

LOTUS BAKERIES GROUP



Interim Financial Reporting per 30 June 2017





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1. Consolidated key figures

Income statement ⁽¹⁾ (in thousands of EUR)	30/06/2017	30/06/2016	Evolution %
Turnover	258,871	256,379	+ 1.0
Recurrent operating result (REBIT) ⁽²⁾	46,670	43,826	+ 6.5
Recurrent operating cash flow (REBITDA) ⁽³⁾	53,728	52,607	+ 2.1
Non-recurrent operating result	(1,064)	(436)	+ 144.0
Operating result (EBIT) ⁽⁴⁾	45,606	43,390	+ 5.1
Financial result	(1,648)	(1,412)	+ 16.7
Profit for the year before taxes	43,958	41,978	+ 4.7
Taxes	(12,108)	(11,137)	+ 8.7
Net result	31,850	30,841	+ 3.3
Non-controlling interests	430	610	- 29.5
Equity holders of Lotus Bakeries	31,420	30,231	+ 3.9
Total number of shares on 30 June ⁽⁵⁾	800,576	793,543	+ 0.9
Key figures per share (in EUR)			
Recurrent operating result (REBIT)	58.30	55.23	+ 5.6
Recurrent operating cash flow (REBITDA) ⁽³⁾	67.11	66.29	+ 1.2
Net result: Group share	39.25	38.10	+ 3.0
Balance sheet (in thousands of EUR)			
Balance sheet total	571,270	556,099	+ 2.7
Equity	267,191	219,505	+ 21.7
Investments ⁽⁶⁾	13,173	16,458	- 20.0
Net financial debts ⁽⁷⁾	83,946	129,803	- 35.3

(1) Further information on the income statement and balance sheet can be found on the website: www.lotusbakeries.com

(2) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.

(3) Recurrent operating cash flow is defined as recurrent operating result + depreciations + provisions and amounts written off + non-cash costs valuation option and warrant plan.

(4) EBIT is defined as recurrent operating result + non-recurrent operating result.

(5) Total number of shares on 30 June, excluding treasury shares.

(6) Investments in tangible and intangible fixed assets.

(7) Net financial debts are defined as interest bearing financial debts - investments - cash and cash equivalents - treasury shares.





2. Management explanation

2.1 Turnover

In the first half of 2017, the consolidated turnover of Lotus Bakeries Group grew by EUR 2.5 million to EUR 259 million. Like for like, ignoring exchange rate effects, turnover grew by almost 3%.

The greatest growth in the first half of the year was seen in the natural snacking category with the brands Nākd, Trek, BEAR and Urban Fruit. The Lotus waffles category also continues to grow strongly and the internationalization of Lotus Biscoff and Lotus Biscoff spread is progressing (the word Biscoff is a contraction of 'Biscuit with Coffee').

Last year, Lotus Biscoff achieved historic growth in the United States. Lotus Biscoff spread has also grown very strongly and experienced clear exponential growth in the Middle East. Turnover in these regions was sustained in absolute terms in the first half of 2017. Lotus Biscoff continues to experience global growth. In the first half of this year, this was primarily in the UK, South Korea, Switzerland and the Netherlands.

The turnover for Lotus waffles (Liège, vanilla and filled) keeps growing in France and Belgium. In both countries, the category was supported by national TV campaigns, combined with point-of-sale promotions.

Since the end of 2015, Lotus Bakeries has also been active in the natural snacking market. In 2017, this category has again grown strongly in the UK. The distribution of the Nākd, Trek and BEAR brands was successfully expanded in the Netherlands and initial launches of the brands have taken place in Belgium.

The Nākd brand, under which natural bars made of cashew nuts and dates are offered, has become the number three brand for natural snacking in the UK in the last twelve months. Along with Nākd, the Trek brand has also continued on its growth path and become a Top 15 brand in the UK in the same category. Both brands continue to perform well in the Netherlands, where they were launched during 2016.

