



# LOTUS BAKERIES GROUP

## Interim Financial Reporting per 30 June 2015



## INDEX

### 1.Consolidated key figures

### 2.Management statement

- 2.1 Turnover
- 2.2 Operating result
- 2.3 Investments
- 2.4 Net financial debt
- 2.5 Acquisition of biscuit and chocolate distributor in South Korea
- 2.6 Fire at waffle factory in Meise
- 2.7 Conclusion

### 3.Consolidated financial statements

- 3.1 Consolidated income statement
- 3.2 Consolidated balance sheet
- 3.3 Consolidated cash flow statement
- 3.4 Consolidated statement of changes in equity

### 4.Condensed clarification on the Half-Year financial statements

- 4.1 Declaration of conformity
- 4.2 Segment information by geographic zone
- 4.3 Treasury shares
- 4.4 Dividends
- 4.5 Loan / Derivatives
- 4.6 Commitments to acquire tangible fixed assets
- 4.7 Fire at waffle factory in Meise
- 4.8 Purchase Price Allocation Lotus Korea

### 5.Acquisition of Natural Balance Foods, UK pioneer in 100% natural snacks

### 6.Risks and uncertainties

### 7.Transactions with related parties

### 8.Auditor's report

### 9.Declaration by the persons responsible for the Half-Year Financial Report

## 1. Consolidated key figures

Income statement <sup>(1)</sup> (in thousands of EUR)	30/06/2015	30/06/2014	Evolution %	
Turnover	195,567	167,798	+	16.5
Recurrent operating result (REBIT) <sup>(2)</sup>	29,376	22,079	+	33.0
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	37,753	30,412	+	24.1
Non-recurrent operating result	(1,091)	(222)	+	391.4
Operating result (EBIT) <sup>(4)</sup>	28,285	21,857	+	29.4
Financial result	311	(922)	-	-
Result before taxes	28,596	20,935	+	36.6
Taxes	(7,035)	(4,846)	+	45.2
Net result	21,561	16,089	+	34.0
Net result: non-controlling interests	1	-	+	-
Net result: Group share	21,560	16,089	+	34.0
Total number of shares on 30 June <sup>(5)</sup>	790,318	780,997	+	1.2
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	37.17	28.27	+	31.5
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	47.77	38.94	+	22.7
Net result: Group share	27.28	20.60	+	32.4
Balance sheet (in thousands of EUR)				
Balance sheet total	366,873	334,785	+	9.6
Equity	211,811	180,902	+	17.1
Investments <sup>(6)</sup>	6,267	8,427	-	25.6
Net financial debts <sup>(7)</sup>	22,728	47,112	-	51.8

(1) Further information on the balance sheet and income statement can be found on the website: [www.lotusbakeries.com](http://www.lotusbakeries.com)

(2) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.

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

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

(5) Total number of shares on 30 June, excluding treasury shares.

(6) Investments in tangible and intangible fixed assets.

(7) Net financial debts are defined as financial debts - cash investments - cash and cash equivalents - treasury shares.



## 2. Management statement

### 2.1 Turnover

During the first half of 2015, the consolidated turnover of the Lotus Bakeries Group grew by 16.5% to EUR 195.6 million. The increase in turnover is almost entirely attributable to a positive evolution of the Group brands, with a growth by around EUR 24 million being realized primarily by the continuing international growth of original caramelized biscuits ('Lotus Biscoff') and the expansion of Lotus Dinosaurus and Lotus waffles.

The strategy of internationalizing **Lotus Biscoff** in a sustainable way has been consistently pursued, which resulted in some very nice successes in the United States and the United Kingdom. In the United States, efforts continued to focus on strengthening distribution, while sales per store (rotation) increased as well as a result of the constant focus on greater in-store visibility and the right promotional campaigns. In the United Kingdom, continuing powerful growth is attributable to strong in-store presence, targeted PR campaigns, and distribution expansion. Other countries such as France, Switzerland, Germany, Austria, Israel, Kuwait and Saudi Arabia also realized a fine growth in sales of Lotus Biscoff.

The turnover of **Lotus Biscoff spread** increased strongly during the first six months, partly as a result of the introduction of a new packaging design which further emphasizes the link between the biscuit and the spread. In addition, Lotus Biscoff spread remains in many countries one of the favourite ingredients for desserts.

**Lotus Dinosaurus** grew in the domestic markets Belgium and France as a result of distribution gains, better shelf placement and good in-store activation for the basic product range on the one hand, and by the introduction of the new variety 'Dinosaurus filled', the typical Dinosaurus biscuits with a layer of real Belgian chocolate or vanilla in between. This new product range was enthusiastically welcomed by retailers, while the response from consumers is very positive as well. In the Netherlands, the basic range was successfully introduced on the biscuit shelf at the end of last year. This success is continuing in 2015 as a result of strong in-store support and advertising in TV commercials. In 2015, the first steps are being taken to introduce Lotus Dinosaurus in new international markets, which involves substantial investment in commercial and marketing efforts. The extra gross margin will be entirely reinvested in order to achieve sustainable growth.

