

LOTUS BAKERIES GROUP



Interim Financial Reporting per 30 June 2016



INDEX

1. Consolidated key figures

2. Management explanation

- 2.1 Turnover
- 2.2 Operating result
- 2.3 Investments
- 2.4 Net financial debt
- 2.5 Conclusion

3. Consolidated financial statements

- 3.1 Consolidated income statement
- 3.2 Consolidated balance sheet
- 3.3 Consolidated cash flow statement
- 3.4 Consolidated statement of changes in equity

4. Condensed clarification on the Half-Year financial statements

- 4.1 Declaration of conformity
- 4.2 Segment information by geographic zone
- 4.3 Treasury shares
- 4.4 Dividends
- 4.5 Loan / Derivatives
- 4.6 Commitments to acquire tangible fixed assets
- 4.7 Purchase Price Allocation Urban Fresh Foods Ltd
- 4.8 Lotus Korea

5. Risks and uncertainties

6. Transactions with related parties

7. Auditor's report

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

1. Consolidated key figures

Income statement ⁽¹⁾ (in thousands of EUR)	30/06/2016	30/06/2015	Evolution %	
Turnover	256,379	195,567	+	31.1
Recurrent operating result (REBIT) ⁽²⁾	43,826	29,376	+	49.2
Recurrent operating cash flow (REBITDA) ⁽³⁾	52,607	37,753	+	39.3
Non-recurrent operating result	(436)	(1,091)	-	60.0
Operating result (EBIT) ⁽⁴⁾	43,390	28,285	+	53.4
Financial result	(1,412)	311	-	-
Profit for the year before taxes	41,978	28,596	+	46.8
Taxes	(11,137)	(7,035)	+	58.3
Net result	30,841	21,561	+	43.0
Non-controlling interests	610	1	-	-
Equity holders of Lotus Bakeries	30,231	21,560	+	40.2
Total number of shares on 30 June ⁽⁵⁾	793,543	790,318	+	0.4
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	55.23	37.17	+	48.6
Recurrent operating cash flow (REBITDA) ⁽³⁾	66.29	47.77	+	38.8
Net result: Group share	38.10	27.28	+	39.7
Balance sheet (in thousands of EUR)				
Balance sheet total	556,099	366,873	+	51.6
Equity	219,505	211,811	+	3.6
Investments ⁽⁶⁾	16,458	6,267	+	162.6
Net financial debts ⁽⁷⁾	129,803	22,728	+	471.1

(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 2016, the consolidated turnover of Lotus Bakeries Group grew by 31.1%, of which 14% internal growth, to EUR 256.4 million. This growth is almost entirely due to the continuing international growth of original caramelised biscuits ('Lotus Biscoff'), Lotus Biscoff spread and the contribution of Natural Foods. Natural Foods is defined as the category of healthy snacking, in which Lotus Bakeries is active with the Nākd, Trek, BEAR and Urban Fruit brands. Compared to last year, the turnover for Natural Foods has seen further organic growth of well over 25%.

Internationally, **Lotus original caramelised biscuits** are marketed under the brand name **Lotus Biscoff**, an abbreviation of 'Biscuit with coffee'. The consistently implemented strategy to internationalise Lotus Biscoff has proved highly successful, particularly in the United States, the Middle East and Europe. The US is now Lotus Bakeries' largest market for Lotus Biscoff, with an expected annual volume of almost one billion biscuits.

Lotus **Biscoff spread** has also grown very strongly in the home markets of Belgium, the Netherlands and France, and has experienced exponential growth in the Middle East, where Lotus Biscoff is a highly popular taste and where Lotus Biscoff spread is used in many ways, including: on bread, as a topping or in desserts.

As of last year, Lotus Bakeries also became an active player in natural and healthy snacking. Firstly, with the brands **Nākd** and Trek, offering 100% natural bars and snacks made from unprocessed cashew nuts and dates and secondly, with the brands **BEAR** and Urban Fruit. BEAR is the market leader in the UK for pure fruit snacks for children.

Nākd remains the strongest growing snack within healthy snacking in the UK and BEAR Yoyos are by far the most popular snack for children's lunchboxes.



In May, the first steps were taken towards further internationalisation through the launch of Nākd bars in the Netherlands, which received very positive feedback from consumers and retailers. In the second half of this year, BEAR Yoyos will also be launched in the Netherlands. Preparations are well under way for launching both brands in Belgium.



