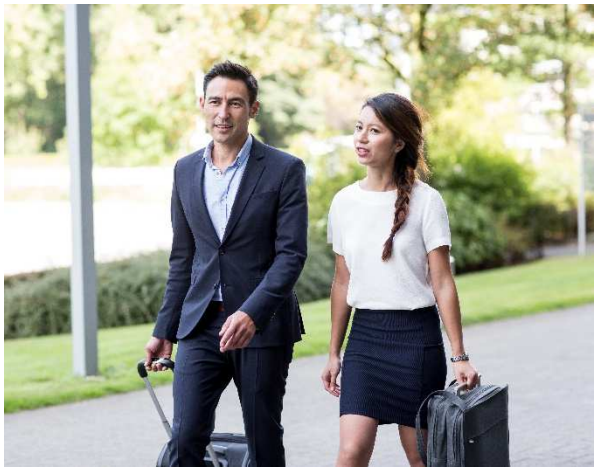
Vandemoortele
shaping a tasty future

MID YEAR RESULTS 2018



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 2018 and 30 June 2017 are unaudited.

The key financial information as of and for the half years ended 30 June 2018 and 30 June 2017 is listed below. For the Balance Sheet information a comparison is made between the key figures as of 31 December 2017 and 30 June 2018.

KEY FINANCIAL FIGURES

Million Euro	30.06.2018 unaudited	30.06.2017 unaudited
REVENUE	**684**	**672**
REBITDA	**55**	**49**
Recurring depreciations & amortisations	-28	-27
REBIT	**27**	**22**
Non-recurring items	-2	-1
EBIT (profit from operations)	**25**	**21**
Depreciations, amortisations & impairments	28	28
EBITDA	**53**	**49**
Net financial income / (expense)	-3	-10
Result according to the equity method	1	1
PRE-TAX CURRENT PROFIT/(LOSS)	**23**	**13**
Income tax expense	-6	0
PROFIT/(LOSS) (EAT)	**17**	**12**
Capital Expenditure	23	21
RATIO'S		
REBITDA / Revenue	8,0%	7,3%
REBIT / Revenue	3,9%	3,3%
Net profit (loss) / Revenue	2,5%	1,8%

Million Euro	30.06.2018 unaudited	31.12.2017 audited
Net fixed assets (NFA)	600	606
Working capital need (WCN)	51	33
CAPITAL EMPLOYED	**651**	**640**
Equity	350	351
Provisions and others	9	11
Subordinated debt	75	75
Senior net financial debt (NFD)	216	202
CAPITAL PROVIDED	**651**	**640**
RATIOS		
Senior NFD / equity	61,8%	57,7%

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

CONSOLIDATED INCOME STATEMENT

Thousand Euro	Note	30.06.2018 unaudited	30.06.2017 unaudited
Revenue		**683 671**	**672 075**
Raw materials and consumables used and goods for resale		(382 089)	(398 447)
Changes in inventories of finished goods and goods purchased for resale		9 512	27 783
Services		(129 141)	(122 860)
Employee benefit expenses		(135 362)	(135 265)
Depreciation, amortisation and write downs		(27 337)	(27 383)
Impairment		0	(395)
Change in provisions	6	3 146	2 642
Other operating income	7	9 751	8 856
Other operating expenses	8	(6 806)	(6 026)
Profit/ (loss) from operations		**25 345**	**20 981**
Financial Income	9	3 387	1 720
Financial Expense	10	(6 668)	(11 543)
Share of profit (loss) from equity accounted investments		1 206	1 401
Profit/ (loss) before tax		**23 270**	**12 559**
Income tax (expense)	11	(6 374)	(273)
Profit/ (loss) from continuing operations		**16 897**	**12 286**
Profit/loss		**16 897**	**12 286**
Profit/loss attributable to the owns of the parent		16 897	12 286

