



HALF-YEAR REPORT **2017**

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1

COMMENTS ON THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS PREPARED ACCORDING TO IFRS STANDARDS

1.1 SELECTED FINANCIAL FIGURES

The tables below set out the components of Melexis' operating income and operating expenses, as well as the key elements of the unaudited condensed consolidated

interim statement of financial position.

Unaudited condensed consolidated interim income statement in Euro

	Half year ended 30/06/2017	Half year ended 30/06/2016
Product sales	251,077,220	221,568,990
Revenues from research and development	826,694	177,651
Total sales	251,903,913	221,746,641
Cost of sales	(135,866,843)	(121,551,115)
Gross margin	116,037,071	100,195,526
Research and development expenses	(34,408,120)	(30,963,153)
General and administrative expenses	(11,535,242)	(9,876,931)
Selling expenses	(5,478,760)	(4,432,393)
Other operating result (net)	-	310,581
Operating result (EBIT)	64,614,948	55,233,629
Financial results (net)	1,810,995	(1,132,279)
Result before Taxes	66,425,943	54,101,351
Income Taxes	(10,177,410)	(8,130,199)
Net result of the period	56,248,533	45,971,152
Net profit of the group	56,248,533	45,971,152
Attributable to owners of the parent	56,248,533	45,971,152

Unaudited condensed consolidated interim statement of financial position

in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Current Assets	244,633,063	230,562,471
Non current assets	135,498,720	127,602,979
Current liabilities	75,630,933	82,537,847
Non current liabilities	13,224,312	13,162,939
Equity	291,276,538	262,464,664

1.2 EXCHANGE RATES

Since the introduction of the Euro on January 1st, 1999, and in accordance with Belgian law, Melexis NV keeps its books and prepares its consolidated financial statements in Euro. The functional currency of Melexis NV and of its subsidiaries Melexis Technologies NV, Melefin NV, Melexis GmbH, Melexis Dresden GmbH and Melexis BV is the Euro. The functional currency of Melexis Inc. is the United States Dollar (USD), of Melexis Ukraine the Ukrainian Hryvnia (UAH), of Melexis Bulgaria Ltd., the Bulgarian Leva (BGN), of Sentron AG, Melexis Switzerland SA and Melexis Technologies SA the Swiss franc (CHF), of the Philippine branch of Melexis NV the Philippine Peso (PHP), of the Chinese branch of Melexis NV in Hong Kong the Hong Kong Dollar (HKD) and of Melexis Electronic Technology Co. Ltd in Shanghai the Chinese Yuan (CNY), of Melexis (Malaysia) Sdn. Bhd. and the Malaysian branch of Melexis Technologies NV the Malaysian Ringgit (MYR),

and of Melexis Japan the Japanese Yen (JPY). Assets and liabilities of Melexis Inc., Melexis Technologies SA, Sentron AG, Melexis Switzerland SA, Melexis Ukraine, Melexis Bulgaria Ltd., Melexis Philippines, Melexis Electronic Technology (Shanghai) Co. Ltd, Melexis Hong Kong, Melexis Technologies NV Malaysian branch, Melexis (Malaysia) Sdn. Bhd. and Melexis Japan are translated at exchange rates at the end of the reporting period. Revenues and expenses are translated at the average exchange rate during the period. Equity components have been translated at historical exchange rates. Gains or losses resulting from this translation are reflected in the component 'cumulative translation adjustment' (CTA) in the statement of financial position.

1.3 RESULT OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Company's financial statements of prior years.

Revenues

The total sales amounted to EUR 251,903,913, an increase of 14% compared to the first half year of 2016. Specific research and development activities are performed under contract for customers. For the first half year of 2017, the company invoiced EUR 826,694 research and development costs to its customers, compared to EUR 177,651 in the first half year of 2016.

Cost of sales

Costs of sales consist of materials (raw material and semi finished parts), subcontracting, labor, depreciation and other direct production expenses. They increased from EUR 121,551,115 in the first half year of 2016 up to EUR 135,866,843 in the first half year of 2017. Expressed as a percentage of sales, the cost of sales was 54% in the first half year of 2017 compared to 55% in the first half year of 2016.

Gross margin

The gross margin, expressed as a percentage of sales, was 46% in the first half year of 2017 compared to 45% in the first half year of 2016. This increase in gross margin is mainly due to decreased cost of yield.

Research and development expenses

Research and development expenses amounted to EUR

34,408,120 in the first half year of 2017, representing 14% of sales. The research and development activities concentrate further on research and development of Hall Effect Sensors, MEMS Sensors and Signal Conditioning Interface Sensors, Motor Control IC's and LIN Slaves, Infrared and Opto Sensors, and Wireless IC's.

General, administrative and selling expenses

General, administrative and selling expenses consist mainly of salaries and salary related expenses, office equipment and related expenses, commissions, travel and advertising expenses. The general, administrative and selling expenses increased by 17% compared to the first half year of 2016, mainly as a result of increased investment in general supporting activities.

Financial results

The net financial results increased from EUR 1,132,279 loss in the first half year of 2016 to EUR 1,810,995 gain in the first half year of 2017. The (net) interest result decreased from a loss of EUR 57,122 in the first half year of 2016 to a loss of EUR 194,424 in the first half year of 2017. The net exchange results (both realized and unrealized) in the first half year of 2017 amounted to a gain of EUR 2,112,725, compared to a loss of EUR 751,705 during the first half year of 2016.

Net income

The company recorded a net income for the first half year of 2017 of EUR 56,248,533 compared to EUR 45,971,152 in the first half year of 2016.

1.4 LIQUIDITY, WORKING CAPITAL AND CAPITAL RESOURCES

Cash and cash deposits amounted to EUR 78,041,363 as of June 30, 2017, in comparison to EUR 75,789,465 as of December 31, 2016.

