net of tax amount
Translation differences	-7,246		-7,246	-2,316		-2,316
Changes in fair value of available-for-sale financial assets	-413	142	-271	-671	231	-440
Changes in fair value of future cash flows	-3,722	1,282	-2,440	-2,483	851	-1,632
Other movements	-1,632		-1,632			
OTHER COMPREHENSIVE INCOME	-13,013	1,424	-11,589	-5,470	1,082	-4,388

NOTE 23. EQUITY

<i>In thousands of euro</i>	Evolution of paid-in capital				
	Number of shares outstanding	Ordinary shares	Share premium	Treasury shares	Total
BALANCE AT 01/01/2011	14,300,337	15,432	78,558	-46,971	47,019
Share purchase option plan					
• Value of services rendered			703		703
• Purchase of treasury shares	-133,080			-8,769	-8,769
BALANCE AT 12/31/2011	14,167,257	15,432	79,261	-55,740	38,953
Share purchase option plan					
• Value of services rendered			923		923
• Sale of treasury shares				462	462
• Purchase of treasury shares	-151,276			-7,247	-7,247
BALANCE AT 12/31/2012	14,015,981	15,432	80,184	-62,525	33,091

<i>In thousands of euro</i>	Evolution of reserves			
	Hedging reserves	Available-for-sale financial asset fair value reserves	Translation differences	Total
BALANCE AT 01/01/2011	986	-1,596	16,404	15,794
Revaluation – gross	,	-671	,	-671
Revaluation – tax effect	,	231	,	231
Revaluation – associates	,	,	,	,
Cash flow hedges	,	,	,	,
• Fair value adjustments for the period	-2,483	,	,	-2,483
• Tax effect	851	,	,	851
Translation differences	,	,	,	,
• Group	,	,	-3,544	-3,544
• Associates	,	,	439	439
BALANCE AT 12/31/2011	-646	-2,036	13,299	10,617
Revaluation – gross	,	-413	,	-413
Revaluation – tax effect	,	142	,	142
Revaluation – associates	,	,	,	,
Cash flow hedges	,	,	,	,
• Fair value adjustments for the period	-3,722	,	,	-3,722
• Tax effect	1,282	,	,	1,282
Translation differences	,	,	,	,
• Group	,	,	-7,233	-7,233
• Associates	,	,	147	147
BALANCE AT 12/31/2012	-3,086	-2,307	6,213	820

The Company's share capital, entirely paid up as of December 31, 2012, comprises 15,432,216 shares with a nominal value of €1 each (unchanged from 2011).

As of December 31, 2012 Bongrain held 1,416,235 (2011: 1,264,959) treasury shares of which 471,500 (2010: 476,000) destined to be provided in exchange for the exercise of share purchase options and 4,449 (2011: 10,500) held in the context of the Group's liquidity agreement.

Share premium and similar reserves, representing a total amount of €80,185 thousand at December 31, 2012, comprise the French legal reserve for €1,613 thousand, share premium arising from mergers and other share issues for €73,610 thousand and share premium arising on the exercise of options for €4,962 thousand.

Share purchase options have been granted to certain directors and managers of the Company and its subsidiaries. Their exercise prices are equal to the average market prices for the twenty days preceding their dates of issue. They may be exercised between one and ten years from their dates of issue (between four and ten years commencing with the 2006 plan with any resale only allowed after the sixth year).

The number of share purchase options outstanding and their weighted average exercise prices are as follows:

	2012		2011	
	Weighted average exercise price (euro per share)	Options	Weighted average exercise price (euro per share)	Options
At January 1	51.76	476,000	52.62	411,000
Granted			46.87	80,000
Expired			57.11	-500
Exercised	38.35	-4,500	48.83	-14,500
Excluded				
AT DECEMBER 31	51.89	471,500	51.76	476,000

The dates of expiry and exercise prices of share purchase options outstanding at the balance sheet date are as follows:

	Exercise price (euro per share)	Options outstanding	
		2012	2011
October 23, 2012	37.91		2,000
June 29, 2013	38.71	12,500	15,000
December 13, 2014	51.67	29,000	29,000
December 12, 2015	46.17	33,500	33,500
December 14, 2016	68.73	50,000	50,000
December 12, 2017	75.84	64,000	64,000
December 11, 2018	42.78	83,500	83,500
December 16, 2019	51.14	39,500	39,500
December 16, 2020	57.11	79,500	79,500
December 15, 2021	46.87	80,000	80,000

No options were granted during the period. The fair value of options granted in earlier years was determined using the Black & Scholes pricing model. The vesting period is in general of four years so the fair value of the options granted is spread over four years, in the amount of €923 thousand for 2012 (2011: €703 thousand).

The principal assumptions of the pricing model are as follows:

	2012	2011
Share price	-	47.30
Exercise price	-	46.87
Dividend yield	-	2.96%
Vesting period	-	10 years
Risk-free annual interest rate	-	3.14%
Volatility ⁽¹⁾	-	27.46%

(1) Share volatility has been supplied by Bloomberg using a five year period comparing monthly data with hundred day data.

