



BAKERIES

> SINCE 1932 <

**Lotus and coffee,
always together.**



annual report
2009



ANNA'S

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CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

in millions of EUR

	2009	2008	2007	2006	2005
INCOME STATEMENT					
Turnover	261.07	256.69	224.53	179.25	152.34
Raw materials, consumables and goods for resale	(87.32)	(93.50)	(75.31)	(60.35)	(52.72)
Services and other goods	(63.80)	(60.87)	(56.24)	(44.75)	(37.25)
Personnel costs	(65.00)	(61.20)	(56.34)	(47.50)	(40.53)
Depreciation and amounts written off ⁽¹⁾	(12.08)	(11.00)	(10.36)	(9.06)	(8.58)
Other operating income and charges (net)	1.71	3.93	2.42	2.36	1.78
Recurrent operating result (REBIT)	34.59	34.04	28.70	19.94	15.05
Recurrent operating cash flow (REBITDA) ⁽²⁾	48.20	45.69	38.75	28.46	23.08
Non-recurrent operating result	(0.29)	(0.78)	(0.94)	(1.12)	0.18
Operating result (EBIT) ⁽³⁾	34.30	33.26	27.76	18.82	15.23
Financial result	(2.83)	(6.94)	(3.97)	(3.19)	(1.25)
Result before taxation	31.47	26.32	23.79	15.63	13.98
Income taxes	(8.20)	(6.41)	(3.44)	(4.52)	(4.52)
Result after taxation	23.27	19.91	20.35	11.11	9.46
Share in results of equity-consolidated enterprises	-	0.25	0.31	0.29	0.13
Results from termination of activities	1.89	-	-	-	-
Net result	25.16	20.16	20.66	11.40	9.59
Net result: share of third parties	0.10	0.13	0.14	0.03	0.08
Net result: share of the Group	25.06	20.03	20.52	11.37	9.51
SELF-FINANCING AND INVESTMENTS					
Net cash flow ⁽⁴⁾	40.47	36.50	29.71	22.03	18.43
Investments ⁽⁵⁾	9.18	10.81	7.33	10.33	9.71
BALANCE SHEET					
Balance sheet total	226.11	227.91	195.33	199.50	105.18
Equity	101.20	85.86	68.92	54.68	48.43
Net financial debts ⁽⁶⁾	26.99	40.39	42.25	63.41	9.01
NUMBER OF PERSONS EMPLOYED ⁽⁷⁾					
	1,224	1,245	1,152	1,159	959
CONSOLIDATED KEY FIGURES PER SHARE in EUR ⁽⁸⁾					
Recurrent operating result (REBIT)	45.08	44.63	37.64	25.62	19.30
Recurrent operating cash flow (REBITDA) ⁽²⁾	62.81	59.91	50.82	36.56	29.60
Net result: share of the Group	32.67	26.28	26.90	14.61	12.19
Gross dividend ⁽⁹⁾	7.80	6.80	5.40	4.40	3.00
Net dividend	5.85	5.10	4.05	3.30	2.25
Weighted average number of shares	767,320	762,664	762,453	778,385	779,689
Total number of shares per 31 December	803,037	803,037	803,037	803,037	803,037

(1) Depreciation and amounts written off consist of depreciation and amortization of tangible and intangible fixed assets, and amounts written off on inventories, orders in progress and trade receivables.

(2) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option- and warrant plan.

(3) EBIT is defined as recurrent operating result + non-recurrent operating result.

(4) Net cash flow is defined as net result + all non-cash costs + all non-cash income items.

(5) Includes investments in tangible and intangible non-current assets.

(6) Net financial debts are defined as financial debts - investments - cash at bank and in hand - own shares.

(7) For the joint ventures all members of personnel are taken into account for one hundred percent.

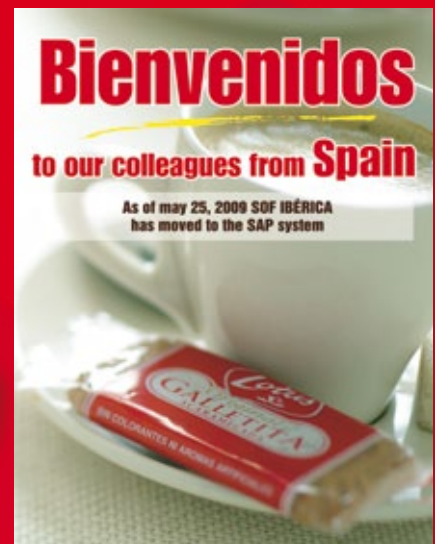
(8) Compared to the weighted average number of shares.

(9) For 2009: proposed dividend to the Ordinary General Meeting of 18 May 2010.

KEY EVENTS IN 2009



Lotus Bakeries from 75% ► 100% owner of Lotus Bakeries UK



Spain: transition to SAP



Divesting of Harry's Benelux



Launch of Lotus caramelized biscuit ice cream

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
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New directors: Dominique Leroy and Benoit Graulich



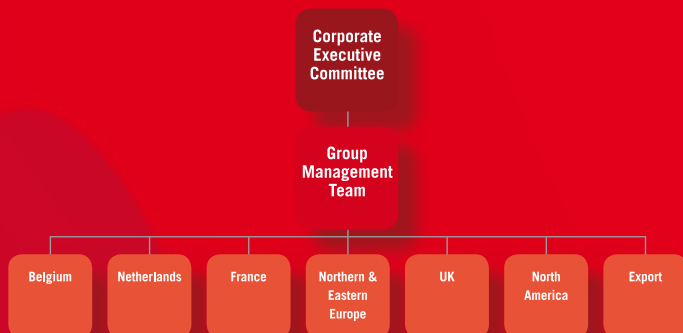
Launch of Lotus crunchy caramelized biscuit spread in Belgium and the Netherlands



Complete takeover of Corona-Lotus Inc. (USA)



New Lotus caramelized biscuit packaging



New organization structure



New corporate and consumer website



Launch of Lotus Pommeline



New Peijnenburg packaging

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
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Launch of Lotus Caramallow



Launch of Peijnenburg 'Theeleutjes' in the Netherlands



Modernization of dough preparation facility at Sintjohannesga



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Jan Vander Stichele
Managing director



Karel Boone
Chairman



Matthieu Boone
CEO



Jan Boone
Managing director



MESSAGE FROM THE CHAIRMAN AND THE CEO

2009 was a year of challenges. At the beginning of the year we asked ourselves essential questions: 'How would consumers react to the financial crisis?', 'What would happen to the market in general and to our brands in particular?', and 'Would we be able to match our 2008 record year, with its strong growth in turnover and profitability?'

It was crystal clear to everyone that 2009 would not be an easy year. We therefore set a clear and feasible course to see us through the 2009 crisis year.

The main features of this course were:

- In times of crisis having a very clear strategy, supported by everyone, is particularly important. In the course of 2009 we further refined, interpreted and applied our strategy. All employees rallied behind our clear policy.
- Greater focus on our core business. This led us to divest from Harry's Benelux and to acquire all the shares of our US joint venture partner Corona-Lotus Inc.
- Greater marketing efforts. Both in Belgium and the Netherlands we considerably intensified our TV campaigns. In France we undertook our first poster campaign.
- More innovation is necessary also in a traditional sector like ours. Management was particularly successful in bringing a number of promising new products onto the market.

Lotus Bakeries is a strong organization based on shared TOP values: Team spirit, Open dialogue and Passion. These values were specifically emphasized in 2009. In the future these values will form the basis for the way we operate. Each employee will apply these values in line with his or her talents and function.

In conclusion, we can therefore say that Lotus Bakeries stood its ground well in the difficult year 2009. Sales remained high and profitability good.

For 2010 we are again facing major challenges. One is the overall consumer environment. The general market trend for biscuits was not favourable in 2009. Nor do we anticipate much improvement. Notwithstanding this we want in 2010 to outperform the market. For this we have the following strong points:

- Our strategy is clear and all of employees feel comfortable with it. We will be focusing more on our star products to bring them to full development.
- We will be continuing to strengthen and increase our commercial efforts, in particular in Belgium, the Netherlands and France, but also in other markets.
- We plan in 2010 to launch some innovative products.
- We continue to invest heavily in the quality of our products and the performance of our factories.
- The integration of Annas Sweden into the Lotus Bakeries organization and the integration of Lotus Bakeries North America with Annas North America is progressing well.

We can conclude that we have excellent and enthusiastic employees, a well thought-out strategy, concrete action plans, great products and popular brands. We therefore expect 2010 to go well.

With this conviction, we want to thank our employees for their commitment and our customers for their loyalty to our products. Together let's make a treat of 2010, so that consumers will continue to choose our products.

Matthieu Boone
CEO

Karel Boone
Chairman



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LOTUS BAKERIES' STRATEGY

MISSION STATEMENT

Lotus Bakeries will base its sustainable growth and profitability on:

- a focus on authentic products from the biscuit and cake world: caramelized biscuits, gingerbread, waffles and galettes, bakery specialties and pepparkakor biscuits. Products that are distinctive in terms of both quality and customer satisfaction. Customers are entitled to expect the very best from Lotus Bakeries in these specialty areas.
- a targeted brand policy: building brands with real content. Lotus, Peijnenburg and Anna's are strong brands, which radiate pride and in which consumers have constant trust and feel good when consuming.
- clear leadership in its specialties.

The size and organization of Lotus Bakeries must be adapted to the volume and foreseeable evolution of its market.

LOTUS BAKERIES' STRATEGY

Lotus Bakeries operates in the field of authentic specialty biscuits and cakes.

Lotus Bakeries wants to strengthen its leadership in each of its specialty areas and to encourage the internationalization of these products. The strong brand positions of the Lotus, Peijnenburg and Anna's brands confirm this leadership:

- Lotus is the brand in Belgium and France for all products.
- Peijnenburg is the brand in the Netherlands for gingerbread and other specialties that complement the brand image 'Happen naar Peijnenburg (mag elke dag)' [Bite into a Peijnenburg (you can do so every day.)]
- Anna's is the brand in Sweden, the United States and all export countries for Pepparkakor specialties.
- in all other countries Lotus is the brand for all products.

Leadership is expressed in a brand policy that is recognizable to consumers and gives confidence in the products.

To strengthen this leadership, Lotus Bakeries has made the following strategic choices:

1. The brands have a rich content and high emotional value. For the further development of the brands, Lotus traces out specific growth trajectories based on consumer insights and shopping behaviour.
2. As market leaders in their product categories our brands have an essential role in developing the product category as a whole. Lotus Bakeries wants to increase its knowledge and experience in 'trade marketing' and so encourage customers to view Lotus Bakeries as a real 'partner'.
3. For brand building, strong, consistent communication with consumers is of vital importance. Lotus therefore wants to continue and strengthen the path it has set out on.
4. Innovation is essential to our brands. We are focusing our innovation strength in three areas: developing new products, further improving our existing products and 'format innovation'. This latter form of innovation consists of adjusting the size and format of the product to evolving consumer needs.
5. Lotus Bakeries wants to bring its brand products to market at competitive prices. This requires very specialized plants that can deliver high quality and high productivity. The Lotus Bakeries plants demonstrate that high quality is totally compatible with high productivity. This is something Lotus intends to maintain and further develop. We have made available the necessary investments for this and are devoting time and energy to the organization of the 'supply chain'.
6. The use of an integrated information system gives Lotus Bakeries an effective MIS (Management Information System). With it we can base our strategic direction and daily management of the company's activities on concrete facts. Highest importance is attached here to both the speed of data availability and to the accuracy thereof.

Lotus Bakeries will achieve its growth and profitability by strengthening its brand and market position and the further internationalization of its products.



