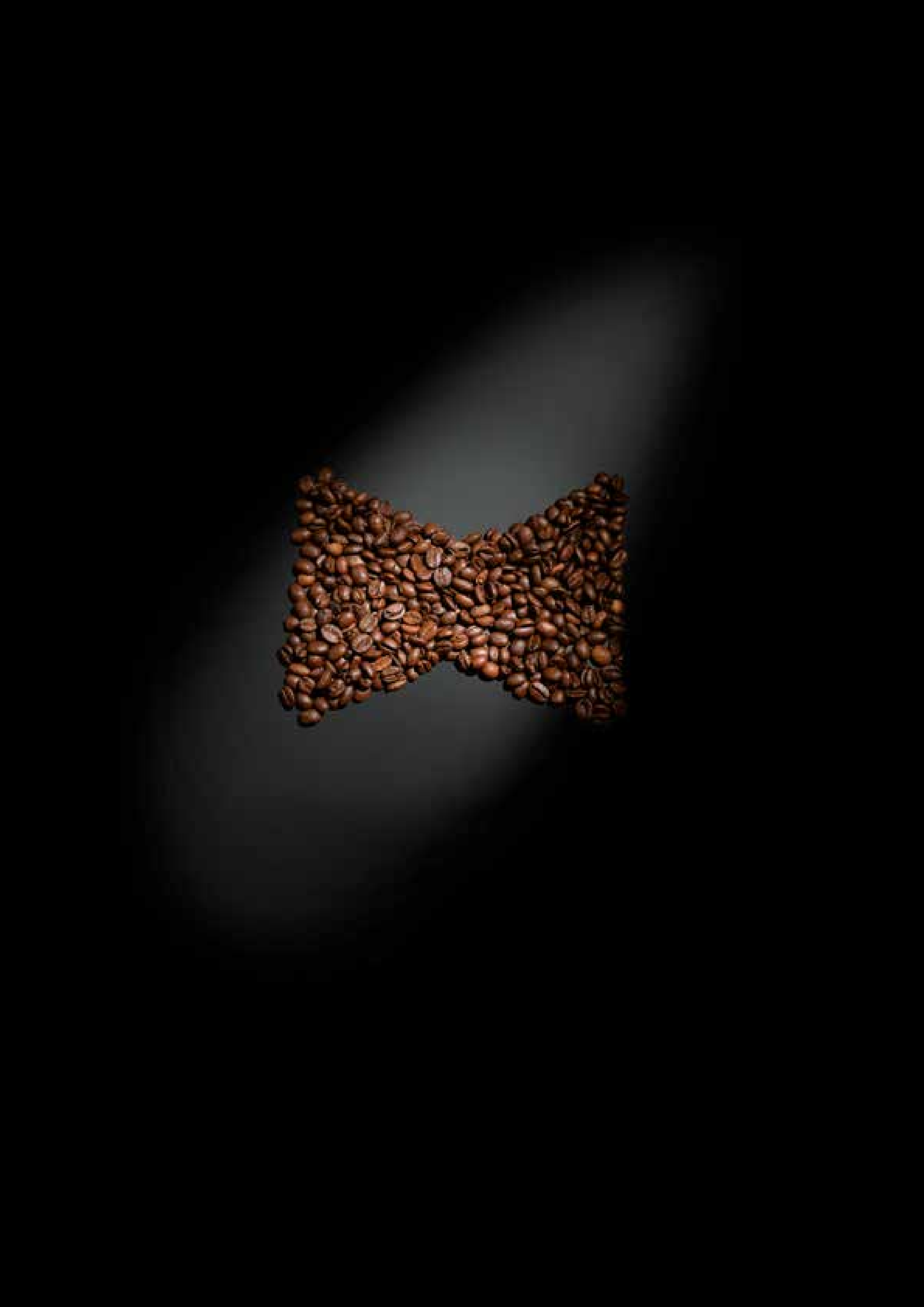
miko®

JAARVERSLAG 2013
ANNUAL REPORT



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Foreword by the Managing Directors

"Thirteen is not an unlucky number"

The fact that thirteen need not be an unlucky number is borne out by the figures we have recorded for 2013. Encouraging results as announced previously when we published the six-monthly figures, including EBITDA growth of 14.9%. Very encouraging in the light of the difficult economic circumstances that continue unabated.

Our shareholders have also benefitted from healthy growth. Our share price was EUR 64.79 at the end of December 2013, EUR 14.25 or 28% higher than the price on 31 December 2012 (EUR 50.54). Growth that resulted in our being awarded the accolade of "4x4 share" for 2013 by investors' website De Belegger. Four criteria have a role to play here: balance sheet, prospects, share price triggers and rating.

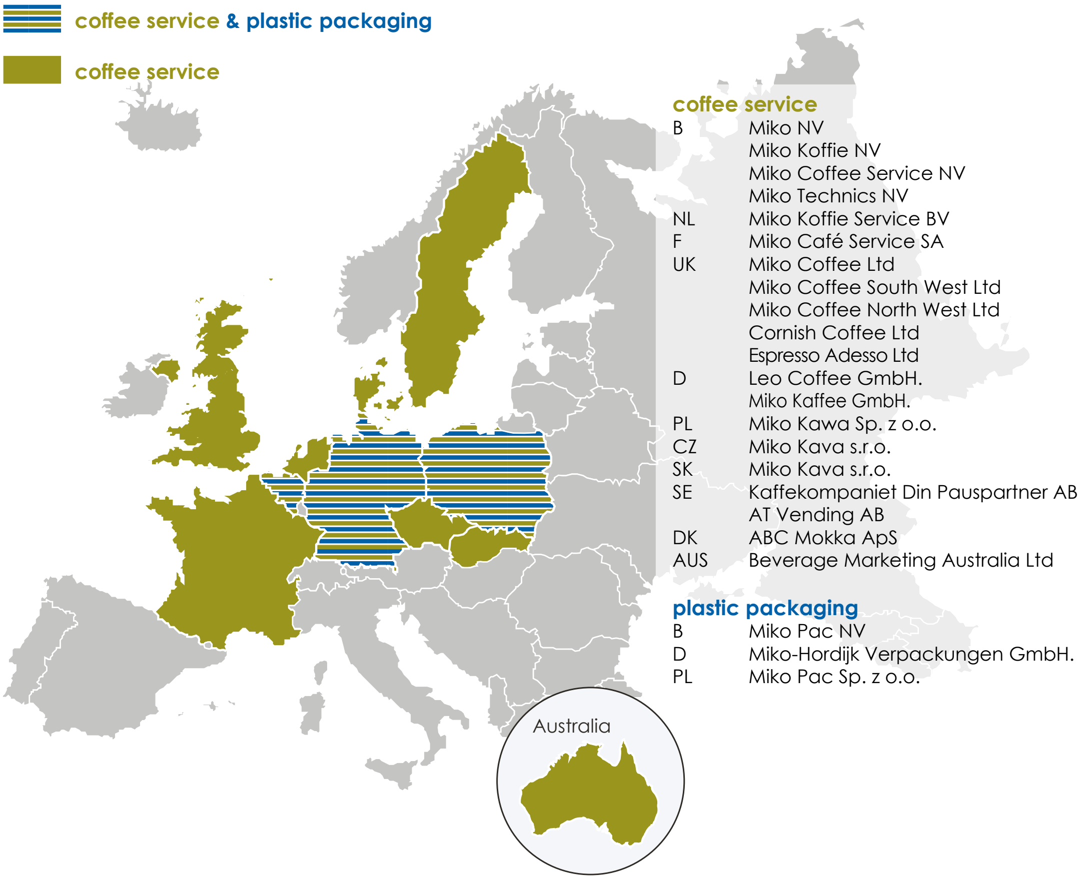
Which events characterised 2013?

We must concede that within the coffee division, , 2013 turned out to be a difficult year in most of our home countries . The economic downturn was clearly making its mark; not so much on account of any loss of clients, but because existing clients ordered less. This was attributable to such factors as the consequences of restructuring measures within the office and business segment, a key sales market for Miko. The catering industry also had a hard time in 2013. The number of bankruptcies reached a historic high. Furthermore, a major coffee contract came to an end in France at the beginning of 2013.

The coffee division nevertheless managed to make progress. Three factors played into our hands here. We won a large-scale contract in Germany, enabling us partially to compensate for the decreased sales in France.

The second factor from which we benefited relates to speculators who were favourably disposed toward us. They resolved to do less paper-pushing in 2013 than in 2012, at least where raw coffee was concerned. This enabled us to return our margin to a natural, balanced level. The balance had been upset over the past two years because competitor decided to pass on the considerable price increases of raw coffee only sparsely. Miko expressly endeavours to maintain a strategy of market share retention and therefore assumes the position of market follower where price changes are concerned.

The third factor involved acquisitions. Over a period of more than two years, we have been conducting a focused search for acquisitions in Scandinavia, outside the Euro zone. It is a region that per-



forms relatively well from an economic perspective, and one slightly less dependent upon the vagaries of the Euro zone. Our perseverance was rewarded no less than twice in 2013. In March we found the Swedish Kaffekompaniet, a coffee service company in Gothenburg, which achieves a turnover of more than EUR 6 million with a workforce of 23 people. We are currently launching two additional depots in Stockholm and Malmö, Sweden's two other major cities. Shortly afterwards, we acquired a 70% interest in Danish company ABC Mokka, which is based in Copenhagen and achieves a turnover of EUR 6.5 million with a workforce of 20 people. In Australia we acquired the assets and client portfolio of Corporate Coffee Solutions, amounting to a turnover of approx. EUR 1.2 million.

This accelerated wave of acquisitions has clearly helped to bolster the results for 2013.

Nor do we have anything to complain about within the plastics processing division. It initially appeared as though 2013 was to be an unlucky year. Two of our large clients ran into financial difficulties. Last spring's poor weather meant that the ice-cream season started very slowly. This division's core business includes ice-cream containers.

Turnover nevertheless increased by more than 5%, and new clients were recruited. We also saw increased sales of smaller containers of such volumes as 175 and 250 ml, while in the past the focus was primarily on 1 litre containers. Our thermoform department, which mainly produces containers for ready meals, also exhibited healthy performance. We sold 9 million more containers in 2013 than in 2012.

Plastics, the raw material of which is oil, was also left alone by speculators . While this division calculates the developments in the price of raw materials wherever possible, this is usually not possible until three months after the fact, sometimes impacting margins temporarily.

Our plastics division continues to invest. We built a new production hall in Poland, accommodating 40 injection moulding machines; an ambitious expansion. The Board of Directors also approved a project to take an option on the acquisition of a parcel of industrial land neighbouring the existing plant in Poland, with an area of 29.000m^2.

The pressure to achieve even greater efficiency in Belgium is very high. This means investing in bigger machines, bigger moulds and bigger robots. But not just efficiency is important; the ergonomics of our employees is also a key factor. In that regard, investments will be made in, among other things, automatic lift systems on certain production lines. This will further reduce back strain.

And finally, a large contract was negotiated with a German ice-cream manufacturer in the course of 2013. This will require substantial investments in 2014, which will generate considerable revenues in 2015. The contract represents more than 100 million units.

It is difficult to make concrete forecasts for 2014. During the first quarter we are observing a sharp rise in the price of raw coffee in the world market. We can only guess how these prices will continue to develop and how it will impact the gross margin. It is also noticeable that the turning point of the economic downturn has still not be reached today...
With an investment budget of EUR 13.6 million, approved by the entire Board of Directors, we are however demonstrating that we have confidence in the future.
Dear employees, we could once again rely on the major contribution you made this year to help propel Miko through today's difficult times. This has led to splendid results for 2013. We'd like to express our thanks for all the energy you have again invested in Miko. The personnel survey clearly demonstrates once again how pleased we all are to work for Miko, with a rating of no less than 96%! This is exceedingly impossible. If we are content in the workplace, this will contribute to our personal happiness, which will be reflected in the performance of our company... So we'd like to take this opportunity to thank you in advance for your dynamic approach to all the challenges we will undoubtedly face in 2014.

Jan Michielsen Managing Director	Frans Van Tilborg Managing Director & CEO

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Annual Report

Dear Shareholders,

The Board of Directors of Miko NV take pleasure in reporting to you on the activities and results of the company over the 2013 financial year. The consolidated annual accounts, the single annual accounts and this annual report were approved at the meeting of the Board of Directors on 25 March 2014 and will be presented to the Ordinary General Meeting of 27 May 2014.

1. Introduction

1.1. History and profile of the group

The Miko group focuses upon two core activities: coffee service and plastic packaging.

Miko (from Michielsen Koffie) was founded in 1801 as a trader in colonial goods. Since the 1970s, Miko has specialised in the out-of-home market instead of investing large advertising budgets to battle with the multinational players who dominate the coffee racks in the supermarkets.

This out-of-home market comprises two segments: the catering industry on the one hand and the offices market (Office Coffee Service or OCS) on the other. Miko provides tailored solutions for hot and cold drinks. The client is supplied with a professional coffee machine, in exchange for which a minimum amount of coffee is purchased. Well-organised customer service and technical service ensure consistent quality..




This formula has been a success: Miko can rightfully claim to sell cups, not kilos, of coffee. This formula for success was quickly exported to other countries. Miko currently has subsidiaries in the United Kingdom, France, the Netherlands, Germany, Poland, the Czech Republic, Slovakia, Sweden, Denmark and Australia. Miko also sells its coffee concepts via independent distributors in thirty countries in Europe and beyond.

At the World Exhibition of Brussels in 1958 Miko launched the single-headed coffee filter. The filter body, which was made of plastic, had to withstand the temperature of the boiling water used to make the coffee. Because no suitable technology existed yet, Miko developed it itself. The material polypropylene was selected. The new expertise that Miko gained through this process was quickly applied to producing plastic packaging. Thus the plastics division grew into the group's second core activity.

Miko Pac uses two different technologies for the production of packaging.

In the ultramodern injection moulding plant, plastic granules are melted and injected into moulds at high pressure. To create attractively printed packaging, Miko Pac developed the "in-mould labelling" (IML) technique. With the aid of a robot a plastic label is placed in the mould and the plastic then injected around it. This leads to a high-quality end product.

In the thermoforming department, the plastic granules are first extruded into a film, which is then heated and pressed into a final shape in a mould. All waste material from the film is reprocessed, meaning that this technique is entirely waste free. This procedure is mainly used to produce trays and boxes for ready meals.

The steady growth of Miko Pac made it necessary to increase production capacity. Because Central and Eastern Europe were becoming ever more important sales markets, Miko Pac decided to take over Polish company MCO. Now there is a modern injection moulding factory in Bydgoszcz, which, like its Belgian counterpart, is growing and expanding steadily.

In Germany a subsidiary was set up to take care of sales on the enormous German market.

In recent years the coffee service and plastic packaging departments have each been accountable for approx. 50% of group turnover.

Miko has been listed on the Brussels Stock Exchange since 1998.

1.2. Mission and strategy

The Miko group focuses on two core activities, each with their own mission

For the coffee service segment:

"Miko wants to be the partner for the out-of-home client by supplying trouble-free coffee concepts based upon high-quality products and services."

– your coffee, our concern –

For the plastic packaging segment:

"Miko Pac wants to be a long-term recognised partner for the supply of contemporary plastic packaging with high added value."

Our strategy for realising these missions can be summarised as follows:

Concentration upon our core activities: coffee service and plastic processing
Our strategy is based upon the further expansion of our two current core activities. This will be achieved through both internal and external growth. The strengthening of our market position in our "home countries" – Belgium, the Netherlands, France, the United Kingdom, Germany, Poland, Czech Republic, Slovakia, Australia and, since 2013, Sweden and Denmark – remains of prime importance. But another ambition is further internationalisation.

Banish myopia ... think long term
A company that has been in existence for 200 years cannot afford to be seduced into opportunism and a short-term mindset. We must have the courage to assess possible investments on the basis of their strategic long-term contribution to the group, even if this is sometimes at the expense of short-term profits.

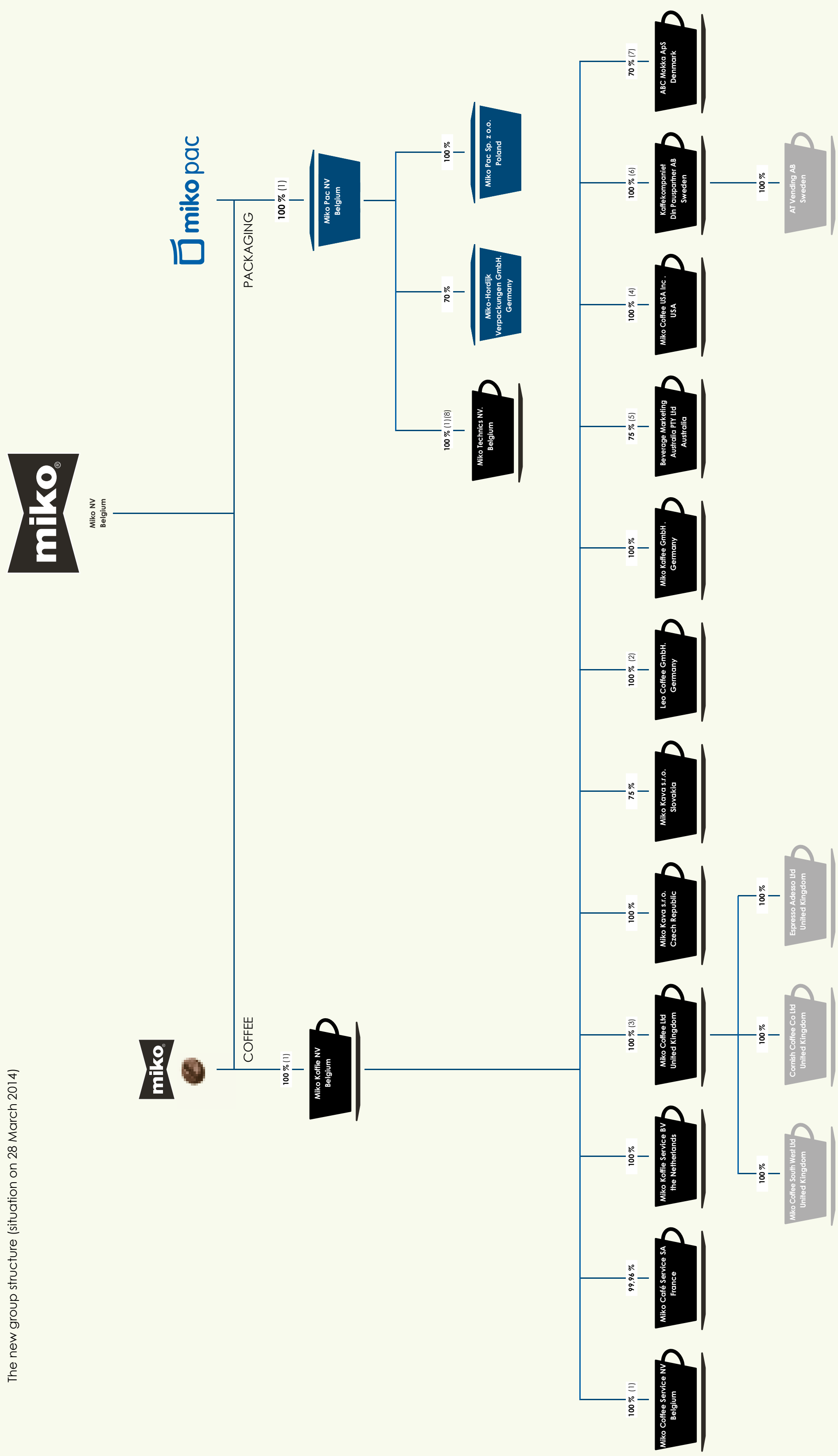
Think big… but act small
We should always strive to play our crucial trump card of flexibility in both our core activities. Our relatively limited size means that individualised products, fast response times and specialisation will be crucial to our growth in our highly demanding market segments.