BEAR's healthy fruit snacks, especially BEAR Yoyos, grew significantly in the first half of the year. This growth is mainly attributable to increased visibility at the point of sale. The new range of flavours for BEAR Yoyos, 'BEAR Yoyos Sour', was received very positively by retailers and consumers in the UK with excellent distribution established from the start. This further improved the shelf impact of BEAR Yoyos in general.

2.2 Operating result

The recurrent operating result (EUR 46.7 million) and recurrent operating cash flow (EUR 53.7 million) increased by EUR 2.8 million and EUR 1.1 million respectively compared to last year.

Growth in turnover and more efficient use of the available production capacity form the basis of the improved operating result.

Additional investments have also been made in international growth for Lotus Biscoff by adding to the sales teams in Europe and Asia and substantial investments have also been made in the new natural snacking category, both in the UK, where the marketing teams and field sales teams have been increased and in the new sales teams in Europe and America.





Lotus Bakeries has continued to invest consistently in promotional activities at the point of sale and marketing campaigns. In both the US and the UK, Lotus Biscoff has had a TV presence for the first time - in regions with a high brand penetration. The initial results of these targeted Lotus Biscoff media campaigns, combined with a strong presence at points of sale, were highly positive.

The non-recurrent operating result amounts to EUR -1.1 million and mainly consists of reorganization costs at the gingerbread factory in Sintjohannesga (Netherlands). Further automation and process improvements will enable gingerbread production to be organized even more efficiently. As a result of this automation, thirty-five employees will be let go during the second half of 2017. The social plan for this is complete.

The financial result of EUR -1.6 million is mainly made up of interest expenses amounting to EUR 1 million and negative exchange rates results.

The tax expense is EUR 12.1 million or 27.5% of the profit before tax. This is in line with the tax burden at the end of 2016.

The net profit for the first half of the year increases by 3.3% compared with 2016 and stands at EUR 31.9 million.

2.3 Net financial debt

Net financial debt decreased by EUR 10.1 million to EUR 84 million over the last six months, despite cash outflow for investments totalling EUR 12.1 million and the payment of the dividend for the 2016 financial year.

2.4 Main projects and investments

Further investments were made in the first half of 2017, primarily in the expansion of the capacity of the Lotus Biscoff factory in Lembeke and the construction of a new Lotus Biscoff factory in the United States.

Here is an overview of the main projects:

a. Expansion of Lotus Biscoff factory in Lembeke

In the second half of 2016, construction started on a third production hall in Lembeke, in which an additional production line has been installed. This line has been fully operational since March this year. An extra warehouse for storing packaging and equipment has also been completed. Finally, the new staff facilities have also come into service very recently.

b. New Lotus Biscoff factory in the United States

Last year, it was decided to build a Lotus Biscoff factory in North Carolina, USA. The United States is now Lotus Bakeries' biggest market for Lotus Biscoff. In view of the current volume and potential, it is the right decision ecologically, economically and strategically to build a Lotus Biscoff factory specifically for this important market.

Lotus Bakeries has now acquired a piece of land in Mebane, North Carolina, and is busy finalizing the design of the factory and production lines. The first steps have been taken towards sourcing ingredients and packaging. Recruitment of the first American staff for this new Lotus Biscoff factory





will also begin shortly.

Building a factory on a new continent is a challenging project involving many aspects and specialisms. The existing internal expertise of Lotus Bakeries' management in Belgium, combined with local know-how, are crucial to the success of the project. A project team has been set up comprising various disciplines including Plant Design, Procurement, R&D and Human Resources. This team is overseen by a Project Management team, which reports to the members of Lotus Bakeries' Executive Committee every two weeks.

Construction will begin shortly and will last for two years.



c. Upgrade of cake factory in Enkhuizen (Netherlands)

The cake factory in Enkhuizen will be fully upgraded. The first phase, in which two new warehouses are being erected, has begun and should be completed by the end of the year. During the second phase, the offices will be refurbished.

d. Waffle factory in Courcelles

Since last year, all waffle production has been successfully centralized at the factory in Courcelles. Because of this, output of this factory has more than doubled. In order to be able to produce these additional volumes and increase the capacity, two additional production lines were installed. The next phase will focus on further improvements in productivity of this expansion.

e. Relaunch of Zebra cake range

In 2017, Zebra, a light cake with crunchy iced topping, was relaunched on the Belgian market. As well as a new packaging design, Zebra products are now individually prepackaged and the range has been





expanded. There are now three varieties: Zebra Original, Zebra Chocolate and Zebra Double Chocolate. The relaunch met with a positive reception from consumers.