NOTE 24. PROVISIONS

<i>In thousands of euro</i>	Pensions, other retirement benefits and long-service benefits	Restructuring	Other contingencies and costs	Total
At January 1, 2011	29,230	4,350	17,990	51,570
Translation differences	-20	-4	-190	-214
Charges	4,422	214	7,032	11,668
Uses	-4,554	-1,604	-6,850	-13,008
Changes in consolidation scope	200		1,444	1,644
At December 31, 2011	29,278	2,956	19,426	51,660
Translation differences	30	-6	-328	-304
Charges ⁽¹⁾	8,189	3,692	6,541	18,422
Uses ⁽²⁾	-5,655	-688	-4,670	-11,013
Changes in consolidation scope	84		99	183
At December 31, 2012	31,926	5,954	21,068	58,948
	<i>(1) €3.6 million was charged for litigation and €2.9 million for other contingencies and costs.</i>			
	<i>(2) €2.6 million of reversal was made for provisions used (including €1.9 million of provisions for litigation) and €2 million for provisions no longer required.</i>			

Provisions for contingencies and disputes are destined to cover known risks and litigation. Provisions for disputes are not recognized until such time as the Group, in agreement with its legal advisors, deems that it will be faced with an unfavorable settlement.

In 1999, a subsidiary was subject to an assessment for €3.3m of additional tax and interest for late payment, and €6.1m of penalties, for which the company has recognized no provision since it has always refuted the elements with which it is reproached. Following several appeals, in 2011 the Paris court of appeal confirmed the tax authority's position, thereby rendering the liability payable by the subsidiary. In November 2011, the subsidiary lodged a further appeal with the European Court of Human Rights in Strasbourg. In December 2011, the company declared bankruptcy and was placed in judicial liquidation early in 2012. The evolution of this case has had no impact on the Group's consolidated financial statements.

At December 31, 2012 the principal contingencies and disputes provided for related to restructuring for €6 million (2011: €3 million), to commercial disputes for €1 million (2011: €0.6 million), to disputes relating to matters of employment or social security for €3.3 million (2011: €3.1 million), to tax disputes for €5.8 million (2011: €4 million) and to miscellaneous other contingencies for €10.9 million (2011: €11.7 million).

The assumptions relating to pensions, other retirement benefits and long-service benefits vary according to each country and its applicable requirements. They may be summarized as follows:

	France		Germany		USA		UK		Belgium	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Discount rate (1)	3%	4.75%	3%	4.75%	4.63%	4.63%	4.30%	4.90%	3%	4.50%
Expected return on plan assets	4%	4%	4.70%	4.75%	7.50%	7.50%	3.84%	5.90%	3.80%	4%
Rate of salary increases	3.25%	3.25%	3%	3%	n/a	n/a	3.35%	3.25%	2.25%	2.25%

(1) 2.6% for annuities and long-service benefits in 2012.

The discount rates employed were based on the IBOXX AA10+ index equating with the issue rate for first-class corporate bonds in the euro zone.

A 0.5% increase in the rates would reduce the present value of the obligations by €3.3 million for France and €3.5 million for Germany.

The expected return on plan assets is determined for each plan based on the plan's historical performance, its present and long-term outlook and the composition of the assets under management. The assumptions made are reviewed annually based on the composition of the assets under management and on the market's long-term anticipations for each class of assets.

Mortality rates are based on each country's published death and life expectancy statistics. Retirement age reflects the rules applying in each country.

The Group's obligations in respect of employee benefits have evolved as follows:

Evolution of benefit obligations	2012	2011
Opening benefit obligations	118,906	117,112
Interest expense	5,883	4,653
Cost of services rendered	3,699	3,684
Past service cost	-24	66
Plan freezing		-2,575
Actuarial gains and losses ⁽¹⁾	24,155	-1,245
Benefits paid	-4,371	-4,410
Translation differences	-722	1,533
Change in consolidation scope	84	56
Taxes	89	32
Reclassification of provisions for operations discontinued or in process of sale	-	-
CLOSING BENEFIT OBLIGATIONS	147,699	118,906

(1) Including -€498 thousand of learning curve variance for French companies in 2012 (2011: -€516 thousand).

The closing benefit obligations of €147.7 million may be broken down as to:

- €31 million for non-financed plans;
- €116.7 million for partly or entirely financed plans.

Related plan assets have evolved as follows:

Evolution of plan assets	2012	2011
Opening plan assets	62,781	60,663
Expected return from plan assets	3,542	3,658
Benefits paid	-2,734	-3,054
Contributions paid by Group companies	4,068	3,375
Actuarial gains and losses	6,742	-2,728
Translation differences	-486	997
Change in consolidation scope		-130
CLOSING PLAN ASSETS	73,913	62,781
Of which: assets relating to continuing operations	73,913	62,781
Of which: assets relating to operations in process of sale	-	-

The charge to personnel costs for the period may be broken down as follows:

Charge for the period	2012	2011
Past service cost	3,699	3,684
Interest expense	5,883	4,653
Expected return from plan assets	-3,542	-3,658
Amortization of past service cost	174	103
Amortization of actuarial gains and losses	1,878	1,400
Other income and expense ⁽¹⁾	97	-1,760
CHARGE FOR THE PERIOD	8,189	4,422
Of which: amounts relating to continuing operations	8,189	4,422
Of which: amounts relating to operations in process of sale	-	-

(1) Essentially relating to the freezing of a plan in Germany in 2011.

