Lotus

BAKERIES

>SINCE 1932<

Lotus and coffee, always together.

annual report

2009

financial supplement

Lotus PEIJNENBURG ANNA'S

FINANCIAL SUPPLEMENT

The consolidated financial statements for 2009 shown below 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 statements of Lotus Bakeries NV, in accordance with Article 105 of the Belgian Companies Code.

The full statutory annual 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 corporate website of Lotus Bakeries, 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 statements of Lotus Bakeries NV.

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CONSOLIDATED BALANCE SHEET

in thousands of EUR	NOTES	31-12-09	31-12-08
ASSETS			
Non-current assets		**170,301**	**172,028**
Tangible assets	12	84,150	86,408
Goodwill	30	24,837	24,147
Intangible assets	11	60,822	61,185
Investment in other companies		38	38
Deferred tax assets	13	353	170
Other non-current assets including derivative financial instruments	15, 27	101	80
Current assets		**55,809**	**55,884**
Stocks	16	12,947	13,913
Trade receivables	17	21,288	20,985
Other amounts receivable	17	3,477	4,597
Derivative financial instruments	27	70	35
Cash and cash equivalents	19	16,249	14,548
Deferred charges and accrued income		1,778	1,469
		55,809	55,547
Assets held for sale	34	-	337
TOTAL ASSETS		**226,110**	**227,912**
EQUITY AND LIABILITIES			
Equity		**101,197**	**85,855**
Issued capital	21	1,500	1,500
Share premium		2,298	2,298
Consolidated reserves	14	104,503	88,912
Translation differences		(32)	(302)
Own shares	22, 25	(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	20	37,136	50,159
Deferred tax liabilities	13	28,619	29,320
Pensions	24	2,672	1,767
Provisions	23	738	1,486
Other non-current liabilities including derivative financial instruments	27	148	99
Current liabilities		**55,600**	**59,226**
Interest-bearing loans and borrowings	20	13,739	12,488
Provisions	23	216	218
Trade payables	26	22,138	30,321
Remuneration and social security	26	9,518	8,480
Tax payables	26	4,207	2,455
Derivative financial instruments	27	3,001	2,543
Other current liabilities	26	704	1,089
Accrued charges and deferred income	26	2,077	1,632
TOTAL EQUITY AND LIABILITIES		**226,110**	**227,912**

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	NOTES	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	6	(64,996)	(61,203)
Depreciation and amortization	7	(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)	4	1,714	3,926
Recurrent operating result (REBIT) (1)		**34,593**	**34,040**
Non-recurrent operating result	8	(294)	(779)
Operating result (EBIT) (2)		**34,299**	**33,261**
Financial result	5	(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	9, 13	(8,202)	(6,405)
Result after taxation		**23,271**	**19,917**
Result from assets held for sale	34	-	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	10		
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of EUR	Issued capital	Share premium	Own shares	Consoli-dated reserves	Translation differences	Hedging reserves	Equity - part of the Group	Non-controlling interest	Total equity
EQUITY as at 1 January 2008	**1,500**	**2,298**	**(7,848)**	**71,973**	**(135)**	**-**	**67,788**	**1,136**	**68,924**
Profit of the financial year	-	-	-	20,040	-	-	20,040	125	20,165
Other comprehensive income:									
Gains/(Losses) recognized directly in equity									
Currency translation differences	-	-	-	-	(168)	-	(168)	(46)	(214)
Total comprehensive income for the year	**-**	**-**	**-**	**20,040**	**(168)**	**-**	**19,872**	**79**	**19,951**
Dividend payments to shareholders	-	-	-	(4,336)	-	-	(4,336)	(28)	(4,364)
Acquisition/sale own shares	-	-	142	-	-	-	142	-	142
Share-based payments	-	-	-	1,079	-	-	1,079	-	1,079
Change in consolidation scope	-	-	-	-	-	-	-	(34)	(34)
Other	-	-	-	156	1	-	157	-	157
EQUITY as at 31 December 2008	**1,500**	**2,298**	**(7,706)**	**88,912**	**(302)**	**-**	**84,702**	**1,153**	**85,855**
unavailable for distribution				3,304					
available for distribution				85,608					

in thousands of EUR	Issued capital	Share premium	Own shares	Consoli-dated reserves	Translation differences	Hedging reserves	Equity - part of the Group	Non-controlling interest	Total equity
EQUITY as at 1 January 2009	**1,500**	**2,298**	**(7,706)**	**88,912**	**(302)**	**-**	**84,702**	**1,153**	**85,855**
Profit of the financial year	-	-	-	25,065	-	-	25,065	95	25,160
Other comprehensive income:									
Gains/(Losses) recognized directly in equity									
Currency translation differences	-	-	-	-	257	-	257	-	257
Hedging reserves	-	-	-	-	-	(307)	(307)	-	(307)
Total comprehensive income for the year	**-**	**-**	**-**	**25,065**	**257**	**(307)**	**25,015**	**95**	**25,110**
Dividend payments to shareholders	-	-	-	(5,384)	-	-	(5,384)	(29)	(5,413)
Acquisition/sale own shares	-	-	67	-	-	-	67	-	67
Share-based payments	-	-	-	1,137	-	-	1,137	-	1,137
Change in consolidation scope	-	-	-	(5,366)	-	-	(5,366)	(345)	(5,711)
Other	-	-	-	139	13	-	152	-	152
EQUITY as at 31 December 2009	**1,500**	**2,298**	**(7,639)**	**104,503**	**(32)**	**(307)**	**100,323**	**874**	**101,197**
unavailable for distribution				3,797					
available for distribution				100,706					

Reserves are unavailable for distribution because of legal restrictions.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR	2009	2008
Operating activities		
Net profit	25,065	20,040
Amortization of (in)tangible assets	11,084	10,129
Valuation allowances against current assets	1,000	857
Provisions	500	(59)
Unrealized exchange rate gains (losses)	222	779
Capital loss on disposal of fixed assets	273	91
Income taxes	8,202	6,405
Decrease/(Increase) in derivative financial instruments	115	2,726
Interest expense	1,713	2,888
Other financial income and charges	871	546
Employee stock option plan	1,137	1,079
Share in the result of the assets held for sale	-	(248)
Result on sale of subsidiaries and associates	(1,889)	-
Non-controlling interest	95	125
Gross cash provided by operating activities	**48,388**	**45,358**
Decrease/(Increase) in inventories	(2)	(2,464)
Decrease/(Increase) in trade accounts receivable	(333)	1,066
Decrease/(Increase) in other assets	811	(664)
Increase/(Decrease) in trade accounts payable	(8,167)	4,489
Increase/(Decrease) in other liabilities	2,939	(205)
Change in operating working capital	**(4,752)**	**2,222**
Income tax paid	(9,016)	(6,067)
Interest paid	(1,713)	(2,888)
Other financial income and charges received/paid	(871)	(3,176)
Net cash provided by operating activities	**32,036**	**35,449**
Investing activities		
(In)tangible assets - acquisitions	(9,184)	(10,809)
(In)tangible assets - other changes	83	159
Financial assets - classified as held for sale	-	336
Acquisition of a subsidiary	(6,151)	(9,484)
Proceeds from sale of subsidiaries and associates	2,226	-
Financial assets - other changes	-	310
Cash flow from investing activities	**(13,026)**	**(19,488)**
Net cash flow for financing activities	**19,010**	**15,961**
Financing activities		
Dividends paid	(5,387)	(4,359)
Own shares	67	142
Other changes in equity	-	173
Receivings (+)/Reimbursement (-) of long-term funding	(11,684)	325
Receivings (+)/Reimbursement (-) of short-term funding	(88)	(4,192)
Receivings (+)/Reimbursement (-) of long-term receivables	(217)	(885)
Cash flow from financing activities	**(17,309)**	**(8,796)**
Total change in cash and cash equivalents	**1,701**	**7,165**
Cash and cash equivalents at 1 January	14,548	7,383
Cash and cash equivalents at 31 December	16,249	14,548
Net change in cash and cash equivalents	**1,701**	**7,165**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED COMPANIES

1.1 List of consolidated companies

	Address	VAT no.	Proportion of capital held in %	
			2009	2008
A. Full consolidation				
Cremers-Ribert NV	Gentstraat 52, B-9971 Lembeke	BE 0427.808.008	100.00	100.00
Interwaffles SA	Rue de Liège 39, B-6180 Courcelles	BE 0439.312.406	100.00	100.00
Lotus Bakeries Group Services NV	Gentstraat 52, B-9971 Lembeke	BE 0443.714.127	100.00	100.00
Lotus Bakeries NV	Gentstraat 52, B-9971 Lembeke	BE 0401.030.860	100.00	100.00
Lotus Lekkers NV	Gentstraat 52, B-9971 Lembeke	BE 0881.664.870	100.00	100.00
Margarinerie Hinnekens NV	Kerkstraat 33 B, B-9971 Lembeke	BE 0421.694.038	55.00	55.00
Lotus Bakeries Schweiz AG	Eisenbahnstrasse 11, CH-4900 Langenthal		100.00	100.00
Lotus Bakeries Invest AG	Eisenbahnstrasse 11, CH-4900 Langenthal		100.00	100.00
Lotus Bakeries CZ s.r.o.	Praag 3, Slezská 844/96, CZ-130 00 Prague		100.00	100.00
Lotus Bakeries GmbH	Schumanstrasse 33, D-52146 Würselen		100.00	100.00
Biscuiterie Le Glazik SAS	Zone Industrielle 2, F-29510 Briec-de-l'Odet		100.00	100.00
Biscuiterie Vander SAS	Place du Château BP 70091, F-59560 Comines		100.00	100.00
Lotus Bakeries France SAS	Place du Château BP 50125, F-59560 Comines		100.00	100.00
Lotus Bakeries UK Ltd.	3000 Manchester Business Park, Aviator Way, Manchester, M22 5TG UK		100.00	75.00
Lotus Bakeries Réassurances SA	Rue du Kiem 145, L-8030 Strassen		100.00	100.00
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop		100.00	100.00
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop		100.00	100.00
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga		100.00	100.00
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga		100.00	100.00
Lotus Bakeries Nederland BV	Oosterdijk 3e, NL-1601 DA Enkhuizen		100.00	100.00
Lotus Bakeries Asia Pacific Pte. Ltd.	8 Wilkie Road, #03-01, Wilkie Edge, 228095 Singapore		100.00	100.00
Lotus Bakeries North America Inc.	50 Francisco Street, Suite 115, 94133 San Francisco, California, USA		100.00	50.00
López Market S.L.	C/Andrés Alvarez 24 de Humanes de Madrid, Spain		95.00	95.00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00	100.00
Annas Pepparkakor Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00	100.00
AB Annas Pepparkakor	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00	100.00
Annas of North America Calgary Ltd	P.O. Box 5880, High River, AB T1V 1P6, Canada		100.00	100.00
B. Associated company accounted for using the equity method				
Annas-Finax-Herrljunga Sälj AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		33.00	33.00
C. Associated company accounted for using the equity method, classified as held for sale				
Harry's Benelux NV	Gentstraat 52, B-9971 Lembeke	BE 0470.995.079	0.00	40.00

