

ter**b**·eke

driven by **the zeal for your everyday meal**

HALF-YEAR FINANCIAL REPORT FIRST SEMESTER 2017

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1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TER BEKE GROUP PER 30 JUNE 2017

CONDENSED CONSOLIDATED BALANCE SHEET

in '000 EUR	<u>30/06/2017</u>	<u>31/12/2016</u>
Assets		
Non-current assets	174 645	144 337
Goodwill	64 941	35 204
Intangible non-current assets	5 402	5 323
Tangible non-current assets	103 307	79 536
Interests using equity method	0	12 307
Loan to joint venture	0	1 870
Other long-term receivables	995	97
Long-term interest-bearing receivables	0	10 000
Current assets	116 283	105 314
Stocks	27 187	22 256
Trade and other receivables	76 014	66 990
Cash and cash equivalents	13 082	16 068
Total Assets	290 928	249 651
Liabilities		
Shareholders' equity	119 355	114 969
Capital and issue premiums	53 191	53 191
Reserves	66 164	61 778
Non-controlling interests	0	0
Deferred tax liabilities	4 020	4 335
Long-term liabilities	46 008	38 112
Provisions	6 949	5 312
Long-term interest-bearing liabilities	39 059	32 800
Other long-term liabilities		
Short-term liabilities	121 545	92 235
Short-term interest-bearing obligations	32 453	10 815
Trade liabilities and other debts	71 383	66 779
Social liabilities	12 593	11 322
Tax liabilities	5 116	3 319
Total liabilities	290 928	249 651

CONDENSED CONSOLIDATED INCOME STATEMENT

in '000 EUR	<u>30/06/2017</u>	<u>30/06/2016</u>
Revenue	217 266	204 683
Trade goods, raw and auxiliary materials	-124 397	-107 709
Services and miscellaneous goods	-40 584	-39 339
Wages and salaries	-38 400	-38 075
Depreciation costs	-7 662	-8 754
Impairments, write-offs and provisions	-57	-1 175
Other operating income	1 209	956
Other operating expenses	-812	-966
Result of phased acquisition	6 689	
Result of operating activities	13 252	9 621
Financial income	289	442
Financial expenses	-510	-568
Results of operating activities after net financing expenses	13 031	9 495
Tax	-3 455	-2 339
Result after tax before share in the result of enterprises accounted for using the equity method	9 576	7 156
Share in enterprises accounted for using the equity method	571	49
Profit of the period	10 147	7 205
Basic profit per share	5,86	4,16
Diluted profit per share	5,86	4,16

CONDENSED COMPREHENSIVE INCOME

in '000 EUR	<u>30/06/2017</u>	<u>30/06/2016</u>
Profit of the reported period	10.147	7.205
Other elements of the result (recognised in the shareholders' equity)		
Other elements of the result that can subsequently be reclassified to the results		
Translation differences	199	-248
Cash flow hedge	168	16
Other elements of the result that cannot subsequently be reclassified to the results		
Revaluation of net liabilities regarding defined benefit pension schemes	-97	-120
Related deferred taxes	33	-2
Comprehensive income	10.450	6.851

CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY

	<u>Capital</u>	<u>Capital</u>	<u>Share</u>	<u>Reserved</u>	<u>Cashflow</u>	<u>Pensions and</u>	<u>Translation</u>	<u>Total</u>	<u>Number of</u>
	<u>reserves</u>	<u>premiums</u>	<u>profits</u>	<u>Hedge</u>	<u>taxes</u>	<u>differences</u>		<u>shares</u>	
Balance on 1 January 2016	4 903	0	48 288	56 552	-203	-615	-82	108 843	1 732 621
Capital increase								0	
Treasury shares reserve								0	
Dividend				-6 064				-6 064	
Results in the financial year				7 205				7 205	
Other elements of the comprehensive income for the period					16	-122	-248	-354	
Comprehensive income for the period				7 205	16	-122	-248	6 851	
Movements via reserves									
- Result from treasury shares								0	
Balance on 30 June 2016	4 903	0	48 288	57 693	-187	-737	-330	109 630	1 732 621
Balance on 1 January 2017	4 903	0	48 288	63 050	-168	-758	-346	114 969	1 732 621
Capital increase								0	
Treasury shares reserve								0	
Dividend				-6 064				-6 064	
Results in the financial year				10 147				10 147	
Other elements of the comprehensive income for the period					168	-64	199	303	
Comprehensive income for the period				10 147	168	-64	199	10 450	
Movements via reserves									
- Result from treasury shares								0	
Balance on 30 June 2017	4 903	0	48 288	67 133	0	-822	-147	119 355	1 732 621

