MID YEAR RESULTS 2016

SHAPING A TASTY FUTURE

vandemoortele

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 2016 and 30 June 2015 are unaudited.

The key financial information as of and for the half years ended 30 June 2016 and 30 June 2015 is listed below. For the Balance Sheet information a comparison is made between the key figures as of 31 December 2015 and 30 June 2016.

KEY FINANCIAL FIGURES

Million Euro	30.06.2016 unaudited	30.06.2015 unaudited
REVENUE	**647**	**643**
RECURRING OPERATIONAL CASH FLOW (REBITDA)	**60**	**56**
Recurring depreciation, amortisation & write-offs	-27	-25
RECURRING OPERATIONAL PROFIT (REBIT)	**33**	**31**
Non-recurring items	-9	0
OPERATIONAL PROFIT (EBIT)	**23**	**31**
Net financial income / (expense)	-17	-10
Result according to the equity method	3	1
PRE-TAX CURRENT PROFIT/(LOSS)	**10**	**22**
Income tax expense	-5	-7
PROFIT/(LOSS) (EAT)	**5**	**15**
Capital Expenditure	33	30
RATIO'S		
Recurring operational cash flow (REBITDA) / Revenue	9,3%	8,7%
Recurring operational profit (REBIT) / Revenue	5,1%	4,9%
Net profit (loss) / Revenue	0,8%	2,4%

Million Euro	30.06.2016 unaudited	31.12.2015 audited
Net fixed assets (NFA)	587	580
Working capital need (WCN)	37	12
CAPITAL EMPLOYED	**624**	**592**
Equity	293	379
Provisions and others	30	22
Subordinated debt	0	69
Senior net financial debt (NFD)	300	122
CAPITAL PROVIDED	**624**	**592**
RATIOS		
Senior NFD / equity	102,5%	32,2%

CONSOLIDATED INCOME STATEMENT

Thousand Euro	Note	30.06.2016 unaudited	30.06.2015 unaudited
Revenue		**647.468**	**643.375**
Raw materials and consumables used and goods for resale		(352.501)	(355.976)
Changes in inventories of finished goods and goods purchased for resale		13.104	12.864
Services		(122.334)	(118.098)
Employee benefit expenses		(133.859)	(130.263)
Depreciation, amortisation and write downs		(27.293)	(24.861)
Impairment		(856)	0
Change in provisions	6	(2.767)	4.061
Other operating income	7	9.598	7.939
Other operating expenses	8	(7.098)	(8.065)
Profit/ (loss) from operations		**23.463**	**30.977**
Financial Income	9	1.425	3.369
Financial Expense	10	(18.102)	(13.343)
Share of profit (loss) from equity accounted investments		2.910	936
Profit/ (loss) before tax		**9.696**	**21.938**
Income tax (expense)	11	(4.632)	(6.526)
Profit/ (loss) from continuing operations		**5.065**	**15.413**
Profit/loss		**5.065**	**15.413**
Profit/loss attributable to the owns of the parent		5.065	15.390
Non-controlling interests		0	23

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	30.06.2016 unaudited	30.06.2015 unaudited
Profit/(loss) of the year	**5.065**	**15.413**
Other Comprehensive income	**(4.923)**	**3.773**
Items that may be reclassified subsequently to profit or loss:	***(1.294)***	***743***
Cash flow hedges associates, net of tax	0	70
Currency translation differences	(1.278)	686
Other	(16)	(14)
Items that will not be reclassified subsequently to profit or loss:	***(3.629)***	***3.031***
Change in actuarial gains / (losses) of defined benefit obligations, net of	(3.629)	3.031
Total comprehensive income for the year	**141**	**19.186**
- attributable to the owners of the parent	141	19.165
- attributable to non controlling interests	0	21

