

FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR FIRST HALF YEAR 2016
REGULATED INFORMATION

CONSOLIDATED INCOME STATEMENT

(in 000 €)	30.06.2016	30.06.2015
Turnover	113.915	113.389
Other operating income	3.050	3.042
Cost of materials	-24.186	-24.583
Other expenses	-32.955	-32.348
Personnel expenses	-22.548	-23.142
Depreciation and amortisation	-4.161	-3.982
Operating profit	33.115	32.376
Impairment of goodwill and intangible assets with indefinite useful life	0	0
Finance income	1.853	2.503
Finance costs	-1.943	-3.482
Share in result of associates	-179	159
Profit before taxes	32.846	31.556
Income taxes	-11.712	-9.709
Profit for the period	21.134	21.847
Attributable to the owners of the company	21.185	21.950
Attributable to non-controlling interests	-51	-103
Currency translation adjustments related to participations (equity method)	24	1.167
Currency translation adjustments related to Group entities and non-controlling interests	-94	74
Total other comprehensive income (fully recyclable in the income statement)	-70	1.241
Remeasurement gains/(losses) on defined benefit plans	-727	0
Total other comprehensive income (not recyclable in the income statement)	-727	0
Total of profit for the period and other comprehensive income	20.337	23.088
Basic earnings per share (in euro)	1,59	1,65
Diluted earnings per share (in euro)	1,59	1,65

TURNOVER DEVELOPMENT FIRST HALF-YEAR

Consolidated turnover at Van de Velde in the first half of 2016 rose by 0.5% (from € 113.4m to € 113.9m).

On a like-for-like basis (including comparable seasonal deliveries) consolidated turnover was up 2.7%. This turnover growth consists of the following components:

- Growth of Wholesale turnover of 5.9%. The growth continues both in lingerie as well as swimwear. Also pre-orders for the second half of the year are higher than the same period last year.
- Decrease of Retail turnover in the US by 17.7% on comparable basis, both in local currency as well as in Euro as the average exchange rate remained relatively stable. Due to the closure of loss-making stores, total Retail turnover in the US declined by 27.9%.
- Growth of Retail turnover in Europe on comparable basis at constant exchange rates by 5.3%, especially driven by growth on comparable basis in the Netherlands (7.6%) and the UK (5.5%). Taking into account exchange rate differences, growth on comparable basis is 1.2%. Total Retail turnover in Europe declined by 4.1% due to closure of loss-making stores and conversion of owned into franchised store.

RECURRING EBITDA ('REBITDA') TREND FIRST HALF-YEAR

REBITDA (defined as profit before taxes, before financial results and before depreciation & amortization as well as impairment charges if applicable, excluding extraordinary elements) for the first half year increased by 2.5%, from € 36.4m to € 37.3m. In the first half of 2016, no extraordinary elements were recorded (as in the same period of last year). On a comparable basis (including comparable deliveries), consolidated REBITDA rose by 7.1%, from € 35.9m to € 38.5m. The primary reasons for this rise were the following:

- A rise in Wholesale turnover.
- A slight increase in gross margin.
- Slight increases in fixed costs are mainly related to sales-driving costs (such as marketing and sales programs).
- Lower personnel costs due to closure of a number of loss-making stores.
- REBITDA in the Retail business is, except for costs related to closure of loss-making stores, in line with the same period last year, however, with an increase in the UK and Continental Europe but a continued decline in the US.

IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

In the first half of 2016, no impairment charges have been recorded.

FINANCIAL RESULT

The financial result was higher than in the same period last year. In 2016 we realize a negative financial result of € 0.1m compared to a negative result of € 1.0m in 2015. This is mainly related to lower negative unrealized exchange losses.

SHARE OF RESULTS OF ASSOCIATES

The share of results of associates (based on the equity method) was negative and primarily driven by the contribution by Private Shop. The contribution by Private Shop was based on equity movements up to and including 30 June 2016. In the period from 1 January 2016 until 30 June 2016, Private Shop realized a loss of k\$ 674. Top Form has contributed positively to profit in the first half of the year.