1.2 Changes in the group structure in 2009

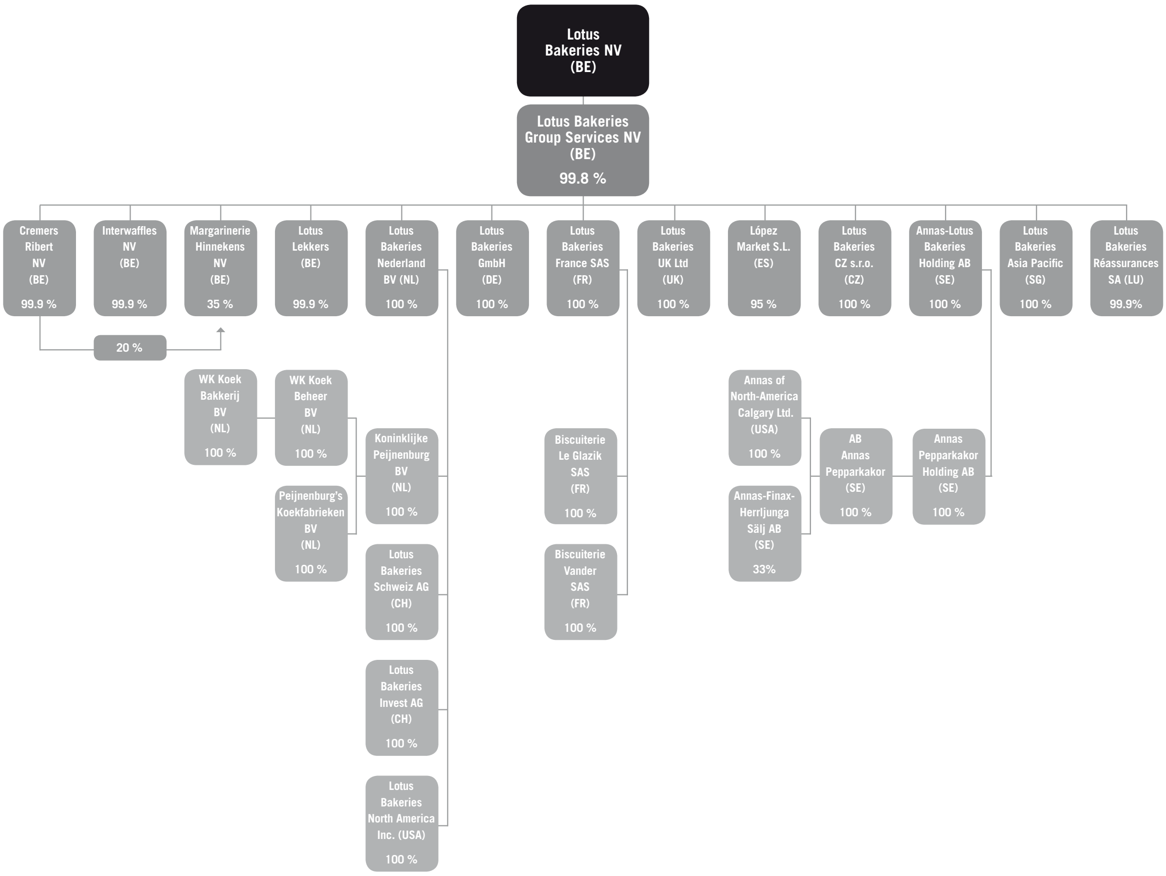
In 2009 the remaining 50% of the shares of Corona-Lotus Inc. were taken over, the remaining shares in Lotus Bakeries UK acquired, and the shareholding in Harry's Benelux sold.

At 19 December 2008 Lotus Bakeries announced that Corona-Lotus Inc. (USA) was to become a 100% subsidiary of the Lotus Bakeries Group. The final closing took place at 1 April 2009, when the remaining 50% of the shares of Corona-Lotus Inc. were transferred to the Lotus Bakeries Group.

At the beginning of 2009 Lotus Bakeries exercised its call option to acquire John Bowmer's remaining 25% shareholding in Lotus Bakeries UK for £ 300,000, giving it 100% ownership.

Lotus Bakeries decided at the beginning of 2009 to sell its shares in Harry's Benelux SA to the Harry's Group, which is in turn part of Italy's Barilla Group. This will allow Lotus Bakeries Belgium's commercial organization to focus fully on its own Lotus brand products.

1.3 Legal Structure of the Lotus Bakeries Group at 31 December 2009



2. ACCOUNTING PRINCIPLES

2.1 Statement of compliance

The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as ratified for application within the European Union. Lotus Bakeries has used IFRS as its only accounting norm since 1 January 2005. The IFRS opening balance sheet is that dated 1 January 2004. The figures for the 2004 financial year were revised from BGAAP (Belgian accounting standards) to IFRS. The last consolidated financial statements under BGAAP were for the 2004 financial year that ended at 31 December 2004.

2.2 Basis of presentation

The consolidated financial statements are presented in thousands of euros and present the financial situation as of 31 December 2009.

The accounting principles were consistently applied.

The consolidated financial statements are presented on the basis of the historical cost price method, with the exception of the evaluation at fair value of financial derivatives and financial assets available for sale.

The consolidated financial statements are presented before allocation of the parent company's result, as proposed to the General Assembly of Shareholders and approved by the Board of Directors at 12 February 2010 for publication.

2.3 Consolidation principles

The consolidated financial statements include the statutory financial statements of Lotus Bakeries NV and its subsidiaries (collectively referred to as the 'Group') and the Group's interests in associated companies. All material balances and transactions within the Group have been eliminated.

Subsidiaries

Subsidiaries are companies in which the Group directly or indirectly holds more than half of the voting shares or over which the Group directly or indirectly has control in another manner. Control is understood as directly or indirectly defining the company's financial and operational policy. The financial statements of subsidiaries are included in the consolidation as from the date when the parent company gains control until the date on which the control ends.

Acquisition of subsidiaries is accounted for according to the acquisition method.

The financial statements of the subsidiaries follow the same financial year as that of the parent company and are prepared according to the same accounting principles.

Associated companies

Associated companies are companies in which the Group has significant influence but no control. This is generally the case if the Group holds between 20% to 50% of the voting shares. Associated companies are consolidated using the equity method from the date on which the significant influence begins until the date on which the significant influence ends.

These associated companies are presented in the balance sheet in the section entitled 'investments in associated companies'. The Group's share in the results for the period is reported in the income statement as 'share in the result of the enterprises accounted for using the equity method'.
When the Group's share in the losses of companies using the equity method exceeds the carrying amount of these participations, this value is reduced to zero and future losses are no longer acknowledged, except to the extent of the Group's commitments to these associated companies.

A list of the Group's subsidiaries and associated companies is provided in the notes.

2.4 Use of estimates

In order to prepare the annual financial statements in accordance with IFRS, management has to make a number of estimates and assumptions which have an impact on the amounts declared in the financial statements and notes.

Valuations made on the date of reporting reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Though these estimates are made by management based on maximum knowledge of ongoing business and actions that the Group may undertake, the real results may vary in relation to these estimates.
For 2009 no estimates have been made that could have a significant impact. The assumptions made for valuing the intangible fixed assets, financial instruments and goodwill are given in notes 11, 27 and 30.

2.5 Foreign currencies

The Group's reporting currency is the euro.

Transactions in foreign currencies

In the Group's companies, transactions in foreign currencies are converted using the exchange rate applicable on the date of the transaction.
Monetary assets and liabilities in foreign currencies are converted to the closing rate on the balance sheet date.

Financial statements of foreign entities

For foreign entities using a different functional currency than the euro,
- assets and liabilities are converted to the euro using the exchange rate on the closing date.
- income statements are converted at annual average exchange rate.
- equity items are converted at the historic exchange rate.

Translation differences resulting from conversion of equity into euro using the rate at the end of the year are reported as translation differences under equity. Translation differences are kept in equity up to the disposal of the company. In case of disposal, the deferred cumulative amount included in equity is included in the results for the foreign activity in question.

Goodwill from the acquisition of a foreign entity and possible real changes in carrying amount of the acquired assets and liabilities at the moment of acquisition, are considered as assets and liabilities of the foreign activity and are converted using the closing rate.

The Group has no entities in hyper-inflationary economies.

Exchange rates

The following exchange rates were used in preparing the annual accounts:

	Final rate		Average rate	
	2009	**2008**	**2009**	**2008**
EUR/USD	1.4406	1.3917	1.3963	1.4726
EUR/CZK	26.4730	26.8750	26.4956	25.0388
EUR/CHF	1.4836	1.4850	1.5076	1.5786
EUR/GBP	0.8881	0.9525	0.8900	0.8026
EUR/SGD	2.0194	2.0040	2.0238	2.0723
EUR/SEK	10.2520	10.8700	10.5875	9.6833
EUR/CAD	1.5128	1.6998	1.5819	1.5656

2.6 Intangible assets

Intangible assets which are acquired separately are valued at cost price less cumulative amortization and impairment. The residual value of intangible assets is assumed to be zero. Intangible fixed assets acquired upon takeover of a subsidiary are expressed separately in the balance sheet at their estimated fair value at the time of acquisition.
Internally developed brands are capitalized only when sufficient certainty exists as to their effective application and the future cash flow to be generated by the asset. In such cases only the external basic costs of producing the brand concepts are capitalized.

Costs for internally generated goodwill are recorded as costs in the income statement at the time they occur.

Amortization

Intangible assets are amortized on a straight-line basis over the estimated economic lifetime. Amortization begins as soon as the intangible asset is ready for its intended use. Capitalised costs for software and licences are amortized over a period of three to five years.

The value of brands acquired in takeovers is amortized on a straight-line basis over a maximum of ten years, except where the brand can be regarded as having an indefinite life. In the latter case annual amortization is not applied, but the asset is tested annually for impairment.

Goodwill

Goodwill arising from a business combination is valued at cost price at the time of the first record (i.e. the difference between the cost price of the business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and provisional obligations). After the first recording, goodwill is valued at cost price after deduction of any cumulative impairment losses.

Goodwill is tested for impairment on a yearly basis or more often if events or changes in circumstances indicate that the carrying amount may have undergone impairment. For this impairment testing, the goodwill is attributed, from the date of take-over, to cash flow generating entities of the Group or to groups thereof that are expected to profit from the synergy of the business combination.

2.7 Tangible assets

Tangible assets are valued at historical cost price less cumulative depreciation and impairments, excluding land.

The historical cost price covers the initial purchase price increased by other direct allowable acquisition costs (such as unclaimable taxes and costs related to transport and installation) and less possible discounts. The manufacturing price of self-produced assets covers the cost price of the direct material cost and direct labour costs and a proportional part of the production overhead.

If the various parts of a tangible asset have different lifetimes, they are depreciated according to their respective lifetimes.

Land is valued on the basis of external estimate reports.

Post-acquisition costs

Subsequent expenses are only recorded as assets and are thus added to the carrying amount of the asset, if they increase the future economical advantages of the individual asset item to which they are related.

Costs of maintenance and repair of tangible assets that do not increase the future economical advantages or do not extend the lifetime of the asset are reported as operating charges when they occur.

Depreciation

Depreciation is spread out over the expected economic lifetime using the straight-line method. Depreciation of an asset begins once the asset is ready for its intended use.

Economic lifetime is assigned as follows:

Buildings and warehouses	25-30 years
Plant and equipment	15 years
Basic machines	20-25 years
Common machines, tools	10-15 years
Furniture	15 years
Office equipment	5 years
Computer equipment	3-5 years
Passenger vehicles	4-5 years
Trucks	10 years

Assets that are no longer used and are held for sale are recorded at their carrying amount on the date when they are no longer used.
An impairment test is performed on these assets at the end of each closing date of the book year.