CONSOLIDATED BALANCE SHEET

Thousand Euro	30.06.2016 unaudited	31.12.2015 audited
Assets		
Goodwill	199.329	199.329
Other intangible assets	18.229	19.805
Property, plant & equipment	356.060	350.435
Investments in associates	13.196	10.523
Trade and other receivables	35	67
Deferred tax assets	48.337	48.782
Other Financial assets	38	44
Other assets	2.724	2.653
Non-current assets	**637.948**	**631.637**
Inventories	129.068	113.974
Trade and other receivables	226.052	202.755
Derivatives	1.211	2.045
Other Financial assets	14.688	14.614
Cash and cash equivalents	17.271	71.793
Other assets	6.109	3.712
Current assets	**394.398**	**408.892**
Total Assets	**1.032.346**	**1.040.529**
Equity and liabilities		
Share capital	79.365	11.357
Retained earnings & reserves	213.659	367.933
Equity	**293.024**	**379.290**
Borrowings	324.603	267.479
Deferred tax liabilities	29.380	30.493
Derivatives	6.389	7.617
Employee benefits	31.482	25.012
Provisions	13.141	10.374
Other non-current liabilities	4.229	4.171
Non-current liabilities	**409.223**	**345.148**
Borrowings	6.702	8.219
Current tax	3.295	2.105
Derivatives	577	661
Employee benefits	40.610	41.958
Trade payables and other liabilities	278.914	263.149
Current liabilities	**330.099**	**316.092**
Total equity and liabilities	**1.032.346**	**1.040.529**

CONSOLIDATED CASH-FLOW STATEMENT

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Profit/ (loss) from operations	**23.463**	**30.977**
Amortisations	1.710	2.137
Depreciations	25.579	22.418
Impairment losses on property, plant and equipment	856	0
Ebitda from continuing operations	**51.608**	**55.532**
Depreciations on government grants	(399)	(417)
Fair value adjustments on commodity contracts	(3)	55
Change in provisions	2.767	(4.061)
Change in long-term employee benefits	972	(2.204)
Loss / (gain) on disposals of intangible assets and PPE	(139)	374
Other	(614)	451
Cash flow from operating activities before changes in working capital	**54.191**	**49.730**
Decrease / (increase) in inventories	(15.094)	(19.263)
Decrease / (increase) in trade receivables	21.691	27.601
Increase / (decrease) in trade payables	(17.458)	(817)
Increase / (decrease) in other working capital	(13.779)	(10.735)
Net cash generated from operating activities	**29.551**	**46.516**
Interest received	128	351
Net interest paid	(13.164)	(8.967)
Income taxes paid	(1.596)	(6.090)
Other financial fees	(457)	(1.392)
Cash flow from operating activities in continuing operations	**14.462**	**30.418**
Acquisition of intangible assets	(575)	(381)
Acquisition of property, plant and equipment	(32.771)	(23.874)
Acquisition through business combinations, net of cash acquired	0	(56.364)
Proceeds from sale of intangible assets	11	0
Proceeds from sale of property, plant and equipment	907	408
Government grants	447	0
Other	5	0
Cash flow from investing activities in continuing operations	**(31.976)**	**(80.211)**
Proceeds from borrowings	126.806	100.000
Repayment of borrowings	(76.846)	(62.066)
Repayment of finance lease liabilities	(798)	(1.011)
Dividends paid	(155.491)	(7.779)
Dividends received	1.314	978
Subordinated loan equity part net of tax	68.008	0
Other	0	286
Cash flow from financing activities in continuing operations	**(37.007)**	**30.408**
Net increase / (decrease) in cash & cash equivalents	**(54.520)**	**(19.385)**
Cash and cash equivalents less bank overdrafts at January 1	71.791	84.166
Effect of exchange rate fluctuations	0	149
Cash and cash equivalents less bank overdrafts at June 30	**17.271**	**64.930**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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**

	30.06.2015 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**	**(48.539)**	**4.861**	**389.338**	**(70)**	**(3.972)**	**352.976**	**624**	**353.599**
Comprehensive income									
Profit/(loss) of the year	0	0	0	15.390	0	0	15.390	23	15.413
Other comprehensive income									
Hedging reserves	0	0	0	0	70	0	70	0	70
Currency translation	0	0	686	0	0	0	686	0	686
Employee benefits	0	0	0	(1.551)	0	4.581	3.031	0	3.031
Other	0	0	0	(12)	0	0	(12)	(2)	(14)
Total comprehensive income	**0**	**0**	**686**	**13.827**	**70**	**4.581**	**19.165**	**21**	**19.186**
Transactions with owners									
Dividends paid	0	0	0	(7.779)	0	0	(7.779)	(58)	(7.837)
Dividends received	0	0	0	978	0	0	978	0	978
Total transactions with owners	**0**	**0**	**0**	**(6.801)**	**0**	**0**	**(6.801)**	**(58)**	**(6.859)**
At June 30	**11.357**	**(48.539)**	**5.547**	**396.364**	**0**	**610**	**365.339**	**587**	**365.926**