INCOME TAXES AND NET PROFIT

Income taxes were higher compared with the same period last year.

The group profit declined from € 22.0m to € 21.2m. On a comparable basis, the consolidated group profit (including comparable deliveries) rose by 4,5% from € 21.3m to € 22.3m. This resulted in a decline of the profit per share from € 1.65 to € 1.59.

CONSOLIDATED BALANCE SHEET

(in € 000)	30.06.2016	31.12.2015
Total fixed assets	71.308	70.836
Goodwill	4.546	4.546
Intangible assets	15.754	16.518
Tangible fixed assets	35.734	34.204
Participations (equity method)	14.482	14.628
Deferred tax asset	0	0
Other fixed assets	792	940
Total current assets	91.447	90.898
Inventories	38.723	39.158
Trade and other receivables	27.625	16.733
Other current assets	5.925	6.859
Cash and cash equivalents	19.174	28.148
Total assets	162.755	161.734
Shareholders' equity	121.118	129.231
Share capital	1.936	1.936
Treasury shares	0	0
Share premium	743	743
Other comprehensive income	-9.108	-9.132
Retained earnings	127.547	135.684
Non-controlling interests	720	865
Total non-current liabilities	5.124	4.461
Provisions	808	841
Pensions	757	30
Other non-current liabilities	3.181	3.284
Deferred tax liability	378	306
Total current liabilities	35.793	27.177
Trade and other payables	17.409	15.822
Other current liabilities	1.348	1.632
Income taxes payable	17.036	9.723
Total equity and liabilities	162.755	161.734

FIXED ASSETS

Fixed assets rose by 0.7% compared with the end of 2015. The following factors determine the development in fixed assets:

- Intangible assets were lower than year-end 2015 because depreciation charges were higher than new investments.
- Tangible fixed assets were higher than year-end 2015 due to new investments. These investments mainly relate to diverse improvement projects in Wichelen and the renovation works in Schellebelle.
- Participations (equity method) declined due to the decrease in equity at Private Shop.

CURRENT ASSETS

Current assets increased by 0.6% compared with the end of 2015 for the following reasons:

- Inventories in line with the end of 2015, but higher than in June 2015 due to higher turnover.
- Higher trade receivables compared with the end of 2015. However, due to seasonality, this should be compared with the 2015 interim balance sheet (€ 24.7m). There was still an increase, primarily due to the general turnover increase on the one hand and the higher turnover in specifically May and June on the other hand.
- Lower other current assets, mainly due to a timing effect on the VAT position.
- Lower cash position compared with the end of 2015. For more details, please see the statement of cash flows.

SHAREHOLDERS' EQUITY

Total shareholders' equity amounts to € 121.1m on 30 June 2016. Following comments can be made in this regard:

- Shareholders' equity accounted for 74.4% of total equity and liabilities.
- The decrease in shareholders' equity was mainly due to the dividend pay-out in the first half of 2016.
- For more details, please see the statement of changes in equity.

NON-CONTROLLING INTEREST

The fall in the non-controlling interest was due to the adjustment for the share of the minority shareholders in the result of the entities in which they hold their shares. For more details, please see the statement of the changes in equity.

NON-CURRENT AND CURRENT LIABILITIES

The non-current and current liabilities amount to respectively € 5.1m and € 35.8m and have increased compared to end of 2015:

- Non-current liabilities have increased compared with year-end 2015 due to the inclusion of future pension liabilities in comparison with built-up reserves with regard to Belgian pension plans. This has an impact of € 0.7m (without postponed tax effect) on the provision for pensions charged against other comprehensive income (as can be seen in the statement of the changes in equity).
- Current liabilities were 31.7% higher than at year-end 2015 due to the following reasons:
 - o An increase in trade and other payables compared to year-end 2015. However, due to seasonality effects this needs to be compared versus June 2015 (€ 18.3m). Compared to June 2015 this represents a lower position of trade and other payables.
 - o Higher tax liabilities taking into account taxes due related to fiscal year 2015 (see balance sheet year-end 2015) and the balance of current tax liabilities. In 2016 no taxes have been prepaid until 30 June 2016.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € 000)	Attributable to the shareholders of the parent							Equity	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Share-based payments	Other comprehensive income				
Equity at 31.12.2014	1.936	743	-833	140.728	468	-9.063	133.979	717	134.696	
Profit for the period				21.950			21.950	-103	21.847	
Other comprehensive income						1.167	1.167	74	1.241	
Purchase of treasury shares			-365				-365		-365	
Sale of treasury shares for stock options			936				936		936	
Amortisation deferred stock compensation					69		69		69	
Granted and accepted stock options				254	-254		0		0	
Reserves at Top Form							0		0	
Dividends				-28.600			-28.600		-28.600	
Equity at 30.06.2015	1.936	743	-262	134.332	283	-7.896	129.136	688	129.824	

(in 000 €)	Attributable to the shareholders of the parent							Equity	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Share-based payments	Other comprehensive income			
Equity at 31.12.2015	1.936	743	0	135.394	0	290	-9.132	129.231	865	130.096
Profit for the period				21.185				21.185	-51	21.134
Other comprehensive income					-727		24	-703	-94	-797
Purchase of treasury shares			885					0		0
Sale of treasury shares for stock options			-885					0		0
Amortisation deferred stock compensation						41		41		41
Granted and accepted stock options				144		-144		0		0
Reserves at Top Form								0		0
Dividends				-28.636				-28.636		-28.636
Equity at 30.06.2016	1.936	743	0	128.087	-727	187	-9.108	121.118	720	121.838

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € 000)	30.06.2016	30.06.2015
Cash flows from operating activities		
Cash receipts from customers	113.335	112.026
Cash paid to suppliers and employees	-82.830	-79.796
Cash generated from operations	30.505	32.230
Income taxes paid	-3.816	-7.212
Other taxes paid	-3.433	-3.105
Interest and bank costs paid	-124	-124
Net cash from operating activities	23.132	21.789
Cash flows from investing activities		
Interest received	65	72
Received dividends	321	313
Purchase of fixed assets	-4.927	-5.480
Investment in other participating interests	0	0
Net sale / (purchase) of treasury shares	-361	514
Net cash used in investing activities	-4.902	-4.581
Cash flows from financing activities		
Dividends paid	-28.643	-28.632
Repayment of long-term borrowings / increase in financial debt	0	0
Repayment of short-term borrowings / increase in financial debt	150	-832
Net financing of customer growth fund	67	14
Net cash used in financing activities	-28.426	-29.450
Net increase / (decrease) in cash and cash equivalents	-10.196	-12.242
Cash and cash equivalents at beginning of period	28.148	35.272
Exchange rate differences	1.222	-432
Net increase / (decrease) in cash and cash equivalents	-10.196	-12.242
Cash and cash equivalents at end of period	19.174	22.598

SEGMENT INFORMATION

Van de Velde is a single-product business, being the production and sale of luxury lingerie. Van de Velde distinguishes two operating segments: Wholesale and Retail. No segments have been combined.

Van de Velde group identified the Management Committee as having primary responsibility for operating decisions and defined operating segments on the basis of information provided to the Management Committee.

Wholesale refers to business with independent specialty retailers (customers external to the group); Retail refers to business through our own retail network (stores, franchisees and e-commerce). The type of customer to whom a sale is realised determines whether a customer is allocated to either Wholesale or Retail. The integrated margin is shown within the Retail segment for Van de Velde products sold through Van de Velde's own retail network. In other words, the Retail segment comprises the wholesale margin on Van de Velde products and the results generated within the network itself.