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	30.06.2018 unaudited	30.06.2017 unaudited
Profit/(loss) of the year	**16 897**	**12 286**
Other Comprehensive income	**(2 583)**	**3 134**
Items that may be reclassified subsequently to profit or loss:	***(2 660)***	***1 946***
Currency translation differences	(2 660)	1 946
Items that will not be reclassified subsequently to profit or loss:	***77***	***1 188***
Change in actuarial gains / (losses) of defined benefit obligations, net of tax	77	1 188
Total comprehensive income for the year	**14 314**	**15 420**
- attributable to the owners of the parent	14 314	15 420

CONSOLIDATED BALANCE SHEET

Thousand Euro	30.06.2018 unaudited	31.12.2017 audited
Assets		
Goodwill	199 329	199 329
Other intangible assets	13 623	14 638
Property, plant & equipment	368 107	374 801
Investments in associates	18 733	17 527
Deferred tax assets	44 062	47 433
Other Financial assets	30	35
Other assets	2 856	2 857
Non-current assets	**646 741**	**656 620**
Inventories	144 091	134 609
Trade and other receivables	204 184	242 026
Derivatives	2 005	459
Other Financial assets	9 839	9 906
Cash and cash equivalents	15 043	14 694
Other assets	8 569	3 555
Current assets	**383 730**	**405 250**
Total Assets	**1 030 471**	**1 061 869**
Equity and liabilities		
Share capital	79 365	79 365
Retained earnings & reserves	270 862	271 339
Equity	**350 227**	**350 704**
Borrowings	311 484	292 634
Deferred tax liabilities	21 346	21 596
Derivatives	1 666	1 802
Employee benefits	24 492	24 389
Provisions	8 109	11 255
Other non-current liabilities	3 224	3 413
Non-current liabilities	**370 320**	**355 088**
Borrowings	3 707	8 126
Current tax	7 912	7 299
Derivatives	590	1 643
Employee benefits	39 913	39 844
Trade payables and other liabilities	257 801	299 165
Current liabilities	**309 923**	**356 077**
Total equity and liabilities	**1 030 471**	**1 061 869**

CONSOLIDATED CASH-FLOW STATEMENT

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Profit/ (loss) from operations	**25 345**	**20 981**
Amortisations	1 380	1 374
Depreciations	26 749	25 922
Impairment losses on property, plant and equipment	0	395
Ebitda from continuing operations	**53 474**	**48 671**
Depreciations on government grants	(184)	(212)
Fair value adjustments on commodity contracts	(83)	(123)
Change in provisions	(3 146)	(2 642)
Change in long-term employee benefits	207	616
Loss / (gain) on disposals of intangible assets and PPE	80	73
Other	(560)	(1 531)
Cash flow from operating activities before changes in working capital	**49 787**	**44 851**
Decrease / (increase) in inventories	(8 362)	(32 445)
Decrease / (increase) in trade receivables	18 834	5 269
Increase / (decrease) in trade payables	(21 071)	(1 947)
Increase / (decrease) in other working capital	(5 832)	2 074
Net cash generated from operating activities	**33 356**	**17 803**
Interest received	184	12
Interest paid	(5 958)	(6 004)
Income taxes paid	(3 781)	(5 890)
Other financial fees	(477)	(296)
Cash flow from operating activities in continuing operations	**23 323**	**5 624**
Acquisition of intangible assets	(257)	(613)
Acquisition of property, plant and equipment	(22 245)	(20 039)
Proceeds from sale of property, plant and equipment	0	39
Other	0	(14)
Cash flow from investing activities in continuing operations	**(22 502)**	**(20 628)**
Proceeds from borrowings	20 000	30 000
Repayment of borrowings	(4 736)	(1 470)
Repayment of finance lease liabilities	(946)	(1 244)
Dividends paid	(15 572)	(15 834)
Dividends received	781	2 275
Cash flow from financing activities in continuing operations	**(473)**	**13 727**
Net increase / (decrease) in cash & cash equivalents	**348**	**(1 276)**
Cash and cash equivalents less bank overdrafts at January 1	14 693	7 430
Cash and cash equivalents less bank overdrafts at June 30	**15 041**	**6 154**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30.06.2018 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)**	**6 679**	**317 214**	**0**	**913**	**350 704**	**0**	**350 704**
Comprehensive income									
Profit/(loss) of the year	0	0	0	16 897	0	0	16 897	0	16 897
Other comprehensive income									
Currency translation	0	0	(2 660)	0	0	0	(2 660)	0	(2 660)
Employee benefits	0	0	0	0	0	77	77	0	77
Total comprehensive income	**0**	**0**	**(2 660)**	**16 897**	**0**	**77**	**14 314**	**0**	**14 314**
Transactions with owners									
Dividends paid	0	0	0	(15 572)	0	0	(15 572)	0	(15 572)
Dividends received	0	0	0	781	0	0	781	0	781
Total transactions with owners	**0**	**0**	**0**	**(14 791)**	**0**	**0**	**(14 791)**	**0**	**(14 791)**
At June 30	**79 365**	**(53 468)**	**4 019**	**319 320**	**0**	**991**	**350 227**	**0**	**350 227**