2.5 Conclusion and prospects

In the first half of 2017, Lotus Bakeries managed to sustain the historically high turnover of 2016, while still achieving organic growth of almost 3%. Profitability remains very high and the net result stands at EUR 31.9 million, representing a 3.3% increase.

Following the achievement of record growth in absolute terms in 2016 - thanks to unparalleled growth in the Middle East and the United States - the Management and the Board of Directors are satisfied that both turnover and the profitability have been sustained.

The weaker pound sterling following last June's Brexit result is having a significant impact on the consolidated turnover. During 2017, price increases have been initiated in the UK. The positive effect of these measures will mainly be felt in the second half of the year.

Establishing Natural Foods teams and sales offices in several countries in Europe as well as the United States has required time and effort. Launching the new NAKD, Trek, BEAR and Urban Fruit brands in these various markets involves investing in people together with sales and marketing support. The continued growth of natural snacking in the UK and the first international successes confirm Lotus Bakeries' potential for future, sustainable growth in this area.

Lotus Bakeries continues to invest in additional production sites. The new production hall at the Lotus Biscoff factory in Lembeke became operational in 2017. The project team working on establishing the first Lotus Biscoff factory in the United States is fully mobilized. Lotus Bakeries has now acquired a site in Mebane, North Carolina, on which the first Lotus Biscoff factory outside Belgium will be built.

One of the fundamental pillars for the achievement of the strategic objectives for Lotus Biscoff is an intense focus on the continued expansion of household penetration in the various countries and markets. We want to further support these long-term objectives by significant investment in sales and marketing, which will give the brand a strong foundation in the longer term. For instance, TV campaigns have been launched for Lotus Biscoff for the first time in the US (Atlanta) and the UK. These are excellent examples of countries or specific regions that - after years of successful groundwork - have reached a sufficient level in terms of distribution and household penetration to be able to move on to the next phase of marketing support, TV commercials and online advertising. At the other end of the spectrum lie many countries and markets in Africa and Asia, for example, where little or no turnover is generated for Lotus Biscoff as yet. The intention is to launch sales of Lotus Biscoff there too in the next few years. For example, a distribution agreement has been signed with a partner in India. Belief in Lotus Biscoff's potential for further growth in a number of countries is great, but it has to happen gradually - accompanied by commercial investment appropriate for the phase reached by Lotus Biscoff.



CEO Jan Boone is pleased with the results and developments in the period under review: *“2017 is a year of consolidation following record growth in 2016. We continue to build on the foundations in order to realize our long-term international ambition - for Lotus to be present in more and more families worldwide and to gradually internationalize the Natural Foods brands. To this end, as a company, we are prepared to continue to make the necessary investments in our production sites and in sales in our various markets.”*





3. Consolidated financial statements

3.1 Consolidated income statement

in thousands of EUR	Jan-June 2017	Jan-June 2016
Turnover	258,871	256,379
Raw materials, consumables and goods for resale	(82,740)	(84,011)
Services and other goods	(70,164)	(67,244)
Employee benefit expense	(52,103)	(50,811)
Depreciation and amortization on intangible and tangible assets	(5,809)	(7,160)
Impairment on inventories, contracts in progress and trade debtors	(1,002)	(1,221)
Other operating charges	(2,314)	(3,231)
Other operating income	1,931	1,125
Recurrent operating result (REBIT) ⁽¹⁾	46,670	43,826
Non-recurrent operating result	(1,064)	(436)
Operating result (EBIT) ⁽²⁾	45,606	43,390
Interest income (expense)	(1,027)	(1,043)
Foreign exchange gains (losses)	(464)	(238)
Other financial income (expense)	(157)	(131)
Profit for the year before taxes	43,958	41,978
Taxes	(12,108)	(11,137)
Result after taxes	31,850	30,841
NET RESULT	31,850	30,841
attributable to:		
Non-controlling interests	430	610
Equity holders of Lotus Bakeries	31,420	30,231
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(3,049)	(19,230)
Currency translation differences	(3,873)	(16,523)
Gain/(Loss) on cash flow hedges, net of tax	824	(2,707)
Total comprehensive income	28,801	11,611
attributable to:		
Non-controlling interests	(58)	(1,735)
Equity holders of Lotus Bakeries	28,859	13,346