Land is not depreciated given that it has an undefined lifetime.

Possible financing costs are not recorded as assets.

2.8 Government grants

Government grants are recorded at their fair value when it is practically certain that they will be received and when it is practically certain that the Group will fulfil the conditions related thereto. If the grant is connected with a cost item, the grant is systematically recorded as earnings over the periods required to attribute these grants to the costs for which they are intended to compensate. When the grant is connected with an asset, it is presented in the balance sheet deducted from the asset. Grants are taken into income net of the depreciation of the related asset.

2.9 Impairment of fixed assets

For the Group's fixed assets, other than deferred tax assets, the Group verifies at each closing date whether there are signs that an asset has undergone impairment. If there are such signs or if annual testing for impairment is required, an estimate of the realizable value of the asset is made. For an asset that by and of itself generates no cash flows from continued use that to a large extent are independent of those from other assets, the realizable value is defined from the cash flow generating unit to which the asset belongs. The realizable value is the greater of the fair value less sales costs and the value in use of the asset or cash flow generating unit in question. When defining the value in use, the estimated future cash flows are discounted using a pre-tax discount rate based on current market appraisal of the time value of money and the specific risks of the asset or cash flow generating unit. When the carrying amount exceeds the estimated realizable value, an impairment loss is recorded as an operating charge to the income statement.

Reversal of impairments

Impairments relating to goodwill are reversed only if the loss can be connected to a particular external event, of an exceptional nature which is not expected to reoccur, and when the increase in net asset value is clearly related to the reversal of the impact of this particular event.
Impairments for financial assets normally held by the Group until maturity or receivables are reversed if a subsequent increase in their net asset value can be objectively associated with an event arising after the recording of the loss.

A loss recorded earlier through an impairment for other assets is reversed where there has been a change in the estimates used to determine the net asset value. An increase in the carrying amount of an asset resulting from the reversal of an impairment can not be higher than the carrying amount (after depreciation) which would have been obtained if no impairment loss had been recorded during previous years.

2.10 Financial assets available for sale

Shares in companies in which the Group does not exercise control or significant influence are recorded in this section.

Financial assets are initially valued at cost price. This is composed of the fair value of the compensation provided including acquisition costs associated with the investment.

After the initial recording, the financial assets are recorded at their fair value and changes therein are directly recorded in a separate part of equity. For listed companies, the share price is the best valuation criterion. Participations for which no fair value can be defined, are recorded at their historical cost price.

An impairment is recorded if the carrying amount exceeds the expected recovery value.

If the financial asset is sold or an impairment loss is recorded, the cumulative profits or losses formerly recorded in equity are included in the financial results.
An impairment loss on a financial asset available for sale is not reversed through the income statement.

2.11 Other long-term receivables

Long-term receivables are valued at their actual net value based on an average market interest rate in accordance with the lifetime of the receivable.

2.12 Stocks

Raw materials, consumables and goods for resale are recorded at purchase price on a FIFO basis.

Finished products are recorded at the standard manufacturing cost price. This includes, in addition to direct production and material costs, a proportional part of the fixed and variable overhead costs based on the normal production capacity.

If the purchase price or the manufacturing price is greater than the current value, the valuation is applied to the lower current value.
The current value is defined as the estimated selling price under normal market conditions less the estimated costs required for further finishing and sale of the product.

2.13 Trade receivables and other amounts receivable

Trade receivables and other amounts receivable are recorded at their nominal value less any potential valuation allowance.

Such valuation allowances are recorded at the expense of the operating results if the company will likely not be able to collect all outstanding amounts.

An estimate of valuation allowances to be recorded is made on the date of the balance sheet by evaluating all outstanding amounts individually.
The valuation allowance loss is recorded in the results in the period in which it was identified as such.

2.14 Cash and cash equivalents

Cash and cash equivalents include liquid assets and bank balances (current and deposit accounts). In general, investments are retained until the expiration date. Profits and losses are recorded in the results when the investment is realized or written down.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Possible negative cash is recorded under short-term debt with credit institutions.

2.15 Provisions

Provisions are recorded in the balance sheet if the Group has obligations (legal or de facto) resulting from a past event and if it is likely that fulfilment of these commitments will incur expenses that can be reliably estimated on the balance date.

No provisions are recorded for future operating costs.

If the effect of the time value of money is material, the provisions will be discounted.

Restructuring

A provision for restructuring will be recorded when a formal, detailed restructuring plan is approved by the Group and if this restructuring is either begun or announced to the entities concerned.

2.16 Interest-bearing financial debts

All interest-bearing financial debts are initially recorded at the fair value of the received quid pro quo less the direct imputable transaction costs. After this first recording, the interest-bearing financial debts will be recorded at the amortized cost price based on the effective interest method.

2.17 Trade debts and other debts

Trade and other debts are recorded at their nominal value.

A financial obligation is no longer recorded in the balance once the performance according to the obligation is completed, settled or lapsed.

2.18 Share capital

For the purchase of own shares, the amount paid, including any directly imputable costs, is recorded as a change in this section. Own shares purchased are considered as a reduction of equity.

2.19 Financial derivatives

The Group uses financial derivatives to limit risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for business purposes.

Financial derivatives are initially recorded at cost price. After the initial recording, these instruments are written in the balance at their fair value.

Changes in fair value of those of the Group's derivatives contracts that do not fulfil the criteria of IAS 39 to be viewed as hedges are recognized in the income statement.

Since 2009 Lotus Bakeries has also had derivative contracts that are economic hedges which meet the strict criteria of IAS 39 financial derivatives. For these the hedge accounting rules of IAS 39 are applied. Any decrease or increase in value of these derivatives is passed through equity and/or the income statement

All regular purchases and sales of financial assets are recorded on the date of transaction.

2.20 Revenues

Revenues are included in the income statement once it is likely that the Group will reap economic advantages from the transaction and the revenues can be reliably defined.

Sale of goods and delivery of services

Turnover is deemed to have been earned when the advantages and risks of the sale are payable by the purchaser and any uncertainty has been removed in terms of the collection of the agreed amount, transaction costs and any return of the goods.

Financial income

Financial income (interests, dividends, royalties, etc.) are considered to be realized once it is likely that the company will reap the economic advantages from the transaction and the revenues can be reliably defined.

2.21 Income tax

Income tax in the results of the book year includes current and deferred taxes. Both taxes are recorded in the income statement except in respect of items which have been directly recorded in equity. In such cases, the taxes are directly charged against equity.

Current tax includes the amount of taxation payable on the taxable earnings for the period calculated at the tax rate applicable on the reporting date. They also include adjustments of fiscal liabilities for previous years.

Deferred taxes are defined in accordance with the balance sheet method and result mainly from temporary differences between the carrying amount of both assets and liabilities in the consolidated balance sheet and their respective taxable base. For the calculation of deferred taxes, the tax rates applicable at the time of closure are used. Deferred taxes are recorded at their nominal value and are not discounted.

Deferred tax assets from deductible temporary differences and unused tax loss carryforwards are only recorded if it is probable that sufficient taxable profits will be generated in the future and be compensated by the deductible temporary difference or unused tax losses.

Deferred tax assets are reduced when it is no longer probable that the related tax savings can be generated. Unrecorded deferred tax assets are re-assessed per balance sheet date and recorded insofar as it is probable that there will be fiscal profits in the future against which the deferred tax asset can be deducted.

2.22 Employee benefits

Pension plans

There are a number of defined-contribution plans within the Group. These pension plans are funded by members of personnel and the employer and are recorded in the income statement of the year to which they refer.
In addition, there is also a defined benefit pension plan in the subsidiary in Germany and the Netherlands.

There are also provisions in some companies for early retirement (Belgium) and pension obligations arising from legal requirements (France). These are treated as employment benefits of the defined benefit pension plans.
For the defined benefit pension plans, provisions are established by calculating the present actuarial value of future amounts to the employees concerned.
The amounts recorded in the income statement include the increase in the present value of the defined pension rights, the interest cost, the expected profits from the pension funds, the actuarial profits or losses and past service costs.
The corridor approach is applied to these defined benefit pension plans.

Benefits from shares

The stock option plan and the warrant plan allow employees to acquire shares in the company at relatively advantageous conditions. The exercise price of the option is equal to the average closing stock market price of the underlying share during the thirty stock market days prior to offering date. The exercise price of the warrant is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recorded for options and warrants granted to employees as part of the stock option plan or warrant plan. The cost is calculated based on the fair value of the stock options and warrants on the allocation date and, together with a similar increase in equity, is spread out in the results over the vesting period, ending on the date when the employees concerned receive full right to the options. When the options or warrants are exercised, equity is increased by the amount of the revenues.

Bonuses

Bonuses for employees and management are calculated based on key financial objectives and individual objectives. The estimated amount of the bonuses is recorded as a charge for the financial year based on an estimate on the reporting date.

2.23 Dividends

Dividends are recorded in the income statement at the time when they are distributed.

2.24 Fixed assets held for sale and terminated activities

A component of an entity is considered to be terminated if the criteria for classification as held for sale are fulfilled or if it is divested and if it
- represents a significantly different activity or geographical area; or
- is a subsidiary and has been acquired with the sole purpose of being resold.

An item is classified as held for sale if the book value will mainly be generated in a sales transaction and not by the continued use thereof.

2.25 Profit per share

The Group calculates the ordinary profit per share on the basis of the weighted average of the number of outstanding shares during the period. For the diluted profit per share, the dilutive effect of stock options during the period is also taken into account.

2.26 Segment reporting

Group turnover is centralised around a number of products that are all included in the biscuit sector. For these products, the Group is organised according to geographical regions for sales, production and internal reporting. As a result, segment reporting presents the geographical markets.

The Group's geographical segments are based on the location of the assets. The results of a segment include the income and charges directly generated by a segment. To this is added the portion of the income and charges to be allocated that can be reasonably attributed to the segment. Inter-segment price-fixing is defined based on the 'at arms length' principle.

Four segments have been defined:

1. Belgium + Corporate companies
2. France
3. The Netherlands
4. Other: Northern and Eastern Europe, the United Kingdom, North America & Export.

The assets and liabilities of a segment are reported excluding taxes and after deduction of depreciation, impairments and valuation allowances.

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

Segment reporting by geographical region (2009)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting are composed as follows:

- Belgium + Corporate companies: production in Belgium plus sales by Sales Office Belgium + Corporate companies.
- France: production in France plus sales by Sales Office France.
- The Netherlands: production in the Netherlands plus sales by Sales Office Netherlands.
- Other: sales by Sales Office Export (export from Belgium to countries without own Sales Offices such as South Korea, Japan, etc.) and by own Sales Offices in Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom, North America, Spain and Northern and Eastern Europe plus production in Canada and Sweden.