The provisions recognized in the balance sheet have evolved as follows:

Evolution of provisions	2012	2011
Opening provisions	29,278	29,230
Charge for the period	8,189	4,422
Contributions paid by Group companies	-4,068	-3,375
Translation differences	30	-20
Benefits paid directly by the employer	-1,587	-1,179
Change in consolidation scope	84	200
Reclassification to liabilities in process of disposal	-	-
CLOSING PROVISIONS	31,926	29,278
Of which:		
France	14,537	12,973
Rest of Europe	17,064	15,974
Rest of the world	325	331

Provisions and benefit obligations may be reconciled as follows:

Reconciliation of net benefit obligations and provisions	2012	2011	2010	2009	2008
Actuarial obligations	147,699	118,906	117,112	90,687	80,871
Fair value of plan assets	73,913	62,781	60,663	53,716	46,648
Unrecognized actuarial gains and losses	-40,818	-25,654	-25,810	-7,782	-490
Unrecognized past service cost for unvested rights	-1,042	-1,193	-1,409	-1,461	-2,317
CLOSING PROVISIONS	31,926	29,278	29,230	27,728	31,416
Of which: amounts relating to continuing operations	31,926	29,278	29,230	27,728	31,416
Of which: amounts relating to operations in process of sale	-	-	-	-	-

The Group paid €2.5 million of contributions for 2012 in respect of its French companies.

Most Group companies have insured all or part of their liability for lump sum retirement benefits. The estimated amount of the related third party funds as of December 31, 2011 may be broken down as follows:

	France		Germany		USA	
	2012	2011	2012	2011	2012	2011
Equity instruments	36.00%	36.00%	8.60%	11.60%	50.00%	53.00%
Debt instruments	55.00%	55.00%				
Insurance policies			76.10%	73.70%	50.00%	47.00%
Other assets	9.00%	9.00%	15.30%	14.70%		

NOTE 25. BORROWINGS AND OTHER FINANCIAL LIABILITIES

<i>In thousands of euro</i>	December 31, 2012	Non-current	Current	December 31, 2011	Non-current	Current
Borrowings from financial and similar institutions	482,064	205,228	276,836	535,390	313,151	222,239
Deferred liabilities for profit-sharing payments	15,155	11,524	3,631	15,593	11,923	3,670
Bond issues	176,877	175,792	1,085	177,998	177,285	713
Finance lease borrowings	9,595	6,393	3,202	11,845	8,958	2,887
Current bank facilities	78,832		78,832	83,131		83,131
SUB-TOTAL	762,523	398,937	363,586	823,957	511,317	312,640
Debt related to put options granted to minority shareholders	56,460	56,460		49,232	47,110	2,122
	818,983	455,397	363,586	873,189	558,427	314,762

Bond issues include a private placement of 2003, with a nominal amount of €100m, repayable in five annual installments commencing in 2014, and a second private placement made in 2011, maturing in 2026, with a nominal amount of \$100 million and repayable in installments commencing on November 22, 2019.

Borrowings from financial and similar institutions represent the use of credit facilities such as the syndicated facility arranged in 2010 with a final maturity of 2015. The Group's average borrowings from financial and similar institutions amounted in 2012 to €890 million, with an average interest cost of 3.64% after hedging and inclusive of bank commission.

In order to limit the impact on its results of changes in interest rates, the Group uses interest rate swaps and options to hedge its total medium and long-term floating rate euro borrowings. The principal variable rates used by the Group are Euribor and Eonia.

Equally, to limit the impact of changes in the value of the dollar, the Group applies a policy of foreign currency hedging covering the total amount, and total duration, of its dollar-denominated borrowings.

Certain of the Group's facilities are subject to clauses requiring compliance with certain financial ratios essentially expressed in terms of minimum equity requirements or maximum indebtedness expressed as a multiple of EBITDA and equity. These ratios are always met by the Group.

The Group's unused confirmed medium and long-term borrowing facilities are adequate to cover its use of short-term facilities.

The borrowings mentioned above are repayable as follows:

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Within one year	363,586	314,762
In from two to five years	329,569	416,275
In excess of five years	125,828	142,152
	818,983	873,189

They are denominated in the following currencies:

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
EUR	649,311	705,905
JPY	3,564	4,850
USD	119,403	111,750
Other currencies	46,705	50,684
	818,983	873,189

They may be broken down as follows by type of interest payable:

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Fixed rate borrowings	217,569	212,735
Floating rate borrowings	601,414	660,454
	818,983	873,189

Floating rate borrowing costs are based on Euribor or Eonia plus margins not exceeding 140 basis points. The above analysis is before the impact of hedging.