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, 2016 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 2016. It concerns:

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

These improvements and amendments do not have a material impact on the amounts included in the present unaudited mid-year 2016 interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

These condensed interim financial statements for the six months ended June 30, 2016 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 2015, 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 2015 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 expense. 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 2015, 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, 2016

The liability side of the balance sheet of the Company has evolved a lot in the first semester of 2016 as a consequence of the termination of the "shareholding" of the Gimv companies ("Gimv") in the Company.

Following the voluntary early repayment on April 4, 2016 by the Company to Gimv of the latter's 75 mio € subordinated loan facility, Gimv has requested the conversion of its warrants into shares Vandemoortele NV. The conversion was executed on April 15, 2016 and resulted in an amendment of the articles of association of the Company , i.e. an increase of equity (capital and issuance premium) for the amount of approximately 68 mio € as well as the issuance of 129.058 new shares Category B of the Company.

On May 26th, 2016 Safinco NV and Gimv reached an agreement on the sale/purchase by Safinco Nv from Gimv of the above mentioned 129.058 shares Category B as a result whereof Safinco NV became the 100% shareholder of the Company again. This sale and purchase transaction was closed on 31 may 2016. The financing of the purchase price was partially done through a special dividend for the amount of 145 mio € that was declared payable to Safinco NV by the special shareholders meeting of June 1, 2016. The Company has funded the payment thereof by making a drawdown under its Revolving Credit Facility on June 3, 2016.

Currently the Company is owned by Safinco NV for 100%. In the coming months the Company will amend its corporate statutes as well as its Corporate Governance Charter to reflect this new situation.

The Balance Sheet structure includes an equity position of 293 mio € (compared to 379 mio € at the end of 2015) and a net senior financial debt of 300 mio € (compared to 122 mio € at the end of 2015). The increase in net senior financial debt of 178 mio € is due to the combination of following factors: a) on the positive side: a positive cash flow from operating activities of 54 mio € and a capital increase in cash of 68 mio € and b) on the negative side: an additional need of working capital of 25 mio €, investment activities for 32 mio €, financial and tax charges for 15 mio €, the repayment of the subordinated Gimv loan for 75 mio € and a total dividend pay-out (including special dividend) of 154 mio €.

In the first half of the year 2016, the Group revenue has slightly increased by 0,6% to 647 mio €. The Group Recurring Ebitda of 60 mio € was 7,6% higher than in the first half of 2015. Similarly, the Group Recurring Ebit improved by 4,9% to a level of 33 mio €. The Group's net result amounted to 5 mio € after net finance expenses of 17 Mio € and income tax charges of 5 mio €. The higher than normal finance expenses are primarily linked to non cash effects of the voluntary early repayment of the Gimv subordinated loan facility.

The revenue of the MCOF business line decreased vs. last year by 4,0% to reach 254 mio €, primarily as a consequence of lower sales volumes, reflecting the market trend. The Recurring Ebitda decreased with 2,9% € to 25 mio €.

The revenue of the Bakery Products business line increased by 3,9% vs. last year at 392 mio € thanks to a combnation of sales volume growth and product mix improvement. The Recurring Ebitda increased by 16,3% mio € to 35 mio €.

4.2 OUTLOOK FOR THE WHOLE YEAR 2016

For the whole year 2016, the Group Revenues are expected to slightly grow. The Recurring Ebitda should be higher than the results achieved in 2015, absent unpredicted effects of the Brexit on our businesses.