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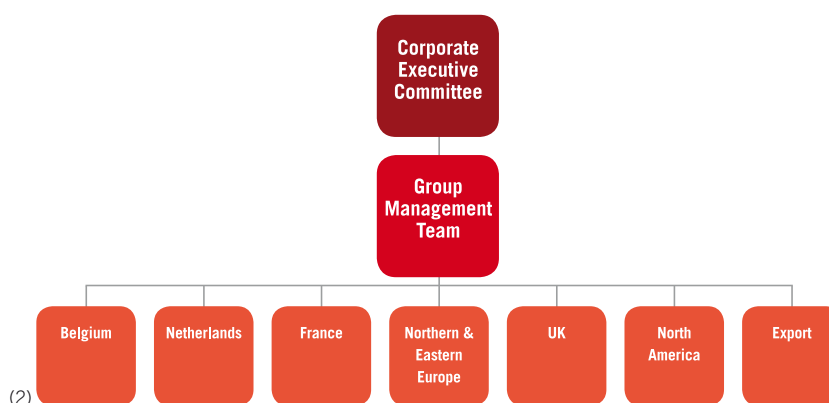
LOTUS BAKERIES GROUP'S PROFILE

1. GROUP FUNCTIONS AND COUNTRY ORGANIZATION

In order to be able to implement its group strategy as coherently and efficiently as possible, Lotus Bakeries has opted for a country-based organization with an integrated corporate policy.

The Group Lotus Bakeries' Corporate Executive Committee consists of the chief executive officer, two managing directors, a corporate director finance & human resources and a corporate director ICT, tax, legal & risk. In this way the company now has a series of group-level departments⁽¹⁾ providing general management, bringing expertise or delivering services to the entire Group Lotus Bakeries or to the country and regional organizations (Corporate HR, Corporate Controlling, Corporate Treasury, ICT, Corporate Tax, Corporate Secretary, Quality & Research, Central Engineering, Food law & Nutrition, Buying Coordination).

Tax, Corporate Secretary, Quality & Research, Central Engineering, Food law & Nutrition, Buying Coordination). The Group Management Team consists of the members of the Corporate Executive Committee plus seven country or regional managers⁽²⁾ (Belgium, the Netherlands, France, Northern & Eastern Europe, the United Kingdom, North America and export regions). The country and regional organizations play a very important role of adapting to the commercial specificities of each market and the culture of each country. It is crucially important that the commercial policy of each country and/or region reflects its own particular market and that production facilities also think in a market-directed way. This is part of the Lotus Bakeries group policy, and is integrated into the policy lines that are set at group level.



< Group Management Team

2. PRODUCTS AND MARKETS

Lotus Bakeries has opted for a brand policy based on authentic specialties from the biscuit and cake world: caramelized biscuits, gingerbread, waffles and galettes, cake specialties and pepparkakor biscuits. This policy is implemented by strengthening Lotus Bakeries' leadership in these products in their regions of origin, and stimulating their internationalization.

CARAMELIZED BISCUITS

Caramelized biscuits are an original Belgian specialty. They owe their typical taste to the caramelization of the sugar during the baking process. In Belgium, Lotus caramelized biscuits are a top product across the biscuit market. Lotus caramelized biscuits are proving increasingly popular internationally, so that today 75% of sales are realized outside Belgium. The main foreign markets are France, the United States, the Netherlands, the United Kingdom and Germany.

Other countries in which Lotus caramelized biscuits are proving a growing success are South Korea, Japan, the Czech Republic, Switzerland, Austria, Israel, Spain and Italy. The other export markets are developing very positively.

Consumers also want to experience the unique Lotus caramelized biscuit taste in other products that are strongly anchored in their consumption patterns. For this reason Lotus caramelized biscuit spread and Lotus caramelized biscuit ice cream have been developed on the basis of Lotus caramelized biscuits, enabling consumers to find again the familiar and unique Lotus caramelized biscuit taste in these products.

Caramelized biscuit spread was launched in Belgium in early 2008 and later in the year in the Netherlands and France.

Caramelized biscuit ice cream was successfully launched in Belgium in 2009.

WAFFLES AND GALETTES

Belgium has long been famed for its waffles. Lotus Bakeries has a very wide range here consisting primarily of Liège waffles, soft waffles, filled waffles, galettes (thin, crispy waffles) and vanilla waffles. By clearly distinguishing its brand features, Lotus Bakeries is able to persuade consumers to opt for quality and specificity when purchasing these products. Lotus waffles are primarily sold in France, Belgium, the United Kingdom, Germany, Spain and the Netherlands.

CAKE SPECIALTIES

This group of authentic products is difficult to bring under a common denominator. In almost every case these are specialties that are very popular in their region and country of origin, and which outstanding quality and strong branding have deeply anchored in consumer behaviour and consumption patterns. These products, like frangipane, madeleine, carré confiture and Zebra in Belgium, Glacés and Enkhuizer cookies in the Netherlands and Breton butter specialties are mainstays for the popularity of the Lotus brand.

GINGERBREAD

This authentic product from the Low Countries (modern-day Belgium and Holland) has developed very strongly in the Netherlands. Strong brands like Peijnenburg and Wieger Ketellapper have been turned into modern, contemporary concepts that match the consumption patterns of today's conscious consumers. Gingerbread is very popular in the Netherlands, thanks to the quality of the product itself and the sense of dynamism inherent in the brands, with over 35 million kg consumed every year. Koninklijke Peijnenburg has more than 60% of the Dutch gingerbread market. The current dynamism on the Dutch market will obviously be carried forward by the 'Peijnenburg' flagship. In Belgium just 5 million kilos a year are consumed. Lotus wants to market these products more strongly, first of all in Belgium. This product will be redynamized, with product development and innovative packaging, under the Lotus brand.

PEPPARKAKOR BISCUITS

Pepparkakor biscuits are a traditional Swedish biscuit. It is a thin and crispy biscuit enriched with cinnamon and ginger spices. The products of Annas Pepparkakor come in different flavours but always based on the same dough and traditional recipe. Annas Pepparkakor is the market leader in pepparkakor biscuits with a spontaneous brand recognition in Sweden of 70%. Annas Pepparkakor introduced the pepparkakor biscuits as a specialty in Sweden, Finland, the United States, Canada and many other countries.

3. SALES ORGANIZATIONS

Lotus products are consumed both at home and away from home. Lotus has specialist sales teams working intensively in each market: retail, catering (schools and clinics) and food service (hotels, restaurants, cafés and petrol stations).

Lotus Bakeries has its own sales organizations for Belgium, the Netherlands, France, Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom, Spain, Sweden and the United States.

The Lotus Bakeries Group looks after export countries from Belgium. In each country we work closely with specialist importers who sell the products of Lotus Bakeries in a professional way. The main export areas are South Korea, Japan, Israel, Italy, the Balkans, Cyprus, Taiwan, Lebanon, Greece, China and Kuwait.

4. PRODUCTION FACILITIES

Lotus Bakeries' product range involves it in a wide range of different production technologies. Understanding, mastering and further developing these product technologies is a constant challenge. This makes it important to concentrate the products and production processes in specialized plants.

Our production sites are:

Belgium

- At Lembeke in East Flanders we produce the full range of caramelized biscuits, as well as frangipane.
- In Oostakker in East Flanders, we produce madeleine, Amico, Zebra and Midi. This production plant also specializes in snack cakes (Marshmallow, Bimbo, Caramallow) and carré confiture.
- The production of waffles and galettes is split between Meise in Flemish Brabant and Courcelles in Hainault.

France

- Our plant at Comines, Le Nord, specializes in filled waffles, coconut products, frangipane and Pommeline.
- In Briec-de-l'Odé, Brittany, Le Glazik produces the Breton butter products: 4/4 bars, mini 4/4s, madeleine, gâteaux bretons, galettes bretonnes, palets and luxury butter biscuits (almond biscuits, hearts).

Netherlands

- Geldrop, North Brabant, where the famous Peijnenburg gingerbread is produced.
- Sintjohannesga, Friesland. The Sintjohannesga site produces Frisian cookies under the Wieger Ketellapper brand and gingerbread under the Peijnenburg brand.
- Enkhuizen, North Holland, produces Glacés, battenbergs and Enkhuizer cookies.

Sweden

- In Tyresö, close to Stockholm, we produce the Anna's fine pepparkakor biscuits for Sweden and export markets.

Canada

- In High River, Alberta, we produce the Anna's fine pepparkakor biscuits for the United States and Canada.

5. LOGISTICS CENTRE

The logistics centre at Lokeren (East Flanders, Belgium) delivers products produced in the Belgian and French plants. Products from other plants (the Netherlands, Sweden and Canada) are delivered by outside logistics partners.



IN

CORPORATE GOVERNANCE

Lotus Bakeries has adopted a Corporate Governance Charter. This document, the text of which is published on its website (www.lotusbakeries.com), is a commitment to apply the principles of the Corporate Governance Code dated 12 March 2009. This charter is adapted when necessary to reflect changes in the company's business. The Charter describes the most important aspects of Corporate Governance at Lotus Bakeries and the internal regulations of the Board of Directors, Committees and the Corporate Executive Committee.

This annual report gives details of the application of Lotus Bakeries Corporate Governance Charter. It also provides explanations for any deviations from the provisions of the Corporate Governance Code.

The deviation is as follows: the Audit Committee met three times, while the Code prescribes four meetings a year. Four meetings are planned for 2010.

1. BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

1.1 BOARD OF DIRECTORS

1.1.1 Composition

- From 01/01/2009 to 08/05/2009, the Board of Directors consisted of:
 - Charlofin NV, represented by its permanent representative, Karel Boone, non-executive Chairman, represents the majority shareholder, Bisinvest NV.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, represents the majority shareholder, Bisinvest NV.
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, executive director.
 - Mercuur Consult NV, represented by its permanent representative, Jan Boone, executive director.
 - Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
 - PMF NV, represented by its permanent representative, Johan Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Anton Stevens, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Michaël Boone & Co BVBA, represented by its permanent representative, Michaël Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Count Paul Lippens, independent director.
 - Christulf BVBA, represented by its permanent representative, Chris Dewulf, independent director.
 - Jean-Luc Dehaene, independent director.
 - Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, independent director.
 - Wolferen BV, represented by its permanent representative, Johan Lokhorst, non-executive director.
- From 08/05/2009 the Board of Directors consists of:
 - Charlofin NV, represented by its permanent representative, Karel Boone, non-executive Chairman, represents the majority shareholder, Bisinvest NV.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, represents the majority shareholder, Bisinvest NV.
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, executive director.
 - Mercuur Consult NV, represented by its permanent representative, Jan Boone, executive director.
 - Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
 - PMF NV, represented by its permanent representative, Johan Boone, non-executive director, represents the majority shareholder, Bisinvest NV.

