Van de Velde

FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR FIRST HALF YEAR 2012

REGULATED INFORMATION

CONSOLIDATED INCOME STATEMENT

(in 000 €)	30.06.2012	30.06.2011
Turnover	98,724	97,852
Other operating income	2,461	2,548
Cost of materials	-24,119	-22,711
Other expenses	-24,821	-24,673
Personnel expenses	-20,928	-19,060
Depreciation and amortisation	-2,730	-2,117
Operating profit (with changed consolidation scope)	**28,587**	**31,839**
Operating profit from acquisition[1]	**171**	**N/A**
Operating profit (with like-for-like consolidation scope)	**28,416**	**31,839**
Finance income	4,545	1,909
Finance costs	-989	-1,480
Share of results of associates	-2,043	695
Profit before taxes	**30,100**	**32,963**
Income taxes	-7,530	-8,328
Profit for the period	**22,570**	**24,635**
Attributable to the owners of the company	22,565	24,611
Attributable to non-controlling interests	5	24
Currency translation adjustments	-55	61
Total other comprehensive income	**-55**	**61**
Total of profit for the period and other comprehensive income	**22,515**	**24,696**
Basic earnings per share (in euro)	1.70	1.86
Diluted earnings per share (in euro)	1.70	1.85

[1] The acquisition relates to Rigby & Peller UK which is included in the consolidation scope based on the full consolidation method at 87% since August 2011.

TURNOVER DEVELOPMENTS FIRST HALF-YEAR

Turnover grew in the first half-year of 2012 by 0.9% (from €97.9m to €98.7m).

On a like-for-like basis (including like-for-like deliveries and excluding retail turnover of Rigby & Peller UK), consolidated turnover fell by 2.8%. This turnover development consists of three components:

- A 3.0% fall in wholesale turnover. This trend is fairly general, with the exception of North America, the UK and part of Scandinavia. Within the core markets, the fall in turnover is limited in Germany.

- A fall in retail turnover at Intimacy by around 10% in local currency and 1.5% in euro. Van de Velde took over operational management of Intimacy since 1 May 2012 and has implemented a plan that is expected to start growing turnover in early 2013.

- In Europe, retail turnover at Rigby & Peller (formerly Oreia) rose by over 8% due to the opening of new stores in Germany and Spain.

The contribution of retail turnover at Rigby & Peller in the UK was £4.5m (€5.5m). This represents growth of around 4.5% on a store-to-store basis compared with the previous year.

EBITDA TREND FIRST HALF-YEAR

EBITDA for the first half-year (€31.3m) was around 7.8% lower than in the same period last year (€34.0m):

- A fall in wholesale turnover combined with a slightly lower gross margin compared with last year, primarily due to the rise in stitching costs in China.

- A rise in a number of recently implemented costs promoting growth, such as sales costs and costs related to the expansion of the retail organisation.

Other fixed costs are a little lower than in the same period last year.

FINANCIAL RESULT

On a like-for-like basis the financial result was a little higher than in the same period last year. However, an exceptional result of €2.9m (US$3.8m) was recognised in the first half-year of 2012 as a consequence of a revision of the price paid for a 35.1% shareholding in

Intimacy (transaction in April 2010). The final price will be determined at the beginning of 2013. Based on a best estimate a receivable from the selling party (the minority shareholder) has been raised by €2.9m (US$3.8m) to €6.6m (US$8.3m).

RESULT BASED ON THE EQUITY METHOD

There was a downturn in the result based on the equity method: a loss of €2,043k compared with profit of €695k in the same period last year. This loss is almost exclusively due to the loss reported by Top Form in the financial year 2012 (1 July 2011-30 June 2012). Top Form released a statement with preliminary financial data on 24 August 2012 reporting a loss on an annual basis of around HK$60m. HK$50m of this came in the second half-year (1 January 2012-30 June 2012), due in part to a major provision for restructuring.

In accordance with the current accounting principles, only the result of the first half-year (1 July 2011-31 December 2011) would have been recognised. In light of the announcement, Van de Velde has opted to consolidate the loss of Top Form in the second half-year (1/1/2012-30/6/2012) already, due to the major impact on the Van de Velde figures (loss of €1.3m on net profit).

Top Form has a negative impact on the profit before taxes of €1.7m (including dividend in financial income).

PROFIT FOR THE PERIOD

The sum of the above components results in net profit of €22.6m, which entails a fall of 8% compared with the same period last year (€24.6m).