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<u>30/06/2017</u>	<u>30/06/2016</u>
Operating activities		
Result before taxes	13 031	9 495
Interest	356	480
Dividend from equity method	0	
Depreciation	7 662	8 754
Write-downs	164	-4
Provisions	-31	1 144
Gains and losses on disposal of fixed assets	-721	
Results after phased acquisition	-6 689	
Cash flow from operating activities	13 772	19 869
Change in receivables more than 1 year	-14	-100
Change in stock	-1 389	-1 354
Change in receivables less than 1 year	5 314	5 522
Change in operational assets	3 911	4 068
Change in trade liabilities	-2 617	1 682
Change in debts relating to remuneration	221	366
Change in other liabilities, accruals and deferred income	1 310	15
Change in operational debts	-1 086	2 063
Change in the operating capital	2 825	6 131
Tax paid	-3 155	-1 571
Net cash flow from operating activities	13 442	24 429
Investment activities		
Acquisition of intangible and tangible non-current assets	-5 468	-7 006
Acquisition of shares in associated companies	-13 955	
New loans	0	-670
Total increase in investments	-19 423	-7 676
Sale of tangible non-current assets	1 105	8
Sale of participating interest		
Repayment of loans		
Total decrease in investments	1 105	8
Cash flow from investment activities	-18 318	-7 668
Financing activities		
Change in short-term financial debts	0	0
Increase in long-term debts	14 000	3 025
Repayment of long-term debts	-5 685	-5 683
Interest paid (via income statement)	-356	-480
Dividend paid by parent company	-6 064	-6 064
Cash flow from financing activities	1 895	-9 202
Net change in cash and cash equivalents	-2 981	7 559
Cash funds at the beginning of the financial year	16 068	7 046
Translation differences	-5	-34
Cash funds at the end of the financial year	13 082	14 571

2. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

Ter Beke (Euronext Brussels: TERB) is an innovative Belgian fresh food group with a wide range of high-quality fresh food products and associated services operating commercially in many European countries.

Currently, the group specialises mainly in the production and sale of fine meat products and chilled ready meals, prepared at one of our nine industrial locations in Belgium, the Netherlands, France and Poland. Ter Beke has some 2,000 employees. Ter Beke has been listed on Euronext Brussels since 1986 and in 2016 realised a turnover of EUR 418.6 million.

Processed Meats Division:

- Produces fine meat products for the Benelux, the United Kingdom and Germany at two production locations in Belgium (Wommelgem and Waarschoot).
- Is the largest slicer and pre-packager of meat products in the Benelux with five centres for slicing and packaging meat products: three in Belgium (Wommelgem, Waarschoot and Veurne) and two in the Netherlands (Wijchen and Ridderkerk).
- Is the inventor of freshpack packaging and is a constant innovator in the segment for pre-packaged meat products.
- Distributes our products under private labels as well as our own brands, including l'Ardennaise®, Pluma® and Daniël Coopman®.
- Supplies fine meat products under the brands Plop, Samson and Maya the Bee (under license from Studio 100®).

Ready Meals Division:

- Produces fresh ready meals for the entire European market with two production sites in Belgium (Wanze and Marche-en-Famenne), one in France (Mézidon-Canon) and one in Poland (Opole).
- Is market leader in chilled lasagne in many European countries.
- Sells under our own brands Come a casa®, Vamos® and Stefano Toselli, and under numerous private labels.

DECLARATION OF CONFORMITY

The above condensed interim consolidated financial statements are set up in accordance with IAS-34 interim financial reporting, as accepted by the EU. These statements do not contain all information required for full annual accounts and need to be read together with the consolidated annual accounts for the reporting period ending 31 December 2016, as published in the annual report to the shareholders on the financial year 2016.

Group consolidation changed on 30 June 2017.

On 30 June 2017, Ter Beke and GS&DH Holding, the former shareholder of Stefano Toselli SAS, a French ready meals company, signed an agreement in which Ter Beke acquired the outstanding shares in Stefano Toselli SAS (the remaining 67%) and the remaining 50% of shares in the Polish joint venture, The Pasta Food Company. This agreement came into force with immediate effect.

These condensed consolidated financial statements were approved for publication by the Board of Directors on 31 August 2017.

VALUATION AND INTERPRETATION RULES

The valuation rules used in preparing these condensed interim consolidated financial statements are consistent with those set out and applied in preparing the consolidated financial statements for the accounting period ending 31 December 2016.

The evaluation of the impact of IFRS 15 Revenue from contracts with customers (applicable for financial years from after 1 January 2018 onwards) is still ongoing and involves the evaluation of all contracts, results-based obligations and allocation of revenue. On the basis of the current analysis, the main impact of for Ter Beke will be manifested in that part of the services and miscellaneous goods category will be deducted from turnover in the presentation of the accounts. A reasonable estimate can only be made when the analysis has been fully completed. Ter Beke intends to opt for the "full retrospective" method regarding the initial application of IFRS 15 for the financial year starting on 1 January 2018.

New standards or interpretations applicable from 1 January 2017 have no significant impact on the condensed financial statements as of 30 June 2017. This is likewise the case for IFRS 9 – Financial Instruments, which comes into effect on 1 January 2018.

GENERAL

The General Meeting of Shareholders of 24 May 2017 approved the dividend proposed by the Board of Directors (EUR 3.50/share). The awarded dividend amounted to a total of EUR 6,064,173.50, of which more than 99% had been paid out per 30 June 2017.

The results of the group are hardly influenced by seasonal effects, except for a higher level of activity in December.

On 30 June 2017, the group purchased the remaining 67% shares in Stefano Toselli SAS and the remaining 50% of shares in the Polish joint venture, Pasta Food Company.