The rebranding of the **waffles** to 'Lotus Suzy' in Belgium and the relaunch of the Liège waffles in France at the end of last year generated an attractive turnover growth in the waffle segment during the first half of 2015. In both countries, the segment was supported by national television campaigns, presence at events, and in-store promotion. The other Lotus waffles such as the vanilla waffles and filled waffles showed a positive evolution as well.





At the end of the first semester, a slight growth in the **gingerbread** category was again reported. At the end of 2014, the new Peijnenburg TV campaign was launched with the title 'Lekker thuis met Peijnenburg' (*Comfortably at Home with Peijnenburg*), and a new fresh foil packaging was put on the market. This strategy has laid the foundations for a strengthening of market share and for further growth. In the second half of 2015, the healthy aspects of gingerbread will be put firmly in the spotlight with the introduction of some new varieties.

## 2.2 Operating result

The recurring operating result and the recurring operating cash flow increased by EUR 7.3 million compared to last year, to EUR 29 million (+33%) and nearly EUR 38 million (+24%) respectively.

The increased operating result is primarily attributable to the strong turnover growth in Lotus Biscoff as well as in Lotus Dinosaurus and waffles. The growth in turnover allows the Group to keep stepping up its commercial efforts for the different brands in the various countries, both in terms of marketing and in-store promotion. In France, three television campaigns were launched, two for Lotus Biscoff and one for Liège waffles. In the Netherlands, a new commercial was aired with the title 'Lekker thuis met Peijnenburg', while Lotus Koffieleutjes and Lotus Dinosaurus were supported as well. In Belgium, Lotus was also omnipresent with television support for Lotus Biscoff, Lotus Dinosaurus, Lotus Frangipane and the Lotus Suzy commercial.

The volume growth in Lotus Biscoff also ensures optimal capacity utilization at the plant, making a substantial positive contribution to the operating result. As of mid-June 2014, Lotus Dinosaurus is produced in-house at the Lembeke plant, which guarantees increased cost-effectiveness as well as superior product quality and flexibility. Lotus Bakeries also continues to focus on improving efficiency and flexibility at the production plants and in the supply chain. For that purpose, the Group invested in a system to optimize the storage of packaging materials in Lembeke. Moreover, a project was initiated to optimize the logistics flows and bring them closer to the customer.

The non-recurring operating result amounts to EUR -1.1 million and is mainly attributable to acquisition costs, restructuring of the logistical operations at the distribution centre in Lokeren, and the depreciation of the brand Wieger Ketellapper.

The financial result of EUR 0.3 million mainly consists of positive exchange rate results. The interest charges were lower by half than last year as a result of the continuing debt reduction and the low interest rates.

The tax expense amounts to EUR 7 million or 24.6% of pre-tax profit, which is in line with the tax percentage at year-end 2014.

The net result for the first half-year increased by EUR 5.5 million (+34%) compared to 2014 and stands at EUR 21.6 million.





## 2.3 Investments

The investment level during the first half of 2015 amounted to EUR 6.3 million. The main investments were done in Belgium and the Netherlands, with the installation of a new packaging robot for Lotus Madeleines at the Oostakker plant, investment in extra capacity in Lembeke, and the installation of a new oven at the gingerbread plant in Sintjohannesga.

## 2.4 Net financial debt

As a result of the strong operating cash flow, the net financial debt decreased by EUR 24 million to EUR 22.7 million over the past 12 months, despite a total cash outflow of EUR 35 million for investments and acquisitions.

## 2.5 Acquisition of biscuit and chocolate distributor in South Korea

On 25 March 2015, the Lotus Bakeries Group acquired 100% of the shares of Lotus Korea, a leading distributor of biscuits and chocolate in South Korea. With this acquisition, the Lotus Bakeries Group further consolidates its position in Asia, where it is now present with a sales office in China and South Korea, two growing economies with enormous potential.

Soon after the acquisition, work began on the implementation of SAP and a strategic study of market dynamics and opportunities in South Korea with a view to setting up the best strategy, structure and organization to support the future growth and profitability in a sustainable way.

The results of Lotus Korea were consolidated for a period of three months as from the first of April 2015.

## 2.6 Fire at waffle factory in Meise

On 3 June 2015, fire broke out at the waffle factory of Lotus Bakeries in Meise. All personnel present at the plant were evacuated in time and brought to safety. The firefighters made every effort to get the fire under control, but unfortunately the factory burnt down completely.