CONSOLIDATED BALANCE SHEET

(in 000 €)	30.06.2012	31.12.2011
Total fixed assets	**116,179**	**103,881**
Goodwill	27,882	27,882
Intangible assets	32,739	28,927
Tangible fixed assets	30,794	26,142
Participations (equity method)	16,560	15,367
Deferred tax asset	161	688
Other fixed assets	8,043	4,875
Current assets	**79,229**	**96,568**
Inventories	34,113	34,178
Trade and other receivables	20,731	13,797
Other current assets	7,155	7,371
Cash and cash equivalents	17,230	41,222
Total assets	**195,408**	**200,449**
Shareholders' equity	**167,948**	**168,134**
Share capital	1,936	1,936
Treasury shares	-605	-1,699
Share premium	743	743
Other comprehensive income	-9,269	-9,214
Retained earnings	175,143	176,368
Non-controlling interest	**5,238**	**8,996**
Total non-current liabilities	**6,117**	**2,884**
Provisions	1,340	906
Pensions	34	34
Other liabilities	4,743	1,944
Total current liabilities	**16,105**	**20,435**
Trade and other payables	15,053	17,985
Other current liabilities	961	845
Income taxes payable	91	1,605
Total equity and liabilities	**195,408**	**200,449**

FIXED ASSETS

The fixed assets rose by 11.8% compared with the end of 2011 for the following reasons:

- Increase in the intangible assets (+€3.8m), primarily due to the joint venture with Private Shop. This intangible asset will be amortised over five years.
- The rise in tangible fixed assets is primarily due to the new build in Wichelen and the opening of new stores in the retail channel owned by the Group.
- The net rise in the participating interests recognised by using the equity method comprises the following components:
    - Increase in the participating interest in the Private Shop joint venture (€2.3m)
    - Fall in the participating interest in Top Form (€1.0m) comprising the following components:
        - Share in the loss of Top Form in the financial year 2012 (taking into account distribution of dividends): -€2.0m (recognised in the result using the equity method)
        - Share in reserves immediately recognised by Top Form in shareholders' equity: €1.0m (recognised in retained earnings).
- The net rise in other fixed assets mainly relates to the following components:
    - An outstanding receivable from the Nethero family rose by €2.9m (US$3.8m) and is now €6.6m (US$8.3m). This is a consequence of ongoing developments at Intimacy. This receivable relates to the purchase of a 35.1% shareholding in Intimacy (transaction of April 2010) for which an advance payment of US$13.5m was made. The final amount will be established at the beginning of 2013.
    - The deferred tax asset also fell by €0.5m.

CURRENT ASSETS

The current assets fell by 18.0% compared with the end of 2011 for the following reasons:

- Rise in trade receivables due to the cyclic character of the sales.
- The net fall in the other current assets is linked to:
    - Transfer of 'prepayments on participations' (amount in transit at the end of the year with regard to the Private Shop transaction) to intangible assets (€1.1m) and participations (€1.9m)
    - Increase in tax receivables due to higher advance payments (€2.3m)
    - Rise in prepaid expenses, accrued income and sundry.
- A substantial fall in the cash position, to a large degree explained by the payout of the dividend, the advance payment of corporate income tax and the high degree of investment. For more details see the statement of cash flows.

SHAREHOLDERS' EQUITY

- Shareholders' equity accounts for 86% of total equity and liabilities.
- The fall in shareholders' equity is solely due to the dividend payout in the first half of 2012.
- This is offset somewhat by the adjustment of the non-controlling interest in Intimacy (15%) and the profit for the period.

NON-CONTROLLING INTEREST

- The fall in the non-controlling interest concerns the adjustment to the valuation of the remaining 15% of the shares in Intimacy (held by the Nethero family). This value has been reduced by €4.0m.

NON-CURRENT AND CURRENT LIABILITIES

- The rise in the non-current liabilities primarily relates to the future payments to Getz when the Private Shop joint venture fulfils certain criteria. This amount is maximised at US$3.5m (€2.8m).
- Current liabilities are lower primarily because of lower trade payables and the fact that there is a tax receivable in the period rather than a tax liability as there was at the end of 2011.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in 000 €)	Attributable to the shareholders of the parent: Share capital	Share premium	Treasury shares	Retained earnings	Share-based payments	Other comprehensive income	Equity	Non-controlling interest	Total equity
Equity at 31.12.2010	**1,936**	**743**	**-2,506**	**162,481**	**781**	**-9,792**	**153,643**	**8,089**	**161,732**
Profit for the period				24,611			**24,611**	**24**	**24,635**
Other comprehensive income						61	**61**	**-645**	**-584**
Treasury shares							**0**		**0**
Sale of treasury shares for stock options			807				**807**		**807**
Amortisation deferred stock compensation					126		**126**		**126**
Granted and accepted stock options				221	-221		**0**		**0**
Dividends				-28,354			**-28,354**		**-28,354**
Equity at 30.06.2011	**1,936**	**743**	**-1,699**	**158,959**	**686**	**-9,731**	**150,894**	**7,468**	**158,362**