Net borrowings are determined as follows for the purpose of calculating financial ratios:

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Non-current borrowings	-455,397	-558,427
Current bank borrowings	-363,586	-314,762
Other current financial assets	72,837	51,626
Cash and cash equivalents	416,820	448,345
	-329,326	-373,218

NOTE 26. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities essentially comprise amounts payable in excess of one year for acquisitions of fixed assets.

NOTE 27. TRADE AND OTHER PAYABLES

<i>In thousands of euro</i>	December 31, 2012	December 31, 2011
Operating payables	583,108	572,956
Fixed asset payables	10,294	12,162
Payroll and tax liabilities (excluding taxes on income)	199,311	189,350
Deferred revenue	709	1,461
Other items	28,574	29,830
CLOSING BALANCES	821,996	805,759

NOTE 28. FINANCIAL LIABILITIES – DERIVATIVES

<i>In thousands of euro</i>	December 31, 2012		Maturity in 2013		Maturity beyond 2013	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	114		114			
Interest rate swaps (1)	2,378	123,792			2,378	123,792
Currency derivatives						
Instruments held for trading:						
Currency derivatives	1,585	9,408	1,585	9,408		
Interest rate derivatives (2)	301	80,000			301	80,000
Commodity derivatives	336		336			
	4,714		2,035		2,679	
Of which: classified as current liabilities	2,035		2,035			
Of which: classified as non-current liabilities	2,679				2,679	

(1) Maturity in 2015 (48,000) and 2026 (75,792).

(2) Maturity in 2017 (60,000) and 2018 (20,000).

<i>In thousands of euro</i>	December 31, 2011		Maturity in 2012		Maturity beyond 2012	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	77		77			
Interest rate swaps (3)	102	77,000			102	77,000
Currency derivatives						
Instruments held for trading:						
Currency derivatives	7,076	89,699	7,076	89,699		
Interest rate derivatives (4)	1,042	80,000			1,042	80,000
Commodity derivatives	923		923			
	9,220		8,076		1,144	
Of which: classified as current liabilities	8,076		8,076			
Of which: classified as non-current liabilities	1,144				1,144	

(3) Maturity in 2026.

(4) Maturity in 2017 (60,000) and 2018 (20,000).

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions.

Fair value hedging was 100% effective so involved no profit or loss impact.

INTEREST RATE HEDGING

Cash flow hedges have been treated as instruments held for trading since 2008 with the exception of the USD loan which qualifies as a cash flow hedge.

The Group's interest rate hedging policy favors the use of interest rate options classified as trading instruments, and has the following impact on the classification of the Group's borrowings:

Borrowings	Euro			Other currencies			Total		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Pre-hedging	124,520	524,791	649,311	93,049	76,623	169,672	217,569	601,414	818,983
• Swap									
• Cap	255,000	-255,000					255,000	-255,000	
• Collar									
Post-hedging	379,520	269,791	649,311	93,049	76,623	169,672	472,569	346,414	818,983
Other current financial assets		45,336	45,336		27,501	27,501		72,837	72,837
Cash and cash equivalents		277,642	277,642		139,178	139,178		416,820	416,820
TOTAL NET CASH ACQUIRED		322,978	322,978	0	166,679	166,679	0	489,657	489,657

In terms of sensitivity to any increase in short-term interest rates as of December 31, 2012 it may be noted that a rise of 1% would have an impact of €5.2 million in respect of the Group's gross floating rate debt, and an impact estimated at €3.2 million in respect of its floating rate short-term deposits, whence an overall impact of about €2 million on the Group's net financial expense.

FOREIGN CURRENCY HEDGING

Forward contracts and options – cover in place as of December 31, 2012

The Group is principally exposed to the risk of changes in the US dollar, the pound sterling and the yen.

+ = currency purchase, - = currency sale

<i>In thousands of currency units</i>	Total currency 1	Total currency 2	Cover in thousands of EUR	EUR amount for currency 1	12/31/2012 fixing
USD EUR	-47,755 USD	37,738 EUR	1,352	-36,194 EUR	1.3194
GBP EUR	-25,658 GBP	31,680 EUR	678	-31,440 EUR	0.8161
JPY EUR	-747,295 JPY	7,498 EUR	661	-6,578 EUR	113.61
CZK EUR	218,913 CZK	8,537 EUR	170	8,704 EUR	25.151
PLN CZK	35,400 PLN	-204,317 CZK	411	8,689 EUR	4.074
CAD EUR	-5,802 CAD	4,577 EUR	177	-4,417 EUR	1.3137
Other currencies			411	-8,859 EUR	
TOTAL			3,860	-70,095 EUR	

In terms of sensitivity to any change in foreign exchange rates it may be noted that a change of 1% in the rates of exchanges in the Group's main foreign currencies (GBP, USD, JPY, CZK, PLN and CAD), compared to the rates prevailing at December 31, 2012, would have an impact of €606 thousand on the Group's financial income and expense.

