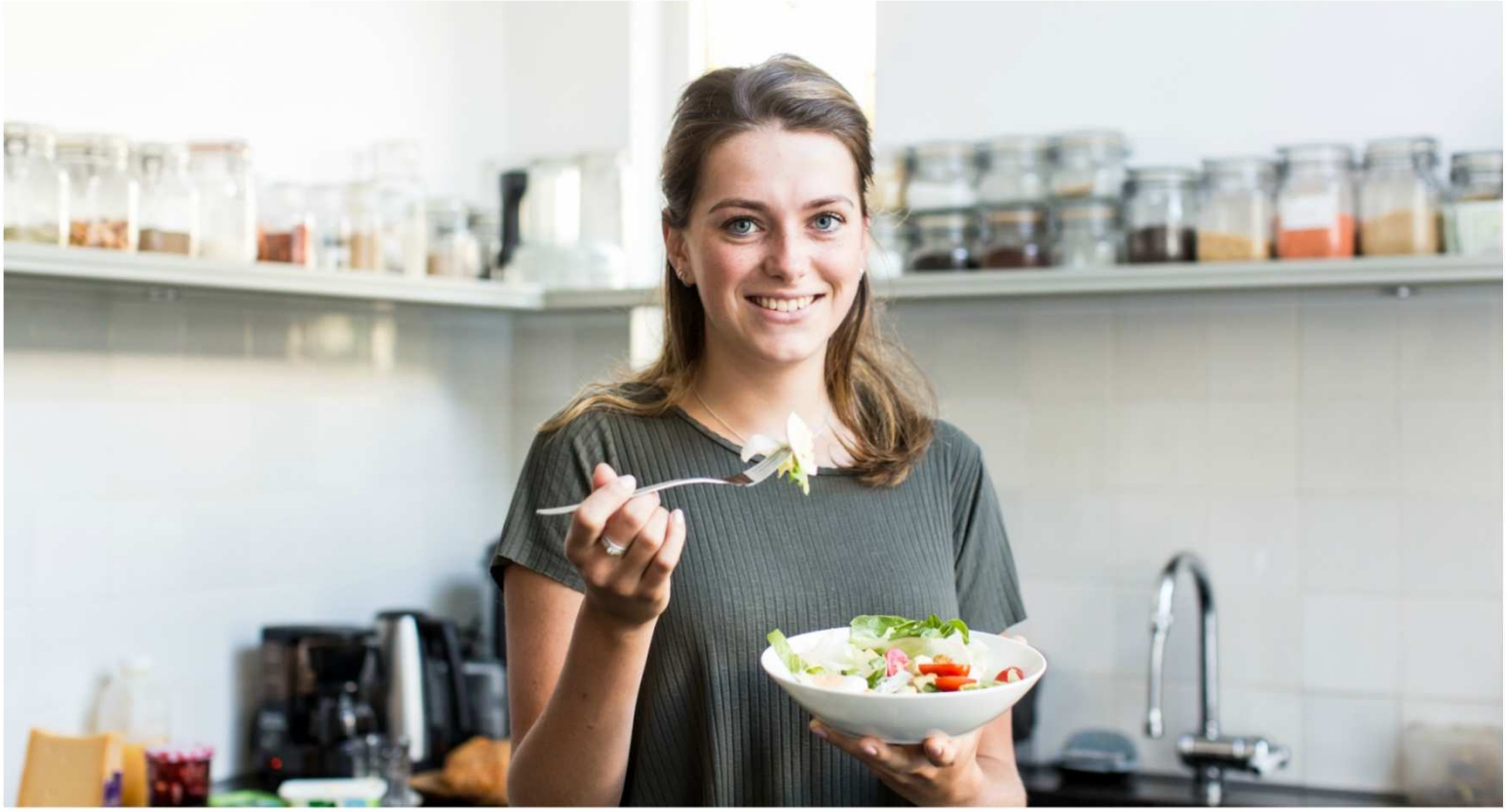
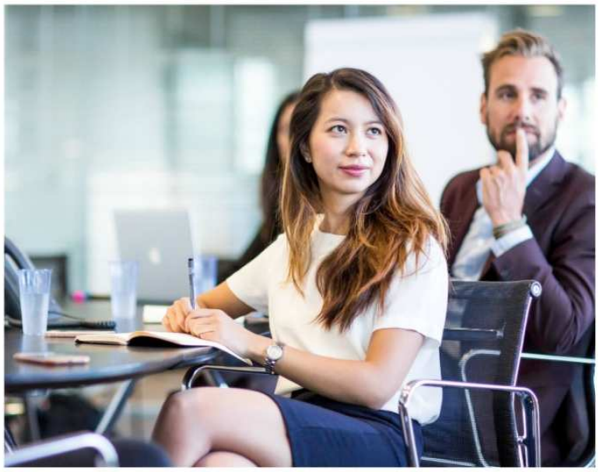
Vandemoortele
shaping a tasty future

MID YEAR RESULTS 2017





NOTICE OF NO AUDITOR REVIEW

The condensed consolidated interim financial statements, and accompanying notes thereto, as of and for the half year ended 30 June 2017 and 30 June 2016 are unaudited.