in thousands of EUR	Jan-June 2017	Jan-June 2016
Earnings per share		
Weighted average number of shares	798,373	791,974
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.54	0.77
Equity holders of Lotus Bakeries	39.36	38.17
Weighted average number of shares after effect of dilution	808,013	804,162
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.53	0.76
Equity holders of Lotus Bakeries	38.89	37.59
Total number of shares ⁽³⁾	814,283	812,313
Earnings per share (EUR) - attributable to:		
Non-controlling interests	0.53	0.75
Equity holders of Lotus Bakeries	38.59	37.22

(1) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.

(2) EBIT is defined as recurrent operating result + non-recurrent operating result.

(3) Total number of shares including treasury shares.





3.2 Consolidated balance sheet

in thousands of EUR	30/06/2017	31/12/2016
ASSETS		
Non current assets	439,897	437,310
Property, plant and equipment	168,633	161,590
Goodwill	141,711	144,368
Intangible assets	124,542	126,006
Investment in other companies	32	37
Deferred tax assets	4,493	4,854
Other non current assets	486	455
Current assets	131,373	110,692
Inventories	32,416	32,175
Trade receivables	59,909	50,922
VAT receivables	4,462	4,235
Income tax receivables	1,637	1,061
Other amounts receivable	1,682	485
Cash and cash equivalents	27,997	19,932
Deferred charges and accrued income	3,270	1,882
TOTAL ASSETS	571,270	548,002
EQUITY AND LIABILITIES		
Equity	267,191	248,464
Share Capital	15,962	15,527
Retained earnings	287,311	267,947
Treasury shares	(10,538)	(12,038)
Other reserves	(25,599)	(23,038)
Non-controlling interests	55	66
Non-current liabilities	195,018	197,245
Interest-bearing loans and borrowings	118,000	118,500
Deferred tax liabilities	52,261	50,666
Net employee defined benefit liabilities	3,098	3,114
Provisions	444	1,986
Derivative financial instruments	2,171	3,419
Other non-current liabilities	19,044	19,560
Current liabilities	109,061	102,293
Interest-bearing loans and borrowings	4,481	7,533
Net employee defined benefit liabilities	89	89
Provisions	1,732	21
Trade payables	63,528	54,742
Employee benefit expenses and social security	17,787	18,418
VAT payables	278	225
Tax payables	14,898	15,097
Derivative financial instruments	2	4
Other current liabilities	2,387	2,133
Accrued charges and deferred income	3,879	4,031
TOTAL EQUITY AND LIABILITIES	571,270	548,002





3.3 Consolidated cash flow statement

in thousands of EUR	Jan-June 2017	Jan-June 2016
Operating activities		
Net result (Group)	31,420	30,231
Depreciation and amortization of (in)tangible assets	5,809	7,435
Net valuation allowances current assets	1,328	1,251
Provisions	337	241
Fair value adjustment of goodwill and contingent considerations	-	(90)
Capital loss on disposal of fixed assets	-	82
Financial result	1,648	1,412
Taxes	12,108	11,137
Employee share-based compensation expense	262	231
Non-controlling interests	430	610
Gross cash provided by operating activities	53,342	52,540
Decrease/(Increase) in inventories	(1,973)	4,952
Decrease/(Increase) in trade accounts receivable	(9,234)	(1,813)
Decrease/(Increase) in other assets	(3,067)	4,291
Increase/(Decrease) in trade accounts payable	8,379	14,439
Increase/(Decrease) in other liabilities	(696)	(5,197)
Change in operating working capital	(6,591)	16,672
Income tax paid	(10,916)	(7,314)
Interest paid	(1,017)	(1,074)
Other financial income and charges received/(paid)	(284)	(518)
Net cash provided by operating activities	34,534	60,306
Investing activities		
(In)tangible assets - acquisitions	(12,103)	(15,834)
(In)tangible assets - other changes	(111)	8
Acquisition of subsidiaries	-	3,894
Financial assets - other changes	5	5
Net cash used in investing activities	(12,209)	(11,927)