Ter Beke and GS&DH Holding, the former shareholder of French-based Stefano Toselli, a major international manufacturer exporting to more than 30 countries worldwide, set up a 50-50 joint venture in 2011 in Poland, Pasta Food Company Sp. Z.o.o. The objective of this joint venture was to produce and market ready meals in Central and Eastern Europe. The Polish joint venture has since built a highly automated production facility in Opole (Poland) which has been fully operational since October 2014.

History

As part of the agreements signed in 2011, both parties had agreed on call options in favour of Ter Beke for

- (1) 50% of the shares in the Polish joint venture, in hands of GS&DH Holding, as well as for
- (2) the shares in Stefano Toselli, so that Ter Beke could acquire 100% of the share capital in Stefano Toselli SAS.

The initial intention was to withdraw these call options in 2018 and the valuation formulas were based on cash flows and on generally accepted market multiples.

In 2015, Ter Beke had already partially withdrawn its option to 33% of the shares in Stefano Toselli. Ter Beke has now bought the remainder of the shares in Stefano Toselli and 50% of those in the joint venture, Pasta Food Company - 6 months ahead of schedule. This has brought about no key changes for the off-balance sheet obligations of the group.

In the first semester of 2017, no related party transactions occurred that had a material influence on the financial position or the results of the group in that period.

The investments of EUR 5.7 million in the first semester of 2017 relate primarily to the ongoing investments in efficiency and changes to the infrastructure at the various sites. EUR 7.2 million was invested in the first semester of 2016.

The group is exposed to an exchange rate risk on sales in Pound Sterling (GBP). In order to hedge this risk, the group held, on 30 June 2017, option contracts for the sale of GBP 2 million against EUR and long-term contracts for the sale of GBP 260 thousand against EUR. On 31 December 2016, the group held outstanding option contracts for the sale of GBP 2 million against EUR and long-term contracts for the sale of GBP 600 thousand against EUR.

On 30 June 2017, the group had a net GBP position of GBP 0.7 million (GBP 1.6 million on 31 December 2016).

On 30 June 2017, the EUR/GBP balance sheet rate amounted to 0.8793 compared to 0.8561 on 31 December 2016. On 30 June 2017, the average result rate amounted to 0.8612 compared to 0.7789 on 30 June 2016.

NOTES TO THE BALANCE SHEET

Under IAS-34, the balance sheet figures of 30 June 2017 need to be compared with those of 31 December 2016. The differences can be accounted for primarily by the earlier takeover of the remaining shares in Stefano Toselli and the remaining shares in Pasta Food Company on 30 June 2017.

The main differences are an increase in goodwill by EUR 29.7 million and in tangible non-current by EUR 23.8 million.

The group invested EUR 5.7 million in non-current assets as opposed to EUR 14.8 million in 2016. These relate primarily to the continuation of efficiency investments and infrastructure adjustments at the various sites and the further roll-out of the ERP package.

Net debt increased by EUR 17.5 million to EUR 58.4 million. The increase can be explained primarily by the acquisition of Stefano Toselli SAS and Pasta Food Company : the financing of the takeover (EUR 14 million), the discontinuation of the interest-bearing long-term receivables (EUR 10 million), and their outstanding financial debts (EUR 19.5 million).

The net debt as of 30 June 2017 and 31 December 2016 has been calculated as follows:

	<u>30/06/2017</u>	<u>30/06/2016</u>
Long-term interest-bearing receivables	-14	-10.000
Cash and cash equivalents	-13.082	-16.068
Long-term interest-bearing liabilities	39.059	32.800
Short-term interest-bearing liabilities	32.453	10.815
Net financial debt	58.416	17.547

The equity difference is chiefly the result of the profit after tax over the first six months minus the dividend that was allocated over the previous financial year.

NOTES TO THE INCOME STATEMENT

Turnover

The consolidated turnover of the group in the first six months increased by EUR 12.6 million (+6.2%) from EUR 204.7 million to EUR 217.3 million, this notwithstanding the loss of a major pâté contract for the UK market in mid-2016 mentioned previously.

The turnover of the Processed Meats Division increased by EUR 9.3 million (+6.5%). This is primarily down to the successful ongoing implementation of the growth strategy in the Netherlands and Belgium, which more than compensates for the aforementioned loss of a major pâté contract for the UK market in mid-2016. The increase in the division's turnover was partly accounted for by the launch of key innovations relating to products and concepts.

The Ready Meals division achieved an increase of EUR 3.3 million (+5.4%) in turnover. This increase has been achieved in almost all countries and channels, in turn resulting in an increasing market share. In this division too, the group successfully implemented innovations, with an expansion in the product range of both private labels and own brands.

Result of operating activities

In the first half of 2017, margins were put under pressure on account of unexpected sharp increases in raw materials prices.

As a result, the REBITDA decreased by EUR 5.4 million (-27.4%) from EUR 19.8 million in the first half of 2016 to EUR 14.4 million in the same period in 2017.