The key financial information as of and for the half years ended 30 June 2017 and 30 June 2016 is listed below. For the Balance Sheet information a comparison is made between the key figures as of 31 December 2016 and 30 June 2017.

KEY FINANCIAL FIGURES

Million Euro	30.06.2017 unaudited	30.06.2016 unaudited
REVENUE	**672**	**647**
REBITDA	**49**	**60**
Recurring depreciations & amortisations	-27	-27
REBIT	**22**	**33**
Non-recurring items	-1	-9
EBIT (profit from operations)	**21**	**23**
Depreciations, amortisations & impairments	28	28
EBITDA	**49**	**52**
Net financial income / (expense)	-10	-17
Result according to the equity method	1	3
PRE-TAX CURRENT PROFIT/(LOSS)	**13**	**10**
Income tax expense	0	-5
PROFIT/(LOSS) (EAT)	**12**	**5**
Capital Expenditure	21	33
RATIO'S		
REBITDA / Revenue	7,3%	9,3%
REBIT / Revenue	3,3%	5,1%
Net profit (loss) / Revenue	1,8%	0,8%

Million Euro	30.06.2017 unaudited	31.12.2016 audited
Net fixed assets (NFA)	598	602
Working capital need (WCN)	36	14
CAPITAL EMPLOYED	**634**	**616**
Equity	325	324
Provisions and others	8	20
Subordinated debt	75	75
Senior net financial debt (NFD)	226	196
CAPITAL PROVIDED	**634**	**616**
RATIOS		
Senior NFD / equity	69,5%	60,6%

(*) The definitions of the used key financials are specified in the Glossary, note 15

CONSOLIDATED INCOME STATEMENT

Thousand Euro	Note	30.06.2017 unaudited	30.06.2016 unaudited
Revenue		**672.075**	**647.468**
Raw materials and consumables used and goods for resale		(398.447)	(352.501)
Changes in inventories of finished goods and goods purchased for resale		27.783	13.104
Services		(122.860)	(122.334)
Employee benefit expenses		(135.265)	(133.859)
Depreciation, amortisation and write downs		(27.383)	(27.293)
Impairment		(395)	(856)
Change in provisions	6	2.642	(2.767)
Other operating income	7	8.856	9.598
Other operating expenses	8	(6.026)	(7.098)
Profit/ (loss) from operations		**20.981**	**23.463**
Financial Income	9	1.720	1.425
Financial Expense	10	(11.543)	(18.102)
Share of profit (loss) from equity accounted investments		1.401	2.910
Profit/ (loss) before tax		**12.559**	**9.696**
Income tax (expense)	11	(273)	(4.632)
Profit/ (loss) from continuing operations		**12.286**	**5.065**
Profit/loss		**12.286**	**5.065**
Profit/loss attributable to the owns of the parent		12.286	5.065

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating the presentation of the ordinary or diluted profit per share, the number of shares and the average weighted number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Profit/(loss) of the year	**12.286**	**5.065**
Other Comprehensive income	**3.134**	**(4.923)**
Items that may be reclassified subsequently to profit or loss:	***1.946***	***(1.294)***
Currency translation differences	1.946	(1.278)
Other	0	(16)
Items that will not be reclassified subsequently to profit or loss:	***1.188***	***(3.629)***
Change in actuarial gains / (losses) of defined benefit obligations, net of tax	1.188	(3.629)
Total comprehensive income for the year	**15.420**	**141**
- attributable to the owners of the parent	15.420	141