- Anton Stevens, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Jean-Luc Dehaene, independent director.
 - Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, independent director.
 - Wolferen BV, represented by its permanent representative, Johan Lokhorst, non-executive director.
 - Dominique Leroy, independent director.
 - Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich, independent director.
- Until the end of October 2006 Karel Boone was both executive Chairman and Chairman of the Board of Directors. Charlofin NV, represented by its permanent representative, Karel Boone, has been Chairman of the Board of Directors since 1 November 2006. The intention is to continue to avail of the knowledge and experience in another function.
 - This gives us a balanced Board of Directors in which the majority shareholder, the independent directors and executive management are adequately represented.
 - The CVs of the directors are available on p. 47-48 of this annual report and on the corporate website of Lotus Bakeries.
 - The secretary of the Board of Directors is Filip Standaert, Corporate Secretary.
- With the merger of Lotus Bakeries NV and Bisinvest NV and the subsequent changes in the management conditions of the Administratiekantoor van aandelen Lotus Bakeries, only four directors will be proposed by the Administratiekantoor van aandelen Lotus Bakeries. Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, has therefore resigned as from the Ordinary General Meeting of 18 May 2010. From the General Meeting of 18 May 2010 onwards, the Board of Directors will consist of the following members:
 - Charlofin NV, represented by its permanent representative, Karel Boone, non-executive Chairman, represents the majority shareholder, Administratiekantoor van aandelen Lotus Bakeries till the Ordinary General Meeting of 2012.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, represents the majority shareholder, Administratiekantoor van aandelen Lotus Bakeries till the Ordinary General Meeting of 2013.
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, executive director till the Ordinary General Meeting of 2013.
 - Mercur Consult NV, represented by its permanent representative, Jan Boone, executive director till the Ordinary General Meeting of 2013.
 - PMF NV, represented by its permanent representative, Johan Boone, non-executive director, represents the majority shareholder, Administratiekantoor van aandelen Lotus Bakeries till the Ordinary General Meeting of 2013.
 - Anton Stevens, non-executive director, represents the majority shareholder, Administratiekantoor van aandelen Lotus Bakeries till the Ordinary General Meeting of 2013.
 - Jean-Luc Dehaene, independent director till the Ordinary General Meeting of 2011.
 - Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, independent director till the Ordinary General Meeting of 2013.
 - Wolferen BV, represented by its permanent representative, Johan Lokhorst, non-executive director till the Ordinary General Meeting of 2011.
 - Dominique Leroy, independent director till the Ordinary General Meeting of 2013.
 - Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich, independent director till the Ordinary General Meeting of 2013.

1.1.2 Activities of the Board of Directors

- The Board of Directors met eight times in 2009. All directors were present at all meetings, except Jean-Luc Dehaene, Dominique Leroy, Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde and Wolferen BV, represented by its permanent representative, Johan Lokhorst, who were each absent one time.
- The subjects dealt with at the meetings were:
 - recent sales and financial results
 - results at 30/06 and 31/12 and proposed press releases
 - strategy and long-term objectives
 - investment budget and global budget
 - reports and recommendations from the committees
 - acquisition projects
 - divestments
 - evolution of raw materials prices and hedging
 - interest rate hedging
 - major organizational changes
 - new product introductions
 - shareholder structure
 - proposed subjects for the annual report
 - Corporate Governance Charter
 - appointments of the non-executive Chairman and managing director
 - agendas for the General Meetings.
- An induction training programme is provided for new directors and for the committees.
- No situations occurred in the course of 2009 in which the procedure of Article 523 of the Companies' Code on conflicts of interest was applied in the Board of Directors.
- In the course of 2009 no conflicts of interest occurred between Lotus Bakeries NV (including its associated companies) and its directors or members of the Corporate Executive Committee, falling under the conflict of interest rules of articles 523 and 524 ter of the Companies Code.
- All transactions involving shares of Lotus Bakeries NV carried out in the course of 2009 by persons considered as insiders and by persons with executive responsibility were undertaken in accordance with the rules of Lotus Bakeries for the prevention of market abuse.
- In late 2008-early 2009 an evaluation was undertaken of the composition and operation of the Board of Directors and the Committees. The Chairman has interviewed each member separately on the basis of a questionnaire and reported on this to the Board of Directors' meeting of 4 May 2009.

1.2 AUDIT COMMITTEE

Till 8 May 2009 the Audit Committee included two independent directors: Paul Lippens (Chairman) and Christulf BVBA, represented by its permanent representative, Chris Dewulf. Michaël Boone & Co BVBA, represented by its permanent representative, Michaël Boone and Charlofin NV, represented by its permanent representative, Karel Boone, both non-executive directors, were the two other members of the Audit Committee. In the case of a tied vote the Chairman has the casting vote. This ensures that the independent directors have sufficient influence.

The Audit Committee has consisted since 8 May 2009 of three members: two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman), and Dominique Leroy, and one non-executive director, Charlofin NV, represented by its permanent representative, Karel Boone. All three members have bookkeeping and audit experience. The Audit Committee met three times in 2009 and all members were present. The Auditor participated in part of all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- proposal to draw up an inventory of risk areas
- systematic handling of a risk area as part of a global audit approach
- Auditor's findings and recommendations
- IFRS accounting principles
- discussion of the external Auditor's reports in various fields.

1.3 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee had, until 8 May 2009, four members who are all non-executive directors. Christulf BVBA (Chairman), represented by its permanent representative, Chris Dewulf, Jean-Luc Dehaene and Paul Lippens are independent directors. Charlofin NV, represented by its permanent representative, Karel Boone is a non-executive, not independent member.

From 8 May 2009 the Remuneration and Nomination Committee has consisted of:

Jean-Luc Dehaene (Chairman), Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, and Charlofin NV, represented by its permanent representative, Karel Boone.

The Committee met twice in 2009, with all members present.

The subjects examined were:

- remuneration policy and its application
- organization of external salaries measurement
- changes in the composition and appointment of new members of the Corporate Executive Committee.

1.4 DIRECTOR COMPENSATION

The members of the Board of Directors each receive EUR 17,500 a year. The Chairman receives EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives compensation of EUR 5,000 a year.

No options, shares or variable compensation were granted to non-executive directors.

2. CORPORATE EXECUTIVE COMMITTEE

- The Corporate Executive Committee consisted until 30 June 2009 of:

- Beukenlaan NV, represented by its permanent representative, Matthieu Boone: CEO and Chairman
- CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, managing director
- Mercuur Consult NV, represented by its permanent representative, Jan Boone, managing director
- Wilfried Deleye, corporate director finance
- William Du Pré, general manager Belgium
- Jos Destrooper, corporate director human resources
- Marco de Leeuw, general manager Netherlands.

- Since 1 July 2009 the Corporate Executive Committee has consisted of:

- Beukenlaan NV, represented by its permanent representative, Matthieu Boone: CEO and Chairman
- CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, managing director
- Mercuur Consult NV, represented by its permanent representative, Jan Boone, managing director
- Jos Destrooper, corporate director finance & human resources
- John Van de Par, corporate director ICT, tax, legal & risk.

- The secretary of the Corporate Executive Committee is Filip Standaert, Corporate Secretary.

- The Corporate Executive Committee met eleven times in 2009. All members were present at all meetings. There were no transactions between Lotus Bakeries and the members of the Corporate Executive Committee that were in conflict with the interests of Lotus Bakeries.

- Remuneration policy is set every two years by the Board of Directors based on a proposal by the Remuneration and Nomination Committee. In so doing Lotus Bakeries seeks to provide a remuneration package that is based on companies that are comparable to it in terms of size, complexity and international activity. For this the Lotus Bakeries Group consults with an international company that proposes functional appraisals and corresponding salary packages.

- The salary package comprises the following elements:
 - a fixed remuneration amount
 - a variable bonus based on the achievement of financial objectives
 - a warrant plan that was introduced in 2007 and a stock option plan for those not eligible for the warrant plan (see note 25 of the financial supplement for details on the application)
 - a group insurance in a fixed amount (except in those countries where other legal rules apply).
- As result of the nature of their positions, the members of the Corporate Executive Committee have different employment statuses, in Belgium as well as in other countries. Therefore, where necessary, the remuneration is transposed into a gross salary before social charges assumed by the employer.

In 2009 the CEO received the following remuneration:

- fixed compensation:	EUR 324,382
- variable compensation:	EUR 126,509
- pension contribution:	EUR 57,335
- other:	EUR 13,795

In 2009 the members of the Corporate Executive Committee, not including the CEO, together received the following remuneration:

- fixed compensation:	EUR 962,901
- variable compensation:	EUR 340,591
- pension contribution:	EUR 157,103
- other:	EUR 39,458

- Mr John Van de Par received 900 options on Lotus Bakeries shares in 2009.
- No special recruitment or departure arrangements have been agreed with the members of the Corporate Executive Committee.

3. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Each division is responsible for organizing the control of its own operations. Group-wide rules and/or systems have been developed in key areas, including quality management in production, work safety and financial reliability. An overview of risk areas exists, called 'global audit', with a clearly defined approach for each area, and with reporting to the Audit Committee.

4. EXTERNAL AUDIT

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Mr Lieven Adams, 'bedrijfsrevisor', and Mr Peter Opsomer, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 11 May 2007 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2010. The compensation received in 2009 for auditing and non-auditing services by PricewaterhouseCoopers Bedrijfsrevisoren BCVBA and by people connected to PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, is described in note 38 of the financial supplement.

REAPPOINTMENT

The Board of Directors proposes to the Ordinary General Meeting of Shareholders of 18 May 2010 that it reappoints PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Mr Lieven Adams, 'bedrijfsrevisor', and Mr Peter Opsomer, 'bedrijfsrevisor', as Auditor of Lotus Bakeries NV for a three-year term expiring immediately after the Ordinary General Meeting of 2013.



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REPORT OF THE BOARD OF DIRECTORS

1. ACTIVITIES IN 2009

1. MARKET SITUATION AND SALES RESULTS

GENERAL MARKET SITUATION

The overall biscuit and gingerbread market as broadly defined evolved unfavourably in 2009 with negative volume growth in most markets. Consumers were cautious with their spending, including in the markets in which Lotus Bakeries is active.

GENERAL EVOLUTION OF TURNOVER

Consolidated turnover at Lotus Bakeries rose by 1.7% in 2009 compared with the year before. Achieving higher turnover after several years of strong internal growth is a good result.

Lotus has again outperformed the market, gaining market share on its basic markets. Our increased sales efforts have also borne fruit.

The total evolution of turnover reflects a series of shifts:

1. The consolidation from December 2008 of Annas Pepparkakor, acquired in that year.
2. Divestment of Harry's Benelux. This turnover is no longer included in that of Lotus Bakeries since 1 January 2009.
3. Mc Vities decision to produce Jaffa cake bars itself. In the transitional period, volumes decreased significantly.

Belgium

In Belgium in 2009 we achieved a 'status quo' situation. This is a good achievement in the wake of the 14% sales increase in 2008.

After all the hype around Lotus caramelized biscuit spread in 2008 we succeeded last year in maintaining our sales at a high level. In the overall market for biscuits as broadly defined (including biscuits, cakes, waffles and gingerbread) Lotus has increased its market share in terms of both volume and revenue.



TV commercial Peijnenburg – gingerbread – 'Happen naar Peijnenburg (mag elke dag)'
['Bite into a Peijnenburg (you can do so every day)']



TV commercial Lotus – frangipane – ‘Lotus. Daar zit liefde in.’/‘Lotus. Riche en amour.’ [‘Lotus. There’s real love in it.’]

Overall, sales in Belgium were stimulated by:

- TV advertising for Lotus frangipane. This produced increased sales of this product and a significant increase of Lotus’ share in the cakes area.
- TV advertising for Lotus caramelized biscuit spread. In so doing we placed the successful launch in 2008 on a solid footing and conquered a permanent place on the breakfast table.
- New consumer website. The interactive website is linked to the ‘Lotus Lekkers’ magazine with a circulation of 300,000 copies among families in Belgium.
- Point of sale actions. Excellent cooperation with our customers has again enabled us to undertake various action waves at retail outlets.
- Product Launches. In 2009 we successfully launched new products like Lotus Caramallow and Pommeline in the cakes market and Lotus crunchy caramelized biscuit spread in the spreads market. We also successfully introduced Lotus caramelized biscuit ice cream, after research pointed to a clear need among consumers for the Lotus biscuit experience in ice cream also. This product launch was also supported by TV advertising.

