



## LOTUS BAKERIES GROUP

Interim Financial Reporting per 30 June 2014

Regulated information

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## 1. Consolidated key figures

Income statement <sup>(1)</sup> (in thousands of EUR)	30/06/2014	30/06/2013	Evolution %	
<b>Turnover</b>	<b>167,798</b>	<b>159,767</b>	<b>+</b>	<b>5.0</b>
<b>Recurrent operating result (REBIT) <sup>(2)</sup></b>	<b>22,079</b>	<b>18,882</b>	<b>+</b>	<b>16.9</b>
<b>Recurrent operating cash flow (REBITDA) <sup>(3)</sup></b>	<b>30,412</b>	<b>25,651</b>	<b>+</b>	<b>18.6</b>
Non-recurrent operating result	(222)	(1,512)	-	85.3
Operating result (EBIT) <sup>(4)</sup>	21,857	17,370	+	25.8
Financial result	(922)	(350)	+	163.4
Result before taxation	20,935	17,020	+	23.0
Income taxes	(4,846)	(3,546)	+	36.7
<b>Net result</b>	<b>16,089</b>	<b>13,474</b>	<b>+</b>	<b>19.4</b>
Net result: minority interest	-	4	-	-
Net result: Group share	16,089	13,470	+	19.4
<b>Total number of shares on 30 June <sup>(5)</sup></b>	<b>780,997</b>	<b>768,765</b>	<b>+</b>	<b>1.6</b>
<b>Key figures per share (in EUR)</b>				
Recurrent operating result (REBIT)	28.27	24.56	+	15.1
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	38.94	33.37	+	16.7
Net result: Group share	20.60	17.52	+	17.6
<b>Balance sheet (in thousands of EUR)</b>				
Balance sheet total	334,785	327,306	+	2.3
Equity	180,902	155,565	+	16.3
Investments <sup>(6)</sup>	8,427	17,304	-	51.3
Net financial debt <sup>(7)</sup>	47,112	62,484	-	24.6

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

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

(3) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation 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 intangible and tangible fixed assets.

(7) Net financial debt is defined as financial debts - investments - cash at bank and in hand - treasury shares.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Peter Opsomer, has confirmed that its limited review of the consolidated balance sheet and consolidated income statement, which has been substantially completed, has not revealed the need for any material deviations to the accounting information contained in this press release.

## 2. Management explanation

### 2.1 Turnover

During the first half of 2014, the consolidated turnover of the Lotus Bakeries Group grew by 5% to EUR 167.8 million. The turnover growth may primarily be attributed to the positive evolution of the brands of the Group.

The introduction of **Lotus Dinosaurus** in the biscuit shelf has created an important contribution to this growth. From the beginning of the Lotus Dinosaurus launch it has been crucial to create an optimal in-store presence. In the two countries where Lotus Dinosaurus has been introduced (Belgium and France) it has been decided to support this introduction with television campaigns. The positive interactions with the customers and strong media support have resulted in a successful introduction of Lotus Dinosaurus.

The **waffles**' turnover during the first semester of 2014 showed an attractive growth in Belgium and France. We can attribute this growth amongst others to the increased range of packaging formats of Liège waffles. For example, the mini waffles. Furthermore, the expansion of the distribution of vanilla waffles, e.g. mini Liège waffles, contributed significantly to the increase.

The strategy of internationalizing **original caramelized biscuits** in a sustainable way has been consistently pursued. During the first semester various countries were again able to present nice growth figures for original caramelized biscuits and spread, including the United Kingdom, France, the United States and the Netherlands. The focus on correct commercial efforts, a strong in-store presence and television campaigns in the Netherlands and France have contributed to the increased brand awareness and the success of original caramelized biscuits and spread.

The category of **gingerbread** has not grown during the first semester and knew a slight decrease compared to last year. However, thanks to the introduction of 'Snelle Jelle tussendoor', a nice growth could be realized in the category of healthy snacks.

### 2.2 Income statement

The recurring operating result and the recurring operating cash flow increased by respectively EUR 3.2 million (16.9%) and EUR 4.8 million (18.6%) compared to last year.