CONSOLIDATED BALANCE SHEET

Thousand Euro	30.06.2017 unaudited	31.12.2016 audited
Assets		
Goodwill	199.329	199.329
Other intangible assets	15.646	16.795
Property, plant & equipment	367.031	370.389
Investments in associates	15.943	15.254
Trade and other receivables	20	20
Deferred tax assets	50.101	43.362
Other Financial assets	37	37
Other assets	2.803	2.835
Non-current assets	**650.908**	**648.020**
Inventories	150.497	115.173
Trade and other receivables	224.666	229.229
Derivatives	1.926	2.114
Other Financial assets	9.750	9.705
Cash and cash equivalents	6.079	7.432
Other assets	7.315	3.800
Current assets	**400.234**	**367.453**
Total Assets	**1.051.142**	**1.015.472**
Equity and liabilities		
Share capital	79.365	79.365
Retained earnings & reserves	245.740	244.592
Equity	**325.105**	**323.957**
Borrowings	235.522	206.145
Deferred tax liabilities	25.377	27.455
Derivatives	2.976	4.624
Employee benefits	26.511	27.619
Provisions	4.143	6.785
Other non-current liabilities	3.686	3.908
Non-current liabilities	**298.214**	**276.537**
Borrowings	79.649	80.730
Current tax	6.996	2.633
Derivatives	2.513	1.095
Employee benefits	38.685	39.432
Trade payables and other liabilities	299.979	291.088
Current liabilities	**427.823**	**414.978**
Total equity and liabilities	**1.051.142**	**1.015.472**

CONSOLIDATED CASH-FLOW STATEMENT

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Profit/ (loss) from operations	**20.981**	**23.463**
Amortisations	1.374	1.710
Depreciations	25.922	25.579
Impairment losses on property, plant and equipment	395	856
Ebitda from continuing operations	**48.671**	**51.608**
Depreciations on government grants	(212)	(399)
Fair value adjustments on commodity contracts	(123)	(3)
Change in provisions	(2.642)	2.767
Change in long-term employee benefits	616	972
Loss / (gain) on disposals of intangible assets and PPE	73	(139)
Other	(1.531)	(614)
Cash flow from operating activities before changes in working capital	**44.851**	**54.191**
Decrease / (increase) in inventories	(32.445)	(15.094)
Decrease / (increase) in trade receivables	5.269	21.691
Increase / (decrease) in trade payables	(1.947)	(17.458)
Increase / (decrease) in other working capital	2.074	(13.779)
Net cash generated from operating activities	**17.803**	**29.551**
Interest received	12	128
Interest paid	(6.004)	(13.164)
Income taxes paid	(5.890)	(1.596)
Other financial fees	(296)	(457)
Cash flow from operating activities in continuing operations	**5.624**	**14.462**
Acquisition of intangible assets	(613)	(575)
Acquisition of property, plant and equipment	(20.039)	(32.771)
Proceeds from sale of intangible assets	0	11
Proceeds from sale of property, plant and equipment	39	907
Government grants	0	447
Other	(14)	5
Cash flow from investing activities in continuing operations	**(20.628)**	**(31.976)**
Proceeds from borrowings	30.000	126.806
Repayment of borrowings	(1.470)	(76.846)
Repayment of finance lease liabilities	(1.244)	(798)
Dividends paid	(15.834)	(155.491)
Dividends received	2.275	1.314
Capital increase	0	68.008
Cash flow from financing activities in continuing operations	**13.727**	**(37.007)**
Net increase / (decrease) in cash & cash equivalents	**(1.276)**	**(54.520)**
Cash and cash equivalents less bank overdrafts at January 1	7.430	71.791
Cash and cash equivalents less bank overdrafts at June 30	**6.154**	**17.271**

0,8 mio EUR of the acquisition of property, plant and equipment has been financed through financial leasing. Related CAPEX and financing have not been reported as cash flow.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30.06.2017 unaudited								
	Attributable to owners of the parent								
Thousand Euro	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves	Employee benefits	Total	Non control. interest	Total Equity
At January 1	**79.365**	**(53.468)**	**3.867**	**295.179**	**0**	**(987)**	**323.957**	**0**	**323.957**
Comprehensive income									
Profit/(loss) of the year	0	0	0	12.286	0	0	12.286	0	12.286
Other comprehensive income									
Currency translation	0	0	1.946	0	0	0	1.946	0	1.946
Employee benefits	0	0	0	0	0	1.188	1.188	0	1.188
Total comprehensive income	**0**	**0**	**1.946**	**12.286**	**0**	**1.188**	**15.420**	**0**	**15.420**
Transactions with owners									
Dividends paid	0	0	0	(15.834)	0	0	(15.834)	0	(15.834)
Dividends received	0	0	0	1.563	0	0	1.563	0	1.563
Total transactions with owners	**0**	**0**	**0**	**(14.272)**	**0**	**0**	**(14.272)**	**0**	**(14.272)**
At June 30	**79.365**	**(53.468)**	**5.813**	**293.194**	**0**	**201**	**325.105**	**0**	**325.105**