2.2 Operating result

The recurrent operating result and recurrent operating cash flow increased by more than EUR 14 million compared with last year, to EUR 43.8 million (+49%) and EUR 52.6 million (+39%) respectively.

The increase in the operating result is due to strong growth in turnover for Lotus Biscoff, Lotus Biscoff spread and for Natural Foods.

The volume growth for Lotus Biscoff and Lotus Biscoff spread also means that the plant in Lembeke is operating at full capacity. In order to continue to support future growth, the construction of two new production lines and a third production hall at Lembeke was announced at the end of last year. These investments are progressing fully to plan. One production line went into service in July and the second will be operational in March 2017, together with the new production hall.

Investments in promotional activities at point of sale and marketing campaigns have been consistently pursued, along with building strong local management teams who implement Lotus Bakeries' strategy thoroughly and consistently.

The non-recurrent operating loss amounts to EUR 0.4 million and is mainly due to the amortisation of the Wieger Ketellapper brand and restructuring costs in South Korea. The acquired distribution partner is currently being reoriented towards an efficient sales and marketing organisation focusing on the expansion of Lotus Biscoff and the commercialisation of a few other brands.

The financial result of EUR -1.4 million is mainly made up of interest expenses amounting to EUR 1.1 million and negative exchange rate results.

The tax expense amounts to EUR 11.1 million or 26.5% of the profit before tax, which is in line with the tax percentage at the end of 2015.

The net result for the first half of the year is up by EUR 9.3 million (+43%) compared with 2015 and stands at EUR 30.8 million.

2.3 Investments

In the first half of 2016, the sum of EUR 16.5 million was invested, primarily in the expansion of production capacity.

The main investments took place in the Lotus Biscoff plant in Lembeke, representing an all-out investment for the future. In May, additional production capacity was put into use for Lotus Biscoff spread and in July, a new production line became operational for Lotus Biscoff.

In addition, preparations are also well under way for the installation of two new production lines at the waffle plant in Courcelles. These will be operational from the second half of the year.

2.4 Net financial debt

Thanks to the strong operating cash flow, the net financial debt decreased by EUR 34.1 million to EUR 129.8 million over the last six months, despite cash outflow for investments totalling EUR 15.8 million and the payment of the dividend for the 2015 financial year.

2.5 Conclusion

In the first half of 2016, Lotus Bakeries managed to generate an impressive turnover growth of over 31%, more than 14% of this from organic growth. Profitability grew even more strongly, with recurrent operating cash flow up by 39.3% to EUR 52.6 million and a net profit of EUR 30.8 million.

These impressive results are mainly due to the strong performance of Lotus Biscoff and Lotus Biscoff spread. Convinced of the further growth potential for Lotus Biscoff, the company is investing in additional production capacity, along with in-house sales and marketing teams and promotional and marketing campaigns based on a well proven strategy. A global network of commercial partners, together with a reinforced internal team, aim to introduce more and more new consumers and markets to Lotus Biscoff.

In 2015, the strategically important decision was made to invest in the category of healthy snacking. The Nākd & Trek and BEAR & Urban Fruit brands continue to experience very strong growth in their home market (the United Kingdom). The first steps have also been taken towards an international roll-out. Since launching these brands in totally new markets requires considerable investments in sales and marketing, the initial contribution to profit is low.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and a good basis are in place for continuing, profitable, long-term growth.

CEO Jan Boone is delighted with the results and developments in the period under review: *“The results for the first half of the year have exceeded even my own expectations. I’m especially proud that we continue to grow so strongly with our core product, the ‘Lotus Biscoff biscuit’, with which it all started for my grandfather over 80 years ago. We’re already present in many countries with Lotus Biscoff, but I’m convinced that we can win over many more consumers around the world with our unique taste.*

Growth like ours doesn’t just happen overnight. Besides outstanding products, Lotus Bakeries has a passionate team of employees who give their best every day. Together, the quality of our products and our people are the key to sustainable growth and success.”