The Meise plant produced waffles mainly for the French and British markets. The waffles for the Belgian market are made at the Courcelles plant.







Lotus Bakeries is very proud that it managed to get the products back on the shelves in the course of June, and that the impact on turnover in the second half of the year will be relatively limited. Most of the production was taken over by the waffle factory in Courcelles.

Lotus Bakeries is currently looking into various ways to restore the lost capacity internally, more details will follow in the course of September.

## 2.7 Conclusion

For the first half of 2015, Lotus Bakeries can present an attractive growth of 16.5% on turnover and 33% on recurring operating result.

Lotus Bakeries continues to invest strongly in the future by looking for new distribution opportunities in countries where it is not present yet, and by establishing new sales offices in Asia (China and South Korea) and South America. Those sales offices allow to respond more quickly and more effectively to the specific market dynamics, but call for substantial investments in organization, marketing and commercial support, especially in the early years. Hence there is a limited impact on profitability. The growth in the United Kingdom and the United States proves that this is a successful strategy, supported by strong local management teams that implement the strategy of Lotus Bakeries correctly and consistently.

Furthermore, the profitability growth has been achieved by major commercial efforts in the domestic markets (Belgium, the Netherlands and France), thereby focusing on clear and consistent communication with the end consumer. Lotus Bakeries firmly believes that in the long term it will have to continue to invest significantly in marketing and sales to support and further expand its brands and product range.

The strategy of an extensive focus on the main specialties will be pursued as well as the further internationalization of Lotus Biscoff.

Lotus Bakeries continues to invest in its production plants, particularly in machinery, safety and process optimization. In this way, efforts continue to increase production efficiency at the different sites, while at the same time a consistently high quality standard of the various products can be guaranteed. The supply chain is also under review to ensure that Lotus Bakeries can get the products to the consumer even more quickly.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right basis and strategy are in place to keep growing in the future.





CEO Jan Boone is pleased with the results and developments of the past half-year:

*"We can report an excellent internal growth rate of more than 10% during this first half-year. Furthermore, our profitability is growing more strongly than the turnover, which shows that, by investing in people and production plants during the past few years, the right foundations have been laid for a sustainable and profitable long-term growth."*

*Nevertheless, the first half of 2015 was also a turbulent period, with the fire at the Meise factory sounding a particularly sour note. We deeply regret the loss of the factory. Nevertheless, we are proud that the Belgian management team succeeded so quickly in getting our products back on the shelves. Making up the lost capacity internally as soon as possible will be a major challenge for the near future."*

*With the acquisition of Lotus Korea and the ongoing expansion of the sales office in China, we have laid the foundations for further growth in a very attractive market. Through our partnership with Natural Balance Foods, we want to penetrate the market of natural snacks, a growing segment that is becoming mainstream and not just a passing fad."*





### 3. Consolidated financial statements

#### 3.1 Consolidated income statement

in thousands of EUR	Jan-Jun 2015	Jan-Jun 2014
<b>Turnover</b>	<b>195,567</b>	<b>167,798</b>
Raw materials, consumables and goods for resale	(55,686)	(50,996)
Services and other goods	(57,393)	(46,209)
Personnel costs	(43,223)	(39,176)
Depreciation and amortization on formation expenses, intangible and tangible assets	(7,466)	(7,231)
Amounts written off stocks, contracts in progress and trade debtors	(716)	(794)
Other operating charges	(2,464)	(2,050)
Other operating income	757	737
<b>Recurrent operating result (REBIT) <sup>(1)</sup></b>	<b>29,376</b>	<b>22,079</b>
Non-recurrent operating result	(1,091)	(222)
<b>Operating result (EBIT) <sup>(2)</sup></b>	<b>28,285</b>	<b>21,857</b>
Financial result	311	(922)
Financial income	4,193	1,415
Financial charges	(3,882)	(2,337)
<b>Result before taxes</b>	<b>28,596</b>	<b>20,935</b>
Taxes	(7,035)	(4,846)
<b>Result after taxes</b>	<b>21,561</b>	<b>16,089</b>
<b>NET RESULT</b>	<b>21,561</b>	<b>16,089</b>
Net result: non-controlling interests	1	-
Net result: Group share	21,560	16,089
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>(462)</b>	<b>(417)</b>
Currency translation differences	(479)	(417)
Gain/(Loss) on cash flow hedges, net of tax	17	-
<b>Other comprehensive income</b>	<b>(462)</b>	<b>(417)</b>
<b>Total comprehensive income</b>	<b>21,099</b>	<b>15,672</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	1	-
Equity holders of Lotus Bakeries	21,098	15,672