The structure of the balance sheet should remain strong, despite the financing of the special dividend payment of the first semester and a heavy investment program of 78 mio € 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 6.344 k euro in the first semester of 2016 (4.856 k euro in 2015). 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 2016 and 2015 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

	Bakery Products		MCOF		Unallocated (6)		Total	
Thousand Euro	**30.06.2016**	**30.06.2015**	**30.06.2016**	**30.06.2015**	**30.06.2016**	**30.06.2015**	**30.06.2016**	**30.06.2015**
P&L Information								
External Revenue	391.756	376.819	247.953	259.960	7.758	6.431	647.468	643.210
Internal Revenue	0	0	6.344	4.856	(6.344)	(4.856)	0	0
Revenue (1)	391.756	376.819	254.297	264.816	1.414	1.575	647.468	643.210
REBITDA (2)	34.979	30.072	25.204	25.954	(30)	(130)	60.154	55.896
EBITDA (3)	26.888	26.391	24.787	29.273	(67)	(133)	51.609	55.531
Deprec., Amort. & Impairments	22.414	18.184	5.731	6.372	0	0	28.146	24.555
EBIT (5)	**4.474**	**8.207**	**19.056**	**22.901**	**(67)**	**(133)**	**23.463**	**30.976**
REBIT (4)	13.425	11.889	19.474	19.582	(30)	(130)	32.869	31.341
Financial income							1.425	3.369
Financial expense							(18.102)	(13.343)
Associates							2.910	936
Income tax (expense)							(4.632)	(6.526)
EAT (Earnings after Tax)							**5.065**	**15.413**

(1) See Consolidated Income Statement
(2) REBITDA = EBITDA + non-recurring items *
(3) See Consolidated Cash Flow Statement
(4) REBIT = REBITDA - (depreciations + amortizations)
(5) EBIT = profit from operations
(6) Unallocated includes intersegment eliminations / external revenue, EBIT and REBIT that do not belong to the Bakery Products respectively MCOF segments.

** Non-recurring items are 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 site's that are closed during the year.*

Thousand Euro	Bakery Products 30.06.2016	Bakery Products 31.12.2015	MCOF 30.06.2016	MCOF 31.12.2015	Unallocated 30.06.2016	Unallocated 31.12.2015	Total 30.06.2016	Total 31.12.2015
Balance Sheet Information								
Net Fixed Assets	446.174	437.835	127.481	131.778	13.196	10.523	586.851	580.136
Other Non-Current assets					2.759	2.719	2.759	2.719
Total Non-Current Assets (excl Def Tax Assets)	**446.174**	**437.835**	**127.481**	**131.778**	**15.955**	**13.242**	**589.610**	**582.855**
Assets Working Capital Need	194.496	204.411	139.563	140.154	(58.006)	(62.091)	276.053	282.474
Other Current Assets *					118.345	126.418	118.345	126.418
Total Current Assets	**194.496**	**204.411**	**139.563**	**140.154**	**60.339**	**64.327**	**394.398**	**408.892**
Total Assets (excl Def Tax Assets)	**640.670**	**642.246**	**267.045**	**271.932**	**76.294**	**77.569**	**984.009**	**991.747**
Assets Working Capital Need	194.496	204.411	139.563	140.154	(58.006)	(62.091)	276.053	282.474
Liabilities Working Capital Need	(119.829)	(138.083)	(105.729)	(104.932)	0	0	(225.558)	(243.015)
Total Operational Working Capital Need	**74.667**	**66.328**	**33.835**	**35.222**	**(58.006)**	**(62.091)**	**50.496**	**39.459**

** 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	30.06.2016 unaudited	30.06.2015 unaudited
Revenue per country		
France	177.655	181.010
Germany	96.636	97.197
Belgium	88.029	87.394
The Netherlands	61.828	59.402
Italy	50.055	49.892
UK	47.833	42.902
Spain	41.635	43.261
Czech Rep & Slovakia	10.206	10.222
Rest of Europe	50.802	49.723
Outside Europe	22.790	22.372
Total	**647.468**	**643.375**

Thousand Euro	30.06.2016 unaudited	31.12.2015 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199.329	199.329
France	167.177	169.990
Belgium	73.657	74.311
Italy	56.010	58.250
Poland	26.643	13.134
Spain	26.571	24.489
The Netherlands	20.317	22.259
Germany	16.274	17.197
UK	3.569	3.831
Other	65	66
Total (see consolidated balance sheet)	**589.610**	**582.855**

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 61,1% and 33,8%, 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 19,2% of the total group revenue in the first semester of 2016 (FY 2015: 17,1%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 25,6% (FY 2015: 25,5%) and 21,1% (FY 2015: 19,8%) in the total revenue of the business line in 2016. When we consider the top 10 customers, the share increases to approximately 34,9% for Bakery Products, 31,6% for MCOF and 27,5% for the total Group.