In the first half year of 2017, operating cash flow before working capital changes amounted to EUR 69,272,466. Working capital changes in the first half year of 2017 resulted in a net operating cash flow of EUR 49,869,015.

The cash flow from investing activities was negative for an amount of EUR 22,562,469.

The cash flow from financing activities was negative for an amount of EUR 25,034,063 mainly due to the payment of the final dividend during the first half year of 2017.

1.5 RISK FACTORS

Melexis is, as with any company, continuously confronted with – but not exclusively – a number of market and competition risks or more specific risks related to the company (eg. currency fluctuations, customer concentration, dependence on key personnel, product liability, IP or litigation). More information on risk factors can be found in the annual report 2016.

Melexis believes that the most noteworthy risks facing the company for the coming half year would be the volatility in supply and demand, and fluctuations in the USD exchange rate.

1.6 EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have a material impact on the unaudited condensed consolidated interim financial statements.

1.7 STATEMENT OF THE BOARD OF DIRECTORS

The board of directors of Melexis certifies, on behalf and for the account of the company, that, to their knowledge,

(a) the unaudited condensed consolidated interim financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and

(b) the comments on the consolidated accounts include a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

2

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

in Euro

			Half year ended 30/06/2017	Year ended 31/12/2016
ASSETS				
Current assets	Cash and Cash equivalents	Note 2.6.5 A	78,041,363	75,789,465
	Current investments		2,716,330	158,170
	Accounts receivable - trade		61,733,340	66,297,897
	Accounts receivable - related companies	Note 2.6.5 J	6,177,445	418,270
	Assets for current tax		680,289	338,985
	Inventories		81,645,405	76,879,871
	Other current assets	Note 2.6.5 B	13,638,892	10,679,813
Total current assets			244,633,063	230,562,471
Non current assets	Intangible assets		6,779,117	6,208,661
	Property, plant and equipment	Note 2.6.5 C	103,809,944	97,411,365
	Financial assets		6,100	6,100
	Other non-current assets		7,950	7,150
	Deferred tax assets	Note 2.6.5 D	24,895,609	23,969,703
Total non current assets			135,498,720	127,602,979
TOTAL ASSETS			380,131,783	358,165,449

in Euro

			Half year ended 30/06/2017	Year ended 31/12/2016
LIABILITIES				
Current liabilities	Derivative financial instruments	Note 2.6.5 E	396,881	792,808
	Current portion of long-term debt	Note 2.6.5 F	4,004,858	4,046,559
	Accounts payable - trade		18,903,222	19,555,027
	Accounts payable - related companies	Note 2.6.5 J	12,687,007	14,551,168
	Accrued expenses, payroll and related taxes		9,343,485	8,602,906
	Accrued taxes		25,945,369	30,160,447
	Other current liabilities	Note 2.6.5 G	3,129,910	2,566,914
	Deferred income		1,220,201	2,262,017
Total current liabilities			75,630,933	82,537,847
Non current liabilities	Long-term debt less current portion	Note 2.6.5 F	11,091,491	11,093,119
	Other non current liabilities	Note 2.6.5 H	2,132,820	2,069,820
Total non current liabilities			13,224,312	13,162,939
Shareholders' capital			564,814	564,814
Reserve treasury shares			(3,817,835)	(3,817,835)
Revaluation reserve hedge			(137,086)	(226,013)
Legal reserve			56,520	56,520
Retained earnings			300,745,101	272,534,270
Cumulative translation adjustment			(6,145,447)	(6,657,562)
Equity attributable to company owners			291,266,067	262,454,193
Non controlling interest			10,471	10,471
Total equity			291,276,538	262,464,664
TOTAL LIABILITIES			380,131,783	358,165,449

The accompanying notes to this interim statement of financial position form an integral part of these condensed consolidated interim financial statements.

2.2 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

in Euro

	Half year ended 30/06/2017	Half year ended 30/06/2016
Product sales	251,077,220	221,568,990
Revenues from research and development	826,694	177,651
Total sales	251,903,913	221,746,641
Cost of sales	(135,866,843)	(121,551,115)
Gross margin	116,037,071	100,195,526
Research and development expenses	(34,408,120)	(30,963,153)
General and administrative expenses	(11,535,242)	(9,876,931)
Selling expenses	(5,478,760)	(4,432,393)
Other operating result (net)	-	310,581
Result from operations (EBIT)	64,614,948	55,233,629
Financial income	4,284,215	3,053,061
Financial charges	(2,473,220)	(4,185,340)
Result before Taxes	66,425,943	54,101,351
Income Taxes	(10,177,410)	(8,130,199)
Net result of the period	56,248,533	45,971,152
Earnings per share non-diluted	1.39	1.14
Earnings per share diluted	1.39	1.14

The accompanying notes to this unaudited condensed consolidated interim income statement form an integral part of these consolidated interim financial statements

2.3 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

in Euro

	Half year ended 30/06/2017	Half year ended 30/06/2016
Net result	56,248,533	45,971,152
Other comprehensive income		
Recyclable components		
Fair value adjustments cash flow hedges, net of related tax effects	88,927	45,898
Non recyclable components		
Cumulative translation adjustment	512,115	161,678
Total other comprehensive income/ (loss) for the period, net of related tax effects	601,043	207,576
Total comprehensive income/ (loss) for the period	56,849,576	46,178,728
Total comprehensive income attributable to attributable to owners of the parent	56,849,576	46,178,728

2.4 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

in Euro

	Number of shares	Share capital	Legal reserve	Retained earnings
December 31st, 2015	40,400,000	564,814	56,520	252,379,719
Net result	-	-	-	45,971,152
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(24,037,825)
Transactions with owners of the parent	-	-	-	(24,037,825)
June 30th, 2016	40,400,000	564,814	56,520	274,313,045
Net result	-	-	-	50,285,732
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(52,064,507)
Transactions with owners of the parent	-	-	-	(52,064,507)
December 31st, 2016	40,400,000	564,814	56,520	272,534,270
Net result	-	-	-	56,248,533
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(28,037,701)
Transactions with owners of the parent	-	-	-	(28,037,701)
June 30th, 2017	40,400,000	564,814	56,520	300,745,101

Melexis NV holds 1.785 own shares and Melexis Technologies NV holds 344.356 shares of Melexis NV, in total representing 0.86% of shares outstanding. During 2016 and 2017 no additional purchase of own shares was done, therefore the amount of own shares held by Melexis NV and Melexis Technologies NV remains the same.