in thousands of EUR	Jan-Jun 2015	Jan-Jun 2014
<b>Earnings per share</b>		
Weighted average number of shares	787,183	776,492
<b>Basic earnings per share: Group share (EUR)</b>	<b>27.39</b>	<b>20.72</b>
Weighted average number of shares after effect of dilution	800,839	793,036
<b>Diluted earnings per share: Group share (EUR)</b>	<b>26.92</b>	<b>20.29</b>
Total number of shares <sup>(3)</sup>	811,463	803,013
<b>Earnings per share: Group share (EUR)</b>	<b>26.57</b>	<b>20.04</b>
<p>(1) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.</p> <p>(2) EBIT is defined as recurrent operating result + non-recurrent operating result.</p> <p>(3) Total number of shares including treasury shares.</p>		



### 3.2 Consolidated balance sheet

in thousands of EUR	30/06/2015	31/12/2014
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>275,857</b>	<b>263,881</b>
Tangible assets	136,884	137,569
Goodwill	58,492	46,135
Intangible assets	74,498	74,674
Investment in other companies	17	22
Deferred tax assets	5,654	5,275
Other non-current assets	312	206
<b>Current assets</b>	<b>91,016</b>	<b>73,108</b>
Stocks	26,815	17,898
Trade receivables	45,774	38,804
VAT receivables	3,856	3,333
Income tax receivables	604	421
Other amounts receivable	4,127	112
Cash and cash equivalents	8,484	11,855
Deferred charges and accrued income	1,356	685
<b>TOTAL ASSETS</b>	<b>366,873</b>	<b>336,989</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>211,811</b>	<b>200,629</b>
Share Capital	15,269	13,190
Retained earnings	207,977	196,147
Treasury shares	(11,685)	(9,419)
Other reserves	194	656
Non-controlling interests	56	55
<b>Non-current liabilities</b>	<b>80,799</b>	<b>39,506</b>
Interest-bearing loans and borrowings	40,000	325
Deferred tax liabilities	36,608	34,905
Pensions	3,515	3,558
Provisions	589	661
Other non-current liabilities	87	57
<b>Current liabilities</b>	<b>74,263</b>	<b>96,854</b>
Interest-bearing loans and borrowings	2,897	41,144
Pensions	56	56
Provisions	56	56
Trade payables	41,208	33,309
Remuneration and social security	12,914	12,357
VAT payables	304	126
Tax payables	5,813	7,097
Derivative financial instruments	13	10
Other current liabilities	7,563	147
Accrued charges and deferred income	3,439	2,552
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>366,873</b>	<b>336,989</b>

### 3.3 Consolidated cash flow statement

in thousands of EUR	HY 2015	HY 2014
<b>Operating activities</b>		
Net profit	21,560	16,089
Amortization of (in)tangible assets	7,697	7,231
Valuation allowances current assets	716	794
Provisions	(60)	(596)
Capital loss on disposal of fixed assets	35	70
Financial income	(4,193)	(1,415)
Financial charges	3,882	2,337
Taxes	7,035	4,846
Share-based compensation expense	220	126
Non-controlling interests	1	-
<b>Gross cash provided by operating activities</b>	<b>36,893</b>	<b>29,482</b>
Decrease/(Increase) in inventories	(2,334)	(4,750)
Decrease/(Increase) in trade accounts receivable	(2,488)	(915)
Decrease/(Increase) in other assets	(209)	1,795
Increase/(Decrease) in trade accounts payable	7,821	(1,365)
Increase/(Decrease) in other liabilities	(3,731)	(2,839)
<b>Change in operating working capital</b>	<b>(941)</b>	<b>(8,074)</b>
Income tax paid	(5,534)	(2,125)
Interest paid	(279)	(426)
Other financial income and charges received/paid	(229)	(313)
<b>Net cash provided by operating activities</b>	<b>29,910</b>	<b>18,544</b>
<b>Investing activities</b>		
(In)tangible assets - acquisitions	(7,017)	(10,490)
(In)tangible assets - other changes	1,087	68
Acquisition of a subsidiary	(11,941)	-
Financial assets - other changes	5	5
<b>Net cash used in investing activities</b>	<b>(17,866)</b>	<b>(10,417)</b>



in thousands of EUR	HY 2015	HY 2014
<b>Net cash flow before financing activities</b>	<b>12,044</b>	<b>8,127</b>
<b>Financing activities</b>		
Dividends paid	(9,874)	(8,465)
Treasury shares	(2,171)	136
Increase of capital	2,079	1,944
Receivings (+)/Reimbursement (-) of long-term funding	39,651	(7,550)
Receivings (+)/Reimbursement (-) of short-term funding	(46,131)	2,807
Receivings (+)/Reimbursement (-) of long-term receivables	848	(72)
<b>Cash flow from financing activities</b>	<b>(15,598)</b>	<b>(11,200)</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,554)</b>	<b>(3,073)</b>
Cash and cash equivalents on January 1st	11,855	11,933
Effect of exchange rate fluctuations	183	(16)
Cash and cash equivalents on June 30	8,484	8,844
<b>Net change in cash and cash equivalents</b>	<b>(3,554)</b>	<b>(3,073)</b>