Netherlands

Koninklijke Peijnenburg experienced slightly negative growth in a declining gingerbread market. Market share of the Peijnenburg and Wieger Ketellapper/Snelle Jelle brands within the gingerbread market remained unchanged. The biscuits and cakes market in the Netherlands is under pressure in terms of both sales and volume. Koninklijke Peijnenburg managed to increase its market share with the successful introduction of Peijnenburg ‘Theeleutjes’ and the ‘Echte Enkhuizer Choco Jodekoeken’. The spreads market in the Netherlands grew in terms of both sales and volume. Koninklijke Peijnenburg was able to strongly improve its position in spreads thanks to Lotus caramelized biscuit

spread, growing faster than the market, thanks in part to the introduction of the 700 gram family pot and the Crunchy variant.

France

Although total sales in France remained almost unchanged, we can speak of a successful year on the French market. We achieved once again a substantial increase in sales of Lotus caramelized biscuits and Lotus waffles. Unfortunately we had a decrease in our cake specialties, following the general decline in the cake market. Lotus caramelized biscuits and Lotus waffles are by far the market leader in France.

United Kingdom

In the United Kingdom Lotus Bakeries has two customer profiles: first the regular Lotus retail and OOH customers, and second Mc Vities, which, despite the previously announced discontinuation purchased our products right through 2009, but in substantially reduced quantities. Lotus brand sales increased substantially. Lotus caramelized biscuits in particular are gaining popularity in the United Kingdom. Consumer loyalty is very high and the new packing is clearly popular.

Northern and Eastern Europe

In Northern and Eastern Europe turnover increased to EUR 21.2 million. Germany, Austria, Switzerland, Sweden, Finland and the Czech Republic are the main contributors to turnover in the region. The increased turnover is due to the consolidation of Annas Pepparkakor (especially sales in Sweden and Finland) from December 2008 onwards.

North America

Despite the continuing weak dollar, sales in the United States developed favourably. Under the 'Biscoff' label caramelized biscuits are becoming increasingly popular. Until March 2009, the Lotus products were sold in the retail and 'catalog sales' channels through a joint venture with The Gourmet Center Inc.

From 1 April 2009 Lotus Bakeries became the full owner of Corona-Lotus Inc. Following this a long-term agreement was concluded with The Gourmet Center to continue the sale of Lotus products in the airline catering sector in the United States.

This was a necessary step towards integrating Corona-Lotus Inc. and Annas North America. This integration process was launched in July 2009, with the first steps to implement it taken immediately after.

Export

Exports developed favourably in 2009, producing EUR 13.5 million in turnover. In Spain a good increase was achieved, especially for the Lotus products, despite the hard crisis in this country. The other export markets, after a difficult first half, generally had a good second half.

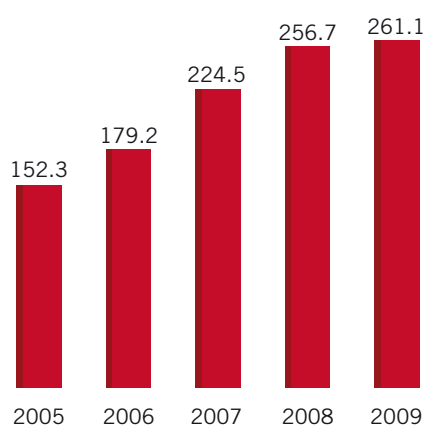
2. INVESTMENTS AND INDUSTRIAL OPERATIONS

Investments in tangible and intangible fixed assets amounted in 2009 to EUR 9.2 million compared with EUR 10.8 million in 2008. This means that almost all investments which had been planned for 2009 were also realized and/or set in train.

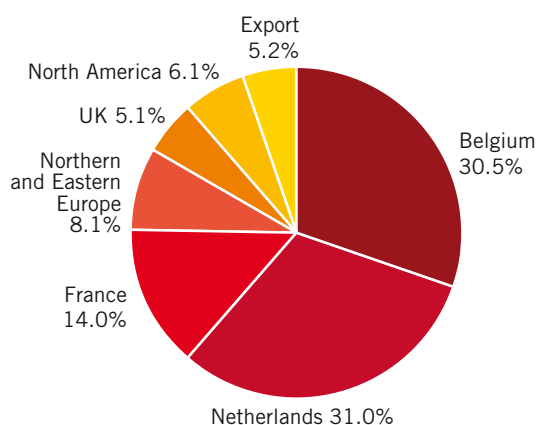
The primary focus was on capacity and/or efficiency-enhancing investments. At Tyresö (Sweden) a 4th production line was installed, in the Netherlands dough preparation at Sintjohannesga was automated and at Geldrop, work began on extending the gingerbread cooling capacity. At Comines (France) we invested in faster wrapping machinery, as also at Oostakker (madeleine line) and Lembeke (finishing of caramelized biscuit single pack line).

The necessary resources were also invested in 2009 in new products: Pommeline, Caramallow and 'Choco Jodekoek'.

Evolution of turnover
in millions of EUR



Geographical turnover distribution





In 2009 operational excellence was again a central point of attention, with the intention of involving the entire workforce as far as possible in the daily business process. In some plants, specific pilot projects are started that are then shared as 'best of class practices' with other plants.

All plants operate to unambiguously defined and challenging standards in terms of return, quality (regularity, superior taste experience), hygiene and safety. A number of parameters are measured daily to ensure that every department has timely information with which to make any necessary adjustments. The plant teams remain highly motivated and focused on the proper operation of the departments and the continuous optimization and/or improvement of production processes.

The focus in 2010 will lie on further production automation (Sintjohannesga, Comines, Oostakker), finishing the 'caramelized biscuit dough room control' project in Lembeke and on the capacity extension in Geldrop. The total budget for 2010 is estimated at EUR 10.5 million.

3. QUALITY AND RESEARCH

Quality and Research (Q&R) now function as a single department. This is further improving the interaction between quality management and continuous product improvement.

QUALITY MANAGEMENT

As a producer of brand products, Lotus Bakeries seeks to make the difference, in each of its product areas, through

better quality; achieving a superior taste experience and strong customer satisfaction are objectives shared by all employees. They are the order of the day for each plant and for the Q&R department.

The Lotus Bakeries quality management system is applied in each plant, after fine-tuning with local area management. In 2009 the quality philosophy of Annas Pepparkakor was integrated into the common quality policy.

Inspection and enforcement are important elements of quality management to ensure that established quality levels are maintained at all times.

Internal auditing of the aspects of the quality management system is also complemented by external certification: IFS, BRC (higher level) and, for the Belgian plants, the sector's self-control guide. We continue to view external certification as a very important test for the continuous improvement of products and processes.

RESEARCH AND DEVELOPMENT

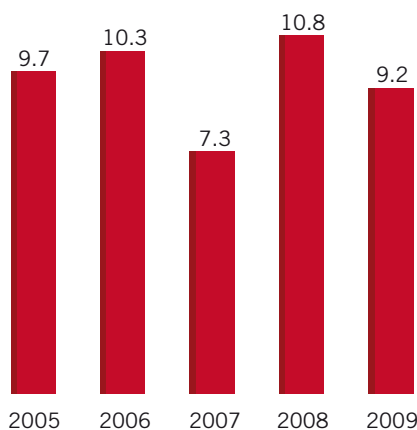
Lotus Bakeries' strategy is based on a fundamental option in favour of a brand policy, with the express intention of customers valuing the products for their specific and distinctive qualities.

The Research & Development department is systematically building a knowledge base covering all products, supplemented by individual factories' know-how and experience. This is already improving process management in each plant. This process and – in particular – product knowledge is being extended by internal research, with external research and training institutions brought in to help where possible. In this way the R&D department plays a key role in all research and improvement projects in the factories.

In both Belgium and the Netherlands we have specialist capacity for developing new products (NPD). A major priority in this area is seeking to improve existing products and to develop products that respond to the growing demand from the market for products that fit into a responsible nutritional pattern (health aspects, nutritional claims).

A similar approach is applied in the technical field. Every factory has employees on site with the necessary knowledge to manage the entire production apparatus. The Engineering Services department is familiar with all the equipment and production processes in the various factories. This broad technical knowledge and experience, supplemented with specific research for particular projects, forms the basis for the major investments and

Investments
in millions of EUR



automation projects undertaken in cooperation with the factories concerned and the know-how remains specific to the company.

4. FOOD LAW & NUTRITION

Lotus Bakeries defines its nutritional policies by proactively monitoring food legislation, including active participation in target project groups set up by our professional organizations (in Belgium, the Netherlands, France and in particular at European level). In this way topics like 'food and health', 'claims legislation' and 'sustainability' go towards defining the output of the Food law & Nutrition department and maintaining an active concern for these matters in all departments involved.

5. ENVIRONMENT

The activities of Lotus Bakeries impact the environment in two main areas: packaging and factory production processes. In both fields Lotus Bakeries is working continuously to improve its environmental performance.

ENVIRONMENT AND PACKAGING

Lotus Bakeries is constantly looking for ways to limit the quantity of packaging material per product unit, and for materials that meet all safety, reliability and consumer requirements and are at the same time more environmentally friendly.

It also actively participates in packaging waste management systems, like the Duales-System in Germany, Fost Plus in Belgium, Eco-Emballages in France and Eco-verpakking in the Netherlands.

ENVIRONMENT AND PRODUCTION PROCESSES

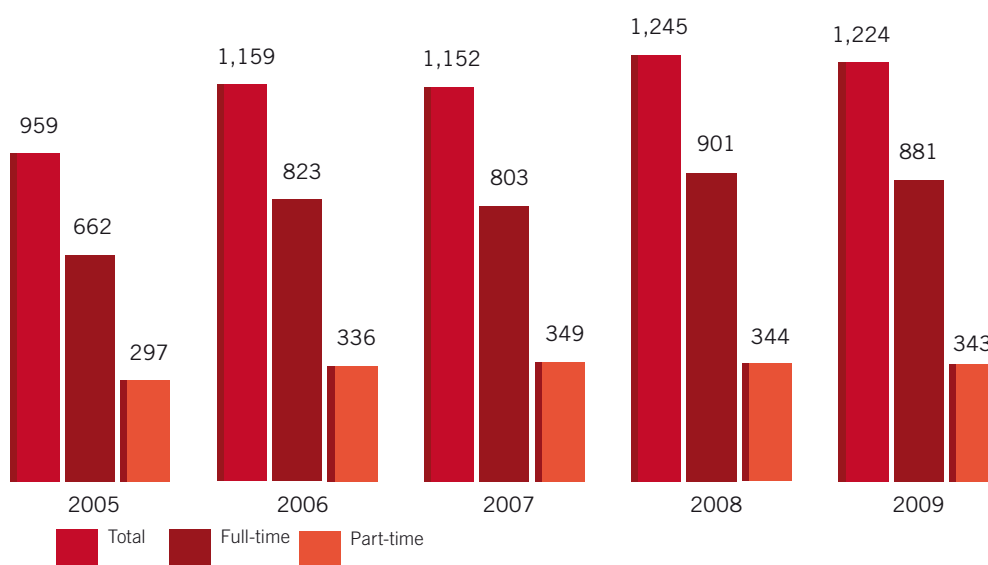
Major efforts are being made throughout the business to induce a profound sense of environmental awareness. The environmental effects of our operating processes are systematically investigated and, based on the outcomes, appropriate measures taken: prevention (e.g. waste water), recycling (including paper and cardboard), responsible destruction (for example incineration of packaging film waste in specialist centres) and the rational use of water and energy.

In 2009 solar panels were placed on roof of the Lokeren distribution centre to enable a portion of the centre's energy consumption to be supplied by this renewable source.



TV commercial Peijnenburg
– 'Theeleutjes' –
'Happen naar Peijnenburg
(mag elke dag)'
['Bite into a Peijnenburg
(you can do so every day)']

Personnel



6. PERSONNEL AND ORGANIZATION

EVOLUTION OF THE WORKFORCE

The total number of employees decreased during the year by 21 to 1,224 at 31/12/2009. The number of full-time employees fell by 20, that of part-time employees by 1.