Reserve treasury shares	Hedge reserve	CTA	Non controlling interest	Total equity
(3,817,835)	(371,919)	(6,310,937)	10,471	242,510,832
-	-	-	-	45,971,152
-	-	161,678	-	161,678
-	45,898	-	-	45,898
-	45,898	161,678	-	207,576
-	-	-	-	(24,037,825)
-	-	-	-	(24,037,825)
(3,817,835)	(326,021)	(6,149,259)	10,471	264,651,735
-	-	-	-	50,285,732
-	-	(508,303)	-	(508,303)
-	100,008	-	-	100,008
-	100,008	(508,303)	-	(408,295)
-	-	-	-	(52,064,507)
-	-	-	-	(52,064,507)
(3,817,835)	(226,013)	(6,657,562)	10,471	262,464,664
-	-	-	-	56,248,533
-	-	512,115	-	512,115
-	88,927	-	-	88,927
-	88,927	512,115	-	601,043
-	-	-	-	(28,037,701)
-	-	-	-	(28,037,701)
(3,817,835)	(137,086)	(6,145,447)	10,471	291,276,538

2.5 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

in Euro (indirect method)

		Half Year Ended 30/06/2017	Half Year Ended 30/06/2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net result		56,248,533	45,971,152
Adjustments for operating activities:			
Deferred taxes	Note 2.6.5 D	(925,906)	2,392,528
Unrealized exchange results		(2,133,539)	448,100
Government grants		427,445	290,328
Depreciations		15,921,923	11,765,849
Financial results		(265,990)	(567,716)
Operating cash flow before working capital changes		69,272,466	60,300,241
Accounts receivable, net		4,553,448	(2,882,135)
Other current assets		(3,645,892)	(2,786,097)
Other non-current assets		(800)	830
Due to related companies	Note 2.6.5 J	(1,864,161)	9,606,395
Due from related companies	Note 2.6.5 J	(5,759,175)	(5,112,252)
Accounts payable		(624,252)	6,457,452
Accrued expenses		7,269,622	3,909,573
Other current liabilities		575,075	(1,404,875)
Deferred income and derivative financial instruments		(1,374,743)	(1,390,063)
Inventories		(7,632,066)	(2,530,039)
Interest paid		(156,385)	(128,139)
Income tax paid		(10,744,122)	(2,567,840)
Net cash from operating activities		49,869,015	61,473,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	Note 2.6.5 C	(19,527,846)	(16,580,204)
Purchase of intangible assets		(496,904)	233,974
Interests received		20,441	71,017
Investments, proceeds from current investments		(2,558,160)	49,451
Net cash used in investing activities		(22,562,469)	(16,225,762)

Unaudited condensed consolidated interim statement of cash flow (continued)

CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment from long-term debts	Note 2.6.5 F	(41,702)	(7,046,016)
Proceeds of long-term debts		-	7,000,000
Impact of exchange results on financing items		3,045,340	333,403
Dividend payment		(28,037,701)	(24,037,825)
Net cash used in financing activities		(25,034,063)	(23,750,438)
Effect of exchange rate changes on cash		(20,585)	(14,093)
(Decrease) increase in cash		2,251,898	21,482,760
Cash at beginning of the period		75,789,465	73,837,757
Cash at the end of the period	Note 2.6.5 A	78,041,363	95,320,517

The accompanying notes to this interim statement of cash flows form an integral part of the condensed consolidated interim financial statements.

2.6 NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.6.1 Company information

Melexis NV is a mixed signal semiconductor manufacturer. Melexis designs, develops, tests and markets advanced integrated semiconductor devices for the automotive industry. Our core experience supplying ICs for automotive electronics sustains the expansion into Application Specific Standard Products for industrial and consumer product applications. Melexis enthusiastically pursues its role as a component supplier whose innovations are the essential element in nearly every one of our customers' extraordinary systems. Melexis' products include sensor, communication, actuator ICs and Application Specific Integrated Circuits (ASICs).

The Melexis group of companies employed, on average 1,280 people at the end of June in 2017 and 1,145 at the end of June in 2016.

The registered office address of the company is located at Rozendaalstraat 12, 8900 Ieper, Belgium. The company is listed on Euronext.

The consolidated statements were authorized for issue by the Board of Directors subsequent to their meeting held on August 21st, 2017 in Tessenderlo.

2.6.2 Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the company for the year ended December 31st, 2016. Melexis has not applied early any new IFRS requirements that are not yet effective as per June 30th, 2017.

2.6.3 Summary of significant accounting policies

The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended December 31st, 2016, except as described below.

Adoption of new and revised standards and interpretations

During the current financial year, the company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective as per June 30th, 2017. The Group has not applied any new IFRS requirements that are not yet effective as per June 30th, 2017.

There are no standards nor amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2017 and have been endorsed by the EU.

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning 1 January 2017 (however not yet subjected to EU endorsement):

- Amendments to IAS 7, Statement of cash flows. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Annual improvements 2014-2016 applicable to three standards of which changes on IFRS 1 et IAS 28 are applicable as of 1 January 2018 and changes on IFRS 12 are applicable as of 1 January 2017. These set of amendments impacts 3 standards: IFRS 1, 'First-time

adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10; IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard (these amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017) and IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value.