	30.06.2016 unaudited								
	Attributable to owners of the parent								
Thousand Euro	Share Capital	Treasury Shares	Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves	Employee benefits	Total	Non control. interest	Total Equity
At January 1	**11.357**	**(53.468)**	**5.127**	**415.310**	**0**	**964**	**379.290**	**0**	**379.290**
Comprehensive income									
Profit/(loss) of the year	0	0	0	5.065	0	0	5.065	0	5.065
Other comprehensive income									
Currency translation	0	0	(1.278)	0	0	0	(1.278)	0	(1.278)
Employee benefits	0	0	0	0	0	(3.629)	(3.629)	0	(3.629)
Other	0	0	0	(16)	0	0	(16)	0	(16)
Total comprehensive income	**0**	**0**	**(1.278)**	**5.049**	**0**	**(3.629)**	**141**	**0**	**141**
Transactions with owners									
Capital increase	68.008	0	0	0	0	0	68.008	0	68.008
Dividends paid	0	0	0	(155.491)	0	0	(155.491)	0	(155.491)
Dividends received	0	0	0	1.075	0	0	1.075	0	1.075
Total transactions with owners	**68.008**	**0**	**0**	**(154.415)**	**0**	**0**	**(86.407)**	**0**	**(86.407)**
At June 30	**79.365**	**(53.468)**	**3.848**	**265.943**	**0**	**(2.665)**	**293.024**	**0**	**293.024**

1. GENERAL INFORMATION

Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries (together "the Group") are a Belgian family business that has grown into a leading food group on a European scale. The Group focuses on two business segments: Bakery Products and Margarines, Culinary Oils & Fats (hereafter MCOF, previously named Lipids). The June 30, 2017 Consolidated Financial Statements of the Group include the Company, 37 consolidated subsidiaries controlled by the Company and 1 associated company.

Safinco NV, the parent company, is a limited liability company incorporated and registered in Belgium. The registered offices of both Vandemoortele NV and Safinco NV are situated at Moutstraat 64, 9000 Gent.

2. APPLICATION OF NEW AND REVISED IFRS

NEW AND REVISED IFRSS AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Group has considered a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. It concerns:

- Annual improvements to IFRS standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)

- Amendments to IAS 7 Statements of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)

- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017)

These improvements and amendments do not have a material impact on the amounts included in the present unaudited mid-year 2017 interim financial statements.

IFRS 15 "Revenue from contracts with customers"
During 2017, the Group is in process of preparing an impact analysis in view of the application of IFRS 15, which will be mandatorily applicable as from 1 January 2018.
Before year-end 2017, the Group will have a first impact assessment. Based on the currently gathered information no material impact is expected.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

These condensed interim financial statements for the six months ended June 30, 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements do not include all the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS.

3.2 ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the accounting policies applied in the 2016 consolidated financial statements.

Income taxes in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

3.3 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies as well as the key sources to estimate uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

4 BUSINESS REVIEW & OUTLOOK

4.1 CONSOLIDATED ACCOUNTS AT JUNE 30, 2017

The Balance Sheet structure includes an equity position of 325 mio € (compared to 324 mio € at the end of 2016) and a net senior financial debt of 226 mio € (compared to 196 mio € at the end of 2016). The increase in net senior financial debt of 29 mio € can be explained by following factors: a cash flow from operating activities of 45 mio €, an additional need of working capital of 27 mio €, investment activities of 21 mio €, financial and tax charges for 12 mio € and a dividend pay-out of 14 mio €.

The first half of the year 2017 showed an increased revenue of 672 mio € versus 647 mio € during the same period in 2016. The Group Recurring Ebitda of 49 mio € was 11 mio € lower than in the first half of 2016. Similarly, the Group Recurring Ebit decreased by 11 mio € to a level of 22 mio €. The Group's net result increased from 5 mio € to 12 mio € after net finance expenses of 10 Mio €.

The revenue of the MCOF business line increased vs. last year by 6%, from 254 mio € to 270 mio €, despite a small sales volume decrease of 2.2%. The Recurring Ebitda decreased with 5 mio € to 20 mio €.

The revenue of the Bakery Products business line increased by 2% vs. last year, from 392 mio € to 401 mio € despite a small sales volume decrease of 1,8%. The Recurring Ebitda decreased by 6 mio € to 29 mio €.