The following table discloses the carrying amounts and fair values of the Group's financial instrument assets and liabilities within each applicable category:

<i>In thousands of euro</i>	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽¹⁾	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
ASSETS								
At December 31, 2012								
Non-current investments				6,535			6,535	6,535
Non-current financial assets held for trading				2,134			2,134	2,134
Non-current loans and receivables					36,739		36,739	36,739
Other non-current financial assets				8,669	36,739		45,408	45,408
Interest rate derivatives	1,360	157					1,517	1,517
Non-current derivative financial instruments	1,360	157					1,517	1,517
Trade receivables					620,729		620,729	620,729
Commodity hedging derivatives		375					375	375
Foreign currency hedging derivatives								
Other commodity hedging derivatives	334						334	334
Other foreign currency hedging derivatives	5,445						5,445	5,445
Other interest rate derivatives								
Current derivative financial instruments	5,779	375					6,154	6,154
Current financial assets held for trading			27,690		45,147		72,837	72,837
Financial current accounts			1,926				1,926	1,926
Cash			128,964				128,964	128,964
Cash equivalents			285,930				285,930	285,930
Available-for-sale financial assets								
Cash and cash equivalents			416,820				416,820	416,820
TOTAL ASSETS	7,139	532	444,510	8,669	702,615		1,163,465	1,163,465

(1) Fair value based on the prices quoted in an active market.

<i>In thousands of euro</i>	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽¹⁾	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
LIABILITIES								
At December 31, 2012								
Bond issues						175,792	175,792	175,792
Other borrowings						223,145	223,145	223,145
Put options granted to minority shareholders			56,460				56,460	56,460
Non-current borrowings			56,460			398,937	455,397	455,397
Other interest rate derivatives	301	2 378					2,679	2,679
Non-current derivative financial instruments	301	2 378					2,679	2,679
Trade payables						583,108	583,108	583,108
Commodity hedging derivatives		114					114	114
Other commodity derivatives	336						336	336
Other interest rate derivatives	1 585						1,585	1,585
Other foreign currency derivatives								
Current derivative financial instruments	1 921	114					2,035	2,035
Current financial liabilities						283,080	283,080	283,080
Put options granted to minority shareholders								
Financial current accounts			1,674				1,674	1,674
Current bank facilities			78,832				78,832	78,832
Current borrowings			80,506			283,080	363,586	363,586
TOTAL LIABILITIES	2,222	2,492	136,966			1,265,125	1,406,805	1,406,805
TOTAL	4,917	-1,960	307,544	8,669	702,615	-1,265,125	-243,340	-243,340
<i>(1) Fair value based on the prices quoted in an active market.</i>								

<i>In thousands of euro</i>	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽¹⁾	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
ASSETS								
At December 31, 2011								
Non-current investments				5,911			5,911	5,911
Non-current financial assets held for trading				1,606			1,606	1,606
Non-current loans and receivables					36,464		36,464	36,464
Other non-current financial assets				7,517	36,464		43,981	43,981
Interest rate derivatives	4,450	2,953					7,403	7,403
Non-current derivative financial instruments	4,450	2,953					7,403	7,403
Trade receivables					622,546		622,546	622,546
Commodity hedging derivatives		396					396	396
Foreign currency hedging derivatives		35					35	35
Other commodity hedging derivatives	935						935	935
Other foreign currency hedging derivatives	3,758						3,758	3,758
Other interest rate derivatives		1					1	1
Current derivative financial instruments	4,693	432					5,125	5,125
Current financial assets held for trading					51,626		51,626	51,626
Financial current accounts			5,997				5,997	5,997
Cash			183,319				183,319	183,319
Cash equivalents			259,029				259,029	259,029
Available-for-sale financial assets								
Cash and cash equivalents			448,345				448,345	448,345
TOTAL ASSETS	9,143	3,385	448,345	7,517	710,636		1,179,026	1,179,026

(1) Fair value based on the prices quoted in an active market.

<i>In thousands of euro</i> LIABILITIES	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽¹⁾	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
At December 31, 2011								
Bond issues						177,285	177,285	177,285
Other borrowings						334,032	334,032	334,032
Put options granted to minority shareholders			47,110				47,110	47,110
Non-current borrowings			47,110			511,317	558,427	558,427
Other interest rate derivatives	1,042	102					1,144	1,144
Non-current derivative financial instruments	1,042	102					1,144	1,144
Trade payables						572,956	572,956	572,956
Commodity hedging derivatives		77					77	77
Other commodity derivatives	923						923	923
Other interest rate derivatives	7,076						7,076	7,076
Other foreign currency derivatives								
Current derivative financial instruments	7,999	77					8,076	8,076
Current financial liabilities						223,537	223,537	223,537
Put options granted to minority shareholders			2,122				2,122	2,122
Financial current accounts			5,972				5,972	5,972
Current bank facilities			83,131				83,131	83,131
Current borrowings			91,225			223,537	314,762	314,762
TOTAL LIABILITIES	9,041	179	138,335			1,307,810	1,455,365	1,455,365
TOTAL	102	3,206	310,010	7,517	710,636	-1,307,810	-276,339	-276,339

(1) Fair value based on the prices quoted in an active market.