From the second half of the year, sales price adjustments since introduced will partially compensate for the rises in raw materials prices;

The REBITDA increased from EUR 19.6 million in the first semester of 2016 to EUR 21 million in the same period in 2017. This increase can be accounted for mainly by the positive effect of the phased acquisition of Stefano Toselli and the Pasta Food Company in accordance with the application of IFR standard 3 (EUR 6.7 million) and by the added value derived from the sale of a site (EUR 0.7 million).

"Services and miscellaneous goods" comprises:

'000 EUR	<u>30/06/2017</u>	<u>30/06/2016</u>
Temporary workers and persons put at the disposal of the company	6 129	5 177
Repair & Maintenance	5 576	5 674
Marketing & Sales costs	7 879	8 279
Transport Costs	7 362	7 241
Energy	3 547	3 766
Rent	3 257	3 249
Fees	3 971	3 188
Other	2 863	2 765
Total	40 584	39 339

“Other operating income and expenses” comprises:

Other operating income

'000 EUR	<u>30/06/2017</u>	<u>30/06/2016</u>
Recovery of wage-related costs	258	292
Profits from the disposal of assets	721	0
Recovery insurances	55	47
Others	175	617
Total	1 209	956

Other operating expenses

'000 EUR	<u>30/06/2017</u>	<u>30/06/2016</u>
Local taxes	811	1007
Others	1	-41
Total	812	966

The non-cash costs decreased by EUR 2.2 million in the first semester of 2017 from EUR 9.9 million in June 2016 to EUR 7.7 million. This decrease can be ascribed both to lower write-downs and provisions, and lower depreciations in the Ready Meals division.

As a result of the aforementioned increases in raw materials prices, the REBIT decreased by EUR 3.2 million from EUR 9.9 million in 2016 to EUR 6.7 million in 2017.

The EBIT increased from EUR 9.6 million to EUR 13.2 million in the first semester of 2017. This is an increase of 37.7% which is primarily accounted for by the results following the phased acquisition of Stefano Toselli and Pasta Food Company, as well as the value gained through the sale of a site.

	<u>30/06/2017</u>	<u>30/06/2016</u>
Results from operating activities (EBIT)	13 252	9 621
Severance payments	317	256
Added value achieved from sale of site	-721	
Costs of due diligence	500	
Results following the phased acquisition	-6 689	
Current profit from operating activities (REBIT)	6 659	9 877
EBITDA	20 971	19 550
Severance payments	317	256
Added value achieved from sale of site	-721	
Costs of due diligence	500	
Results following the phased acquisition	-6 689	
REBITDA	14 378	19 806
Results from operating activities (EBIT)	13 252	9 621
Depreciation and impairments on non-current assets	7 662	8 754
Impairments, write-offs and provisions	57	1 175
EBITDA	20 971	19 550

Simplified cash flow is calculated as follows:

	<u>30/06/2017</u>	<u>30/06/2016</u>
<u>Cash flow</u>		
Result after tax before result of equity method	9.576	7.156
Depreciation and impairments on non-current assets	7.662	8.754
Impairments, write-offs and provisions	57	1.175
Cash flow	17.295	17.085

Net financing costs

The net financing expenses in the first semester of 2017 were EUR 0.1 million higher than in the same period in 2016, mainly due to the negative exchange rate differences.

Taxes

The tax rate for the first half of 2017 (26.5%) is in line with that for 2016 (24.6%).

KEY DATA PER BUSINESS SEGMENT

in '000 EUR	30/06/2017			30/06/2016		
	Processed Meats	Ready Meals	Total	Processed Meats	Ready Meals	Total
Segment income statement						
Segment sales	153 399	63 867	217 266	144 082	60 601	204 683
Segment results	3 570	6 681	10 251	6 541	6 954	13 495
Non-allocated results			3 001			-3 874
Net financing cost			-221			-126
Tax			-3 455			-2 339
Result of companies according to equity method			571			49
Consolidated result			10 147			7 205
Other segment information						
Segment investments	2 738	1 770	4 508	4 383	1 681	6 064
Non-allocated investments			1 186			1 170
Total investments			5 694			7 234
Segment depreciations and non-cash costs	5 337	1 436	6 773	5 058	2 760	7 818
Non-allocated depreciation and non-cash costs			946			2 111
Total depreciation and non-cash costs			7 719			9 929

CALCULATION OF EARNINGS PER SHARE

Calculation earnings per share	<u>30/06/2017</u>	<u>30/06/2016</u>
Number of outstanding ordinary shares on 1 January	1 732 621	1 732 621
Effect of issued ordinary shares		
Weighted average number of outstanding ordinary shares as of 30 June of the financial year	1 732 621	1 732 621
Net profit	10 147	7 205
Average number of shares	1 732 621	1 732 621
Basic profit per share	5,86	4,16
 Calculation diluted earnings per share		
	<u>30/06/2017</u>	<u>30/06/2016</u>
Net profit	10 147	7 205
Average number of shares	1 732 621	1 732 621
Dilution effect warrant plans		
Adjusted average number of shares	1 732 621	1 732 621
Diluted earnings per share	5,86	4,16

CHANGES TO THE GROUP

1. Pasta Food Company

On 30 June 2017, the group purchased the remaining 50% shares in the joint venture, the Pasta Food Company SP z.o.o.