Management monitors the results in the two segments separately to a certain level ('direct contribution'), so that decisions can be taken on the allocation of resources and the evaluation of performance. Performance in the segments is evaluated on the basis of directly attributable revenues and costs. General costs (such as overhead), financial result, the result using the equity method, tax on the result and minority interests are managed at group level and are not attributed to segments. Costs that are not attributed benefit both segments and any further division of the costs, such as general administration, IT and accountancy, would be arbitrary.

Assets that can be reasonably attributed to segments (goodwill and other fixed assets as well as stock and trade receivables) are attributed. Other assets are reported as non-attributable, as are liabilities. Assets and liabilities are largely managed at group level, so a large part of these assets and liabilities are not attributed to segments.

The accounting policies of the operating segments are the same as the key policies of the group. The segmented results are therefore measured in accordance with the operating result in the consolidated financial statements.

Van de Velde does not have any transactions with a single customer in Wholesale or Retail worth more than 10% of total turnover.

Transaction prices between operating segments are on an arm's length basis, comparable with transactions with third parties.

In the following tables, the segmented information is shown for the periods ending on 30 June 2016 and on 30 June 2015.

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Segment Income Statement								
(in € 000)	2016				2015			
	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Segment revenues	93.802	20.113	0	113.915	89.897	23.492	0	113.389
Segment costs	-44.831	-17.639	-14.169	-76.639	-42.694	-20.552	-13.785	-77.031
Depreciation	0	-2.137	-2.024	-4.161	0	-1.732	-2.250	-3.982
Segment results	48.971	337	-16.193	33.115	47.203	1.208	-16.035	32.376
Impairment				0				0
Net finance profit				-90				-979
Result from associates				-179				159
Income taxes				-11.712				-9.709
Non-controlling interests				51				103
Net income				21.185				21.950

Segment Balance Sheet						
(in € 000)	2016			2015		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Segment assets	66.748	24.115	90.863	60.871	28.397	89.268
Unallocated assets			71.892			71.010
Consolidated total assets	66.748	24.115	162.755	60.871	28.397	160.278
Segment liabilities	0	0	0	0	0	0
Unallocated liabilities			162.755			160.278
Consolidated total liabilities	0	0	162.755	0	0	160.278

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Capital expenditure								
(in € 000)	2016				2015			
	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Tangible fixed assets	0	510	4.082	4.592	0	543	4.477	5.020
Intangible assets	0	12	323	335	0	206	254	460
Depreciation	0	2.137	2.024	4.161	0	1.732	2.250	3.982

Breakdown by region - turnover						
(in € 000)	2016			2015		
	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	77.390	36.525	113.915	74.215	39.174	113.389

The most important markets, determined on the basis of the quantitative IFRS criteria, are:

- Belgium, Germany and the Netherlands for the Eurozone
- USA for Elsewhere.

Further information about the assets of the company - location			
(in € 000)	Belgium	Elsewhere	Total
Tangible fixed assets	28.418	7.316	35.734
Intangible assets	8.717	7.037	15.754
Inventories	33.838	4.885	38.723

PROSPECTS

In Wholesale, pre-orders for autumn/winter 2016 are higher than the previous year, however somewhat lower than the increase which was realized in the first half. Van de Velde expects a rise in Wholesale over the whole year 2016.

Forecasts for Retail are more difficult to make and show a different view over different regions. Continental Europe, especially the Netherlands, shows strong performance with growth on comparable basis. UK showed reasonably good growth on comparable basis, but the exchange rate impact of the British pound turned this into a decline. Retail activities in the USA continue to underperform and will decline in 2016 compared to 2015. As of September 2016, Rigby & Peller USA will put stronger focus on online sales besides the existing store network.

Van de Velde also expects a rise in REBITDA for the whole of 2016 on a comparable basis. On an annual basis, this rise will in terms of percentage be lower than the 7.1% reported at half-year.