	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**

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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). The June 30, 2018 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 2018. It concerns:

IFRS15 Revenue from contracts with customers
IFRS15 Revenue from contracts with customers, replacing IAS18 Revenue, IAS11 Construction contracts and some interpretations related with revenues, became effective since 1 January 2018. The standard outlines the principles an entity must apply to measure and recognize revenue. In 2017, the Group has analyzed the revenue of each business line taking into account the five-step model and has concluded that IFRS15 has no material impact on the recognition of revenue of the Group. Consequently, there is no impact on the Group's equity and the Group did not have to change its accounting policies or make retrospective adjustments.

IFRS9 Financial Instruments
IFRS9 Financial Instruments became effective since 1 January 2018. The standard outlines the principles for 1) the classification and measurement of financial assets / financial liabilities, 2) impairment methodology, and 3) hedge accounting. End 2017, the Group has finalized the analysis and concluded, as disclosed in the annual report 2017, that:

- The change in the classification and measurement of financial assets / liabilities has no impact on the Group's financial position,
- The introduction of the expected loss model by IFRS 9 has no material impact on the Group's financial position,
- The Group does not apply hedge accounting.

Following above conclusions, there is no impact on the Group's equity and the Group did not have to change its accounting policies or to make retrospective adjustments.

The Group is also considering 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 2019.
It concerns:

IFRS16 Leases
IFRS16 Leases (issued in 2016) becomes effective for annual periods beginning on or after 1 January 2019. A lease contract is defined as a contract, or a part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. The scope of IFRS16 includes leases of all assets with the exception of short term and low-value leases. The new standard requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases. At the commencement date of a lease, a lessee will recognize a liability to make payments and an asset representing the right to use the underlying asset during the lease term.
The Group is gathering all information relating existing non-cancellable operating lease commitments. At reporting date, it was not yet possible to give already a first impact assessment. As disclosed in the 2017 annual accounts, it is expected that the new standard will have an impact on the EBITDA and on the balance sheet. A quantitative assessment will be disclosed in the 2018 annual accounts.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

These condensed interim financial statements for the six months ended June 30, 2018 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 2017, 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 2017 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 2017, 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, 2018

The Balance Sheet structure includes an equity position of 350 mio € (compared to 351 mio € at the end of 2017) and a net senior financial debt of 216 mio € (compared to 202 mio € at the end of 2017). The increase in net senior financial debt of 14 mio € can be explained by following factors: a cash flow from operating activities of 50 mio €, an additional need of working capital of 16 mio €, investment activities of 23 mio €, financial and tax charges for 10 mio € and a dividend pay-out of 15 mio €.

The first half of the year 2018 showed an increased revenue of 684 mio € versus 672 mio € during the same period in 2017. The Group Recurring Ebitda of 55 mio € was 6 mio € higher than in the first half of 2017. Similarly, the Group Recurring Ebit increased by 5 mio € to a level of 27 mio €. The Group's net result increased from 12 mio € to 17 mio € after net finance expenses of 3 Mio € and income tax expenses of 6 Mio €.

The revenue of the Bakery Products business line increased by 6% vs. last year, from 401 mio € to 425 mio € and the sales volume was in line with the first half of 2017. The Recurring Ebitda increased by 4 mio € to 34 mio €.