The operational efficiencies generated by the investment programs of the last few years contributed significantly to the operating result. More specifically, the restructuring of the gingerbread production plants in the Netherlands, but also the successful transfer of the frangipane production line from Lembeke to Oostakker and the new original caramelized biscuits production lines in Lembeke have contributed to an improved efficiency and flexibility. Moreover, SAP has been successfully implemented in the plant in Eeklo and the plant itself has been fully integrated within the Lotus Bakeries organization.

Furthermore, the increased turnover of Lotus Dinosaurus, waffles, original caramelized biscuits and spread result in a growing operating result. Lotus Bakeries has chosen to further increase commercial efforts in various countries during 2014, both for marketing (television campaigns in Belgium, the Netherlands and France) and commercial efforts in the stores.

Last year, the non-recurring operating result of kEUR 1,512 was mainly due to the restructuring costs in the gingerbread plants in the Netherlands, the costs for the acquisition of Biscuiterie Willems, the costs for the brand Dinosaurus and the depreciation of the brand Wieger Ketellapper. As the restructuring in the Netherlands and above mentioned acquisitions have been fully finalised, the non-recurring operating result only amounts to kEUR 222 for the first half of 2014.

The financial result of kEUR 922 mainly consists of interest expenses (kEUR 177 lower than last year) and negative exchange rate results. Last year, positive results were realized on exchange rates and financial instruments.

The tax expense amounts to EUR 4.8 million or 23.1% of pre-tax profit which is in line with the tax percentage of end 2013.

The net result for the first half-year increases with 19.4% compared to 2013 and amounts to EUR 16.1 million.

### **2.3 Investments**

The investment level during the first half of 2014 amounted to EUR 8.4 million. The main investments were done in Belgium, with the installation of a completely new production and packaging line for Lotus Dinosaurus and the building of a new head office in Lembeke.

### **2.4 Net financial debt**

Notwithstanding a cash outflow for investments of EUR 26 million, the net financial debt decreased to EUR 47 million over the past 12 months thanks to the strong operational cash flow.

## 2.5 Dinosaurus

Besides Lotus original caramelized biscuits, Lotus Dinosaurus represents a strong pillar in the biscuit category for Lotus Bakeries.

Exactly 1 year after the introduction of the Dinosaurus biscuits on the Belgian and French market, the production has been fully transferred to Lembeke. For this purpose, investments have been made for a fully automated production and packaging line which guarantees a superior product quality and the necessary flexibility.

In order to assure/support the further expansion of the Dinosaurus concept, Lotus Bakeries will continue to invest in media presence and powerful in-store confrontation.



## 2.6 Conclusion

For the first half of 2014, Lotus Bakeries can present an attractive growth of 5% on turnover and EUR 3.2 million (+16.9%) on recurring operating result.

Lotus Bakeries continues to invest strongly in Belgium and the Netherlands. Between 2010 and 2014, EUR 120 million will have been invested in the Group's production plants. Besides the investment in the Dinosaurus line, the major investments were the expansion of the original caramelized biscuits factory in Lembeke (2012), the centralization of the cake production in Belgium in Oostakker (2013), and the optimization of the factories in Geldrop and Sintjohannesga (2013) in order to provide a better and more flexible response to the changing demand for gingerbread.

The investments enable Lotus Bakeries to continuously improve production efficiency in the different sites and to achieve a consistent high quality level for its various specialties.

The Management is pleased to see that, thanks to these investments, the Group's profitability strongly increases in the current year.

Moreover, the profitable growth has been realized thanks to important commercial efforts in the various countries where a clear and consistent communication with the end user is crucial. Lotus Bakeries is convinced that in the long term it should continue to invest significantly in marketing and sales to support and further expand its brands and its related specialties. The strategy of an extensive focus on the most important specialties will be pursued as well as the further internationalization of original caramelized biscuits.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right basis and strategy are in place in order to further grow 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 5% during this first half-year. Furthermore, our profitability is growing stronger than the turnover, which shows that, thanks to investments in the plants of the past few years, the right foundations have been set for a sustainable and profitable long-term growth."