The following standards and amendments to standards are mandatory since the financial year beginning 1 January 2017, (however not yet subjected to EU endorsement):

- IFRS 14 'Regulatory deferral accounts', effective for annual periods beginning on or after 1 January 2016. It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', for which the effective date still has to be determined. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction

involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This amendment has been deferred indefinitely.

The adoption of these amendments has not led to major changes in the companies accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The company elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per June 30th, 2017.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2017 and have been endorsed by the European Union:

- IFRS 9 'Financial instruments', effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement, derecognition of financial assets and financial liabilities and general hedge accounting.
- IFRS 15 'Revenue from contracts with customers'. The standard will improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018.

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2017 and have not been endorsed by the European Union:

- IFRS 16 'Leases' (effective 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future

lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- IFRS 17 'Insurance contracts' (effective 1 January 2021). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Amendments to IFRS 15, 'Revenue from contracts with customers' - Clarifications (effective 1 January 2018). These amendments comprise clarification guidance on identifying performance obligations, accounting for licenses of intellectual property and the principle versus agent assessment. The amendment also includes more illustrative examples.
- Amendments to IFRS 2: Share-based payments (effective 1 January 2018): The amendment clarifies the measurement basis for cash-settled payments and the accounting for modifications that change an award from cash settled to equity settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay the amount to the tax authorities.
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018): These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly

connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.

- Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective 1 January 2018): The amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective 1 January 2018): This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

At any time, management aims at providing a fair representation of the financial statements to its stakeholders according IFRS legislation. In case of changes in IFRS legislation that materially impact, but are not yet adopted by Melexis, management ensures timely disclosure of the impact on Melexis' financial statements. There is no impact expected, except as described below.

Management has contracted a consultant to analyze the effect of IFRS 15 on the Group's future financial statements. The consultant received a sample of the most significant contracts with customers. For the sample the first selection was the list of customers with the highest turnover. Next out of this list the contracts for the products with the highest turnover were selected. This sample represented around 25% of the total turnover. This sam-

ple covers all types of contracts and is consistent within the total population.

The analysis has been reviewed by management. Based on the findings, management has come to the conclusion that the accounting policies can remain unchanged and that there will be no impact on the Group's future financial statements.

Management has contracted a consultant to analyze the effect of IFRS 16 on the Group's future financial statements. The consultant received a sample of the most significant contracts of transactions that are currently treated as operating leases. The sample consists of the contracts with the highest amounts. The analysis has not yet been finalised, as a result management hasn't evaluated the effect on the Group's future financial statements.

The impact of IFRS 9 on the derivatives is still being analyzed.

2.6.4 Changes in group's organization

There have been no changes in the group structure during 2017.

2.6.5 Notes

A. CASH AND CASH EQUIVALENTS

in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Cash at bank and in hand	78,041,363	75,789,465
Total	78,041,363	75,789,465

B. OTHER CURRENT ASSETS

In Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Other receivables	11,221,668	9,349,960
Prepaid expenses	2,417,224	1,329,852
Total	13,638,892	10,679,813

The other receivables mainly relate to VAT.

C. PROPERTY, PLANT AND EQUIPMENT

in Euro (June 30th, 2017)

	Land & buildings	Machinery & equipment	Furniture & vehicles	Fixed assets under construction	Total
Cost:					
Balance year ended December 31st, 2016	42,056,416	211,711,252	13,028,700	3,549,924	270,346,292
Additions of the year	763,950	16,563,356	1,546,542	653,997	19,527,846
Retirements (-)	-	(1,407,786)	(192,386)	-	(1,600,172)
Transfers	-	1,077,789	(611,597)	(466,192)	-
CTA	(84,479)	(1,062,383)	(78,205)	(625)	(1,225,692)
Total half year ended June 30th, 2017	42,735,887	226,882,229	13,693,054	3,737,105	287,048,275
Accumulated depreciation:					
Balance year ended December 31st, 2016	13,763,350	150,725,913	8,445,665	-	172,934,928
Additions of the period	939,540	10,482,242	897,217	-	12,318,998
Retirements (-)	(1,266)	(1,023,056)	(191,074)	-	(1,215,396)
Transfers	-	402,664	(402,664)	-	-
CTA	(37,526)	(702,593)	(60,079)	-	(800,199)
Total half year ended June 30th, 2017	14,664,098	159,885,170	8,689,063	-	183,238,331
Carrying amount half year ended June 30th, 2017	28,071,789	66,997,059	5,003,991	3,737,105	103,809,944
Carrying amount year ended December 31st, 2016	28,293,067	60,985,339	4,583,035	3,549,924	97,411,365

Additions of the year mainly relate to test equipment.
Retirements: no material amount of compensation from

third parties which have been included in the unaudited consolidated interim statement of comprehensive income.

D. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets are as follows:

in Euro

	01/01/2017	Charged to income statement	Charged to equity	30/06/2017
Amortization and depreciation of intangible assets, property, plant and equipment	21,970,450	1,930,000	-	23,900,450
Fair value adjustments financial instruments	99,335	(958,304)	-	(858,969)
Tax losses carried forward	1,529,550	-	-	1,529,550
Fair value adjustments hedge accounting	116,379	-	(45,791)	70,589
Other	253,989	-	-	253,989
Total	23,969,703	971,696	(45,791)	24,895,609

E. DERIVATIVES

Notional amounts

The following table presents the evolution of the aggregate notional amounts of the group's outstanding derivative financial instruments:

		Half year ended 30/06/2017	Year ended 31/12/2016
Outstanding FX hedge contracts, not exceeding 1 year	USD	98,636,367	25,000,000
Outstanding FX hedge contracts, not exceeding 1 year	CHF	39,000,000	45,000,000
Outstanding interest hedge contracts, exceeding 1 year	EUR	-	15,000,000
Outstanding interest hedge contracts, not exceeding 1 year	EUR	15,000,000	-
Outstanding inflation hedge contracts, exceeding 1 year	EUR	-	10,000,000
Outstanding inflation hedge contracts, not exceeding 1 year	EUR	15,000,000	5,000,000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD/CHF).