YEAR ENDED 31 DECEMBER 2009

in thousands of EUR	Continuing operations						Discon-tinued operations	Total operations
	Belgium + Corporate companies	France	The Netherlands	Other	Eliminations	Total		
Revenue								
Sales to external customers	79,702	36,578	81,018	63,773		261,071	-	261,071
Inter-segment sales	55,699	12,728	2,323	1,228	(71,978)	-	-	-
TOTAL REVENUE	**135,401**	**49,306**	**83,341**	**65,001**	**(71,978)**	**261,071**	**-**	**261,071**
Results								
Segment result REBIT	11,853	2,459	14,751	5,530	-	34,593	-	34,593
Non-recurrent operating result	-	92	(386)	-		(294)		(294)
Segment result EBIT	11,853	2,551	14,365	5,530	-	34,299	-	34,299
Result before tax, finance costs and finance revenue	11,853	2,551	14,365	5,530		34,299	-	34,299
Net finance costs	-	-	-	-	-	(2,826)	-	(2,826)
Result before income tax and minority interest						31,473	-	31,473
Income tax expense						(8,202)	-	(8,202)
Result from discontinued operations							1,889	1,889
Net profit for the year						**23,271**	**1,889**	**25,160**
Assets and liabilities								
Segment assets	68,940	14,445	97,162	28,497		209,044	-	209,044
Investment in associated companies	-					-		-
Unallocated assets:						17,066		17,066
Tax receivables						683		683
Financial receivables						134		134
Cash and cash equivalents						16,249		16,249
TOTAL ASSETS						**226,110**	**-**	**226,110**
Segment liabilities	27,822	4,920	3,381	4,940		41,063	-	41,063
Unallocated liabilities:						83,850		83,850
Tax payables						32,826		32,826
Financial liabilities						51,024		51,024
TOTAL LIABILITIES						**124,913**	**-**	**124,913**
Other segment information								
Capital expenditure:								
Tangible fixed assets	3,571	1,089	1,950	1,780		8,390		8,390
Intangible fixed assets	756	-	-	38		794		794
Depreciation	6,572	882	2,753	877		11,084		11,084
Amortization	401	80	495	21		997		997

Segment reporting by geographical region (2008)

The 2008 segment reporting has been adapted to the segmentation changes made in 2009.

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting are composed as follows:

- Belgium + Corporate companies: production in Belgium plus sales by Sales Office Belgium + Corporate companies.
- France: production in France plus sales by Sales Office France.
- The Netherlands: production in the Netherlands plus sales by Sales Office Netherlands.
- Other: sales by Sales Office Export (export from Belgium to countries without own Sales Offices such as South Korea, Japan, etc.) and by own Sales Offices in Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom, North America, Spain (from 1 February 2008) and, from 1 December 2008: sales in Canada and Northern and Eastern Europe plus production in Canada and Sweden.

YEAR ENDED 31 DECEMBER 2008

in thousands of EUR	Belgium + Corporate companies	France	The Netherlands	Other	Eliminations	Total
Revenue						
Sales to external customers	86,531	37,360	83,251	49,544		256,686
Inter-segment sales	58,535	14,854	2,366	781	(76,536)	-
TOTAL REVENUE	**145,066**	**52,214**	**85,617**	**50,325**	**(76,536)**	**256,686**
Results						
Segment result REBIT	13,309	1,798	13,543	5,390	-	34,040
Non-recurrent operating result	-	-	(783)	4		(779)
Segment result EBIT	13,309	1,798	12,760	5,394	-	33,261
Result before tax, finance costs and finance revenue	13,309	1,798	12,760	5,394	-	33,261
Net finance costs						(6,939)
Result before income tax and minority interest						26,322
Income tax expense						(6,405)
Result from assets held for sale	248					248
Net profit for the year						**20,165**
Assets and liabilities						
Segment assets	58,366	14,408	98,555	37,624		208,953
Investment in associated companies	-					-
Unallocated assets:						18,959
Tax receivables						4,369
Financial receivables						42
Cash and cash equivalents						14,548
TOTAL ASSETS						**227,912**
Segment liabilities	24,862	8,269	9,757	4,647		47,535
Unallocated liabilities:						94,522
Tax payables						31,775
Financial liabilities						62,747
TOTAL LIABILITIES						**142,057**
Other segment information						
Capital expenditure:						
Tangible fixed assets	7,421	632	2,298	39		10,390
Intangible fixed assets	419	-	-	-		419
Depreciation	6,352	855	2,627	295		10,129
Amortization	619	106	131	15		871

4. OTHER OPERATING INCOME AND CHARGES

The other taxes are mainly local indirect taxes such as property taxes, municipal taxes, etc.

Other operating income consists primarily of changes in inventories of finished products, various costs recovered at the time of sale, contributions to the cost of training, and damage compensation payments.

in thousands of EUR	2009	2008
Other costs		
Other taxes	1,663	1,323
Other operating charges	728	228
TOTAL	**2,391**	**1,551**
Other revenues		
Transport charges	(639)	(725)
Received refunds	(298)	(396)
Fixed assets - own construction	(362)	(609)
Other operating income	(2,806)	(3,747)
TOTAL	**(4,105)**	**(5,477)**
Other operating income and charges (net)	**(1,714)**	**(3,926)**

5. FINANCIAL RESULTS

Notwithstanding two acquisitions in 2009 (the acquisition of the remaining 50% of the shares in the Corona-Lotus Inc. joint venture and of the remaining shares of Lotus Bakeries UK Ltd.), net financial debts, defined as financial debts less cash and cash equivalents, reduced, owing to the favourable cash flow development, from kEUR 40,392 at the end of 2008 to kEUR 26,986 at the end of 2009.

The financial instruments relate to the hedging of the foreign exchange risk on foreign currencies (USD, CAD, GBP, SEK, CHF and CZK) and of the interest rate risk on the financing of the acquisitions of Koninklijke Peijnenburg BV and Annas Pepparkakor. These were financed with floating rate investment credit facilities, with kEUR 48,576 outstanding at year-end.

The global market value of these interest rate hedging instruments evolved from kEUR 2,857 to kEUR 2,741. The negative value of the financial instruments used to hedge the interest rate risk on the financing of Koninklijke Peijnenburg BV was taken through the financial result.
For the interest rate hedges for the financing of Annas Pepparkakor, hedge accounting (cf. IAS 39) is applied. As a result the negative value of the interest rate hedging instruments relating to this financing is passed, not through the financial result, but through equity. For further details the reader is referred to note 27 (cf. IAS 1).

During the first half of 2008, the existing financial hedging instruments related to the financing of the acquisition of Koninklijke Peijnenburg were terminated and replaced with a new fixed rate hedge (interest rate swap). This termination gave rise to an other financial charge in 2008.

The overall market value of the financial instruments used to hedge the foreign exchange risk evolved from kEUR 349 to kEUR -190.

in thousands of EUR	2009	2008
Financial charges		
Interest charges	1,713	2,888
Exchange rate losses	2,582	2,523
Valuation to the fair value of the financial instruments	115	2,726
Other	1,947	1,142
TOTAL	**6,357**	**9,279**
Financial income		
Interest income	(83)	(358)
Exchange rate gains	(3,441)	(1,533)
Other	(7)	(449)
TOTAL	**(3,531)**	**(2,340)**
Financial results	**2,826**	**6,939**

6. PERSONNEL COSTS

The other personnel costs include among other things the costs of temporary staff and compensation for directors.

The increase in personnel costs in 2009 is explained by the growth of production volumes, the high inflation in 2008 which impacted wages in 2009 and by the full-year consolidation of Annas Pepparkakor.

in thousands of EUR	2009	2008
Salaries and wages	42,476	38,652
Social security contributions	9,937	9,048
Contributions for company pension plans with fixed contribution	1,030	804
Other personnel costs	11,553	12,699
Total personnel costs	**64,996**	**61,203**
Average number of members of personnel	1,231	1,233
Number of members of personnel as at the end of the year	**1,224**	**1,245**

7. DEPRECIATION AND AMOUNTS WRITTEN DOWN ON (IN)TANGIBLE ASSETS

See notes 11 and 12 concerning intangible and tangible assets.

in thousands of EUR	2009	2008
Depreciation of intangible assets	471	561
Depreciation of property, plant & equipment	10,613	9,568
TOTAL	**11,084**	**10,129**

8. NON-RECURRENT OPERATING RESULT

Grouped under non-recurrent operating result are those operating income items and charges that do not belong to or derive from the normal basic operating activities of the Group. This category includes the results from the sale or disposal of fixed assets, any goodwill impairment losses, write-downs or impairment losses on brands as a result of takeovers, provisions and costs for restructuring, etc.
The non-recurrent operating result for 2009 amounts to kEUR -294 and is mainly due to the amortization of the Wieger Ketellapper brand (see note 11).

9. INCOME TAXES ON THE RESULTS

Nominal tax increased by a substantial 28.1%. This is explained both by the higher nominal profit before taxation and a higher tax rate.

The average effective tax rate in 2009 was 26.1% versus 24.3% in 2008. The higher nominal income was achieved mainly in countries with higher tax rates.

in thousands of EUR	2009	2008
Income taxes on the results		
Income taxes on the results of the current year	8,296	6,109
Tax adjustments for previous years	720	(43)
Deferred taxation	(814)	339
Total tax charge reported in the income statement	8,202	6,405
Accounting profit before tax	**31,473**	**26,322**
Effective tax rate of the year	26.1%	24.3%
Reconciliation between theoretical and effective tax rate		
Results before taxation	31,473	26,322
Theoretical tax rate	33.99%	33.99%
Theoretical income tax expense	10,698	8,947
Effect of different taxation rates in other countries + deduction notional interest	(3,253)	(2,757)
Tax adjustments for previous years	720	(43)
Disallowed items	974	1,075
Tax free income	(477)	(380)
Tax losses used for which no deferred tax asset has been recorded	(427)	(467)
Change tax rate	(135)	27
Other	102	3
Actual income tax expense	8,202	6,405
Effective tax rate	26.1%	24.3%

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year (total number of shares - own shares).

Diluted earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options and warrants granted under the stock option plan for management (see note 25 hereafter).

YEAR ENDED 31 DECEMBER

in thousands of EUR	2009	2008
Earnings per share		
Net result attributable to equity holders of the Company	25,065	20,040
Weighted average number of ordinary shares	767,320	762,664
Basic earnings per share (EUR)	**32.67**	**26.28**
Weighted average number of shares under option	80,663	41,482
Weighted average number of shares which should be issued at average market rate	(62,871)	(10,980)
Dilutive effect	**17,792**	**30,502**
Weighted average number of shares after effect of dilution	785,112	793,166
Diluted earnings per share (EUR)	**31.93**	**25.27**
Earnings per share (EUR) from continued operations		
Result from discontinued operations	1,889	248
Result from continued operations attributable to equity holders of the Company	23,176	19,792
Weighted average number of ordinary shares	767,320	762,664
Basic earnings per share (EUR) of discontinued operations	2.46	0.33
Basic earnings per share (EUR) of continued operations	**30.21**	**25.95**
Weighted average number of shares after effect of dilution	785,112	793,166
Diluted earnings per share (EUR) of discontinued operations	2.41	0.31
Diluted earnings per share (EUR) of continued operations	**29.52**	**24.96**

11. INTANGIBLE ASSETS

Intangible assets refer to brands and software.