The revenue of the MCOF business line decreased vs. last year by 5%, from 270 mio € to 256 mio € and the sales volume decreased with 2,1%. The Recurring Ebitda increased with 1 mio € to 21 mio €.

4.2 OUTLOOK FOR THE WHOLE YEAR 2018

Based on the mid-year results 2018 we are confident that the positive trend in volumes, revenue and recurring Ebitda and Ebit in the Bakery Products Business will be continued over the full year 2018 and that the MCOF Business will be able to close 2018 with a recurring Ebitda/Ebit similar to last years'.

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, all 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 7.645 k euro in the first semester of 2018 (7.781 k euro in 2017). 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 2018 and 2017 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

	Bakery Products		MCOF		Unallocated (1)		Total	
Thousand Euro	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**
P&L Information								
External Revenue	425 254	401 451	248 629	261 899	9 788	8 725	683 671	672 075
Internal Revenue	0	0	7 645	7 781	(7 645)	(7 781)	0	0
Revenue	425 254	401 451	256 274	269 680	2 143	944	683 671	672 075
REBITDA	33 847	29 444	21 209	20 088	(23)	(140)	55 033	49 392
Non-recurring items (excl. depr.,amort.& impairments) (2)	(1 240)	(566)	(319)	(155)	0	0	(1 559)	(721)
EBITDA	32 607	28 878	20 890	19 933	(23)	(140)	53 474	48 671
Deprec., Amort. & Impairments	22 123	21 897	6 006	5 793	0	0	28 129	27 690
EBIT	**10 484**	**6 981**	**14 884**	**14 140**	**(23)**	**(140)**	**25 345**	**20 981**
Non-recurring items (incl.depr.,amort.& impairments)	1 292	(566)	319	(155)	0	0	1 611	(721)
REBIT	11 776	7 941	15 203	14 294	(23)	(140)	26 956	22 096
Financial income							3 387	1 720
Financial expense							(6 668)	(11 543)
Associates							1 206	1 401
Income tax (expense)							(6 374)	(273)
EAT (Earnings after Tax)							**16 897**	**12 286**

(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 2018 include mainly restructuring costs

Thousand Euro	Bakery Products 30.06.2018	Bakery Products 31.12.2017	MCOF 30.06.2018	MCOF 31.12.2017	Unallocated 30.06.2018	Unallocated 31.12.2017	Total 30.06.2018	Total 31.12.2017
Balance Sheet Information								
Net Fixed Assets	454 980	460 633	126 109	128 169	18 733	17 527	599 822	606 329
Other Non-Current assets					2 856	2 857	2 856	2 857
Total Non-Current Assets (excl Def Tax Assets)	**454 980**	**460 633**	**126 109**	**128 169**	**21 589**	**20 384**	**602 678**	**609 186**
Assets Working Capital Need	229 970	240 253	137 530	144 636	(70 585)	(78 436)	296 915	306 453
Other Current Assets *	0	0	0	0	87 296	98 797	87 296	98 797
Total Current Assets	**229 970**	**240 253**	**137 530**	**144 636**	**16 711**	**20 361**	**384 211**	**405 250**
Total Assets (excl Def Tax Assets)	**684 950**	**700 886**	**263 639**	**272 805**	**38 300**	**40 745**	**986 890**	**1 014 436**
Assets Working Capital Need	229 970	240 253	137 530	144 636	(70 585)	(78 436)	296 915	306 453
Liabilities Working Capital Need	(134 972)	(149 632)	(97 197)	(103 609)	0	0	(232 170)	(253 241)
Total Operational Working Capital Need	**94 997**	**90 621**	**40 333**	**41 027**	**(70 585)**	**(78 436)**	**64 745**	**53 212**

** 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	30.06.2018 unaudited	30.06.2017 unaudited
Revenue per country		
France	183 262	183 255
Germany	112 385	103 095
Belgium	92 250	91 694
The Netherlands	61 596	60 404
Italy	59 248	51 950
Spain	42 658	44 136
UK	37 358	41 851
Czech Rep & Slovakia	13 182	11 408
Rest of Europe	51 372	50 765
Outside Europe	30 361	33 517
Total	**683 671**	**672 075**