(in 000 €)	Attributable to the shareholders of the parent: Share capital	Share premium	Treasury shares	Retained earnings	Share-based payments	Other comprehensive income	Equity	Non-controlling interest	Total equity
Equity at 31.12.2011	**1,936**	**743**	**-1,699**	**175,584**	**784**	**-9,214**	**168,134**	**8,996**	**177,130**
Profit for the period				22,565			**22,565**	5	**22,570**
Other comprehensive income						-55	**-55**	274	**219**
Treasury shares			-51				**-51**		**-51**
Sale of treasury shares for stock options			1,145				**1,145**		**1,145**
Amortisation deferred stock compensation					72		**72**		**72**
Granted and accepted stock options				448	-448		**0**		**0**
Reserves at Top Form				975			**975**		**975**
Dividends				-28,874			**-28,874**		**-28,874**
Adjustments non-controlling interest				4,037			**4,037**	-4,037	**0**
Equity at 30.06.2012	**1,936**	**743**	**-605**	**174,735**	**408**	**-9,269**	**167,948**	**5,238**	**173,186**

The main changes are stated above in the notes to the balance sheet.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in 000 €)	30.06.2012	30.06.2011
Cash flows from operating activities		
Cash receipts from customers	101,000	101,607
Cash paid to suppliers and employees	-77,750	-72,149
Cash generated from operations	**23,250**	**29,458**
Income taxes paid	-11,152	-7,070
Other taxes paid	-2,333	-2,108
Interest and bank costs paid	-174	-88
Net cash from operating activities	**9,591**	**20,192**
Cash flows from investing activities		
Interest received	560	325
Received dividends	265	392
Proceeds from sale of equipment	3	33
Purchase of fixed assets	-7,030	-2,636
Net sale / (purchase) of treasury shares	1,035	963
Net cash used in investing activities	**-5,167**	**-923**
Cash flows from financing activities		
Dividends paid	-28,627	-28,427
Repayment of long-term borrowings / increase in financial debt	87	-92
Financing of customer growth fund	-17	-147
Net cash used in financing activities	**-28,557**	**-28,666**
Net increase / (decrease) in cash and cash equivalents	**-24,133**	**-9,397**
Cash and cash equivalents at beginning of period	**41,222**	**38,247**
Exchange rate differences	**141**	**-60**
Net increase / (decrease) in cash and cash equivalents	**-24,133**	**-9,397**
Cash and cash equivalents at end of period	**17,230**	**28,790**

SEGMENT INFORMATION

Van de Velde is a single-product business, being the production and sale of luxury lingerie. In the past Van de Velde distinguished two segments: Eurozone and Elsewhere. Van de Velde decided to change the segment reporting as of January 2012 after recent investments in its own retail channel. These investments concern both organic initiatives (opening of new stores in Germany and Spain) and acquisitions (LinCHérie and Intimacy in 2010, Rigby & Peller and Private Shop in 2011). With this in mind, the Group has geared its segment reporting to this new corporate structure, resulting in two operating segments: Wholesale and Retail. No segments were 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 and franchisees). 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 to a certain level (‘direct contribution’) separately, 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.

To facilitate comparison with 2011, the 2012 figures are also included in accordance with their former segmentation.

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

In the following tables, the segmented information is shown for the periods ending on 30 June 2012 (Wholesale and Retail segments on the one hand and Eurozone and Elsewhere on the other) and on 30 June 2011 (Eurozone and Elsewhere):

Segment Income Statement												
(in 000 €)	**2012**				**2012**				**2011**			
	Whole-sale	**Retail**	**Unalloca-ted**	**Total**	**Euro-zone**	**Else-where**	**Unalloca-ted**	**Total**	**Euro-zone**	**Else-where**	**Unalloca-ted**	**Total**
Segment revenues	76,826	21,898	0	**98,724**	60,505	38,219	0	**98,724**	64,463	33,389	0	**97,852**
Segment costs	-36,393	-18,681	-12,333	**-67,407**	-35,030	-26,757	-5,620	**-67,407**	-34,000	-22,730	-7,166	**-63,896**
Depreciation	0	-1,272	-1,458	**-2,730**	-2,086	-644	0	**-2,730**	-1,617	-500	0	**-2,117**
Segment results	40,433	1,945	-13,791	**28,587**	23,389	10,818	-5,620	**28,587**	28,846	10,159	-7,166	**31,839**
Net finance profit				**3,556**				**3,556**				**429**
Result from associates				**-2,043**				**-2,043**				**695**
Income taxes				**-7,530**				**-7,530**				**-8,328**
Non-controlling interest				**-5**				**-5**				**-24**
Net income				**22,565**				**22,565**				**24,611**