Interest hedge contracts are entered into in order to hedge (part of) the group's borrowings at floating interest rate. Inflation hedge contracts are entered into in order to hedge (part of) the salary inflation risk of the group.

Fair value

The fair value of derivatives is based upon mark to market valuations (input received from bank). The following table presents an overview of the fair value of outstanding derivatives, classified as an asset under current investment and derivatives:

Fair value in Euro

Assets	Half year ended 30/06/2017	Year ended 31/12/2016
Outstanding FX hedge contracts - in accordance with IFRS 7 - level 2	2,716,330	158,170
Total, classified under current investment	2,716,330	158,170

These financial instruments are classified as financial assets at fair value through profit or loss.

The following table presents an overview of the fair value of outstanding derivatives, classified as a liability under derivative financial instruments.

Fair value in Euro

Liabilities	Half year ended 30/06/2017	Year ended 31/12/2016
Outstanding FX hedge contracts - in accordance with IFRS 7 - level 2	(19,720)	-
Outstanding interest hedge contracts (hedge acc.) - in accordance with IFRS 7 - level 2	(207,674)	(342,392)
Outstanding inflation hedge contracts - in accordance with IFRS 7 - level 2	(169,487)	(450,416)
Total, classified under derivative financial instruments	(396,881)	(792,808)

The following table presents an overview of the fair value of outstanding derivatives, for which hedge accounting is applied as defined under IAS 39. Changes in the fair value of the hedging instrument are recognized in a hedging reserve, classified as 'revaluation reserve hedge'.

Fair value in Euro

Fair value of instruments through equity (hedge accounting IAS 39)	Half year ended 30/06/2017	Year ended 31/12/2016
Outstanding interest hedge contracts	(207,674)	(342,392)
Subtotal	(207,674)	(342,392)
Deferred tax asset	70,589	116,379
Total, classified under revaluation reserve hedge	(137,086)	(226,013)

F. LONG AND SHORT TERM DEBTS

in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Secured loans		
Bank loan (in CHF) at floating interest rate, average rate for 1H17 was 2.50% (1); maturing in 2019	96,349	139,678
Total secured loans	96,349	139,678
Unsecured loans		
Unsecured loans (in EUR) at floating interest rate, average rate for 1H17 was 1.02%, maturing in 2018	4,000,000	8,000,000
Unsecured loans (in EUR) at floating interest rate, average rate for 1H17 was 0.52%, maturing in 2022	11,000,000	7,000,000
Total unsecured loans	15,000,000	15,000,000
Total debt	15,096,349	15,139,678
Current maturities	4,004,858	4,046,559
Long-term portion of debts	11,091,491	11,093,119

(1) The loan is secured by a mortgage on the building of Bevaix, Switzerland.

As per June 30th, 2017 there are engagements for the following financial covenants:

For Melexis NV:

- Net debt/EBITDA ratio $\leq 2,5$
- Tangible net worth/total assets $\geq 35\%$

As per June 30th, 2017 Melexis is respecting all its financial covenants.

G. OTHER CURRENT LIABILITIES

in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Accrued real estate withholding tax	101,606	115,606
Accrued financial services	486,355	256,107
Accrued design services	980,840	633,373
Accrued management services	275,399	252,160
Accrued HR services	290,423	151,909
Accrued transport services	22,500	35,000
Accrued insurances	109,000	50,000
Accrued IT services	123,250	34,867
Accrued licenses and royalties	586,000	460,000
Other	154,539	577,891
Total	3,129,910	2,566,914

The other current liabilities relate to services rendered by both third party suppliers and affiliated companies for which we did not receive an invoice yet. EUR 2,975,410

refers to third party supplier services and EUR 154,500 refers to rendered services from affiliated companies.

H. OTHER NON CURRENT LIABILITIES

in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Other non current liability	2,132,820	2,069,820
Total	2,132,820	2,069,820

The other non current liability mainly relates to an obligation of repayment for subsidies. Melexis Erfurt received an investment grant for a planned investment project which ended at year end 2009. The allocation of subsidies is based on 'Joint agreement for the improvement of regional economic structures (GA)' and according 'European fund for regional development (EFR)'. Since not all agreed criteria were met at the end of the investment period, there is a risk that Melexis GmbH needs to repay the grant. The repayment of the investment grant threatens at the earliest in the financial year 2018. Because of the long-term character of the provision, a non current liability has been booked for the amount of EUR 2,131,020.

I. OPERATING SEGMENTS

Operating segments

Melexis products and production processes that are regularly evaluated by the chief operating decision maker have only one operating segment. Operating decisions are taken for each individual product during a committee lead by the CEO, based on performance assessments.

Information about transactions with major customers

The following table summarizes sales by customer for the 10 most important customers, as % of total sales. It consists of the sales to the end customer and not to the subcontractors.

in%

	Half year ended 30/06/2017	Half year ended 30/06/2016	Year ended 31/12/2016
Customer A	18	18	17
Customer B	8	7	8
Customer C	6	6	6
Customer D	6	5	5
Customer E	4	4	4
Customer F	3	3	3
Customer G	3	3	3
Customer H	3	3	3
Customer I	2	2	2
Customer J	2	2	2
Total	54	54	52

Information about geographical areas

The Melexis group's activities are conducted predominantly in EMEA (Europe, Middle-East and Africa), APAC (Asia Pacific) and NALA (North and Latin America).