3. Consolidated financial statements

3.1 Consolidated income statement

in thousands of EUR	Jan-June 2016	Jan-June 2015
Turnover	256,379	195,567
Raw materials, consumables and goods for resale	(84,011)	(55,686)
Services and other goods	(67,244)	(57,393)
Employee benefit expense	(50,811)	(43,223)
Depreciation and amortization on intangible and tangible assets	(7,160)	(7,466)
Impairment on inventories, contracts in progress and trade debtors	(1,221)	(716)
Other operating charges	(3,231)	(2,464)
Other operating income	1,125	757
Recurrent operating result (REBIT) ⁽¹⁾	43,826	29,376
Non-recurrent operating result	(436)	(1,091)
Operating result (EBIT) ⁽²⁾	43,390	28,285
Financial result	(1,412)	311
Profit for the year before taxes	41,978	28,596
Taxes	(11,137)	(7,035)
Result after taxes	30,841	21,561
NET RESULT	30,841	21,561
attributable to:		
Non-controlling interests	610	1
Equity holders of Lotus Bakeries	30,231	21,560
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(19,230)	(462)
Currency translation differences	(16,523)	(479)
Gain/(Loss) on cash flow hedges, net of tax	(2,707)	17
Total comprehensive income	11,611	21,099
attributable to:		
Non-controlling interests	(1,735)	1
Equity holders of Lotus Bakeries	13,346	21,098

in thousands of EUR	Jan-June 2016	Jan-June 2015
Earnings per share		
Weighted average number of shares	791,974	787,183
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.77	-
Equity holders of Lotus Bakeries	38.17	27.39
Weighted average number of shares after effect of dilution	804,162	800,839
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.76	-
Equity holders of Lotus Bakeries	37.59	26.92
Total number of shares ⁽³⁾	812,313	811,463
Earnings per share (EUR) - attributable to:		
Non-controlling interests	0.75	-
Equity holders of Lotus Bakeries	37.22	26.57
<p>(1) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.</p> <p>(2) EBIT is defined as recurrent operating result + non-recurrent operating result.</p> <p>(3) Total number of shares including treasury shares.</p>		

3.2 Consolidated balance sheet

in thousands of EUR	30/06/2016	31/12/2015
ASSETS		
Non current assets	428,746	442,884
Property, plant and equipment	148,224	139,377
Goodwill	147,359	93,229
Intangible assets	128,203	107,901
Investment in other companies	13	96,244
Deferred tax assets	4,513	5,889
Other non current assets	434	244
Current assets	127,353	128,337
Inventories	32,024	35,659
Trade receivables	59,196	56,143
VAT receivables	4,850	4,868
Income tax receivables	717	938
Other amounts receivable	6,589	10,504
Derivative financial instruments	26	-
Cash and cash equivalents	21,992	18,547
Deferred charges and accrued income	1,959	1,678
TOTAL ASSETS	556,099	571,221
EQUITY AND LIABILITIES		
Equity	219,505	217,525
Share Capital	15,478	15,367
Retained earnings	236,607	219,109
Treasury shares	(12,471)	(13,677)
Other reserves	(20,134)	(3,249)
Non-controlling interests	25	(25)
Non-current liabilities	196,539	169,242
Interest-bearing loans and borrowings	120,000	97,000
Deferred tax liabilities	46,910	44,607
Net employee defined benefit liabilities	3,313	3,225
Provisions	1,086	726
Derivative financial instruments	4,971	869
Other non-current liabilities	20,259	22,815
Current liabilities	140,055	184,454
Interest-bearing loans and borrowings	44,266	99,086
Net employee defined benefit liabilities	32	32
Provisions	401	521
Trade payables	59,242	42,498
Employee benefit expenses and social security	16,517	18,336
VAT payables	355	1,017
Tax payables	12,743	10,861
Derivative financial instruments	6	7
Other current liabilities	2,942	9,070
Accrued charges and deferred income	3,551	3,026
TOTAL EQUITY AND LIABILITIES	556,099	571,221