4.2 OUTLOOK FOR THE WHOLE YEAR 2017

Over the full year 2017, we expect the revenue growth to continue despite lower sales volumes, driven by higher raw material prices, in particular from butter. We do not expect any improvement on the butter market before the end of the year.
As there is a time lag for implementing price increases, we expect "(R)EBITDA" to be lower than last year.

The structure of the balance sheet should remain strong, despite the heavy investment program for the whole year.

5 OPERATING SEGMENT INFORMATION

The Executive Committee (ExCo) is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the ExCo for the purposes of allocating resources and assessing performance. The executive committee considers the business from a product family perspective.

The Group operates with four performance measures, both measured on business performance. The primary performance measure is REBITDA, the secondary EBITDA, the third REBIT and the fourth EBIT.

For its strategic decision making process Vandemoortele distinguishes between the Bakery Products operating segment and the MCOF operating segment. The Bakery Products operating segment comprises the development, production and sale of frozen bakery products. The MCOF operating segment comprises the development, production and sale of margarines, culinary oils & fats.

Sales between operating segments are carried out at arm's length. Sales from the MCOF to the Bakery Products operating segment amount to 7.781 k euro in the first semester of 2016 (6.344 k euro in 2016). The revenue from external parties reported to the Executive Committee (ExCo) is measured in a manner consistent with that in the income statement.

The following tables presents key financials regarding the groups operating segments for periods ended 30 June 2017 and 2016 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

	Bakery Products		MCOF		Unallocated (1)		Total	
Thousand Euro	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**
P&L Information								
External Revenue	401.451	391.756	261.899	247.953	8.725	7.758	672.075	647.468
Internal Revenue	0	0	7.781	6.344	(7.781)	(6.344)	0	0
Revenue	401.451	391.756	269.680	254.297	944	1.414	672.075	647.468
REBITDA	29.444	34.979	20.088	25.204	(140)	(30)	49.392	60.154
Non-recurring items (2) (excl.depr.,amort.& impairments)	(566)	(8.091)	(155)	(417)	0	(37)	(721)	(8.545)
EBITDA	28.878	26.888	19.933	24.787	(140)	(67)	48.671	51.609
Deprec., Amort. & Impairments	21.897	22.414	5.793	5.731	0	0	27.690	28.146
EBIT	**6.981**	**4.474**	**14.140**	**19.056**	**(140)**	**(67)**	**20.981**	**23.463**
REBIT	7.941	13.425	14.294	19.474	(140)	(30)	22.096	32.869
Financial income							1.720	1.425
Financial expense							(11.543)	(18.102)
Associates							1.401	2.910
Income tax (expense)							(273)	(4.632)
EAT (Earnings after Tax)							**12.286**	**5.065**

(1) Unallocated includes intersegment eliminations / external revenue, EBIT and REBIT that do not belong to the Bakery Products respectively MCOF segments.

(2) The non-recurring items booked in the first half of 2017 include mainly restructuring costs in France

Thousand Euro	Bakery Products 30.06.2017	Bakery Products 31.12.2016	MCOF 30.06.2017	MCOF 31.12.2016	Unallocated 30.06.2017	Unallocated 31.12.2016	Total 30.06.2017	Total 31.12.2016
Balance Sheet Information								
Net Fixed Assets	454.287	457.264	127.756	129.284	15.943	15.254	597.985	601.803
Other Non-Current assets					2.823	2.855	2.823	2.855
Total Non-Current Assets (excl Def Tax Assets)	**454.287**	**457.264**	**127.756**	**129.284**	**18.766**	**18.109**	**600.808**	**604.658**
Assets Working Capital Need	215.577	207.690	152.075	141.853	(67.302)	(79.015)	300.350	270.528
Other Current Assets *	0	0	0	0	99.884	96.925	99.884	96.925
Total Current Assets	**215.577**	**207.690**	**152.075**	**141.853**	**32.582**	**17.910**	**400.234**	**367.453**
Total Assets (excl Def Tax Assets)	**669.864**	**664.954**	**279.831**	**271.137**	**51.348**	**36.019**	**1.001.042**	**972.110**
Assets Working Capital Need	215.577	207.690	152.075	141.853	(67.302)	(79.015)	300.350	270.528
Liabilities Working Capital Need	(138.145)	(134.373)	(109.079)	(112.146)	0	0	(247.224)	(246.519)
Total Operational Working Capital Need	**77.432**	**73.317**	**42.996**	**29.707**	**(67.302)**	**(79.015)**	**53.126**	**24.009**