The brands relate to:
- the brands Peijnenburg and Wieger Ketellapper of Koninklijke Peijnenburg BV
- the Anna's brand of Annas Pepparkakor Holding AB.
- The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation. Brands have been valued using the DCF method.
- As the Peijnenburg brand serves as the base brand in the Netherlands, it is not amortized. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. The Wieger Ketellapper brand, which serves as a second brand in the Netherlands, is being amortized over a 10-year period. The fair value of this brand is also tested annually. The 'Netherlands' segment is defined here as a cash generating unit.
- The Anna's brand is used as the base brand for the Nordic region and as the base brand for its ginger thins (pepparkakor) products outside the Nordic region. This brand is not being amortized. Here too, the fair value is tested annually using the DCF method. The activity in the Nordic region plus the ginger thins activity outside this region are defined here as a cash generating unit. This cash generating unit was part of the segment 'Other' in note 3.

Software relates to the capitalized external and internal costs connected with the further basic implementation of the ERP information system SAP.

in thousands of EUR

at 31 December 2008	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	49,548	4,627	4,266	58,441
Acquisition during the year	-	-	423	423
Translation differences	-	-	33	33
Acquisition through business combinations	6,889	-	146	7,035
TOTAL ACQUISITION COST	**56,437**	**4,627**	**4,868**	**65,932**
Depreciation and amounts written down				
At the end of the preceding year	-	(694)	(3,020)	(3,714)
Depreciation during the year	-	(463)	(562)	(1,025)
Translation differences	-	-	(8)	(8)
Total depreciation and amounts written down	**-**	**(1,157)**	**(3,590)**	**(4,747)**
NET BOOK VALUE	**56,437**	**3,470**	**1,278**	**61,185**

at 31 December 2009	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	56,437	4,627	4,868	65,932
Acquisition during the year	-	-	794	794
Sales and disposals	-	-	(354)	(354)
Translation differences	36	-	-	36
TOTAL ACQUISITION COST	**56,473**	**4,627**	**5,308**	**66,408**
Depreciation and amounts written down				
At the end of the preceding year	-	(1,157)	(3,590)	(4,747)
Depreciation during the year	-	(463)	(504)	(967)
Sales and disposals	-	-	128	128
TOTAL DEPRECIATION AND AMOUNTS WRITTEN DOWN	**-**	**(1,620)**	**(3,966)**	**(5,586)**
NET BOOK VALUE	**56,473**	**3,007**	**1,342**	**60,822**

12. TANGIBLE ASSETS

Tangible assets are purchased by and are the full property of Lotus Bakeries.

This includes land and buildings, machines and office equipment. The tangible assets are unencumbered. For cars, the Group switched at the end of 2006 mainly to operating leasing.

The main investments are production investments for further automation, capacity extension and quality improvement.

in thousands of EUR

at 31 December 2008	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction and advance payments	Total
Acquisition cost					
At the end of the preceding year	59,318	131,632	14,378	1,687	207,015
Acquisition during the year	1,755	4,934	855	2,842	10,386
Sales and disposals	-	(99)	(972)	-	(1,071)
Transfers from one heading to another	42	951	-	(993)	-
Translation differences	-	(15)	11	-	(4)
Acquisition through business combinations	-	2,570	415	-	2,985
TOTAL ACQUISITION COST	**61,115**	**139,973**	**14,687**	**3,536**	**219,311**
Depreciation and amounts written down					
At the end of the preceding year	(23,588)	(88,149)	(11,838)	-	(123,575)
Depreciation during the year	(1,739)	(7,009)	(825)	-	(9,573)
Sales and disposals	-	88	734	-	822
Translation differences	-	(15)	(10)	-	(25)
Acquisition through business combinations	-	(191)	(361)	-	(552)
Total depreciation and amounts written down	(25,327)	(95,276)	(12,300)	-	(132,903)
NET BOOK VALUE	**35,788**	**44,697**	**2,387**	**3,536**	**86,408**

at 31 December 2009	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction and advance payments	Total
Acquisition cost					
At the end of the preceding year	61,115	139,973	14,687	3,536	219,311
Acquisition during the year	1,496	5,861	996	37	8,390
Sales and disposals	-	(402)	(753)	-	(1,155)
Transfers from one heading to another	69	2,924	31	(3,024)	-
Translation differences	-	456	(2)	-	454
TOTAL ACQUISITION COST	**62,680**	**148,812**	**14,959**	**549**	**227,000**
Depreciation and amounts written down					
At the end of the preceding year	(25,327)	(95,276)	(12,300)	-	(132,903)
Depreciation during the year	(1,814)	(8,039)	(649)	-	(10,502)
Sales and disposals	-	311	549	-	860
Translation differences	-	(307)	2	-	(305)
Total depreciation and amounts written down	(27,141)	(103,311)	(12,398)	-	(142,850)
NET BOOK VALUE	**35,539**	**45,501**	**2,561**	**549**	**84,150**

13. DEFERRED TAXES

No deferred tax assets are recorded for the fiscally transferable losses of Interwaffles SA given the remaining uncertainty as to whether sufficient taxable revenues will be generated in the future. At the end of 2009 these fiscally transferable losses amounted to kEUR 15,277 compared with kEUR 15,900 at the end of 2008.
With the exception of Interwaffles SA, the necessary deferred taxes for all temporary differences were recorded.

With the acquisition of Annas Pepparkakor an additional deferred tax liability of kEUR 2,585 has been recorded with respect to the Anna's brand and the capital gain on tangible fixed assets already expressed in the past.

NET DEFERRED TAXES

in thousands of EUR	2009	2008	Mutation
Deferred tax assets	353	170	183
Deferred tax liabilities	(28,619)	(29,320)	701
Net deferred taxes	**(28,266)**	**(29,150)**	**884**

CAUSE OF DEFERRED TAXATION

in thousands of EUR	2009	2008	Mutation
(In)tangible assets	2,413	217	2,196
Stocks	81	19	62
Employee benefits	522	474	48
Tax effect of tax loss carry-forwards	221	6	215
Deferred taxes on other assets	2,412	996	1,416
Netting by taxable entity	(5,296)	(1,542)	(3,754)
Gross deferred tax assets	**353**	**170**	**183**
(In)tangible assets	(30,304)	(26,998)	(3,306)
Stocks	(118)	(64)	(54)
Employee benefits	(8)	-	(8)
Provisions	(3,039)	(2,934)	(105)
Deferred taxes on other liabilities	(446)	(866)	420
Netting by taxable entity	5,296	1,542	3,754
Gross deferred tax liabilities	**(28,619)**	**(29,320)**	**701**
Net deferred taxes	**(28,266)**	**(29,150)**	**884**
to be recovered or settled within 12 months	(125)	(330)	
to be recovered or settled after more than 12 months	(28,144)	(28,820)	

14. DIVIDENDS

in thousands of EUR		
Dividend payments in	**2009**	**2008**
Gross dividend per ordinary share (EUR)	6.80	5.40
Gross dividend on ordinary shares	5,461	4,336
Proposed dividend per ordinary share (EUR)	**7.80**	**6.80**
Gross dividend on ordinary shares (2009: 772,563 shares - 2008: 803,037 shares)	6,026	5,461

This amount is not recognised as a debt at 31 December.

15. OTHER LONG-TERM RECEIVABLES

in thousands of EUR	2009	2008
Other receivables	50	22
Cash guarantees	51	58
TOTAL	**101**	**80**

16. STOCKS

Valuation allowances of kEUR 997 relate mainly to packaging material (kEUR 241) and finished products (kEUR 584). In 2008 valuation allowances of kEUR 728 were recorded.

in thousands of EUR	2009	2008
Raw materials and consumables	7,119	7,961
Work-in progress	242	238
Finished goods	5,477	5,615
Goods purchased	109	99
TOTAL	**12,947**	**13,913**

17. TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

The valuation allowances recorded against income in 2009 amount to kEUR 17.
In 2008, kEUR 58 of valuation allowances were charged against income. The trade receivables represent an average of 30 days of customer credit (2008: 30 days).

in thousands of EUR	2009	2008
Trade receivables	**21,288**	**20,985**
Other amounts receivable		
VAT recoverable	2,754	3,737
Income taxes	329	462
Other receivables	394	398
TOTAL	**3,477**	**4,597**

The other short-term receivables contain the current portion of the receivables payable after more than one year.

Movements on the group provision for impairment of trade receivables are as follows:

Provisions at 1 January	**999**	**1,019**
increase of provisions	(17)	148
changes in consolidation scope	-	38
reversal of unutilized provisions	-	(168)
provisions used during the year	-	(38)
Provisions at 31 December	**982**	**999**

18. NET CASH POSITION

The net cash position improved by kEUR 1,790 compared with 2008. This improvement reflects the net cash flow in 2009.

in thousands of EUR	2009	2008
Cash and cash equivalents	16,249	14,548
Short-term interest-bearing liabilities	(12,399)	(12,488)
TOTAL	**3,850**	**2,060**

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were balances on current accounts remunerated at market conditions.
The market value of these cash and cash equivalents is therefore equal to the book value.

in thousands of EUR	2009	2008
Cash	16,249	14,548
Cash equivalents	-	-
TOTAL	**16,249**	**14,548**

20. INTEREST-BEARING LIABILITIES

Long-term financial debts fell by kEUR 11,681 in 2009. Existing long-term loans were further reduced in accordance with the planned repayment schedule.

No new long-term borrowing was undertaken in 2009.

The value of all long-term and short-term liabilities is expressed in euro.
All interest-bearing liabilities were contracted at market conditions and the book value is therefore identical with the market value.

INTEREST-BEARING LIABILITIES REPAYMENT SCHEDULE

in thousands of EUR	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
Non-current interest-bearing liabilities	11,681	44,774	5,385	61,840
Current interest-bearing liabilities	807	-	-	807
TOTAL AT 31 DECEMBER 2008	**12,488**	**44,774**	**5,385**	**62,647**
Interests due on non-current interest-bearing liabilities	2,986	5,687	345	9,018
Non-current interest-bearing liabilities	13,023	34,443	2,693	50,159
Current interest-bearing liabilities	716	-	-	716
TOTAL AT 31 DECEMBER 2009	**13,739**	**34,443**	**2,693**	**50,875**
Interests due on non-current interest-bearing liabilities	1,958	2,678	51	4,687

The interests due on the loans with variable interest rate are calculated at the actual interest rate.
The unused credit amounts came to 47,563 kEUR at 31 December 2009.

21. ISSUED CAPITAL

All the shares are ordinary shares, registered, bearer or dematerialized.
The own shares have been bought in within the context of the share option plans mentioned in note 25.

	2009	2008
Ordinary shares, issued and fully paid, in thousands of EUR		
at 1 January	1,500	1,500
at 31 December	1,500	1,500
Number of ordinary shares		
at 1 January	803,037	803,037
at 31 December	803,037	803,037
Less: treasury shares held at 31 December	(33,613)	(44,411)
Shares outstanding at 31 December	769,424	758,626
Amounts of authorized capital, not issued		
in thousands of EUR	500	500

Structure of shareholdings

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

	Number 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.