200 years of mastery in quality and service
We will continuously strive to improve the already high standard of our products by sustained research and development. This applies both for our coffees and for our plastic packaging. We will continue to critically scrutinise our coffee service department in terms of the quality of customer service. We will strive to achieve excellence in this field.

People: the most important factor in the success of our company
Excellence can only be achieved if staff are prepared to dedicate themselves to this goal. Motivation is key. The Miko group will strive to motivate its employees by giving them the opportunity to contribute their own creativity and energy and by recognising these qualities. Miko offers career opportunities to those who pursue and earn them. Knowledge is also key. Miko regularly offers staff the opportunity to participate in training, so that they can remain up-to-date.

"I'm doing something for SE": a balance between Profit, People, Planet and Pleasure
In 2005 Miko set up a think tank to investigate Sustainable Enterprise (SE). One result of this think tank was the launch of the Puro concept. It was also decided to henceforth incorporate the theme of Sustainable Enterprise into the company's strategy. Under the motto "I'm doing something for SE", Miko is committed to steering its strategy such that a healthy balance is created between Profit, People, Planet and Pleasure.

2. Current group structure



The new group structure (situation on 28 March 2014)

[1] To avoid application of Section 646 of the Belgian Companies Code, one share is transferred to the family holding company Imko Holding NV for each Belgian subsidiary.

[2] Leo Coffee GmbH no longer has any operational activities and was put into liquidation in February 2013.

[3] As of 1 January 2014, Miko Coffee Ltd merged with subsidiary Miko Coffee North West Ltd, a company all of whose shares it already owned.

[4] In 2012, Miko Koffie NV set up a subsidiary in the United States so that it can respond quickly to any new opportunities that should occur in the future. To date, Miko Coffee USA Inc. is not engaged in any activities and therefore has no impact upon the group's results.

[5] In March 2013, the minority shareholder of Australian company Beverage Marketing Australia PTY Ltd (BMA) sold a package of shares representing 24% of the capital to Miko Koffie NV. Miko Koffie NV now owns 75% of the shares of BMA.

[6] In March 2013, Miko Koffie NV purchased all shares in Swedish company Kaffekompaniet Din Pauspartner AB, which in turn owns 100% of the shares in Swedish company AT Vending AB.

[7] In June 2013, Miko Koffie NV acquired 70% of the shares of Danish company ABC Mokka ApS.

[8] In April 2013, the former Mepaco NV changed its name to Miko Technics NV. Miko Technics will henceforth act as the distribution and knowledge centre for machines and spare parts for the coffee segment. While Miko Technics remains a fully owned subsidiary of Miko Pac in a legal sense, Miko Technics is considered as part of the coffee segment for the purposes of financial reporting.

3. Analysis of the results and development of the company

3.1. Key financial data

3.1.1. Income statement

	2013 (KEUR)	2012 (KEUR)	Difference 2013/2012
Revenue	148,825	138,469	7.48%
Other operating income	3,291	2,724	20.81%
Total costs	-142,208	-132,411	7.40%
Earnings before interest and tax (EBIT)	9,909	8,782	12.83%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	19,068	16,591	14.93%
Net financial result	-697	-618	-12.78%
Profit before tax	9,211	8,164	12.82%
Income tax expense	-1,919	-1,685	-8.02%
Profit of the year	7,293	6,479	12.55%
Attributable to non-controlling interest	172	60	186.67%
Attributable to owners of MIKO	7,121	6,419	10.93%
Number of shares (basic, in units)	1,242,000	1,242,000	
Basic earnings per share, attributable to owners of Miko (euro)	5.73	5.17	10.83%
Diluted earnings per share, attributable to owners of Miko (euro)	5.71	5.16	10.66%
Gross dividend	1,440	1,317	9.43%
Gross dividend per share (euro)	1.16	1.06	9.43%

Revenue increased by more than EUR 10 million. The lion's share of this increase derives from the acquisitions made in the coffee segment. The new subsidiaries in Sweden and Denmark and the second branch of the Australian subsidiary together resulted in approx. EUR 8.7 million extra turnover in 2013.

In Belgium the turnover relating to the coffee services activities decreased slightly (+ EUR 0.3 million), while export of coffee increased by approx. EUR 0.7 million. The plastics operations in Belgium recorded increased turnover of approx. EUR 0.5 million.

The plastics operations in Poland (+ EUR 1.8 million) and both the coffee (EUR 1 million increase) and the plastics operations (+ EUR 1.4 million) in Germany also performed well. Coffee operations in France and the United Kingdom decreased by EUR 1.6 million and EUR 1.3 million respectively. A major contract came to an end in France in 2013. Half of the fall in turnover in the United Kingdom was attributable to the drop in value of the pound sterling against the Euro.

Costs increased by 7.40%. This is primarily attributable to increased salary costs, which is a direct consequence of the increase in the workforce (703.7 FTEs at the end of 2013 vis-à-vis 663 at the end of 2012) and higher consumption of raw materials, which is a direct consequence of increased turnover. Moreover, approx. EUR 500,000 one-off costs are associated with the acquisitions in the coffee segment.

Overall gross margin amounted to 48.04% (47.22% in 2012).

EBIT (earnings before interest and tax) increased by more than EUR 1.1 million (+12.8%) and **EBITDA** (earnings before interest, tax, depreciation and amortisation) by almost EUR 2.5 million (+14.9%).

The **financial result** decreased slightly compared to 2012, which was a consequence of the interest associated with new bank loans.

The group paid in excess of EUR 1.9 million in **tax**, which corresponds to a tax burden of 20.8% (compared to 20.6% in 2012).

Net profit amounted to EUR 7.3 million, a 12.6% increase in relation to the previous financial year. The Board of Directors proposes that the General Meeting raise the gross dividend per share from EUR 1.06 to EUR 1.16.

3.1.2. Balance sheet

	2013 (KEUR)		2012 (KEUR)	
ASSETS				
Non-current assets				
Property, plant and equipment	41,868		35,624	
Intangible assets	16,215		4,928	
Deferred income tax assets	581		552	
Trade and other receivables	375		291	
Total non-current assets		**59,038**		**41,395**
Current assets				
Inventories	21,311		21,323	
Trade and other receivables	27,551		26,738	
Cash and cash equivalents	10,162		12,090	
Total current assets		**59,024**		**60,151**
Total assets		**118,062**		**101,546**
EQUITY AND LIABILITIES				
Equity				
Total equity		**67,309**		**64,095**
Non-current liabilities				
Borrowings	16,659		9,148	
Post-employment benefits	634		476	
Deferred tax liabilities	3,870		3,197	
Trade and other payables	794		944	
Provisions for other liabilities and charges	508		56	
Total non-current liabilities		**22,464**		**13,821**
Current liabilities				
Borrowings	9,271		6,879	
Taxes and social security charges	5,271		3,325	
Trade and other payables	13,747		13,426	
Total current liabilities		**28,289**		**23,630**
Total equity and liabilities		**118,062**		**101,546**

Property, plant and equipment increased by approx. EUR 6.2 million. A total of EUR 14.3 million was invested in 2013. For the plastics division, this concerned investments in the expansion of the existing production facilities, primarily in Poland, and for the coffee department investments in coffee-related equipment.

These investments were set off against depreciation of EUR 7.3 million and disposals to the value of EUR 0.5 million.

Intangible assets increased by almost EUR 11.3 million. This concerned goodwill and client portfolios relating to the acquisitions in Sweden, Denmark and Australia.

Deferred tax assets and **long-term trade receivables** exhibited a slight increase.

The **inventories** remained virtually constant.

Short-term trade receivables increased slightly (+ 3.04%), but relatively less than the increased turnover (+ 7.48%).

Available cash decreased by approx. EUR 1.9 million. For more information, see the cash flow overview below.

Equity increased by EUR 3.2 million. The fact that this increase is not as high as the net profit for the financial year is attributable to the dividend paid (EUR 1.4 million) and the present value of the future obligation to acquire the remaining 30% of the shares of the subsidiary acquired in Denmark in 2013 (EUR 1.9 million).

Borrowings increased by approx. EUR 7.5 million. These new loans were taken to finance the acquisitions in Sweden and Denmark.

Post-employment benefits relate to early retirement obligations in Belgium and to additional pension obligations in Poland and France.

Deferred taxation liabilities arise primarily due to the different depreciation periods that are used from an economic perspective on the one hand and a fiscal perspective on the other. The increase of this balance sheet item is associated with the investments in tangible assets and client portfolios.

Long-term trade payables relate primarily to security deposits made by customers of the coffee division, which have to be refunded when the client returns the equipment that he has leased or been loaned.

Long-term provisions increased by approx. EUR 450,000. This is a consequence of the decision to switch from an equity-settled method to a cash-settled method for the management's share options plan.

Short-term borrowings increased by EUR 2.4 million. This relates to that portion of the loans taken for the acquisitions in Sweden and Denmark that must be repaid within the year.

Taxes and social security charges increased by approx. EUR 1.9 million. This is a consequence of an increase in the corporate income tax payable, resulting on the one hand from the increased profit before tax and on the other from the fact that there are no longer any fiscal losses from the past.

Short-term trade payables increased only slightly in spite of the increased turnover. Where possible, the group endeavours to pay suppliers in cash in exchange for discounts.

3.1.3. Statement of cash flows

	2013 (KEUR)		2012 (KEUR)	
Profit before interest and tax (EBIT)	9,909		8,782	
Income tax paid	-1,919		-1,685	
Non-cash transactions	9,523		8,199	
(Increase)/decrease in working capital	1,232		-3,635	
Cash flow from operating activities		**18,475**		**11,661**
Cash flow from investing activities		**-26,539**		**-6,691**
Cash flow from financing activities		**5,982**		**-2,345**
Currency translation differences		-77		333
Net (decrease)/increase in cash and cash equivalents		**-1,889**		**3,030**

Cash flow from operating activities increased by approx. EUR 6.8 million. This is attributable on the one hand to the increased EBIT and on the other to the fact that the requisite working capital decreased by EUR 1.2 million.

The markedly negative **cash flow from investing activities** is a consequence of the substantial investments made in 2013, on the one hand in property, plant and equipment (primarily in the plastics branch) and on the other in intangible assets (almost exclusively in the coffee branch).

Cash flow from financing activities amounted to almost EUR 6 million and derives from the taking out of new loans for the purposes of the aforementioned investments.

The effects of these measures resulted in a decrease in the **cash position** by approx. EUR 1.9 million. However, the company still has a strong cash position (in excess of EUR 10 million).

3.2. Coffee service division

3.2.1. General

The coffee division achieved consolidated turnover of EUR 77.2 million in 2013. This represents a 9.7% increase compared to 2012.

This means that the coffee division's share of the group turnover amounted to 51.9%.

Investments in property, plant and equipment amounted to EUR 4.7 million. This related to the purchase of coffee equipment, as in every year, intended for clients to loan or lease. Furthermore, major investments were made in three acquisitions (see below).

3.2.2. Acquisitions

The coffee service segment was characterised by several acquisitions in 2013.

The existing subsidiary in Australia underwent expansion by means of an asset deal in Melbourne.

Moreover, for two years now, Miko had been looking for a suitable acquisition in the Scandinavian region that is still performing relatively well in economic terms. This search produced two results in 2013, with the takeovers Kaffekompaniet in Sweden and ABC Mokka in Denmark.

Both acquisitions are perfectly in line with our long-term strategy of building our own coffee service organisations via subsidiaries in various countries.

This means that Sweden and Denmark will become new "home countries" for the coffee sector, alongside Belgium, the Netherlands, France, Germany, the United Kingdom, Poland, the Czech Republic, Slovakia and Australia.

3.2.2.1. Corporate Coffee Solutions

At the beginning of February 2013, Beverage Marketing Australia PTY Ltd (BMA), the Australian subsidiary of the coffee sector based in Brisbane, acquired the goodwill and assets of Corporate Coffee Solutions (CCS). CCS is a coffee service operator that was established seven years ago in Melbourne, the second largest city of Australia with two million residents. The company focuses exclusively upon the offices market and achieves a turnover of approx. 1.5 million Australian dollars with six employees (approx. EUR 1.2 million).

corporate coffee solutions

Although the geographical distance between Belgium and Australia is enormous, Australia is closer to Belgium in terms of coffee culture than are some other European countries. Moreover, this coffee culture is growing rapidly, thus opening up interesting market opportunities for Miko.

A few years ago, Miko entered the Australian market by buying a 51% interest in BMA. This interest was increased to 75% in March 2013. Adding the clientele of CCS to that of BMA has raised total turnover in Australia to around EUR 3 million. Whereas the existing establishment in Brisbane was particularly successful in the catering sector, the new establishment in Melbourne focuses more upon the offices market. This acquisition will allow Brisbane, too, to gain more knowledge of the lucrative offices market.

3.2.2.2. Kaffekompaniet

At the beginning of March 2013, Miko Koffie NV in Sweden acquired coffee service company Kaffekompaniet Din Pauspartner AB. Gothenburg-based Kaffekompaniet has 23 employees and a turnover of over EUR 6 million. These figures include subsidiary AT Vending AB, which is active in the sale of coffee machines.

Like Miko, coffee service operator Kaffekompaniet focuses on coffee service in the "out-of-home" market. The emphasis at Kaffekompaniet is on the offices market. The company was set up in 1988 and quickly grew into an important point of reference in the offices market in Gothenburg. Establishments are currently being set up in both Stockholm and Malmö, Sweden's two other major cities.

3.2.2.3. ABC Mokka

Miko Koffie NV acquired a 70% interest in Danish coffee service company ABC Mokka at the end of June 2013. ABC Mokka operates in the Copenhagen region and achieved turnover of 47.5 million Danish kroner (around EUR 6.5 million) in 2012 with a 20-strong workforce.

ABC Mokka focuses on providing coffee service solutions to large and medium-sized clients in the office coffee service (OCS) market segment, and on the sale of coffee machines. The company was formed following the merger, in 2012, of ABC Kantineautomater (founded in 2003) with Mokka Kompagniet (founded in 2008). This merger resulted in the creation of a strongly growing player in the Danish coffee service market, with primarily a strong presence in the Copenhagen region. This is a region where many large companies have their worldwide or Scandinavian head offices.

The three founders of ABC Mokka retained a minority interest in the company and will continue with their respective management activities. Their remaining 30% interest is subject to a put and call option that may be exercised in five years at the earliest.

3.2.3. Development of Belgian activities

The Belgian coffee service organisation decided to focus, from now on, on the healthcare sector, i.e. hospitals, residential and care centres, centres for the disabled and mental health care centres, along-side the existing market segments of catering and OCS (office coffee service). This new focus resulted in collaboration with a key player in the healthcare sector with 6,000 employees as early as 2013.

For the catering sector, the focus was on a more selective choice of clientele and distribution part-ners. This is intended eventually to result in greater profitability for this sector. Collaboration with Alken-Maes was expanded further and resulted in several nice references.

A new range of machines was introduced to the OCS sector, featuring an integrated multimedia screen for internet and other multimedia applications. A coffee-corner concept was also developed for larger companies.

3.2.4. Miko Technics

Renovations were made to the production area of Mepaco in Turnhout at the beginning of 2013, where until then coffee machines had been assembled and repaired on a limited scale.

From now on, this is where coffee machines and replacement parts will be purchased centrally and then distributed to the group companies, with the aim of achieving the fastest possible delivery times.

Moreover, a knowledge centre and central helpdesk will be developed that will be invaluable for training the employees of the technical services departments both in Belgium and abroad.

New machines that are eligible for incorporation into the Miko range of products will be tested by a permanent team according to fixed proce-dures, after which recommendations can be made to management.

The company was renamed Miko Technics in order to clarify its renewed sphere of activities to the outside world.

miko®
Miko Technics

3.3. Plastics division

3.3.1. General

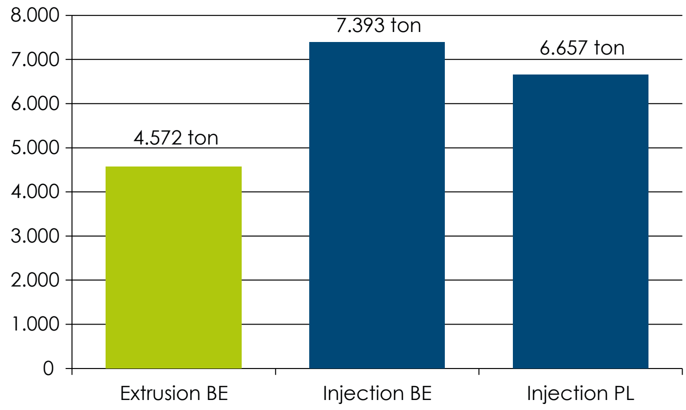
The plastics division achieved consolidated turnover of EUR 71.6 million in 2013, a 5.4% increase compared to 2012, and representing 48.1% of group turnover.

This increase is attributable to the rise in units sold, primarily to customers in Poland and Germany.

The investments in this segment amounted to EUR 8.9 million. These related to the construction of additional production space in Poland and the purchase of machines, moulds and other equipment.

3.3.2. Raw materials

Miko Pac consumed approx. 18,600 tonnes of raw materials (plastic pellets) in 2013.



3.3.3. Development of Belgian activities

Constant attention to service, quality and technological innovation is essential to continue to play a part in the very competitive packaging market.

One of Miko Pac's key strengths is its ability to steer the development of new packaging products from the design phase to industrial-scale production.

The site at Oud-Turnhout (Belgium) is the company's centre of excellence for research and development. Five employees handled more than 100 dossiers in 2013.

This department moved into its new offices in June.

New steps were achieved in the development of barrier injection moulding techniques. The intention remains to compete with glass and metal packaging in the long term.

With regard to quality assurance, investments were made in measuring benches, which are used to check whether the finished products meet the ever-demanding specifications of our clients. Additional vision systems were also purchased, which are used for automatic product monitoring.

That fact that these continued efforts have not been unfruitful is reflected by Miko Pac's successful results as reported by various audits (ISO, BRC, FAVV).

In order to compensate for the wage imbalance of the Belgian site vis-à-vis our foreign competitors, investments are made in ever-larger machines with multi-cavity moulds and complex robots. This reduces the labour costs per produced unit.