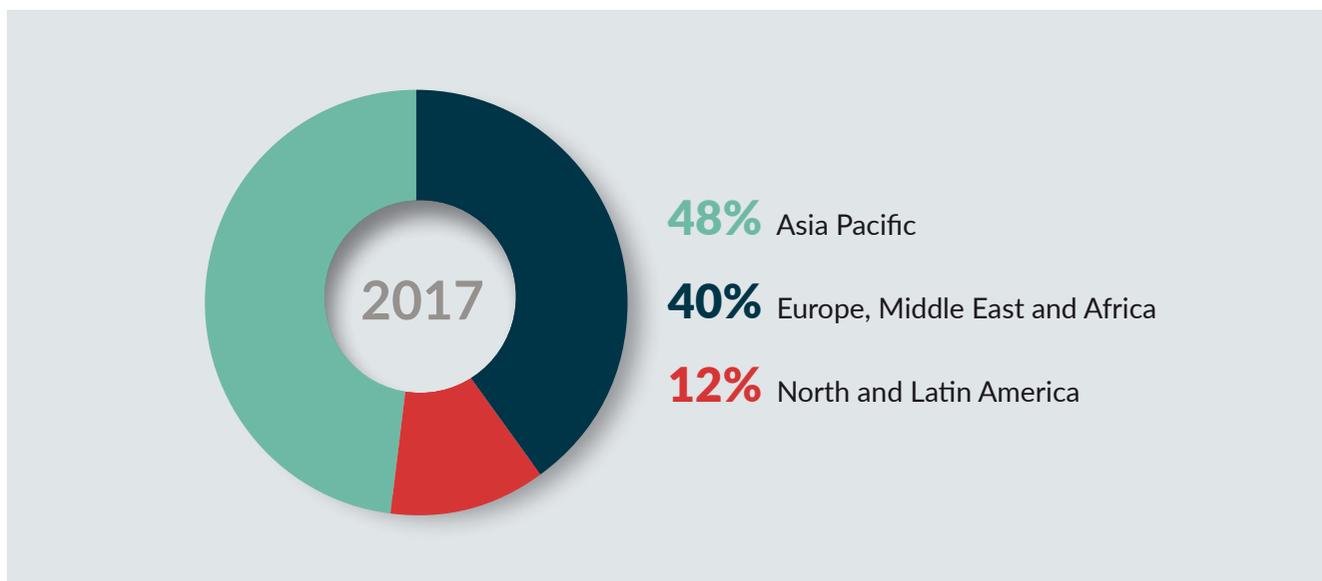
The origin of all revenue is in Belgium, as the invoicing entity is located in Belgium.

in Euro

	Europe, Middle East and Africa	North and Latin America	Asia Pacific	Total
Half year ended 30/06/2017				
Non current assets	125,957,535	326,299	9,214,887	135,498,720
Half year ended 30/06/2016				
Non current assets	102,601,635	302,369	8,991,040	111,895,044
Year ended 31/12/2016				
Non current assets	119,317,943	280,019	8,005,017	127,602,979

Due to the fact that the production sites are mainly located in Europe, the assets are also centralized in Europe (see table above).

The following table summarizes sales by destination, which is determined by the customer's billing address:



in Euro

	Half year ended 30/06/2017	Half year ended 30/06/2016
Europe, Middle East and Africa	100,902,741	91,208,127
Germany	46,415,118	41,364,665
France	5,895,118	6,391,949
United Kingdom	6,162,273	6,383,965
Poland	6,076,452	5,464,158
Switzerland	6,730,685	4,613,791
Ireland	2,125,537	2,257,783
Czech Republic	2,465,921	2,351,425
Austria	5,614,317	6,997,618
Netherlands	1,052,228	1,133,854
Romania	7,303,325	4,991,712
Bulgaria	1,976,683	1,583,355
Spain	562,520	322,222
South Africa	1,767,835	851,364
Hungary	2,549,130	2,967,858
Italy	2,350,396	2,007,162
Other	1,855,204	1,525,247
North and Latin America	30,772,209	31,295,578
United States	20,107,112	22,608,073
Canada	3,092,221	1,467,369
Mexico	7,524,884	7,161,829
Brazil	47,992	58,307
Asia Pacific	120,228,963	99,242,937
Japan	18,811,419	15,946,478
China	29,313,932	21,467,223
Hong Kong	14,395,695	10,998,195
Thailand	31,051,076	29,622,723
Korea	11,424,608	12,690,663
Philippines	3,179,821	2,336,659
Taiwan	4,986,314	3,224,079
India	1,004,219	596,106
Singapore	5,457,585	1,929,203
Other	604,296	431,606
TOTAL	251,903,913	221,746,641

J. RELATED PARTIES

1. Shareholders' structure and identification of major related parties

Melexis NV is the parent company of the Melexis group that includes following entities which have been consolidated:

Melexis Inc	US entity
Melexis GmbH	German entity
Melexis Bulgaria Ltd.	Bulgarian entity
Melexis BV	Dutch entity
Melexis Ukraine	Ukraine entity
Melexis Technologies SA	Swiss entity
Melexis French branch	French branch
Sentron AG	Swiss entity
Melefin NV	Belgian entity
Melexis Technologies NV	Belgian entity
Melexis Philippine branch	Philippine branch
Melexis Japan	Japanese Entity
Melexis Hong Kong	Chinese branch
Melexis Electronic Technology Co. Ltd	Chinese entity
Melexis Switzerland SA	Swiss entity
Melexis Technologies NV Malaysian branch	Malaysian branch
Melexis (Malaysia) Sdn. Bhd.	Malaysian entity
Melexis Dresden GmbH	German entity

The shareholders of Melexis NV and related parties are as follows:

- Xtrion NV owns 53.58% of the outstanding Melexis shares. The shares of Xtrion are controlled directly and/or indirectly by Mr. Roland Duchâtelet and Mrs. Françoise Chombar who are directors at Melexis NV.
- Elex NV is 99.9% owned by Mr. Roland Duchâtelet. One share is held by Mr. Roderick Duchâtelet.
- Xtrion NV owns 46.75% of the outstanding shares of X-Fab Silicon Foundries SE, producer of wafers, which are the main raw materials for the Melexis products. X-Fab Silicon Foundries SE sells the majority of its products also to third parties. X-Fab is listed on the Paris stock exchange since April 2017.
- Melexis, as in prior years, purchases part of its test equipment from the Xpeq Group. Xpeq Group develops, produces and sells test systems for the semiconductor industry. Xpeq Group is owned by Xtrion NV for 99.99%. One share is held by Mrs Françoise Chombar and one share is held by Mr Roland Duchâtelet.
- Xtrion NV owns 90% of the outstanding shares of X-CelePrint Ltd.
- Xtrion NV owns 55% of the outstanding shares of Microgen Systems Inc.
- Xtrion NV owns 24% of the outstanding shares of Anvo-Systems Dresden GmbH.
- Elex NV owns 99.9% of the outstanding share of Fremach Group.