NOTE 29. CHANGE IN WORKING CAPITAL

<i>In thousands of euro</i>	Year ended December 31, 2012	Year ended December 31, 2011
Trade receivables	-2,214	-18,577
Inventories	-13,095	-23,941
Trade payables	14,513	31,699
Miscellaneous receivables and payables	11,170	-11,905
CLOSING BALANCES	10,374	-22,724

NOTE 30. CONTINGENT ASSETS AND LIABILITIES

The Group's contingent assets and liabilities at December 31, 2012 comprised:

- Undertakings given and received in respect of four investments and amounting in total to €61.4 million (2011: €70.8 million);
- Contingent liabilities related to financing activities: financial guarantees provided to Group companies amounted in total to €110.1 million (2011: €100.4 million);
- Contingent assets and liabilities related to operating activities.

Contingent liabilities:

Contingent liabilities included operating lease payment commitments for €74.9 million (2011: €71.5 million), finance lease payment commitments for €10 million (2011: €12.9 million) and other commitments for €109.4 million (2011: €47.8 million).

The operating and finance lease payment commitments may be detailed as follows:

<i>In millions of euro</i>	Operating lease payments	Minimum finance lease payments
In 2013	25	3.5
From 2014 to 2017	41.9	6.3
Beyond 2017	8	0.2

Individual training entitlement amounts to 634,614 hours for the Group's French companies, of which 624,992 hours are not yet covered by any request for allocation.

The Group has entered into milk supply contracts with several producers, based on normal market conditions.

Contingent assets:

Miscellaneous commitments received by the Group amount to €4.7 million (2011: €5.1 million).

NOTE 31. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are only deemed to have been performed at arm's length conditions if such is demonstrably the case.

The Group is controlled by Soparind SCA, a company registered in France which directly or indirectly holds 60.59% of the parent company's share capital. The balance of share capital is held by a large number of shareholders and is dealt in on the Paris stock exchange. Certain subsidiaries (see note 33 detailing the Group's consolidation scope) are not fully owned by Bongrain SA. For the most part, their minority shareholders are milk production or collection cooperatives which supply the Group and may also purchase from the Group; those transactions constitute the Group's main related party transactions. Sales to related party cooperatives amounted to €33.4 million in 2012 (2011: €35.6 million) and purchases to €385.9 million in 2012 and €389.7 million in 2011. The Group also engages in treasury management on behalf of related parties and received total remuneration of €0.5 million for such services performed during 2012 (2011: €0.5 million).

The Group has created a joint venture with Sodiaal called La Compagnie des Fromages et RichesMonts. The Group supplies this company with part of its milk requirement and purchases part of its industrial by-products, as well as providing logistic, commercial, IT and administrative services and distributing the company's products in a certain number of foreign countries. The Group's other financial assets include a €2.6 million loan to, and its cash and cash equivalents include a financial current account balance of €1.7 million with, La Compagnie des Fromages et RichesMonts.

Group sales to associates amounted to €4 million in 2012 (2011: €5 million) and purchases from associates amounted to €2 million (2011: €2 million). The transactions essentially related to dairy materials.

In 2011 the Group acquired €32.7 million of non-current operating assets from related party companies.

A total of €4.5 million (2011: €4.2 million) of gross remuneration, comprising €4.4 million of short-term benefits and €0.1 million of post-employment benefits, was paid during the period to members of the boards of directors or equivalent governing or supervisory bodies of consolidated entities in respect of their duties within those entities. No other long-term benefits exist and no provision is made for compensation in the event of termination of employment contracts. No share-based payments were made in 2012.

NOTE 32. EVENT AFTER THE BALANCE SHEET DATE

The Terra Lacta cooperative and Bongrain SA have confirmed their intention of entering a closer relationship, this following a period of exclusive discussion. The proposals arising will be subject to the procedure for information and consultation of the other interested parties and to approval by the competition authorities.

NOTE 33. LIST OF THE PRINCIPAL CONSOLIDATED ENTITIES

Fully consolidated entities	Country	Siren N°	% voting rights		% economic interest	
			12/31/2012	12/31/2011	12/31/2012	12/31/2011
France ⁽¹⁾						
BONGRAIN SA	France	847 120 185	Parent	Parent	Parent	Parent
Alimpex SAS	France	349 088 732	100.00	100,00	100,00	100,00
Alliance Food Service SAS	France	389 330 739	100.00	100,00	88,93	88,93
Alliance Fromagère SAS	France	394 530 703	100.00	100,00	100,00	100,00
Alliance Laitière Européenne SAS	France	388 435 539	100.00	100,00	98,93	98,93
Armor Protéines SAS	France	679 200 287	100.00	100,00	88,93	88,93
Beurlait SAS	France	552 001 497	100.00	100,00	88,93	88,93
B.G. SAS	France	331 339 275	99.96	99,96	99,96	99,96