The following table shows the number of employees (number of heads) and the changes since last year.

AREA / ORGANIZATION	NUMBER OF EMPLOYEES	CHANGE
Belgium	599	-12
Netherlands	326	-13
France	130	+2
Northern and Eastern Europe	59	+5
North America	42	-2
UK	5	-
Export/Spain	17	-1
Corporate	46	-
TOTAL	1,224	-21

51% of employees are male, 49% female.

343 employees work part-time, equal to 231 full-time equivalents.

LEADERSHIP @ LOTUS BAKERIES

In 2007 a 'Leadership @ Lotus Bakeries' project was launched in order to meet future challenges with all employees.

The project sets out to clarify the role of our senior and middle management.

It is contributing to achieving a single Lotus culture and provides a central model for the various HR areas like talent and performance management.

The leadership model was extended in 2009 to the new countries in which Lotus Bakeries is actively integrating corporate HR policies and HR processes. Developing a common culture remains an HR priority for the coming years.



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2. FINANCIAL INFORMATION

1. EVOLUTION OF COSTS

The general increase in costs in 2009 is mainly explained by the expansion of the consolidation scope. Thus Annas is included in the consolidation for the whole of 2009 compared with just 1 month in 2008. In addition, marketing efforts were considerably increased in 2009 compared with 2008. Finally, personnel costs rose by 2%, due mainly to high wage inflation in Belgium.

2009 saw a significant decrease in the cost of raw materials, consumables and goods for resale. This is largely due to the divestment of Harry's Benelux, as a result of which no more goods were purchased for resale.

2. PROFITABILITY

2009 confirmed the strong REBIT and REBITDA performance, as a percentage of turnover, of the previous year.

Recurrent operating result (REBIT) grew in absolute terms from EUR 34 million to EUR 34.6 million. As a percentage of turnover (13.3%), the recurrent operating result is fully in line with 2008.

Recurrent operating cash flow (REBITDA) for 2009 amounted to EUR 48.2 million. At 18.5%, REBITDA as a percentage of turnover was higher than in 2008 (17.8%).

The non-recurrent operating result of kEUR -295 reflects primarily the amortization of amortizable brand names from the 'purchase price allocation' related to the takeover of Koninklijke Peijnenburg.

The financial result amounted in 2009 to a cost of EUR 2.8 million. This is EUR 4.1 million lower than in 2008. While in 2008 the fall in the fair value of interest hedges due to the application of IFRS produced a major cost, this was less significant in 2009 and had only a limited impact. Positive exchange rate differences were also realized in 2009.

Net result amounts to EUR 25.2 million, compared with EUR 20.2 million in 2008. Two important elements positively impacted the 2009 net result compared with 2008: the capital gain on the sale of the shares in Harry's Benelux in 2009, and the amounts written off recorded on the interest hedges entered into in 2008.

Net cash flow rose from EUR 36.5 million in 2008 to EUR 40.5 million in 2009.

Net financial debts have fallen from EUR 40.4 million to EUR 27 million in 2009, which leads to a net financial debts/REBITDA ratio of 0.56 in 2009 versus 0.88 in 2008. In 2009 the remaining 50% of the shares of Corona-Lotus Inc. were taken over, and all shares in Lotus Bakeries UK acquired, while the shareholding in Harry's Benelux was sold. Capital expenditure was in line with 2008, consisting mainly of investments in capacity extensions and innovation in the following plants: the gingerbread bakeries in Sintjohannesga and Geldrop, the Pepparkakor factory in Tyresö and the cake factory in Oostakker.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The principal market risks to which the Lotus Bakeries Group is exposed are fluctuations in the cost of raw materials and packaging, and in exchange and interest rates.

1. RAW MATERIALS AND PACKAGING COSTS

The risk of negative consequences on financial results of fluctuations in raw materials prices is limited by concluding forward contracts with fixed prices in euro for major volatile raw materials. For other raw materials and for packaging, the Lotus Bakeries Group works where possible with annual contracts.

2. FOREIGN EXCHANGE RISK

Purchases are made predominantly in euros. Most sales are also settled in euro. The main sales transactions involving foreign currencies are in USD and GBP. The main foreign currency purchase and sale transactions take place in USD, CAD, GBP, CZK and SEK. The net exchange risk in these currencies is almost totally hedged using term and/or option contracts.

3. INTEREST RATE RISK

Long-term financial liabilities carry either fixed (kEUR 1,303) or variable (kEUR 48,855) interest rates, the latter based on Euribor rates for periods up to 1 year. The outstanding borrowings, at variable interest rates are fully hedged.

4. CREDIT RISK

The Lotus Bakeries Group opts to conclude contracts as far as possible or to work with creditworthy parties or to limit the credit risk by means of securities. For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions having credit ratings of A- or higher.

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash and carry, and food services customers in various countries. For exports outside Western and Northern Europe, the United States and Canada the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. The average number of days' customer credit is relatively limited (30 days in 2009). Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

5. LIQUIDITY RISK

Given the substantial operating and net cash flow as against the net financial position, the Lotus Bakeries Group's liquidity risk is limited.

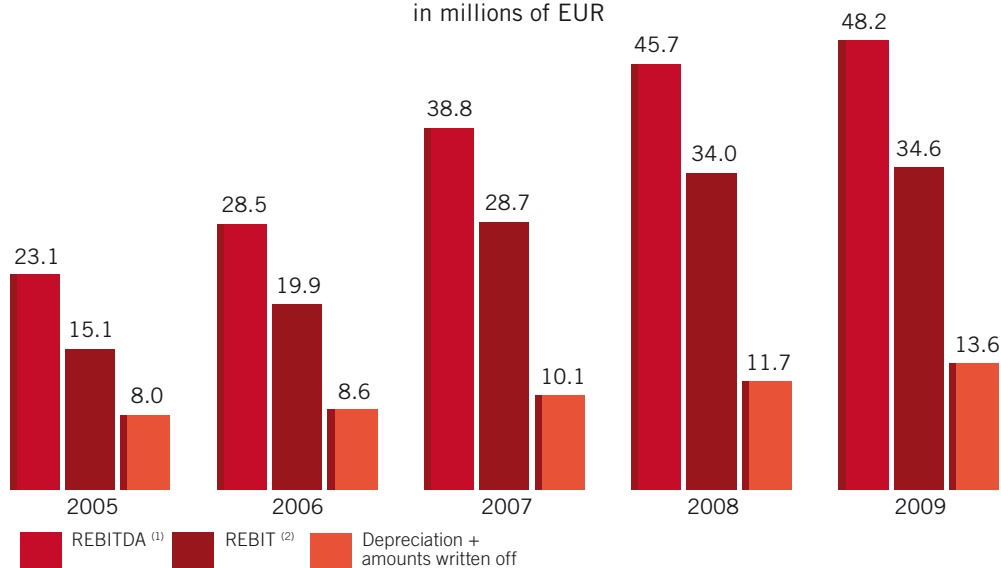
6. BALANCE SHEET STRUCTURE

Lotus Bakeries seeks to maintain its balance sheet structure (balance between debts and equity) so as to preserve the desired financial flexibility to be able to carry out its growth strategy.

It strives to maintain a ratio of net financial debt (defined as financial debts – treasury investments – liquid assets – own shares) to recurrent cash flow (REBITDA) at what is considered as a normally healthy level in the financial market. In 2009 it easily met the financial covenants entered into in the context of the external financing.

Evolution REBITDA and REBIT

in millions of EUR



(1) REBITDA is defined as recurrent operating result + depreciations + provisions and amounts written off + non-cash costs valuations option- and warrant plan.

(2) REBIT is defined as recurrent operating result.

7. PRODUCT LIABILITY RISKS

The production, packing and sale of food products give rise to product liability risks.

Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External ISO, BRC and other audits take place at regular intervals.

The necessary product liability insurance has been subscribed within reasonable limits.

8. PENSION SCHEME RISKS

The form of and benefits under pension schemes existing within the Lotus Bakeries Group depend on the conditions and customs in the countries involved.

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden, Canada and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In the Netherlands a defined pension plan has been concluded with BPF. Since the data for the defined pension calculation (cf. IAS 19) are not available, the plan is included under the defined contribution scheme.

In certain companies provisions also exist for early retirement ('bridge') pensions and pension obligations resulting from legal requirements (France). These are also treated as defined benefit schemes. For these defined benefit schemes the necessary provisions are set up based on the actuarial current value of the future obligations to the employees concerned.

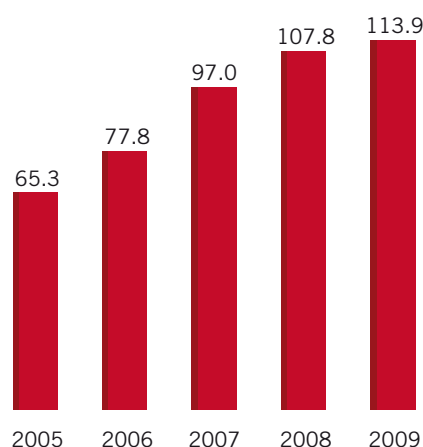
4. FINANCIAL INSTRUMENTS

The Lotus Bakeries Group uses financial instruments to hedge the risk of adverse exchange and interest rate fluctuations. No derivatives are used for trading purposes. Derivatives are initially measured at cost and thereafter at fair value.

Most current contracts do not fulfil the conditions for hedge accounting (cf. IAS 39). Changes in the fair value of these outstanding contracts are recognized in the income statement.

The outstanding contracts which serve to hedge the interest costs of the financing of the acquisition of Annas Pepparkakor do comply with the hedge accounting requirements of IAS 39. For these contracts, changes in fair value are passed through equity.

Evolution of added value
in millions of EUR



FINANCIAL RATIOS

	2009	2008	2007	2006	2005
Days customer credit	30	30	27	34	36
Solvency ratio (%)	44.8	37.7	35.3	27.4	46.1
Liquidity ratio (Current ratio)	1.0	0.9	0.7	0.8	1.0
Gross sales margin (%)	17.9	17.5	17.4	15.6	14.9
Net cash flow/Net financial debts (%)	150.0	90.4	70.3	34.8	204.6
Net cost-effectiveness of equity (%)	24.9	23.5	30.0	20.9	19.8

FINANCIAL RATIOS

	2009	2008	2007	2006	2005
In % of operating income					
Added value	43.6	42.0	43.2	43.4	42.9
REBITDA	18.5	17.8	17.3	15.9	15.2
Net cash flow	15.5	14.2	13.2	12.3	12.1
REBIT	13.3	13.3	12.8	11.1	9.9
Net profit	9.6	7.9	9.2	6.4	6.3
In % of added value					
Personnel expenses	57.1	56.8	58.1	61.0	62.1
Depreciations ⁽¹⁾	9.7	9.4	10.0	10.9	12.2
Taxes	7.2	5.9	3.6	5.8	6.9
Net financial charges ⁽²⁾	2.5	6.4	4.1	4.1	1.9
Net profit	22.1	18.7	21.3	14.7	14.7

(1) Not included depreciations on consolidation differences.

(2) Net financial charges is defined as financial result excluding depreciations on consolidation differences.

5. SIGNIFICANT EVENTS SINCE 31 DECEMBER 2009

AT 8 MARCH 2010 LOTUS BAKERIES ANNOUNCED ITS INTENTION OF MERGING WITH BISINVEST NV

The shareholder structure of Lotus Bakeries has always had a solid anchoring to enable Lotus Bakeries to achieve its long-term objectives. Since the IPO in 1988 this has been organized via the holding company Bisinvest NV and a Trust Office (Administratiekantoor). Today, Bisinvest owns 470,175 shares in Lotus Bakeries (58.55% of the total), and the Trust Office holds 99.99% of the shares in Bisinvest and 81,549 shares in Lotus Bakeries (10.16% of the total).