** Other current assets include other receivables, other financial assets, cash & cash equivalents and are not allocated to Bakery Products or MCOF*

5.2 GEOGRAPHICAL SEGMENT INFORMATION

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Revenue per country		
France	183.255	177.655
Germany	103.095	96.636
Belgium	91.694	88.029
The Netherlands	60.404	61.828
Italy	51.950	50.055
Spain	44.136	41.635
UK	41.851	47.833
Czech Rep & Slovakia	11.408	10.206
Rest of Europe	50.765	50.802
Outside Europe	33.517	22.790
Total	**672.075**	**647.468**

Thousand Euro	30.06.2017 unaudited	31.12.2016 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199.329	199.329
France	162.897	163.763
Belgium	75.519	76.250
Italy	50.535	54.779
Poland	46.349	42.918
Spain	28.978	28.983
The Netherlands	17.193	18.819
Germany	15.469	16.151
UK	4.422	3.571
Other	115	97
Total (see consolidated balance sheet)	**600.808**	**604.658**

5.3 Major customers

The Group's Bakery Products and MCOF businesses are predominantly business-to-business activities in which products are sold into following distribution channels: Retail, Artisan Bakery, Food Service and Food Industry. Overall, the Retail distribution channel, which represents approximately 61,0% and 32,7%, respectively, of the Bakery Products and MCOF business lines' volumes, has become increasingly concentrated with three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United-Kingdom and Belgium.

There are no individual customers that represent more than 10% of the Group revenue. The revenue of the top 5 represents 18,9% of the total group revenue in the first semester of 2017 (FY 2016: 19,2%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 26,7% (FY 2016: 26,3%) and 19,5% (FY 2016: 21,5%) in the total revenue of the business line in 2017. When we consider the top 10 customers, the share increases to approximately 35,9% for Bakery Products, 30,9% for MCOF and 27,7% for the total Group.

6 CHANGE IN PROVISIONS

Thousand Euro	30.06.2017 undaudited	30.06.2016 undaudited
Restructuring	2.433	(2.508)
Litigations & Tax	(154)	(236)
Environmental	0	2
Other	363	(25)
Change in provisions	**2.642**	**(2.767)**

Nearly no new provisions (0,2 mio €) in 2017. The use of provisions (2,8 mio €) mainly relates to restructuring in France (1,6 mio €), the Netherlands (0,4 mio €) and Italy (0,3 mio €).

7 OTHER OPERATING INCOME

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Gains on disposals of tangible and intangible fixed assets	128	585
Fair value gain on forward purchase contracts crude vegetable oil	123	60
Government Grants	356	399
Capitalised engineering	406	555
Sales waste	1.780	1.399
Exemption payroll tax	1.924	1.967
Benefit in kind	408	371
Site revenues	619	775
Sales promotional materials	457	433
Tax recuperation (non-income tax related) *	657	563
Rental Fleet	47	102
Palettes	662	362
Damage/insurance	186	319
Realised Exchange Gains Relating to Trade Business	286	801
Compensation for investments by third parties: energy/formation/safety **	71	601
Other	745	309
Other operating income	**8.856**	**9.598**

** Mainly related to french operational taxes*

*** Amount in 2016 consisted mainly of compensation from EDF for electrity investments (534 k euro)*

8. OTHER OPERATING EXPENSE

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Loss on disposals of tangible and intangible fixed assets	201	446
Fair value loss on forward purchase contracts crude vegetable oil	0	57
Loss on Realisation of Trade Receivables	88	237
Other	347	540
Realised Exchange Losses Relating to Trade Business	395	1.077
Other Operating Taxes ("taxe foncière", packaging tax, property tax)	4.994	4.741
Other operating expense	**6.026**	**7.098**

9 FINANCIAL INCOME

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Interest income	12	116
Exchange gains (realised and unrealised)	16	2
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	1.648	1.229
Fair value gains on financial assets measured at fair value through profit	45	74
Other financial income	0	4
Financial Income	**1.720**	**1.425**

10 FINANCIAL EXPENSE

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Interest expense	7.546	14.645
Exchange losses (realised and unrealised)	1.762	1.393
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	1.729	753
Bank and legal fees	168	308
Other financial expense	339	1.003
Financial Expense	**11.543**	**18.102**

11 INCOME TAX EXPENSE

Income taxes recognised in the income statement can be detailed as follows:

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Current taxes for the year	(9.319)	(3.344)
Adjustment to current taxes on prior years	(349)	(58)
Deferred taxes	9.395	(1.230)
Income tax (expense)	**(273)**	**(4.632)**

The increase in current year taxes can be explained by an increase in profit before tax with 4.372 k euro compared to 30/06/2016. Furthermore most individual companies that realised a taxable profit during the first half of 2017 didn't have any available tax attributes to offset these profits. The main reason for the deferred tax gains is that some individual companies have incurred tax losses for which a deferred tax asset has been recognized.
The build up of deferred tax assets exceeds the current taxes for the year and result in a small amount of income tax.