The extrusion lines were also upgraded to enable more film to be produced on an hourly basis. This film forms the basis for the thermoforming process.

Packaging robots were installed on the thermoforming lines themselves in order to package the products in an entirely hands-free manner.

3.3.4. Development of foreign activities

The establishment in Poland has undergone rapid growth in recent years, with numerous new projects. A major long-term contract was negotiated with Germany's biggest ice-cream manufacturer at the end of 2013. This contract will involve investments to the sum of EUR 3.6 million and represents a total production of 100 million units.

This steady increase necessitated the expansion of the current production area; a new production hall and new warehouse were commissioned. The total built area of the plant in Poland currently amounts to 12.000 m^2 (compared to 20.000 m^2 in Belgium).

Moreover, a unique opportunity presented itself in which an option could be taken on the purchase of a neighbouring parcel of land of almost 3 hectares. This will guarantee any future expansion needs of this establishment.

However, also in Poland Miko Pac is facing sharply increased labour costs.

Miko Pac's German sales office had a successful year in 2013; new long-term contracts were negotiated, both for Miko Pac's own injection moulded and thermoformed products and for products from Dutch joint-venture partner Hordijk.

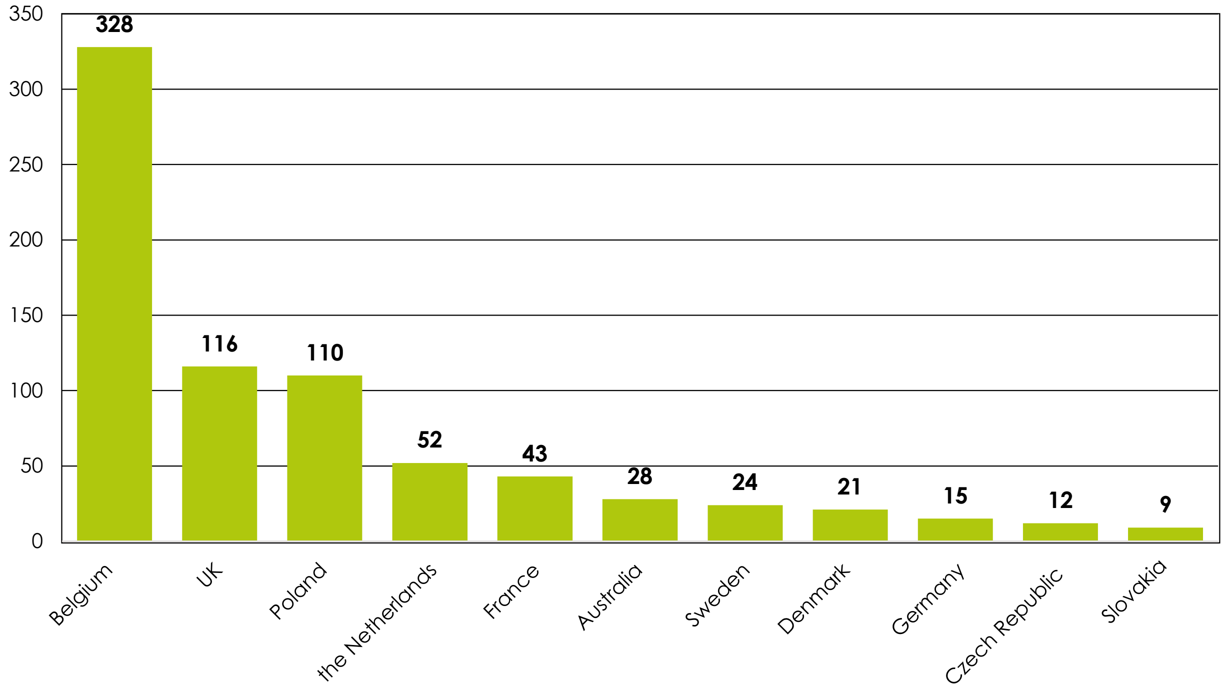
The sale of packaging films also increased, to approx. 100 tonnes.

3.4. Human resources

At the end of 2013, 758 people were employed by the Miko group, 328 of whom in Belgium.

65% of staff worked in the coffee division and the other 35% in the plastics division.

NUMBER OF EMPLOYEES BY COUNTRY



A staff survey was conducted for the first time in 2010, which revealed that Miko group employees are generally satisfied with their job. To improve employee satisfaction even further, a series of action items were formulated at the time.

A new staff survey was organised in 2013, to gauge the degree to which the organisation has succeeded in implementing the action items and to determine whether any additional efforts are required in any areas.

It clearly emerged that employee satisfaction had improved significantly. Scores of 90% and higher were recorded in response to questions about general job satisfaction. Aspects for which lower scores were recorded, were subsequently discussed during departmental follow-up meetings, resulting in a series of resolutions. It is intended to carry out this exercise at regular intervals to achieve the highest possible employee participation.

Employment plans were formulated for those over the age of 45 with a view to responding to the challenge of keeping older employees in the workforce for longer. Sounding board groups were set up to that end, in which the employees concerned were able to make their ideas known and comment on this issue.

This resulted in a comprehensive analysis of the difficulties faced by older employees in the field of labour organisation, ergonomics, influx and mobility, education and training. A number of action items were linked to this, which are geared to result in this category of employees being able to continue to perform in a high-quality, motivated and healthy manner.

On the basis of the organisation's needs, the resolutions raised following the staff survey and the employment plans for those over the age of 45, a dossier relating to "people-oriented enterprise" was submitted to the European Social Fund. This dossier has been approved and will be launched in 2014.

3.5. Environment and safety

3.5.1. Environment

Miko Pac has been devoting greater attention to fire prevention in order to prevent incidents on our premises and in surrounding areas. To expedite intervention by the firefighting services in the event of an incident, the fire service intervention plan was elaborated further. Companies must also be prepared for an evacuation of their on-site employees in the event of fire. Correct training is essential to respond appropriately in an emergency situation. This year, specific attention was paid to evacuation in the event of fire by the employees working during the weekend and at night-time.

Exercises were conducted with regard to the actions that must be taken in the event of a false sprinkler alarm. In the event that a reach truck should collide with the sprinkler system, the sprinkler system will respond as though a real fire has occurred, and 10,000 litres of water per minute will spray out of the system at the site of the collision. So it is important for the employees on-site to respond rapidly and accurately.

Miko Pac's oldest extrusion line used an ionising source to measure film thickness. The decision was taken to remove this piece of equipment because the use of such a system involves a great deal of administration and cost. The new device for measuring film thickness operates on the basis of compressed air and is considerably more environmentally friendly and less expensive.

Households have become accustomed to sorting and recycling domestic waste. From July 2013, it also became mandatory for trade and industry to separate PMD (plastic bottles, metal packaging and drinks cartons) from their general waste. That is why collection points were set up for PMD waste at all sites.

3.5.2. Safety

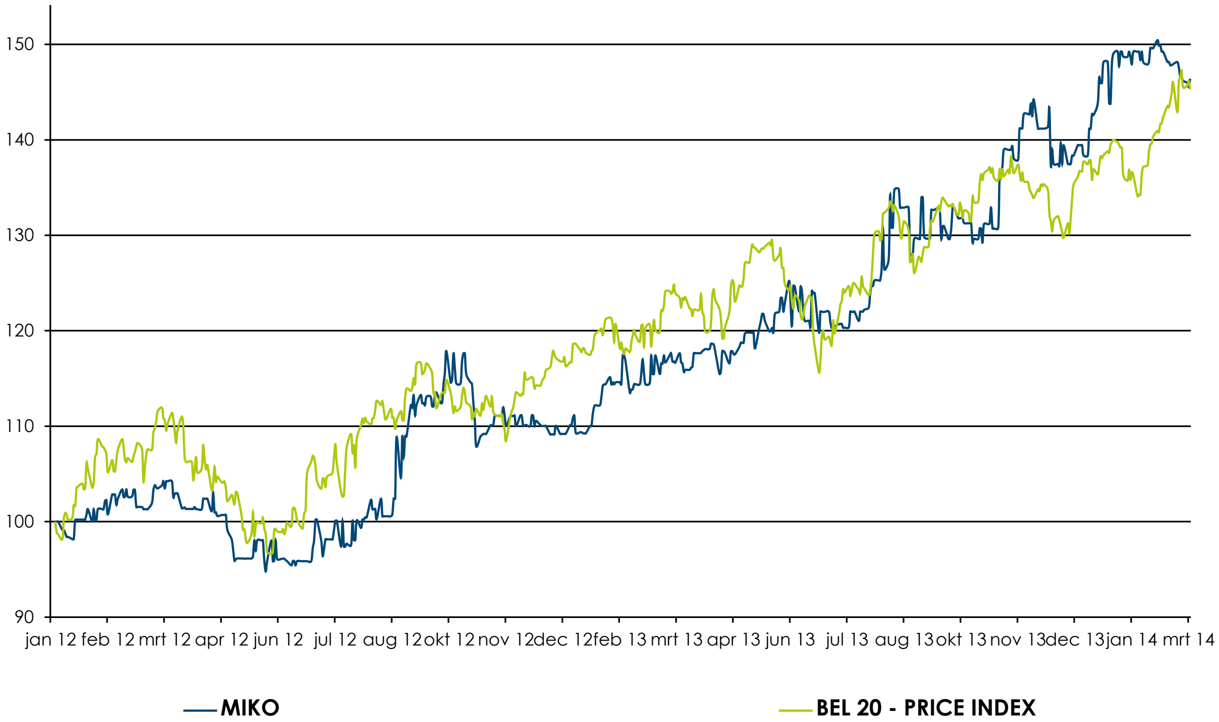
Regulations relating to driver proficiency have for some time contained a provision by which additional training about a specific topic is to be provided on an annual basis. In 2013, awareness was raised among truck drivers of the risks associated with their profession, road hazards and the impact on the environment. Attention was paid to the various types of industrial accidents in the transport sector and the consequences of accidents from a personal, material and financial perspective.

In order to improve the administration following industrial accidents, training sessions were organised focusing on the procedure associated with such an incident.

Additional training sessions were organised at Miko Pac focusing on the safety aspects of the automated warehouse. The automatic forklift trucks are fitted with proximity sensors that enable them to detect any individuals in the vicinity, but their mass means they cannot come to an immediate standstill. Only individuals with specialist training are permitted to enter the automatic zone.

A safe company is much more than just a safe industrial building. In the past the focus was mainly on technical safety, while less attention was paid to the safety skills of operators and supervisors. The services of the external accident prevention advisor were called upon in order to raise safety awareness even further. Safe behaviour requires individuals to have a considerable number of skills: having an eye for danger and assessing risks (anticipating situations instead of responding to them). Two employees in each team were trained to monitor safety behaviour on the work floor. Moreover, each team is expected to report at least two positive and two negative safety issues each month. The attention at Miko Koffie was on the safety of the reach truck movements. The proficiency certificates of the reach truck drivers and all the CE certificates of the reach trucks were updated.

3.6. Share price evolution



4. Corporate Governance declaration

4.1. Introduction

Miko's philosophy in the field of corporate governance is based upon the conviction that the emphasis must be upon entrepreneurship and performance within a sound framework of risk management.

No major changes were made to company policy in 2013 in the field of corporate governance.

Following the partial renewal of the Board of Directors, a female director was appointed for the first time since the company's stock-market flotation in 1998. This is a first step towards greater female representation on the Board of Directors, as prescribed by the Corporate Governance Code and the relevant legislation.

Following a comparative study of the situation at similar companies, the General Meeting resolved to raise the Board fees to a level in line with the market.

The coordinated articles of association, the group's Corporate Governance Charter and all annexes are available for consultation at the corporate area of the website, http://www.mikocoffee.com/miko-corporate-nl.html.

4.2. Declaration on the code applied with regard to sound management

The Miko group applies the Belgian Corporate Governance Code 2009. The Code may be freely consulted at http://www.corporategovernancecommittee.be/nl/home.

If, because of the specific situation of the company, there are deviations from the Code, these deviations will be further explained in this declaration and answered on the basis of the "comply or explain" principle.

4.3. Board of Directors

4.3.1. Composition

According to the articles of association the Board of Directors of Miko NV should comprise at least six directors. According to Section 2.3. of the Code at least half the members must be non-executive directors and at least three of them must be independent.

Composition of the Board of Directors:

NAME OF DIRECTOR	TYPE OF MANDATE	END OF MANDATE	ADDITIONAL INFORMATION
Frans Michielsen	Non-executive director	JV 2016	President of the Board of Directors
Frans Van Tilborg	Executive director	JV 2019	Managing Director and CEO of the Miko Group
Jan Michielsen	Executive director	JV 2016	Managing Director
Patrick Michielsen	Non-executive director	JV 2016	
SHMB NV, permanently represented by Stef Michielsen	Non-executive director	JV 2013	Until 28 May 2013
Bart Wauters	Non-executive director	JV 2019	From 28 May 2013
Franky Depickere	Independent director[1]	JV 2019	President of the Audit Committee
Flor Joosen	Independent director[1]	JV 2019	
Sabine Sagaert BVBA, permanently represented by Sabine Sagaert	Independent director[1]	JV 2019	From 28 May 2013
Mark Stulens	Independent director[1]	JV 2016	
CVD BVBA, permanently represented by Chris Van Doorslaer	Independent director[1]	JV 2019	President of the Appointments and Remuneration Committee

[1] Franky Depickere, Flor Joosen, Sabine Sagaert BVBA, Mark Stulens, and CVD BVBA satisfy the conditions set down in Section 526ter of the Belgian Companies Code and are thus independent directors.

Section 2.1. of the Corporate Governance Code stipulates that the composition of the Board of Directors must be based, amongst other things, upon gender diversity. Furthermore, the law of 28 July 2011 stipulates that as from 1 January 2019 at least one-third of the directors must be of a different sex than the other directors. The Board of Directors of the company currently comprises nine men and one woman. The company intends to take further steps, in case of any interim changes and at the latest on the occasion of the partial renewal of the Board in 2016, towards applying the statutory norm in full.

Section 4.6. of the Corporate Governance Code stipulates, amongst other things, that the duration of the mandate of the directors must be at most four years. The Miko group deviates from the Code on this point by appointing its directors for six years. This deviation can be justified by the desire not to repeat the appointment process, which for a small company with a limited Board of Directors requires a relatively large amount of effort, unnecessarily often. Furthermore, a longer mandate gives directors the opportunity to become thoroughly acquainted with the workings of the company so that they can carry out their directorship in the most effective manner possible. The Miko group achieves the aim of this stipulation of the Code in a different way, namely by setting the duration of the individual directorships such that around half of the mandates expire every three years.

The Secretary of the Board of Directors is Johan Vandervee.

4.3.2. Activities

The Board of Directors met seven times in 2013.

The interim sales and operating figures are provided to the directors in advance and discussed at the meetings. The Managing Directors explain the figures and the day-to-day operation of the group.

The following subjects were discussed at the meetings of the Board of Directors in 2013:

- adoption of 2012 annual accounts and proposal for profit distribution
- approval of 2012 annual report
- nomination of new directors
- benchmarking board fees
- new arrangement for management share options
- reappointment of President and Managing Directors
- discussion of investment projects
- discussion of acquisition opportunities
- current situation of Miko Café Service (France)
- evaluation of arms' length character of intercompany transactions
- discussion and approval of 2014 budgets and review of 2011-2015 strategy

The presidents of the advisory committees reported to the full Board of Directors after every meeting and made the necessary recommendations.

In 2013 there were no unusual transactions between the directors and Miko NV, nor were there any current accounts or securities from Miko NV to or for the benefit of these persons. There were no conflicts of interest in the sense of Sections 523 and 524 of the Belgian Companies Code.

From left to right: Sabine Sagaert, Frans Michielsen, Patrick Michielsen, Franky Depickere, Flor Joosen, Mark Stulens, Frans Van Tilborg, Chris Van Doorslaer, Jan Michielsen, Bart Wauters

4.3.3. Attendance

Name	Board Of Directors	Audit Committee	Appointments And Remuneration Committee
Frans Michielsen	7/7		
Frans Van Tilborg	7/7		
Jan Michielsen	7/7		
Patrick Michielsen	6/7	3/4	
SHMB NV, permanently represented by Stef Michielsen	1/2		
Bart Wauters	5/5		1/1
Franky Depickere	7/7	4/4	
Flor Joosen	6/7		3/3
Sabine Sagaert BVBA, permanently represented by Sabine Sagaert	2/5		
Mark Stulens	6/7	3/4	2/3
CVD BVBA, permanently represented by Chris Van Doorslaer	7/7		3/3

4.3.4. Advisory committees

a) Audit committee

Franky Depickere (president), Patrick Michielsen and Mark Stulens form the Audit Committee since the General Meeting on 28 May 2013.

Two of the three members are independent directors.

Franky Depickere has specific expertise in the field of accounting and audit. He is a graduate in commerce and financial sciences (HHS-UFSIA) and holds a master's degree in the financial management of companies (VLEKHO). He trained in International Wealth Management at the Swiss Banking School (University of Zurich). Since 2006 he has been president of the administrative board and the management committee of Cera and managing director of Cera and of KBC Ancora. He is also member of the Board of Directors and President of the Audit, Risk and Compliance committee of KBC Group.

The composition of the Audit Committee therefore satisfies both the requirements of Section 526bis of the Belgian Companies Code and the independence requirements in the Corporate Governance Code.

The Audit committee met four times in 2013.

The following subjects were discussed:

- discussion of the external auditor's audit plan
- auditor's report on the audit findings
- checking of the independence of the auditor
- discussion of risk management and internal control systems
- new arrangement for management share options
- discussion of comments by the auditor on the half-yearly figures
- assessment of arm's length character of intercompany loans
- appointment of an external expert within the framework of Section 524 of the Belgian Companies Code
- periodical analysis of the risk matrix

After evaluation, the Audit Committee judged that an internal audit function is not necessary.

On each occasion, the president of the Committee produced a report at the next meeting of the Board of Directors.

b) Appointments and Remuneration committee

Miko has opted to use the option to combine the Appointments Committee and the Remuneration Committee.

Since the General Meeting of 28 May 2013, the Appointments and Remuneration Committee comprises CVD BVBA, permanently represented by Chris Van Doorslaer (president), Flor Joosen, Mark Stulens and Bart Wauters.

Three of the four members are independent directors.

The composition of the Appointments and remuneration committee thereby satisfies both the requirements of Section 526quater of the Belgian Companies Code and the rules of Annexes D and E of the Corporate Governance Code.

The committee met three times in 2013.

The following subjects were discussed:

- benchmarking of the salary package of the CEO and executive management
- positive evaluation of Karl Hermans as a member of the Operating committee and proposal for his appointment as director of Miko Pac NV
- proposal to appoint Stijn Michielsen (export manager) as director of new subsidiary Kaffekompaniet (Sweden)
- benchmarking board fees and proposal to raise these from EUR 9,000 to EUR 13,000 (and EUR 15,000 for the President)
- discussion of the nomination of female directors
- discussion with prospective director Sabine Sagaert; investigation of complementarity with competencies already represented on the board, interest and motivation, vision of the tasks of the board, personality and way of working
- discussion of promotions, job expansions and salary increases for executives and staff positions in Belgium
- discussion of remuneration for international management

On each occasion, the president of the committee produced a report at the next meeting of the Board of Directors.