This company was set up jointly on a 50-50 basis by Ter Beke and GS&DH Holding to produce and market ready meals in Central and Eastern Europe. This highly automated production facility in Opole (Poland) has been fully operational since October 2014.

Until 30 June 2017, 50% of the earnings from Pasta Food Company was included as results from companies according to the equity method. From 1 July onwards, the results will be included in full in the consolidated annual accounts.

In view of the acquisition date of 30 June 2017, the full balance sheet for Pasta Food Company will be included in the consolidated balance sheet. The fair value of the acquired assets and liabilities has, in the first place, been determined to calculate the goodwill arising from this acquisition. Within a period of 12 months following the date of acquisition the definitive value of the acquired assets and liabilities will be determined when any necessary additional changes to the fair value will take place.

Opening balance sheet of the Pasta Food Company as of 30 June 2017:

ASSETS

Non-current assets	17.549
Intangible assets	201
Tangible non-current assets	17.348
Participations, loans and securities	
Deferred tax assets	
Current assets	2.323
Stocks	492
Trade and other receivables	1.792
Cash and cash equivalents	39
Total assets	19.872

LIABILITIES

Long-term liabilities	11.760
Provisions	0
Long-term interest-bearing liabilities	8.024
Other long-term liabilities	3.736
Short-term liabilities	3.966
Short-term interest-bearing liabilities	2.693
Trade liabilities and other payables	1.216
Social liabilities	57
Tax liabilities	
Total liabilities	15.726

Goodwill as a result of acquiring control of The Pasta Food Company

Acquisition price	5 000
Real value of the investment before acquisition of control	5 000
	<hr/>
	10 000
Acquired net assets	4 146
	<hr/>
Goodwill	5 854

The costs relating to the acquisition amount to 0.1 KEUR and were not included in the aforementioned acquisition price. These costs have been included in the income statement as of 30 June 2017 under services and miscellaneous goods.

Net cash flow as a result of acquiring control of The Pasta Food Company

Acquisition price	5 000
- Set-off	-5 000
Acquired cash investments and cash in cash equivalents	-39
Net cash flow as a result of acquisition	-39

Impact on the results of the Group as a result of acquiring control of The Pasta Food Company

Results following the phased acquisition

Following the phased acquisition, the Group achieved profits amounting to EUR 2.6 million. EUR 0.3 million of which is the effect of recycling other elements of the results (in the main Translation differences) to the income statement.

Pro forma financial information

Ter Beke acquired control of the Pasta Food Company on 30 June 2017. As a result, from 30 June 2017 onwards, the financial statements for this subsidiary will be fully consolidated. As of 30 June 2017, the income statement of the Group includes the impact of the 50% joint venture control, included according to the equity method for a sum of EUR 0.1 million.

If the Group had acquired control as of 1 January 2017, the turnover of the Group would have amounted to EUR 5.5 million more and the profit for the financial year would have been EUR 0.1 million on 30 June 2017.

The directors consider this pro forma financial information for the first 6 months of 2017 as a reasonable measure of the performance of the group on a half-year basis, which can be used as a reference for the comparison of future periods. However, they point out that the position of the results was influenced by positive exchange rate differences on outstanding loans in Euros.

This pro forma financial information does not take into account the possible impact of fair value adjustments, in view of the fact that this analysis is still ongoing and shall be concluded within a year after control has been acquired.

Loans of Pasta Food Company, apart from on the basis of guarantees described on page 111 of the 2016 annual report, will be guaranteed by a mortgage mandate on the land and buildings and by covenants on the basis of a financial plan. Ter Beke shall renegotiate this as soon as possible.

2. Stefano Toselli SAS

On 30 June 2017, Ter Beke acquired the remaining 67% of shares in Stefano Toselli SAS.

Stefano Toselli SAS produces ready meals in Mézidon (France).

Ter Beke had already acquired 33% of the shares in Stefano Toselli in 2015.

Until 30 June 2017, 33% of the earnings from Stefano Toselli was included as profit from participations according to the equity method. From 1 July onwards, the results will be included in full in the consolidated annual accounts.

In view of the acquisition date of 30 June 2017, the full balance sheet for Stefano Toselli will be included in the consolidated balance sheet. The fair value of the acquired assets and liabilities has, in the first place, been determined to calculate the goodwill arising from this acquisition. Within a period of 12 months following the date of acquisition the definitive value of the acquired assets and liabilities will be determined when any necessary additional changes to the fair value will take place.

Opening balance sheet of Stefano Toselli on 30 June 2017:

ASSETS	
Non-current assets	10.941
Intangible assets	64
Tangible non-current assets	9.994
Participations, loans and securities	883
Deferred tax assets	
Current assets	19.336
Stocks	2.789
Trade and other receivables	16.540
Cash and cash equivalents	7
Total assets	30.277
LIABILITIES	
Long-term liabilities	1.835
Provisions	1.486
Deferred taxes	-495
Long-term interest-bearing liabilities	844
Other long-term liabilities	
Short-term liabilities	16.063
Short-term interest-bearing liabilities	8.021
Trade liabilities and other payables	6.496
Social liabilities	1.546
Tax liabilities	
Total liabilities	17.898

Goodwill as a result of acquiring control of Stefano Toselli

Acquisition price	22 507
Real value of the investment before acquisition of control	13 756
	<u>36 263</u>
Acquired net assets	12 380
Goodwill	<u>23 883</u>

The costs relating to the acquisition amount to 0.2 KEUR and were not included in the aforementioned acquisition price. These costs have been included in the income statement as of 30 June 2017 under services and miscellaneous goods.