### 3. Consolidated financial statements

#### 3.1 Consolidated income statement

in thousands of EUR	Jan-Jun 2014	Jan-Jun 2013
<b>Turnover</b>	<b>167,798</b>	<b>159,767</b>
Raw materials, consumables and goods for resale	(50,996)	(52,655)
Services and other goods	(46,209)	(42,328)
Personnel costs	(39,176)	(39,663)
Depreciation and amortization	(7,231)	(6,358)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(794)	(337)
Other operating income and charges (net)	(1,313)	456
<b>Recurrent operating result (REBIT) <sup>(1)</sup></b>	<b>22,079</b>	<b>18,882</b>
Non-recurrent operating result	(222)	(1,512)
<b>Operating result (EBIT) <sup>(2)</sup></b>	<b>21,857</b>	<b>17,370</b>
Financial result	(922)	(350)
Financial income	1,415	1,503
Financial charges	(2,337)	(1,853)
<b>Result before taxation</b>	<b>20,935</b>	<b>17,020</b>
Income taxes	(4,846)	(3,546)
<b>Result after taxation</b>	<b>16,089</b>	<b>13,474</b>
<b>NET RESULT</b>	<b>16,089</b>	<b>13,474</b>
Net result: minority interest	-	4
Net result: Group share	16,089	13,470
<b>Other comprehensive income:</b>		
<b>items that may be subsequently reclassified to profit and loss</b>	<b>(417)</b>	<b>(722)</b>
Currency translation differences	(417)	(751)
Financial instruments	-	29
<b>Other comprehensive income for the year</b>	<b>(417)</b>	<b>(722)</b>
<b>Total comprehensive income for the year</b>	<b>15,672</b>	<b>12,752</b>
<b>Total comprehensive income for the year attributable to:</b>		
Non-controlling interest	-	4
Equity holders of Lotus Bakeries	15,672	12,748



in thousands of EUR	Jan-Jun 2014	Jan-Jun 2013
<b>Earnings per share</b>		
Weighted average number of shares	776,492	760,107
<b>Basic earnings per share (EUR)</b>	<b>20.72</b>	<b>17.72</b>
of continued operations	20.72	17.72
Weighted average number of shares after effect of dilution	793,036	782,044
<b>Diluted earnings per share (EUR)</b>	<b>20.29</b>	<b>17.22</b>
of continued operations	20.29	17.22
Total number of shares <sup>(3)</sup>	803,013	794,513
<b>Diluted earnings per share (EUR)</b>	<b>20.04</b>	<b>16.95</b>
of continued operations	20.04	16.95
<p>(1) REBIT is defined as recurrent operating result, consisting of all the proceeds and costs relating to normal business.  (2) EBIT is defined as recurrent operating result + non-recurrent operating result.  (3) Total number of shares including treasury shares.</p>		

### 3.2 Consolidated balance sheet

in thousands of EUR	30/06/2014	31/12/2013
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>263,619</b>	<b>262,729</b>
Tangible assets	137,250	136,489
Goodwill	46,291	46,517
Intangible assets	75,245	75,744
Investment in other companies	22	27
Deferred tax assets	4,652	3,859
Other non-current assets	159	93
<b>Current assets</b>	<b>71,166</b>	<b>71,375</b>
Stocks	20,645	16,665
Trade receivables	36,991	36,036
VAT receivables	1,844	3,721
Income tax receivables	639	1,707
Other amounts receivable	490	402
Cash and cash equivalents	8,844	11,933
Deferred charges and accrued income	1,713	911
<b>TOTAL ASSETS</b>	<b>334,785</b>	<b>334,104</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>180,902</b>	<b>171,375</b>
Share Capital	13,190	11,246
Retained earnings	175,219	167,099
Treasury shares	(9,562)	(9,442)
Other reserves	1,997	2,414
Non-controlling interest	58	58
<b>Non-current liabilities</b>	<b>37,282</b>	<b>43,984</b>
Interest-bearing loans and borrowings	375	7,925
Deferred tax liabilities	33,501	32,687
Pensions	2,783	2,793
Provisions	583	574
Other non-current liabilities	40	5
<b>Current liabilities</b>	<b>116,601</b>	<b>118,745</b>
Interest-bearing loans and borrowings	65,144	62,337
Provisions	466	1,265
Trade payables	30,869	34,249
Remuneration and social security	11,789	12,525
VAT payables	183	750
Tax payables	5,647	4,376
Derivative financial instruments	7	70
Other current liabilities	73	279
Accrued charges and deferred income	2,423	2,894
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>334,785</b>	<b>334,104</b>