22. OWN SHARES

Own shares purchased as part of the stock option plans and declared in note 25 were subtracted from equity.

in thousands of EUR	2009	2008
at 1 January	7,706	7,848
Purchased during the year	770	265
Sold during the year	(837)	(407)
at 31 December	7,639	7,706
Number of own shares		
at 1 January	39,607	44,411
Purchased during the year	2,992	1,256
Sold during the year	(8,986)	(6,060)
at 31 December	33,613	39,607

23. PROVISIONS

The provision for integration and restructuring relates to the integration and restructuring costs in the Netherlands.
The provision for the environment relates mainly to the Netherlands.
The other provisions relate mainly to contractual or legal obligations towards personnel and for research.

in thousands of EUR	Integration and restructuring	Environment	Other	Total
Provisions at 1 January 2008	**760**	**518**	**758**	**2,036**
Increase of provisions	327	14	37	378
Reversal of unutilized provisions	(241)	(182)	-	(423)
Provisions used during the year	(105)	(106)	(76)	(287)
Provisions at 31 December 2008	**741**	**244**	**719**	**1,704**
Long term	697	156	633	1,486
Short term	44	88	86	218
Provisions at 1 January 2009	**741**	**244**	**719**	**1,704**
Increase of provisions	-	100	261	361
Reversal of unutilized provisions	(727)	(2)	(339)	(1,068)
Provisions used during the year	-	(44)	1	(43)
Provisions at 31 December 2009	**14**	**298**	**642**	**954**
Long term	-	298	440	738
Short term	14	-	202	216

24. POST-EMPLOYMENT BENEFITS

Defined contribution plan

As part of the defined contribution plan, the Group pays contributions to well-defined insurance institutions. These employer contributions are subtracted from the results for the year concerned. The Group has no further payment obligations in addition to these contributions.

The Group expects to pay around kEUR 2,285 of contributions to these defined contribution plans in respect of 2010.

Defined benefit pension plan

There is a defined benefit pension plan in the subsidiaries in Germany and the Netherlands. In the Netherlands a defined benefit pension plan has been concluded with BPF. Given that the data for the defined pension calculation (cf. IAS 19) are unavailable, the benefit is treated under the rules for defined contribution schemes.

For the Belgian companies, there are provisions for early retirement in accordance with the valid Collective Work Agreement.
In France, there are pension requirements deriving from legal requirements.
For the defined benefit pension plan, provisions are formed by calculating the actuarial value of future interventions to the employees in question. No investments are held in respect of these pension plans.

The sums deducted from the income statement include the increase in cash value of the promised pension rights, the interest costs, the expected income, the actuarial profits or losses and expenses recorded over the period of service.

The provisions for early retirement pensions ('bridging pensions') at Belgian companies make up the largest part of the defined benefit pension liabilities.

The actuarial calculation of these is based on the following assumptions

	Beginning of the year	End of the year
Discount rate:	5.50%	5.00%
Inflation:	2.00% p.a.	2.00% p.a
Mortality table MR: for male employees FR: for female employees		

Present value of defined benefit obligations against which no investments are held:
The portion of short-term liabilities in the global provision for pensions is not significant.
No major adaptations were required in the past for pension liabilities.

The Group expects to pay out around kEUR 85 in 2010 under defined benefit pension schemes for Germany and France.

in thousands of EUR	2009	2008
Net periodic cost		
Adjustment of the opening balance	26	81
Retirement charges imputed to the period	97	(15)
Interest charges	85	71
Net periodic cost	**208**	**137**
Movement in the net liability		
Net debts as at 1 January	1,767	1,629
Adjustment of the opening balance	781	148
Retirement charges imputed to the period	97	(15)
Interest charges	85	71
Paid (received)	(58)	(66)
Net debts as at 31 December	**2,672**	**1,767**
Funding		
Present value of the obligation	2,608	1,687
Net actuarial gain or loss	64	80
Net debts as at 31 December	**2,672**	**1,767**

THE FIVE YEAR HISTORY OF THE NET DEBTS AS AT 31 DECEMBER IS AS FOLLOWS:

	in thousands of EUR
2005	1,686
2006	1,776
2007	1,629
2008	1,767
2009	2,672

25. SHARE-BASED PAYMENTS

Stock option plans

The stock option plans ratified by the Board of Directors of May and July 1999 and February 2005 stipulate that, starting in 1999 and until 2007 inclusively, options were granted each book year to management, until 2004 partially based on category and partially based on results and evaluation. Starting in 2005, a specific number of options is granted per category.
One option gives the holder the right to purchase ‘one’ normal Lotus Bakeries share at the fixed exercise price.
The exercise price is equal to the average closing stock market price of the underlying share during the thirty stock market days prior to offering date.
The standing options have a term of five years. After the exercise period, the options are no longer valid. The exercise period of the options granted in 2007 has been extended by five years under the terms of the Economic Recovery Act (‘herstelwet’).
To retain their exercise rights, option holders must remain attached to Lotus Bakeries or an Affiliated Company as an employee or executive director. These rights remain in their entirety in the event of pension retirement, early pension retirement, invalidity or death.
Options are exercised via equity.
No share options were granted in 2008. In 2009, 9,000 share options were granted to Lotus Bakeries employees.

Warrant plan

To replace the option plans for the coming years, a warrant plan was issued in 2007 for executives and senior management, with a term of seven years. Each warrant entitles the warrant holder to subscribe one Lotus Bakeries share at the established exercise price. This exercise price is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. After the expiry of the exercise period the warrants become worthless. Upon exercise the company will issue shares in favour of the warrant holder.
Warrants are definitively acquired only three years after the date of the offering, viz. 19 July 2010. All warrants that have been allocated become null and void if the employment contract or directorship is terminated before the end of this three year period, except where the warrant holder takes retirement pension, early retirement pension, or in the event of definitive disability or death. Where the warrant holder’s employment contract or directorship ends in the period between the third and fifth anniversaries of the date of offering, only half of the warrants that have been definitively acquired at that time may be exercised, and the other half of the definitively acquired warrants become null and void and lose all value.
No new warrants were allocated in 2008 and 2009. The warrants run for seven years, with the exercise period of the warrants granted in 2007 extended for five years by the Economic Recovery Act.

The share options and warrants outstanding at the end of the period have a weighted average term of seven years and five months.

The fair value of the options and warrants is estimated at the time of allotment, using the Monte Carlo valuation method. This valuation model is based on the following market data and assumptions: the share price at the time of allotment, the exercise price, the exercise arrangements, the estimated volatility, the dividend expectations and the interest rate. The fair value of the share options and warrants is charged to the vesting period.

For all options allocated on or after 7 November 2002 and for the warrants allocated in 2007, a charge of kEUR 1,137 was recorded in the income statement in 2009 (kEUR 1,079 in 2008).

NUMBER OF OPTIONS AND WARRANTS	2009	2008
Outstanding at 1 January	**83,611**	**91,154**
Options granted during the year	9,000	-
Options exercised during the year	(9,152)	(6,060)
Options expired during the year	(800)	(1,483)
Outstanding at 31 December	**82,659**	**83,611**
Exercisable at 31 December	2,659	3,611
Charge recorded in the income statement (kEUR)	1,137	1,079

Alloted in		Number alloted	Number exercised	Available balance	Exercise price	Exercise period
2002	Options	3,727	3,568	159	59.26	01/01/2006 - 02/06/2010
2005	Options	8,200	5,700	2,500	103.96	01/01/2009 - 12/05/2010
2006	Options	9,950	-	9,950	150.47	01/01/2010 - 11/05/2011
2007	Options	12,850	-	12,850	232.82	01/01/2011 - 10/05/2017
2007	Warrants	48,200	-	48,200	246.02	15/09/2012 - 30/09/2012
						15/03/2013 - 31/03/2013
						15/09/2013 - 30/09/2013
						15/03/2014 - 31/03/2014
						16/06/2014 - 30/06/2014
						15/03/2015 - 31/03/2015
						15/09/2015 - 30/09/2015
						15/03/2016 - 31/03/2016
						15/09/2016 - 30/09/2016
						15/03/2017 - 31/03/2017
						15/09/2017 - 30/09/2017
						15/03/2018 - 31/03/2018
						15/09/2018 - 30/09/2018
						15/03/2019 - 31/03/2019
						16/06/2019 - 30/06/2019
2009	Options	8,400	-	8,400	284.39	01/01/2013 - 07/05/2014
2009	Options	600	-	600	306.36	18/05/2013 - 24/09/2014
	TOTAL	**91,927**	**9,268**	**82,659**		

26. TRADE PAYABLES AND OTHER LIABILITIES

The decrease in trade payables and other liabilities is mainly due to the sharp reduction in trade payables in 2009 compared to 2008, explained by increasing use of cash payment with financial discounts.

in thousands of EUR	2009	2008
Trade debts	22,138	30,321
Remuneration and social security payable	9,518	8,480
Tax payable	4,207	2,455
Derivative financial instruments	3,001	2,543
Other current liabilities	704	1,089
Accrued charges and deferred income	2,078	1,632
TOTAL	**41,646**	**46,520**

27. FINANCIAL INSTRUMENTS

The Lotus Bakeries Group uses financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for business purposes. Derivatives are initially valued at cost price and thereafter at fair value.

Interest rate hedges:

The interest rate contracts cover the interest rate risk of long-term and short-term interest-bearing loans and borrowings with variable interest rates over Euribor up to 1 year.
The fair value of the interest rate derivatives is calculated using a model that takes into account the available market information on current and expected interest and exchange rates.

Most current contracts do not meet the requirements for hedge accounting (cf. IAS 39). The changes in the fair value of these current contracts are recognized in the income statement.
The current contracts for hedging the interest on the Annas Pepparkakor acquisition financing are eligible for hedge accounting (cf. IAS 39). For these contracts, changes in fair value are recognized through equity.

The interest rate risk on variable rate borrowings is 100% covered.

Exchange rate hedges:

Purchasing and selling takes place predominantly in euro. The main foreign currency transactions related to buying and selling take place in USD, CAD, GBP, CZK and SEK. The net foreign exchange risk of these currencies is almost fully hedged by forward and/or option contracts.

The fair value of the foreign currency derivatives is calculated using a valuation model based on the available market data on exchange rates and interest rates.

REAL VALUE AND RESULT OUTCOME

in thousands of EUR	2009	2008
Foreign currency derivatives		
Real value	(190)	349
Cost/(Revenue) in results	539	(131)
Interest rate derivatives		
Real value	(2,741)	(2,857)
Cost/(Revenue) in results	(423)	2,857
Decrease/(Increase) in equity	307	-

28. INVESTMENTS IN ASSOCIATED COMPANIES

In 2009 Lotus Bakeries sold its 40% shareholding in Harry's Benelux to the Harry's Group. The agreed takeover price, paid at the end of May 2009 to Lotus Bakeries, is based on a value of EUR 5.6 million for 100% of the shares of Harry's Benelux. The investment in Harry's Benelux NV was presented at 31 December 2008 as an asset held for sale (cf. note 34).

in thousands of EUR	2009	2008
Value according to the equity method		
At 1 January	-	410
Increase by way of profit participation	-	248
Received dividends	-	(321)
Transfer to assets held for sale	-	(337)
At 31 December	**-**	**-**

The Group's share of the result and balance sheet of Harry's Benelux NV is as follows:	2009	2008
Share of the assets and liabilities of assets held for sale		
Current assets	-	793
Current liabilities	-	(456)
Net assets	-	337
Analysis of the result of discontinued operations is as follows		
Revenues	-	2,297
Result	-	248
Share of the result from discontinued operations		
Result	1,889	-

29. ACQUISITIONS OF SUBSIDIARIES

Two transactions took place in 2009:

Corona-Lotus Inc.

At 19 December 2008 Lotus Bakeries announced that Corona-Lotus Inc. (USA) was to become a 100% subsidiary of the Lotus Bakeries Group. The final closing took place at 1 April 2009, when the remaining 50% of the shares of Corona-Lotus Inc. were transferred to the Lotus Bakeries Group.