Net cash flow as a result of acquiring control of Stefano Toselli

Acquisition price	22 507
- Set-off	-8 506
Acquired cash investments and cash in cash equivalents	-7
Net cash flow as a result of acquisition	<u>13 994</u>

Impact on the results of the Group as a result of acquiring control of Stefano Toselli

Results following the phased acquisition

Following the phased acquisition the Group achieved profits amounting to EUR 4.1 million.

Pro forma financial information

Ter Beke acquired control of Stefano Toselli on 30 June 2017. As a result, from 30 June 2017 onwards, the financial statements for this subsidiary will be fully consolidated. As of 30 June 2017, the income statement of the Group includes the impact of the 33% participation already held in this affiliated company, included according to the equity method for a sum of EUR 0.5 million.

If the Group had acquired control as of 1 January 2017, the turnover of the Group would have amounted to EUR 38.7 million more and the profit for the financial year would have been EUR 0.8 million on 30 June 2017.

The directors consider this pro forma financial information for the first 6 months of 2017 as a reasonable measure of the performance of the group on a half-year basis which can be used as a reference for the comparison of future periods.

This pro forma financial information does not take into account the possible impact of fair value adjustments, in view of the fact that this analysis is still ongoing and shall be concluded within a year after control has been acquired.

Important events after balance sheet date

The Board of Directors of Ter Beke announced on 1 September 2017 that negotiations between Ter Beke and Zwanenberg Food Group to acquire Business Unit Fresh are at an advanced stage.

Ter Beke intends to acquire the Business Unit Fresh (Cebeco Meat Products Netherlands BV) from Zwanenberg Food Group in order to accomplish its local and international growth ambitions going forward.

This Business Unit produces and sells sliced processed meats, whole cold cuts and meat delicacies at its production facilities in Aalsmeer, Borculo and Zoetermeer in the Netherlands.

This potential acquisition fits perfectly within the stated ambition of Ter Beke Group to become the undisputed market leader in the Benelux. Ter Beke would at once double its turnover (+ EUR 130.6 million in 2016) in the Netherlands. This significantly strengthens its position and scale, offering Ter Beke and its customers added growth opportunities through enhanced expertise, support and development to expand in the processed meats business.

Please see press release dated 1 September 2017

3. INTERIM SEMESTER REPORT

KEY FIGURES AND HEADLINES

Ter Beke group:

- The consolidated turnover increased by EUR 12.6 million EUR (+6.2%) to EUR 217.3 million, this notwithstanding the loss of a major pâté contract on the UK market in mid-2016.
- Squeeze on margins due to unexpected sharp rises in prices of raw materials;
- REBITDA consequently amounts to EUR 14.4 million in 2017 compared to EUR 19.8 million in 2016 (-27.4%).
- The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. Due to the earlier takeover of French-based Stefano Toselli and the Pasta Food Company on 30 June 2017, it was possible for the group to achieve EUR 6.7 million in non-recurring income. In addition, an added value of EUR 0.7 million was achieved for the sale of a site.
- As a result of the above:
 - EBITDA amounts to EUR 21 million compared to EUR 19.6 million in 2016 (+7.3%);
 - EBIT amounts to EUR 13.3 million compared to EUR 9.6 million in 2016 (+37.7%);
 - the result after taxes amounts to EUR 9.6 million compared to EUR 7.2 million in 2016 (+33.82%);
 - profit for the financial year amounts to EUR 10.1 million compared to EUR 7.2 million in 2016 (+40.8%);
- Negotiations between Ter Beke and Zwanenberg Food Group to acquire Business Unit Fresh are at an advanced stage

Processed Meats Division:

- The turnover of the division increased by EUR 9.3 million (+6.5%). This is primarily down to the successful ongoing implementation of the growth strategy in the Netherlands and Belgium, which more than compensates for the loss of a major pâté contract for the UK market in mid-2016.
- Key innovations with respect to products and concepts.
- Margins were put under pressure on account of unexpected sharp increases in raw materials prices. From the second half of the year, sales price adjustments introduced will partially compensate for the rises in raw materials prices.
- Continued focus on the profitability of the product range and continuously monitored cost control.

Ready Meals Division:

- Increase in turnover of EUR 3.3 million (+5.4%) This rise has been achieved in almost all countries and channels, in turn resulting in an increased market share.
- Margins were put under pressure on account of unexpected sharp increases in raw materials prices. From the second half of the year, sales price adjustments introduced will partially compensate for the rises in raw materials prices.
- Early takeover of the remaining 67% shares in Stefano Toselli and the remaining 50% in Pasta Food Company on 30 June 2017. The share that Ter Beke had in the results of these two companies in the first semester is shown as the "share in the result of enterprises accounted for using the equity method". On the other hand, the balance sheet position of both companies as of 30 June is included in full in the figures for the group.
- Successful deployment of innovations, with an expansion in the product range of both private labels and own brands.
- Continued focus on the profitability of the product range and continuously monitored cost control.