in thousands of EUR	Jan-June 2017	Jan-June 2016
Net cash flow before financing activities	22,325	48,379
Financing activities		
Dividends paid	(12,869)	(11,613)
Treasury shares	2,198	1,600
Proceeds of capital increase	435	111
Proceeds / (Reimbursement) of long-term borrowings	(500)	23,000
Proceeds / (Reimbursement) of short-term borrowings	(3,014)	(56,673)
Proceeds / (Reimbursement) of long-term receivables	(39)	(201)
Cash flow from financing activities	(13,789)	(43,776)
Net change in cash and cash equivalents	8,536	4,603
Cash and cash equivalents on January 1	19,932	18,547
Effect of exchange rate fluctuations	(471)	(1,158)
Cash and cash equivalents on June 30	27,997	21,992
Net change in cash and cash equivalents	8,536	4,603

3.4 Consolidated statement of changes in equity

in thousands of EUR

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurement gains/(losses) on defined benefit plans	Cash flow hedge reserves	Other reserves	Equity - part of the Group	Non-controlling interests	Total Equity
EQUITY as on 1 January 2016	3,573	11,794	15,367	219,109	(13,677)	(3,014)	339	(574)	(3,249)	217,550	(25)	217,525
Net result of the Financial Year	-	-	-	30,231	-	-	-	-	-	30,231	610	30,841
Currency translation differences	-	-	-	-	-	(14,178)	-	-	(14,178)	(14,178)	(2,345)	(16,523)
Cash flow hedge reserves	-	-	-	-	-	-	-	(4,101)	(4,101)	(4,101)	-	(4,101)
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	1,394	1,394	1,394	-	1,394
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(14,178)	-	(2,707)	(16,885)	(16,885)	(2,345)	(19,230)
Total comprehensive income/(expense) for the period	-	-	-	30,231	-	(14,178)	-	(2,707)	(16,885)	13,346	(1,735)	11,611
Dividend to shareholders	-	-	-	(11,535)	-	-	-	-	-	(11,535)	(300)	(11,835)
Increase in capital	2	109	111	-	-	-	-	-	-	111	-	111
Acquisition/sale own shares	-	-	-	-	1,206	-	-	-	-	1,206	-	1,206
Employee share-based compensation expense	-	-	-	231	-	-	-	-	-	231	-	231
Impact written put options on Non-controlling interests	-	-	-	(2,085)	-	-	-	-	-	(2,085)	2,085	-
Other	-	-	-	656	-	-	-	-	-	656	-	656
EQUITY as on 30 June 2016	3,575	11,903	15,478	236,607	(12,471)	(17,192)	339	(3,281)	(20,134)	219,480	25	219,505

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurement gains/(losses) on defined benefit plans	Cash flow hedge reserves	Other reserves	Equity - part of the Group	Non-controlling interests	Total Equity
EQUITY as on 1 January 2017	3,576	11,951	15,527	267,947	(12,038)	(21,084)	303	(2,257)	(23,038)	248,398	66	248,464
Net result of the Financial Year	-	-	-	31,420	-	-	-	-	-	31,420	430	31,850
Currency translation differences	-	-	-	-	-	(3,385)	-	-	(3,385)	(3,385)	(488)	(3,873)
Cash flow hedge reserves	-	-	-	-	-	-	-	1,248	1,248	1,248	-	1,248
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	(424)	(424)	(424)	-	(424)
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(3,385)	-	824	(2,561)	(2,561)	(488)	(3,049)
Total comprehensive income/(expense) for the period	-	-	-	31,420	-	(3,385)	-	824	(2,561)	28,859	(58)	28,801
Dividend to shareholders	-	-	-	(13,191)	-	-	-	-	-	(13,191)	-	(13,191)
Increase in capital	7	428	435	-	-	-	-	-	-	435	-	435
Acquisition/sale own shares	-	-	-	-	1,500	-	-	-	-	1,500	-	1,500
Employee share-based compensation expense	-	-	-	262	-	-	-	-	-	262	-	262
Impact written put options on Non-controlling interests	-	-	-	(47)	-	-	-	-	-	(47)	47	-
Other	-	-	-	920	-	-	-	-	-	920	-	920
EQUITY as on 30 June 2017	3,583	12,379	15,962	287,311	(10,538)	(24,469)	303	(1,433)	(25,599)	267,136	55	267,191