Fully consolidated entities	Country	Siren N°	% voting rights		% economic interest	
			12/31/2012	12/31/2011	12/31/2012	12/31/2011
France ⁽¹⁾						
BONGRAIN Europe SAS	France	351 014 352	100.00	100,00	100,00	100,00
BONGRAIN Export Overseas SAS	France	325 508 653	99.96	99,96	99,96	99,96
BONGRAIN International SAS	France	402 927 628	100.00	100,00	100,00	100,00
Bressor SA	France	383 228 764	99.74	99,74	66,48	66,48
Bressor Alliance SA	France	379 657 570	66.66	66,66	66,66	66,66
BS Air SNC (absorbed by Bongrain SA)	France	351 646 377		99,99		99,99
Centre Bretagne Lait SA	France	387 493 315	99.99	99,99	88,93	88,93
C.F.V.A. SAS	France	314 830 050	99.97	99,97	99,97	99,97
Compagnie Générale Laitière SA	France	775 668 999	99.99	99,99	88,93	88,93
Compagnie Laitière de Derval SAS	France	403 001 068	100.00	100,00	88,93	88,93
Compagnie Laitière Européenne SA	France	780 876 421	89.89	89,89	88,93	88,93
CLE-PSO SNC	France	444 475 016	100.00	100,00	88,93	88,93
CLE-PS SAS	France	389 297 748	100.00	100,00	88,93	88,93
Compagnie Laitière Normandie-Bretagne SAS	France	349 652 560	100.00	100,00	88,93	88,93
Corman France SAS	France	487 220 295	100.00	100,00	88,93	88,93
Elvir SAS	France	389 297 664	100.00	100,00	88,93	88,93
Établissements L. Tessier SAS	France	667 180 392	99.71	99,71	99,71	99,71
Fromagerie de Vihiers SAS	France	350 546 719	100.00	100,00	100,00	100,00
Fromageries des Chaumes SAS	France	314 830 183	99.94	99,94	99,93	99,93
Fromageries Rambol SAS	France	315 130 641	99.95	99,95	99,95	99,95
Fromageries F. Paul-Renard SAS	France	585 650 211	100.00	100,00	100,00	100,00
Fromagerie Perreault SAS	France	316 085 620	99.98	99,98	99,98	99,98
Fromarsac SAS	France	331 260 083	100.00	100,00	100,00	100,00
Fromapac SA	France	402 180 541	100.00	51,00	100,00	100,00
Fruisec SAS	France	307 963 389	100.00	100,00	100,00	100,00
Grand'Ouche SAS	France	314 815 457	99.83	99,83	99,83	99,83
La Compagnie des Fromages SAS	France	393 257 654	100.00	100,00	88,93	88,93
Les Fromagers de L'Europe SAS	France	428 744 973	100.00		100,00	
Les Fromagers de Thiérache SAS	France	315 332 569	100.00	100,00	100,00	100,00
Les Fromagers Associés SAS	France	349 542 415	100.00	100,00	100,00	100,00
Messageries Laitières SNC	France	313 966 103	61.31	61,31	54,52	54,52
Normandie Bretagne Transports SAS (NBT)	France	403 128 051	100.00	100,00	88,93	88,93
Pareco SNC	France	326 037 348		100,00		97,65
Prodilac SNC	France	389 297 714	100.00	100,00	88,93	88,93
SB Alliance SNC	France	409 080 538	84.99	84,99	84,98	84,98
SB Biotechnologies SAS	France	450 983 051	100.00	100,00	97,50	97,50
SDIL SAS	France	352 135 180	100.00	100,00	88,93	88,93
Soficle SAS	France	304 141 856	100.00	100,00	88,93	88,93
Sofivo SAS	France	352 848 725	100.00	100,00	88,93	88,93
Sogasi SAS	France	315 062 224	99.99	99,99	99,99	99,99
Sogeps SAS	France	384 557 880	100.00	100,00	88,93	88,93
Soredab SAS	France	317 705 267	97.50	97,50	97,50	97,50
SB Alliance Informatique	France	780 876 405	100.00	100,00	88,93	88,93
Société Les Vergers des Coteaux du Périgord SAS	France	330 479 213	100.00		100,00	
Fully consolidated entities						
Other countries						
Advanced Food Products LLC	USA		65.00	65.00	65.00	65.00
Alouette Cheese LLC	USA		100.00	100.00	100.00	100.00