4.3.5. Evaluation

The company has set down, in the terms of reference of the Appointments and Remuneration Committee, the modus operandi for the evaluation of the managing body and the individual directors:

> "Every three years the committee evaluates:
>
> - whether every director is actually making a contribution to the activities of the Board of Directors (the members of the committee are evaluated by the Board of Directors in its entirety)
>
> - whether the scope and composition of the Board of Directors allows it to perform its duties properly and whether there is sufficient expertise within the Board of Directors in all fields required by the company
>
> The company issues a recommendation on this, giving reasons, to the Board of Directors.
>
> At least once a year the committee discusses the functioning and performance of the CEO. The CEO is not present at this discussion."

Separately from this, the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee periodically evaluate their own terms of reference. The advisory committees can make proposals for improvement to the Board of Directors.

4.4. Executive management

4.4.1. Operating committee

The Miko group does not have a Management Committee as provided for in the Belgian Companies Code.

The day-to-day management of the group is performed by the two Managing Directors. They are supported in their executive duties by the Operating Committee.

The Operating Committee closely follows the results of the activities of the companies, develops policy proposals, draws up the budgets and prepares the annual accounts.

The Operating Committee comprises (situation on 25 March 2014): Frans Van Tilborg (president), Jan Michielsen, Dirk Hermans, Karl Hermans, Marcel Lammerée, Joël Merens, Kristof Michielsen, Johan Vandervee and Wim Van Gemert.

The meetings of the Operating Committee are split up into monthly meetings, at which the main focus for discussion is the financial and operational results from the previous period, and weekly "mini operating committees", at which all subjects of an operational, technical, commercial, logistical, social, legal, fiscal or accounting nature that could impact the proper day-to-day operation of the group are discussed.

From left to right: Karl Hermans, Jan Michielsen, Wim Van Gemert, Frans Van Tilborg, Johan Vandervee, Kristof Michielsen, Marcel Lammerée, Joël Merens, Dirk Hermans

This modus operandi should mean, firstly, that rapid feedback can be obtained and that the members of the management are kept abreast of each other's activities and, secondly, that the efficiency of the meetings is increased.

There were no unusual transactions in 2013 between the members of the Operating Committee and Miko NV or one of the other companies of the Miko group, nor were there any current accounts or securities by Miko NV or one of the other companies of the Miko group to or for the benefit of these persons.

4.4.2. Management teams

The largest subsidiaries within the coffee and plastics sectors respectively each have their own management teams that meet regularly to discuss the day-to-day operation of their own organisation and the implementation of the decisions that are taken by the Operating Committee. The management teams also flag up difficulties, opportunities and challenges on the work floor to the Operating Committee.

The management team of Miko Pac NV comprises (situation on 25 March 2014): Jan Michielsen (president), Paul Cabanier, Wim De Ceuster, Karl Hermans, Life Jochems, Kristof Michielsen, Guy Van De Pol, Paul Van Miert, Patrick Van Zummeren, Gert Verstraelen and Katelijne Vos.

The management team of Miko Koffie NV comprises (situation on 25 March 2014): Stefaan Baeyens, Bart Laps, Frank Michielsen, Eric Vandenabeele, Johan Vandervee, Steven Van Oerle and Katelijne Vos.

The management team of Miko Coffee Service NV comprises (situation on 25 March 2014): Joël Merens (president), Marc Swinnen, Anje Vermeersch, Ilse Volckaert and Katelijne Vos.

4.4.3. Day-to-day leadership of the foreign subsidiaries

Situation on 25 March 2014:

Company	Country	Name
Coffee		
Miko Coffee Ltd	United Kingdom	Adrian Stagg
Miko Café Service SA	France	Jacques Grevet
Miko Kaffee GmbH.	Germany	Dirk Reisige
Miko Koffie Service BV	the Netherlands	Koen Van Zon
Miko Kava s.r.o.	Czech Republic	Pavlina Chvalinova
Miko Kava s.r.o.	Slovakia	Radko Reseta

Kaffekompaniet Din Pauspartner AB	Sweden	Anders Sjögren
ABC Mokka ApS	Denmark	Ryan Mejlstrup
Beverage Marketing Australia Ltd	Australia	Gary Newcome
Plastics		
Miko Pac Sp. z o.o.	Poland	Andrzej Olszewski
Miko-Hordijk Verpackungen GmbH.	Germany	Paul Van Miert [1]

[1] Hans Peters, who until then was responsible for the day-to-day operations of Miko Pac in Germany, retired in June 2013. His successor is Paul Van Miert, who has been in the service of Miko Pac since 2002.

4.5. Description of the internal control and risk management systems

4.5.1. General

In line with its mission the Miko group pursues a "sustainable enterprise" policy which adopts a long-term vision which considers our people as the most important factor for success.

In its normal course of business, the group is exposed to a large number of risks that can lead to objectives not being fully achieved, or not being achieved at all. The management of these risks is a key task of each member of the management team in his field.

To support management in this role, the group has set up a body of risk management and internal control systems. The set-up of these systems is based upon the principles of the COSO II model.

In what follows, the most important components of these systems and the most relevant risks are discussed in brief.

4.5.2. Control environment

The control environment is primarily governed by the company culture and management style. The harmonisation of the organisation structure, the willingness to take risk and the establishment of responsibilities must help to ensure that risks and risk management are dealt with consciously.

4.5.3. Sound management

In the framework of sound management the group has taken a number of measures that should help to ensure that the group sets and realises its objectives in a socially acceptable manner. For more information on this, see the rest of this Corporate Governance declaration.

4.5.4. Supervisory bodies

The Board of Directors supervises the proper functioning of the risk management and internal control systems activities via the Audit Committee. In doing so, the Audit Committee is supported by information provided by the external auditor on the one hand and by management on the other. Every six months the activities performed and their results are discussed with the Audit Committee.

4.5.5. Risk management within the Miko Group

To achieve a structured and systematic management of enterprise risks, the group has developed and introduced an approach and methodology based upon Enterprise Risk Management (ERM) since 2010.

a) Objective

It is the intention firstly to list, track and manage the risks to which the group is exposed and secondly to increase risk awareness, particularly amongst the leaders of the group. This attitude is to be gradually rolled out further to the rest of the organisation.

b) Process and methodology

The most important risks associated with the activities of the group are reflected in five categories:

- strategic risks such as customer and supplier risks, acquisitions and use of available resources
- operational risks, such as people and organisation, IT, production, expertise, capacity and fraud
- financial risks such as capital structure, financial markets (interest, raw materials, currency) and financial reporting
- legal risks, such as changing legislation, contracts and soft law
- external risks such as natural disasters, political situations, fire and acts of terror

To provide a consistent basis for allocating risk scores to the identified risks, scales have been developed for "probability" on the one hand and "impact" on the other. Based upon these two scales, a risk matrix is drawn up in which the risks are divided up according to their severity (high, medium and low).

The high risks are provided with a risk response; this is a plan to bring the risk score down to below the permissible tolerance limit. The medium and low risks are monitored further. All risks are included in a risk register and are discussed every three months by the Operating Committee.

c) Most important risks of the Miko group

- **Strategic risks**

Risks regarding prices on our raw materials markets
For both the coffee and the plastics division there is a danger that it will not be possible to pass rising raw materials prices on to the customer in full, or perhaps at all. It is not possible to resolve this in its entirety for the coffee sector, as Miko is not a market leader, is obliged to protect its market share and can only follow the market leaders. That is why it is essential to be well informed about what the competition is doing in the various markets and to respond quickly to this. In the plastics sector we try to include as many clients as possible in the so called "price hose" with automatic price adjustment every three or six months. Although this results in a delay in passing cost increases on, it does contain the risk within acceptable standards.

Risks regarding customers and suppliers
The economic climate causes an increased credit risk. The group limits this risk by the repeated screening of all important customers and suppliers, in combination with the application of credit limits.

- **Operational risks**

Risks regarding people and organisation
The sudden loss of people in key functions is a risk for the group. This is countered by keeping the individual job card – which describes the various duties of each staff member and indicates which person within the organisation can stand in as a replacement in the short term – up to date.

Risks regarding IT
IT system malfunctions can have serious consequences for the Miko Group. In order to protect the continuity of data processing, back-up systems have been installed.

- **Financial risks**

Risks regarding financial reporting
Incorrect reporting can impact the shares of the Miko Group. Since the group result is determined by the sum of the results from group companies, the group pays a great deal of attention to internal reporting. Annual forecasts are drawn up for each legal entity regarding expected result, expected cash flow and investment needs. Local management report monthly to the Operating Committee in Belgium; comparisons are made each time with the forecasts in the areas of results, cash position and realised investments. The foreign entities are regularly visited to check the data that they have supplied. The results delivered are presented and explained by the management at each meeting of the Board of Directors.

Currency risk
A limited number of transactions occur in a currency other than the Euro. This relates to transactions in PLN and GBP. Because this risk is small and has a low impact, the group does not cover it using derived financial products.

Liquidity and interest risk
The liquidity position of the group is tracked daily by management. Furthermore, this risk is sufficiently managed by the use of distributed financing sources. The external finance attracted is centrally managed and, as far as possible, concluded for a period that is the same as the duration of the project for which the financing is entered into.

- **Legal risks**

Risks associated with product liability
The Miko Group underwrites policies to insure against risks of product liability and recalls. Furthermore, extensive quality controls are performed on products destined for sale.

- **External risks**

Risks associated with fire, natural catastrophes etc.
The group underwrites insurance policies for these risks and also pays a great deal of attention to internal training regarding fire safety and prevention.

4.5.6. Control activities

a) Analyses by the executive management

Every month the results are compared with the budgets approved by the Board of Directors. In addition to the financial indicators, the situation regarding human resources and training is evaluated. Changing market situations, as well as new opportunities and threats, are discussed.

b) Data processing

In order to achieve coherent and transparent data processing throughout the entire organisation, the strategy of the Miko group is eventually to have all its sites working on the same IT platform.

c) Physical checks

Physical checks are made at regular intervals. For example, several stock control counts are performed throughout the year. Foreign entities are also visited several times to investigate whether the information provided by them tallies with the actual situation.

4.5.7. Information and communication

At each meeting requisite consideration is paid to reporting, plus the question of to whom this reporting must be provided. This ensures that the right information or the agreed action can flow through the group in an efficient manner. The group also uses large TV screens, not only to announce operational and financial data but also to disseminate the mission and values of the group.

4.5.8. Control

The Audit Committee of the Miko group conducts meetings with the executive management about financial reporting and investigates the degree to which the executive management fulfils the recommendations of the external auditor.

4.6. Remuneration report

4.6.1. Procedure for the development of a remuneration policy and for establishing the remuneration level

The company has set down, in the terms of reference of the Appointments and Remuneration Committee, the modus operandi for the development of a remuneration policy and the establishment of the remuneration level:

> "At the request of the Board of Directors or on its own initiative the committee formulates recommendations regarding the remuneration policy for directors. The committee prepares the proposals on this matter for presentation to the General Meeting.
>
> At the request of the Board of Directors or on its own initiative the committee formulates recommendations regarding the remuneration policy for the CEO. These recommendations relate to at least:
>
> - the main contractual provisions, including the most important features of the pension plans
> - severance packages
> - the main elements of the remuneration including:
>
> ° the relative importance of each component of the remuneration package
> ° the performance criteria for variable pay
> ° the benefits in kind
>
> The committee advises the CEO regarding the remuneration policy for the members of the Operating committee (with the exception of the CEO himself) and the persons who are charged with the general day-to-day leadership of the subsidiaries. These recommendations relate at least to:
>
> - the main contractual provisions, including the most important features of the pension plans
> - severance packages
> - the main elements of the remuneration including:

° the relative importance of each component of the remuneration package
° the performance criteria for variable pay
° the benefits in kind

The committee makes recommendations regarding the individual remuneration of the CEO, the members of the Operating committee and the persons who are charged with the general day-to-day leadership of the foreign subsidiaries, including bonuses and long-term incentives, whether or not these are related to the shares of the company (for example options)."

4.6.2. Remuneration policy during financial year 2013

The company strives to attract, motivate and retain competent leaders via the remuneration policy, by observing a good balance between fixed remuneration and incentives (performance-related pay, share options and pension plans).

After a comparative study of board fees at similar companies revealed that the current remuneration was relatively low, and because this proved to be an obstacle to recruiting suitable new directors, a proposal was made to the General Meeting on the recommendation of the Appointments and Remuneration Committee to raise the annual board fees from EUR 9,000 to EUR 13,000, and to grant an additional fee of EUR 2,000 per year to the President of the Board of Directors.

This proposal was approved by the General Meeting.

No other significant changes were made to the remuneration policy during this reporting period.

4.6.3. Remuneration of directors

Each director received a fixed fee of EUR 3,750 for the period from January to May 2013. They each received a fixed fee of EUR 7,583 for the period from June to December 2013. The President received a fixed fee of EUR 8,750 for the second period. This was effected following a resolution by the General Meeting (cf. 4.6.2.).

Section 7.6. of the Corporate Governance Code stipulates that the remuneration of non-executive directors should take into account their specific roles, responsibilities and time allocation. In view of the fact that in the opinion of the Appointments and Remuneration Committee the efforts undertaken by all directors are roughly equivalent, with the exception of those by the President, the company does not apply any differentiated remuneration, except for the President.

The non-executive directors did not receive any performance-related pay or other benefits. The President of the Board of Directors is still in possession of a number of share options that were assigned to him during his mandate as Managing Director and CEO.

4.6.4. Remuneration of the CEO

The CEO of the Miko Group, Frans Van Tilborg, has an independent statute.

The CEO's remuneration package is determined on the basis of benchmarking. The total gross remuneration before social security contributions and taxes, including the benefits of all kinds, amounted to EUR 333,327.41 in 2013. This amount comprised a fixed component of EUR 199,890.36, a variable component of EUR 43,628.71, pension contributions and invalidity insurance of EUR 77,619.34 and benefits in kind (car, mobile phone, internet connection, share options) to the value of EUR 12,189.

The variable pay is less than a quarter of the total remuneration, meaning that the spreading rule, as set down in Section 520ter of the Belgian Companies Code, does not apply.

Disbursement of annual variable pay depends on whether the objectives set forth in the budgets for the previous financial year, as approved by the Board of Directors, were realised, half of which in the field of EBITDA and half of which in respect of the result after tax.

There is no recovery right for variable remuneration that would be allocated on the basis of incorrect financial data.

In the event that the mandate is terminated on the initiative of the company, the agreement with the CEO provides for the payment of a termination fee equivalent to 4 months' salary per period of 5 years' Miko Group service, up to a maximum of 18 months' salary. Such termination pay was already provided for in the independent collaborative agreement with Frans Van Tilborg before his appointment as CEO.

4.6.5. Remuneration of the executive management

The members of the Operating Committee, with the exception of Marcel Lammerée, have an independent statute.

The remuneration package of the members of the Operating Committee is determined on the basis of benchmarking. Together they received a gross payment of EUR 1,404,764.41 in 2013. This amount was made up of a fixed component of EUR 840,606.45, a variable component of EUR 139,481.12, pension contributions and invalidity insurance of EUR 319,724.53 and benefits in kind to the value of EUR 104,952.31.

Disbursement of annual variable pay depends on whether the objectives set forth in the budgets for the previous financial year, as approved by the Board of Directors, were realised, half of which in the field of EBITDA and half of which in respect of the result after tax.

There is no recovery right for variable remuneration that would be allocated on the basis of incorrect financial data.

In the event that the mandate is terminated on the initiative of the company, the agreements with the members of the Operating Committee, with the exception of Marcel Lammerée, provide for the payment of a termination fee equivalent to 4 months' salary per period of 5 years' service, up to a maximum of 18 months' salary. For each of those involved, the inclusion of such a termination fee in the agreement was a necessary prerequisite for the acceptance of his duties.

4.6.6. Share options

The members of the Operating Committee may register for the Miko group share options plan.

The plan aims firstly to strengthen the bond between the beneficiaries and the shareholders and secondly to create a bond between them and the growth of the Miko Group in the longer term.

The options can be exercised at the earliest after three years and, at the beneficiary's choice, at the latest five years or at the latest ten years after their allocation.

A new arrangement for exercising the options was introduced in 2013. The beneficiary is granted the right to borrow shares from a financial institution and to sell them to the company at the current share price, after which the company resells them to the beneficiary at the option price. Finally the borrowed shares are returned to the financial institution.

As before, the difference between the option price and the current share price is profit for the beneficiary, so that the new arrangement has no financial impact, neither for the company and nor for the beneficiaries.

The advantage of this new arrangement is that the company is not required to maintain a reserve of treasury shares, but can nevertheless always immediately honour a request to exercise share options, in spite of the relatively limited liquidity of the share.

The following share options were exercised in the 2013 financial year:

Year granted	2004	2005	2006	2007	2009	2009
Exercise period	2008-2014	2009-2015	2010-2016	2011-2017	2013-2014	2013-2014
Exercise price	€38.00	€47.00	€56.00	€56.00	€38.50	€43.20
Frans Michielsen[1]					1,000	1,000
Frans Van Tilborg		250			1,000	1,000
Jan Michielsen			500	500	1,000	500
Dirk Hermans	250	500			1,000	
Karl Hermans						
Marcel Lammeree					1,000	1,000
Joël Merens				1,000	1,000	1,000
Kristof Michielsen			250	1,000	1,000	1,000
Wim Van Gemert					250	250
Johan Vandervee			500	250	1,000	1,000

[1] This relates to share options that were granted during Frans Michielsen's mandate as CEO.

No new share options were granted in the 2013 financial year. And no share options expired during this period.

4.7. Capital and share ownership

4.7.1. General

The capital of Miko NV is divided into 1,242,000 shares without nominal value. The capital is fully paid up.

The articles of association do not contain restrictions regarding the transfer of shares.

The company has not issued any dividend-right shares, bonds, convertible debt securities or warrants.

In accordance with Section 461 of the Belgian Companies Code, Article 10 of the articles of association grants the Board of Directors the right to suspend the exercise of the rights associated with a share if the share belongs to several owners, until one person is indicated as a shareholder in relation to the company.

Otherwise, there are no statutory restrictions on the exercise of the voting right. For the rules with regard to the exercise of the voting right, see also point 4.7.8.

No important changes were made to the shareholder structure of Miko NV in 2013.

4.7.2. Main shareholder

The main shareholder of the company is still the Michielsen family, who began roasting and selling coffee in 1801. After the stock-market flotation in 1998 the Michielsen family retained possession of 55% of shares.

These shares are held in OKIM, a Stichting Administratiekantoor (Trust Office Foundation) under Dutch law, and Imko Holding, an NV (public limited company) under Belgian law.

On the balance sheet date the Stichting and Imko Holding together held 687,000 shares or 55.31% of the total, of which 403,710 shares or 32.50% were owned by the Stichting and 283,290 shares or 22.81% were owned by Imko Holding.