6 CHANGE IN PROVISIONS

Thousand Euro	30.06.2016 undaudited	30.06.2015 unaudited
Restructuring	(2.508)	4.070
Litigations & Tax	(236)	(10)
Environmental	2	5
Other	(25)	(4)
Change in provisions	**(2.767)**	**4.061**

Nearly all new provisions (7,8 mio €) and the use of provisions (5,0 mio €) relate to restructuring in France.

7 OTHER OPERATING INCOME

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Gains on disposals of tangible and intangible fixed assets	585	296
Fair value gain on forward purchase contracts crude vegetable oil	60	(56)
Government Grants	399	417
Capitalised engineering	555	453
Sales waste	836	1.207
Exemption payroll tax	1.967	1.656
Benefit in kind	371	351
Site revenues	775	881
Sales promotional materials	433	327
Tax recuperation (non-income tax related) *	563	314
Rental Fleet	102	70
Palettes	362	358
Damage/insurance	319	207
Realised Exchange Gains Relating to Trade Business	801	481
Compensation for investments by third parties: energy/formation/safety **	601	132
Other	872	844
Other operating income	**9.598**	**7.939**

** Mainly related to french operational taxes*

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

8. OTHER OPERATING EXPENSE

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Loss on disposals of tangible and intangible fixed assets	446	669
Fair value loss on forward purchase contracts crude vegetable oil	57	0
Loss on Realisation of Trade Receivables	237	88
Other	540	2.629
Realised Exchange Losses Relating to Trade Business	1.077	(42)
Other Operating Taxes ("taxe foncière", packaging tax, property tax)	4.741	4.721
Other operating expense	**7.098**	**8.065**

9 FINANCIAL INCOME

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Interest income	116	300
Exchange gains (realised and unrealised)	2	1.416
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	1.229	1.380
Fair value gains on financial assets measured at fair value through profit	74	196
Other financial income	4	77
Financial Income	**1.425**	**3.369**

10 FINANCIAL EXPENSE

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Interest expense	14.645	9.856
Exchange losses (realised and unrealised)	1.393	1.403
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	753	948
Bank and legal fees	308	364
Other financial expense	1.003	773
Financial Expense	**18.102**	**13.343**

11 INCOME TAX EXPENSE

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

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Current taxes for the year	(3.344)	(3.225)
Adjustment to current taxes on prior years	(58)	11
Deferred taxes	(1.230)	(3.311)
Income tax (expense)	**(4.632)**	**(6.526)**

Current taxes of the year are more or less in line with the ones per 30/06/2015 although the accounting profit before taxes per 30/06/2016 is lower than per 30/06/2015. The current taxes didn't drop because in 2016 most profit is realised by subsidiaries having no available tax losses carried forward. Furthermore this can be explained by the fact that an important part of the current taxes for the year consists of the CVAE, which is a French tax assessed on the value added companies realised during the previous calendar year. This tax is not based on the profit before tax. The current taxes of the year are also impacted by the decrease of the notional interest deduction (345 k euro tax effect).
Per 30/06/2016 the cost of deferred taxes is lower than per 30/06/2015. Most important reason for this is that some individual companies have incurred tax losses for which a deferred tax asset has been recognized.