The Boards of Directors of Lotus Bakeries and of the Trust Office wish to continue this anchoring by adapting it to the evolution and the current utility of each part of the structure. It is therefore proposed that Lotus Bakeries NV takes over all the assets and liabilities of Bisinvest NV by means of a merger. This merger is planned to take place at 27 April 2010, with a retroactive accounting effect to 1 January 2010. For this merger, tax security has been obtained.

The exchange ratio for this merger is based on the 10-day average closing price of the Lotus Bakeries share starting on 15 February 2010, the date on which the press release on the annual results for 2009 was published prior to the opening of the stock exchange. This amounts to EUR 336.10 per Lotus Bakeries share. Taking into account the assets which amounts to EUR 158,034,119.95 (adjusted to the value of one Lotus Bakeries share) and liabilities of Bisinvest which amounts to EUR 10,250,488.52, the exchange ratio is 1.1844 Lotus Bakeries shares for one Bisinvest share.

Given that there are 371,241 Bisinvest shares, 439,701 new Lotus Bakeries shares will be issued, having the same dividend rights as the existing Lotus Bakeries shares. Via the merger Lotus Bakeries will become the owner of a total of 470,175 own shares. These own shares will be destroyed. After the merger, the number of Lotus Bakeries shares will therefore fall from 803,037 to 772,563, since 470,175 Lotus Bakeries shares will have been destroyed and 439,701 will have been newly issued.

The four family branches of Karel Boone, Matthieu Boone, Johan Boone and Antoine Stevens, as well as the executive directors Jan Boone and Jan Vander Stichele, will exchange their Bisinvest certificates for Lotus Bakeries certificates. Since not all Lotus Bakeries certificate holders will certify, the Trust Office will hold approximately 58% of the Lotus Bakeries shares.

It is intended to strengthen the anchoring by using the occasion of the merger to fundamentally tighten the transfer rules of the Trust Office: over a period of three years, no selling of Lotus Bakeries certificates may occur, other than between members of the same family branch. After that they may be sold with a right of pre-emption, with the restriction that unpurchased certificates may be decertified only to a limited extent.

The merger as described above has several important advantages:

- The family anchoring is maintained on a solid and appropriate basis, to enable Lotus Bakeries to achieve its long-term objectives. The planned merger will not change the control of the Trust Office over Lotus Bakeries and at the same time control above the Trust Office remains unchanged.
- The free float increases from 31.29% to 42.25%
- Earnings per share calculated pro forma on the 2009 results rises from 31.2 euros to 31.7 euros.





3. SOCIAL RESPONSIBILITY

Lotus Bakeries is fully aware of its social responsibility and actively pursues its social role.

For many years Lotus Bakeries has supported a wide range of social and cultural projects, activities and organizations. These include donations and support for development projects, cultural sponsoring and financial support for activities in local communities in which the company is active.

Lotus Bakeries has defined policy lines whereby the level of its financial support for local and development projects is tied to its gross profit.

Alongside existing projects Lotus Bakeries also supports the CFP (Corporate Funding Programme). More specifically it is helping the 'Boat to Kinshasa' project, also supported by the Belgian government, which aims to create a

central organization for transporting and marketing agricultural and other basic products along Lake Mai-Ndombe and the River Congo to and from Kinshasa. Lotus Bakeries employees have already organized various activities to support this project, with Lotus Bakeries matching the funds raised by its personnel. This amount is doubled a second time by the food industry development fund. A great deal of local progress has already been made in this way. Efforts to support this magnificent project will continue in 2010.

Lotus Bakeries has drawn up a company code for all employees. This code outlines the corporate values that make for a positive enterprise culture and describes Lotus Bakeries' responsibilities towards its various stakeholders.

4. CORPORATE GOVERNANCE

Lotus Bakeries has adopted a Corporate Governance Charter. This document, the text of which is published on its website (www.lotusbakeries.com), is a commitment to apply the principles of the Corporate Governance Code dated 12 March 2009. This charter is adapted when necessary to reflect changes in the company's business. The Charter describes the most important aspects of Corporate Governance at Lotus Bakeries and the internal regulations of the Board of Directors, Committees and the Corporate Executive Committee.

Further information relating to the Corporate Governance of Lotus Bakeries can be found in Section IV 'Corporate Governance', including more specific information on the Audit Committee. The Audit Committee consists of three members: two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman), and Dominique Leroy, and one non-executive director, Charlofin NV, represented by its permanent representative, Karel Boone. All three members have bookkeeping and audit experience.

Votre Speculoos préféré depuis 1932



Le Goût Original



POUR VOTRE SANTÉ, ÉVITEZ DE GRIGNOTER ENTRE LES REPAS. www.mangerbouger.fr

5. PROSPECTS FOR 2010

The Lotus Bakeries brands were very successful in 2009. The general market situation deteriorated, however, around April 2009, with consumers spending less on biscuits in the broad definition of the term.

Various trends became apparent:

- Despite the crisis it was not the hard-discount products, but the strong brands that gained in importance.
- After a hesitant start in 2009, the Far East markets improved in the second half of 2009.
- The impact of the decline in purchases by Mc Vities Cake Company was significant. This decline will continue in 2010.
- Cautious consumer spending will place pressure on our sales in 2010. Nevertheless we are attempting to gain market share.

The above trends represent us challenges that we will need to confront in 2010.

We will be further integrating the Annas' operations in Sweden and the United States/Canada into the overall Lotus Bakeries activities.

With a refined strategy, we will focus even more on our specialties and our brands.

The management and staff of Lotus Bakeries are behind these policies, and are fully committed to achieving them. Everyone is convinced that every detail is important to make even better products, to provide a better service to our customers and thus create an even better future for our company.



6. RESULTS AND PROPOSAL FOR DIVISION OF PROFITS

CONSOLIDATED

The consolidated net profit of the year 2009 amounted to EUR 25.2 million as compared to EUR 20.2 million last year.

STATUTORY

The results of the year 2009 of the parent company Lotus Bakeries NV are as follows: in EUR

• Profit of the financial year	15,502,962.28
• Transfer from untaxed reserves	35,867.48
• Transfer to untaxed reserves	(180,802.98)
Profit for the year available for appropriation	15,358,026.78

The Board of Directors proposes to appropriate the profit balance as follows:

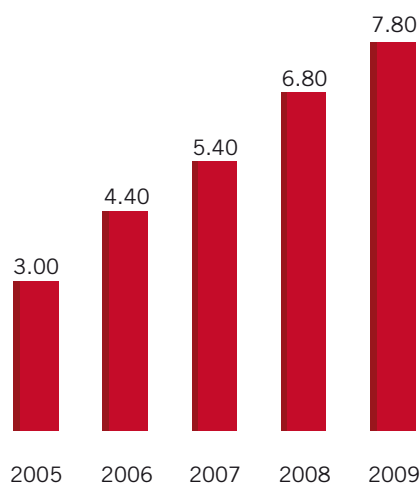
• Allocation to other reserves	(9,074,535.38)
• Distribution of a gross dividend of 7.80 EUR per share to 772,563 shares ⁽¹⁾	6,025,991.40
• Distribution of emoluments to directors	257,500.00
TOTAL	15,358,026.78

(1) The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries Group Services NV and, as a consequence, will not be suspended.

In line with legal requirements, the balance presented for the approval of the shareholders has been drawn up based on this distribution.

If the Ordinary General Meeting of shareholders of 18 May 2010 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 5.85, after deducting a withholding tax of 25%. This net dividend will be payable as from 25 May 2010 on surrender of coupon no. 22 at Bank Degroof, BNP Paribas Fortis, Dexia Bank, ING Bank, KBC Bank and Petercam.

Evolution of gross dividend per share
in EUR



7. OTHER COMPANY INFORMATION

1. CHANGES IN THE CAPITAL

In the financial year 2009 there were no changes in the company capital.

At the Extraordinary General Meeting of Shareholders of Lotus Bakeries NV of 27 April 2010, following the merger of Lotus Bakeries NV and Bisinvest NV, the company capital was increased from EUR 1,500,000 to EUR 3,400,003.65 EUR.

2. PURCHASE OF OWN SHARES

The Extraordinary General Meeting of 8 May 2009 granted the Board of Directors of Lotus Bakeries NV and of its direct subsidiaries an additional authorization, during a period of five years, to buy in up to 50,000 Lotus Bakeries shares at a price no lower than twenty percent below, and no higher than ten percent above, the average price of the Lotus Bakeries share during the thirty calendar days prior to the date of purchase.

The Extraordinary General Meeting of 8 May 2009 also authorized the Board of Directors of Lotus Bakeries NV, during a period of five years, to purchase and sell shares or profit certificates of Lotus Bakeries NV in an amount of up to 20% of the issued capital subject to the provisions of the Companies' Code, at a price equal to the average price of the Lotus Bakeries share during the thirty days prior to the date of purchase or sale, less no more than twenty percent in the case of both purchase and sale, and plus no more than ten percent in the case of purchase and twenty percent in the case of sale.

In the course of 2009, 2,992 own shares were purchased, representing a fractional value of EUR 5,550 or 0.37% of issued capital. The total number of shares purchased held in portfolio at the end of the financial year is 33,613, representing a fractional value of EUR 62,785 or 4.18% of issued capital.

All stock market transactions were executed in accordance with the various mandates granted by the Extraordinary General Meetings of Shareholders to the Board of Directors.

3. SHARE OPTIONS AS PER 31 DECEMBER 2009

In the context of the Lotus Bakeries share option scheme there were 9,000 share options issued in 2009. Per 31 December 2009 the total number of unexercised share options was 34,459.

Year of issue of the options	Number of allocated options	Number of options exercised	Total of available options
2007	12,850	-	12,850
2008	-	-	-
2009	9,000	-	9,000

4. ISSUE OF WARRANTS

The principal conditions governing the warrants issued in 2007 and the exercise of the same and the most important consequences of the lifting of the pre-emption right of existing shareholders are mentioned in note 25 of the financial supplement.

5. LEGAL CONFLICTS OF INTEREST

No situations of conflict of interest covered by articles 523 and 524 of the Companies Code occurred in 2009.

6. ANNOUNCEMENTS IN THE FRAMEWORK OF ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 – PROTECTIVE CONSTRUCTIONS

1. The Board of Directors of Lotus Bakeries NV is authorized by the General Meeting of Shareholders, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of article 607 of the Companies Code. This authorisation was granted for a period of three years from 5 June 2007 and was extended for a further three-year period by the Extraordinary General Meeting of Shareholders of 27 April 2010.
2. By resolution of the Extraordinary General Meeting of Shareholders of 8 May 2009 the Board of Directors is authorized, in accordance with the provisions of article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 2 June 2009 and is renewable.

7. COMMUNICATION IN THE FRAMEWORK OF ARTICLE 74§7 OF THE LAW OF 1 APRIL 2007 ON PUBLIC TAKEOVER BIDS

On 19 February 2008 Lotus Bakeries NV has received a communication in the context of article 74§7 of the law of 1 April 2007 on public takeover bids.

This communication shows that on 1 September 2007 Bisinvest NV held 470,175 voting shares in Lotus Bakeries, corresponding to a participation of 58.55%, and that Stichting Administratiekantoor van aandelen Bisinvest en Lotus Bakeries held 81,549 voting shares in Lotus Bakeries, corresponding to a participation of 10.16%. These two associated companies together held on 1 September 2007 551,724 voting shares in Lotus Bakeries, corresponding to a participation of 68.70%.