The certificate holders of STAK OKIM, i.e. the members of the Michielsen family, should be regarded as the ultimate beneficiary owners.

By virtue of an agreement with the Stichting and Imko Holding the company pays the management and operating costs of the Stichting. Furthermore, the company provides accounting services for Imko Holding. The costs associated with this are approx. EUR 5,000 per year. In view of the minor importance of this agreement in relation to the net asset value of the company, Section 524 of the Belgian Companies Code is not applicable.

The company has entered into a loan agreement with Imko Holding. The total amount borrowed as of the balance sheet date is EUR 1,875,000. Before deciding about the extension of this loan agreement the procedure set out in the provisions of Section 524 of the Belgian Companies Code was applied.

The resolution by the committee comprising three independent directors read as follows:

> "The committee believes that it is justifiable on the basis of the interests of the company to enter into the loan agreement with Imko Holding NV on the proposed conditions, that this decisions does not appear to be unlawful and that this will not disadvantage the company or has not disadvantaged it."

Extract from the minutes of the Board meeting on 25 March 2014:

> "The Board determines that a transaction was proposed that is subject to the operation of Section 524 of the Belgian Companies Code (extension of the loan agreement with Imko Holding NV). The Board determines that the procedure referred to in that Section of the law was observed. The Board takes cognizance of the report comprising three independent directors and approves the action in accordance with the decision of that report."

Auditor's conclusion:

> "(The auditor confirms) that, with regard to the proposed extension of the loan agreement between the company and Imko Holding NV, the data indicated in the recommendation by the committee of three independent directors and in the minutes of the Board meeting, are a faithful representation of the facts."

4.7.3. Transparency notifications

In accordance with Section 6 onwards of the Act of 2 May 2007 on the publication of important participations in issuers of which the shares are permitted in the regulated market, and in accordance with Article 8 of the articles of association, every shareholder whose participation exceeds or falls below the threshold value of 3% (37,260 shares), 5% (62,000 shares), or a multiple of 5%, is obliged to provide notification of this to the company and to the FSMA.

The company received no such notifications in 2013.

4.7.4. Shareholder structure

Situation on 31 December 2013 as known to the company:

Shareholder	Number Of Shares	Percentage Of Shares
Stichting Administratiekantoor OKIM	403,710	32.50%
Imko Holding NV	283,290	22.81%
De Wilg Comm.V.	53,361	4.30%
Public	501,639	40.39%
TOTAL	**1,242,000**	**100%**

4.7.5. Rules for the appointment and replacement of the directors

The General Meeting is authorised to appoint, dismiss and replace the directors.

In accordance with Article 14 of the articles of association, Stichting Administratiekantoor OKIM has an exclusive right to propose candidates for the majority of the directorships, as long as it directly or indirectly owns 25.1% of the shares of the company.

In practice the appointment of new directors is regulated by the terms of reference of the Appointments and Remuneration Committee.

> "The committee recommends suitable candidates for available directorships to the Board of Directors. The procedure described in Article 4 is reproduced here.
>
> The committee recommends suitable candidates for the positions of Managing Director and CEO to the Board of Directors.
>
> (...)
>
> Reasons are given for all recommendations, candidates and nominations.
>
> (...)
>
> The President of the Board of Directors or another non-executive director leads the appointments process.
>
> Prior to each new appointment to the Board of Directors, the committee evaluates the skills, knowledge and experience that are already present in the Board of Directors and those that are required. On the basis of this evaluation the committee draws up a profile that describes the required role, skills, experience and knowledge of the new director.
>
> The committee searches for the mandates of independent director candidates that satisfy the profile. The committee checks whether the candidates put forward by the Stichting satisfy the profile.
>
> The candidates are heard by the committee during an interview.
>
> When they put themselves forward as candidates, non-executive directors are made aware of the scope of their duties, and in particular the time that they must devote to the performance of their duties. The non-executive directors ensure that they have sufficient time to perform the duties that are expected of them.
>
> The committee recommends one or more suitable candidates to the Board of Directors. Reasons are given for this recommendation.
>
> The President of the Board of Directors ensures that the Board of Directors has sufficient information about the candidates, such as curriculum vitae, the assessment by the committee based upon the interview of the candidates, a list of functions that the candidate already fulfils and any other information necessary to evaluate the independence of the candidates.

> The Board of Directors presents a proposal to the General Meeting for the appointment or reappointment.
>
> Prior to the appointment by the General Meeting the Board of Directors notifies the works council that the candidates are being put forward as independent directors.
>
> The annual report provides summarised information about the professional qualities of newly appointed directors."

The directors can be dismissed by the General Meeting at any time.

Since the extraordinary General Meeting of 22 May 2012, a provision has been provided for in the articles of association that the mandate of a director who reaches the age of seventy shall end ipso jure at the next General Meeting.

4.7.6. Rules for amendments to the articles of association

The articles of association do not contain any special rules with regard to amendment thereof.

The statutory rules as set down in Section 558 onwards of the Belgian Companies Code shall apply, which means that the General Meeting is authorised to amend the articles of association on condition that at least half of the share capital is represented and the proposed amendment gains at least three quarters of the votes cast. If the proposal includes an amendment to the object of the company, a majority of four fifths of the votes cast is required.

4.7.7. Authorities of the Board of Directors with regard to capital

The following decision was made at the General Meeting of 12 May 2010:

> "The meeting resolves to approve the extension of the authorisation granted to the Board of Directors to proceed to the acquisition of own shares in accordance with Section 620 I 1 fifth paragraph of the Belgian Companies Code for a period of five years. This authorisation gives the Board of Directors the option of proceeding to acquire own shares up to a maximum of 20 percent of the capital without a prior decision by the General Meeting. The purchase or exchange can occur at a price equal to at least 85 percent and at most one hundred and 15 percent of the latest closing price at which these shares were listed in Eurolist by Euronext Brussels on the day prior to the purchase or exchange. This authorisation applies for a period of five years from the announcement of the above-mentioned decision in the Annex to the Belgian Official Gazette and can be renewed in accordance with Section 620 onwards of the Belgian Companies Code."

This decision was published in the Belgian Official Gazette of 8 June 2010.

Article 6bis of the articles of association, as inserted into the decision of the extraordinary General Meeting of 22 May 2012, reads as follows:

> "Permitted capital. – The Board of Directors is authorised to increase the share capital, once or several times, by an amount equal to the share capital, or to issue convertible debt securities or warrants under the same conditions. This authority may also be used for capital increases or issues of convertible debt securities or warrants for which the pre-emptive right of the shareholders is limited or excluded, capital increases or issues of convertible debt securities for which the pre-emptive right of the shareholders is limited or excluded to the benefit of one or more specified persons, other than staff members of the company or of its subsidiaries, and capital increases that occur by the incorporation of reserves."

The following decision was made at the extraordinary General Meeting of 22 May 2012:

> "In deviation from Section 607, first paragraph, of the Belgian Companies Code, the General Meeting authorises the Board of Directors to increase the capital by investments in kind or in cash with restriction or discontinuance of the pre-emptive right for shareholders, and to issue voting securities that may or may not represent the capital or securities that confer the right to register or obtain such securities, even if the said securities or rights are not offered preferentially to the shareholders in proportion to the capital represented by their shares, but on the condition that the shares issued on the basis of the capital increase are fully paid up from the time of their issue, that the issue price of the shares issued on the basis of the capital increase is no less than the price of the offer, and that the number of shares issued on the basis of the capital increase is no more than one-tenth of the shares issued for the capital increase that represent the capital. This authorisation is valid for a period of three years."

This decision was published in the Belgian Official Gazette of 12 June 2012.

The Board of Directors did not make use of these authorisations in 2013, with the exception of the acquisition of small numbers of own shares with a view to the exercise of share options that were allocated to the members of the executive management.

The company no longer had any treasury shares in its possession on the balance sheet date.

4.7.8. Rules for participation in the General Meeting

Each shareholder has the right to attend the General Meeting and to cast his vote. Each share confers the right to one vote.

In order to participate in the General Meeting the shareholder must have his shares registered on the registration date. The registration date is the fourteenth day prior to the date of the General Meeting at 24:00 Belgian time. Registration is performed by registering the shares in the company's register of shares (for nominative shares), by placing the shares on a securities trading account (for dematerialised shares) or by presenting the shares to the financial institution (for bearer shares).
In the case of dematerialised shares and bearer shares, the shareholder will obtain a certificate from his financial institution to demonstrate how many shares he had on the registration date.

Furthermore, the shareholder should notify the company, by the sixth day before the date of the General Meeting at the latest, that he wants to participate in the General Meeting. This notification can be sent to e-mail address av@miko.be or by regular mail.

In line with the relevant legal requirements, shareholders can address written questions to the directors and the auditor, or append additional points to the agenda. The articles of association do not stipulate any rules that deviate from the statutory provisions in this context.

The shareholder can appoint a proxy to attend the General Meeting and vote on his behalf. A proxy form is available on the company's website. The completed form must be delivered to the company, by the sixth day before the date of the General Meeting at the latest, via e-mail address av@miko.be or by regular mail.

5. Auditor

At the General Meeting of 28 May 2013, BCVBA PricewaterhouseCoopers Bedrijfsrevisoren, with its registered offices at 1932 Sint-Stevens-Woluwe, Woluwe Garden, Woluwedal 18, permanently represented by Filip Lozie, was reappointed as auditor. The mandate runs until the annual meeting of 2016.

A fee of EUR 8,200 was paid to the auditor for scrutinising the annual accounts of Miko NV.

A total fee of EUR 111,438 was paid to the auditor for scrutinising the annual accounts of the various subsidiaries.

Furthermore, an amount of EUR 1,940 was paid to companies with which the auditor has a professional working relationship for other services by all companies of the group.

Miko NV has given a guarantee to the following entities permitting them to use the exemption to have their annual financial reports audited as approved under Sections 479A and 479C of the Companies Act 2006 in the United Kingdom.

- Miko Coffee Ltd
- Miko Coffee South West Ltd
- Cornish Coffee Company Ltd
- Espresso Adesso Ltd

6. Important events after the end of the financial year

No important events occurred after the end of the 2013 financial year.

7. Research and development

The Miko group spent the amount of approx. EUR 1 million on research and development in 2013. This related primarily to cost of developing new moulds in the plastics sector.

8. Branches

The company has no branches.

9. Valuation rules

The Board of Directors confirms that the valuation rules that were included in the explanation of the annual accounts are correct and well-founded. In the current circumstances the company will presumably continue to make a profit on the basis the existing relevant factors, which means that the continuity of the company is guaranteed.

10. Financial instruments

The company does not use any financial instruments to a degree that is significant for the evaluation of its assets, liabilities, financial position and results.

11. Information stipulated by Section 34 KB 14 November 2007

11.1. Capital structure

There are no different categories of shares. For more information and for the shareholder structure, see point 4.7 of this report.

11.2. Transfer restrictions

The articles of association contain no restrictions regarding the transfer of shares.

11.3. Special control rights

In accordance with Article 14 of the articles of association, Stichting Administratiekantoor OKIM has an exclusive right to propose candidates for the majority of the directorships, as long as it directly or indirectly owns 25.1% of the shares of the company. See also point 4.7.5 of this report.

Otherwise, no special control rights are attached to the securities.

11.4. Employee share plan

There are no employee share plans for which the control rights are not directly exercised by the employees.

11.5. Restrictions on the voting right

In accordance with Section 461 of the Belgian Companies Code, Article 10 of the articles of association grants the Board of Directors the right to suspend the exercise of the rights associated with a share if the share belongs to multiple owners, until one person is indicated as a shareholder in relation to the company.

Otherwise, there are no statutory restrictions on the exercise of the voting right. For the rules regarding the exercise of the voting right see point 4.7.8. of this report.

11.6. Shareholders' agreements

Insofar as is known to the company, there are no shareholders' agreements that could restrict the transfer of securities or the exercise of the voting right.

11.7. Rules for the appointment of directors and changes to the statutes

For the appointment and replacement of directors: see point 4.7.5 of this report.

Amendments to the articles of association shall be subject to Belgian Companies Code.

11.8. Authorities of the managing body

In general, the Board of Directors has the duties and authorities assigned to it by the Belgian Companies Code.

In the articles of association and by various decisions of the General Meeting, extensive authorities are assigned to the Board of Directors regarding purchasing own shares and increasing the capital. See point 4.7.7 of this report for more information.

11.9. Contractual provisions regarding control changes

Insofar as the company is party to agreements that enter into effect, undergo changes or expire in the event of a change in control after a public takeover bid, the Board of Directors is of the opinion that these agreements are either of subordinate importance or of such a nature that their publication would seriously damage the company.

11.10. Compensation in the event of redundancies following a public takeover bid

No agreements have been concluded between the company and its subsidiaries, on the one hand, and the directors or employees of the company or its subsidiaries on the other, that provide for specific compensation if, following a public takeover bid, the directors resign or have to be made redundant without valid reason or if employees have their employment contracts terminated.

The normal rules for the termination of the directors' contracts or employment contracts will be applicable in the case described above. See also points 4.6.4 and 4.6.5 of this report.

12. Proposal for allocation of results

Statutory result 2013	EUR 1,025,241.52
Transferred result 2012	EUR 617.30
Withdrawal from available reserves	EUR 415,000.00
Remuneration of the capital	EUR 1,440,720.00
Gross dividend per share	EUR 1.16
Net dividend per share	EUR 0.87
Balance to be transferred	EUR 138.82

13. Conclusion

We ask the General Meeting to approve this annual report and the annual accounts for the financial year 2013 and to grant a discharge to the directors and the auditor.

Drawn up in Turnhout on 25 March 2014.

On behalf of the Board of Directors,

Jan Michielsen
Managing Director

Frans Van Tilborg
Managing Director
CEO

Frans Michielsen
President

Miko NV
Steenweg op Mol 177
2300 Turnhout
Reg. n° 0404.175.739
RPR Turnhout

Consolidated financial statements (IFRS)

1. General information

Miko NV and its subsidiaries (together "the Miko group") produce and distribute coffee and plastic products for the professional user. The production facilities are located in Belgium and Poland, and the products are distributed mainly in Europe.

The registered office of Miko NV is located at Steenweg op Mol 177, 2300 Turnhout (Belgium). The group employed 758 persons as of 31 December 2013, compared to 700 persons at the end of last year.

The results were made public on 28 March 2014, after approval by the Board of Directors on 25 March 2014. The financial statements will be made available to the shareholders on 21 April 2014.

The results as well as the dividend will be final after approval by the ordinary general meeting of Miko NV, which will be held on 27 May 2014.

The shares of Miko NV are listed on Euronext Brussels.

2. Consolidated income statement according to IFRS (KEUR)

	Notes	2013 (KEUR)			2012 (KEUR)		
Revenue				**148.825**			**138.469**
Revenue from the sale of goods		144.351			134.468		
Revenue from leasing		4.226			3.682		
Proceeds from sale of non-current assets		248			319		
Other operating income	8.1		3.291			2.724	
Raw materials & consumables	8.2	77.325			73.077		
Employee benefit expense	8.3	33.725			30.692		
Depreciation and amortisation	9.1-9.2	8.872			7.820		
Other operating expenses	8.1	22.287			20.822		
Total costs			-142.208			-132.411	
Profit before interests and tax (EBIT)				**9.909**			**8.782**
Net financial result			-697			-618	
Financial income	8.4	282			322		
Financial costs	8.4	-979			-940		
Profit before tax				**9.211**			**8.164**
Income tax expense	8.5		1.919			1.685	
Profit of the year				**7.293**			**6.479**
Attributable to non-controlling interests				172			60
Attributable to owners of Miko				**7.121**			**6.419**
Basic earnings per share, attributable to owners of Miko (in euro)	9.15			5,73			5,17
Diluted earnings per share, attributable to owners of Miko (in euro)	9.15			5,71			5,16

The notes included as sections 6 to 10 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income:

	2013 (KEUR)		2012 (KEUR)	
Profit of the year		7.293		6.479
Currency translation differences	-463		1.022	
Other items of comprehensive income for the year	-18		0	
Total comprehensive income		**6.812**		**7.501**
Attributable to shareholders of Miko	6.635		7.443	
Attributable to non-controlling interests	177		58	

3. Consolidated balance sheet according to IFRS (KEUR)

	Notes	2013 (KEUR)		2012 (KEUR)	
ASSETS					
Non-current assets					
Property, plant & equipment	9.1	41.868		35.624	
Intangible assets	9.2	16.214		4.928	
Deferred income tax assets	9.11	581		552	
Trade and other receivables	9.3	375		291	
Total non-current assets			**59.038**		**41.395**
Current assets					
Inventories	9.4	21.311		21.323	
Trade and other receivables	9.5	27.551		26.738	
Cash and cash equivalents	9.6	10.162		12.090	
Total current assets			**59.024**		**60.151**
Total assets			**118.062**		**101.546**
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		5.065		5.065	
Reserves and retained earnings		61.543		58.215	
Currency translation differences		-86		376	
Total equity attributable to equity holders of Miko		66.522		63.657	
Non-controlling interests		787		439	
Total equity			**67.309**		**64.095**
Non-current liabilities					
Borrowings	9.8	16.659		9.148	
Post-employment benefits	9.10	634		476	
Deferred income tax liabilities	9.12	3.870		3.197	
Trade and other payables	9.9	794		944	
Provisions for other liabilities and charges	9.10	508		56	
Total non-current liabilities			**22.464**		**13.821**
Current liabilities					
Borrowings	9.8	9.271		6.879	
Taxes and social security charges	9.9	5.271		3.325	
Trade and other payables	9.9	13.747		13.426	
Total current liabilities			**28.289**		**23.630**
Total equity and liabilities			**118.062**		**101.546**

The notes included as sections 6 to 10 are an integral part of these consolidated financial statements.

4. Consolidated statement of changes in equity (KEUR)

	Share capital	Reserves [1] & retained earnings	Currency translation differences	Non-controlling interests	Total
Balance as at 01/01/2012	**5.065**	**52.877**	**-648**	**426**	**57.720**
Profit for the year		6.419		60	6.479
Other comprehensive income			1.024	-2	1.022
Subtotal	5.065	59.296	376	484	65.221
Share-based payments		111			111
Purchase of treasury shares					0
Other					0
Dividends relating to 2011		-1.192		-45	-1.237
Changes in non-controlling interests					
Balance at 31/12/2012	**5.065**	**58.215**	**376**	**439**	**64.095**
Profit for the year		7.121		172	7.262
Other comprehensive income		-23	-463	5	-481
Subtotal	5.065	65.313	-86	616	70.908
Share-based payments		-352			-352
Purchase of treasury shares					0
Other		-1.893			-1.893
Dividends relating to 2012		-1.317		-60	-1.377
Changes in non-controlling interests		-207		232	24
Balance at 31/12/2013	**5.065**	**61.543**	**-86**	**787**	**67.309**

[1] The reserves contain amounts not available for distribution in the amount of 1.973 KEUR in 2013 (1,713 KEUR in 2012).