CONSOLIDATED KEY FIGURES FIRST HALF OF 2017

<u>Income statement in 000 EUR</u>			
	30 June 2017	30 June 2016	Δ %
Revenue (net turnover)	217.266	204.683	6,1%
REBITDA (1)	14.378	19.806	-27,4%
EBITDA (2)	20.971	19.550	7,3%
Recurring result of operating activities (REBIT)	6.659	9.877	-32,6%
Result of operating activities (EBIT)	13.252	9.621	37,7%
Net financing costs	-221	-126	75,4%
Result of operating activities after net financing costs (EBT)	13.031	9.495	37,2%
Tax	-3.455	-2.339	47,7%
Result after tax before share in the result of enterprises accounted for using the equity method	9.576	7.156	33,8%
Share in enterprises accounted for using the equity method	571	49	1065,3%
Earnings after taxes (EAT)	10.147	7.205	40,8%
Net cash flow (3)	17.295	17.085	1,2%
<u>Financial position in 000 EUR</u>			
	30 June 2017	31 December 2016	Δ %
Balance sheet total	290.928	249.651	16,5%
Equity	119.355	114.969	3,8%
Net financial debts (4)	58.416	17.547	232,9%
Equity/Total assets (in %)	41,0%	46,1%	
Gearing Ratio (5)	48,9%	15,3%	
<u>Key figures in EUR per share</u>			
	30 June 2017	30 June 2016	
Number of shares	1.732.621	1.732.621	
Average number of shares	1.732.621	1.732.621	
Net cash flow	9,98	9,86	1,2%
Earnings after taxes	5,86	4,16	40,8%
EBITDA	12,10	11,28	7,3%

(1) REBITDA: EBITDA from recurring operating activities

(2) EBITDA: earnings before taxes + depreciation + amortization + changes in provisions

(3) Net cash flow: earnings after taxes + depreciation + amortization + changes in provisions

(4) Net financial debts = interest-bearing liabilities – interest-bearing receivables, cash and cash equivalents

(5) Gearing ratio: Net financial debt/Equity

NOTES TO THE CONSOLIDATED KEY FIGURES

Turnover

The consolidated turnover of the group in the first six months increased by EUR 12.6 million (+6.2%) from EUR 204.7 million to EUR 217.3 million, this notwithstanding the loss of a major pâté contract for the UK market in mid-2016 mentioned previously.

The turnover of the Processed Meats Division increased by EUR 9.3 million (+6.5%). This is primarily down to the successful ongoing implementation of the growth strategy in the Netherlands and Belgium, which more than compensates for the aforementioned loss of a major pâté contract for the UK market in mid-2016. The increase in the division's turnover was partly accounted for by the launch of key innovations relating to products and concepts.

The Ready Meals division achieved an increase in turnover of EUR 3.3 million (+5.4%). This increase has been achieved in almost all countries and channels, in turn resulting in an increasing market share. In this division too, the group successfully implemented innovations, with an expansion in the product range of both private labels and own brands.

Results of operating activities

In the first half of 2017, margins were put under pressure on account of unexpected sharp increases in raw materials prices.

As a result, the REBITDA decreased by EUR 5.4 million (-27.4%) from EUR 19.8 million in the first half of 2016 to EUR 14.4 million in the same period in 2017.

From the second half of the year, sales price adjustments since introduced will partially compensate for the rises in raw materials prices.

The non-cash costs in the first semester of 2017 (EUR 7.7 million) were EUR 2.2 million lower than the same period in 2016. This decrease can be attributed to lower provisions in the income statement and lower depreciation.

As a result of the aforementioned increases in raw materials prices, the REBIT decreased by EUR 3.2 million from EUR 9.9 million in 2016 to EUR 6.7 million in 2017.

The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. In the same period in 2016, the non-recurring expenses amounted to EUR 0.3 million.

Due to the earlier takeover of Stefano Toselli and the Pasta Food Company on 30 June 2017, it was possible for the group to achieve EUR 6.7 million in non-recurring income. In addition, added value of EUR 0.7 million was achieved for the sale of a site.

The EBITDA rose by EUR 1.4 million (+7.3%) from EUR 19.6 million in 2016 to EUR 21 million in 2017.

The REBITDA rose by EUR 3.6 million (+37.7%) from EUR 9.6 million in 2016 to EUR 13.3 million in 2017.

Net financing costs

In 2017, the net financing expenses in the first half of the year were barely higher than in the same period in 2016 (+EUR 0.1 million). This is mainly the result of negative differences in exchange rates.

Taxes

The tax rate for the first half of 2017 (26.5%) is in line with that for 2016 (24.6%).

Balance sheet

Under IAS-34, the balance sheet figures of 30 June 2017 need to be compared with those of 31 December 2016. The differences can be accounted for primarily by the earlier takeover of the remaining shares in Stefano Toselli and the remaining shares in Pasta Food Company on 30 June 2017.