### 3.4 Consolidated statement of changes in equity

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurements of post employment benefit obligations	Hedging reserves	Other reserves	Equity - part of the Group	Non-controlling interests	Total Equity
<b>EQUITY as on 1 January 2014</b>	<b>3,499</b>	<b>7,747</b>	<b>11,246</b>	<b>167,099</b>	<b>(9,442)</b>	<b>2,005</b>	<b>409</b>	-	<b>2,414</b>	<b>171,317</b>	<b>58</b>	<b>171,375</b>
Profit of the Financial Year	-	-	-	16,089	-	-	-	-	-	16,089	-	16,089
Currency translation differences	-	-	-	-	-	(416)	-	-	(416)	(416)	-	(416)
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(416)	-	-	(416)	(416)	-	(416)
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	<b>16,089</b>	-	<b>(416)</b>	-	-	<b>(416)</b>	<b>15,673</b>	-	<b>15,673</b>
Dividend to shareholders	-	-	-	(8,587)	-	-	-	-	-	(8,587)	-	(8,587)
Increase in capital	35	1,909	1,944	-	-	-	-	-	-	1,944	-	1,944
Acquisition/sale own shares	-	-	-	-	(120)	-	-	-	-	(120)	-	(120)
Share-based compensation expense	-	-	-	126	-	-	-	-	-	126	-	126
Other	-	-	-	492	-	(1)	-	-	(1)	491	-	491
<b>EQUITY as on 30 June 2014</b>	<b>3,534</b>	<b>9,656</b>	<b>13,190</b>	<b>175,219</b>	<b>(9,562)</b>	<b>1,588</b>	<b>409</b>	-	<b>1,997</b>	<b>180,844</b>	<b>58</b>	<b>180,902</b>
Unavailable for distribution				31,972								
Available for distribution				143,247								

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurements of post employment benefit obligations	Hedging reserves	Other reserves	Equity - part of the Group	Non-controlling interests	Total Equity
<b>EQUITY as on 1 January 2015</b>	<b>3,534</b>	<b>9,656</b>	<b>13,190</b>	<b>196,147</b>	<b>(9,419)</b>	<b>811</b>	<b>(155)</b>	-	<b>656</b>	<b>200,574</b>	<b>55</b>	<b>200,629</b>
Profit of the Financial Year	-	-	-	21,560	-	-	-	-	-	21,560	1	21,561
Currency translation differences	-	-	-	-	-	(479)	-	-	(479)	(479)	-	(479)
Hedging reserves	-	-	-	-	-	-	-	26	26	26	-	26
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	(9)	(9)	(9)	-	(9)
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(479)	-	17	(462)	(462)	-	(462)
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	<b>21,560</b>	-	<b>(479)</b>	-	<b>17</b>	<b>(462)</b>	<b>21,098</b>	<b>1</b>	<b>21,099</b>
Dividend to shareholders	-	-	-	(10,293)	-	-	-	-	-	(10,293)	-	(10,293)
Increase in capital	37	2,042	2,079	-	-	-	-	-	-	2,079	-	2,079
Acquisition/sale own shares	-	-	-	-	(2,266)	-	-	-	-	(2,266)	-	(2,266)
Share-based compensation expense	-	-	-	220	-	-	-	-	-	220	-	220
Other	-	-	-	343	-	-	-	-	-	343	-	343
<b>EQUITY as on 30 June 2015</b>	<b>3,571</b>	<b>11,698</b>	<b>15,269</b>	<b>207,977</b>	<b>(11,685)</b>	<b>332</b>	<b>(155)</b>	<b>17</b>	<b>194</b>	<b>211,755</b>	<b>56</b>	<b>211,811</b>
Unavailable for distribution				32,279								
Available for distribution				175,698								

Reserves are unavailable for distribution because of legal restrictions.

in thousands of EUR

## 4. Condensed clarification on the half-year financial statements

### 4.1 Declaration of conformity

These consolidated half-year financial statements have been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission, and with IAS 34. These half-year financial statements also meet the requirements imposed by the Royal Decree of 14 November 2007. The accounting principles applied in this report are the same as those used in the previous financial year, with the exception of:

- IFRIC 21 'Levies'; and
- Annual improvements to IFRS standards (2010-2012 cycle and 2011-2013 cycle).