RISK

As stated in our press release of 24 February 2014, Intimacy has been named as a defendant in a potential class action suit alleging a violation of Facta ("The Fair and Accurate Credit Transactions Act"). This Act stipulates the credit card details that can be stated on a cash receipt. As stated in the annual report of 2015, Intimacy has reached a settlement with the opposing party and this settlement was approved by the US court on 1 September 2015. The settlement was per 31 May 2016 fully executed and had no material impact on the financial situation of the group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This interim consolidated financial information was prepared in compliance with IAS 34, the international standard applicable to interim consolidated financial information.

The same accounting policies and calculation methods were used as in the consolidated financial statements at 31 December 2015, except for new standards, interpretations and amendments effective as of 1 January 2016. These new standards and interpretations effective 1 January 2016 are:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

These do not have an impact on the consolidated half-year results of the group.

The General Meeting of 27 April 2016 approved the final dividend as proposed by the Board of Directors (€ 2.15/share). The allocated dividend was € 28,643k, which was entirely paid out at 30 June 2016. The total dividend for financial year 2015 amounted to € 3.50/share of which € 1.35/share was paid out as interim dividend in November 2015.

As of the date of this interim financial report there were no important events after the balance sheet date.

In addition to risks described in the above notes, the material risks and uncertainties with regard to the rest of 2016 were primarily the same as described on pages 60-61 ('Business risks under IFRS 7') of the 2015 annual report.

In the first half of 2016, there were no material transactions with associated companies other than those described in this report or within the normal course of events.

The Board of Directors today approved, based on the powers invested in it by the articles of association, the payment of the interim dividend of € 1.35 per share. After payment of 27% tax, this represents a net dividend of € 0.99 per share.

This dividend will be allocated to the shares with rights that are not suspended. As the company does currently not hold any own shares, the number of shares with dividend rights is 13,322,480.

The dividend for registered shares and dematerialised shares will be paid out on 24 November 2016.

Financial calendar with regard to the interim dividend:

- Ex-coupon date: 22 November 2016
- Record date: 23 November 2016
- Payment date: 24 November 2016.

DECLARATION OF THE RESPONSIBLE PERSONS

The undersigned declare that:

- The financial overviews in this report, which have been prepared in compliance with the applicable standards, faithfully reflect the equity, the financial situation and the results of Van de Velde and the companies included in the consolidation.
- The interim financial report faithfully reflects the development, the results and the position of Van de Velde and the companies included in the consolidation, as well as providing a description of the main risks and uncertainties Van de Velde has to deal with.

Schellebelle, 31 August 2016

EBVBA 4F, always represented by
Ignace Van Doorselaere
Chief Executive Officer

Bart Rabaey Consulting VOF, always represented by
Bart Rabaey
Chief Financial Officer

Report of the statutory auditor to the shareholders of Van de Velde NV on the review of the interim condensed consolidated financial statements as of 30 June 2016 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Van de Velde NV (the "Company"), and its subsidiaries as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated balance sheet total of € 162.755 thousand and a net income for the six month period then ended of € 21.134 thousand. The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the 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 the 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 Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Ghent, 31 August 2016

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Paul Eelen
Partner

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Ignace Van Doorselaere
Chief Executive Officer

Bart Rabaey Consulting VOF, always represented by
Bart Rabaey
Chief Financial Officer

FINANCIAL CALENDAR

22.11.2016
Ex-coupon date interim dividend

23.11.2016
Record date interim dividend

24.11.2016
Payment date interim dividend

31.12.2016
End of fiscal year 2016

09.01.2017
Announcement of turnover for 2016

24.02.2017
Announcement of results for 2016

26.04.2017
Ordinary General Meeting

VAN DE VELDE

Van de Velde NV is a leading player in the luxury and fashionable women's lingerie sector. Van de Velde is convinced of a long-term strategy based on developing and expanding brands around the Lingerie Styling concept (fit, style and fashion), especially in Europe and North America.