### 3.3 Consolidated cash flow statement

in thousands of EUR	HY 2014	HY 2013
<b>Operating activities</b>		
Net profit	16,089	13,470
Amortization of (in)tangible assets	7,231	6,358
Valuation allowances against current assets	794	337
Provisions	(596)	443
Unrealized exchange rate losses (gains)	246	(214)
Capital loss on disposal of fixed assets	70	24
Income taxes	4,846	3,546
Decrease/(Increase) in derivative financial instruments	(63)	(282)
Interest expense	448	376
Other financial income and charges	123	465
Employee stock option plan	126	117
Non-controlling interest	-	4
<b>Gross cash provided by operating activities</b>	<b>29,314</b>	<b>24,644</b>
Decrease/(Increase) in inventories	(4,750)	(3,713)
Decrease/(Increase) in trade accounts receivable	(915)	(2,233)
Decrease/(Increase) in other assets	1,795	(1,245)
Increase/(Decrease) in trade accounts payable	(1,365)	(2,668)
Increase/(Decrease) in other liabilities	(2,839)	1,427
<b>Change in operating working capital</b>	<b>(8,074)</b>	<b>(8,432)</b>
Income tax paid	(2,125)	(2,331)
Interest paid	(448)	(376)
Other financial income and charges received/paid	(123)	(465)
<b>Net cash provided by operating activities</b>	<b>18,544</b>	<b>13,040</b>
<b>Investing activities</b>		
(In)tangible assets - acquisitions	(10,490)	(14,598)
(In)tangible assets - other changes	68	53
Acquisition of a subsidiary	-	(31,270)
Financial assets - other changes	5	4
<b>Cash flow from investing activities</b>	<b>(10,417)</b>	<b>(45,811)</b>

in thousands of EUR	HY 2014	HY 2013
<b>Net cash flow before financing activities</b>	<b>8,127</b>	<b>(32,771)</b>
<b>Financing activities</b>		
Dividends paid	(8,465)	(7,547)
Treasury shares	136	1,382
Increase (+)/Reimbursement (-) of capital	1,944	3,658
Receivings (+)/Reimbursement (-) of long-term funding	(7,550)	14,858
Receivings (+)/Reimbursement (-) of short-term funding	2,807	22,628
Receivings (+)/Reimbursement (-) of long-term receivables	(72)	(32)
<b>Cash flow from financing activities</b>	<b>(11,200)</b>	<b>34,947</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,073)</b>	<b>2,176</b>
Cash and cash equivalents on January 1st	11,933	6,452
Effect of exchange rate fluctuations	(16)	(33)
Cash and cash equivalents on June 30	8,844	8,595
<b>Net change in cash and cash equivalents</b>	<b>(3,073)</b>	<b>2,176</b>