The implementation of these new and revised guidelines had no material impact on the Group's condensed financial statements. Lotus Bakeries did not implement in advance any new IASB guidelines that were published but not yet effective after balance sheet date.





## 4.2 Segment information by geographical zone

For the purpose of sales, production and internal reporting, the Group is organized according to geographical regions.

The regions presented in the segment reporting, which are based on the internal reporting system are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands
- Other: sales from Belgium to countries without own Sales Offices (such as South Korea (up to March 2015), Japan, etc.) and by own Sales Offices in Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom, North America and Chile, Spain, China, South-Korea (from April 2015) and Northern and Eastern Europe plus production in Sweden.

Sales between the various segments are carried out at arm's length.

Year ended 30 June 2015	Continuing operations					
in thousands of EUR	Belgium	France	Netherlands	Other <sup>(1)</sup>	Eliminations + Corporate companies	Total
<b>Revenue</b>						
Sales to external customers	63,470	32,860	44,948	54,289	-	195,567
Inter-segment sales	38,862	6,509	740	1,105	(47,216)	-
<b>Total revenue</b>	<b>102,332</b>	<b>39,369</b>	<b>45,688</b>	<b>55,394</b>	<b>(47,216)</b>	<b>195,567</b>
<b>Results</b>						
Segment result REBIT	10,503	257	8,838	4,412	5,366	29,376
Non-recurrent operating result	(367)	-	(231)	20	(513)	(1,091)
Segment result EBIT	10,136	257	8,607	4,432	4,853	28,285
Result before tax, finance charges and finance income	10,136	257	8,607	4,432	4,853	28,285
Net finance costs						311
Result before income tax and non-controlling interests						28,596
Income tax expense						(7,035)
<b>Net profit for the year</b>						<b>21,561</b>
<b>Assets and liabilities</b>						
Non-current assets	98,727	6,589	105,451	40,714	18,640	275,857
Segment assets	98,727	6,589	105,451	40,714	18,640	270,121
Unallocated assets:						5,736
Deferred tax assets						5,654
Financial receivables						82
Current assets	29,111	10,693	11,629	24,571	2,062	91,016
Segment assets	29,111	10,693	11,629	24,571	2,062	78,066
Unallocated assets:						12,950
VAT receivables						3,856
Income tax receivables						604
Financial receivables						6
Cash and cash equivalents						8,484
<b>Total assets</b>						<b>366,873</b>
Non-current liabilities	1,514	721	1,034	337	505	80,799
Segment liabilities	1,514	721	1,034	337	505	4,111
Unallocated liabilities:						76,688
Deferred tax liabilities						36,608
Financial liabilities						40,080
Current liabilities	23,682	7,815	5,473	21,230	7,049	74,263
Segment liabilities	23,682	7,815	5,473	21,230	7,049	65,249
Unallocated liabilities:						9,014
VAT payables						304
Tax payables						5,813
Financial liabilities						2,897
<b>Total liabilities</b>						<b>155,062</b>





Year ended 30 June 2015

Continuing operations

in thousands of EUR

**Other segment information**

Capital expenditure:

	Belgium	France	Netherlands	Other <sup>(1)</sup>	Eliminations + Corporate companies	Total
Tangible fixed assets	2,539	58	1,258	117	2,077	6,049
Intangible fixed assets	-	-	67	-	151	218
Depreciation	4,252	610	1,486	517	601	7,466
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	506	55	144	9	2	716

(1) 'Other' segment: there are no geographical regions representing more than 10% of total sales.





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

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands.
- Other: sales 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 and Chile, Spain and Northern and Eastern Europe plus production in Sweden.

Sales between the various segments are carried out at arm's length.