5. Consolidated statement of cash flows

	Notes	2013 (KEUR)		2012 (KEUR)	
Cash flows from operating activities					
Profit before interests and tax (EBIT)	2	9.909		8.782	
Income tax paid	2	-1.919		-1.685	
Non-cash transactions					
Depreciations, amortisations and impairment	9.1-9.2	8.872		7.820	
Other non-cash transactions		652		379	
Changes in working capital					
(Increase)/decrease in non-current trade and other receivables	9.3	- 84		297	
(Increase)/decrease in inventories	8.2	12		-934	
(Increase)/decrease in current trade and other receivables	9.5	- 813		-2.904	
Increase/(decrease) in taxes and social charges payable	9.9	1.946		-200	
Increase/(decrease) in non-current trade and other payables	9.9	-151		-162	
Increase/(decrease) in current trade and other payables	9.9	321		268	
Net cash generated from operating activities			**18.745**		**11.661**
Cash flows from investing activities					
Purchases of intangible assets	9.2	-12.947		-20	
Purchases of property, plant & equipment	9.1	-14.290		-10.609	
Proceeds from sale of non-current assets	9.1-9.2	778		4.010	
Others	9.1-9.2	-80		0	
Net cash used in investing activities			**-26.539**		**-6.619**
Cash flows from financing activities					
Purchase of treasury shares	4	0		0	
Dividends paid	4	-1.377		-1.237	
Other	4	7		-3	
Proceeds from borrowings	9.8	11.250		2.950	
Repayment of borrowings	9.8	-3.201		-3.437	
Interests	8.4	-697		-618	
Net cash used in financing activities			**5.982**		**-2.345**
Currency translation differences			-77		333
Net (decrease)/increase in cash and cash equivalents			**-1.889**		**3.030**

The notes included as sections 6 to 10 are an integral part of these consolidated financial statements.

Cash and cash equivalents at beginning of year	9.6		**11.280**		**8.250**
Cash flows from operating activities		18.745		11.661	
Cash flows from investing activities		-26.539		-6.619	
Cash flows from financing activities		5.982		-2.345	
Currency translation differences		-77		333	
Cash and cash equivalents at end of year	9.6		**9.391**		**11.280**

6. Accounting policies

6.1. General

These consolidated financial statements of Miko NV on 31 December 2013 have been prepared in accordance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations ("International Financial Reporting Committee"), issued and effective or early adopted on 31 December 2013. These standards and interpretations, as adopted by the European Union, are equivalent to the standards and interpretations issued by the IASB ("International Accounting Standards Board") effective on 31 December 2013, except for elements of IAS 39 not adopted by the European Union; however, these are not applicable to the Miko group.

There are no standards, amendments to standards and interpretations that have become effective for the first time in 2013 and that are relevant for the Miko group.

The following standards, amendments to standards and interpretations that apply as from 2013 are considered relevant for the Miko Group:

- IFRS 13 "Fair Value Measurement"
- IAS 19 (revised 2011) "Employee Benefits" (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011)
- Amendments to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
- Amendments to IAS 1 "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income"
- Amendments to IAS 12 "Income Taxes – Deferred Tax: Recovery of Underlying Assets"

The following standards, amendments to standards and interpretations are mandatory for accounting years beginning on or after 1 January 2013, but are not relevant for the Miko Group and its operations:

- Amendments to IFRS 1 "First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"
- Amendments to IFRS 1 "First Time Adoption of International Financial Reporting Standards – Government Loans"
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

6.2. Consolidation principles

The consolidated financial statements contain the financial data of Miko NV and its subsidiaries. The list of subsidiaries is included under section 9.16.

Subsidiaries are entities which are controlled by the parent company. "Control" exists when Miko has the power to govern the financial and operating policies in order to obtain benefits from its activities. Miko considers "control" to exist even if the group has less than 50% of the voting rights, but is able to govern the financial and operating policies by virtue of *de facto* control. *De facto* control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of voting rights of other shareholders give the group the power to govern the financial and operating policies.

Holdings in subsidiaries are consolidated as from the day on which control is transferred to Miko and are de-consolidated as from the date control by Miko ceases. Intercompany balances and transactions and unrealised gains or losses between group companies are eliminated. If necessary, accounting policies of group companies are changed in order to ensure consistency with the policies adopted by the group.

6.3. Use of estimates

In order to prepare the financial statements in accordance with IFRS, management is required to make a number of estimates and assumptions, which have an impact on the amounts recognised in the financial statements.

The estimates made on each reporting date reflect the existing conditions on that date (for example interest rates and foreign exchange rates). Although these estimates are made by management with maximum knowledge of current events and of the actions the group may undertake, actual results may deviate from these estimates.

The most important estimates which entail a risk of adjustment to the carrying amounts of assets and liabilities within the next financial year are made when conducting goodwill impairment tests. These estimates require the application of assumptions and parameters such as future revenues and discount rates.

The board of directors is of the opinion that there is a reasonable basis for the assumptions, expectations and forecasts and that as a consequence, the valuation of assets and liabilities on 31 December 2013 is not significantly affected by these assumptions and parameters.

6.4. Exchange rates and foreign currency translation

The group's presentation currency is the euro. Transactions in foreign currencies are translated to the euro using the exchange rate of the transaction date.

The translation differences in equity result from the conversion of foreign activities, where the entire balance sheet is translated at the closing rate and the income statement at the average rate. This applies to all entities that have a functional currency different from the euro.

Translation differences which result from a monetary item which is part of the net investment of the reporting entity in a foreign subsidiary are recognised in the income statement of the statutory financial statements of the reporting entity or in the financial statements of the foreign entity. In the consolidated financial statements, these translation differences, which are initially recognised as non-realised results, are re-classified into equity. They are re-classified from equity into the profit and loss statement upon disposal of the net investment.

All other translation differences, along which the conversion of monetary assets and liabilities, are recognised in the income statement at the closing rate at the end of the reporting period.

The following exchange rates have been used for the conversion of entities with a presentation currency other than the euro:

	2013		2012	
	Average rate	Closing rate	Average rate	Closing rate
GBP	1,1774	1,1995	1,2332	1,2253
PLN	0,2382	0,2407	0,2388	0,2455
CZK	0,0385	0,0365	0,0398	0,0398
DKK	0,1341	0,1341		
SEK	0,1156	0,1129		
AUD	0,7258	0,6484	0,8060	0,7867

6.5. Intangible assets

The intangible assets consist mainly of goodwill, trademarks, licences and customer relationships acquired from third parties.

Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets and liabilities of the acquired subsidiary at the acquisition date. Miko tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired, in accordance with IAS 36 "Impairment of Assets".

A business combination achieved in stages is recorded in the financial statements in accordance with the economic entity approach. This implies that the difference between the cost of acquisition and the fair value of the net identifiable assets and liabilities of the acquired subsidiary at the acquisition date, taking into account minority interests recognised in the balance sheet, is recorded directly to equity.

Negative consolidation differences are recognised if the cost of acquisition of a new participation is lower than the fair value of Miko's share in the net identifiable assets and liabilities of the relevant entity. These negative consolidation differences are recognised immediately in the income statement.

Goodwill impairment is recorded in "depreciations and amortisations" in the income statement.

Intangible assets other than goodwill are carried at cost less accumulated amortisation and impairment, if any. The residual value of intangible assets is assumed to be zero.

Research costs are recognised as an expense when incurred. Development costs are capitalised. A project is considered to be in development if it can be demonstrated that it will generate probable future economic benefits.

The intangible assets are amortised using the straight-line method over the estimated useful life of the asset. The useful lives are as follows:

Category	**Duration**
Development costs	5 years
Trademarks and licenses	5 years
Customer relationships	10-15 years

The amortisations of intangible assets are included in "depreciations and amortisations" in the income statement.

Borrowing costs are not included in the cost of the intangible assets.

6.6. Property, plant & equipment

Property, plant and equipment are valued at historical cost less accumulated depreciations and accumulated impairment. Costs of improvements are capitalized (this is when future economic benefits will result from the asset), while maintenance costs are charged to the income statement as soon as they are made.

Depreciations of an asset start as soon as it is ready for its intended use. The depreciations are calculated using the straight-line method over the estimated useful life of the asset.

The useful lives are as follows:

Category	Duration	Rate
Buildings	40 years	2.50%
Installations and machinery	3-10 years	33.3% -10%
Coffee-making equipment	5-8 years	20% -12.5%
Vehicles	5 years	20%
Other equipment	3-10 years	33.3% -10%

The assets' useful lives and residual values are reviewed yearly and adjusted if necessary. Land has an indefinite useful life.

Borrowing costs are included into the cost of the asset, in accordance with IAS 23.

6.7. Impairment of property, plant and equipment

The group assesses the impairment of non-financial assets if events or changes in circumstances indicate that the carrying amount of the asset is higher than the recoverable amount. The recoverable amount is calculated as the higher of the fair value and the present value of the estimated future cash flows from the use of the asset and its subsequent disposal.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are identifiable cash flows. If an asset has been impaired, an impairment loss is recognised in the income statement for the difference between the asset's carrying amount and its recoverable amount. The significant estimates used in determining the present value of future cash flows relate to the appropriate discount rate, the period over which the cash flows have been projected, and the residual value of the assets.

Assets (excluding goodwill) that have been subject to impairment, are reviewed for possible reversal of the impairment on each reporting date. If such indications exist, the recoverable amount of that asset is reassessed and the carrying amount is increased to the revised recoverable amount. The increase is recognised immediately in the income statement. An impairment reversal is only recognised if it results from a change in the assumptions used to calculate the recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount the asset would have had if had no impairment loss had been recognised previously.

6.8. Leased assets

Leases in which a significant portion of the risks and rewards of ownership are transferred to the group are classified as finance leases, while other lease agreements are classified as operating leases. Leases of property, plant and equipment that are classified as finance leases are recognised at cost less accumulated depreciations and impairment. These assets are depreciated over their useful life.

Payments made under operational leases are charged to the income statement over the period of the lease.

6.9. Inventories

Inventories are stated at the lower of cost, according to the weighted average cost method, and the net realisable value.

Cost comprises the purchase price, conversion costs and other costs incurred in bringing the inventories to their present location and condition. Administrative overhead costs that do not contribute to bringing the inventories to their present location or condition, selling costs, storage costs and abnormal waste are not included in the costs of inventory. The allocation of production overhead is based on normal operating capacity.

Net realisable value is determined as the estimated selling price in the ordinary course of business less estimated selling expenses.

Obsolete and slow moving inventories are systematically impaired.

6.10. Receivables

Current and non-current receivables are initially recognised in the balance sheet at fair value and subsequently measured at amortised cost using the effective interest method. When discounting has no material effect, the nominal amount is recognised. Receivables are impaired when collection is uncertain or doubtful. Receivables are individually assessed for recoverability. The increase in the provision for doubtful debtors is included in "other operating expenses" in the income statement.

6.11. Cash and cash equivalents

Cash and cash equivalents include all cash, deposits in bank accounts, bank overdrafts, and investments with an original maturity of three months or less.

Bank overdrafts are recognised in the consolidated balance sheet under current borrowings. For the consolidated statement of cash flows, these are included under cash and cash equivalents (see section 9.6.).

6.12. Equity

Dividends are recognised as a liability in the period in which they are approved. The final approval is given by the general meeting of shareholders which approves the results of the relevant financial year.

Treasury shares, purchased by Miko or its subsidiaries, are recorded in equity for the consideration paid.

6.13. Borrowings

Borrowings are initially recognised at fair value, i.e. the actual value of the received amount less the transaction costs incurred. Borrowings are subsequently carried at amortised cost.

6.14. Employee benefits and pension obligations

The cost of all short-term and long-term employees, such as wages and salaries, holiday pay, bonuses and other benefits, are recognised during the period in which the employee renders the relevant service. The group recognises these costs only if a legal or constructive obligation exists to make the relevant payments and a reliable estimate of the liability can be made.

For equity-settled, share-based payments, the fair value is calculated using the Black Scholes method. The result of this calculation is charged to the income statement over the vesting period in accordance with IFRS 2, "share-based payments".

The following criteria have been used to calculate the value of the payment plan:

Grant date	2011	2012 [1]	2013 [1]
Expected life	1 year	8 year	9 year
Volatility of share price	17.80%	17.80%	17.80%
Risk-free interest rate	2,68%	2,68%	2,68%

[1] In 2012 and 2013, share options have been issued with a maximum life of 10 years and with a maximum life of 5 years. For more information, reference is made to section 4.6.6. of the annual report and to section 9.14. of the financial statements.

The volatility of the share price is calculated based on the daily quotes on Euronext Brussels.

The provision for early retirement is determined in accordance with statutory requirements in force in each country. An assessment is made of the employees that are eligible for early retirement, as well as the employees who have made the firm decision to retire early. On 31 December 2013, there are no indications that employees that are eligible for early retirement, but who have not yet made the decision to retire early, will make use of this option. As a result, no provision has been recognised.

For certain bonuses, which can be earned over a period of more than one year, additional provisions are recognised.

6.15. Pension obligations

The balance sheet includes a provision for pension obligation. It concerns a "defined contribution" plan, under which the group pays fixed contributions into a pension fund. These contributions are charged to the income statement under employee benefit expense when they become due. It is the obligation of the employer to guarantee the statutory minimum return. Each year, the insurance company calculates whether this return has been attained. In the past, it has never been necessary to make an additional contribution in order to comply with the minimum return. This was also not the case in 2013.

See also section 8.3.1.

6.16. Provisions

Miko recognises provisions for liabilities and probable losses of which the amount is uncertain at the reporting date, but which can be estimated reliably. A provision is recognised when the group (a) has a present legal or constructive obligation as a result of past events, (b) it is probable that to settle the obligation an outflow of resources will be required, and (c) the amount of the obligation can be estimated reliably. A past event is considered to give rise to a present obligation if, taking account the available evidence, it is more likely than not that a present obligation exists at the reporting date.

6.17. Trade payables

Trade payables are recognised in the balance sheet at discounted cost, unless the impact of discounting is immaterial.

6.18. Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. However, deferred tax liabilities are not recognised for differences relating to goodwill, as goodwill amortisations and impairment are not tax deductible.

Deferred tax assets related to deductible temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is calculated on the basis of tax rates which are expected to be applied in the period in which the asset will be realised or the liability will be settled, on the basis of the tax laws enacted or substantively enacted at the reporting date.

6.19. Revenue

Revenue is recognised when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the group.

Revenue from the sale of goods is recognised when the goods have been delivered and the risks and rewards have been transferred.

Rental income (mainly relating to coffee-making equipment) is recognised at the moment the periodic rents become due. It concerns rental agreements with a duration of three to five years, without purchase option for the customer. The rent is payable from month to month and can be adjusted based on the consumer price index.

Revenue from the sale of services is recognised based on the stage of completion on the reporting date. Revenue is recognised to the extent that the related costs have been incurred.

Dividend income is recognised when the shareholder has the right to receive payment.

6.20. Segment information

In accordance with IFRS 8, Miko has determined the operating segments based on the internal reporting structure and the way in which the board of directors (i.e. the "chief operating decision maker") assesses the performance of the operational activities and allocates resources.

On this basis, the following operating segments have been determined:

- Coffee: this segment delivers coffee to the "out-of-home" market; the coffee is consumed outside the private home, for example in offices, businesses and restaurants.
- Plastics: within this segment, high-quality plastic packaging products are manufactured, among others for the food industry and the "homecare" sector (bubble wraps for laundry detergent).

Each legal entity (subsidiary) of the group is part of one of the operating segments described above. When transactions take place between the segments, these are carried out at arm's length.

The results, assets and liabilities of the segments contain items that belong to one segment, as well as items that can reasonably be allocated to the segment. Assets of the segments comprise mainly intangibles, property, plant and equipment, inventories and trade receivables. Liabilities of the segments comprise mainly trade and other payables.

6.21. Financial risk management

In an international group as Miko, financial risk factors exist as a matter of course. The goal, however, is to limit these to a minimum.

6.21.1. Foreign exchange risk

Most of our activities, both purchases and sales, are denominated in euros. Even subsidiaries located in non-euro countries are invoiced in euros. However, the group is exposed to foreign exchange risk relating to sales denominated in British Pounds, Polish Zloty, Swedish Crowns and Danish Crowns. Considering the limited impact of this risk, the group does not currently use any derivative financial instruments to manage this risk.

6.21.2. Interest rate risk

A limited portion of existing borrowings has been concluded at a fixed interest rate. For these transactions, the interest rate risk is limited to a cash flow risk. The remaining portion has been concluded at floating interest rates of up to three months. Due to the use of floating-to-fixed interest rate swaps, the interest rate risk is limited, both with regards to size and with regards to duration. A realistic change in market interest rates would therefore not have a significant impact on the company's results.

6.21.3. Credit risk

The group does not have a significant concentration of credit risk. Credit control, which is closely monitored by management, keeps the credit risk limited. The maximum credit risk at the reporting date is the carrying amount of receivables.

6.21.4. Liquidity risk

Liquidity risk arises from the possibility that the group will be unable to meet its financial obligations as they become due. This risk is managed by using sufficiently dispersed financing sources. Furthermore, the cash position is monitored daily by the group's management. This continuous attention, together with the existing cash surpluses, ensures that there is no short-term liquidity risk.

6.21.5. Price risk

In the ordinary course of business, Miko is exposed to risks resulting from fluctuations in market prices. The group currently does not structurally hedge this risk, which means that its results are exposed to fluctuations in the price of green (raw) coffee and plastics. All purchases of raw materials are denominated in euro.