4. Condensed clarification on the half-year financial statements

4.1 Declaration of conformity

These consolidated half-year financial statements have been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission, and with IAS 34. These half-year financial statements also meet the requirements imposed by the Royal Decree of 14 November 2007. The accounting principles applied in this report are the same as those used in the previous financial year, with the exception of:

- Annual improvements to IFRS standards (2014-2016 cycle); and
- Amendments to IAS 7 'Cash flow statement'.

The implementation of these revised guidelines had no material impact on the Group's condensed financial statements. Lotus Bakeries did not implement in advance any new IASB guidelines that were published but not yet effective after balance sheet date.

Initial assessment impact IFRS 15 'Revenue from contracts with customers'

IFRS 15 introduces a five-step model for recognizing revenue from contracts with customers. Under IFRS 15, revenue from the transfer of goods or services is recognized at the amount of consideration to which the company expects to be entitled. The new standard replaces all existing IFRS requirements for the recognition of revenue. Either full retrospective application or modified retrospective application is required for financial years beginning on or after 1 January 2018. Early application is permitted.

During 2017, the Group has finetuned the impact analysis in view of the application of IFRS 15 as from 1 January 2018. In 2016, an inventory of the various contracts within the Group was already completed. Current accounting practice was compared with the principles under IFRS 15. Since the Group is mainly engaged in the sale of goods, the Group considers that it has few performance obligations in a single contract. The Group expects to recognize the revenue at the time at which physical possession of the asset is transferred to the customer, generally upon delivery of the goods. As far as the transaction price is concerned, the Group may be impacted with respect to the presentation between turnover and costs. In the first half of 2017, the Group has made a first impact assessment which has not revealed a material impact. In the second half of 2017, the Group will further finetune the impact assessment based on the underlying contracts.

IFRS 15 contains more detailed presentation and disclosure requirements than those applying under the current IFRS. The presentation requirements involve a significant change compared with current practice and mean that the number of disclosures required in the Group's financial statements is increased. Many of the disclosure requirements in IFRS 15 are completely new. In 2017, the Group will develop the appropriate systems, internal controls, policy and procedures necessary in order to collect and disclose the required information.





4.2 Segment information by geographical region

Segment information by geographical region (30 June 2017)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions.

The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Belgium: sales by sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by sales Office France and intra-group sales by factories in France
- The Netherlands: sales by sales Office Netherlands and intra-group sales by factories in the Netherlands
- UK: sales by Sales Office UK, Natural Balance Foods and Urban Fresh Foods
- Other: sales from Belgium to countries without own sales Office and by own Sales Offices in Germany/Austria, Switzerland, the Czech Republic/Slovakia, North America, Spain, China, South Korea, Sweden and Finland plus production in Sweden.

Sales between the various segments are carried out at arms length.