Fully consolidated entities Other countries	Country	% voting rights		% economic interest	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Arab French Company for Dairy and Cheese Products Industry	Egypt	100.00		100.00	
BCMS	Czech Rep.	100.00	100.00	100.00	100.00
BC Nordics	Denmark	100.00		100.00	
BEV OOO	Russia	100.00	100.00	100.00	100.00
BONGRAIN A.G.	Switzerland	99.75	99.75	99.75	99.75
BONGRAIN Benelux SA	Belgium	100.00	100.00	100.00	100.00
BONGRAIN Deutschland GmbH	Germany	100.00	100.00	100.00	100.00
BONGRAIN Europarticipations BV	Netherlands	100.00	100.00	100.00	100.00
BONGRAIN GmbH	Austria	100.00	100.00	100.00	100.00
BONGRAIN Italia Spa	Italy	100.00	100.00	100.00	100.00
BONGRAIN Nederland BV	Netherlands	100.00	100.00	100.00	100.00
BSI Tianjin Foods CY Ltd	China	100.00	100.00	50.00	50.00
Bonprole SA	Uruguay	90.00	90.00	72.00	72.00
Bresse Bleu Japon KK	Japan	100.00	100.00	100.00	100.00
Corman SA	Belgium	100.00	100.00	88.93	88.93
Corman Deutschland GmbH	Germany	66.67	66.67	59.29	59.28
Corman Italia Spa	Italy	100.00	100.00	88.93	88.93
Corman Miloko Ireland Ltd	Ireland	55.00	55.00	48.91	48.91
Dabon International Ltd	India	85.79	85.79	85.79	85.79
Edelweiß GmbH Co KG	Germany	100.00	100.00	100.00	100.00
Eurexpan BV	Netherlands	100.00	100.00	100.00	100.00
Food Garden	Sweden	100.00	100.00	99.96	99.96
Fromagers Associés Japon KK	Japan	51.00	51.00	51.00	51.00
Fromunion SA	Belgium	100.00	100.00	100.00	100.00
ICC Paslek	Poland	100.00	100.00	88.93	100.00
Kikindska	Serbia	100.00	100.00	100.00	100.00
Liptovska Mliekaren AS (merged with Milex Nové Mesto AS)	Slovakia		99.98		99.98
Mantequeras Arias SA	Spain	100.00	100.00	100.00	100.00
Mashreq des Produits Laitiers SA	Egypt	100.00	100.00	100.00	100.00
Milex Nové Mesto AS	Slovakia	99.99	100.00	99.99	100.00
Milkaut	Argentina	99.70	99.55	99.70	99.55
Mleczarnia Turek Sp ZOO	Poland	100.00	100.00	100.00	100.00
Mleko Produkt	Serbia	100.00	100.00	100.00	100.00
Novomilk	Slovakia	100.00	100.00	100.00	100.00
Pannontej Rt.	Hungary	100.00	100.00	100.00	100.00
Paturain BV	Netherlands	100.00	100.00	100.00	100.00
Petra SA	Uruguay	80.00	80.00	80.00	80.00
Polenghi Ltda	Brazil	100.00	100.00	100.00	100.00
Povltavske Mlékarny AS	Czech Rep.	100.00	100.00	100.00	100.00
Santa Rosa Chile	Chile	99.99	99.99	99.99	99.99
SB International	Belgium	50.00	50.00	50.00	50.00
S.B.M.S. SA	Belgium	99.98	99.98	99.98	99.98
Schratter Foods Inc	USA	75.00	75.00	75.00	75.00
Sinodis Limited	China	80.00	80.00	80.00	80.00
TDSI	USA	100.00	100.00	100.00	100.00
TPK SRO	Czech Rep.	100.00	100.00	100.00	100.00
ULN UK Limited	UK	100.00	100.00	100.00	91.69
Zausner Foods Corp. and subsidiaries	USA	100.00	100.00	100.00	100.00
Zvenigorodka	Ukraine	99.86	99.86	99.86	99.86

Proportionately consolidated entities		% voting rights		% economic interest	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
France					
CF & R Gestion	France	50.00	50.00	44.47	44.46
Compagnie des Fromages & RichesMonts	France	50.00	50.00	44.47	44.46
Other countries					
Sodiaal GMBH	Germany	50.00	50.00	44.47	44.46
Delaco	Rumania	52.00	52.00	52.00	52.00
Entities consolidated using the equity method					
		% voting rights		% economic interest	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
France					
Lacto Sérum France SA	France	24.94	24.94	24.94	24.94
Sanicoopa SARL	France	37.99	37.99	33.78	33.78
Sica Silam	France	36.41	36.41	36.10	36.10
Financière Louis	France	10.38	10.38	10.38	10.38
Other countries					
Andechser Molkerei Scheitz Gmbh	Germany	24.84	24.84	24.84	24.84
Capsa SA	Spain	27.00	27.00	24.01	24.00
Ferrari	Italy	27.00	27.00	27.00	27.00
Fromagerie des Doukkala SA	Morocco		20.00		20.00
EMMI Fondue AG	Switzerland	34.00	34.00	34.00	34.00
Esbon SA	Turkey	50.00	50.00	50.00	50.00
Forlactaria SA	Spain	40.00	40.00	40.00	40.00
Jiangsu Howbetter Food and Chemical company. Ltd	China	29.00	29.00	14.50	14.50
La Compagnie Fromagère SA	Tunisia	42.50	42.50	42.50	42.50
Rupp AG	Austria	10.00	10.00	10.00	10.00
Söbbeke Gmbh	Germany	24.90	24.90	24.90	24.90
Val d'Arve SA	Switzerland	33.34	33.34	33.34	33.34