#### Year ended 30 June 2014

	Continuing operations					
in thousands of EUR	Belgium	France	Netherlands	Other <sup>(1)</sup>	Eliminations + Corporate companies	Total
<b>Revenue</b>						
Sales to external customers	62,379	29,553	40,048	35,818		167,798
Inter-segment sales	35,306	7,269	784	1,289	(44,648)	-
<b>Total revenue</b>	<b>97,685</b>	<b>36,822</b>	<b>40,832</b>	<b>37,107</b>	<b>(44,648)</b>	<b>167,798</b>
<b>Results</b>						
Segment result REBIT	12,269	(278)	7,040	2,251	797	22,079
Non-recurrent operating result	199	-	(422)	1	-	(222)
Segment result EBIT	12,468	(278)	6,618	2,252	797	21,857
Result before tax, finance costs and finance revenue	12,468	(278)	6,618	2,252	797	21,857
Net finance costs						(922)
Result before income tax and minority interest						20,935
Income tax expense						(4,846)
<b>Net profit for the year</b>						<b>16,089</b>
<b>Assets and liabilities</b>						
Non-current assets	104,205	7,074	106,412	26,114	15,112	263,619
Segment assets	104,205	7,074	106,412	26,114	15,112	258,917
Unallocated assets:						4,702
Deferred tax assets						4,652
Financial receivables						50
Current assets	24,486	10,972	7,293	13,216	3,863	71,166
Segment assets	24,486	10,972	7,293	13,216	3,863	59,830
Unallocated assets:						11,336
VAT receivables						1,844
Income tax receivables						639
Financial receivables						9
Cash and cash equivalents						8,844
<b>Total assets</b>						<b>334,785</b>
Non-current liabilities	1,436	808	386	260	476	37,282
Segment liabilities	1,436	808	386	260	476	3,366
Unallocated liabilities:						33,916
Deferred tax liabilities						33,501
Financial liabilities						415
Current liabilities	17,075	7,649	5,004	10,198	5,701	116,601
Segment liabilities	17,075	7,649	5,004	10,198	5,701	45,627
Unallocated liabilities:						70,974
VAT payables						183
Tax payables						5,647
Financial liabilities						65,144
<b>Total liabilities</b>						<b>153,883</b>





Year ended 30 June 2014

	Continuing operations					
in thousands of EUR	Belgium	France	Netherlands	Other <sup>(1)</sup>	Eliminations + Corporate companies	Total
<b>Other segment information</b>						
Capital expenditure:						
Tangible fixed assets	5,259	256	596	458	1,500	8,069
Intangible fixed assets	-	-	-	-	358	358
Depreciation	4,084	603	1,479	506	559	7,231
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	383	16	209	185	1	794

(1) 'Other' segment: there are no geographical regions representing more than 10% of total sales.



#### 4.3 Treasury shares

On 31 December 2014, Lotus Bakeries owned 21,416 out of the 803,013 total issued shares. On 30 June 2015, Lotus Bakeries owned 21,145 out of the 811,463 total issued shares. Such treasury shares, which have been purchased under the option plans program for senior staff members and group management, have been deducted from equity.

#### 4.4 Dividends

On 18 May 2015, EUR 10,293,187 of gross dividends in respect of the financial year 2014 were paid out.

On 15 May 2014, EUR 8,587,220 of gross dividends in respect of the financial year 2013 were paid out.

#### 4.5 Loan / Derivatives

As a result of the strong operating cash flow, the net financial debt decreased by EUR 24 million to EUR 22.7 million over the past 12 months, despite a total cash outflow of EUR 35 million for investments and acquisitions.

In the second quarter of 2015, Lotus Bakeries refinanced its short-term interest-bearing liabilities with bank loans of EUR 40 million with a five-year maturity. At the same time, Lotus Bakeries entered into five-year interest rate swap agreements (variable for fixed) to hedge cash flow fluctuations caused by interest rate changes. The maturity dates and face value of the interest rate swap agreements ('hedging instrument') correspond to those of the underlying debt ('hedged position'). The Group identified and documented the transaction as a 'cash flow hedge' and recognized it as such in the accounts from the date of issue.

#### 4.6 Commitments to acquire tangible fixed assets

On 30 June 2015, the Group had obligations up to kEUR 1,934 (kEUR 2,906 as of 31 December 2014) as a result of commitments to the purchase of tangible fixed assets. The most important commitments relate to a further optimization of the production lines in Courcelles and Eeklo.

#### 4.7 Fire at waffle factory in Meise

On 3 June 2015, fire broke out at the waffle factory of Lotus Bakeries in Meise. All personnel present at the plant were evacuated in time and brought to safety. The firefighters made every effort to get the fire under control, but unfortunately the factory burnt down completely.

The Meise plant produced waffles mainly for the French and British markets. The waffles for the Belgian market are made at the Courcelles plant.



Lotus Bakeries is very proud that it managed to get the products back on the shelves in the course of June, and that the impact on turnover in the second half of the year will be relatively limited. Most of the production was taken over by the waffle factory in Courcelles.

Lotus Bakeries is currently looking into various ways to restore the lost capacity internally and more details will follow in the course of September.

The lost assets have been entirely written off, while a receivable from the insurance company has been recognized. The two amounts virtually offset each other.

#### 4.8 Purchase Price Allocation Lotus Korea

On 25 March 2015, Lotus Bakeries acquired 100% of the shares of Lotus Korea Co, Ltd ('Lotus Korea'). The total purchase price is EUR 18.5 million, of which EUR 6.2 million conditional on future results.

As of 30 June 2015, the fair value of the acquired assets and liabilities has been determined provisionally for the purpose of calculating the goodwill resulting from this acquisition. Within twelve months after the acquisition date, the definitive value of the acquired assets and liabilities will be determined and the necessary additional adjustments will be made to the fair value.