2. Outstanding balances at June 30th, 2017

The following balances were outstanding:

Receivables of in Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Elex	12,033	3,630
Xtrion	4,840	4,598
Fremach group	8,190	33,563
X-Fab group	6,143,376	267,574
Xpeqt group	9,271	16,283
Anvo-Systems Dresden	(264)	92,622
Total	6,177,445	418,270

Payables to In Euro

	Half year ended 30/06/2017	Year ended 31/12/2016
Elex	103,834	62
Xtrion	195,162	157,073
Fremach group	-	(4)
X-Fab group	11,925,008	12,734,813
Xpeqt group	419,004	1,661,315
Anvo-Systems Dresden	-	(2,123)
X-Celeprint	44,000	-
Other	-	32
Total	12,687,007	14,551,168

3. Transactions during the year

In the course of the year, following transactions have taken place:

Sales/ purchases of goods and equipment

in Euro

Sales to	Half year ended 30/06/2017	Half year ended 30/06/2016
Fremach group	42,358	81,730
Xpeqt group	1,854	1,040

in Euro

Purchases from	Half year ended 30/06/2017	Half year ended 30/06/2016
X-Fab group (mainly wafers)	84,501,037	72,350,956
Xpeqt group (mainly equipment and goods)	2,461,374	8,390,562
X-Celeprint	200,000	-
Xtrion (mainly IT infrastructure)	107,018	88,158
Anvo-Systems Dresden	32,355	-
Other	-	9,690

Sales/purchases of services

in Euro

Sales to	Half year ended 30/06/2017	Half year ended 30/06/2016
Elex (mainly R&D services and rent)	10,130	19,211
Xpeqt group (infrastructure office building)	69,181	76,256
Xtrion (infrastructure office building)	24,000	22,800
X-Fab group	352,245	172,266
Anvo-Systems Dresden (mainly test services)	47,392	17,076

in Euro

Purchases from	Half year ended 30/06/2017	Half year ended 30/06/2016
Xtrion NV (mainly IT and related support)	958,119	506,175
Elex (mainly IT and related support)	354,801	69,655
X-Celeprint	-	105,000
Xpeqt group	938,669	1,069,091
X-Fab group	961,468	918,143
Anvo-Systems Dresden (mainly R&D services)	223,972	320,857
Other	14,786	138,239

The Board of Directors and the Audit Committee have reviewed and analyzed the major transactions and concluded these transactions are within the normal course of business and that there are sufficient elements to conclude that the remuneration is based on arm's length principles.

As a result there was no need to apply articles 523 and 524 of the Belgian Company Code dealing with conflicts of interest between related parties.

K. COMMITMENTS & ESTIMATED LIABILITIES

Purchase commitments

The group had purchase commitments for a total of EUR 2,337,842 at June 30th, 2017.

L. LITIGATION

Melexis is involved in a patent claim because AMS AG is seeking compensation for IP related to a patent on magnetic angle sensing they acquired. The court in Düsseldorf (1st instance) has judged in favor of AMS AG against which Melexis has lodged an appeal with the Higher Regional Court of Düsseldorf. Moreover, in March 2010 on the basis of prior art, Melexis initiated a claim against the AMS AG patent with the Federal Patent Court in Munich, the only competent German court for judging patent validity. As a consequence, the appeal with the Higher Regional Court of Düsseldorf was postponed. On December 9, 2010 the Court rendered its verdict on this patent nullity case. In 1st instance, the Court declared all attacked patent claims as null and invalid based on the prior art submitted by Melexis.

The invalidation of all relevant claims of the AMS AG patent takes away the basis for the earlier judgment in the parallel patent infringement case judged in Düsseldorf. However, in May 2014, the patent nullity claim, against which AMS AG lodged an appeal in the Federal Supreme Court of Karlsruhe was judged against Melexis. As a result, the claim in appeal with the Higher Regional Court of Düsseldorf has been reopened. The hearing is expected in November 2017, the final verdict early 2018.

M. FINANCIAL INSTRUMENTS

Financial risk management

Melexis operates internationally, which could give an exposure to market risks from changes in interest and foreign exchange rates. Melexis uses derivative financial instruments to manage the foreign exchange risks, interest risks and inflation risks.

Risk management policies have been defined on group level, and are carried out by the local companies of the group.

(1) Credit risks

The group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics. The group has a policy to ensure that sales are only made to new and existing customers with an appropriate credit history.

(2) Interest rate risk

The group does use derivatives to manage interest rate risks of the outstanding bank debt.

The schedule of long-term-debt repayments is disclosed in Note 2.6.5.F.

The table with outstanding derivatives is disclosed in Note 2.6.5.E.

(3) Liquidity risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the company within the normal terms of trade. To manage the risk the company periodically assesses the financial viability of customers.

(4) Foreign exchange risk

The currency risk of the group mainly occurs due to the fact that the group operates and has sales in USD. The group uses derivative contracts to manage foreign exchange risks. The table with outstanding derivatives is taken up in Note 2.6.5.E.

Fair value of financial assets and liabilities

The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. For all of these instruments, the fair values are confirmed to the group by the financial institutions through which the group has entered into these contracts.

The group's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets, other non current assets, trade and other payables, bank overdrafts and long term borrowings.