3.3 Consolidated cash flow statement

in thousands of EUR	Jan-June 2016	Jan-June 2015
Operating activities		
Net result (Group)	30,231	21,560
Depreciation and amortization of (in)tangible assets	7,435	7,697
Net valuation allowances current assets	1,251	716
Provisions	241	(60)
Fair value adjustment of goodwill and contingent considerations	(90)	-
Capital loss on disposal of fixed assets	82	35
Financial result	1,412	(311)
Taxes	11,137	7,035
Employee share-based compensation expense	231	220
Non-controlling interests	610	1
Gross cash provided by operating activities	52,540	36,893
Decrease/(Increase) in inventories	4,952	(2,334)
Decrease/(Increase) in trade accounts receivable	(1,813)	(2,488)
Decrease/(Increase) in other assets	4,291	(209)
Increase/(Decrease) in trade accounts payable	14,439	7,821
Increase/(Decrease) in other liabilities	(5,197)	(3,731)
Change in operating working capital	16,672	(941)
Income tax paid	(7,314)	(5,534)
Interest paid	(1,074)	(279)
Other financial income and charges received/(paid)	(518)	(229)
Net cash provided by operating activities	60,306	29,910
Investing activities		
(In)tangible assets - acquisitions	(15,834)	(7,017)
(In)tangible assets - other changes	8	1,087
Acquisition of subsidiaries	3,894	(11,941)
Financial assets - other changes	5	5
Net cash used in investing activities	(11,927)	(17,866)

in thousands of EUR	Jan-June 2016	Jan-June 2015
Net cash flow before financing activities	48,379	12,044
Financing activities		
Dividends paid	(11,613)	(9,874)
Treasury shares	1,600	(2,171)
Proceeds of capital increase	111	2,079
Proceeds / (Reimbursement) of long-term borrowings	23,000	39,651
Proceeds / (Reimbursement) of short-term borrowings	(56,673)	(46,131)
Proceeds / (Reimbursement) of long-term receivables	(201)	848
Cash flow from financing activities	(43,776)	(15,598)
Net change in cash and cash equivalents	4,603	(3,554)
Cash and cash equivalents on January 1	18,547	11,855
Effect of exchange rate fluctuations	(1,158)	183
Cash and cash equivalents on June 30	21,992	8,484
Net change in cash and cash equivalents	4,603	(3,554)

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 2015	3,534	9,656	13,190	196,147	(9,419)	811	(155)	-	656	200,574	55	200,629
Net result of the Financial Year	-	-	-	21,560	-	-	-	-	-	21,560	1	21,561
Currency translation differences	-	-	-	-	-	(479)	-	-	(479)	(479)	-	(479)
Cash flow hedge reserves	-	-	-	-	-	-	-	26	26	26	-	26
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	(9)	(9)	(9)	-	(9)
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(479)	-	17	(462)	(462)	-	(462)
Total comprehensive income/(expense) for the period	-	-	-	21,560	-	(479)	-	17	(462)	21,098	1	21,099
Dividend to shareholders	-	-	-	(10,293)	-	-	-	-	-	(10,293)	-	(10,293)
Increase in capital	37	2,042	2,079	-	-	-	-	-	-	2,079	-	2,079
Acquisition/sale own shares	-	-	-	-	(2,266)	-	-	-	-	(2,266)	-	(2,266)
Employee share-based compensation expense	-	-	-	220	-	-	-	-	-	220	-	220
Other	-	-	-	343	-	-	-	-	-	343	-	343
EQUITY as on 30 June 2015	3,571	11,698	15,269	207,977	(11,685)	332	(155)	17	194	211,755	56	211,811

	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	-	(14,178)	-	-	(14,178)	(14,178)	610	30,841
Currency translation differences	-	-	-	-	-	-	-	-	(4,101)	(4,101)	-	(4,101)
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

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 (2010-2012 cycle and 2012-2014 cycle);
- Amendments to IAS 1 'Presentation of Financial Statements'; and
- Amendment to IAS 19 'Employee benefits'.

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.

4.2 Segment information by geographical zone

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 United Kingdom and sales Natural Balance Foods and Urban Fresh Foods
- Other: sales from Belgium to countries without own Sales Offices 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						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	U.K.	OTHER ⁽¹⁾	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
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
Financial liabilities							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
Financial liabilities							44,266
Total liabilities							336,594

YEAR ENDED 30 JUNE 2016

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	U.K.	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
Impairment on inventories, 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.



For the purpose of sales, production and internal reporting, the Group is organized 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
- U.K.: sales by Sales Office United Kingdom
- Other: sales from Belgium to countries without own Sales Offices (such as South Korea (up to March 2015), Japan, etc.) and by own Sales Offices in Germany/Austria, Switzerland, the Czech Republic/Slovakia, North America and Chile, Spain, China, South-Korea (from April 2015) and Sweden and Finland plus production in Sweden.