YEAR ENDED 30 JUNE 2017	CONTINUING OPERATIONS						ELIMINATIONS + CORPORATE COMPANIES	TOTAL
	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER ⁽¹⁾			
IN THOUSANDS OF EUR								
TURNOVER								
Sales to external customers	70,618	34,013	46,975	51,867	55,398	-	258,871	
Inter-segment sales	46,298	5,819	642	2,104	325	(55,188)	-	
Total turnover	116,916	39,832	47,617	53,971	55,723	(55,188)	258,871	
RESULTS								
Segment result REBIT	17,517	225	10,626	5,633	7,365	5,304	46,670	
Non-recurrent operating result	(563)	-	(400)	-	-	(101)	(1,064)	
Segment result EBIT	16,954	225	10,226	5,633	7,365	5,203	45,606	
Financial result							(1,648)	
Profit for the year before taxes							43,958	
Taxes							(12,108)	
Result after taxes							31,850	
ASSETS AND LIABILITIES								
Non-current assets	130,302	7,539	104,261	137,971	37,411	17,900	439,897	
Segment assets	130,302	7,539	104,261	137,971	37,411	17,900	435,384	
Unallocated assets:							4,513	
Deferred tax assets							4,493	
Financial receivables							20	
Current assets	26,375	11,673	16,501	23,010	14,619	5,099	131,373	
Segment assets	26,375	11,673	16,501	23,010	14,619	5,099	97,277	
Unallocated assets:							34,096	
VAT receivables							4,462	
Income tax receivables							1,637	
Cash and cash equivalents							27,997	
Total assets							571,270	
Non-current liabilities	1,559	690	366	-	541	2,557	195,018	
Segment liabilities	1,559	690	366	-	541	2,557	5,713	
Unallocated liabilities:							189,305	
Deferred tax liabilities							52,261	
Interest-bearing loans and borrowings							118,000	
Other non-current liabilities							19,044	
Current liabilities	30,501	10,366	6,655	14,989	15,803	11,090	109,061	
Segment liabilities	30,501	10,366	6,655	14,989	15,803	11,090	89,404	
Unallocated liabilities:							19,657	
VAT payables							278	
Tax payables							14,898	
Interest-bearing loans and borrowings							4,481	
Total liabilities							304,079	





YEAR ENDED 30 JUNE 2017

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER ⁽¹⁾	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	9,145	614	1,694	60	1,220	127	12,860
Intangible fixed assets	-	-	38	-	-	275	313
Depreciation	3,545	311	980	66	287	620	5,809
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	692	25	393	(177)	66	3	1,002

(1) 'Other' segment: there are no geographical regions representing more than 10% of total sales.





Segment information by geographical region (30 June 2016)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Belgium: sales by sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by sales Office France and intra-group sales by factories in France
- The Netherlands: sales by sales Office Netherlands and intra-group sales by factories in the Netherlands
- UK: sales by Sales Office UK, Natural Balance Foods and Urban Fresh Foods
- Other: sales from Belgium to countries without own sales Office and by own Sales Offices in Germany/Austria, Switzerland, the Czech Republic/Slovakia, North America, Spain, China, South Korea, Sweden and Finland plus production in Sweden.

Sales between the various segments are carried out at arms length.

YEAR ENDED 30 JUNE 2016	CONTINUING OPERATIONS						ELIMINATIONS + CORPORATE COMPANIES	TOTAL
	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER ⁽¹⁾			
IN THOUSANDS OF EUR								
TURNOVER								
Sales to external customers	70,158	34,172	45,725	48,383	57,941	-	-	256,379
Inter-segment sales	48,718	5,970	632	948	223	(56,491)	-	-
Total turnover	118,876	40,142	46,357	49,331	58,164	(56,491)		256,379
RESULTS								
Segment result REBIT	15,242	(109)	9,555	7,056	7,439	4,643	-	43,826
Non-recurrent operating result	-	19	(231)	(13)	(211)	-	-	(436)
Segment result EBIT	15,242	(90)	9,324	7,043	7,228	4,643	-	43,390
Financial result								(1,412)
Profit for the year before taxes								41,978
Taxes								(11,137)
Result after taxes								30,841
ASSETS AND LIABILITIES								
Non-current assets	111,047	6,723	104,187	146,295	37,554	18,426	-	428,746
Segment assets	111,047	6,723	104,187	146,295	37,554	18,426	-	424,232
Unallocated assets:								4,514
Deferred tax assets								4,513
Financial receivables								1
Current assets	29,157	13,046	13,139	22,431	16,521	5,500	-	127,353
Segment assets	29,157	13,046	13,139	22,431	16,521	5,500	-	99,794
Unallocated assets:								27,559
VAT receivables								4,850
Income tax receivables								717
Cash and cash equivalents								21,992
Total assets								556,099
Non-current liabilities	1,825	711	485	-	921	5,428	-	196,539
Segment liabilities	1,825	711	485	-	921	5,428	-	9,370
Unallocated liabilities:								187,169
Deferred tax liabilities								46,910
Interest-bearing loans and borrowings								120,000
Other non-current liabilities								20,259
Current liabilities	27,539	10,584	5,091	15,860	15,554	8,063	-	140,055
Segment liabilities	27,539	10,584	5,091	15,860	15,554	8,063	-	82,691
Unallocated liabilities:								57,364
VAT payables								355
Tax payables								12,743
Interest-bearing loans and borrowings								44,266
Total liabilities								336,594