The relationship between the income tax and the profit before income tax has been summarised in the table below:

Thousand Euro	30.06.2017 unaudited	30.06.2016 unaudited
Accounting profit before taxes	12.559	9.696
Share of result of associates	(1.401)	(2.910)
Profit before tax and before share of result of associates	**11.158**	**6.786**
Tax at Belgian corporate taxe rate (33,99%)	3.793	2.307
Adjustment to current taxes on prior years		
- over/underprovided prior years	349	58
Tax effect of		
- special tax regimes (*)	(636)	(1.183)
- other domestic tax rates	(1.526)	(213)
- expenses not deductible for tax purposes	906	1.081
- witholding tax	39	36
- losses for which no deferred tax was recognised	55	197
- utilisation of unrecognised tax losses	(3.555)	(796)
- reversal of previously recognised deferred tax assets	0	2.038
- deferred tax assets previously not recognised	(211)	(62)
Other domestic taxes (**)	1.114	1.112
Other	(55)	57
Total income tax	**273**	**4.632**

(*) a.o. notional interest deduction (215 k euro)
(**) mainly CVAE France

(*) Notional interest deduction (so-called NID or deduction for risk capital) allows companies subject to Belgian corporate income tax to deduct a fictitious interest cost calculated as a % (yearly determined eg 0.237% for accounts closed per 31/12/2017) of an adjusted accounting net equity of the previous year from their taxable income. The adjustments on the accounting net equity include amongst others corrections for financial fixed assets, tax free reserves for capital grants... Note that the % of the current year 2017 (0.237%) has decreased in comparison with last year's % (1.131%). The current year unused NID is no longer transferable, but a transitional regime is applicable for stock of unused NID.

(**) The contribution for value added by businesses (cotisation sur la valeur ajoutée des entreprises, CVAE) is a French tax assessed on the added value companies realized during the previous calendar year. The CVAE rate is 1,5% for companies with an annual pre-tax turnover of +50 Mio euro. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). Minimum annual pre-tax turnover to be subject to CVAE is 500 K euro.

Deferred tax assets and liabilities are attributable as follows:

Thousand Euro	30.06.2017 unaudited	31.12.2016 audited
Deferred tax assets	50.101	43.362
Deferred tax liabilities	25.377	27.455

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. Based on this judgement, the time horizon over which the tax benefits will be realised varies between 4 and 10 years. The majority of the tax attributes for which a deferred tax asset is recognized can be transferred without limitation in time. For the tax attributes that can only be transferred limited in time a deferred tax is only recognized to the extent the tax attributes are expected to be used within the time limitation. Management of the Group remains conservative in determining the future taxable results and believes that it is not likely that changes in judgements can have a material adverse effect on the financial condition of the Group.

12. RELATED PARTIES

The Group is controlled by Safinco NV which owns 100 % of the Company's shares.

The Group purchases refined oil from one of its associates, Lipidos. The conditions for these purchases are negotiated periodically between both parties and are at arm's length.

13. COMMITMENTS AND CONTINGENCIES

13.1 OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on Company cars and office equipment. Renewals are at the option of the specific entity that holds the lease. The minimum lease payments under operating leases recognised in the income statement for the year amounted to 2.090 k euro (in 2016 an amount of 1.674 k euro).
Future minimum rentals payable under non-cancellable operating leases at June 30, 2017 are not significant.

13.2 CONTINGENT LIABILITIES

The foreign objects product liability claim dd. 7 November 2016 against Vandemoortele has been provisioned appropriately in the Group's financial statements as per 31.12.2016. The details of this claim and of Vandemoortele's consequential claims against its contractors are being investigated further by the insurance companies of the parties involved. A first down payment was made to the claimer by Vandemoortele's insurers. It is expected that the claims will be successfully settled by year end.

Further the Group is subject to a number of claims and legal proceedings in the normal conduct of its business. Management does believe that such claims and proceedings are not likely, on aggregate, to have a material adverse effect on the financial condition of the Group. There are no contingencies relating to government grants for which income was already recognized.