Segment Balance Sheet									
(in 000 €)	**2012**			**2012**			**2011**		
	Wholesale	**Retail**	**Total**	**Eurozone**	**Elsewhere**	**Total**	**Eurozone**	**Elsewhere**	**Total**
Segment assets	62,360	59,798	122,158	78,109	40,268	118,377	62,928	33,423	96,531
Unallocated assets			73,250			77,031			80,771
Consolidated total assets	**62,360**	**59,798**	**195,408**	**78,109**	**40,268**	**195,408**	**62,928**	**33,423**	**177,122**
Segment liabilities	0	0	0	9,455	5,598	15,053	10,389	5,315	15,704
Unallocated liabilities			195,408			180,355			161,418
Consolidated total liabilities	**0**	**0**	**195,408**	**9,455**	**5,598**	**195,408**	**10,389**	**5,315**	**177,122**

Capital expenditure										
(in 000 €)	**2012**				**2012**			**2011**		
	Wholesale	**Retail**	**Unallocated**	**Total**	**Eurozone**	**Elsewhere**	**Total**	**Eurozone**	**Elsewhere**	**Total**
Tangible fixed assets	0	1,517	5,080	**6,597**	5,040	1,557	**6,597**	1,469	454	**1,923**
Intangible assets	0	4,146	95	**4,241**	3,240	1,001	**4,241**	408	126	**534**
Depreciation	0	1,272	1,458	**2,730**	2,086	644	**2,730**	1,617	500	**2,117**

Breakdown by region - turnover						
(in 000 €)	**2012**			**2011**		
	Eurozone	**Elsewhere**	**Total**	**Eurozone**	**Elsewhere**	**Total**
Turnover	60,505	38,219	**98,724**	64,463	33,389	**97,852**

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

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

Further information about the assets of the company - location			
(in 000 €)	**Eurozone**	**Elsewhere**	**Total**
Tangible fixed assets	21,987	8,807	**30,794**
Intangible assets	18,070	14,669	**32,739**
Inventories	29,508	4,605	**34,113**

Around 93% of the assets in the Eurozone are located in Belgium.

PROSPECTS

2012 continues to be tough and we cannot confirm consolidated turnover growth yet.

Van de Velde continues to invest additional resources in marketing and sales programmes and retail.

Based on the above, Van de Velde also expects 2012 EBITDA to fall in line with the fall during the first half of the year.

The Board of Directors of Van de Velde will decide whether further impairment of the participating interest in Top Form is needed in the course of 2012 based on further developments at Top Form.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Rigby & Peller ('R&P') has been included in the consolidation since August 2011. R&P is fully consolidated with recognition of a non-controlling interest.

The same accounting policies and calculation methods were used as in the consolidated financial statements at 31 December 2011. However, there is one exception by means of which Top Form was recognised in the consolidation on 30/6/2012 based on preliminary financial data (made public by Top Form) (see above).

The General Meeting of 25 April 2012 approved the dividend as proposed by the Board of Directors (€2.15/share). The allocated dividend was €28,596k, which was almost entirely paid out at 30 June 2012.

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 2012 were primarily the same as described on pages 54-55 ('Business risks under IFRS 7') of the 2011 annual report.

In the first half of 2012, there were no material transactions with associated companies other than those described in this report or within the normal course of events.

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, 24 August 2012

Ignace Van Doorselaere Chief Executive Officer	Stefaan Vandamme Chief Financial Officer

REPORT OF THE STATUTORY AUDITOR ON THE HALF YEAR INFORMATION

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 2012 and for the six months then ended

Introduction
We have reviewed the accompanying interim condensed consolidated balance sheet of Van de Velde NV (the "Company") as at 30 June 2012 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management 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* ("IAS 34") as adopted for use in 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 ("revue limitée/beperkt nazicht" as defined by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren") in accordance with the recommendation of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" applicable to review engagements. 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 auditing standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" 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 respects, in accordance with IAS 34 as adopted for use in the European Union.

Ghent, 24 August 2012

Ernst & Young Reviseurs d'Entreprises SCC
Statutory auditor
represented by

Jan De Luyck
Partner

CONTACTS

For more information, please contact:

Van de Velde NV – Lageweg 4 – 9260 Schellebelle – 09 365 21 00

www.vandevelde.eu

Ignace Van Doorselaere
Chief Executive Officer

Stefaan Vandamme
Chief Financial Officer

FINANCIAL CALENDAR

16.11.2012
Second interim statement 2012

31.12.2012
End of fiscal year 2012

04.01.2013
Announcement of turnover for 2012

22.02.2013
Announcement of results for 2012

24.04.2013
Ordinary General Meeting
First interim statement 2013

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.