Thousand Euro	30.06.2018 unaudited	31.12.2017 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199 329	199 329
France	166 001	166 579
Belgium	76 784	77 829
Italy	50 741	50 734
Poland	42 588	46 650
Spain	31 442	30 788
The Netherlands	15 890	17 182
Germany	15 416	15 460
UK	4 349	4 496
Other	139	140
Total (see consolidated balance sheet)	**602 678**	**609 186**

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 62,6% and 33,0%, 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 19,4% of the total group revenue in the first semester of 2018 (FY 2017: 19,5%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 25,9% (FY 2017: 27,1%) and 20,9% (FY 2017: 19,8%) in the total revenue of the business line in the first semester of 2018. When we consider the top 10 customers, the share increases to approximately 35,9% for Bakery Products, 29,2% for MCOF and 28,5% for the total Group.

6 CHANGE IN PROVISIONS

Thousand Euro	30.06.2018 undaudited	30.06.2017 undaudited
Restructuring	3 315	2 433
Litigations & Tax	6	(154)
Other	(175)	363
Change in provisions	**3 146**	**2 642**

New provisions (0,8 mio €) for restructuring in 2018. The use of provisions (4,0 mio €) mainly relates to restructuring in France (3,5 mio €).

7 OTHER OPERATING INCOME

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Gains on disposals of tangible and intangible fixed assets	25	128
Fair value gain on forward purchase contracts crude vegetable oil	83	123
Government Grants	782	356
Capitalised engineering	572	406
Sales waste	1 414	1 780
Exemption payroll tax	1 871	1 924
Benefit in kind	447	408
Site revenues	679	619
Sales promotional materials	326	457
Tax recuperation (non-income tax related) *	388	657
Rental Fleet	62	47
Palettes	555	662
Damage/insurance	577	186
Realised Exchange Gains Relating to Trade Business	732	286
Compensation for investments by third parties: energy/formation/safety	251	71
Other	985	745
Other operating income	**9 751**	**8 856**

** Amount consists mainly out of recuperation BAPSA in the company Vamix NV (246k euro)*

8. OTHER OPERATING EXPENSE

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Loss on disposals of tangible and intangible fixed assets	104	201
Loss on Realisation of Trade Receivables	31	88
Other	852	347
Realised Exchange Losses Relating to Trade Business	1 089	395
Other Operating Taxes *	4 730	4 994
Other operating expense	**6 806**	**6 026**

** Of which Taxe foncière (1.996 KEUR), property tax (593 KEUR) and packaging tax (557 KEUR)*

9 FINANCIAL INCOME

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Interest income	14	12
Exchange gains (realised and unrealised)	720	16
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	2 515	0
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	136	1 648
Fair value gains on financial assets measured at fair value through profit	0	45
Other financial income	1	0
Financial Income	**3 387**	**1 720**

10 FINANCIAL EXPENSE

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Interest expense	5 730	7 546
Exchange losses (realised and unrealised)	213	1 762
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	0	1 729
Bank and legal fees	241	168
Other financial expense	417	339
Financial Expense	**6 601**	**11 543**

11 INCOME TAX EXPENSE

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

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Current taxes for the year	(4 227)	(9 319)
Adjustment to current taxes on prior years	657	(349)
Deferred taxes	(2 803)	9 395
Income tax (expense)	**(6 374)**	**(273)**

The increase in the income tax expense to 6.374 k euro in the first half year of 2018 (vs 273 k euro in the first half of 2017) can be explained by:

- A higher profit before tax: 22 mio euro vs 11 mio euro in the first half of 2017;
- A decreased use of unrecognized tax losses (because end 2017 deferred tax assets were set up for previously unrecognized tax losses);
- Adjustments on prior year current income taxes.