The carrying amount of cash and cash equivalents and of bank overdrafts approximates their fair value due to the short-term maturity of these financial instruments.

The fair value of the long-term loans is based on the current rates available for debt with the same maturity profile and approximates their carrying amounts.

Management believes that the exposure to interest rate risk of financial assets and liabilities as of June 30th, 2017 was minimal since their deviation from their respective fair values was not significant.



The unaudited consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 21st, 2017 and were signed on its behalf by Françoise Chombar.

Françoise Chombar
Managing Director, Chief Executive Officer (CEO)

A handwritten signature in black ink, consisting of a stylized 'F' followed by a series of loops and a long horizontal stroke.

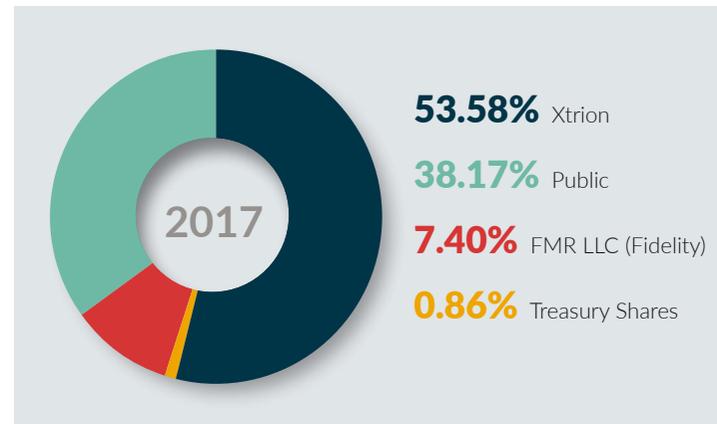
3 SHAREHOLDER INFORMATION

- **Listing** Euronext
- **Reuters ticker** MLXS.BR
- **Bloomberg ticker** MELE BB

3.1 SHAREHOLDER STRUCTURE

Situation on June 30th, 2017.

Company	Number of Shares	Participation Rate
Xtrion	21,644,399	53.58%
FMR LLC (Fidelity)	2,987,640	7.40%
Treasury Shares	346,141	0.86%
Public	15,421,820	38.17%
Total	40,400,000	100.00%



3.2 SHAREHOLDER CONTACT INFO

Investor Relations

Phone: +32 13 67 07 79

Fax: +32 13 67 21 34

Rozendaalstraat 12, B-8900 Ieper, Belgium

www.melexis.com/investor.asp

3.3 FINANCIAL CALENDAR 2017

Announcement of Q3 results October 25th, 2017

Announcement of Full Year Results February 7th, 2018

The Board of Directors decided to pay out an interim dividend of 1.30 EUR gross per share, payable as from October 26th, 2017.

3.4 DIVIDEND

Gross (interim-) dividend per share for accounting year

1999: EUR 0.30 interim dividend

2002: EUR 0.50 interim dividend

2003: EUR 0.50 interim dividend

2004: EUR 0.2762 dividend and EUR 0.7238 capital decrease

2005: EUR 0.50 interim dividend

2006: EUR 0.50 interim dividend

2007: EUR 0.60 interim dividend

2008: EUR 0.60 interim dividend

2010: EUR 0.30 interim dividend

2011: EUR 0.60 interim dividend

2012: EUR 0.65 interim dividend

2013: EUR 0.70 interim dividend

2014: EUR 1.00 interim dividend

2015: EUR 1.30 interim dividend and EUR 0.60 final dividend

2016: EUR 1.30 interim dividend and EUR 0.70 final dividend

4

STATUTORY AUDITOR'S REVIEW OPINION ON THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF MELEXIS NV FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2017

To the Board of Directors
MELEXIS NV

Statutory auditor's report on review of condensed consolidated interim financial information for the period ended 30 June 2017

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Melexis NV and its subsidiaries as of 30 June 2017 and the related condensed consolidated interim statement of profit and loss and other comprehensive income, changes in equity and cash flows for the 6 month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Hasselt, 25 August 2017

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren bcvba
Represented by



Sofie Van Grieken
Réviseur d'Entreprises / Bedrijfsrevisor



Koen Vanstraelen
Réviseur d'Entreprises / Bedrijfsrevisor

PwC Bedrijfsrevisoren cuba, burgerlijke vennootschap met handelsvorm - PwC Reviseurs d'Entreprises scrl, société civile à forme commerciale - Financial Assurance Services
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5

GLOSSARY

Earnings per share

Profit attributable to equity holders of Melexis divided by the weighted average number of ordinary shares.

Earnings per share diluted

Profit attributable to equity holders of Melexis divided by the fully diluted weighted average number of ordinary shares.

Revenue

Product sales + Revenues from Research and Development

EBIT (Earnings Before Interests and Taxes)

Turnover/sales – cost of sales – research and development expenses – general and administrative expenses – selling expenses – other operating expenses

EBITDA (Earnings Before Interests and Taxes + Depreciation, Amortization and impairment)

EBIT + depreciation, amortization and impairment.

Shareholders' equity

Shareholders' capital + retained earnings (inclusive current year's result) +/- reserves (reserve treasury shares, revaluation reserve hedge, revaluation reserve fair value, legal reserve) +/- Cumulative translation adjustment.

Net Indebtedness

Current portion of long-term debt + long-term debt less current portion + bank loans and overdrafts – current investments – cash and cash equivalents

Working capital

(Total current assets – cash and cash equivalents – current investments) – (current liabilities – bank loans and overdrafts – current portion of long-term debt – derivative financial instruments)

Net cash from operating activities

Net Result +/- adjustments for operating activities +/- changes in working capital

Capital expenditure

Investments in property, plant and equipment

ROE (Return On Equity)

Net income/shareholders' equity

Liquidity

Current assets/current liabilities

Solvency

Shareholders' equity/total assets

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