The main differences are an increase in goodwill by EUR 29.7 million and in tangible non-current by EUR 23.8 million.

Net debt increased by EUR 17.5 million to EUR 58.4 million. The increase can be explained primarily by the acquisition of Stefano Toselli and Pasta Food Company : the financing of the takeover (EUR 14 million), the discontinuation of the interest-bearing long-term receivables (EUR 10 million), and their outstanding financial debts (EUR 19.5 million).

The equity difference is chiefly the result of the profit after tax over the first six months minus the dividend that was allocated over the previous financial year.

Investments

The group invested EUR 5.7 million in non-current assets as opposed to EUR 14.8 million in 2016. These relate primarily to the continuation of efficiency investments and infrastructure adjustments at the various sites and the further roll-out of the ERP package.

Event after balance sheet date

The Board of Directors of Ter Beke announced on 1 September 2017 that negotiations between Ter Beke and Zwanenberg Food Group to acquire Business Unit Fresh are at an advanced stage (Please see press release dated 01 September 2017).

PROSPECTS FOR 2017

The group is confident that, barring unforeseen market circumstances, the results for 2017 will surpass those of 2016.

RELATED PARTY TRANSACTIONS

In the first semester of 2017, no related party transactions occurred that had a material influence on the financial position or the results of the group in that period.

MATERIAL RISKS AND UNCERTAINTIES

The material risks and uncertainties for the remainder of 2017 are largely the same as described in the annual report on the financial year 2016. These relate primarily to the quality and price fluctuations of the raw materials used. In view of the fact that the new acquisitions operate in the same market, the risks are unchanged.

With regard to the outstanding legal dispute with Creta Farms, likewise described in the annual report for the 2016 financial year, there have been no new developments.

4. DECLARATION OF THE RESPONSIBLE PERSONS

The undersigned, Dirk Goeminne*, Managing Director, and René Stevens, Chief Financial Officer, declare that, to their knowledge:

- the condensed interim consolidated financial statements on the first semester of 2017, established in accordance with the International Financial Accounting Standards (“IFRS”), provide a true and fair view of the estate, the financial position and the results of Ter Beke NV and the consolidated companies;
- the half year financial report provides a true and fair view of the important events of the first semester of the financial year 2017, of the related party transactions and of the material risks and uncertainties for the remainder of the financial year.

Waarschoot, 31 August 2017

Dirk Goeminne*
Managing Director

René Stevens
Chief Financial Officer

*representing NV Fidigo

5. REPORT FROM THE STATUTORY AUDITOR ON THE HALF YEAR INFORMATION

Ter Beke NV

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2017

The original text of this report is in Dutch

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed balance sheet as at 30 June 2017, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed cash flow statement for the period of six months then ended, as well as selective notes as mentioned under title '2. Notes to the condensed consolidated financial statements'.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed balance sheet shows total assets of 290,928 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 10,147 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 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 performed in accordance with the International Standards on Auditing (ISA) 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 on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ter Beke NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Gent, 31 August 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Charlotte Vanrobaeys

6. CONTACTS

If you have any questions on the present half year report or for further information, please contact:

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CFO

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You can also review the present half year report and send us your questions through the Investor relations module on our website (www.terbeke.com)

7. FINANCIAL CALENDAR

Annual Result 2017:

23 February 2018 before market opening

Annual Report 2017:

At the latest on 30 April 2018

General Shareholders Meeting 2018:

31 May 2018

8. TER BEKE IN BRIEF

Ter Beke (Euronext Brussels: TERB) is an innovative Belgian fresh food group with a wide range of high-quality fresh food products and associated services operating commercially in many European countries.

Currently, the group specialises mainly in the production and sale of fine meat products and chilled ready meals, prepared at one of our nine industrial locations in Belgium, the Netherlands, France and Poland. Ter Beke has some 2,000 employees. Ter Beke has been listed on Euronext Brussels since 1986 and in 2016 realised a turnover of EUR 418.6 million.

Processed Meats Division:

- Produces fine meat products for the Benelux, the United Kingdom and Germany at two production locations in Belgium (Wommelgem and Waarschoot).
- Is the largest slicer and pre-packager of meat products in the Benelux with five centres for slicing and packaging meat products: three in Belgium (Wommelgem, Waarschoot and Veurne) and two in the Netherlands (Wijchen and Ridderkerk).
- Is the inventor of freshpack packaging and is a constant innovator in the segment for pre-packaged meat products.
- Distributes our products under private labels as well as our own brands, including l'Ardennaise®, Pluma® and Daniël Coopman®.
- Supplies fine meat products under the brands Plop, Samson and Maya the Bee (under license from Studio 100®).

Ready Meals Division:

- Produces fresh ready meals for the entire European market with two production sites in Belgium (Wanze and Marche-en-Famenne), one in France (Mézidon-Canon) and one in Poland (Opole).
- Is market leader in chilled lasagne in many European countries.
- Sells under our own brands Come a casa®, Vamos® and Stefano Toselli, and under numerous private labels.