YEAR ENDED 30 JUNE 2016

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER ⁽¹⁾	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	13,945	621	580	77	667	163	16,053
Intangible fixed assets	-	-	5	-	-	400	405
Depreciation and amortization of (in)tangible assets	3,906	583	1,480	63	357	771	7,160
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	543	176	109	68	322	3	1,221
Fair value adjustment of goodwill and contingent considerations	-	-	-	-	(90)	-	(90)

(1) 'Other' segment: there are no geographical regions representing more than 10% of total sales.





4.3 Treasury shares

On 31 December 2016, Lotus Bakeries owned 17,630 out of the 812,513 total issued shares. On 30 June 2017, Lotus Bakeries owned 13,707 out of the 814,283 total issued shares. Such treasury shares, which have been purchased under the option plans program for senior staff members and group management, have been deducted from equity.

4.4 Dividends

On 22 May 2017, EUR 13,191,385 of gross dividends in respect of the financial year 2016 became payable.

On 23 May 2016, EUR 11,534,845 of gross dividends in respect of the financial year 2015 became payable.

4.5 Loan / Derivatives

Thanks to the strong operating cash flow, the net financial debt decreased by EUR 10.1 million to EUR 83.9 million over the last six months, despite cash outflow for investments totalling EUR 12.1 million and the payment of the dividend for the 2016 financial year.

4.6 Commitments to acquire tangible fixed assets

On 30 June 2017, the Group had obligations up to kEUR 7,711 (kEUR 18,553 as of 31 December 2016) as a result of commitments to the purchase of tangible fixed assets. The main commitments relate to the expansion of capacity at the Lembeke and Courcelles plants, with two extra production lines installed at each of these plants, and in Lembeke a third production hall has been built.

5. Risks and uncertainties

There are no material changes related to the risks and uncertainties for the Group as explained in the 'Report of the Board of Directors' of the 2016 annual report.

The information on risks and uncertainties has been listed in the annual report of 2016 (chapter 4 - Report of the Board of Directors).

6. Transactions with related parties

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended 31 December 2016 and hence no updated information is included in this interim reporting.

The remuneration of the members of the Board of Directors and key management is determined on an annual basis, for which reason no further details are included in this interim report.





7. Auditor's report



To the board of directors
LOTUS BAKERIES NV
Gentstraat 1
B- 9971 LEMBEKE

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STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2017

Introduction

We have reviewed the accompanying consolidated balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2017 and the related consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes (the "Interim Financial Information"). The board of directors is responsible for the preparation and presentation of the Interim Financial Information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

We have also read the financial accounting data presented in tabular form under point 1 of the press release concerning the half-year ended 30 June 2017 and confirm that such data is consistent with the Interim Financial Information from which they are derived and which were the subject of our review as described above.

Ghent, August 18, 2017

PwC Bedrijfsrevisoren bvba
Represented by

Peter Opsomer
Bedrijfsrevisor

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8. Declaration by the persons responsible for the Half-Year Financial Report

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2017, which have been prepared in accordance with the IAS 34 'Interim Financial Reporting' as adopted by the European Union, give us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the scope of consolidation, and that the Half-Year Financial Report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

In the name of and for the account of the Board of Directors,

Jan Boone
CEO

Lembeke, 18 August 2017