### 3.4 Consolidated statement of changes in equity

in thousands of EUR

	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 interest	Total Equity
<b>EQUITY as on 1 January 2013</b>	<b>3,431</b>	<b>4,009</b>	<b>7,440</b>	<b>146,183</b>	<b>(11,061)</b>	<b>2,615</b>	-	<b>(29)</b>	<b>2,586</b>	<b>145,148</b>	<b>58</b>	<b>145,206</b>
Profit of the Financial Year	-	-	-	13,470	-	-	-	-	-	13,470	4	13,474
Currency translation differences	-	-	-	-	-	(751)	-	-	(751)	(751)	-	(751)
Hedging reserves	-	-	-	-	-	-	-	44	44	44	-	44
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	(15)	(15)	(15)	-	(15)
Net income and expense for the period recognised directly in equity	-	-	-	-	-	(751)	-	29	(722)	(722)	-	(722)
<b>Total comprehensive income and expenses for the period</b>	-	-	-	<b>13,470</b>	-	<b>(751)</b>	-	<b>29</b>	<b>(722)</b>	<b>12,748</b>	<b>4</b>	<b>12,752</b>
Dividend to shareholders	-	-	-	(7,786)	-	-	-	-	-	(7,786)	-	(7,786)
Increase in capital	66	3,593	3,659	-	-	-	-	-	-	3,659	-	3,659
Acquisitions/sale own shares	-	-	-	-	1,231	-	-	-	-	1,231	-	1,231
Share-based payments	-	-	-	117	-	-	-	-	-	117	-	117
Other	-	-	-	386	-	-	-	-	-	386	-	386
<b>EQUITY as on 30 June 2013</b>	<b>3,497</b>	<b>7,602</b>	<b>11,099</b>	<b>152,370</b>	<b>(9,830)</b>	<b>1,864</b>	-	-	<b>1,864</b>	<b>155,503</b>	<b>62</b>	<b>155,565</b>
Unavailable for distribution	-	-	-	33,564	-	-	-	-	-	-	-	-
Available for distribution	-	-	-	118,806	-	-	-	-	-	-	-	-

	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 interest	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 and expense for the period recognised directly in equity	-	-	-	-	-	(416)	-	-	(416)	(416)	-	(416)
<b>Total comprehensive income and expenses 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
Acquisitions/sale own shares	-	-	-	-	(120)	-	-	-	-	(120)	-	(120)
Share-based payments	-	-	-	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	-	-	-	-	-	-	-	-

Reserves are unavailable for distribution because of legal restrictions.

#### **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.

## 4.2 Segment information by geographical zone

For the purpose of sales, production and internal reporting, the Group is classified 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					
	Belgium	France	Netherlands	Other <sup>(1)</sup>	Eliminations + Corporate companies	Total
in thousands of EUR						
<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>	<u>97,685</u>	<u>36,822</u>	<u>40,832</u>	<u>37,107</u>	<u>(44,648)</u>	<u>167,798</u>
<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>						<u>16,089</u>
<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
Tax receivables						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
Tax receivables						2,483
Financial receivables						9
Cash and cash equivalents						8,844
<b>Total assets</b>						<u>334,785</u>
Non-current liabilities	18,511	808	386	260	476	37,282
Segment liabilities	1,436	808	386	260	476	3,366
Unallocated liabilities:						33,916
Tax payables						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
Tax payables						5,830
Financial liabilities						65,144
<b>Total liabilities</b>						<u>153,883</u>



**Year ended 30 June 2014**

	<i>Continuing operations</i>					
in thousands of EUR	<i>Belgium</i>	<i>France</i>	<i>Netherlands</i>	<i>Other <sup>(1)</sup></i>	<i>Eliminations + Corporate companies</i>	<i>Total</i>
<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.

For the purpose of sales, production and internal reporting, the Group is classified 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 2013  
restated**