7. Segment information

7.1. Segment information

Financial year ending 31/12/2012 (KEUR)	Coffee	Plastics	General [3]	Total
Total sales	72.175	69.675		141.850
Sales to other segments	-1.662	-1.719		-3.381
Sales to external customers	70.513	67.956		138.469
Inter-segment eliminations			183	183
Consolidation			-111	-111
Non-allocated income and expenses			-562	-562
EBITDA [1]	7.319	9.588	-317	16.590
Result of segment (EBIT [2])	3.610	5.662	-490	8.782
Financial result			-618	-618
Income tax			-1.685	-1.685
Group profit before non-controlling interest				6.479
Non-controlling interest				60
Net profit				**6.419**

[1] Profit from operating activities before interests, tax, depreciations and amortisations
[2] Profit from operating activities before interests and tax
[3] Non-allocated elements and consolidation-entries

Financial year ending 31/12/2012 (KEUR)	Coffee	Plastics	Inter-segment elimination	Total
Segment net assets (IFRS)	40.294	46.673		86.967
Non-allocated assets				15.966
Inter-segment eliminations			-1.387	-1.387
Total assets	**40.294**	**46.673**	**-1.387**	**101.546**
Segment net liabilities	5.896	6.661		12.557
Non-allocated liabilities				90.292
Inter-segment eliminations			-1.303	-1.303
Total liabilities	**5.896**	**6.661**	**-1.303**	**101.546**
Cost of investments	4.153	6.393		10.546
Cost of non-allocated investments				83
Total cost of investments				**10.629**
Depreciations and amortisations of segment assets	3.801	3.876		7.677
Depreciations and amortisations of non-allocated assets				143
Total depreciations and amortisations				**7.820**
Deferred tax assets	375	40	137	552
Deferred tax liabilities	1.691	1.535	-29	3.197
Provisions	56			56
Other non-cash transactions				
Provisions for doubtful debtors	539	279		818
Impairment				

Financial year ending 31/12/2013 (KEUR)	Coffee	Plastics	General [3]	Total
Total sales	79.260	71.849		151.109
Sales to other segments	-2.056	-228		-2.284
Sales to external customers	77.204	71.621		148.825
Inter-segment eliminations			-20	-20
Consolidation				
Non-allocated income and expenses			-680	-680
EBITDA [1]	8.706	10.832	-470	19.068
Result of segment (EBIT [2])	3.768	6.841	-700	9.909
Financial result			-697	-697
Income tax			-1.919	-1.919
Group profit before non-controlling interest				7.293
Non-controlling interest				172
Net profit				**7.121**

[1] Profit from operating activities before interests, tax, depreciations and amortisations
[2] Profit from operating activities before interests and tax
[3] Non-allocated elements and consolidation-entries

Financial year ending 31/12/2013 (KEUR)	Coffee	Plastics	Inter-segment elimination	Total
Segment net assets (IFRS)	55.373	49.122		104.495
Non-allocated assets				14.876
Inter-segment eliminations			-1.309	-1.309
Total assets	**55.373**	**49.122**	**-1.309**	**118.062**
Segment net liabilities	7.410	5.938		13.348
Non-allocated liabilities				105.988
Inter-segment eliminations			-1.274	-1.274
Total liabilities	**7.410**	**5.938**	**-1.274**	**118.062**
Cost of investments	17.495	9.325		26.820
Cost of non-allocated investments				417
Total cost of investments				**27.237**
Depreciations and amortisations of segment assets	4.753	3.992		8.745
Depreciations and amortisations of non-allocated assets				127
Total depreciations and amortisations				**8.872**
Deferred tax assets	563	0	18	581
Deferred tax liabilities	2.161	1.709		3.870
Provisions	45			45
Other non-cash transactions				
Provisions for doubtful debtors	633	115		748
Impairment				

7.2. Geographical information

7.2.1. Geographical dispersion of revenue (KEUR)

	BE	FR	NL	UK	DE	SE/DK	Other	Total
2012	32.126	16.494	15.029	29.629	23.628	0	21.563	138.469
2013	31.197	14.790	14.959	27.016	27.731	8.115	25.017	148.825
Evolution	-929	-1.704	-70	-2.613	4.103	8.115	3.454	10.356

NB: This information is based on invoice addresses.

Revenue within the coffee segment is spread over a very extensive range of customers. The largest customer within the plastics segment represents 15.44% of the total consolidated revenue of both segments combined, but is spread over several geographical areas.

7.2.2. Geographical dispersion of non-current assets (KEUR)

	BE	FR	NL	UK	DE	PL	Other	Total
2012	25.507	479	1.217	4.729	272	8.073	565	40.843
2013	26.846	373	1.012	3.360	165	11.624	1.525	44.906
Evolution	1.339	-106	-205	-1.368	-108	3.551	959	4.063

8. Notes to the income statement

8.1. Other operating income and expenses

	2013 (KEUR)		2012 (KEUR)	
Services and other goods		**21.429**		**20.284**
Cost of sales	5.819		5.918	
Maintenance	4.024		3.666	
Energy	3.292		3.278	
Vehicles	2.772		2.741	
Insurance	626		538	
Other	4.896		4.143	
Provisions and reversal of provisions		**288**		**-11**
Other expenses		**570**		**549**
Total other operating expenses		**22.287**		**20.822**
Other operating income				
Recharged expenses	1.598		1.197	
Recovered employee benefit expense	1.392		1.379	
Other	301		148	
Total other operating income		**3.291**		**2.724**

8.2. Change in inventories and gross margin

	2013 (KEUR)	2012 (KEUR)
Purchases	77.208	74.011
Change in inventories	117	-934
Gross profit as % of sales	48,04%	47,22%
Loss or impairment of inventories	0	0

8.3. Employee benefit expense

	2013 (KEUR)	2012 (KEUR)
Wages and salaries	22.294	20.393
Social security contributions	5.551	5.119
Termination benefits	248	110
Directors' compensation	1.368	1.307
Temporary staff	944	925
Other	1.796	1.531
Training	161	170
Pension contributions	1.018	1.024
Share-based payments	345	113
Total	**33.725**	**30.692**
Number of employees at reporting date (headcount)	**758**	**700**

Contributions for post-termination benefits, where the company pays fixed contributions into a fund, are recognised in the income statement under employee benefit expense. The total contribution for 2013 was 1.018 KEUR (in 2012 this was 1.024 KEUR).

The company has no obligations to pay further contributions.

8.3.1. Defined contribution plans

The group has several defined contribution plans with insurance companies, which ensure the investments of the contributions. The contributions are charged to the income statement of the year in which they are paid.

In Belgium, pension plans are legally structured as defined contribution plans. Because of the law on the second pillar of the pension plans (the so-called "Law Vandenbroucke"), all Belgian defined contribution plans must be considered defined benefit plans. The Law Vandenbroucke requires that the employer guarantees a minimum return of 3.75% on employees' contributions and of 3.25% on employers' contributions.

Because of the minium return that must be guaranteed for defined contribution plans in Belgium, a financial risk is created for the employer (as there is an obligation to make payments in order to meet the minimum return if the fund shows a deficit).

In the past, the Miko Group did not apply this, because higher discount rates were applicable and the minimum return on the funds was guaranteed by the insurance company. Due to the continuously lower interest rates on the European financial markets, the employers run a higher financial risk compared to the past. Therefore, the group needs to evaluate the impact of valuing the pension plans as defined benefit plans.

It results from this analysis that this does not have a significant impact on the figures per 31 December 2013. For informational purposes, the following figures are given:

Employers' contributions 2013 (KEUR)	261
Amount of the pension funds per 31 december 2013 (KEUR)	1.611

See also section 6.15.

8.3.2. Other post-termination obligations

In several of the group's companies, the possibility exists, in accordance with statutory regulations, to leave the company and enter into early retirement. The group has an obligation to pay additional premiums in addition to the statutory early retirement pension. The provision for early retirement amounted to 208 KEUR on 31 December 2013.

8.3.3. Share-based payments

Management has the possibility to enter into a share-based payment plan. This means that the company offers management options to buy a fixed number of treasury shares, on the condition that the employment or director's agreement is continued for at least three years. No new shares are created for this plan. The value of the options, calculated in accordance with the Black Scholes model, is charged to the income statement over the vesting period in accordance with IFRS 2.

8.3.4. Termination benefits

Termination benefits are payments that may be due to employees who leave the company before the statutory pension age. These benefits are recognised as a cost, if the decision to leave the company is irreversible and the value of the benefit has been correctly determined.

8.4. Financial income and costs

	2013 (KEUR)	2012 (KEUR)
Interest income from investing activities	40	49
Interest income from leasing activities	0	0
Dividend income from non-consolidated entities	0	0
Interest expense: borrowings	-218	-176
Interest expense: finance lease	-253	-287
Interest expense: operating lease	-42	-51
Interest expense: other	-103	-150
Other expenses, net (incl. bank charges)	242	273
Net foreign exchange gains/(losses)	-129	-124
Net gains/(losses) on disposal of financial assets	-235	-152
Total	**-697**	**-618**

8.5. Income tax

	2013 (KEUR)	2012 (KEUR)
Current income tax		
Current tax on profits for the year	1.757	1.110
Adjustments in respect of prior years and reversal of tax provisions	16	-9
Total current tax	1.774	1.101
Deferred income tax		
Origination and reversal of temporary differences	150	152
Impact of change in tax rates or new taxes	0	11
Usage of tax losses of previous years	-6	421
Deferred tax recognised on tax losses for the current year	1	0
Total deferred tax	145	584
Total income tax expense in income statement	1.919	1.685
Profit before tax	9.211	8.164
Effective tax rate	**20,80%**	**20,64%**

The effective tax rate of the group differs from the applicable tax rate in Belgium (33.99%) for the following reasons:

Reconciliation between theoretical and effective tax rate	**2013 (KEUR)**	**2012 (KEUR)**
Taxes calculated at the applicable tax rate of 33,99%	3.131	2.775
Impact of tax rates of other jurisdictions	-617	-384
Income not subject to tax	-16	31
Expenses not deductible for tax purposes	470	202
Utilisation of previously unrecognised tax losses	-1	-47
Impact due to changes in the tax rate	195	-11
Impact of overestimates and underestimates in prior periods	145	163
Other increases (decreases)	-745	-332
Notional interest deduction	-643	-712
Tax calculated at the effective tax rate	1.919	1.685

9. Notes to the consolidated balance sheet

9.1. Property, plant and equipment

2012 (KEUR)	Land and buildings	Installations and machinery	Equipment	Total
a) Cost of acquisition				
As at end of previous financial year	12.851	67.629	26.139	106.619
Movements during the year				
Additions	129	6.360	4.120	10.609
Disposals	-1.389	-3.903	-3.077	-8.369
Impairment charge				
Transfers		168	-168	0
Exchange differences	179	1.216	158	1.553
Other	-57	100	-43	0
As at end of current financial year	11.713	71.570	27.129	110.412
b) Depreciations and impairment				
As at end of previous financial year	2.664	52.531	16.268	71.463
Movements during the year				
Depreciation charge	275	4.072	2.711	7.058
Acquisition of subsidiary				
Disposals	-238	-2.085	-2.372	-4.695
Impairment charge				
Transfers		117	-117	0
Exchange differences	48	827	87	962
Other	-57	100	-43	0
As at end of current financial year	2.692	55.562	16.534	74.788
Net book value at end of current financial year	**9.021**	**16.008**	**10.595**	**35.624**

2013 (KEUR)	Land and buildings	Installations and machinery	Equipment	Total
a) Cost of acquisition				
As at end of previous financial year	11.713	71.570	27.129	110.412
Movements during the year				
Additions	229	9.828	4.233	14.290
Disposals		-1.268	-2.174	-3.442
Impairment charge				
Transfers	2.486	-2.531	45	0
Exchange differences	-45	-331	-265	-640
Other		1.435	798	2.233
As at end of current financial year	14.383	78.703	29.767	122.853
b) Depreciations and impairment				
As at end of previous financial year	2.692	55.562	16.534	74.788
Movements during the year				
Depreciation charge	273	4.179	2.853	7.305
Acquisition of subsidiary				
Disposals		-1.139	-1.773	-2.912
Impairment charge				
Transfers				0
Exchange differences	-13	-183	-153	-349
Other		1.418	735	2.153
As at end of current financial year	2.952	59.837	18.196	80.985
Net book value at end of current financial year	**11.430**	**18.867**	**11.570**	**41.868**

The items “land and buildings” and “installations and machinery” comprise, at 31 December 2013, assets in use by the company under finance lease agreements for resp. 4,812 KEUR and 1,082 KEUR (resp. 4,904 KEUR and 1,624 KEUR per 31 December 2012).

These concern primarily two material lease agreements with the following characteristics:

Asset	Logistics centre Oud-Turnhout	Solar panels Oud-Turnhout
Start date	19 May 2011	30 May 2011
Duration	15 years	7 years
Investment amount	5.050 KEUR	1.304 KEUR
Net book value leased assets	4.812 KEUR	814 KEUR
Residual value/purchase option	152 KEUR	13 KEUR

9.2. Intangible assets

2012 (KEUR)	Goodwill	Patents, trademarks and client relationships	Software	Total
a) Cost of acquisition				
As at end of previous financial year	3.022	4.888	1.067	8.977
Movements during the year				
Additions		7	13	20
Disposals	-17	-10		-27
Impairment charge				
Transfers				
Exchange differences	67	83	1	151
Other				
As at end of current financial year	3.072	4.968	1.081	9.121
b) Amortisations and impairment				
As at end of previous financial year	360	2.024	1.007	3.391
Movements during the year				
Amortisation charge		712	50	762
Acquisition of subsidiary				
Disposals		-10		-10
Impairment charge				
Transfers				
Exchange differences	27	23	0	50
Other				
As at end of current financial year	387	2.749	1.057	4.193
Net book value at end of current financial year	**2.685**	**2.219**	**24**	**4.928**

2013 (KEUR)	Goodwill	Patents, trademarks and client relationships	Software	Total
a) Cost of acquisition				
As at end of previous financial year	3.072	4.968	1.081	9.121
Movements during the year				
Additions	10.721	2.109	117	12.947
Disposals				
Impairment charge				
Transfers				
Exchange differences	-61	-87	-2	-150
Other				
As at end of current financial year	13.732	6.990	1.196	21.918
b) Amortisations and impairment				
As at end of previous financial year	387	2.749	1.057	4.193
Movements during the year				
Amortisation charge	17	1.516	33	1.566
Acquisition of subsidiary				
Disposals				
Impairment charge				
Transfers				
Exchange differences	-26	-28	-2	-56
Other				
As at end of current financial year	378	4.237	1.088	5.703
Net book value at end of current financial year	**13.354**	**2.753**	**108**	**16.215**

The item patents, trademarks and client relationships comprises client relations acquired from third parties.

Allocation of goodwill	2013 (KEUR)	2012 (KEUR)
Coffee	13.131	2.462
Plastics	223	223
Total	**13.354**	**2.685**

Management tests goodwill for impairment on a yearly basis. The value of goodwill is calculated by means of a discounted free cash flow model based on the group's operating budget for the following financial years. Such a model was applied for each cash generating unit (CGU). Within the Miko group, the segments (coffee and plastics) are considered to be CGU's.

The goodwill allocated to the CGU Coffee is significant in relation to the total goodwill. The cash flow projection for this CGU was made for a period of five years and takes into account a yearly growth rate of 5%. Management concludes that a discount based on a WACC between 6% and 9% does not give rise to an impairment for this CGU.

9.3. Non-current trade and other receivables

2012 (KEUR)	Net receivables leasing	Non-current trade receivables	Other	Total
1. Opening balance	226	35	326	**587**
2. Movements	-127	16	-185	**-296**
3. Exchange differences				
4. Closing balance	99	51	141	**291**
2013 (KEUR)				
1. Opening balance	99	51	141	**291**
2. Movements	-42	69	23	**50**
3. Exchange differences			35	**35**
4. Closing balance	57	120	197	**375**

All non-current receivables have a maturity of less than five years. The applied interest rates are at arm's length for 2013 (same for 2012).

No loans have been advanced to directors or related parties.

At the end of 2013, there are no indicators of impairment for non-current receivables (e.g. loss of market share or technological obsolescence).

The carrying amount of non-current trade receivables approximates the fair value at the reporting date.

9.4. Inventories

Inventories	2013 (KEUR)	2012 (KEUR)
1. Raw materials and consumables	6.686	7.155
2. Work in progress	198	150
3. Finished goods	5.740	6.430
4. Goods for resale	8.687	7.588
Total	**21.311**	**21.323**

Inventories are stated at the lower of cost, according to the weighted average cost method, and the net realisable value.

Raw materials and consumables comprise green (raw) coffee, plastics, and packaging material.

Finished goods and goods for resale comprise, for the coffee segment, mainly coffee products and ancillary products such as milk, sugar, and cookies and for the plastics segment, ice cream boxes, margarine tubs and bubble wraps for laundry detergent.

9.5. Current trade and other receivables

Trade and other receivables	2013 (KEUR)	2012 (KEUR)
1. Trade receivables	25.681	25.500
2. Finance lease receivables	13	14
3. Doubtful debtors	-748	-818
Total trade receivables	24.946	24.696
4. Loans to directors or related parties	0	0
5. Other receivables (including tax receivables)	1.677	1.478
6. Deferred charges	928	564
Total other receivables	2605	2.042
Total trade and other receivables	**27.551**	**26.738**

9.5.1. Credit risk on receivables

Credit risk refers to the risk a third party will cause a financial loss for the group by failing to meet its contractual obligations. To mitigate this risk, credit analyses are performed for those customers who are about to exceed a certain credit limit. Customers that are allowed to exceed their credit limit are continuously monitored. Management continually evaluates the entire customer portfolio to assess its creditworthiness. The carrying amount of the trade receivables approximates the fair value at the reporting date and the provisions for doubtful debtors adequately cover the group's credit risk.

Trade receivables of the coffee segment are related to numerous customers spread over different geographical areas. The customer with the highest outstanding balance represents only 2.77% of total receivables of this segment at the reporting date.

Trade receivables in the plastics segment are related to a less diverse customer base, which however is also spread over different geographical areas. The customer with the highest outstanding balance represents 45.96% of total receivables of this segment at the reporting date. It should be noted that for this customer a reverse factoring agreement exists, which offers the possibility to demand early payment against a discount, and which mitigates the credit risk significantly.

The average collection period for sold goods is 56 days for the coffee segment (2012: 52 days) and 67 days for the plastics segment (2012: 77 days). Interest is not systematically charged on overdue receivables.

Trade receivables include debtors with a carrying amount of 8,240 KEUR that are past due at the reporting date, but for which no impairment is recognised, because they are considered to be recoverable. The majority of these past due receivables are a result of the group's export policy, under which extended payment terms apply in practice.

9.5.2. Aging list of past due, but not considered impaired trade receivables

	2013 (KEUR)	2012 (KEUR)
1-30 days	4.785	4.576
31-60 days	1.903	1.833
61-90 days	811	1.270
>90 days	742	701
Total	**8.240**	**8.380**

9.5.3. Movements in the provision for doubtful debtors

	2013 (KEUR)	2012 (KEUR)
At the start of the financial year	818	690
(Use of provision)	-321	-283
Additional provisions	251	411
Balance	**748**	**818**

9.5.4. Market risk: foreign exchange risk

Even though the largest part of the group's purchases and sales are denominated in euro, the group is still subject to foreign exchange risk. This risk is mainly related to the British Pound.

Based on the average volatility of the British Pound, the group estimated the possible fluctuations in the exchange rate for this currency against the euro:

	EUR/GBP	Potential volatility
Closing rate 31/12/2012	0,8161	7,01%
Closing rate 31/12/2013	0,8337	6,52%

Net book value in K£	2013	2012
Trade payables	-930	-757
Trade receivables	1.821	1.785
Cash and cash equivalents	232	269
Net book value	**1.123**	**1.297**

If the British Pound had weakened resp. strengthened against the euro according to the estimates above, the net result of the group would have increased resp. decreased by 86 KEUR.

9.5.5. Other

At the end of 2013, there are no indicators of impairment for current receivables (e.g. loss of market share or technological obsolescence).

9.6. Cash and cash equivalents

	2013 (KEUR)	2012 (KEUR)
Cash in hand	56	57
Cash at bank	9.946	11.955
Short-term bank deposits (<3 months)	160	78
Bank overdrafts	-772	-810
Total cash and cash equivalents	**9.390**	**11.280**

9.7. Capital management

The group determines the amount of capital in proportion to the risk. The group manages its capital structure and adjusts it in case of changing economic conditions and financing needs.