The purchase price of Lotus Korea is composed as follows:

in thousands of EUR	Local reporting	Fair value adjustments	Provisional fair value
<b>Purchase price</b>			<b>18,522</b>
Tangible assets	3,182	1,027	4,209
Intangible assets	1	-	1
Deferred tax assets	518	305	823
Stocks	7,298	(66)	7,232
Trade and other receivables	6,582	(20)	6,561
Cash and cash equivalents	406	-	406
Interest-bearing loans and borrowings	(8,331)	-	(8,331)
Trade and other payables	(738)	(654)	(1,392)
Other liabilities	(2,825)	(1,046)	(3,870)
<b>TOTAL NET ASSETS</b>	<b>6,093</b>	<b>(453)</b>	<b>5,640</b>
<b>GOODWILL</b>			<b>12,881</b>





The EUR 12.9 million goodwill arising from the acquisition relates to several components. Lotus Korea is a leading distributor of biscuits and chocolate with a qualified sales team for South Korea distributing products for a select number of European and US brand manufacturers. Lotus Korea is a profitable business, has sufficient scale, and is familiar with the strategy of Lotus Bakeries. The acquisition gives Lotus Bakeries the right platform for local presence and further growth in an attractive market.

The fair value of the assets and liabilities acquired in the above-mentioned company has been determined provisionally. Any adjustments to those provisional figures will be recognized within twelve months after the acquisition date.

## **5. Acquisition of Natural Balance Foods, UK pioneer in 100% natural snacks**

On 14 August 2015, Lotus Bakeries announced the strategic partnership with Natural Balance Foods ('NBF'), the pioneering British wholefood company, which is revolutionary within the snacking sector with its range of innovative wholefood bars and snacks, made with 100% natural ingredients, without added sugars and free of lactose, wheat and gluten. The products are sold under the Nākd and Trek brands.

Through their partnership, Lotus Bakeries and Natural Balance Foods want to further grow the Nākd and Trek brands, by growing the UK market and continuing targeted international expansion. Lotus has strong knowledge and long experience in internationalizing consumer goods. Through the multiple Lotus sales offices in over 15 countries NBF will have access to new markets and resources.

As a Group, Lotus Bakeries has traditionally focused mainly on the indulgent segment of biscuits and snacking. There is a growing global demand for healthy, unprocessed and tasty alternatives. The Nākd and Trek brands, which are complementary to the current product and brand portfolio of Lotus Bakeries, will ensure Lotus has the right product and brand offering for all consumers.

The business was founded in 2004 by the Californian brothers Jamie and Greg Combs, who will continue to lead and run the company. Net Sales Value of NBF for the year to 31st March 2015 was £20m, and is estimated to be approximately £33m in the current year. Natural Balance Foods has c40 employees. Lotus has acquired just over 67% of the shares of Natural Balance Foods from the external, non-active investors. The price for 100% of the shares represents a multiple of c1.8x the expected current year Net Sales.

The figures of Natural Balance Foods will be consolidated as from the first of September 2015.





## 6. Risks and uncertainties

There are no material changes related to the risks and uncertainties for the Group as explained in the annual report of 2014 Report of the Board of Directors.

This information on risks and uncertainties has been listed in the annual report of 2014 (chapter 4 - Report of the Board of Directors).

## 7. Transactions with related parties

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended December 31, 2014 and hence no updated information is included in this interim reporting.

The remuneration of the members of the Board of Directors and key management is determined on an annual basis, for which reason no further details are included in this interim report.

## 8. Auditor's report



To the board of directors  
LOTUS BAKERIES NV  
Gentstraat 1  
B- 9971 LEMBEKE

### FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2015

---

#### Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2015 and the related consolidated condensed income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

#### Scope of Review

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

#### Conclusion

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

We have also read the financial accounting data presented in tabular form under point 1 of the press release concerning the half-year ended 30 June 2015 and confirm that such data are consistent with the half-yearly consolidated condensed financial statements from which they are derived and which were the subject of our review as described above.

Ghent, 21 August 2015

PwC Bedrijfsrevisoren BCVBA  
Represented by

Peter Opsomer\*  
Bedrijfsrevisor

\*Peter Opsomer BVBA  
Board Member, represented by its fixed representative, Peter Opsomer

## 9. Declaration by the persons responsible for the Half-Year Financial Report

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2015, which has been prepared in accordance with the IAS 34 "Interim Financial Reporting" as adopted by the European Union, 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 scope of consolidation, and that the Half-Year Financial Report includes a fair review of the important events that have occurred during the first 6 months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining 6 months of the financial year.

In the name of and for the account of the Board of Directors,

Jan Boone  
CEO

Jan Vander Stichele  
Executive Director

Lembeke, 24 August 2015