14 EVENTS AFTER BALANCE SHEET DATE

There were no important events after balance sheet date.

15 GLOSSARY

EBIT
Profit from operations

EBITDA
Profit from operations before depreciation, amortisation and impairments

REBIT
Profit from operations before non-recurring items

REBITDA
REBIT before recurring depreciation and amortisation

Non-recurring items
Items that are related to restructuring programmes: Lay-off costs that can not be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses on assets (including goodwill) and fade out costs for production or logistic sites that are closed during the year.

Net fixed assets
Goodwill, other intangible assets, property, plant & equipment, investments in associates and financial assets (excluding mutual funds)

Working capital need
Operational working capital need plus other working capital need

Operational working capital need
Inventories, trade receivables and trade payables

Other working capital need
Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives

Equity
For ratio calculations total equity includes equity attributable to owners of the parent and non-controlling interests

Provisions
Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings

Net deferred tax
Deferred tax liabilities less deferred tax assets

Net financial debt
Nominal amount of borrowings minus cash and cash equivalents, mutual funds, current and non-current loans

Senior net financial debt
Net financial debt minus subordinated loans

Capital employed
Net fixed assets plus working capital need

Capital provided
Equity, net financial debt and provisions

Return on capital employed (ROCE)
Recurring earnings after tax as a percentage of the capital employed per December 31

16. STATEMENT BY RESPONSIBLE PERSON

Vandemoortele
shaping a tasty future

September 7, 2017

STATEMENT BY RESPONSIBLE PERSON

Jules Noten Comm.V., represented by Mr. Jules Noten, Chief Executive Officer confirms that to the best of his knowledge:

a) The condensed interim consolidated financial statements per 30.06.2017 of NV VANDEMOORTELE, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation and results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.

b) The interim report of the Board of Directors on the condensed interim consolidated financial statements per 30.06.2017 of NV VANDEMOORTELE, contains a faithful presentation of performance of the business, the results of the group VANDEMOORTELE and its consolidated subsidiaries.

Jules Noten Comm.V,
represented by Mr. Jules Noten
Chief Executive Officer
of Vandemoortele NV

17. INTERIM REPORT OF THE BOARD OF DIRECTORS

INTERIM REPORT OF THE BOARD OF DIRECTORS ON THE MID-YEAR 2017 RESULTS

Dear Stakeholders,

We hereby provide you with our comments on the unaudited mid-year 2017 IFRS consolidated results of the Vandemoortele Group.

The first semester of 2017 has been characterized by significant increases in raw material prices in both business lines. It has been impossible to translate this impact fully and on time in the selling prices resulting in an increase of turnover, but a loss of gross margin impacting the operational profit.

The mid-year 2017 revenue has increased by 3,8 % to 672 Mio €, whilst the recurring operational cash flow ("REBITDA") decreased by 17,9 % to 49,4 Mio € and the recurring operational profit ("REBIT") by 32,8 % to 22,1 Mio €.

The Bakery Products business line has increased its revenues by 2,5 % versus last year mainly due to higher selling prices but partly compensated by a slight volume decrease (-1,8 %), to reach 401,5 Mio €. The combination of selling price increases and the stronger Euro has resulted in less turnover in the UK.
It was not possible to fully and timely include the significant increase of butter prices in the selling prices, with a negative impact on the recurring operational profitability of the business line.

In the Margarine, Culinary Oils & Fats (MCOF) business line, revenues have increased by 6,1 % versus last year notwithstanding lower sales volumes reflecting the market trend (-2,2%), to reach 269,7 Mio €. Also here could the increase in raw material prices not be fully and timely included in the selling prices with a negative impact on the recurring operational profitability.

After small non recurring restructuring charges, the first semester 2017 ends with an operational profit ("EBIT") of 21 Mio €, versus 23 Mio € mid-year 2016. After taking into account the lower finance expenses, primarily linked to repayment of the Gimv subordinated loan, and the lower income taxes, the Group EAT (Earnings After Tax) increased from 5,1 Mio € in 2016 to 12,3 Mio € mid-year 2017.

The balance sheet remains solid with an equity of 325 Mio € and a net financial debt on the same level as last year.

Over the full year 2017, we expect the revenue growth to continue despite lower sales volumes, driven by higher raw material prices, in particular from butter. We do not expect any improvement on the butter market before the end of the year.
As there is a time lag for implementing price increases, we expect `(R)EBITDA` to be lower than last year.

On behalf of the Board of Directors,
Ghent, 7 September 2017

Jean Vandemoortele
Chairman of the Board of Directors