Lotus Bakeries UK

At the beginning of 2009 Lotus Bakeries exercised its call option to acquire John Bowmer's remaining 25% shareholding in Lotus Bakeries UK for £ 300,000, giving it 100% ownership.

30. GOODWILL

Goodwill amounted at the beginning of 2009 to kEUR 24,233. Additional goodwill of kEUR 431 was recorded with the completion of the acquisition of Annas Pepparkakor.
Goodwill contains kEUR 17,151 from the acquisition of Koninklijke Peijnenburg, kEUR 1,704 from the acquisition of López Market and kEUR 5,982 from the acquisition of Annas Pepparkakor Holding AB.
This goodwill is tested annually for impairment using the DCF method. Here the segments 'Other' (for López Market, Annas Pepparkakor) and 'the Netherlands' (Koninklijke Peijnenburg) are defined as respective cash generating units. No impairment losses needed to be charged on this goodwill at the end of 2009.

in thousands of EUR	2009	2008
Acquisition cost		
Balance at end of previous year	24,233	17,237
Effect of movements in foreign exchange	259	(231)
Acquisitions of subsidiaries	431	7,227
Balance at end of year	24,923	24,233
Amortization and impairment losses		
Balance at end of previous year	(86)	(86)
Balance at end of year	(86)	(86)
Carrying amount		
at 31 December	24,837	24,147

31. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

1. Rent

The Group's commitments relate to the leasing of cars in Belgium, France, Germany and the Netherlands, of office space for Sales Offices other than in Belgium, the Netherlands and France and the leasing of buildings and equipment at Annas Pepparkakor in Sweden and Canada. The lease rental payments are charged to the income statement.

FUTURE RENTAL CHARGES AS OF 31 DECEMBER:

in thousands of EUR	2009	2008
Less than one year	1,458	1,661
Greater than one year and less than five years	3,770	3,539
More than five years	4,535	4,990

The annual rent costs of these commitments totalled kEUR 1,462 in 2009 (kEUR 1,020 in 2008).
The rental costs of Annas Pepparkakor and López included in the 2009 and 2008 income statement amount to kEUR 609 and kEUR 93. The future liabilities of Annas Pepparkakor and López Market relate mainly to the renting of buildings, and of equipment at Annas Pepparkakor: the contracts in Sweden run until 2022 and in Canada until 2016.

2. Commitments to acquire tangible fixed assets

As of 31 December 2009, the Group had kEUR 3,552 of commitments (2008: kEUR 1,782) for the purchase of fixed assets.

3. Raw materials contracts

Raw materials purchased for delivery in 2010: kEUR 13,392, in 2011: kEUR 2,828.
See also note 35-Financial risk management.

4. Other rights and commitments

Bank guarantees as of 31/12/2009: kEUR 181 (as of 31/12/2008: kEUR 151).
These bank guarantees relate mainly to guarantees given to cover refund requests on exports.

32. POST BALANCE SHEET EVENTS

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 at 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.

33. ALLIED PARTIES

A list of all Group companies is provided in note 1. The biggest Lotus Bakeries Group shareholders are Bisinvest NV that, as of 31 December 2009, held an undiluted interest of 58.55% and the Stichting Administratiekantoor van aandelen Bisinvest en Lotus Bakeries with an interest of 10.16%.

The remuneration of the CEO and the global remuneration of Corporate Executive Committee members, excluding the CEO, for 2009, consisting of fixed remuneration (equivalent to gross salary before social security charges, as direct compensation or via the purchase of services at market conditions from companies of which they are controlling shareholders), variable remuneration and other remuneration (group insurance and other) amount to:

	CEO	Corporate Executive Committee excl. CEO
Fixed remuneration	EUR 324,382	EUR 962,901
Variable remuneration	EUR 126,509	EUR 340,591
Pension	EUR 57,335	EUR 157,103
Other	EUR 13,795	EUR 39,458

9,000 new share options were issued in 2009 under the Lotus Bakeries share option plan. No new warrants were issued in 2009.

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 also receives compensation of EUR 5,000. In 2009, these compensations totalled EUR 257,500 and were deducted from the 2009 income statement.

34. ASSETS HELD FOR SALE

There were no significant assets held for sale at 31 December 2009.

35. FINANCIAL RISK MANAGEMENT

The Group's greatest market risks are fluctuations in raw material and packaging prices, exchange rates and interest rates.

1. Raw material and packaging prices

The risk of negative consequences of fluctuations in raw material prices on the financial results is limited by the signing of forward contracts with a fixed price in euro for the important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible. See also note 31-Rights and commitments not reflected in the balance sheet.

2. Exchange rate risks

The large majority of purchases are made in euro. In addition, on the sales side, a very large portion of turnover is paid in euro. The main foreign currency transactions related to buying and selling take place in USD, CAD, GBP, CZK and SEK. The net foreign exchange risk on these currencies is almost fully hedged by forward contracts and/or options contracts.

3. Interest rate risks

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 variable interest rate risk on the outstanding financial liabilities is 100% hedged.

4.Financial instruments

Sensitivity analysis:

Interest rate risk:
A 10 basis points higher Euribor interest rate in 2009 would have negatively impacted interest expense by approximately kEUR 60.

Exchange rate risk:
An average 5% lower USD, GBP, CAD, CZK and CHF exchange rate would have negatively affected net result by approximately kEUR 550.

The outstanding financial instruments concluded in the framework of the interest and exchange rate risks are intended to limit the impact of a possible rise in the Euribor interest rate of up to one year or a weakening of the USD or the GBP.

A change of 10 basis points in the Euribor interest rate or an exchange rate fluctuation of 5% compared with end-December 2009 do not significantly affect the fair value of these financial instruments.

The development of the interest and exchange rates and of the financial instruments is dynamically and systematically monitored in order to limit or avoid as far as possible the potential risks with regard to the interest rate effectively paid today or in the future or the negative impact of an unfavourable exchange rate development.

5. Credit risks

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.

6. Liquidity risks

Given the significant size of operating and net cash flow in relation to the net financial debt position, the Lotus Bakeries Group's liquidity risk is limited.
The contractual maturity dates of non-derivative financial debts and the estimates of interest payments and derivative financial instruments are as follows:

7. 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.

FINANCIAL ASSETS AND LIABILITIES

in thousands of EUR	2008	
	Less than 1 year	**More than 1 year**
Non-derivative financial liabilities		
Unsecured bank loans	(14,667)	(56,191)
Bank overdraft	(807)	-
Trade & other payables	(43,977)	(99)
	(59,451)	**(56,290)**
Derivative financial assets and liabilities		
Foreign currency derivatives	349	-
Interest rate derivatives	(635)	(2,222)
	(286)	**(2,222)**

in thousands of EUR	2009	
	Less than 1 year	**More than 1 year**
Non-derivative financial liabilities		
Unsecured bank loans	(14,981)	(39,865)
Bank overdraft	(716)	-
Trade & other payables	(38,644)	(148)
	(54,341)	(40,013)
Derivative financial assets and liabilities		
Foreign currency derivatives	(190)	-
Interest rate derivatives	(747)	(1,994)
	(937)	**(1,994)**

8. 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.

9. 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 benefit 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 (Belgium) and pension obligations resulting from legal requirements (France). These are also treated as defined benefit schemes. For these defined benefits schemes the necessary provisions are set up based on the actuarial current value of the future obligations to the employees concerned.

36. RESEARCH AND DEVELOPMENT

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2009 these costs amounted to kEUR 843.

37. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the year ended 31 December 2009, which has been prepared in accordance with the IFRS (Interim Finance Reporting Standards), gives us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2009 and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 8 April 2010

On behalf of the Board of Directors

Matthieu Boone	Jan Boone
CEO	Managing director

38. INFORMATION ABOUT THE STATUTORY AUDITOR, ITS REMUNERATION AND ADDITIONAL SERVICES RENDERED

The company's Statutory Auditor is PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Lieven Adams and Peter Opsomer.

	in thousands of EUR
Audit fees for the Group audit	
Lotus Bakeries NV	107
Lotus Bakeries Group	193
Total	**300**
Fees for the mandates of PricewaterhouseCoopers Accountants	158
Fees for the mandates of persons related to PricewaterhouseCoopers Accountants	142
Group's Auditor fees for additional services rendered	
Other audit-related fees	9
Tax fees	-
Other non-audit fees	16
Fees for additional services rendered of persons related to PricewaterhouseCoopers Accountants	
Other audit-related fees	-
Tax fees	83
Other non-audit fees	30

39. RECENT IFRS PRONOUNCEMENTS

The following new standards, amendments to standards and interpretations apply to the financial periods of the Group beginning on or after 1 January 2009:

- **IAS 1 (amended)**, 'Presentation of financial statements'. The necessary adjustments have been made to the consolidated income statement;
- **IFRS 8**, 'Operating Segments' replaces IAS 14 'Segment reporting'. The new standard applies a 'management approach', in which segment information is presented on the same basis as that used for internal purposes;
- **IFRS 7 (amendment)**, 'Financial Instruments: Disclosure'. The revision calls for improved disclosure of fair value and liquidity risk. As this revision concerns disclosure only, it does not impact the results;
- **IAS 23 (adapted)**, 'Borrowing costs';
- **IAS 32**, 'Financial instruments: presentation' and IAS 1, 'Presentation of financial statements', concerning puttable instruments and obligations arising on liquidation (amendment);
- **IFRS 2 (amendment)**, 'Share-based payments', concerning vesting conditions and cancellations;
- Amendment of **IFRIC 9** and **IAS 39** concerning embedded derivatives;
- **IFRIC 13**, 'Loyalty programmes';
- **IFRIC 14**, 'IAS 19 - the limit for an asset under a defined benefit plan, minimum funding requirements and their interaction';
- Improvements to **IFRSs** (published by IASB in May 2008).

The standards, amendments to and interpretations of existing standards published by the International Accounting Standards Board (IASB), which have been adopted by the EU and are applicable to the reporting periods of the Group beginning on or after 1 January 2010, and which the Group has applied anticipatively are:

- **IFRS 3 (adapted)**, 'Business combinations'
- **IAS 27 (amended)**, 'Consolidated and Separate Financial Statements', this adapted standard requires that the impact of all transactions with minority interests be treated in equity when there is no change in control. These transactions will no longer result in goodwill or gains and losses.

The standards, amendments to and interpretations of existing standards published by the International Accounting Standards Board (IASB), which have been adopted by the EU and are applicable to the reporting periods of the Group beginning on or after 1 January 2010 but which the Group has not applied anticipatively are:

- **IFRS 1 (adapted)**, 'First-time adoption of IFRS' (valid from 1 July 2009);
- **Amendments to IAS 39**, 'Financial Instruments: Recognition and Measurement', concerning qualifying hedged positions (valid from July 1, 2009);
- **Amendments to IAS 32**, 'Financial Instruments: presentation', concerning the classification of financial instruments (valid from 1 February 2010);
- **Amendments to IFRS 1**, 'First-time application of IFRS' and IAS 27 'Consolidated and Separate Financial Statements', relating to the costs of investing in a subsidiary, jointly controlled entity or associate' (valid from 1 July 2009);
- **IFRIC 12**, 'Service concession arrangements' (valid from 30 March, 2009);
- **IFRIC 15**, 'Contracts associated with the construction of buildings' (valid from 1 January 2010);
- **IFRIC 16**, 'Hedge of a net investment in a foreign operation' (valid from 1 July 2009);
- **IFRIC 17**, 'Distribution of assets other than cash to owners' (valid from 1 July 2009;
- **IFRIC 18**, 'Transfers of assets from customers' (valid from 31 October 2010)

The above standards had no impact on the consolidated financial statements of the Group.