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

YEAR ENDED 30 JUNE 2015 ^(*)

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	U.K.	OTHER ⁽¹⁾	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
TURNOVER							
Sales to external customers	63,470	32,860	44,948	10,083	44,206	-	195,567
Inter-segment sales	38,862	6,509	740	-	1,105	(47,216)	-
Total turnover	102,332	39,369	45,688	10,083	45,311	(47,216)	195,567
RESULTS							
Segment result REBIT	10,503	257	8,838	1,969	2,443	5,366	29,376
Non-recurrent operating result	(367)	-	(231)	-	20	(513)	(1,091)
Segment result EBIT	10,136	257	8,607	1,969	2,463	4,853	28,285
Financial result							311
Profit for the year before taxes							28,596
Taxes							(7,035)
Result after taxes							21,561
ASSETS AND LIABILITIES							
Non-current assets	98,727	6,589	105,451	11	44,296	18,640	279,600
Segment assets	98,727	6,589	105,451	11	44,296	18,640	273,714
Unallocated assets:							5,886
Deferred tax assets							5,804
Financial receivables							82
Current assets	29,111	10,693	11,629	4,160	20,603	2,062	91,208
Segment assets	29,111	10,693	11,629	4,160	20,603	2,062	78,258
Unallocated assets:							12,950
VAT receivables							3,856
Income tax receivables							604
Financial receivables							6
Cash and cash equivalents							8,484
Total assets							370,808
Non-current liabilities	1,514	721	1,034	-	442	505	80,904
Segment liabilities	1,514	721	1,034	-	442	505	4,216
Unallocated liabilities:							76,688
Deferred tax liabilities							36,608
Financial liabilities							40,080
Current liabilities	23,682	7,815	5,473	1,122	22,193	7,049	78,093
Segment liabilities	23,682	7,815	5,473	1,122	22,193	7,049	67,334
Unallocated liabilities:							10,759
VAT payables							304
Tax payables							7,558
Financial liabilities							2,897
Total liabilities							158,997



YEAR ENDED 30 JUNE 2015 ^(*)

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	U.K.	OTHER ⁽¹⁾	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	2,539	58	1,258	-	117	2,077	6,049
Intangible fixed assets	-	-	67	-	-	151	218
Depreciation and amortization of (in)angible assets	4,252	610	1,486	-	517	601	7,466
Impairment on inventories, contracts in progress and trade debtors	506	55	144	-	9	2	716

(*) In March 2015, Lotus Bakeries acquired 100% of the shares of Lotus Korea Co., Ltd ('Lotus Korea'), a leading distributor of biscuits and chocolate in South Korea. At 30 June 2015, the fair value of the acquired assets and liabilities was determined in order to calculate provisionally the goodwill arising from this acquisition. This analysis has been finetuned in the second half of 2015, leading to adjusted fair values of the acquired assets and liabilities.

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

4.3 Treasury shares

On 31 December 2015, Lotus Bakeries owned 22,005 out of the 811,863 total issued shares. On 30 June 2016, Lotus Bakeries owned 18,770 out of the 812,313 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 23 May 2016, EUR 11,534,845 of gross dividends in respect of the financial year 2015 became payable.

On 18 May 2015, EUR 10,293,187 of gross dividends in respect of the financial year 2014 became payable.

4.5 Loan / Derivatives

Thanks to the strong operating cash flow, the net financial debt decreased by EUR 34.1 million to EUR 129.8 million over the last six months, despite cash outflow for investments totalling EUR 15.8 million and the payment of the dividend for the 2015 financial year.

In the first half of 2016, Lotus Bakeries refinanced its current interest-bearing liabilities with bank loans worth EUR 23 million, comprising EUR 5 million over a period of 5 years (fixed rate) and EUR 18 million over a period of 7 years (variable rate). At the same time, Lotus Bakeries entered into seven-year interest rate swap agreements (variable for fixed) to hedge cash flow fluctuations caused by interest rate changes. The maturity dates and face value of the interest rate swap agreements ('hedging instrument') correspond to those of the underlying debt ('hedged position') and the transaction complies with the conditions applying to hedge accounting (cfr. IAS 39). The Group identified and documented the transaction as a 'cash flow hedge' and recognized it as such in the accounts from the date of issue.

4.6 Commitments to acquire tangible fixed assets

On 30 June 2016, the Group had obligations up to kEUR 10,375 (kEUR 14,425 as of 31 December 2015) 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 to be installed at each of these plants.