	<i>Continuing operations</i>					
	<i>Belgium</i>	<i>France</i>	<i>Netherlands</i>	<i>Other <sup>(1) (2)</sup></i>	<i>Eliminations + Corporate companies <sup>(2)</sup></i>	<i>Total</i>
in thousands of EUR						
<b>Revenue</b>						
Sales to external customers	58,674	24,836	41,892	34,365		159,767
Inter-segment sales	32,942	6,640	831	1,568	(41,981)	-
<b>Total revenue</b>	<b>91,616</b>	<b>31,476</b>	<b>42,723</b>	<b>35,933</b>	<b>(41,981)</b>	<b>159,767</b>
<b>Results</b>						
Segment result REBIT	10,988	152	5,549	1,305	888	18,882
Non-recurrent operating result	(389)	-	(526)	-	(597)	(1,512)
Segment result EBIT	10,599	152	5,023	1,305	291	17,370
Result before tax, finance costs and finance revenue	10,599	152	5,023	1,305	291	17,370
Net finance costs						(350)
Result before income tax and minority interest						17,020
Income tax expense						(3,546)
<b>Net profit for the year</b>						<b>13,474</b>
<b>Assets and liabilities</b>						
Non-current assets	97,916	7,277	106,446	27,646	12,158	254,643
Segment assets	97,916	7,277	106,446	27,646	12,158	251,443
Unallocated assets:						3,200
Tax receivables						3,105
Financial receivables						95
Current assets	24,427	9,922	8,645	12,445	3,415	72,663
Segment assets	24,427	9,922	8,645	12,445	3,415	58,854
Unallocated assets:						13,809
Tax receivables						5,214
Cash and cash equivalents						8,595
<b>Total assets</b>						<b>327,306</b>
Non-current liabilities	21,608	704	853	282	642	51,901
Segment liabilities	1,414	704	853	282	642	3,895
Unallocated liabilities:						48,006
Tax payables						31,674
Financial liabilities						16,332
Current liabilities	20,194	6,078	8,893	8,923	5,323	119,840
Segment liabilities	20,194	6,078	8,893	8,923	5,323	49,411
Unallocated liabilities:						70,429
Tax payables						5,826
Financial liabilities						64,603
<b>Total liabilities</b>						<b>171,741</b>

**Year ended 30 June 2013  
restated**

in thousands of EUR

**Other segment information**

Capital expenditure:

	Belgium	France	Netherlands	Other <sup>(1) (2)</sup>	Eliminations + Corporate companies <sup>(2)</sup>	Total
Tangible fixed assets	7,358	186	8,949	125	277	16,895
Intangible fixed assets	-	-	-	-	409	409
Depreciation	3,684	584	1,054	561	475	6,358
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	157	8	68	98	6	337

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

(2) In the context of comparison with 2014, the segments 'Belgium', 'Other' and 'Eliminations + Corporate companies' have been adapted in terms of presentation.

#### 4.3 Treasury shares

At 31 December 2013, Lotus Bakeries owned 24,548 out of the 795,113 total issued shares. At 30 June 2014, Lotus Bakeries owned 22,016 out of the 803,013 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 15 May 2014, EUR 8,587,220 of gross dividends in respect of the financial year 2013 were paid out.

On 21 May 2013, EUR 7,640,501 of gross dividends in respect of the financial year 2012 were paid out.

#### 4.5 Explanation of the main balance sheet items

The net financial debt over the last 12 months has decreased by EUR 15 million. During these last 12 months important investments have been realized in the factories. The total amount of these investments amounted to EUR 26 million. The strong operational cash flow of the last 12 months has resulted in a decrease of the net financial debts by EUR 15 million.

#### 4.6 Commitments to acquire tangible fixed assets

On 30 June 2014 the Group had obligations up to kEUR 2,321 (kEUR 4,497 as of 31 December 2013) 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 Lembeke and Oostakker.

### 5. Risks and uncertainties

There are no material changes related to the risks and uncertainties for the Group as explained in the annual report of 2013 Report of the Board of Directors.

This information on risks and uncertainties has been listed in the annual report of 2013 (chapter 4 – Report of the Board of Directors).

### 6. 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, 2013 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.

## 7. Auditor's report



To the board of directors  
LOTUS BAKERIES NV  
Gentstraat 52  
B- 9971 LEMBEKE

### FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2014

#### Introduction

We have reviewed the accompanying consolidated balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2014 and the related consolidated statements of income, the consolidated statement of changes in equity and consolidated cash flows 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 interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim 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 interim 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 2014 and confirm that such data are consistent with the half-yearly consolidated financial statements from which they are derived and which were the subject of our review as described above.

Ghent, 22 August 2014

PwC Bedrijfsrevisoren BCVBA  
Represented by

  
Peter Opsomer\*  
Bedrijfsrevisor

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

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## 8. 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 2014, 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, 25 August 2014