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Lotus Bakeries NV and its subsidiaries (the 'Group') as of and for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The consolidated accounts of the Group are set forth in the financial supplement to and in Chapter V of the annual report. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2009 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000) 226,110 and the consolidated statement of income shows a profit, share of the Group, for the year of EUR (000) 25,065.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts set forth in the financial supplement to and in Chapter V of the annual report give a true and fair view of the Group's net worth and financial position as of 31 December 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts, set forth in chapter V of the annual report.

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Ghent, 9 April 2010

The statutory auditor
PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Lieven Adams	Peter Opsomer
Bedrijfsrevisor	Bedrijfsrevisor

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

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF PROFITS

ASSETS in thousands of EUR	**31-12-09**	**31-12-08**
Fixed Assets	**75,174**	**85,633**
II. Intangible assets	**222**	**26**
III. Tangible assets	**10,204**	**11,514**
A. Land and buildings	4,600	4,957
B. Plant, machinery and equipment	4,812	5,026
C. Furniture and vehicles	379	262
F. Assets under construction and advance payments	413	1,269
IV. Financial assets	**64,748**	**74,093**
A. Affiliated enterprises	64,655	73,919
1. Participating interests	484	484
2. Amounts receivable	64,171	73,435
B. Other enterprises linked by participating interests	-	80
1. Participating interests	-	80
C. Other financial assets	93	94
1. Shares	33	33
2. Amounts receivable and cash guarantees	60	61
Current Assets	**30,207**	**27,971**
V. Amounts receivable after more than one year	**43**	**7**
B. Other amounts receivable	43	7
VI. Stocks and contracts in progress	**4,173**	**4,757**
A. Stocks	4,173	4,757
1. Raw materials and consumables	2,360	2,590
2. Work in progress	95	37
3. Finished goods	1,018	1,313
4. Goods purchased for resale	700	817
VII. Amounts receivable within one year	**24,062**	**17,111**
A. Trade debtors	14,215	16,208
B. Other amounts receivable	9,847	903
VIII. Investments	**-**	**4,086**
B. Other investments and deposits	-	4,086
IX. Cash at bank and in hand	**964**	**1,401**
X. Deferred charges and accrued income	**965**	**609**
TOTAL ASSETS	**105,381**	**113,604**

LIABILITIES in thousands of EUR	**31-12-09**	**31-12-08**
Capital and reserves	**41,139**	**31,919**
I. Capital	**1,500**	**1,500**
A. Issued capital	1,500	1,500
II. Share premium account	**2,298**	**2,298**
IV. Reserves	**37,341**	**28,121**
A. Legal reserve	150	150
B. Reserves not available for distribution	72	72
2. Other	72	72
C. Untaxed reserves	1,050	905
D. Reserves available for distribution	36,069	26,994
Provisions and deferred taxation	**1,740**	**1,378**
VII. A. Provisions for liabilities and charges	**1,631**	**1,259**
1. Pensions and similar obligations	338	289
3. Major repairs and maintenance	1,212	962
4. Other liabilities and charges	81	8
B. Deferred taxation	109	119
Creditors	**62,502**	**80,307**
VIII. Amounts payable after more than one year	**23,179**	**32,452**
A. Financial debts	23,179	32,452
4. Credit institutions	23,159	32,423
5. Other loans	20	29
IX. Amounts payable within one year	**38,715**	**47,131**
A. Current portion of amounts payable after more than one year	9,277	9,285
B. Financial debts	407	5,269
1. Credit institutions	407	5,269
C. Trade debts	18,089	22,950
1. Suppliers	18,089	22,950
E. Taxes, remuneration and social security	4,583	3,726
1. Taxes	1,226	731
2. Remuneration and social security	3,357	2,995
F. Other amounts payable	6,359	5,901
X. Accrued charges and deferred income	**608**	**724**
TOTAL LIABILITIES	**105,381**	**113,604**

NOT-CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2009	2008
I. Operating income	**146,573**	**152,597**
A. Turnover	141,838	146,340
B. Increase/Decrease in stocks of finished goods, work and contracts in progress	(156)	1,050
C. Own construction capitalised	70	101
D. Other operating income	4,821	5,106
II. Operating charges	**(139,656)**	**(145,208)**
A. Raw materials, consumables and goods for resale	78,635	85,566
1. Purchases	78,560	86,502
2. Increase/Decrease in stocks	75	(936)
B. Services and other goods	35,470	36,096
C. Remuneration, social security costs and pensions	20,604	18,561
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	3,809	4,013
E. Increase/Decrease in amounts written off stocks, contracts in progress and trade debtors	355	499
F. Increase/Decrease in provisions for liabilities and charges	372	23
G. Other operating charges	411	450
III. Operating profit	**6,917**	**7,389**
IV. Financial income	**11,713**	**12,657**
A. Income from financial fixed assets	9,433	10,298
B. Income from current assets	150	112
C. Other financial income	2,130	2,247
V. Financial charges	**(2,965)**	**(8,052)**
A. Interest and other debt charges	1,182	3,075
C. Other financial charges	1,783	4,977
VI. Profit on ordinary activities before taxes	**15,665**	**11,994**
VII. Extraordinary income	**2,177**	**67**
D. Gain on disposal of fixed assets	2,177	67
VIII. Extraordinary charges	**9**	**18**
D. Loss on disposal of fixed assets	9	18
IX. Profit for the year before taxes	**17,833**	**12,043**
IX. Bis		
A. Transfer from deferred taxation	18	15
B. Transfer to deferred taxation	(9)	(22)
X. Income taxes	**(2,339)**	**(1,624)**
A. Income taxes	2,339	1,624
XI. Profit for the year	**15,503**	**10,412**
XII. Transfer from untaxed reserve	**36**	**40**
Transfer from untaxed reserve	(181)	(159)
XIII. Profit for the year available for appropriation	**15,358**	**10,293**

APPROPRIATION ACCOUNT

in thousands of EUR	2009	2007
A. Profit to be appropriated	15,358	10,293
1. Profit for the year available for appropriation	15,358	10,293
C. Transfer to capital and reserves	(9,075)	(4,547)
3. To other reserves	9,075	4,547
F. Distribution of profit	(6,283)	(5,746)
1. Dividends	6,026	5,461
2. Directors' emoluments	257	285

EXTRACT FROM THE NOTES

VIII. STATEMENT OF CAPITAL

	Amounts in thousands of EUR	Number of shares
A. CAPITAL		
1. Issued capital		
At the end of the preceding year	1,500	
At the end of the year	1,500	
2. Structure of the capital		
2.1. Different categories of shares		
Ordinary shares	1,500	803,037
2.2. Registered shares and bearer shares		
Registered		449,771
Bearer		353,266

C. OWN SHARES held by:		
- its subsidiaries	63	33,613

E. AMOUNTS OF AUTHORIZED CAPITAL, NOT ISSUED	**500**	

G. STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE: Situation at 31 December 2009

As applied by article 29 paragraph 1, 1 of the law of 2 May 2007 on disclosure of mayor holdings, the following notification of shareholding in Lotus Bakeries NV was received at 13 October 2008.

Announcer	Number of voting rights	% of voting rights
Bisinvest NV (1) Gentstraat 52 9971 Lembeke	470,175	58.55%
Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries Claude Debussylaan 24 NL-1082 MD Amsterdam	81,549	10.16%
Lotus Bakeries Group Services NV (2) Gentstraat 52 9971 Lembeke	38,517	4.80%
TOTAL	**590,241**	**73.51%**

(1) Bisinvest NV is controlled by 'Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries' in the Netherlands.
(2) Lotus Bakeries Group Services NV is controlled by Lotus Bakeries NV for 99.8 %.

ACCOUNTING PRINCIPLES

1. Assets

1.1 Formation expenses

Formation expenses have been recorded at cost and depreciated at 100%.

1.2 Intangible fixed assets

Intangible fixed assets are recorded at purchase or transfer price. The amortization percentages applied are:

• research and development	33%
• licensing	33%
• clientele	10%
• advances	0%

The amortization of clientele over ten years is justified by the stable client relationships that have been realised through the brands Lotus, Corona, Cremers and Suzy and which are now housed under the single Lotus brand.

1.3 Tangible fixed assets

Tangible fixed assets are included at purchase price. Ancillary costs were separately booked till 2002 included. As from 2003, they have been booked within the principal investment.

Beginning in 1993 assets under construction and advance payments have been depreciated according to their final destination, except for those fixed assets that are depreciated over a maximum of three years. These last mentioned assets are depreciated as from the year of coming into operation.

Investments in office equipment have since 1994 been depreciated over three years, instead of over five years. Since 1980 the declining balance method has been used wherever permitted. As from 2003 depreciation has been recorded rata temporis.

The following depreciation rates apply:

• Buildings	5%
• Installations and equipment	10%
• Machines, tools and furniture	20%
• Office equipment	33%
• Equipment subject to rapid wear and tear	33%
• Software	33%
• Vehicles	20%
• Ancillary costs from 2003 onwards pari passu with the principal investment	100%
• Advances on tangible fixed assets: according to their final destination	
• Produced fixed assets: according to their final destination.	

1.4 Financial fixed assets

Financial fixed assets are valued at acquisition price or contribution value without supplementary costs.

Reductions in value are applied where the estimated value of the financial fixed assets is less than the accounting value and where the loss of value so determined is of a lasting nature in the opinion of the Board of Directors.

The estimated value of the financial fixed assets is determined at the end of the accounting period based on the most recent available balance sheet and on one or more criteria.

Reductions in value are reversed, up to the amount of the previously recorded reductions in value, where the valuation at the closing date of the accounting period concerned significantly exceeds the previous valuation.

1.5 Stocks

Finished products are valued at direct production cost price.

Raw materials, consumables and goods for resale are booked at the cost of acquisition using the FIFO method.

For stocks, real reductions in value are applied where these have become worthless or their value in use or realisation value is lower than the cost price.

1.6 Receivables

The necessary reductions in value are applied to receivables the collection of which is in doubt.

Receivables are recorded at their nominal value, less any credit notes remaining to be drawn up.

Receivables in foreign currencies are converted at the exchange rate applying on the balance sheet date.

Negative exchange rate differences in non-euro currencies are included in the income statement as in the past.

1.7 Investments and cash at bank and in hand

Own shares are valued at purchase price.

Cash at bank and in hand in foreign currency is converted at the exchange rate applying on the balance sheet date.

Both the negative and the positive conversion differences are included in the profit and loss account.

2. Liabilities

2.1 Provisions for liabilities and charges

Provisions have been made for all normally foreseeable liabilities and charges.

2.2 Amounts payable within one year

- Suppliers: Debts to suppliers are booked at their nominal value. Debts in foreign currencies are valued at the rate of exchange on the balance date. Exchange rate differences are processed in the same way as for foreign currency receivables.

- Liabilities and provisions for taxes, remuneration and social security. The anticipated liabilities with regard to single and double holiday allowances, redistribution of social security charges and personnel insurances have been booked in full.

BAKERIES
>SINCE 1932<

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