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STOCK MARKET INFORMATION

1. NUMBER OF SHARES

- On 31 December 2009 the number of shares in Lotus Bakeries NV totalled 803,037. There were no changes in the number of Lotus Bakeries shares during the course of 2009.
- At the Extraordinary General Meeting of Shareholders of Lotus Bakeries NV of 27 April 2010, following the merger of Lotus Bakeries NV and Bisinvest NV, 470,175 Lotus Bakeries NV shares were destroyed and 439,701 new Lotus Bakeries shares were issued. In this way, following the merger, the total number of Lotus Bakeries shares reduces from 803,037 to 772,563.
- Shares are nominal, bearer or dematerialized, in denominations of 1-10-50. For the conversion of shares into nominal or dematerialized shares, the Corporate Secretary should be contacted.

2. STOCK MARKET LISTING

The Lotus Bakeries shares have been listed since the beginning of January 2002 on the continuous market of NYSE Euronext (Brussels). Previously, the shares were listed on the spot market with double fixing. The share code is LOTB (ISIN code 0003604155).

3. FINANCIAL SERVICE

Financial servicing for the Lotus Bakeries share is provided by Bank Degroof, BNP Paribas Fortis, Dexia Bank, ING Bank, KBC Bank and Petercam. The main paying agent is BNP Paribas Fortis.

4. LIQUIDITY AND VISIBILITY OF THE SHARE

Lotus Bakeries has appointed the stock market company Petercam NV as 'liquidity provider'. The liquidity and market activation agreement that was agreed with Petercam lies within the context of the care taken by Lotus Bakeries to ensure a sufficiently active market in the share so that in normal circumstances adequate liquidity can be maintained.

5. STRUCTURE OF SHAREHOLDINGS

Based on the transparency notice received by Lotus Bakeries on 13 October 2008, the shareholding in Lotus Bakeries NV as of 1 September 2008 is as follows:

	No. of voting rights	% of voting rights
Bisinvest NV	470,175	58.55%
Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries	81,549	10.16%
Lotus Bakeries Group Services NV ⁽¹⁾	38,517	4.80%
Public	212,796	26.49%
TOTAL	803,037	100.00%

(1) The voting rights associated with the shares held by Lotus Bakeries Group Services NV have been suspended. The dividends have not been suspended and will be paid out to Lotus Bakeries Group Services NV.

6. MARKET CAPITALIZATION

On 31 December 2009, market capitalization of Lotus Bakeries amounted to EUR 267.3 million.

7. EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 45 shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

8. STOCK DATA ON THE LOTUS BAKERIES SHARE

Charts with the consolidated key figures per share and the stock market performance of the Lotus Bakeries share can be found on pages 3 and 44 of this annual report.

9. CORPORATE WEBSITE

A new corporate website was launched on 5 October 2009 (www.lotusbakeries.com). A substantial portion of the corporate website is reserved for investor relations. The website thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

10. FINANCIAL CALENDAR

Friday 30 April 2010

Annual report 2009 available on www.lotusbakeries.com

Tuesday 18 May 2010

- Ordinary General Meeting of Shareholders at 4.30 p.m
- Announcement of the interim declaration covering the period from 1 January 2010.

Tuesday 25 May 2010

Payment of dividend for the 2009 financial year

Monday 30 August 2010

Announcement of the half-year results for 2010

Monday 14 February 2011

Announcement of the year results for 2010

Friday 13 May 2011

Ordinary General Meeting of Shareholders.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	2010	2009	2008	2007	2006	2005
Highest price till 31/03 in 2010	395.00	340.00	289.99	255.88	225.00	139.50
Lowest price till 31/03 in 2010	310.00	229.99	194.00	201.50	135.20	97.00
Price per 31/12 – per 31/03 in 2010	373.00	332.87	244.99	234.90	208.40	136.00
Market capitalization per 31/12 – per 31/03 in 2010 in millions of EUR	299.53	267.30	196.70	188.63	167.35	109.21
Number of shares per 31/12 – per 31/03 in 2010	803,037	803,037	803,037	803,037	803,037	803,037
Ratio price/earning (PER) ⁽¹⁾	11.90	10.62	9.76	9.13	14.68	11.39
Ratio price/cash flow (PCF) ⁽²⁾	7.40	6.60	5.39	6.35	7.60	5.92

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2010 respectively) divided by net result, per share at the end of the year.

(2) PCF: Price Cash Flow Ratio: The price at the end of the year (per 31 March in 2010 respectively) divided by net cash flow, per share at the end of the year.

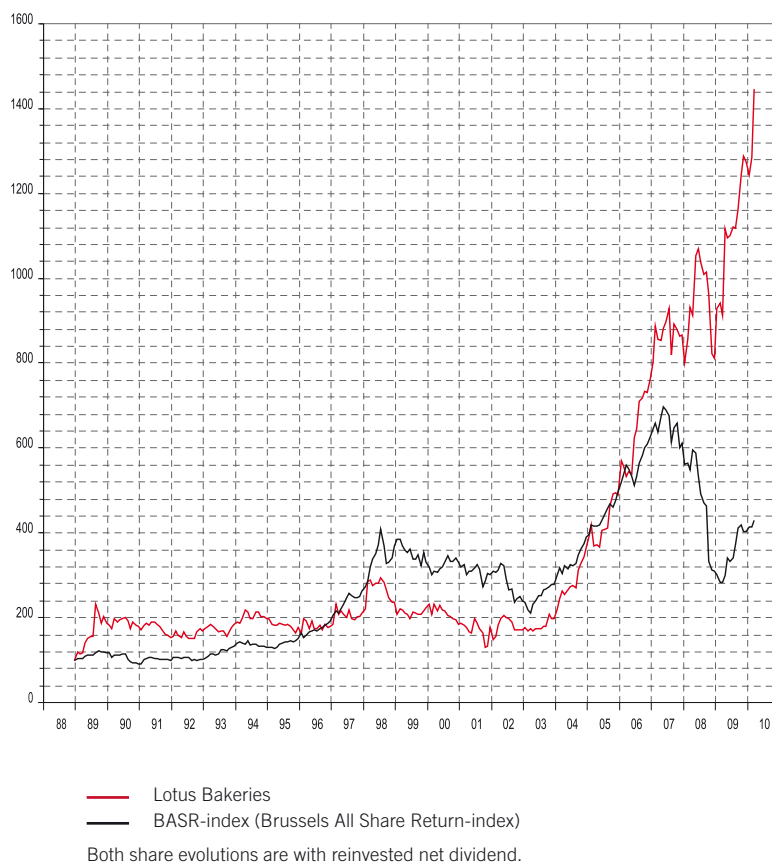
11. PROPOSALS TO THE ORDINARY GENERAL MEETING OF 18 MAY 2010

1. Proposal to approve the statutory financial statements dated 31 December 2009.
2. Proposal to approve the proposed distribution of profits which is detailed on page 39.
3. Proposal to discharge by separate vote the directors and the Auditor from their mandate during the year 2009.
4. a) Noting of the resignation from the position of director of Christavest Comm. VA, represented by its permanent representative, Mr Stanislas Boone.

b) Proposal to reduce the number of directors' mandates from twelve to eleven.
5. a) Proposal to reappoint PricewaterhouseCoopers Bedrijfsrevisoren BCVBA represented by Mr Lieven Adams, 'bedrijfsrevisor', and Mr Peter Opsomer, 'bedrijfsrevisor', as Auditor of Lotus Bakeries NV for a three-year term. In this way the mandate will expire immediately after the Ordinary General Meeting of Shareholders of 2013 taking resolutions in respect of the 2012 financial year.

b) Proposal to approve the proposed remuneration of the Auditor of EUR 111,283 a year (statutory and consolidated).

Evolution of the Lotus Bakeries share in comparison to the BASR-index







BOARD OF DIRECTORS, COMMITTEES AND AUDITOR

COMPOSITION OF THE BOARD OF DIRECTORS

Situation from 18 May 2010

Charlofin NV, represented by its permanent representative, Baron Karel Boone

Non-executive Chairman

Karel Boone holds a degree in Commercial Engineering (KUL). He began his career in 1966 as executive director of the Board of Directors of Lotus Bakeries (then named Lotus Biscuits). When Lotus Biscuits merged in 1974 with Corona, he became CEO. He was also Chairman of the Board of Directors from 1992 to 2006. Since October 2006 he has become the non-executive Chairman of the Board of Directors. He also holds other directorships with Axa Belgium, Bank Degroof, UCB (Chairman) and Vandemoortele (Chairman). He is a member of the Corporate Governance Committee for Belgian listed companies. He is also Honorary Chairman of the Association of Belgian Companies.

Beukenlaan NV, represented by its permanent representative, Matthieu Boone

CEO

Matthieu Boone holds a degree in Commercial Engineering (KUL). He is CEO of Lotus Bakeries. He has been a director of Lotus Bakeries since 1970. He is also a member of the Board of Directors of ACG.

CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele

Executive director

Jan Vander Stichele holds a degree in Civil Engineering (KUL) and has a Candidate degree in Applied Economics (KUL). His most important function was as technical director of the Verlipack Group. Since the end of 1996 he has been active in the Lotus Bakeries Group, initially as general manager Lotus Bakeries France, and thereafter as general manager operations and current as managing director. He is a member of the Board of Directors since May 2005. In addition he holds a directorship of Team Industries (Chairman) and Fevia Vlaanderen (Chairman).

Mercuur Consult NV, represented by its permanent representative, Jan Boone

Executive director

Jan Boone holds a licentiate degree in Applied Economics (KUL), as well as a Special Licentiate in Révisorat (UMH). He started his career in the Audit department of PricewaterhouseCoopers. In 2000 he started at Omega Pharma. Until May 2005 he was head of corporate controlling and a member of the Corporate Executive Committee and Board of Directors. Since May 2005, he has been active at Lotus Bakeries and is currently managing director of Lotus Bakeries. Since May 2005, he has also been a member of the Board of Directors of Lotus Bakeries. In addition he is a non-executive director of Omega Pharma and Durabrik.

PMF NV, represented by its permanent representative, Johan Boone

Non-executive director

Johan Boone graduated in dentistry (KUL) and is a practising dentist. He has been a member of the Board of Directors of Lotus Bakeries since 1996.

Anton Stevens**Non-executive director**

Anton Stevens holds a licentiate degree in Law (RUG) and in Notarial Law (RUG). He has been a director of Lotus Bakeries since 2002.

Jean-Luc Dehaene**Independent director**

Jean-Luc Dehaene holds a doctorate in Law (KUL). He has held various ministerial posts, was Prime Minister of Belgium from 1992 to 1999 and was Deputy Chairman of the European Convention. Currently he is a member of the European Parliament. He has been a director of Lotus Bakeries since 2000. Since October 2008 he has been Chairman of the Board of Directors of Dexia. He is also a member of the Board of Directors of Inbev, Umicore and Thrombogenics.

Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde**Independent director**

Herman Van de Velde has a licentiate degree in Economics (KUL) and a post-graduate degree in Business Management (UFSIA). Since 1989 he has been managing director of the stock-exchange listed lingerie Group Van de Velde. He is also a director of Top Form International (Hong Kong). He has been a director of Lotus Bakeries since May 2005. He is also Chairman of VKW Oost-Vlaanderen.

Wolferen BV, represented by its permanent representative, Johan Lokhorst**Non-executive director**

Johan Lokhorst holds degrees in Industrial Management, Market Management and Market Research (Landbouw Hogeschool Wageningen) and in Financing and Financial Analysis (Technische Hogeschool Enschede). He was general manager of Koninklijke Peijnenburg from 1999 till 2007. He is also Chairman of the Supervisory Boards of De Banket Groep BV, Hespri Holding BV and Bart's Retail Food Group BV, Chairman of the Board of Salad Signature NV, Chairman of the Sector Board Horses and a member of the Council of Animal Affairs and member of the Supervisory Board of Springpaarden Fonds Nederland BV. He has been a director of Lotus Bakeries NV since May 2007.

Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich**Independent director**

Benoit Graulich has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PricewaterhouseCoopers and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a partner at Bencis Capital Partners. He is also a director of Wereldhave Belgium (Chairman), Van de Velde and Omega Pharma. He has been a director of Lotus Bakeries since 2009.

Dominique Leroy**Independent director**

Dominique Leroy has a commercial engineering degree from Solvay Business School. She has a 23-year career with Unilever, beginning in finance and followed by various sales and marketing functions. She was nominated as country manager of Unilever Belgium in 2007 and is also member of the Unilever Benelux Board. She has been a director of Lotus Bakeries since 2009.

COMPOSITION OF THE COMMITTEES

Situation from 8 May 2009

Remuneration- and Nomination Committee

Jean-Luc Dehaene, Chairman
Charlofin NV, represented by Karel Boone
Herman Van de Velde NV, represented by Herman Van de Velde

Audit Committee

Benoit Graulich BVBA, represented by Benoit Graulich, Chairman
Charlofin NV, represented by Karel Boone
Dominique Leroy

AUDITOR

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA represented by

Mr Lieven Adams, 'bedrijfsrevisor' and
Mr Peter Opsomer, 'bedrijfsrevisor'.

MANAGEMENT LOTUS BAKERIES GROUP

Situation from 18 May 2010

I. GROUP MANAGEMENT

Chief Executive Officer (CEO)
Managing director
Managing director

Matthieu Boone
Jan Boone
Jan Vander Stichele

II. CORPORATE DEPARTMENTS

Corporate Finance & HR

Jos Destrooper

Corporate Treasury
Corporate Controlling
Consolidation
Corporate HR

Joseph Bultynck
Joeri Pergoot
Denis Pieters
Katia Dobbelaere

Corporate ICT, Tax, Legal & Risk

John Van de Par

Corporate Secretary

Filip Standaert

Corporate Services Operations

Quality & Research
Research & Development
Food law & Nutrition
Central Engineering

Katrien De Vos
Els Van Parijs
Etienne Geirnaert
Dirk Verstraeten

III. COUNTRIES AND AREAS

Belgium

General manager Belgium

William Du Pré

Marketing
Finance and administration
Sales
Operations
Plant Courcelles
Logistics
Plant Oostakker
Human Resources
Purchase
Plant Meise
Plant Lembeke
Technical services

Ignace Heyman
Karel Vercruysse
Geert Verkinderen
Ivo Vermeiren
Yves Boisdenghien
Johan Claerhout
Erik Claeysens
Mia Desmet
Bert De Wit
Toon Hubrechts
Jean-Paul Van Hoydonck
Eddy Thijs

Netherlands

General manager Netherlands

Marketing & NPD

Human Resources

Supply chain

Plant Enkhuizen

Quality, working conditions and environment

Plant Sintjohannesga

Plant Geldrop

Finance and administration

Sales

Ronald Drieduite

René Groen

Norbert Haans

Dick Pouwels

Nicole Eijbergen

Brigitte ten Voorde

Frank van Harten

Eric van Nunen

Kamiel Steendijk

Han van Welie

France

General manager France

Finance and administration

Plant Briec-de-l'Odé

Sales

Marketing

Plant Comines

Martin Watrelot

Patrick Alexandre

Marc Berger

Corentin Delsaut

Thierry Roose

Ludovic Valente

Northern and Eastern Europe

General manager Northern and Eastern Europe

Finance and administration

Nordics

Sales & Marketing

Plant Tyresö

Germany/Austria/Switzerland

Czech Republic/Slovakia

Joakim Inaeus

Per Baumann

Daniel Driving

Seppo Koivumäki

Fred Korfage

Tomáš Zbořilek

North America

Executive President North America

Executive Vice-President

Plant High River

Executive Vice-President

Marco de Leeuw

Michael Bannister

Walter Beutler

Gary E. Payne

United Kingdom and Ireland

Director United Kingdom and Ireland

Paul Hunter

Export

Director export

Bart Bauwens

Iberica

Ángel López



BAKERIES

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VIII

FINANCIAL STATEMENTS

In this section of the 2009 annual report, only the consolidated balance sheet, the consolidated income statement and the five year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2009 shown hereafter have been prepared in accordance with IFRS rules with comparative IFRS figures for 2008.

The statutory financial statements that have been condensed are presented in the financial supplement and are prepared in accordance with Belgian accounting standards (BGAAP).

Only the consolidated annual financial statements present a faithful picture of the assets, financial position and results of the Lotus Bakeries Group.

In light of the fact that the statutory annual financial statements give only a limited picture of the financial situation of the Lotus Bakeries Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual financial statements of Lotus Bakeries NV, in accordance with Article 105 of the Belgian Companies Code.

The full statutory annual financial statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term. These documents are available on the website www.lotusbakeries.com (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

The Auditor has issued an unqualified audit opinion without reservation with respect to the consolidated and the statutory annual financial statements of Lotus Bakeries NV.

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Five year financial summary Lotus Bakeries Group	57
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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31-12-09	31-12-08
ASSETS		
Non-current assets	170,301	172,028
Tangible assets	84,150	86,408
Goodwill	24,837	24,147
Intangible assets	60,822	61,185
Investment in other companies	38	38
Deferred tax assets	353	170
Other non-current assets including derivative financial instruments	101	80
Current assets	55,809	55,884
Stocks	12,947	13,913
Trade receivables	21,288	20,985
Other amounts receivable	3,477	4,597
Derivative financial instruments	70	35
Cash and cash equivalents	16,249	14,548
Deferred charges and accrued income	1,778	1,469
	55,809	55,547
Assets held for sale	-	337
TOTAL ASSETS	226,110	227,912
EQUITY AND LIABILITIES		
Equity	101,197	85,855
Issued capital	1,500	1,500
Share premium	2,298	2,298
Consolidated reserves	104,503	88,912
Translation differences	(32)	(302)
Own shares	(7,639)	(7,706)
Hedging reserves	(307)	-
Non-controlling interest	874	1,153
Non-current liabilities	69,313	82,831
Interest-bearing loans and borrowings	37,136	50,159
Deferred tax liabilities	28,619	29,320
Pensions	2,672	1,767
Provisions	738	1,486
Other non-current liabilities including derivative financial instruments	148	99
Current liabilities	55,600	59,226
Interest-bearing loans and borrowings	13,739	12,488
Provisions	216	218
Trade payables	22,138	30,321
Remuneration and social security	9,518	8,480
Tax payables	4,207	2,455
Derivative financial instruments	3,001	2,543
Other current liabilities	704	1,089
Accrued charges and deferred income	2,077	1,632
TOTAL EQUITY AND LIABILITIES	226,110	227,912

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2009	2008
Turnover	261,071	256,687
Raw materials, consumables and goods for resale	(87,315)	(93,498)
Services and other goods	(63,800)	(60,872)
Personnel costs	(64,996)	(61,203)
Depreciation and amortization	(11,084)	(10,129)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(997)	(871)
Other operating income and charges (net)	1,714	3,926
Recurrent operating result (REBIT) ⁽¹⁾	34,593	34,040
Non-recurrent operating result	(294)	(779)
Operating result (EBIT) ⁽²⁾	34,299	33,261
Financial result	(2,826)	(6,939)
Financial income	3,531	2,340
Financial charges	(6,357)	(9,279)
Result before taxation	31,473	26,322
Income taxes	(8,202)	(6,405)
Result after taxation	23,271	19,917
Result from assets held for sale	-	248
Results from termination of activities	1,889	-
Net result	25,160	20,165
Net result : share of third parties	95	125
Net result : share of the Group	25,065	20,040
Other comprehensive income:		
Gains/(Losses) recognized directly in equity		
Currency translation differences	257	(214)
Financial instruments	(307)	-
Other comprehensive income for the year	(50)	(214)
Total comprehensive income for the year	25,110	19,951
Total comprehensive income for the year attributable to:		
Non-controlling interest	95	79
Equity holders of Lotus Bakeries	25,015	19,872
Earnings per share		
Basic earnings per share (EUR)	32.67	26.28
of discontinued operations	2.46	0.33
of continued operations	30.21	25.95
Diluted earnings per share (EUR)	31.93	25.27
of discontinued operations	2.41	0.31
of continued operations	29.52	24.96

(1) REBIT is defined as recurrent operating result.

(2) EBIT is defined as recurrent operating result + non-recurrent operating result.



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FIVE YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED BALANCE SHEET
in thousands of EUR

	2009	2008	2007	2006	2005
Non-current assets	170,301	172,028	156,227	161,535	73,928
Tangible assets	84,150	86,408	83,441	85,986	69,535
Goodwill	24,837	24,147	17,151	17,151	-
Intangible assets	60,822	61,185	54,727	55,252	1,132
Deferred tax assets	353	170	163	1,954	1,172
Other non-current assets including derivative financial instruments	101	80	303	930	1,716
Current assets	55,809	55,884	39,100	37,967	31,248
Stocks	12,947	13,913	10,319	9,145	6,629
Trade receivables	21,288	20,985	16,489	16,903	15,109
Cash and cash equivalents	16,249	14,548	7,384	5,884	5,554
TOTAL ASSETS	226,110	227,912	195,327	199,502	105,176
Equity	101,197	85,855	68,924	54,678	48,434
Non-current liabilities	69,313	82,831	72,545	94,788	25,001
Interest-bearing loans and borrowings	37,136	50,159	43,603	59,640	9,797
Deferred tax liabilities	28,619	29,320	26,389	30,649	12,363
Current liabilities	55,600	59,226	53,858	50,036	31,741
Interest-bearing loans and borrowings	13,739	12,488	13,879	14,125	6,466
Trade payables	22,138	30,321	23,082	19,356	16,329
Remuneration and social security	9,518	8,480	6,717	7,433	6,338
TOTAL EQUITY AND LIABILITIES	226,110	227,912	195,327	199,502	105,176

CONSOLIDATED INCOME STATEMENT
in thousands of EUR

	2009	2008	2007	2006	2005
Turnover	261,071	256,687	224,528	179,245	152,337
Recurrent operating result (REBIT)	34,593	34,040	28,695	19,944	15,045
Non-recurrent operating result	(294)	(779)	(937)	(1,120)	179
Operating result (EBIT)	34,299	33,261	27,758	18,824	15,224
Financial result	(2,826)	(6,939)	(3,970)	(3,187)	(1,250)
Result before taxation	31,473	26,322	23,788	15,637	13,974
Income taxes	(8,202)	(6,405)	(3,440)	(4,523)	(4,520)
Result after taxation	23,271	19,917	20,348	11,114	9,454
Share in the result of the enterprises accounted for using the equity method	-	-	309	288	131
Result from assets held for sale	-	248	-	-	-
Result from termination of activities	1,889	-	-	-	-
Net result	25,160	20,165	20,657	11,402	9,585
Net result: share of third parties	95	125	144	27	82
Net result: share of the Group	25,065	20,040	20,513	11,375	9,503



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Register of legal persons of Ghent,
Enterprise number 0.401.030.860

Annual report

This annual report 2009 is also available on the internet
site: www.lotusbakeries.com

- Dit jaarverslag is eveneens verkrijgbaar in het Nederlands.
- De financiële bijlage bij het jaarverslag 2009 is beschikbaar in het Nederlands en het Engels.
- The financial supplement to the annual report 2009 is available in Dutch and in English.

Contact

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