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

Thousand Euro	30.06.2018 unaudited	30.06.2017 unaudited
Accounting profit before taxes	23 270	12 559
Share of result of associates	(1 206)	(1 401)
Profit before tax and before share of result of associates	**22 064**	**11 158**
Tax at Belgian corporate taxe rate (29,58% for 30.06.2018; 33,99% for 30.06.2017)	6 527	3 793
Adjustment to taxes on prior years		
- over/underprovided current tax prior years	(657)	349
- over/underprovided deferred tax prior years	(700)	0
Tax effect of		
- special tax regimes (*)	(641)	(636)
- other domestic tax rates	(303)	(1 526)
- expenses not deductible for tax purposes	746	906
- witholding tax	0	39
- losses for which no deferred tax was recognised	(29)	55
- utilisation of unrecognised tax losses	0	(3 555)
- deferred tax assets previously not recognised	0	(211)
- changed tax rate	286	0
Other domestic taxes (**)	982	1 114
Other	163	(55)
Total income tax	**6 374**	**273**

(*) Due to the change in calculation as from 1 January 2018 the notional interest deduction (so-called NID or deduction for risk capital) decreases to 78 k euro (215 k euro in the first half of 2017).
(**) mainly CVAE France

(**) 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 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. As from 1/1/2018 the turnover to be retained is the sum of the turnover of all companies member of our French tax group, what means that all our French companies will be taxed at 1,5%.

Deferred tax assets and liabilities are attributable as follows:

Thousand Euro	30.06.2018 unaudited	31.12.2017 audited
Deferred tax assets	44 062	47 433
Deferred tax liabilities	21 346	21 596

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 2.051 k euro (in 2017 an amount of 2.090 k euro).
Future minimum rentals payable under non-cancellable operating leases at June 30, 2018 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 30.06.2018. 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.

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 13, 2018

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 30.06.2018 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 30.06.2018 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. REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS ON THE MID-YEAR 2018 RESULTS

Dear Stakeholders,

We hereby provide you with our comments on the unaudited mid-year 2018 IFRS consolidated results of the Vandemoortele Group.

Compared to the the first semester of 2017, which was characterized by significant increases in raw material prices and consequent erosion of margins, the mid-year 2018 results of the Vandemoortele Group have improved: revenue has increased by 1,7 % to 683,7 Mio €, whilst the recurring operational cash flow ("REBITDA") improved by 11,4 % to 55,0 Mio € resulting in a recurring operational profit ("REBIT") of 27,0 Mio €, an increase of 22,0% versus the first semester of 2017.

The Bakery Products business line has increased its revenues by 5,9 % versus last year to reach 425,3 Mio € mainly due to higher selling prices. The margins have been restored thanks to a better absorption of the evolution of the material prices.

In the Margarine, Culinary Oils & Fats (MCOF) business line, revenues have decreased by 5,0 % versus last year, to reach 256,3 Mio €, partly due to lower sales volumes in line with the current market trend. The margins are relatively stable.

After some non recurring restructuring charges, the first semester of 2018 closes with an operational profit ("EBIT") of 25,3 Mio €, versus 21,0 Mio € mid-year 2017. Lower finance expenses, thanks to lower interest charges and a positive result out of currency revaluations, and higher income taxes, result in a Group mid-year 2018 EAT (Earnings After Tax) of 16,9 Mio € versus 12,3 Mio € mid-year 2017.

	30.06.2017	30.06.2018	Variance
Turnover (in mio €)	672	684	+ 1,73 %
REBITDA (in mio €)	49	55	+ 11,42 %
EBITDA (in mio €)	49	53	+ 9,86 %
REBIT(in mio €)	22	27	+ 21,98 %
EBIT (in mio €)	21	25	+ 20,79 %
EAT total (in mio €)	12	17	+ 37,53 %

The balance sheet remains solid with an equity of 350,2 Mio € and a net financial debt of 216,5 Mio €.

Based on the mid-year results 2018 we are confident that the positive trend in volumes, revenue and recurring Ebitda and Ebit in Bakery Products will be continued over the full year 2018 and the MCOF Business will be able to close 2018 with a recurring Ebitda/Ebit similar to last years'.

On behalf of the Board of Directors,
Ghent, 13 September 2018

Jean Vandemoortele
Chairman of the Board of Directors