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

Thousand Euro	30.06.2016 unaudited	30.06.2015 unaudited
Accounting profit before taxes	9.696	21.938
Share of result of associates	(2.910)	(936)
Profit before tax and before share of result of associates	**6.786**	**21.003**
Tax at Belgian corporate taxe rate (33,99%)	2.307	7.139
Adjustment to current taxes on prior years		
- over/underprovided prior years	58	(54)
Tax effect of		
- special tax regimes (*)	(1.183)	(2.327)
- other domestic tax rates	(213)	(656)
- expenses not deductible for tax purposes	1.081	1.017
- witholding tax	36	155
- losses for which no deferred tax was recognised	197	790
- utilisation of unrecognised tax losses	(796)	(454)
- reversal of previously recognised deferred tax assets	2.038	0
- deferred tax assets previously not recognised	(62)	(207)
Other domestic taxes (**)	1.112	1.178
Other	57	(55)
Total income tax	**4.632**	**6.526**

(*) a.o. notional interest deduction (875 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 1.131% for accounts closed per 31/12/2016) 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 2016 (1.131%) has decreased in comparison with last year's % (1.630%). 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 value added 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	30.06.2016 unaudited	31.12.2015 audited
Deferred tax assets	48.337	48.782
Deferred tax liabilities	29.380	30.493

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 loan Vandemoortele CC NV granted to Safinco NV amounting to 11.514 k euro in 2015 was repaid in the first half of 2016. On this loan the company received an interest of 78 k euro in 2016.

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 1.674 k euro (in 2015 an amount of 1.619 k euro).
Future minimum rentals payable under non-cancellable operating leases at June 30, 2016 are not significant.

13.2 CONTINGENT LIABILITIES

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. STATEMENT BY RESPONSIBLE PERSON

September 8, 2016

STATEMENT BY RESPONSIBLE PERSON

Jules Noten Comm.V., represented by Mr. Jules Noten, Chief Executive Officer and Mr. Jan Gesquière, Chief Financial Officer confirm that to the best of their knowledge:

a) The condensed interim consolidated financial statements per 30.06.2016 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 30.06.2016 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

Jan Gesquière
Chief Financial Officer
of Vandemoortele NV

16. INTERIM REPORT OF THE BOARD OF DIRECTORS

INTERIM REPORT OF THE BOARD OF DIRECTORS ON THE MID-YEAR 2016 RESULTS

Dear Stakeholders,

We hereby provide you with our comments on the unaudited mid-year 2016 IFRS consolidated results of the Vandemoortele Group.

The first half year of 2016 has been marked by the purchase by Safinco, the family shareholder's holding, of the 23,58% participation in the Vandemoortele Group owned by Gimv. This transaction was to a large extend financed by the distribution of a special dividend of 145 Mio € by the Group to Safinco. It allowed Safinco to own again 100% of the Group.

Next to this major event, the first semester of 2016 has been characterized by a continued improvement of the recurring operational results of the Group.

The mid-year 2016 revenue has slightly increased by 0,6 % to 647 Mio €, whilst the recurring operational cash flow ("REBITDA") increased by 7,6% to 60 Mio € and the recurring operational profit ("REBIT") by 4,9% to 33 Mio €.

The Bakery Products business line has increased its revenues by 3,9% versus last year through a combination of sales volume growth and product mix improvement, to reach 392 Mio €. This volume growth and product mix improvement have been the main drivers of a further increase in the recurring operational profitability of the business line.

In the MCOF business line, revenues have decreased by 4,0 % versus last year to reach 265 Mio €, primarily as a consequence of lower sales volumes, reflecting the market trend. The negative impact of this evolution on the recurring operational profitability of the business line has been largely compensated by a good management of our costs and our raw materials procurement.

Non recurring restructuring charges, mainly linked to a further streamlining of our Bakery Products industrial footprint, resulted in an operational profit ("EBIT") of 23 Mio €, versus 31 Mio € mid-year 2015. After taking into account the higher than normal financial expenses, primarily linked to non-cash effects of the voluntary early repayment of the

Gimv subordinated loan, and the income taxes, the Group EAT (Earnings After Tax) amounts to 5 Mio €, compared to 15 Mio € mid-year 2015.

The special dividend of 145 Mio € is the main reason for the increase in senior net financial debt from 122 Mio € at 31/12/15 to 300 Mio € at 30/6/16. Despite this special dividend, the balance sheet remains solid with an equity of 293 Mio €.

Over the full year 2016 and absent unpredicted effects of the Brexit on our businesses, we expect the Group to realize a slight revenue growth versus last year while further improving its recurring operational profitability.

On behalf of the Board of Directors,
Ghent, 8 September 2016

Jean Vandemoortele
Chairman of the Board of Directors