4.7 Purchase Price Allocation Urban Fresh Foods Ltd

In December 2015, Lotus Bakeries acquired 100% of the shares of Urban Fresh Foods Ltd, famous for the BEAR and Urban Fruit brands. The BEAR brand is the market leader in the UK for fun and healthy pure fruit snacks for children. Under the Urban Fruit brand, the company offers a range of 100% fruit snacks aimed at young adults. The total purchase price was EUR 97.3 million.

The results of Urban Fresh Foods Ltd are included in the consolidation as from 1 January 2016. As of 30 June 2016, the fair value of the acquired assets and liabilities was determined in order to calculate provisionally the goodwill arising from this acquisition. Within twelve months of the date of acquisition, the final value of the acquired assets and liabilities will be determined and the necessary additional adjustments to the fair value will be made.

The purchase price of Urban Fresh Foods Ltd. is composed as follows:

In thousands of EUR	Provisional Fair Value
Purchase Price	97,274
Intangible assets	27,814
Stocks	3,531
Trade and other receivables	3,412
Cash and cash equivalents	3,894
Deferred tax liabilities	(5,104)
Interest-bearing loans and borrowings	(2,520)
Trade and other payables	(2,923)
Other liabilities	(3,203)
TOTAL NET ASSETS	24,901
GOODWILL	72,373

The goodwill arising from the acquisition amounts to EUR 72.4 million and is explained by several components. In the past, Lotus Bakeries' main focus was on the traditional biscuits category, in which we continue to grow strongly and where there remains a great deal of potential for our products and brands internationally. However, there is a growing global demand for healthy and tasty alternatives. As a Group, Lotus Bakeries wants to be able to offer high-quality, tasty products to all consumers, in the form of more traditional biscuits and bakery products as well as healthy snacks. With this acquisition - together with the acquisition of Natural Balance Foods Ltd in August 2015 - Lotus Bakeries becomes 'Category Captain' in the healthy snacking category in the United Kingdom and this enables us to offer healthy and tasty alternatives to all consumers, with the right product for each age group. In addition, Urban Fresh Foods Ltd is a profitable business, with sufficient scale, and with a qualified development and sales team which allow Lotus Bakeries to grow further in this interesting market.

The combined activities of Natural Balance Foods and Urban Fresh Foods represent the lowest level (cash generating unit) within the Group at which the goodwill is monitored for internal management purposes.

The fair value of the assets and liabilities acquired in the above transaction is determined on a provisional basis. Any adjustment to the provisional amounts will be recorded within twelve months of acquisition date.

4.8 Lotus Korea

In March 2015, Lotus Bakeries acquired 100% of the shares of Lotus Korea Co., Ltd ('Lotus Korea'), a leading distributor of biscuits and chocolate in South Korea. The total purchase price was partly conditional on the continuation of certain distribution agreements. The strategical choice of Lotus Bakeries to focus on Lotus Biscoff and a limited number of other brands, together with other circumstances, has led to the discontinuation of these agreements. Consequently, the related contingent liability is no longer due. Following this change, the goodwill has been reduced. The impact of the reversal of the contingent liability and the fair value adjustment of the goodwill cancel each other substantially and are included in the non-recurrent operating result.

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 2015 annual report.

The information on risks and uncertainties has been listed in the annual report of 2015 (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 2015 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

FREE TRANSLATION

STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2016

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2016 and the related consolidated condensed 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 board of directors is responsible for the preparation and presentation of this consolidated condensed 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 accompanying consolidated condensed 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 2016 and confirm that such data are consistent with the half-yearly consolidated condensed financial statements from which they are derived and which were the subject of our review as described above.

Ghent, 19 August 2016

PwC Bedrijfsrevisoren bevb
Represented by



Peter Opsomer
Bedrijfsrevisor

PwC Bedrijfsrevisoren bevb, burgerlijke vennootschap met handelsvorm - PwC Reviseurs d'Entreprises srl, société civile à forme commerciale - Financial Assurance Services
Maatschappelijke zetel/Siège social: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
Vestigingseenheid/Unité d'établissement: Sluisweg 1 bus 8, B-9000 Gent
T: +32 (0)9 268 82 11, F: +32 (0)9 268 82 99, www.pwc.com
BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - DIC BDRUBEDD / BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB

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 2016, 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 6 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 6 months of the financial year.

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

Jan Boone
CEO

Lembeke, 19 August 2016