The group's capital management objectives have remained unchanged. The different entities are enabled to operate as going concern, while the necessary attention is given to the balance between risk level on the one hand and allocated resources and prices on the other.

The capital structure of the group comprises non-current borrowings, cash and cash equivalents, reserves, retained earnings and non-controlling interests.

The group has no significant borrowings. Net debt at the end of the financial year was as follows:

	2013 (KEUR)	2012 (KEUR)
Non-current borrowings	22.000	13.822
Cash and cash equivalents	10.162	12.090
Net	11.838	1.739
Equity	67.278	64.095
Net debt ratio	**17,60%**	**2,71%**

The group is not subject to external capital requirements.

9.8. Borrowings

Borrowings	2013 (KEUR)	2011 (KEUR)
I. Current		
Bank borrowings		
Finance lease liabilities	599	717
Bank overdrafts	772	810
Other	7	5
Amounts becoming due within 12 months		
Bank borrowings	3.790	1.472
Other current liabilities		
Borrowings from third parties	0	0
Borrowings from related parties	4.104	3.875
Total current borrowings	**9.271**	**6.879**
II. Non-current		
Bank borrowings		
Finance lease liabilities	4.935	5.508
Bank borrowings	9.791	3.380
Other non-current liabilities		
Other borrowings from third parties	93	260
Other long-term liabilities[1]	1.839	
Total non-current borrowings	**16.659**	**9.148**

[1] This item relates to the current value of the future obligation to acquire a minority interest in one of the group companies from third parties.

All borrowings are denominated in euro. The borrowings have been concluded to finance the group's investments in buildings, equipment and acquisitions. The borrowings mature at the latest in 2026 and bear interest at an average rate of 3.03%. The group has undrawn credit lines for an amount of 4,478 KEUR.

For more information concerning related-parties transactions, reference is made to section 9.15.

Detailed information regarding maturity of borrowings:

2012 (KEUR)	1 year or less	1-5 years	Over 5 years
Bank borrowings	1.472	1.933	1.447
Other borrowings	5	260	0
Finance lease liabilities (total)	717	2.262	3.246
Total borrowings	**2.194**	**4.455**	**4.693**
2013 (KEUR)	**1 year or less**	**1-5 years**	**Over 5 years**
Bank borrowings	3.790	8.633	1.158
Other borrowings	7	1.932	0
Finance lease liabilities (total)	599	2.153	2.782
Total borrowings	**4.396**	**12.718**	**3.940**

These amounts are exclusive of future interest expense for an amount of 2,155 KEUR, calculated based on the applicable interest rates at the reporting date (at the end of 2012, this was 2,187 KEUR).

Effective interest rates (%)	2013	2012
Bank borrowings	1,51-4,67	1,85-4,76
Other borrowings	2,36-2,53	3,22
Finance lease liabilities	3,21-4,50	3,21-4,50

All borrowings are denominated in euro. The bank borrowings include both fixed-rate borrowings and floating-rate borrowings. The other borrowings are fixed-rate borrowings.

9.9. Trade and other payables

	2013 (KEUR)	2012 (KEUR)
Non-current trade and other payables		
Non-current trade payables	0	0
Other payables	794	944
Total non-current trade and other payables	**794**	**944**
Current trade and other payables		
Trade payables	12.454	11.816
Other payables	149	112
Accrued expenses & deferred income	1.144	1.498
Total current trade and other payables	**13.747**	**13.426**
Taxes and social security charges		
Tax payables	2.673	1.109
Social security charges payable	2.598	2.216
Total current taxes and social security charges	**5.271**	**3.325**

The carrying amount of trade and other payables approximates the fair value at the reporting date.

9.10. Provisions

(KEUR)	Post-employment benefits	Environmental provisions	Other provisions	Total
At 1 January	**476**		**56**	**532**
Additional provisions	197		110	307
Unused amounts reversed				
Used during year	-40		-11	-51
Exchange differences				
Acquisition or disposal of subsidiary			352	352
At 31 December	**634**		**508**	**1.141**

The provision for post-employment benefits amounts to 634 KEUR (2012: 476 KEUR). This provision was recognised with a view to the statutory regulations relating to early retirement.

9.11. Deferred tax assets

Deferred tax assets are recognised in the balance sheet for temporary differences. The movement of the deferred tax assets during the reporting period is as follows:

	2013 (KEUR)	2012 (KEUR)
Opening balance	**552**	**959**
Withdrawal from deferred income tax assets	-168	-464
Addition to deferred income tax assets	197	57
Exchange differences		
Transfer to deferred income tax liabilities		
Closing balance	**581**	**552**

The deferred tax assets in the balance sheet relate to:

	2013 (KEUR)	2012 (KEUR)
1. Depreciations	411	692
2. Intangible assets	1.116	-35
3. Provisions	70	70
4. Exchange differences		
5. Post-employment benefits	42	45
6. Tax losses		118
7. Inventories	140	244
8. Other	533	644
Total	**2.311**	**1.778**

Management assesses recoverability of tax losses based on the group's operating budget for the following financial years.

9.12. Deferred tax liabilities

Deferred tax liabilities are recognised in the balance sheet for temporary differences. The movement of the deferred tax liabilities during the reporting period is as follows:

	2013 (KEUR)	2012 (KEUR)
Opening balance	**3.197**	**2.882**
Withdrawal from deferred income tax liabilities	-15	-2
Addition to deferred income tax liabilities	687	317
Exchange differences		
Transfer to deferred income tax assets		
Closing balance	**3.870**	**3.197**

The deferred tax liabilities in the balance sheet relate to:

	2013 (KEUR)	2012 (KEUR)
1. Depreciations	-11.873	-9.028
2. Intangible assets	-447	-449
3. Provisions	-372	-390
4. Exchange differences		
5. Post-employment benefits	512	434
6. Tax losses		
7. Inventories	-181	-531
8. Other	-70	132
Total	**-12.431**	**-9.832**

The difference between the deferred tax liability on the balance sheet and the calculation based on the Belgian tax rate of 33.99% is -48 KEUR in 2013 (in 2012: 92 KEUR) and is due to the differing income tax rates in our home countries.

9.13. Contingencies

There are no commitments to acquire property, plant and equipment or intangible assets.

Future commitments resulting from operating leases are as follows:

Operating lease commitments	2013 (KEUR)	2012 (KEUR)
Operating lease payments recognised in the income statement	1.404	1.308
Future aggregate minimum lease payments under non-cancellable operating leases for the following periods:	3.750	3.168
1. No later than 1 year	1.240	1.109
2. Later than 1 year and no later than 5 years	2.432	2.027
3. Later than 5 years	78	32

Operating lease commitments are related to investments in the vehicle fleet.

The group has given joint and several guarantees to financial institutions for an amount of 9,980 KEUR (in 2012: 9.997 KEUR).

If the Miko Group sells equipment to a customer, and the customer chooses to enter into a lease agreement with a leasing company for the equipment, the leasing company in some instances requires a buy-back clause. For these buy-back obligations, the group recognizes a provision in case a loss is expected. For the buy-back obligations existing on 31 December 2013, it is not expected that a loss will be realised.

9.14. Share capital

	2013	2012
I. Number of shares		
Number of shares at 1 January	1.242.000	1.242.000
Shares issued	0	0
Number of shares at 31 December	1.242.000	1.242.000
Shares bought back (net)	0	0
II. Other information		
1. Nominal value of the shares	n.v.t.	n.v.t.
2. Number of shares held by the group or by related parties	687.000	687.000
III. Earnings per share		
1.1. Number of shares	1.242.000	1.242.000
1.2. Weighted average number of shares held by the group	0	0
1.3. Number of shares used to calculate basic earnings per share	1.242.000	1.242.000
1.4. Weighted average number of share options outstanding at the end of the reporting period	45.600	48.350
1.5. Number of shares used to calculate diluted earnings per share	1.247.429	1.243.751
2. Profit/(loss) attributable to the owners of Miko	7.121	6.419

The total number of shares of 1,242,000 (with no nominal value) consists of 745,405 nominative shares, 513 bearer shares and 496.082 dematerialised shares (situation at 31 December 2013).

At the end of 2013, the group did not hold any treasury shares.

Options to purchase shares at a predetermined price have been granted in previous years, as follows:

	2005	2006	2007	2008	2009	2010	2011	2012	2013
At 1 January	600	3.350	5.150	7.800	11.850	9.550	5.200	9.300	11.150
Exercise price	€38,00	€47,00	€56,00	€56,00	€38,50	€43,20	€51,50	€46,00	€50,51
Granted/(exercised) during the year	-500	-2.350	-1.300	-2.750	-11.850	-9.550			
Exercisable at end of period	100	1.000	3.850	5.050	0	0	5.200	9.300	11.150
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Exercise period	5 yrs. [1]	5 yrs. [1]	5 yrs.[1]	5 yrs.[1]	5 yrs.[1]	5 yrs.	5 yrs.	10 yrs. [2]	10 yrs. [3]

[1] The exercise period of the options granted from 2004 until 2007 was initially 5 years and has been extended to 10 years.
[2] Of the options granted in 2012, 8,450 have an exercise period of 10 years and 850 have an exercise period of 5 years.
[3] Of the options granted in 2013, 6.650 have an exercise period of 10 years and 4.500 have an exercise period of 5 years.

For equity-settled, share-based payments, the fair value is calculated using the Black Scholes method. The result of this calculation is charged to the income statement over the vesting period.

The following criteria were used for this calculation:

	2011	2012 [1]	2013 [2]
Exercise price	51,50	46,00	50,51
Current share price	64,79	64,79	64,79
Expected option life	2,00	3,00-8,00	4,00-9,00
Share price volatility	17,80%	17,80%	17,80%
Risk-free interest rate	2,68%	2,68%	2,68%
Dividend as a % of share price	2,11%	1,90%	1,48%

[1] Of the options granted in 2012, 8,450 have an exercise period of 10 years and 850 have an exercise period 5 years.
[2] Of the options granted in 2013, 6.650 have an exercise period of 10 years and 4.500 have an exercise period of 5 years.

The fair value of the share options amounted to 463 KEUR on the reporting date.

9.15. Related parties

	2013 (KEUR)	2012 (KEUR)
I. RECEIVABLES FROM RELATED PARTIES		
II. PAYABLES TO RELATED PARTIES		
1. Borrowings	4.103	3.875
2. Financial liabilities		
3. Other liabilities		
III. TRANSACTIONS WITH RELATED PARTIES		
1. Sale of goods and services		
2. Purchase of goods		
3. Other transactions		
4. Purchase of services		
5. Transfers relating to funding requirements		
6. Remuneration of management and directors	1.739	1.427
7. Loans granted to management and directors		

For more information on remuneration of management and directors, reference is made to the remuneration report (section 4.6. of the annual report).

The borrowings concern two loan agreements with Imko Holding NV (see section 4.7.2. of the annual report) on the one hand, and a loan agreement with Lammerée Beheer BV on the other. The latter company is not a related company as defined in the Belgian Company Code, but it is controlled by a member of the operating committee. As a result, the transaction is not subject to the statutory regulations concerning conflicts of interest, but it is subject to the procedure for suspect transactions in section 4.1. of the group's Corporate Governance Charter. This procedure has been applied.

The agreements were entered into for a period of maximum one year, with an interest rate equal to the relevant Euribor plus 2%.

See also section 4.7.2. of the annual report.

9.16. Scope of consolidation

Company name	Country	Holding 2013	Holding 2012	Registration number	Registered office	Number of employees
Miko Koffie NV	Belgium	100,00%	100,00%	0869.777.422	Steenweg op Mol 177, 2300 Turnhout	49
Miko Coffee Service NV	Belgium	100,00%	100,00%	0429.197.383	Steenweg op Mol 177, 2300 Turnhout	95
Miko Pac NV	Belgium	100,00%	100,00%	0433.522.197	Steenweg op Turnhout 160, 2360 Oud-Turnhout	155
Miko Technics NV	Belgium	100,00%	100,00%	0418.703.864	Steenweg op Mol 177, 2300 Turnhout	4
Leo Coffee GmbH.	Germany	100,00%	100,00%			
Miko Kaffee GmbH.	Germany	100,00%	100,00%			
Miko Koffie Service BV	Netherlands	100,00%	100,00%			
Miko Café Service SA	France	99,96%	99,96%			
Miko Kava s.r.o.	Czech Republic	100,00%	100,00%			
Miko Kava s.r.o.	Slovakia	75,00%	75,00%			
Miko Coffee Ltd	UK	100,00%	100,00%			
Cornish Coffee Company Ltd	UK	100,00%	100,00%			
Miko Coffee South West Ltd	UK	100,00%	100,00%			
Espresso Adesso Ltd	UK	100,00%	100,00%			
Kaffekompaniet AB	Sweden	100,00%				
AT Vending AB	Sweden	100,00%				
ABC Mokka ApS	Denmark	70,00%				
Miko Pac Sp. z o.o.	Poland	100,00 %	100,00%			
Miko-Hordijk Verpackungen GmbH.	Germany	70,00%	70,00%			
Beverage Marketing Australia PTY Ltd	Australia	75,00%	51,00%			
Miko Coffee USA Inc.	USA	100,00%	0,00%			

All the entities above are fully consolidated.

9.17. Shareholder structure

Situation at 31 December 2013, as known to the company:

Shareholder	Number of shares	Percentage
Stichting Administratiekantoor OKIM	403,710	32.50%
Imko Holding NV	283,290	22.81%
De Wilg Comm.V.	53,361	4.30%
Public	501,639	40.39%
TOTAL	**1,242,000**	**100%**

For more information, see section 4.7.2. of the annual report.

9.18. Events after the reporting period

See section 6 of the annual report.

10. Responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements as of December 31, 2013, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the board of directors

Jan Michielsen Managing director	Frans Van Tilborg Managing director CEO

11. Statutory auditor's report to the general shareholders' meeting on the consolidated accounts for the year ended 31 December 2013

(Free Translation)

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Miko NV ("the Company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated statement of financial position amounts to KEUR 118.062 and the consolidated statement of comprehensive income shows a profit for the year of KEUR 6.812.

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

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

Statutory auditor's responsibility

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

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

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

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

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, 31 March 2014

The Statutory Auditor
PwC Bedrijfsrevisoren BCVBA
Represented by

Filip Lozie*
Bedrijfsrevisor

* Filip Lozie BVBA
Board Member, represented by its fixed representative,
Filip Lozie

Miko NV
Steenweg op Mol 177
2300 Turnhout
Reg. n° 0404.175.739
RPR Turnhout

1. Statutory financial statements Miko NV

1.1. Balance sheet

Condensed balance sheet after result distribution as per 31 December 2013 and 2012 [1]:

		2013 (KEUR)		2012 (KEUR)	
	ASSETS				
II.	Intangible assets	97		97	
III.	Property, plant and equipment	541		541	
IV.	Financial fixed assets	67.340		67.340	
	Fixed assets		**67.977**		**67.977**
V.	Other long-term receivables	9		9	
VII.	Short-term receivables	5.313		5.313	
VIII.	Deposits	0		0	
IX.	Cash and cash equivalents	512		512	
X.	Prepaid expenses and accrued income	114		114	
	Current assets		**5.948**		**5.948**
	TOTAL ASSETS		**73.926**		**73.926**
	EQUITY & LIABILITIES				
I.	Share capital	5.065		5.065	
IV.	Reserves	64.677		64.677	
V.	Retained earnings	1.026		1.026	
	EQUITY		**70.768**		**70.768**
VII.	Provisions	466		466	
	PROVISIONS AND DEFERRED TAX LIABILITIES		**466**		**466**
VIII.	Long-term liabilities	0		0	
IX.	Short-term liabilities	2.691		2.691	
X.	Accrued charges and deferred income	1		1	
	LIABILITIES		**2.692**		**2.692**
	TOTAL EQUITY & LIABILITIES		**73.926**		**73.926**

[1] The complete individual financial statements of Miko NV are available free of charge at the company's registered office and can also be requested via info@miko.be.

1.2. Income statement

Condensed income statement after result distribution as per 31 December 2012 and 2011.

		2013 (KEUR)		2012 (KEUR)	
I.	**Operating income**		**3.618**		**2.788**
	Turnover				
	Other operating income	3.618		2.788	
II.	**Operating expenses**		**4.296**		**3.369**
	A. Raw materials & consumables	0		0	
	B. Services & other goods	1.962		1.583	
	C. Employee benefit expense	1.759		1.543	
	D. Depreciations and amortisations	125		139	
	E. Impairment of inventories and trade receivables	0		0	
	F. Provisions	103		105	
	G. Other operating expenses	2		-1	
III.	**Operating profit/(loss)**		**-678**		**-581**
IV.	Financial income	1.935		1.969	
V.	Financial costs	-432		-73	
VI.	**Profit on ordinary activities before tax**		**1.170**		**1.315**
VII.	Extra-ordinary income	0		22	
VIII.	Extra-ordinary costs				
IX.	**Profit before tax**		**1.170**		**1.337**
X.	Income tax	145		-5	
XI.	**Profit of the year**		**1.025**		**1.342**
XIII.	**Profit of the year to be appropriated**		**1.025**		**1.342**

Proposal for profit appropriation	2013 (KEUR)		2012 (KEUR)	
Profit to be appropriated		**1.026**		**1.342**
Profit of the year to be appropriated	1.025		1.342	
Profit brought forward	1		0	
Transfer from equity		**415**		**0**
From reserves	415		0	
Transfer to equity				**-25**
To share capital and share premium				
To statutory reserves				
To other reserves			-25	
Profit to be carried forward				**-1**
Profit to be carried forward			-1	
Profit for distribution		**-1.441**		**-1.316**
To the shareholders	-1.441		-1.316	

2. Report of the board of directors on the statutory financial statements for the financial year ending 31 December 2013

Reference is made to the annual report on the consolidated financial statements of the Miko group over the financial year 2013.

3. Report of the statutory auditor to the general meeting of shareholders of Miko NV on the statutory financial statements for the financial year ending 31 December 2013

Type of opinion:

Unqualified opinion

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For any additional queries, please contact:
Miko NV, Frans Van Tilborg, tel. +32 (0)14-46 27 70

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All information that has been made available to the public during the year 2013
can be found on the company website www.miko.eu.
Relevant changes that occurred after the closing of the financial year are included in this report.
In other words, it contains a description of the relevant facts up to the board meeting of March 2014.
Despite our attempts to provide up-to-date information, we cannot exclude the possibility
that some information may already be outdated.
For the most recent information, please visit our website.
This information is related to the regulatory requirements of article 66 of the prospectus regulations.

ADRESSES

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Miko Coffee Service NV
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AT Vending AB
Datavägen 20
436 32 Askim

DK

ABC Mokka ApS
Guldalderen 13
DK-2640 Hedehusene

FINANCIAL AGENDA 2014/2015

• Interim statement Q1 2014	first week of May 2014
• General meeting	28 May2014
• Dividend payable	10 June2014
• Announcement of half-year results	end of August 2014
• Interim statement Q3 2014	first week of November 2014
• End of financial year	31 December 2014
• Announcement of half-year results	end of March 2015
• General meeting	27 May 2015